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**A Study of Inner-city Urban Redevelopment
Process in Metropolis of China from a Perspective
of Gentrification—A Guangzhou Case**

HU Jie

Master of Philosophy

The Hong Kong Polytechnic University

2011

The Hong Kong Polytechnic University

Department of Building and Real Estate

**A Study of Inner-city Urban Redevelopment Process in
Metropolis of China from a Perspective of
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HU Jie

**A thesis submitted in partial fulfillment of the
requirements for the degree of Master of Philosophy**

SEPTEMBER 2011

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HU Jie (Name of student)

ABSTRACT

Several metropolises in China have been experiencing large-scale redevelopment in the inner-city areas during the last two decades in line with market transition. Virtually, urban redevelopment in these cities is adopted as a strategy for place promotion and urban image upgrading, through which economic benefits can be obtained. Although both market and local governments are enthusiastic about various redevelopment programs, the conflict and risk placed in the process, for instance incompatible development and social network break, do exist. Nevertheless, few researchers have comprehensively studied the recent redevelopment process in inner-city areas of metropolises in China.

Therefore, this thesis seeks to examine the process of inner-city redevelopment in metropolis of China during market-oriented urban transformation, attempting to characterize the process per se and generalize the driving forces underlying. Taking the case study of an inner-city district, i.e. Yuexiu district in Guangzhou city, this research analyzes the socio-spatial context of Yuexiu and characteristics of redevelopment activities taking place there. By comparing redevelopment process of Yuexiu with gentrification under capitalist system in the west, gentrification of Guangzhou is conceptualized and characterized. Furthermore, by examining driving forces contributing to gentrification from both consumption sides and production sides, the most contributing role for the urban redevelopment taking the form of gentrification is revealed.

It is found that urban redevelopment in Yuexiu has appreciated some characteristics of gentrification in the last decade. However, given the context of socialist market economy in China, gentrification in inner-city Guangzhou has several distinct characteristics that differ from stylized gentrification in the advanced economies. Besides, comparing to gentrification in the advanced capitalist countries where market has played dominant contributing role, gentrification in urban China is more a result of restructuring of old urban areas in which local authorities have heavily intervened.

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CHAPTER 1: INTRODUCTION

1.1 Introduction

Urban transformation, as one key focal concern of urban social science, has been extensively studied from a variety of perspectives by urban researchers worldwide. Among various topics, the process of urban redevelopment, generally occurring in the older inner-city areas in response to the built-environmental dilapidation, has generated intense discussion. Since the 1960s, a special pattern of urban redevelopment—the process of gentrification—emerged in several major cities of advanced capitalist countries has aroused contentious debates about the nature of urban transformation (Atkinson, 2003, 2005; Glass, 1964; Hamnett, 1991; Lees *et al.*, 2008; Ley, 1986; Smith, 1979). In contrast, large-scale urban redevelopment in the cities of China is merely a recent issue so that understanding of this process is fairly limited (He and Wu, 2009; Liu, 2009; Zhang and Fang, 2004). Also, given a quite different political and economic context from capitalist cities, the conceptualization of gentrification in cities of China has been rarely addressed by the academics (for exception, see He, 2007).

This thesis contributes a part to the research of urban redevelopment in metropolises of China. By focusing on making a connection between urban redevelopment and gentrification process with Chinese urban context, the thesis aims to gain a better understanding of urban transformation in large cities of China under market transition since 1978. The thesis examines the process of urban redevelopment in

the inner-city areas and its relevance to the concept of gentrification, to characterize the process per se and explore the driving forces underlying.

To achieve the goals, this thesis takes Guangzhou city as a case study. By examining the features of recent redevelopment in Yuexiu which is an inner-city district of Guangzhou, and comparing them to the stylized features of gentrification, the study firstly examines whether or not gentrification exists in Yuexiu, and then characterizes the urban redevelopment pattern of Yuexiu. Furthermore, by analyzing the driving factors behind the redevelopment in Yuexiu from both consumption sides and production sides, the main actor in promoting the process is identified.

The following sections in this chapter present the background of the research, the specific objectives of the research, the methodology employed in the thesis, and the structural arrangement of following chapters.

1.2 Research Background

City is a dynamic system which undergoes constant transformation. In terms of spatial aspect of change, urban redevelopment has been a significant force that affects local urban settings. In accomplishing continuous urban growth, the approach of urban redevelopment to revitalize the dilapidated urban areas is assertively appreciated by both the market and governments. In China recently, a number of urban strategies, such as relocation of factories to the outskirts and redevelopment of previous industrial land, have been adopted in several major

cities, for example in Guangzhou, to achieve place promotion of old urban centers. Nevertheless, the patterns of redevelopment process and strategies involved have not been examined with comprehensive consideration.

Urban redevelopment has a long history and it was firstly identified in industrialized capitalist cities more than a century ago. As these cities began to perform as a locality for concentration of economic activities during that time, the land value in terms of land use was enhanced and credited. Redevelopment at the time might take place when a more beneficial use of land was available, much depending on market reaction to economic aspect of changes. When urban redevelopment takes place more extensively in old urban areas, it is found that there exists a noticeable interrelationship between urban redevelopment and economic, social, and political transformations (Couch, 1990). A vast amount of discourse on urban redevelopment in the Western literature has focused on its approaches, its impacts on urban structures, and its underlying forces or causes.

The urban redevelopment approaches are going through continuous evolution. Although differentiation can be noted between cities in different locations due to contextual particularities, common features of urban redevelopment approaches within the same era can be identified during a certain period. Researchers have categorized urban redevelopment approaches into a few sets of distinct types; among them is the three-type prototype suggested by Couch (1990). In Couch (1990), three types of urban redevelopment were adopted in three historical periods

respectively, i.e. the market-led approach till World War One, the following state-led approach till the 1980s, and the growth-oriented approach since then. In the later two periods, the role of the state in the process of urban redevelopment has been identified. However, the political ideology guiding the governments between these two periods was contrastingly different, thereby allowing two distinct approaches.

Impacts of redevelopment on the urban society are manifold. Spatial restructuring of buildings can virtually influence economic and social manifestations of urban settings. On the one hand, urban redevelopment in deteriorated neighborhoods, taking the form of structure adapting, reusing, demolition and building, and even infill-development, improves urban spatial arrangement and urban landscape which in turn stimulate economic growth. On the other hand, the neglect of social consideration during redevelopment process may cause social tension, protest, and inequality. Furthermore, the unpredictable social resistance leads to an unstable environment for the sustainable economic growth of the affected areas. The impacts of redevelopment have been a focal concern filled with highly contentious debate.

Some other researchers have modeled urban change in an attempt to interpret what the dilapidated areas of cities have been experiencing (Alonso, 1964; Burgess, 1925; Harvey, 1973; Logan and Molotch, 1987; Muth, 1969). A bunch of sociological researchers from Chicago, which were later entitled 'Chicago School', have contributed greatly to the theories of dynamics of socio-spatial transformation of

urban areas based on neoclassical economics assumptions. Among the theories is the noted life-circle account suggesting that urban and neighborhood changes began with investment and growth, and ended with inevitable decay (Gotham, 2001). The Alonso-Muth bid-rent model also suggests a terminal urban structure of the rich living on the outskirts with cheaper land price and occupancy of poverty in decaying inner areas with higher land price. Yet some opposing scholars stuck at meriting the urban cores through redeveloping the deteriorated neighborhoods (Harvey, 1973; Logan and Molotch, 1987; Porter, 1995). In addition, the later emergence of gentrification process further contradicts the traditional narratives of Chicago School, as during the process of gentrification the redeveloped inner-city neighborhoods outbid other locations in attracting population with high socioeconomic status.

As mentioned above, the process of gentrification is tightly related with the urban redevelopment. As a particular type of urban change distinct from others, it has been widely observed in large cities of both North America and Europe and studied extensively by the academics. Traditionally, the concept of gentrification had been conceived to involve upgrading of deteriorated residential neighborhoods in the inner city by incoming affluent middle-classes. As the process develops and expands, the frame of gentrification has been extended so as to provide a broader accommodation for more conceptual components. In this thesis, gentrification is defined as a process of upgrading physical building condition and socioeconomic profile in the inner-city neighborhoods accompanying the influx of capital

investment and efflux of lower-class residents. Extensive research has been done on examining this process from a variety of aspects. Besides the scholars' interest in this topic, it is also a process that has attracted the attention of the governments, planners, media, business and political activists. As Lees *et al.* (2008) suggest, gentrification has become a valuable cut-in point through which a variety of intersecting phenomena in an urban context are understood.

A vast literature regarding gentrification has been dominated by two traditional approaches. One is the empirical study focusing on descriptive information of individual cases of neighborhood. This approach generally studies the features and the changing process of gentrification with qualitative methods. The empirical studies have illuminated the existence of gentrification in the inner-city neighborhoods of many cities (Davidson and Lees, 2005; Hamnett, 2003; Lees, 1994; Schaffer and Smith, 1986). The other approach goes further to study the theoretical dynamics of this process, attempting to examine the underlying forces behind or causes of gentrification. To explore the reason of gentrification rather than describing its instances, this approach grounds itself on economical theoretical frameworks, and more often employs quantitative models for the analysis. The production-side explanation theory for gentrification by Smith (1979) and the consumption-side explanation theory by Ley (1986) are the most contributing works for the theoretical studies.

Still a few scholars endeavor to understand the impacts of gentrification. Although

governments are greatly interested in employing gentrification as a positive public policy tool in the guise of urban redevelopment schemes, it occurs that the outcomes of the schemes have been more often reverse with what the policy intended to achieve. For example, the intended aim of social mix through redevelopment policy in Netherland was not actually realized (Uitermark, 2003). As a matter of fact, harm has been extensively identified in the works of urban researchers on gentrification, and their attitudes to the promotion of gentrification have been basically critical or at least cautious, with consideration that 'there is still not much of a critical literature that sniffs around for gentrification amidst the policy discourse' (Lees *et al.*, 2008: 207). The positives and negatives of gentrification are overviewed by both Atkinson and Bridge (2005) and Lees *et al.* (2008). They argue that the beneficial impacts are more on economic dimension in terms of stabilization of declining areas, increased tax revenue, increased viability of further development, etc. In contrast, the harmful effects have social relevance such as decreased social cohesion, community resentment, displacement, loss of affordable housing, etc.

Since the Open Door Policy initiated in 1978, a number of cities in China have been going through urban redevelopment. Among cities, more drastic redevelopment has been witnessed in the old urban areas of several major metropolises which were used to be traditional industrial cities. In these metropolises, redevelopment has occurred in the form of two types, the first is individual redevelopment project and the other is comprehensive redevelopment schemes. Since the pace of urban restructuring is very quick in parallel with China's economic growth and

urbanization, redevelopment has created a lot of confusion. On the one hand, individual redevelopment has been occurring chaotically, through which building density rose tremendously in the inner city, whilst necessary infrastructure was seriously lacking and built environment was worsened due to inadequate coordination. On the other hand, comprehensive redevelopment has been taking place, either through converting the use type of previous industrial land once owned by the state-owned industrial enterprises, or through increasing development intensity of residential land originally occupied by the low-status population cluster. Likewise, comprehensive redevelopment also has significant negative impacts, such as extensive displacement, decrease of housing affordability and potential social exclusion.

Guangzhou as a traditional industrial city has been undergoing drastic redevelopment in the old urban areas since the 1990s. Infrastructure and public facilities have been upgraded; factories have been relocated to the outskirts; old commercial buildings have been reconstructed with substantially higher intensity; and many old neighborhoods have been redeveloped to form enclosed neighborhoods. Accompanying spatial change is the upsurge of housing price, extensive displacement, and social tension and protest. The urban transformation of Guangzhou is in tight connection with its role in the reforms and Open Door Policy of China. As a southern gateway metropolis, Guangzhou has been acting as the experimental field for the reform of market-oriented transformation. Therefore, the market in the locality has been relatively mature, and to some extent the city has

been more adapted to the Western world. Indeed, what Guangzhou has been experiencing is the trend of other cities in China may go through. Furthermore, as one of the leading contributors in the GDP contribution to the economic growth of China, Guangzhou will be emulated by other local authorities in terms of its urban construction and growth model. However, problems like immoderate land-use intensity and housing affordability during redevelopment do exist.

When urban redevelopment is becoming a public policy agenda in urban China, there have been few comprehensive studies on the nature of urban redevelopment and its dynamics that are available. Also, with concern that urban strategies in advanced economies may have impact on Chinese cities, and gentrification may be practiced in those major metropolises of China without notice, Guangzhou turns to be a valuable case for the urban study of China. This research therefore aims to investigate the process of urban redevelopment in inner-city areas of Guangzhou from a perspective of gentrification in order to characterize and interpret the process.

1.3 Research Objectives

In contrast with the advanced capitalist cities that the existence of gentrification in process of urban redevelopment has been verified in a vast literature, conceptualization of gentrification in Chinese cities during urban redevelopment has been in urgent need. As a matter of fact, few researchers (He, 2007; He and Wu, 2009; Wang and Lau, 2009) have contributed to the mystery of urban

redevelopment and gentrification in cities of China. In the light of the extensive impacts of urban redevelopment, especially in the form of gentrification, on environmental, economic and social dimensions of urban transformation, the in-depth research regarding this topic is in urgent necessity. This paper aims to reveal the practice of urban redevelopment and the existence of gentrification especially in a Guangzhou context, to examine the integrated nature and dynamics of urban redevelopment, and to provide urban-related knowledge for researchers, planners, and also policy-makers for future urban planning.

In detail, the main research questions this research attempts to answer include:

1. What are the characteristics of urban redevelopment in the inner-city areas of Guangzhou?
2. Does the practice of recent urban redevelopment in inner-city Guangzhou lead to a process of gentrification?
3. If yes to question two, what are the characteristics of gentrification in inner-city Guangzhou?
4. What are the driving forces for the redevelopment pattern in Guangzhou, and has the state played a dominant role in contributing to the gentrification in the inner-city areas?

1.4 Research Methodology

This section addresses the methodology of the thesis for achieving the objectives of this study. For the sake of linking together the context and data with the goals

and objectives, this section provides the study with the theoretical framework figured out from the works previous researchers had done, and based on the theoretical framework the empirical study can be accomplished. The theoretical framework of the study is to be discussed first. The concept and theories of gentrification is introduced to provide a lens for the urban redevelopment study. Then the research procedure is set up in line with the research objectives. The third focus is to define the study area and the time frame with necessary clarification and explanation. Following with the research scope is the issues concerning the data resources and collection. Finally the analysis methods are discussed in the end of this section.

1.4.1 Research Framework

Large-scale redevelopment in the recent two decades in the major metropolises of China, such as Beijing, Shanghai and Guangzhou, is held in tight connection with the context of enhanced both intra-urban and interurban competition (Gaubatz, 2005; Wu, 2000). On the one hand, the land market has been well established in these high-tier cities and previously suppressed land-use value has been released through which profits can be gained. Thereupon, the value gradient nature of urban land was soon captured by developers through reinvestment. The scattered individual redevelopment projects in the inner-city areas have illustrated such value gradient capturing. On the other hand, being eager to remodel the city into a global city, the aspiring local governments have formulated various policies and schemes, some of which may be learned from their neoliberal counterparts in the

advanced capitalist countries, to promote the urban image for the enhancement of competitiveness.

With respect to the results of the redevelopment process, large-scale redevelopment in recent urban China has doubtlessly led to tremendous changes in terms of both spatial and socioeconomic dimensions of structures. It is true that image of old urban areas in general has been promoted and the economy in the locality has been vibrant, the problems of extensive displacement, unequal distribution of benefits, and potential social segregation mentioned above have been left behind. Generally speaking, the large-scale urban redevelopment witnessed in metropolises of China is merely employed as an approach for the economic gains. Moreover, urban change due to such redevelopment has been similar to that of gentrification in the cities worldwide. It is in this respect that this thesis investigates the process of urban redevelopment in the inner-city areas of Chinese metropolises, attempting to structure the process and understand the driving forces behind the process, before better urban redevelopment approach or policy can be suggested and carried out.

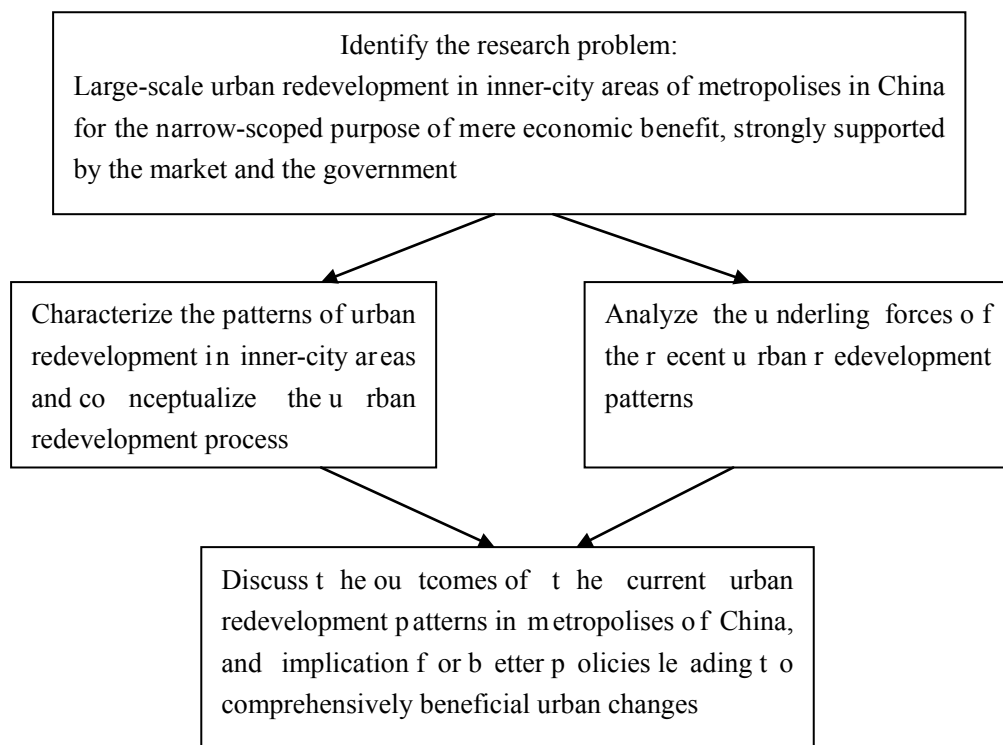
To have a comprehensive understanding of any urban change, both theoretical and empirical studies must be performed. As urban redevelopment is virtually a pattern of movement leading to urban change, the investigation into it should perform real life case analysis based on a theoretical framework. Urban redevelopment has been a hot topic that research about it has been extensive. Although urban redevelopment has some other terminologies such as urban renewal or urban regeneration in

different contexts, the research on the process *per se* makes relating theories adaptable. Over the last four decades, a special pattern of urban redevelopment process or to some extent a result of certain urban redevelopment, i.e. the process of gentrification has been the focal topic in the urban redevelopment research. The process of gentrification has been well acknowledged that it has great significance to urban change. The research pertaining to this issue has been blooming and achievements have been fruitful. Together with concern that urban redevelopment in some metropolises may take the form of gentrification this research examines urban redevelopment process with both theoretical foundations of urban redevelopment and theoretical discussion of gentrification. In examining the process of urban redevelopment, this research firstly characterizes this process and conceptualizes it with gentrification consideration, and secondly explains the process by examining the driving forces of the process with related theories. Figure 1.1 presents the research framework of this study.

As mentioned above, gentrification has been rarely studied in the Chinese academics, possibly because of political as well as contextual concerns. However, He (2007) took the initial step towards the understanding of urban change of Shanghai with idea of gentrification. With relevance to other metropolises however, there are contextual differences in terms of historical, spatial and socioeconomic dimensions. Taking into consideration that gentrification theories emerge and mature outside China in the Western capitalist city context, the existence of gentrification in large cities of China is not taken-for-granted in this study. Indeed,

the study places the concept of gentrification in a broader process of urban redevelopment assuming gentrification as a possible result of redevelopment activities. Only by characterizing the urban redevelopment process in urban China and comparing it to the stylized gentrification, its existence can be appreciated.

Figure 1.1 Research framework of this study

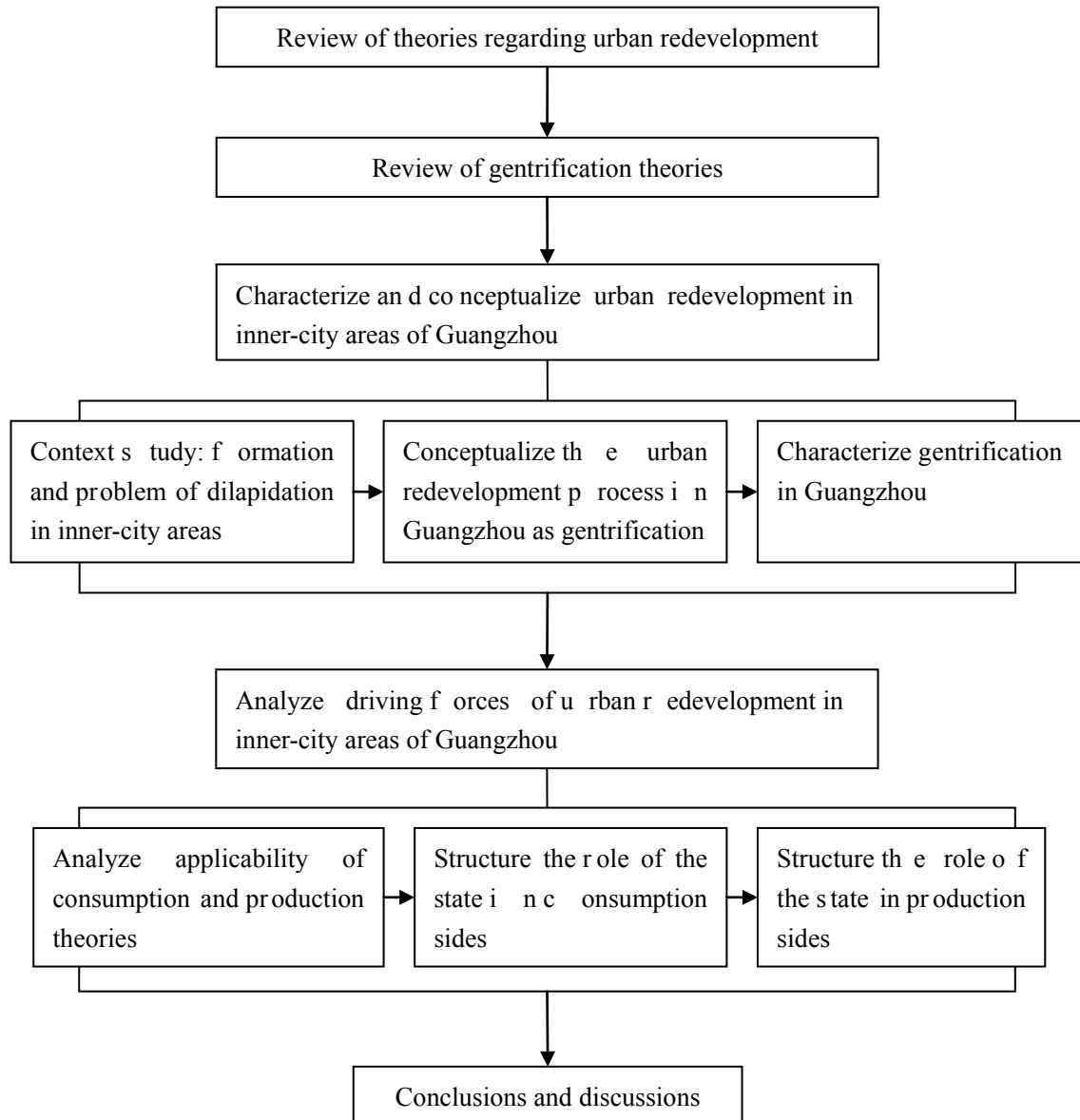


1.4.2 Research Procedure

To achieve the research goal, a deductive research approach is utilized in this study. In the light of four specific questions this research aims to answer, this study firstly performs literature review. Secondly it examines the context of inner-city areas of Guangzhou, and characterizes and conceptualizes the process of urban redevelopment with the fact of gentrification. It thirdly analyzes both factors of consumption sides and production sides driving recent patterns of urban

redevelopment, and then structures the dominant driving role of the state. Figure 1.2 illustrates the research procedure of this study.

Figure 1.2 Research procedure of this study



1.4.3 Research Scope

In line with the theoretical framework mentioned above, Guangzhou city is chosen for the empirical study. Similar to some empirical studies of gentrification in Western cities (Hammel, 1999; Ley, 1986), basically this study is undertaken at

census tract scale, which in China context administrative neighborhood is the basic census tract unit. It should be clarified that the concept of city in China differs from its counterpart in advanced economy (Wu, 2002). City in China is more an administrative governance unit than just a geographic terminology (Ma and Cui, 1987). An administrative neighborhood (*jiedao*) is a basic administrative unit in Chinese cities, and statistically, it functions like census tract in some Western cities. On the other hand, discourse of existence of gentrification cannot be validated merely by the context exploring; in fact, gentrification as a phenomenon as well as an urban process practically occurs only at the scale of neighborhood. Therefore, in conceptualizing the process of urban redevelopment in Guangzhou, study level is narrowed down to the neighborhood scale. Likewise, in exploring the driving forces of urban redevelopment, study scope changes again, but to take into account the broader context of urban transformation at urban scale, as the general trends of urban transformation provide useful knowledge to understand the urban redevelopment process in specific areas.

Regarding study area, this study mainly focuses on the inner-city area of Guangzhou. Inner-city area has been measured in different manners. Canadian researchers determine the scope of inner-city area by defining an area within certain distance from CBD (Filion, 1987; Ley, 1986; Lipton, 1977). But this methodology can only validate in the cases of concentric patterned cities. Scholars in the United States shape the contour of inner city according to the redlining references published by the banking institution; in contrast, there is no such redlining in urban China.

In the case of Guangzhou city, its urban structure has undergone drastic transformation after the open-door reform in 1978. Built urban area has expanded over 10 times in relation to the old urban area, and city centre has shifted eastwards to a new built CBD district (Gaubatz, 2005). The old urban area, including Yuexiu district and part of Liwan and Haizhu districts, has no more functioned as centre of the whole city (Figure 1.3). Instead, Tianhe district where CBD located becomes the most economically competitive area in the jurisdiction. The old urban area however, thanks to its desirable accessibility and facility service, does not lose its importance (Porter, 1995). To a large extent, the previous old urban centre has degraded to the inner-city area. Given that only part of Liwan and Haizhu districts is involved in the old urban area and it is difficult to detach these fractions from the districts in terms of statistical data, the inner city area in this research limits to Yuexiu district.

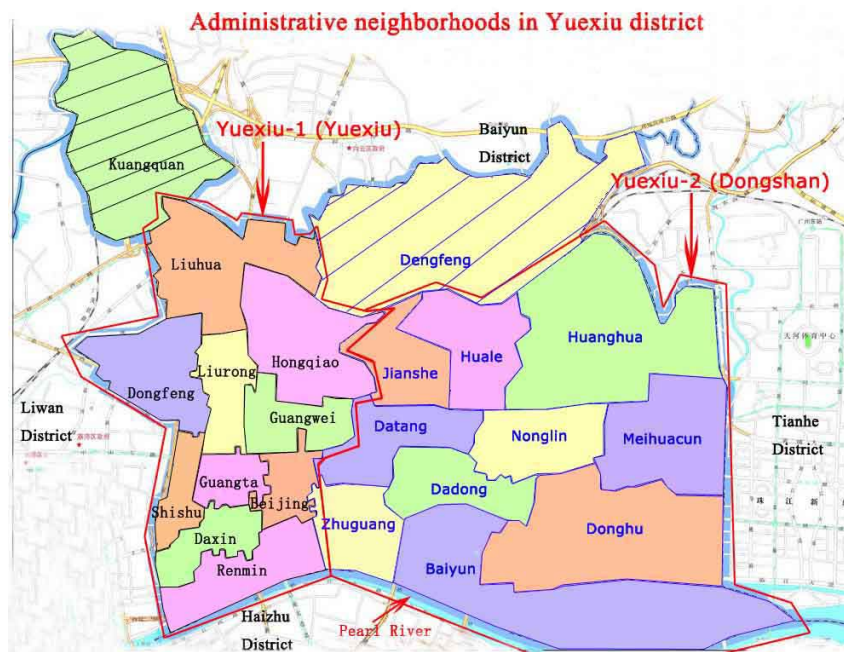
Figure 1.3 Administrative districts and counties in Guangzhou



Source: compiled by the author using map data from internet.

The administrative division of Yuexiu district has undergone several changes since PRC was established in 1949. However, the jurisdiction area of Yuexiu before 2005 had only slightly changed, with a total area around 8.9 km square. The rearrangement of districts in Guangzhou in 2005 incorporated original Yuexiu district with former Dongshan district to form the new larger Yuexiu, with a total area around 26.1 km square. Two extra areas, i.e. Dengfeng neighborhood and Kuangquan neighborhood were detached from other districts to be added into Yuexiu jurisdiction. Since they are newly incorporated, these two neighborhoods are not included in the contents of this research. In order to keep data coherent alongside the timeline, Yuexiu is divided into two sub-units, the Yuexiu-1 (the original Yuexiu district) which has 10 neighborhoods, and the Yuexiu-2 (the former Dongshan district) which has 10 neighborhoods too (figure 1.4).

Figure 1.4 Administrative neighborhoods in Yuexiu district



Source: compiled by the author using map data from internet.

With respect to the time frame, this study basically examines urban redevelopment for the period since economic reform following the Open Door Policy took place in 1978. The period of the two latest decades is especially overlooked, since the most drastic redevelopment in Guangzhou occurs mainly during this period. Pre-reform period is also studied, but only as a reference for the understanding of the background.

1.4.4 Data Sources and Collection

Data has been a major issue for urban studies of China (Lin, 2002; Wu and Yeh, 1997). Due to the rapid urban transformation of both economic and political shift, the time-lag between urban development and data information has made the empirical systematic research difficult. In the Guangzhou case, the real estate yearbook for example is not compiled until 2002 despite the fact that real estate market has existed since late 1980s. Thereupon, some data in use is descriptive collected by interview and from documentations and literature, and some are quantitative data by questionnaire survey and from statistical publications.

In specific terms, for examining the characteristics of urban redevelopment and conceptualizing the process in Guangzhou, an important part of data in the form of qualitative manner is from previous literature. Documentation regarding urban construction and real estate market is another important resource for the study, in which quantitative data covers a period of last two decades whereas qualitative data examines a larger time span of sixty years since the establishment of PRC. Besides, in obtaining the first-hand data, interviews are carried out with two local developers

and one real estate agent manager, and questionnaire survey is performed among 50 residents who are affected by urban redevelopment and 70 residents of newly developed enclosed neighborhoods during urban redevelopment. For exploring the driving forces of urban redevelopment in Guangzhou, both qualitative and quantitative data are collected. Qualitative data involves planning documents, urban policies, as well as historical urban-related references. Quantitative data is mostly from the statistical publications such as the yearbooks and census reports.

In sum, the data sources involve academic literature, documentations pertaining to urban construction, real estate market, as well as urban policies, statistical publications such as various yearbooks, census reports, as well as other statistical reports, spatial structures of inner-city area, and socioeconomic profiles of population involved in the process. To perform data collection, approaches of literature and documentation review, field observation, semi-structured interview, and questionnaire survey are employed in the study.

1.4.5 Research Methods

In general, a qualitative approach is employed in characterizing and interpreting the process of urban redevelopment in inner-city Guangzhou. In line with the research framework, empirical study is employed to understand the process of urban redevelopment in metropolises of China under market transition by using the Guangzhou case. Besides, theoretical study is performed to explore the underlying forces for the manifestation of urban redevelopment process in large cities of China.

Context study, case study, deductive analysis, and comparative analysis are adopted in addressing the first three research questions described before. Method of context study presents the background of dilapidation in the inner-city areas of Guangzhou. The information of inner-city background is in turn utilized for deductive analysis and comparative analysis in conceptualizing urban redevelopment as gentrification. In performing deductive analysis and comparative analysis, theories of urban redevelopment and gentrification are functioned as theoretical foundations and references. Besides, comparative analysis is also performed to characterizing gentrification in urban China by comparing to that of the advanced capitalist cities. Case study is applied twice in this research, firstly Yuexiu district in Guangzhou is used as a case for understanding the process of urban redevelopment in the metropolises of China, and secondly cases of three new-build communities are examined to testify the existence of gentrification in Yuexiu district.

In answering the fourth research question defined in the section of research objectives, the dominant explanation theories of gentrification, i.e. the consumption-side theory and the production-side theory, is carefully examined against the urban China context. Through exploring the market factors the theories have well acknowledged, it testifies whether the government has played a dominant role in influencing the performance of market factors leading to gentrification.

1.5 Structure of the Thesis

The following research is divided into five chapters. Chapter Two reviews the

literature regarding urban redevelopment. The emergence, the concept, and the evolving patterns of urban redevelopment around the world, especially in the advanced capitalist cities, are discussed. It highlights the existence of a variety of relevant definitions and that the strategies of redevelopment have been under continuous changes. It then moves on to discuss the state role in the urban redevelopment process, which provides contextual knowledge for the later discussion in the subsequent chapters. Background of urban change in cities of China is also examined in this chapter.

Chapter Three discusses the topic of gentrification. The main theoretical work on gentrification is reviewed including the concepts, stage models, its mutations, and the dominant explanation theories. Although the study of gentrification in the capitalist world is comprehensive on various aspects, the conceptualization of gentrification in China is rarely examined by urban researchers. This chapter will therefore provide a theoretical perspective to understand the nature of urban redevelopment in cities of China.

Chapter Four analyzes the characteristics of urban redevelopment in metropolises of China referring to the Guangzhou case. The context of dilapidation in the inner city is firstly studied, and then the urban redevelopment process is discussed. By characterizing and conceptualizing the process, it testifies the existence of gentrification in metropolises of China. After gentrification is identified, the characteristics of gentrification are examined.

Chapter Five analyzes the underlying forces of urban redevelopment in metropolises of China. Market aspects of factors are first analyzed against the consumption-side and production-side theories which explain the process of gentrification. Then the dominant role of the state is structured through exploring its driving forces in influencing the market performance leading to gentrification.

Chapter six provides a summary of findings and conclusions in this research.

CHAPTER 2: THEORIES OF URBAN REDEVELOPMENT

2.1 Introduction

Urban redevelopment has been a diverse component of urban studies across the world since its first emergence during the Industrial Revolution (Coach, 1990; Gotham, 2001). In general, urban redevelopment takes place as a response to the process of urban transition in terms of various geographical, political, economic, and social changes. Therefore, research pertaining to urban redevelopment has been multi-disciplinary in which scholars from various academic fields have contributed to the topic from different horizons (Fainstein and Fainstein, 1986; Rosenthal, 1980; Squires, 1989). Academic interests on urban redevelopment are triggered basically by two major reasons. First, as a phenomenon of urban change, urban redevelopment has been extensively noted in cities all around the world, and therefore this phenomenon per se should be studied. Second, the process of urban redevelopment leads to various outcomes which in turn have different impacts on urban transformation, so that a comprehensive understanding of the process is necessary. In order to place the research into a theoretical perspective, this chapter reviews existing knowledge of urban redevelopment.

Firstly, the origin of urban redevelopment will be discussed in this chapter. Factors of location and land rent under the contextual changes since the Industrial Revolution are perceived as the forces for the emergence of urban redevelopment in its initial phase (Coach, 1990). The concept of urban redevelopment then will be

discussed. Several relevant notions such as urban renewal and urban regeneration are introduced for comparison. In line with the context of cities in China, the term of urban redevelopment is argued to be more adoptable in this research.

Urban redevelopment has been taking place in different approaches within different spatial and temporal contexts. The third section of this chapter will discuss the development of urban redevelopment approaches around the world alongside the timeline. Three general approaches within three specific periods will be identified. In line with the period division, the interventionist role of the state during the process of urban redevelopment in each period will be particularly discussed. Given that governmental intervention is noticeably witnessed during urban redevelopment in Chinese cities, the review of state role in urban redevelopment from Western literature will be performed to lay the theoretical foundation for discussion. Finally, this chapter will discuss urban redevelopment practices in Chinese cities.

2.2 The Birth of Urban Redevelopment

The very dynamic nature of cities has been well acknowledged that physical, political, social, and economic transition processes constantly happen in urban areas. These processes interweave and interact with each other to act as either a source of influence generating changes or an outcome of the change. Couch (1990) for example, argues it is the spatial and sectoral changes embodied by the variation of land- and building- use intensity that lead to the transformation of the urban area. Urban redevelopment is one fraction of physical changes occurred in

particular places through which urban area is transformed.

Scholars trace urban redevelopment back to the great period of the Industrial Revolution, when the economic base, the social composition, and the spatial structure of cities were reorganized due to the technological advancement (Couch, 1990; Gotham, 2001). Thanks to industrialization, the fundamental transformation in terms of the nature of work and the transportation system extensively changed the urban landscapes. On the one hand, the prevalence of industrial mass production in urban areas and the gradual vanishing of home-based handicraft workshop made wage labor in great need. Thereupon, urban population living wage jobs increased tremendously, and urban areas began to expand outwards. On the other hand, the advancement of transport vehicles facilitated economic activities and spread-out social life in urban areas, further promoting urban development (Couch, 1990).

Besides geographical urban growth, the spatial structure within built urban areas changed too. Industrialization boosted the economy in urban areas, and at the same time diversified the types of economic activities. Parcels of land were therefore used with various development manners and intensities, very depending on the nature of local land plots and the economic condition of the locality. In this regard, it is the land value that embedded in the development pattern creates an urban landscape of differentiation. Harvey (1973) characterizes such urban landscape in the capitalist cities as a nature of uneven development. When this nature on particular sites was able to be capitalized by the capitalist for profits, urban redevelopment took place.

The occurrence of urban redevelopment in the context of urban inequality was conditional depending on some prerequisites. First and foremost, location was an important factor for the urban spatial changes (Porter, 1995; Storper and Walker, 1983). As economic and social activities in urban areas became abundant and diverse, the competition among actors for desirable land parcels was enhanced. Given that urban economic and social activities tended to have tight connections with each other, the location of land parcels in terms of accessibility and environmental quality became critical. The better accessibility and the more supportive built environment were valued by all capitalists so that the competition of desirable locations introduced the potential for capital reinvestment of the locality (Harvey, 1973). The second factor was associated with land rent. The above-mentioned competition for desirable land pieces enhanced the land value taking the form of land rent. A site approximated to the urban core was appreciated by the capital, so it tended to have a higher land rent, and therefore call for a higher intensity of use than that of sites in outskirts. However, unless the marginal profit could cover all costs of the redevelopment activity, no capital would be reinvested into the land with preexisting buildings.

Urban redevelopment in its initial phase was mostly identified in old urban areas (Coach, 1990). Although possessing advantages of better accessibility and facility services, old built-up areas inevitably underwent continuing deterioration. Buildings as well as utilities experienced dilapidation and was gradually out of proper function so that the practical land rent was decreased. Once the conversion of

the existing use into new use was promising, urban redevelopment ensued. Capital reinvestment taking the form of renovation, rehabilitation, and reconstruction along with selective demolition was brought into aged built-up areas that were deemed profitable or worthwhile.

The context for urban redevelopment and its locality have come to be more complicated research issues as urban redevelopment proceeds (Coach, 1990). A number of processes of change during urban transition, such as post-industrialization and globalization, growing social and cultural diversity, and new forms of urban governance, have introduced urban redevelopment into more interrelated changes (Tallon, 2010). The original project-based physical redevelopment responding to the market performance has been converted to encompass more political and social aspects of ingredients (Chatterton and Bradley, 2000; Mayo, 1997). Impacts of physical changes through urban redevelopment have led to a line of interrelated changes. The interrelationship among physical, economic and social activities indeed 'manifest themselves in urban settings making urban redevelopment an auspicious process fraught with many dilemmas, conflicts, and contradictions regarding the links between space, capital, and power' (Gotham, 2001, p3). Urban redevelopment has truly improved quality of built environment, public utilities and facilities, and economic growth on the one hand; yet on the other hand, incautious redevelopment without control or planning has been identified as the dominant force leading to both short-term and long-term social problems such as social inequality and social exclusion.

2.3 Concept of Urban Redevelopment and Relevant Terms

A number of terms are related to the activity of urban redevelopment, such as urban renewal, urban regeneration, urban rehabilitation, and urban revitalization. Different terms are used by scholars and professionals in different contexts with varied terminological focuses. However, given their multi-dimensional nature, these terms have not been distinguished from each other clearly. Different interpretations of the terms have been suggested by scholars in different contexts to suit the local interests, and in many circumstances they have been used interchangeably with wider connotations (Burns, 1963). Among them, urban renewal, urban regeneration, and urban redevelopment are most frequently used by both scholars and policy makers. Despite the similarities, these concepts do have their own particular focuses. Table 2.1 attempts to grasp the nuance of these three frequently used concepts.

Table 2.1 Characteristics of urban renewal, regeneration and redevelopment

Concept	Urban renewal	Urban regeneration	Urban redevelopment
Focus	Physical updating of built environment	Integrated sustainable revitalization	Physical and economic upgrading
Level	In-situ neighborhood, site level	Overall city, regional level	Inner-city area, local level
Aim	Built environment improvement	Deal with physical, economic and social decline	Deal with particular problems of the locality
Approach	Area-based project, renovation and reconstruction	Long-term strategy, bring back investment, employment and consumption	Local plan embedded in overall plan, renovation and reconstruction
Location	US, UK and some other advanced countries	UK	China
Period	The 1900s to the 1970s	Since the 1980s	Since the 1980s

Source: literature analysis by the author.

The term of urban renewal is originated from the US referring to the redevelopment or rehabilitation process of the older parts of cities (Gibson and Langstaff, 1982). Also, urban renewal is regarded as a progressive process by which a large urban area slowly renews itself and changes to fit in with the needs of contemporary society (Burns, 1963). It has taken place in the form of renovation or structure adapting of existing buildings, reconstruction of industrial and commercial premises as well as residential buildings, and provision of better service facilities. The term of urban renewal at the same time has been introduced to many other countries but with different manifestations (Coach, 1990). In the UK for example, urban renewal has been closely related to the issue of housing improvement for the urban poor, and more employed by the state as a strategy in dealing with the shortage of housing provision. Correspondingly, instruments of policies have been utilized in the urban renewal in the UK, to regulate the patterns and localities of renovation and reconstruction (Gibson and Langstaff, 1982).

Until very recently, the connotation of urban renewal has been changed only in terms of varied approaches. For example, in the post-war period, urban renewal in the UK took the form of redeveloping the wartime destruction and clearing slum houses, whereas in the US urban renewal replaced old buildings in the inner cities with public housings, roads and other urban infrastructure (Johns and Evans, 2008). No matter what the approaches are, the urban renewal has been always focusing on physically updating aged built environment through project-based reinvestments. As Couch (1990: 1) argued, urban renewal had been generally understood 'as the

physical change, or change in the use or intensity of use of land and buildings, that is the inevitable outcome of the action of economic and social forces upon urban areas'.

Since the 1970s, the approach of urban renewal in the form of physical treatment of symptoms of urban decay is frequently questioned in research. It is held that to tackle the inner city problems, the focus should be put on dealing with declining economy of the locality. Urban renewal in this context is required to be more integrated which should incorporate long-term housing and environmental conditions with planned intervention for the sake of economic regeneration, employment provision, and social harmony (Gibson and Langstaff, 1982). The connotation of urban renewal therefore turns to be associated with another ambitious strategy, i.e. urban regeneration, a terminology more frequently used in the UK.

The term of urban regeneration is a relatively new concept suggested in the 1980s (Johns and Evans, 2008). One definition of urban regeneration is suggested by Roberts (2000: 17) as a 'comprehensive and integrated vision and action which leads to solution of urban problems and which seeks to bring about a lasting improvement in the economic, physical, and social environmental condition of an area that has been subject to change'. In the view of Roberts, urban regeneration is not only an activity but also a strategy for exploring urban prospects. Evans and Shaw (2004) in contrast define urban regeneration in a practical but simple manner

as the transformation process of a place that has undergone physical, economical or social decline.

It is held that the notion of urban regeneration steps beyond physical-oriented renewal, which was used to deal with in-situ neighborhood renewal of older urban areas at local level. Instead, urban regeneration is argued to put more emphasis on integrated treatments with multi-dimensional focuses at regional scale, and components of urban regeneration tackling the urban problems 'should be constructed with a long-term, more strategic, purpose in mind' (Roberts, 2000: 18). Similar idea can be reflected from Couch (1990) who suggests a distinction should be made between the process of urban renewal linked with essentially physical aims and achievements, and the wider process of urban regeneration, in which both the state and the community are involved attempting to bring back investment, employment, consumption, and hence the quality of urban living.

The term of urban redevelopment is to some extent intermediate between urban renewal and urban regeneration. Rather than an expression of measures or strategy with vision like urban renewal and urban regeneration, the term of urban redevelopment focus more on the process of change per se (Fainstein and Fainstein, 1986; Squires, 1989). Burns (1963) suggests that urban redevelopment is a process involving clearance of old property and substitution of old with new buildings in conformity with a preconceived plan, through which the layout of the area becomes different from the one before redevelopment takes place. Since urban

redevelopment occurs with vision in the light of local spatial and economic plans of specific areas, it implies a comprehensive nature of the process. Roberts (2000) maintains that urban redevelopment is explicit in its general mission and suggestion of need for action. Practically, action of urban redevelopment takes place in individual old urban areas to deal with particular problems of the locality. Although urban redevelopment does not respond comprehensively to problems of whole cities as urban regeneration emphasizes on, it does attempt to deal with various types of problems in individual urban areas.

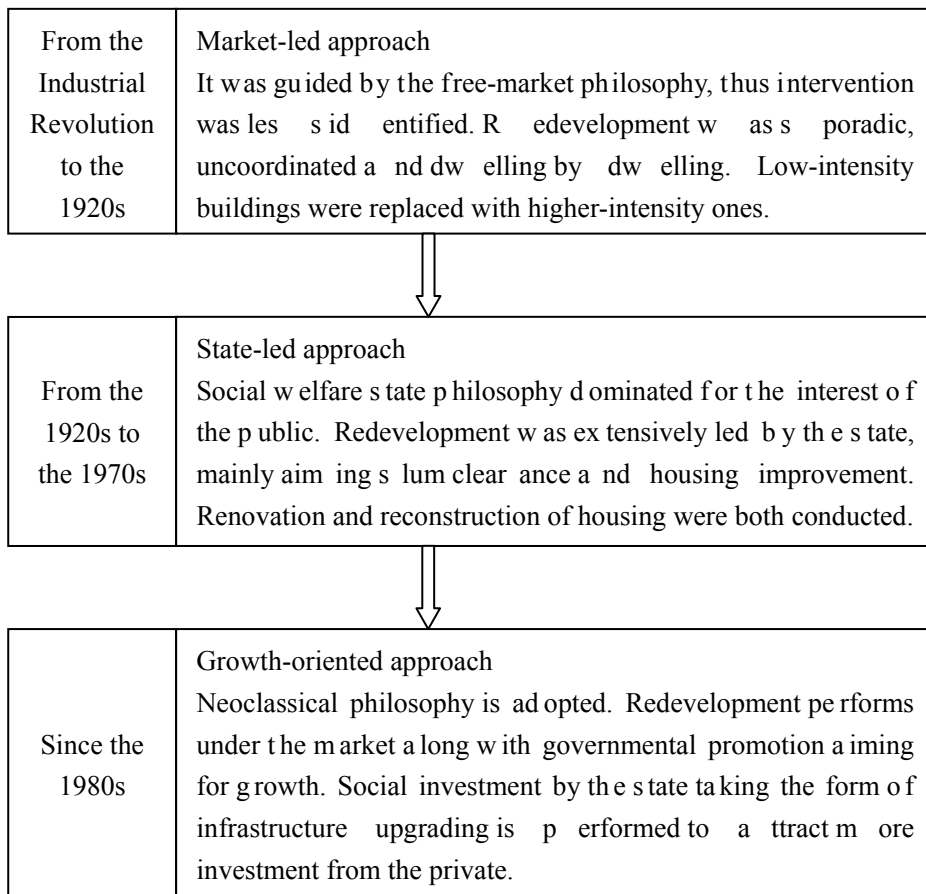
In comparison to other notions, the concept of urban redevelopment is favorable in the context of metropolises in China. On the one hand, rather than urban renewal that physical rehabilitation of dilapidated built-up areas is the main purpose, activities of reconstruction and renovation in urban China not only handle the issue of aged buildings and poor facilities in the inner-city areas, but are also encompassed as an indispensable part in broader plans of the local authorities for promoting urban core images and interurban competitiveness in pursuing sustainable urban growth (Wu, 2000). On the other hand, urban regeneration is suggested in Western literature as a strategy to deal with noticeable inner-city decline; however, such inner-city decline has not been experienced by Chinese cities (Zhang and Fang, 2004). Furthermore, different from urban regeneration which is a strategy of regional vision, urban redevelopment in China still focuses at local level in terms of inner city areas.

By referring to redevelopment practices in Chinese cities, urban redevelopment in this paper is to imply an approach of dealing with physical, economic or social problems in older urban areas. Though the process of urban redevelopment starts with physical restructuring of built environment, it inevitably generates outcomes of economic and social changes.

2.4 Evolvement of Urban Redevelopment Approaches

Urban redevelopment has been proceeding for more than a century accompanying the growth of cities in advanced capitalist nations. Regardless of contextual particularities, Couch (1990) suggests that three types of activities are involved in the urban redevelopment process, categorized as (1) restructuring and renewal in response to market performance, (2) public-beneficial redevelopment expense paid by the government for social distribution in the form of public housing, public service facilities and environmental schemes, and (3) social investment by the government for initiatives to facilitate or induce more market-led development and redevelopment, and the inducing social investment comprises subsidies for land development and tax, infrastructure and transport system provision. Although all the three activities are involved in different phases, it is one activity in a specific era that has contributed overwhelmingly to shape the distinctive urban redevelopment approach at the time. Figure 2.1 presents three distinctive urban redevelopment approaches in three particular periods across capitalist countries.

Figure 2.1 Evolvement of urban redevelopment approaches



Source: Coach, *Urban renewal: theory and practice*: 6-48. 1990 © Macmillan Publishing.

Gotham, *Critical Perspective on Urban Redevelopment*: 1-31. 2001 © Elsevier Science Publishing.

The market-led Approach from the Industrial Revolution to the 1920s

The initial urban redevelopment in the phase from the Industrial Revolution until 1920s had been generally guided by the free-market principle. Reinvestment in fixed capital emerged in built-up areas where market competition for better-located sites was taking place. Whereas private investment gave main impetus to the process of urban spatial restructuring, public expense or investment of old urban area remodeling was barely identified during this period. As Gotham maintained, attempts of redevelopment at that moment had been ‘typically

haphazard, uncoordinated, and chaotic' (Gotham, 2001: 5).

Capital movement, as one aspect of market force, had contributed to the manifestation of urban redevelopment in this phase (Coach, 1990; Gotham, 2001). Drastically booming industrial production in urban areas brought about by the Industrial Revolution had enhanced market competition. Attempting to balance the cost and benefit, contest among capitalists for desirable places had been intensified across various sectors. As competitive sites were generally located in old urban areas with better accessibility and service facilities, land rent in these areas inevitably rose. A rising land rent in turn required a higher intensity of land use to guarantee the acceptable profit, and therefore those land parcels on which preexisting buildings situated were redeveloped with more optimal uses. Such capital movement had direct impact on urban landscapes that low-intensity central areas had been reinvested with higher intensity in the form of more profitable industrial and commercial premises as well as multi-story residential buildings.

Besides an insight into the force of capital performance leading to urban redevelopment, a set of market demands originated by the economic and social changes in the Industry Revolution had exerted pressure to the old urban cores (Coach, 1990). Firstly, coupled with industry and trade business boom, an increasing range of auxiliary economic infrastructure was in requirement, involving banking service facilities, transportation agents, and legal service, among others. The increased auxiliary service activities which generally performed in the office

had to be located in the most accessible place as they had close linkages with many other businesses. Therefore offices in old urban cores were in great demand. Secondly, the improved efficiency of work credited to technology advancement in the Industry Revolution gave rise to the increased earnings and an expanding group of middle class. Their spending power supported the sales business so that volume of sales grew quickly and a number of shops were established. Likewise, this boomed retailing business put also shops in great demand. Both office and shop premises were therefore developed in central areas, and the existing less profitable development were reinvested in the market.

In this period, governmental intervention was less identified, as free-market was the mainstream principle in capitalism at the time. The philosophy of classical liberalism, firstly suggested by classical economist Adam Smith and developed in works of David Ricardo and John Mill, had significant influence on urban activities at that time. The liberal philosophy emphasized the dominant role of market force instead of political force with a metaphor of 'invisible hand' in organizing economic activities (Haveman and Rao, 1997), and called for minimal role of government in the economic affairs. It was maintained that governmental intervention in the form of regulation and planning in economic activities would only impede entrepreneurial innovation and impose harmful financial and administrative burdens on the economy. The well-known saying of 'that government is best which governs least' best illustrates the idea of little intervention during that period.

Though urban redevelopment was identified in several large cities like London in this phase, it was essentially sporadic dispersed dwelling by dwelling in urban areas. Few large-scale or comprehensive restructuring had been documented. On the other hand, issues related to housing problems especially for the working class became more urgent (Burnett, 1978). Since for the affected majority the new buildings were far beyond their affordability, the displaced population was forced to move into the remaining housing stock, thereby making those buildings overcrowding. Up to the end of 1920s, although urban redevelopment had remodeled a fraction of old urban areas, many cities such as London, New York, and Boston had been virtually going through increasing declining of both neighborhoods and commercial districts in the urban cores; concentration of poor in the dilapidated and overcrowded areas; and loss of industry (Teaford, 1990). The failures of market had been gradually recognized by both researchers and the governments. In the following years, governmental intervention, which had been marginalized ever before, was adopted worldwide to tackle inner-city troubles.

The State-led Approach from the 1920s to the 1970s

That sizable social welfare expense was paid by the government in dealing with mainly housing issues characterized the second-phase approach of urban redevelopment from the 1920s to the 1970s. The state in this period took a responsible role in solving problems of housing shortage and dilapidation, and had a powerful control over the approaches taken in implementing urban redevelopment. The schemes of slum clearance and neighborhood rehabilitation

were well implemented in cities of Western countries in this period. In contrast, the market during this period played a comparatively marginal role in promoting restructuring of urban areas.

The adjustment of governmental role in urban transformation had been in association with the economic change. The First World War and subsequent Great Depression had impeded previous spatial and economic urban growth, and inactivity in land development and industrial production had caused serious problems of stagnancy. In this context, the state started to adjust the role in both urban development and redevelopment activities. From a perspective of national scale, various approaches had been implemented by the state in revitalizing the urban growth. These approaches involved legal approaches in the form of national bills, such as Wheatley Act, Greenwood Act, and Housing Improvement Act in the UK (Coach, 1990); fiscal approaches in the form of grants and funds, such as federal grants in Roosevelt's 'New Deal' in the US (Gotham, 2001); and planning approach in the form of planning schemes, such as new town development.

As for local actions, problems of housing shortage and dilapidation had been dealt with through schemes of slum clearance. The redevelopment of slum houses had been initiated by planning schemes, facilitated with the law of eminent domain, and funded with government supports. Aiming to accomplish the schemes, the central states empowered local governments to establish housing authorities to be responsible for the slum dwelling issue. While the central states provided legal basis

and a proportion of funds, local governments were practically responsible for the decision-making and the implementation. Besides, local authorities were required to draw up detailed plans and submit them for permission. Gotham (2001) suggested for example, the Housing Act of 1949 in the UK stipulated the provision of federal subsidies for land acquisition and slum clearance while requiring local governments to finance up to two-thirds of the site preparation. As a result, a mass of dilapidated dwellings were demolished justified by local governments as clearance of slum areas, replacing previous cottages and houses with high-rise public dwellings.

Public dwellings, among other alternatives, had been the main type of new buildings following slum clearance. They were constructed on cleared sites taking the form of tenement flats and were offered to the affected residents and other working class. Nevertheless, the practice of public housing scheme had aroused a lot of debates. The proponents of the scheme, which were basically progressive housing advocates, working class people, and some officials, strongly argued for the provision of low-income housing by the governments. The opponents in contrast, who were mainly real estate elites and some other officials, were against the intervention of the state in the property sector. For them, the federal provision of low-income housing virtually put the governments in competition with private property firms (Bratt, 1986).

Though the intended goal of the slum clearance scheme was to provide population with decent homes and favorable environment, the outcome had often gone to the

reverse direction (Teaford, 2000) . A large number of slum units had been demolished, but only coupled with less than enough replacement housing, substantial dislocation of low-income workers, and growing number of vacant land awaiting redevelopment (Coach, 1990; Gotham, 2001). By the 1960s there had been heated debates over the influence of slum clearance scheme. Teaford (2000) for example, critiqued that although the local authorities justified the urban redevelopment by tackling the substandard housing issue, few officials in practice had used federal resources and subsidies to improve the situation of slum neighborhoods.

Concerning the issues of social tense and public financial shortage due to large-scale slum clearance, municipal authorities began to shift urban redevelopment strategy towards the approach of housing improvement. Social expense in this context had been reduced in terms of housing. However, the redevelopment scheme extended its focus to embrace other projects, for example, universities, hospitals, and some other service facilities (Gotham, 2001). As a matter of fact, public expense had been the main source in terms of urban investment in fixed capital.

During this period, one thought had been related to the suggestion of private-sector engagement in urban redevelopment. The National Association of Real Estate Boards in the US, for example, proposed the public-private cooperation of urban land-use, and tax and low-interest loan subsidies for local redevelopers (Gotham,

2001). Such proposals were not limited to the re-dwelling of slum areas or dilapidated communities, but more on revitalizing the blighted areas near the CBD and maintaining real estate markets. It was argued that private investment besides public expense could effectively counteract the blight of urban areas. As more interrelationships between urban redevelopment and urban growth were examined and understood later on, the cooperation between the private sector and public authorities was better appreciated.

The Growth-oriented Approach since the 1980s

The latest urban redevelopment approach since the 1980s has been characterized by means of public investment initiatives or the leverage of private capital investment, which in turn usually brings about gentrification. The policies of strong governmental intervention during slum clearance and neighborhood rehabilitation in previous decades had left behind serious social and economic problems such as budget deficit. Urban redevelopment began to be embedded in a series of more ambitious solutions for the revitalization of declining economy of cities. As Couch (1990) suggested, this period witnessed a shift in the nature of partnership from a central-local government relationship to the public-private cooperation.

Two reasons have been suggested by Bartelt (1993) to explain the failure of public funded urban redevelopment. First, the large-scale clearance undermined performances of urban redevelopment schemes. Careless slum clearance and displacement led to social tension and urban protest in inner cities. Second, state-led

demolition and replacement had not resulted in the revitalization of neighborhoods but the vacancy of cleared lots. Gotham argued that the urban redevelopment schemes in practice 'had not saved the central city but had exacerbated disinvestment and decay, and aggravated racial tensions and neighborhood unrest' (Gotham, 2001: 11). In the UK in 1974, for example, the federal government had to discontinue the urban redevelopment program which had caused destabilization in inner-city neighborhoods (Teaford, 2000).

The momentum of intervention has been lost amidst economic recession in early 1980s, and a new ideology of politics gained ground. The successive governments believe in the thinking of production-side economy, which emphasizes private investment in pursuing economic growth and less regulation, similar to the one in the classical liberal era. The Margaret Thatcher government of New Labor in the UK and the Reagan administration in the US in the early 1980s begun to shrink federal resources, decentralize power of government control, and increasingly rely on market-centered approaches (Taylor, 1998). For example, the Reagan administration started to decrease general revenue sharing and public works monies in 1980, and by 1992 the federal assistance as a percent of city budget had unprecedentedly dropped more than half of that in 1980 (Gotham, 2001).

While suffering tremendous cut, the public budget of local governments on the one hand have to be expended on improving the state of social well-being; while on the other hand it is also in great need to be invested in inducing more private sector

investment for the good of economic growth. In response to the pro-growth thinking, local governments adopt an approach of urban entrepreneurialism, with fewer concerns of social redistribution and public services provision, but more focusing on attracting capital investment, promoting economic competitiveness, and creating a friendly business-oriented environment (Gotham, 2001; Harvey, 1989). As a result, public budget has been used more in the form of public investment than in the form of public expense. As Hubbell (1979) argued, evidence from several cities shows that more public funds have been used to benefit private business of residential, commercial and industrial development, but less to the needy population and neighborhoods.

Expression of urban entrepreneurialism is usually in the form of tax and regulation concessions. In order to promote economic competitiveness, a series of attempts have been initiated by urban authorities across the capitalist world. For example, in the US, a program of Enterprise Zone has been established to provide incentives for private investment in the central neighborhoods of cities (Gotham, 2001). A similar program has been introduced in the UK named Commercial Improvement Area scheme (Coach, 1990). No matter which names the schemes are titled, they have been all designed for occupiers and developers in the locality to benefit from capital investment through tax subsidies and relaxed planning regulations. Besides, local governments have also provided funds in promoting infrastructure to facilitate business and private investment. As a result, massive property development has been extensively taking place in the inner cities, and the local spatial settings have

been significantly transformed.

2.5 The Role of the State during Urban Redevelopment

As an important actor of urban society, the government has engaged in most, if not all, of the urban activities. Among them, the role of the state in shaping urban form and urban transformation has been well documented by urban researchers. Generally speaking, the government, both central and local, has more or less controlled, intervened in, or guided the process of urban restructuring. But the extent to which the state engages in the process has been changing. With regard to the perspectives of disinvestment and urban redevelopment, the role of the state has been under shift in line with the spatial and temporal context variation. This variation is essentially in connection with the evolvement of urban redevelopment approaches discussed above.

Absence of the Role of the State during Market-led Period

When urban redevelopment emerged in the market-led phase, state control or intervention over this process was rare. Absence of the actor of the government in this initial phase can be explained with two reasons. The first is that the government system was rudimentary at the time and practically insufficient in performing regulation or intervention. Land development in urban areas was taking place in a high speed, yet the system of administration had lagged behind. The second is that good understanding and knowledge of the nature of city and urban problems had been not available, therefore making any regulation or guidance unauthentic (Couch, 1990). Although early attempts had been undertaken

by the governments to take the responsibility of housing, little practical approach had been implemented in terms of funding and judicial support.

Absence of the actor of governments in urban redevelopment in this period can be also reflected by the fact that knowledge regarding urban planning was yet to be created. Since urban planning was conceived as only a derivative of architecture, few theories regarding urban planning had been developed. Taylor argued that urban planning of the time was in its embryonic form that 'had not been distinguished from architecture, and precisely because it was seen as architectural design on a larger canvas' (Taylor, 1998: 17).

Regulator and Interventionist Role of the State during State-led Period

After the market-led period, urban redevelopment had become predominantly a state responsibility during the following five decades (Teaford, 2000). Public fund was heavily depended on for redevelopment, whereas the private sector property market was significantly suppressed. Among various forces, factor of economic change has the greatest contribution to the state intervention in urban activities. Continued economic depression came after World War One in most capitalist countries, and production and investment activities in urban areas were badly influenced. Recognizing that the structure of free market could not halt the decline, scholars turned to argue for a more active and powerful role of the state (Fainstein and Fainstein, 1986). An approach of a mixed economy allowing public sector to co-exist with free market capitalism, in this context, was widely accepted. It was in that period the notion of 'welfare state' emerged, through which universal

education, health care, social security, and subsidized housing became available and economy could be revitalized (Fainstein and Fainstein, 1986; Teaford, 2000). In order to achieve socially desirable objectives, the governments, especially the central one, played a greater role than the liberal capitalism required by nationalizing some of industries and services, and providing society with a variety of supports (Taylor, 1998).

The actions of regulation and intervention in urban society by the state also extend to the land and real estate investment. Through the approach of state-controlled urban planning, the state had successfully intervened in the urban development. As Taylor (1998) suggested, political ingredient was strategically added to urban planning of the time allowing the state to play a more active interventionist role in the society. In dealing with land-use issue, while urban planning maintained the ownership rights of land and property, it nationalized the critical development right of land. As a result, the enterprise who desired to make profit through property development had to apply for permission from local planning authorities. Such nationalization of development right of land manifests clearly a state regulation of the market. Therefore, urban planning had been openly acknowledged being a political activity since the 1960s (Taylor, 1998).

It was through local planning that governments regulated the process of urban redevelopment. By designing a variety of slum clearance schemes, the governments had easily redeveloped some seriously decayed neighborhoods, and therefore an

increase in supply of public housing had been accomplished. Besides, the destruction of the wartime also had been reconstructed for urban landscape improvement, which would have been difficult if without public financial support. Furthermore, aiming to revitalize the stagnant economy, public expense had been used by local governments to improve infrastructure. As Gibson and Langstaff (1982) mentioned, though not always, governments had endeavored to incorporate planned intervention in economic revitalization, employment provision, and long established desire of housing improvement.

At the same time, outcomes of planned intervention had aroused fierce debate about the nature and extent of state intervention. Since urban redevelopment was not planned carefully by the interventionist states to coordinate with other urban activities, urban planning during this period had been more frequently arbitrary and assertive (Coach, 1990). On the one hand, the aims of urban planning during the state-led period were generally conceived in only physical terms. as Taylor maintained, urban planning of the time was seen as an expectation of physical arrangement, and 'the ideal urban future was envisaged in terms of where, and how big, cities should be; in terms of a certain balance between city and countryside; and in terms of a vision of how, ideally, cities should be internally structured' (Taylor, 1998: 35). On the other hand, by examining cases of inner-city redevelopment and public housing schemes, sociologists critiqued most the social blindness of the planning schemes (Coach, 1990; Glass, 1964). They argued that the planners overlooked the social aspects of housing redevelopment as they had mainly paid

attention to the physical matters of housing.

Regardless of debate, however, the dominant interventionist role of the state had been broadly accepted either by politicians or by scholars in the state-led period. Though criticisms remained, they generally put more emphasis on improving the operation of planning and not the planning itself. Nevertheless, in the early 1980s, the whole idea of planned intervention began to encounter challenge from the neoliberal ideology (Taylor, 1998).

Facilitator and Advocate Role of the State in Pro-growth Period

In the 1980s, the role of the state during urban redevelopments shifted again. Attempting to establish a growth-oriented environment, the states have become facilitators of free market investment. Generally, the rejection of intense state intervention is grounded on the supersession of mainstream political ideology. Because the old ideology of social democracy during the state-led period had left over serious problems such as inflation, sluggish economic growth, and the high pressure of public expenditure, new political thinking gradually gained ground. For example, the right-wing political movement, known as the New Right in the UK, and the triumph of neo-liberalism in the US both in the early 1980s, simultaneously made an active response to the problem of the urban societies both against the thinking of the free market. They both argued for a return of liberal principle in fostering free competitive market, thereby increasing the innovation, efficiency and competitiveness of private sector firms. The newly designed notion of neo-liberalism has soon influenced other advanced capitalist countries to

become the political mainstream. Different from the previous classical liberalism period that no government role was identified, the politics at this time encouraged local governments to actively facilitate and foster the market-oriented development. The state role in this regard has remained, albeit through some indirect approaches in guiding urban activities (Taylor, 1998).

The neo-liberalism is firstly expressed through the approaches of urban governance. Facing the problems of stagnant economy, fiscal deficit, and unemployment, first and foremost, both central and local public budgets have been greatly cut. Urban economy has then been less fuelled by the public funds and more by the private capital investment. The public expenditure cuts have significantly influenced local governments in terms of budget use. It is recognized that only by the limited public budget, the urban problems would not be solved. Instead, the private capital should be involved to regenerate the urban economy and thus employment provision. In this context, local governments begin to use public budget not in the social welfare provision but in modeling cities to a growth machine (Logan and Molotch, 1987). Plenty of public investment as a result has been undertaken in order to improve the market environment, and thus attraction of private investment. For example, urban infrastructure especially road networks has been upgraded.

Also, in line with the situation that intervention of central governments is weakened through devolution, local governments have shifted their style of urban governance from managerial approach to entrepreneurial approach (Harvey, 1989). It is

understood that in pursuing urban growth, the city should be conceived as an enterprise; and as the leader of this enterprise, the local government should perform pro-market approach. Regulation of urban investments should not be performed; rather, a laissez-faire economy should be encouraged. However, the less regulation does not mean exclusion of government actor in urban activities. In contrast, the local governments have participated in the economy through approaches of coalition or partnership (Logan and Molotch, 1987). One approach of coalition is to cooperate with non-governmental institutions and private sector firms. A combination of public and private is understood in a way that availability of private capital is a precondition for the release of public fund pressure; and only with the assistance of the private capital, the objectives of local authorities can possibly be reached (Taylor, 1998).

In practice, to revitalize or regenerate certain urban areas, private investment is conceived as the crucial action. With regard to the persistent disinvestment in the inner cities, a number of public-private partnerships have been established to attract business, for example, partnership among local governments, educational institutions, and firms to develop high-tech business and research parks, among others (Taylor, 1998). Besides, a variety of laissez-faire initiatives have been designated by local governments to accomplish market-led land development and redevelopment. The initiatives include establishment of semi-official development corporations to rebuild the dilapidated neighborhoods, enterprise zones, innovative financing mechanisms in new redevelopment schemes, etc.

2.6 Urban Redevelopment in Metropolises of China

Urban redevelopment in China has been embedded in the much broader process of urban transformation. In line with political and socio-economic shifts under market transition in China, the urban transformation in cities across the country has gone through two distinct patterns. The turning point of these two patterns is the open door policy initiated in 1978, which is coupled with profound economic and administrative reforms all over the country. Although there is some similarity between urban China under market transition and advanced capitalist cities in terms of urban transformation, the transformation in cities of China does have its own particular nature and contextual complexity (Zhang and Fang, 2004). It is held that a variety of particular political, economic and social structures and institutions in cities of China have characterized the restructuring of urban space there (Ma and Wu, 2005).

Since the establishment of the PRC in 1949, the urban strategy had been reshaping cities into 'a place of production rather than consumption' for about three decades in line with the political ideology of socialism (Huang, 1996). Cities in this Mao period functioned as the critical locality of performance pursuing for socialist industrialization. The urban space at the time was composed of various elemental work units including state-owned industries, government agencies, and non-profitable institutions. Among work units were the dominant proportion of factories and plants dispersed across the urban area. All sectors of industrial production were under direct control of various ministries of the central government,

and only the urban investment servicing for industrial production was conceived necessary and adoptable (Huang, 1996) . Therefore the urban growth and transformation were restricted in terms of investment in fixed capital. Urban areas had expanded slowly except for limited industrial development in the periphery, and development in the built-up area had been overwhelmingly in the form of infilling construction in empty space. Except some urgent redevelopment in dealing with structural safety, few capital funds had flowed into preexisting buildings. As Yang and Wu (1999) argued, urban development before reform had been conducted in line with a principle of ‘full utilization and gradual reconstruction’.

In 1978, the political ideology of socialism was adapted into a socialist market economy which emphasizes the primary task of economic growth. Since urban investment is conceived as the engine to propel national economic growth (Ma and Wu, 2005), tremendous capital has been pumped into urban areas. Resulting from various urban investments, cities in China have been extensively reconfigured, and urban settings have been going through drastic change. On the one hand, extensive urbanization, especially since the late 1980s, has been taking place all over the country. Cities grow so quickly that many peripheral villages around old urban areas are soon developed into built-up areas. The establishment of land market, along with abolishment of public housing allocation in the transition economy, fuels the property industry, and therefore substantial commercial buildings, shopping malls, and high-rise apartments have been built. In some large metropolises such as Beijing, Shanghai and Guangzhou, new commercial and business zones have been

quickly established (Gaubatz, 2005).

On the other hand, reinvestment in built-up areas has been also extensively noted in several large metropolises concurrent with the speeding urbanization. Being different from the Western development model that urban redevelopment occurs after urbanization when preexisting urban settings suffer obsolescence or dilapidation, market transition in China has rendered urban restructuring of these large cities a multiplicity nature in terms of simultaneous urban redevelopment in the older area and urbanization in a broader scale (Ma and Wu, 2005). The flow of capital into built-up areas is in association with the function of old urban areas in local economy. As a place for mere industrial production in the centrally-planned period, cities were not in dynamic status. Thereupon, little investment was witnessed in improving the utility services, environment quality and transport systems which had been in very bad condition through the war time. Besides, as urban structure was composed of elemental work unit which was fully self-sufficient, the infrastructure and public facilities at the time were less coordinated (Yang and Wu, 1999). Comparing to the new development in the previous suburbs, the out-of-date built environment in the old urban areas is soon strikingly not in parallel with its core function in the economy. Large-scale urban redevelopment in this context was launched to reshape the landscape of old urban centers in these major metropolises in the early 1990s (Fang, 2000; Zhang and Fang, 2004).

Two patterns of urban redevelopment are noticeable in large cities of China, one is individual reconstruction and the other is comprehensive reconfiguration (Yang and Wu, 1999). With regard to individual reconstruction, the redevelopment projects are separately conducted with a strong orientation of maximum profit gains. To benefit from action of reinvestment, capital flows in to demolish the preexisting buildings and replace with new development of higher density or intensity (Ng and Xu, 2000). Old commercial buildings for example, may be redeveloped into larger commercial complex or offices, and old residential dwellings may be replaced by high-rise condominiums or enclosed neighborhoods. In respect of comprehensive reconfiguration, landscape upgrading and functional promotion of dilapidated areas are the main purpose (Wu, 2000). In order to strengthen the image of the old built-up areas as the urban center, landscape of buildings and infrastructure provision are both promoted in terms of, just to name a few, the construction of signature buildings, provision of highways and subways, commercial neighborhoods and waterfront development, and modeling of central business districts (Zhang, 2005). In this case, land parcels involved are much larger than those of individual redevelopment projects, including both previous industrial land once owned by state-owned enterprises, and previous residential land originally occupied by the low-status population cluster. Different from Western cities which undergo cyclical expansion, decline, and revitalization, redevelopment of old urban areas in metropolises of China is virtually a process of rearrangement and reinforcement.

The underlying forces contributing to urban redevelopment in cities of China under

market transition have not been especially studied (Zhang and Fang, 2004); rather, research lens has been more on the broader processes of urban transformation and transition (Ma and Wu, 2005; Wu, 2000; Yang and Wu, 1999). However, some factors are related with the issue of urban redevelopment. One series of factors are associated with economic roles (Zhang and Fang, 2004). To view urban redevelopment with a supply perspective, the parcels which were previously regarded as nonproductive now are capitalized by both developers and local authorities for benefiting from exchange value. As for the demand, boosting economic activities and employment, a serious delay of housing and infrastructure provision, along with an enlarging urban population have well interpreted the upsurge of construction demand under market transition.

Another important factor is in close connection with the role of the governments. Urban restructuring in the reform era is conceived partly as a consequence of government's effort to rescale the power (Ma and Wu, 2005). The economic reform since 1978 is coupled with broader reforms in terms of administrative and fiscal strategy change. Whereas the administrative reform empowers local authorities to be responsible for the local agenda, the fiscal reform sharply cuts the financial subsidies of local governments from the central government. In dealing with urban development agenda, the central government has 'adopted a laissez-fair attitude' (Zhang and Fang, 2004: 293). In contrast, local authorities have been taking the lead in promoting the local growth (Logan, 2002; Wu, 2001; Zhang, 2002; Zhu, 1999). Being responsible with urban development of localities under the circumstance of

inadequate public budget, local governments resort to the local market. To achieve redevelopment in some advantageous areas, a pro-growth coalition is thus established between local governments and developers, in which governments provide the land to developers with low price and in exchange developers promise some public investment besides profitable development (Zhang and Fang, 2004; Zhu, 1999). Furthermore, in facilitating private sector involvement in urban redevelopment, many supportive strategies have been formulated by local authorities, for example exemption of taxes and fees, quick and sometimes ruthless clarification of property rights and land requisition, flexible building codes, and land subsidy for less profitable redevelopment, among others (Leaf, 1995; Ng and Wu, 2000).

The nature of gradualism under market transition implies persistence of problems regarding urban transformation. As a matter of fact, during the urban redevelopment in the last two decades, Chinese metropolises have been experiencing both gains and losses. While urban redevelopment has brought about urban landscape improvement and noticeable economic benefits, many troubles are widely noted by urban researchers, involving extensive ruthless displacement, too much high density and thus infrastructure pressure, incompatible land use, and unequal redistribution of interests (Fang, 2000; Ma and Wu, 2005; Yeh and Wu, 1999; Zhang, 2002). For example, Ma and Wu (2005) argued that the dual land system has led to a semi-market context, resulting in chaotic and incompatible development of the previously allocated land which is beyond the authority of urban planning.

2.7 Summary

This chapter reviews the literature regarding urban redevelopment, as well as urban renewal and urban regeneration. The origin of urban redevelopment is firstly discussed. Then concept connotation is discussed among terms of urban redevelopment, urban renewal and urban regeneration. It justifies the adoption of the term urban redevelopment in urban China context. Three patterns of urban redevelopment approaches in three particular eras are summarized in the following part of the chapter, i.e. the market-led approach till the 1930s, the state-led approach till the 1980s, and the pro-growth approach since then. The role of the state during urban redevelopment in each period is specially reviewed. Finally, the urban redevelopment in metropolises of China is studied in the end of the chapter serving for the context of this research. The review demonstrates that there is a knowledge gap in the comprehensive understanding of urban redevelopment in Chinese cities, and it is this research gap that merits the study in the following chapters.

CHAPTER 3: GENTRIFICATION IN URBAN REDEVELOPMENT AND EXPLANATORY THEORIES

3.1 Introduction

As a special pattern of urban transformation, gentrification is a relatively new issue addressed in the scholarship. Urban change in the inner-city areas in the form of gentrification is seen as a process of 'back to the city' which is a counter-response to the result of completed urbanization and suburban expansion (Hamnett, 1973; Smith, 1979; Zukin, 1987). Conceptualized from the evidence that old inner-city areas do not end up with irreversible decline as neoclassical urban theory expected, gentrification refers to a special inner-city transformation through which the value of inner city is revived. Highly related to urban redevelopment, gentrification can be conceived as a result of certain urban redevelopment strategy on one side, and a particular pattern of urban redevelopment process on the other.

As a number of scholars suggested, gentrification has been identified in a number of high-tier advanced capitalist cities across the world (Lees, 2000). Within the city, gentrification generally takes place in certain part of old inner-city areas where built environment suffers decline or obsolescence. Gentrification of certain areas induces tremendous urban change in terms of spatial and socioeconomic dimensions. The change pertain to gentrification basically involves reinvestment of inner city in fixed capital, influx of middle-class population, and displacement of original

residents which are usually working class. Given that gentrification has various impacts on urban settings, it has triggered much academic interest.

A vast literature has appreciated the expansion of gentrification in association with global change. In the last decade, gentrification has been identified in some major cities of developing countries like Prague and Mumbai. On the other hand, large metropolises of China have been going through large-scale urban redevelopment. However, the pattern and outcome of urban redevelopment in these metropolises, and its relevance to gentrification are yet to be studied. The following part of the chapter reviews theories pertaining to gentrification, attempting to provide this research with a theoretical perspective in examining the urban redevelopment in metropolises of China.

3.2 Concept of Gentrification

The term of gentrification was originated in a context of prevalent suburbia in the advanced capitalist cities, in which middle class had migrate out of urban areas to spacious suburban houses leaving behind working class (Hamnett, 1973; Zukin, 1987). In studying urban change at neighborhood scale in the East End of London in the early 1960s, Ruth Glass, a British sociologist, depicted a distinct change process reverse of suburbanization, which was conceptualized firstly by her as 'gentrification':

One by one, many of the working-class quarters of London have been invaded by the middle classes—upper and lower. Shabby, modest mews and cottages—two rooms up

and two down—have been taken over, when their leases have expired, and have become elegant, expensive residences. Larger Victorian houses, downgraded 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 more of this original working class occupiers are displaced and the whole social character of the district is changed (Glass, 1964: xviii).

Since its initial identification in London, gentrification has, in the following decades, expanded to a number of capitalist cities all around the world like New York, Vancouver, Sydney, and Stockholm (Atkinson and Bridge, 2005; Lees, 2000; Smith, 2002). The evidences of gentrification have severely challenged the mainstream of the urban theories, which do not address the existence of gentrification against neo-classic economy theories of the day, and thereupon literature regarding the topic of gentrification has dramatically increased (e.g. see Bourne, 1993; Hamnett, 1984, 1991; Lees *et al.*, 2008; Ley, 1986, 1996; Smith, 1979, 1996a; Wylie and Hammel, 1999).

Simply put, gentrification is viewed as a process with residential mobility and change in the built environment as well (Clark, 1992). But to view the process from a terminological perspective, the implication of gentrification has undergone tremendous change. Initially, the concept of gentrification was narrow-scaled, limiting to the process of renovation and rehabilitation of older residential buildings

in inner-city neighborhoods, concomitant with displacement of working-class occupants by invasive middle class and therefore disadvantageous effects on existing low-income neighborhoods (Glass, 1964; Hamnett, 1984). This classical definition of gentrification had an explicit focus on old-fashioned housing in the historical inner city, and the invasion of space was achieved through renovation along with usually tenure transformation from rent to ownership (Butler, 1997; Hamnett and Randolph, 1986). It was through the invasion of space that the residents of locality were replaced with 'a gentry' and the neighborhood of locality was gentrified (Lees *et al.*, 2008: 5).

When the relating literature burgeons in the past decades, the implications of gentrification have been enriched markedly. The notion of gentrification has been broadened to include not only renovation of housings but also new development on vacant or cleared parcels of dilapidated inner area (Clark, 2005; Davidson and Lees, 2005; Hackworth, 2002; Smith, 1996a). Buildings involved in the process are therefore not limited to housings and direct displacement of working-class may not necessarily have to happen (Atkinson, 2000a). Commonly identified, gentrification has transformed not at least dilapidated historical residential neighborhoods, warehouses in the brown-field, and docklands by the riverside to up-market condominiums, high-rise offices, or luxurious mix-use complexes (Davidson and Lees, 2005; Hackworth, 2002). When rehabilitation and redevelopment in declining inner-city neighborhoods are carried out more widely, the classical singular definition of gentrification becomes too narrow to manifest the process itself.

To allow the notion of gentrification more inclusive to incorporate more mutations of the process into its fold, arguments for the broader and more open definition have been appreciated. Smith (1996a), for example, argues that recent gentrification has departed from Glass's description and now refers to a much broader phenomenon:

How, in the large context of changing social geographies, are we to distinguish adequately between the rehabilitation of nineteenth-century housing, the construction of new condominium towers, the opening of festival markets ..., the proliferation of wine bars ... and the construction of modern and postmodern office buildings ... all looking for a place to live? ... Gentrification is no longer about the narrow and quixotic oddity in the housing market but ... a much larger endeavor: the class remake of the central urban landscape (Smith 1996a: 39).

Therefore, broader definitions of gentrification are suggested. Clark (2005: 256) for example, suggests an 'elastic definition' in which 'gentrification is a process involving a change in the population of land users such that the new users are of a higher socio-economic status than the previous users, together with an associated change in the built environment through a reinvestment in fixed capital'. Harvey (1985) too argues that gentrification not only includes housing redevelopment and mix-use consumption landscapes, but also reflects a bigger picture of capital accumulation and reorganization of labor market in cities. In Clark (2005), gentrification is relevant to the activity of land-use conversion, whereas in Harvey (1985), gentrification is placed in broader context of capital and labor structure

transformation. Besides new definition, several derivatives of traditional gentrification are also suggested (Lees *et al.*, 2008). With expansion of gentrification in both longitudinal and lateral directions, new notions, such as new-build gentrification, state-led gentrification, rural gentrification, tourism gentrification, and super-gentrification have emerged, which illuminates the broadening process of conceptualization (see Darling, 2005; David and Lees, 2005; Gotham, 2005; Lees, 2000).

At the same time, there have been calls from some other scholars to stop overloading and burdening the concept of gentrification, and warnings that the concept may 'disintegrate under the weight of these burdens' (Bondi, 1999: 255). Argument regarding definition of gentrification is twofold. The first is what aspects of change essentially characterize gentrification, and the second is whether there is a need to separate redevelopment from renovation regarding gentrification. For example, Boddy (2007) does not agree that inner-city new-build development in the UK cities can be characterized as gentrification. Rose (1984) argues gentrification has been a chaotic concept that needs disaggregation, and she suggests researchers to explore the actual urban processes operating in different contexts which are totally categorized as a single phenomenon of gentrification. Beauregard (1986) also critiques the chaotic re-conceptualization of gentrification, holding that so many varying redevelopments encompassed in this burdened concept only involve totally different types of individuals, processes and consequences.

Although it is right to concern that some scholars are stretching the term gentrification too far and salience of gentrification may collapse under the weight of its expanding definition, more researchers argue that the focus on distinction between narrowly defined and broadly defined gentrification becomes less useful (Clark, 2005; Lees, 2000). Instead, they agree to allow a broad definition of gentrification, one that is simple, loose, and elastic enough to include new processes of gentrification, and make urban researchers 'open up to new insights' (Clark, 2005; Davidson and Lees, 2005: 1187; Ley, 1996).

Regardless of the confusion in conceptualization, all researchers value the understanding of the essence of gentrification. As Davidson and Lees (2005) suggested, the core elements of gentrification include (1) the reinvestment of capital, (2) the social upgrading of locale by incoming high-income groups, (3) landscape change, and (4) direct or indirect displacement of low-income groups. Appreciating the viewpoint of Davidson and Lees, a loose definition of gentrification is adopted in this research referring to the process of upgrading physical residential condition and socioeconomic profile in the inner-city neighborhoods accompanying the influx of capital investment and efflux of lower-class residents.

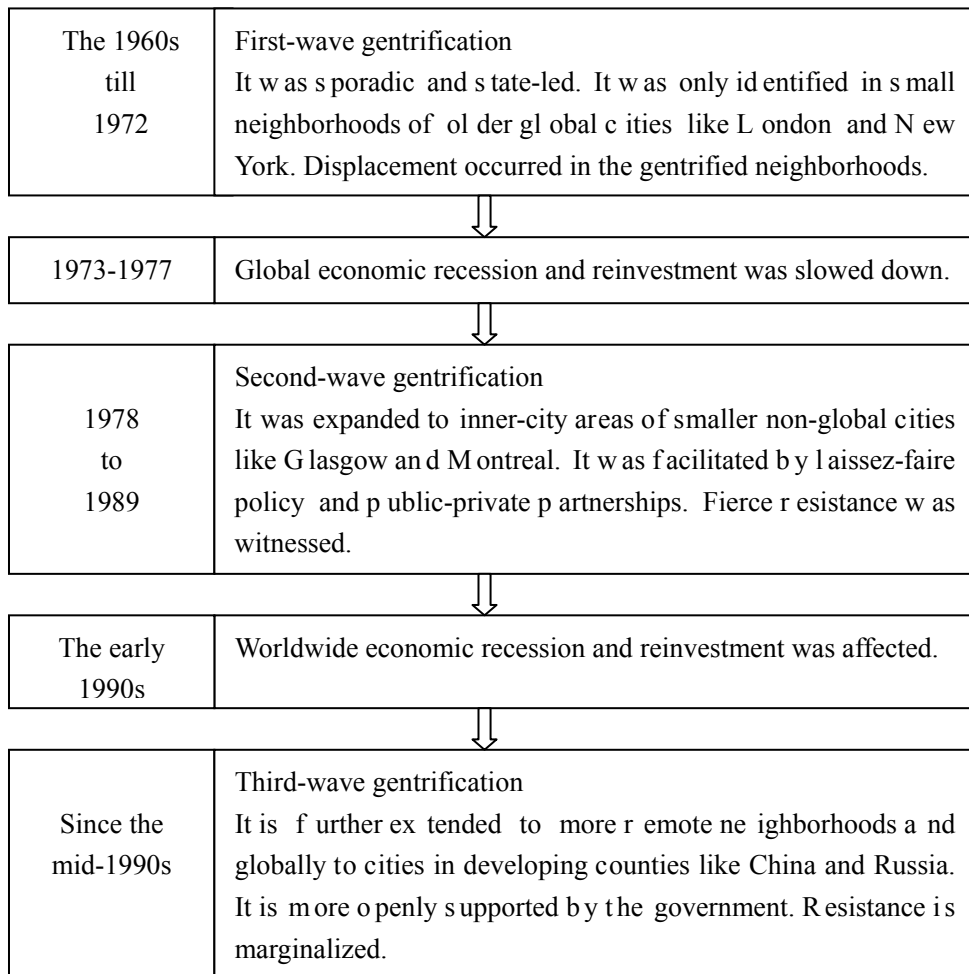
3.3 Development of Gentrification and the Three-wave Model

One important methodology in studying gentrification is the empirical analysis, which draws on descriptive information of individual cases and has insight into its traits and contextual conditions. As research for gentrification proceeds and more

individual cases are examined, it is found that the expanding process of gentrification *per se* has been developing alongside certain trajectories. While most urban researchers in the early days contributed to depict and characterize gentrification with specificities in different context, Clay (1979) was the first to attempt an insight into the progression of gentrification with a stage model, which was developed intending to predict the trajectories of gentrifying neighborhoods. According to Clay, gentrification proceeds alongside four stages, which are pioneer gentrification in stage one with gentrifiers of risk-oblivious professionals and artists, ongoing gentrification in stages two and three with gentrifiers of risk-conscious professional middle class, and mature gentrification in stage four with gentrifiers of risk-seeking managerial and business middle class. At the same time, Gale (1979) is another attempt to model gentrification, but with a different emphasis on class (re)making.

Recent models for gentrification development are much more applicable, and among them is the attempt by Hackworth and Smith (2001) to draw up a schematic history of gentrification by a three-wave pattern (see also Wyly and Hammel, 2001). Though this model is drawn based on New York specificities, a dynamic and systematic insight into gentrification process is worthwhile for reference (Figure 3.1). As a matter of fact, the earlier models built by Clay and Gale mentioned above only concern first-wave gentrification in Hackworth and Smith (2001), whereas for other two waves they are less useful (Lees *et al.*, 2008).

Figure 3.1 Three-wave model of gentrification



Source: adapted from Hackworth and Smith. The changing state of gentrification, *Tijdschrift voor Economische Sociale Geografie* 22: 464-477. 2001 © Blackwell Publishing.

First-wave Gentrification

First-wave gentrification, as Hackworth and Smith argued, was characterized as sporadic and state-led gentrification, extending from the 1960s to late 1973 when global economic recession came about. In this initial phase, gentrification was only sporadically identified in the older north-eastern cities of the US and Western Europe. At that moment, gentrification exclusively occurred in neighborhoods filled with existing dilapidated housing stock. Several archaic residential buildings—turn-of-the-century houses (Lees *et al.*, 2008)—were renovated and

rehabilitated preserving the dated facade fashion, mostly by invasive owner-occupiers (Bridge, 2001). In London for example, gentrification was only found in the 'historical' neighborhoods in which Victorian houses concentrated (Lees, 1994). First-wave gentrification was consistent well with the classical definition in the work of Ruth Glass, and the neighborhoods of Barnsbury in London and Park Slope in New York were the rare pioneer gentrification cases in the literature (Lees *et al.*, 2008).

Small-scale reinvestment occurred in gentrifying neighborhoods, mostly in the form of renovation by firstly middle-class property buyers and then following speculative investors. Such reinvestment in those physically deteriorating neighborhoods, however, was seldom spontaneously performed by market power. Conversely, while highly localized, such instances of gentrification were significantly funded by the public sector seeking to counteract the suburbanization and free-market economic decline of central city neighborhoods (Hamnett, 1973; Smith, 1979). To illustrate, the Housing Act begun at the 1950s in the US and Home improvement Grants in 1959 in the UK similarly designated public fund provision to increase owner-occupation and reinvestment in old property, leading to the initial emergence of state-led gentrification (Lees, 1994; Gotham, 2005; Williams, 1978). On the other hand, state intervention in keeping middle-class in the inner city brought about social problems. The class-based colonization of devalued old residential neighborhoods led to direct displacement, although relatively small at regional scale. The tenure transformation during the space invasion strategically forced

working-class renters to move out. As Smith (1996a) argued, housing conditions had generally worsened for urban working class as a result of such state intervention.

Second-wave Gentrification

Gentrification, after a short intermission during the recession era, developed to its second wave. It expanded on a significantly larger scale and ‘gathered momentum through the 1980s’ (Wyly and Hammel, 2001 : 217), until the end of the 1980s when another sharp recession came up. Gentrification in this wave involved two dimensions of expansion, in which the first one was the inclusion of this concept and the other was the locality it occurred. On the one hand, connotation of gentrification was not longer limited to renovation of dwellings, but involved new development in vacant or cleared lots to allow new-build gentrification, residential gentrification and commercial gentrification (Lees *et al.*, 2008).

On the other hand, gentrification extended to not only global cities but also metropolitan cities in the advanced countries. In global cities like London and New York where first-wave gentrification was identified, second-wave gentrification was stabilized in more neighborhoods of old urban center. For example, South Neighborhood Seaport and Lower East Side in New York, and Docklands and Barnsbury in London all experienced second-wave gentrification (Lees and Bondi, 1995; Lees *et al.*, 2008; Smith, 1989). In several metropolitan cities where gentrification had never been identified before, second-wave gentrification also took place. For example, Fairview Slopes in Vancouver, Society Hill in Philadelphia,

and Faneuil Hall in Boston were vivid evidence (Mills, 1988; Wyly and Hammel, 2001).

Actually, gentrification in this wave was embedded in wider political strategies of urban regeneration as a whole. As Hackworth and Smith (2001: 466) argued, second-wave gentrification 'was characterized by the integration of gentrification into a wider range of economic and cultural processes at the global and national scales'. Aiming to achieve urban regeneration in general and economic regeneration in particular, gentrification is indirectly underpinned by local governments through measures of public-private partnerships. Neighborhoods were redeveloped initially by a relatively small amount of public funds and then intensified by ensuing greater market investment. Besides, laissez-faire subsidies, like block grants and enterprise zones, were formulated to allow such property-led redevelopment (Hackworth and Smith, 2001). As a result, it was the increasing role of developers rather than pioneer gentrifiers that have greater contribution to the expansion of second-wave gentrification (Smith, 1989; Vicario and Monje, 2003).

When developers were involved in the second wave, a highly polarized situation was generated between the incoming rich and the affected working class. Furthermore, that the state had shifted away from welfare provision towards local economic development exacerbated urban living of the poor. Therefore, the accelerated process of second-wave gentrification came along with fierce resistance. As more and more working class in the inner-city was displaced by increasing

gentrifiers, neighborhood resistance turned to be an extensively noted phenomenon, as exemplified by the direct conflict in Tompkins Square Park (Smith, 1996a) and establishment of Special Clinton District (Hackworth and Smith, 2001).

Third-wave Gentrification

Third-wave gentrification emerged in the context of fierce debates on the significance, worth and future of the topic of gentrification during recession period in the early 1990s (Bourne, 1993; Badcock, 1993; Lees and Bondi, 1995; Wyly and Hammel, 1999). Regardless of debates, gentrification resurged and flowered into scores of cities as never before, termed as third-wave gentrification, post-recession gentrification, or sometimes contemporary gentrification. The shift of metaphor from 'islands of renewal in seas of decay' in Berry (1985) to 'islands of decay in seas of renewal' in Wyly and Hammel (1999) elaborates well the upsurge of gentrification evidences.

Like the second wave, third-wave gentrification further developed in two directions. As a majority of desirable neighborhoods had been gentrified in the second wave, gentrification in the post-recession era stretched outwards to remote areas and not necessarily inner city. It is in this context that concept of rural gentrification was originated (Darling, 2005). Likewise, third-wave gentrification also extended downwards the urban hierarchy to other smaller and less developed cities, generating tourism gentrification and provincial gentrification (Bridge, 2003; Gotham, 2005). Worth noting is that in the third wave, gentrification had extended globally to the developing economy like Czech, India and China (Harris, 2008; He,

2007; Sykora, 2005).

Atkinson and Bridge (2005) and Smith (2002) are good contributors to place contemporary gentrification in a broader context of globalization and neo-liberalism. The triumph of neo-liberalism, along with vision of global city, creates an urban politics of deregulation, commercialization and public-private partnerships (Lees *et al.*, 2008). In this respect, three-wave gentrification is involved essentially as one part of 'global urban strategy' (Smith, 2002). Unlike the situation that the state only acted as an advocate in the second wave, gentrification in the third wave was openly and assertively facilitated by local authorities (Hackworth, 2002). With supportive policies, gentrification was more initiated by cooperating developers as never before. Developers cooperated to counteract the contingent risks of large-scale reinvestment, and they maneuvered to sell the lifestyle to gentrifiers, which was commodified, mass-produced and niche-marketed (Davidson and Lee, 2005). It seems that the economic driving forces of gentrification have eclipsed cultural factors, in parallel with the argument of Bridge (2001: 93) that 'material capital "captures" cultural capital'. In contrast, resistance is marginalized and declined because of political tactics of the governments, and more working class is displaced from the inner city (Hackworth, 2002).

3.4 Explanation Theories for Gentrification

A large amount of literature on gentrification focuses on interpreting this process with theoretical perspectives. Hamnett (1991) has attempted to explain such

concentration of research interest. For Hamnett, gentrification is viewed by urban scholars as a new insight into both social and economic theories. Traditional theories of residential location and urban social-spatial structure, like those of Chicago School and those of neoclassical economics exemplified by Alonso's structural model (Hamnett, 1984), had portrayed leading driving force of suburbanization of middle class and wealthy households for maintaining metropolitan housing market, economic growth, and urban development. However, gentrification has been conversely channeling investment and middle class into the inner city, which spurs considerable controversy over the applicability of traditional theories. Therefore, neighborhood change in terms of gentrification has attracted attention of a host of urban researchers endeavoring to explore the driving forces underlying. Among many endeavors are two dominant perspectives which both look into functions of market, i.e. the consumption-side explanations initially suggested by Ley (1986, 1996) and the production-side explanations based on rent gap theory by Smith (1979, 1996a).

Consumption-side Explanations

The consumption-side accounts, from viewpoints of liberal humanists, focus on the issue of class constitution in the process of gentrification. As a political loaded word, gentrification has been incorporated into political narratives, for example, middle class, new middle class, working class, class making, and class-based displacement, among others (Lees *et al.*, 2008). Researchers who buy consumption explanations put most, if not all, emphasis on the actor of gentrifiers. By

gentrifiers, researchers refer to a class of people who move into gentrified or gentrifying neighborhoods. The emergence of gentrifiers in these neighborhoods arouses so much confusion that a faction of urban researchers strive to understand the origin of gentrifiers and their role in the housing consumption market. In other words, theories of consumption explanation address the questions of who are the gentrifiers, where they come from, and why they come to the gentrifying or gentrified neighborhoods.

The consumption explanations initiate with the first contribution of an urban geographer called David Ley. Inspired by the narrative of post-industrial society at the time (Bell, 1973), Ley starts to understand gentrification with a perspective of post-industrialization. Based on an assessment of Canadian metropolitan context, Ley (1986) suggests that the economic base shift in the post-industrial cities brings about expansion of white-collar professionals and managers, and their housing consumption taste is the crucial factor that causes gentrification in Canada. For example, this increasing middle class merits the ample urban amenities in the inner city. As for them, the availability of recreational and cultural activities is much more important than the accessibility of land parcels. Through empirical study Ley finds that there exists consistent relationship between urban amenity and location of inner-city reinvestment. Also, both professionals and managers have a sense of preference to aesthetically pleasing landscapes. Hamilton (1978) for example argues that the proximity to the parkland is identified to be more important than the factor of distance to work.

In contrast, the housing supply market performs a less important role. Before long Ley becomes the leader scholar in the consumption based explanations and some other researcher follow the approach. In fact, Ley (1986, 1991, 1994, 1996) has paid little attention to the structure and operation of urban land and housing market, which are thought to be less important in interpreting gentrification process. In contrast, population is the causal primacy as Ley put in the literature:

Job growth in white-collar complex of downtown ... leads to the 'production' of professionals, managers and other quaternary employees ... this population ... will ... accelerate the gentrification process (1986: 532).

The following narratives of consumption explanations provide a deeper insight into the group of gentrifiers, or more specifically the production of gentrifiers. By referring gentrifiers as the new middle class, researchers have attempts to distinguish them from the traditional middle class who live in suburbia. The new middle class—an expanded newly urban class fraction less conservative than the traditional middle class, their culture—the location preference and distinct lifestyle desire, and their choice—the valorization of cultural dispositions and aesthetic taste, altogether comprise the core components of the following consumption theories. Some researchers look into gentrifiers' profiles of countercultural identities, politics and education (Butler, 1997; Butler and Robson, 2003; Caulfield, 1989; Ley, 1994). Caulfield (1989), for example, argues that gentrification in the inner city is rooted in the deliberate middle-class rejection of suburbia. Ley (1994) and Butler (1997)

suggest that gentrifiers are generally politically progressive and more liberal so that they can benefit from gentrification. Another fraction of researchers examines the restructuring of waged labor, especially women's increasing participation in the labor force, in bringing about gentrification (Bondi, 1999; Rose, 1984; Warde, 1991). For them, gender is an important issue in understanding the process of gentrification. Still other researchers take into account gentrifiers' profile of sexuality as well as ethnicity which is a particular issue in the North American context.

On the other hand, distinct status of this new middle class is marked out through gentrifiers' expression of gentrification aesthetic and value (Bridge, 2001). At first, distinction was identifiable in the classical gentrification through 'the architectural and internal decorative aesthetics of gentrified buildings' (Lees et al., 2008: 113; Mills, 1988). As gentrification develops, the value and aesthetic of gentrification and identity of gentrifiers are made full use of by developers. Through mass production, the cultural capital of gentrifiers is converted into economic capital (Bridge, 2001; Lees, 2003). Therefore, when gentrification expands and developers are engaged in, more incoming gentrifiers are actually buying the lifestyle of traditional gentrifiers through cultural consumption. Such cultural consumption is illustrated well by Zukin (1989) in depicting the phenomenon of 'loft living' in the Soho district of New York, where gentrification inevitably takes place.

Production-side Explanations

By contrast, the production-side explanations draw on theories of structural

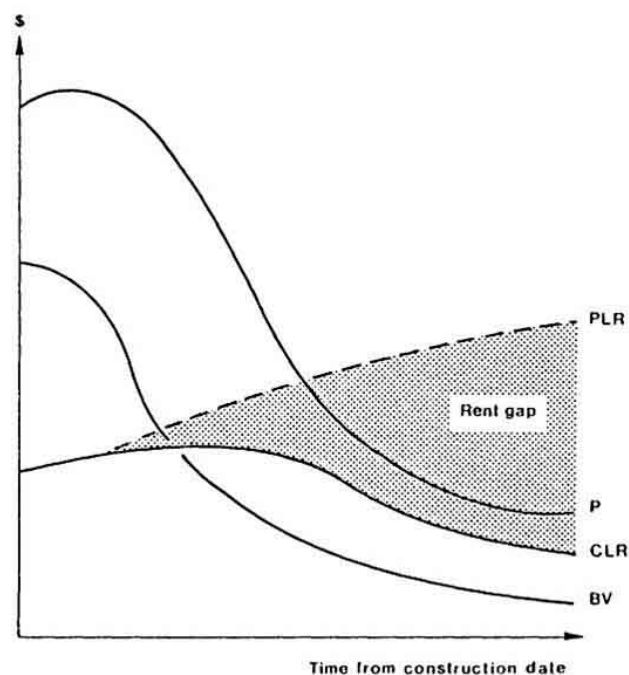
Marxists to emphasize the role of uneven development, capital circulation, and the political-economic strategies in producing the potential and the reality of gentrification in inner-city neighborhoods. The generation of production-side explanations is in line with the advances of economic theories. When the assumption of spatial equilibrium in neoclassical economics by Alonso (1964) and Muth (1969) is not applicable in explaining gentrification, another assumption begins to gain ground. Harvey (1973) suggests an assumption of urban inequality based on political economics. It is the thinking of urban inequality that inspires Neil Smith to understand process of gentrification with a production perspective.

For Smith (1979, 1982, 1996a, 1996b), the dynamics of capitalist development can be manifested on individual sites in inner-city areas. The inner-city neighborhoods, which are spatially fixed in the built environment and not adaptable to the continuously changing surroundings, have inevitably suffered chronic disinvestment. Landowners, as a result, seek for a low transaction price even when the land parcels have a potentially high market value. Therefore, opportunities of profitable development are created which can be captured through actions of reinvestment (Smith, 1979). Between the uneven development of disinvestment and reinvestment there is a gap (Figure 3.2), which is termed by Smith as 'rent gap':

The rent gap is the disparity between the potential ground rent level and the actual ground rent capitalized under the present land use... the rent gap is produced primarily by capital depreciation (which diminishes the proportion of the ground rent able to be

capitalized) and also by continued urban development and expansion (which has historically raised the potential ground rent level in the inner city)... the neighborhood decline proceed, the rent gap widens. Gentrification occurs when the gap is wide enough that developers can purchase... rehabilitation... sell... leaves a satisfactory return to the developer (1979: 545).

Figure 3.2 The rent gap model by Neil Smith (1979)



Development of the rent gap, building value (BV), capitalized land rent (CLR), price (P), and potential land rent (PLR)

Source: Smith, N. Toward a theory of gentrification: A back to the city movement by capital, not people. *Journal of the American Planning Association* 45: 538-548. 1979 © Routledge Publishing.

Rent-gap model is the essence of the production-side explanations so that the validation of production theories is virtually a process of identifying the rent gap. Actually, when examining the rent gap with empirical approaches, the term sometimes has been adapted to other alternatives such as value gap, price gap, and

functional gap (Hamnett and Randolph, 1986; Sykora, 1993). Indeed, there exists terminological and conceptual debate over the rent gap (Lees *et al.*, 2008). However, the most intense debate on the rent gap is the problem of measurement. Researchers who do not buy production-side explanations have mostly critiqued the difficulty in operationalizing the concept of the rent gap (Bourassa, 1990; Clark, 1992). Nevertheless, a few researchers have invested time and effort to measure the rent gap and validate the model, and the evidence presented in their research has strongly proved the applicability of Smith's theory (Badcock, 1989; Clark, 1988; Hammel, 1999; O'Sullivan, 2002; Sykora, 1993).

To view the consumption explanations and production explanations from a historical perspective, it is found that theoretical development of gentrification is highly contextual. In the early period when the narrow definition of gentrification is confined to upgrading of aging dwellings, few actors other than pioneer gentrifiers, who are generally artists and risk-conscious professionals, are involved in such process (Class, 1964; Filion, 1987; Gale, 1979). The literature regarding gentrification therefore focuses on examining consumption performance of these gentrifiers, such as their lifestyle, value, culture, and socioeconomic profiles. As the concept broadened to incorporate with vacant space development, redevelopment as well as rehabilitation, other participants are integrated including real estate agents and developers (Bridge, 2001; Redfern, 2003; Smith, 1996a). Accordingly, the roles of these active actors are examined, which comprise elements of production-side theories.

Debates of Consumption Theories and Production Theories

Among aspects of theories on gentrification, debates on its causes, as Schaeffer and Smith (1986: 350) suggested, 'has come to center on the issue of production based vs. consumption based explanations', and similar opinion is also presented by Redfern (1997). As a matter of fact, researchers on either side of the explanations are critical of theories of their counterparts. Although theories of both sides have advanced and reconciled, there has been widespread agreement that both sides generally fail to either accept the complementarity of each other or incorporate into a more integrated theory (Clark, 1992; Hamnett, 1991).

However, as some scholars point out, each side of the theories has both its merits and its weaknesses (Clark, 1992, 2005; Hamnett, 1991; Lees *et al.*, 2008). While consumption accounts are strongest in identifying the type of city where gentrification is mostly likely to happen, they cannot further specify the localized neighborhoods which will be gentrified and which will not (Hamnett, 1991). Also, Lees *et al.* (2008: 125) critically points out that 'consumption explanations teach us less about resistance to gentrification than about resistance to suburbia', because most consumption-side researchers have greatly studied the actor of gentrifiers but consistently shifted attention away from the actor of displacees. Likewise, the rent-gap model fails to explain why gentrification, rather than other types of renewal or redevelopment, should take place, or in other words, why the group of gentrifiers emerges and what determines individuals to be gentrifiers. As Hamnett (1984, 1991, 2003) consistently argued, by only Smith's rent-gap model it is never

integral to explain any case of gentrification. Moreover, Clark (1992, 2005) argues that neither side is comprehensible without the other. All present theories of gentrification have touched only bottom of those basic conditions for the existence of the phenomenon. The unilateral nature of both consumption and production accounts implies that comprehensive interpretation of gentrification must incorporate both production-side and consumption-side theories. In this regard, some valuable endeavors have been made to take into account the interplay of consumption and production (Clark, 2005; Ley, 2003; Smith, 2002).

Gentrification research in the last decade has gradually shifted from exploring causes to studying effects. When the old explanation topic is reconsidered in new light, it is found that traditional explanations, either from Ley's side or Smith's side or both, are not applicable to the new context of extensive new-build gentrification, in which the state plays a more important role. In Smith's theory, the role of the state in gentrification is somewhat identified. For Smith (1979), when the rent gap is wide enough in the early days, the closure of the rent gap is often facilitated by state subsidies and assistance attempting to ameliorate inner-city obsolescence, which can be exemplified by the first-wave gentrification of Barnsbury in London and Park Slope in New York (Lees, 1994; Williams, 1978). As gentrification mutates, state intervention in gentrification, especially in new-build gentrification, is enhanced.

As Lees *et al.* (2008) argues, the state was only a background actor in new-build

gentrification in the 1980s, whereas during the third-wave gentrification, the state has been a key actor. The enhanced state intervention is associated with the political shift. While urban politics has shifted towards a free-market strategy, it is by no means a simple deregulation or marketisation but a new form of state interventionism. The role of the state has grown far beyond a facilitator to be a commander now (Hackworth and Smith, 2001). As a result, gentrification has been conceived by local authorities as an attractive policy and also a positive result of a healthy real estate market (Lees *et al.*, 2008). In this respect, public policy has become decisive in driving gentrification. For example, in a study of gentrification in Stockholm, Millard-Ball (2000) argues that gentrification is to some extent a non-market or quasi-market process in which state intervention and policy heavily affect. The terminologies of 'state-led gentrification' in Newcastle by Cameron (2003) and 'municipally-managed gentrification' in Toronto by Slater (2004) also reflect the same opinion of heavy state intervention in gentrification.

Through various economic and political strategies, governments now can lead middle class to become gentrifiers, can pave the way for urban reinvestment, and can conceal the negative effects of displacement. While researchers agree that the role of the state in gentrification is changing (e.g. see Hackworth and Smith, 2001), it is astonishing that little work has been done to understand this influential participator. In this respect, an analysis of how far gentrification has become a state driven process in different economical, cultural, political and historical contexts is greatly worthwhile and urgently in need.

3.5 Research of Gentrification in China

When the third-wave gentrification cascades downwards the urban hierarchy, it is found that gentrification has been global. It is now not constrained only in those advanced countries, but also in some developing economies (Atkinson and Bridge, 2005). However, gentrification in the emerging market is less identifiable until very recently and thus research is rare. Urban researchers have mentioned that cities in the emerging economy are situated on lower urban hierarchy level, and most of them are going through the process of urbanization. As Lees *et al.* (2008: 166) describe, 'Urbanization in the Global South is driven by the simultaneous expansion of "old" and "new" spatial economic shifts; cities are being reshaped by the expansion of manufacturing and heavy industrial activities, as well as the growth of high-tech offshoring and outsourcing activities and smaller pockets of service-sector innovation'. However, as globalization and neoliberal urbanism spread in the third wave, gentrification is brought into cities like Mumbai and Cape Town by both global capital mobilization and political global city strategy (Harris, 2008; Visser and Kotze, 2008).

With regard to the Chinese context, while a majority of cities are going through industrialization and urbanization, some major metropolitan cities like Beijing, Shanghai and Guangzhou have been experiencing high-speed service industry growth and large-scale inner-city redevelopment (Ma and Wu, 2005). It is held that globalization is an important factor driving such urban change in those metropolises (Wu, 2001). On the one hand, global capital has flooded into the tertiary sectors to

enjoy the huge service market, and motivated by the foreign capital the domestic capital have also increasingly engaged in various service activities. On the other hand, foreign investment has also been pumped into the real estate industry especially through urban redevelopment. It is with help of such international finances, the formerly troublesome inner-city redevelopment is no longer risky enough to make developers halt.

Widespread neoliberalism concurrent with globalization is also an influential factor for the urban change (He and Wu, 2009). In order to establish a free-market economy, a process of market-orientated transition has been taking place in the last three decades all over the country. By decentralization and devolution, central government empowers local authorities to be responsible for the local growth. Tax-based local governments then attempt to promote local growth through approaches of deregulation and pro-growth coalitions (Wu, 2002; Zhang, 2002; Zhu, 1999). Coalitions in terms of various public-private partnerships are established between local governments and business elites. In the case of urban redevelopment, local governments provide developers with various subsidies and favorable policies to facilitate reinvestment. Much like situation of capitalist cities where gentrification is studied, urban redevelopment in major metropolises of China have been incorporated into a much wider political strategy to enhance interurban competition worldwide (Wu, 2001).

Nevertheless, study of inner-city redevelopment in cities of China from a

perspective of gentrification has been rare. The only research can be reviewed is three papers, in which gentrification in China is unfolded all based on the Shanghai case. He (2007) initiates research of gentrification in China by exploring the role of the state for the neighborhood change during urban redevelopment. Based on two neighborhood cases in Shanghai, He suggests a pattern of 'government-sponsored' gentrification in China. Two years later, He (2010) enriches the research by examining socioeconomic profile change of residents before and after redevelopment as well as the impact of gentrification on social life of displacees. The last valuable attempt is made by Wang and Lau (2009). Following many consumption-side researchers, Wang and Lau look into the role of the middle class, especially the role of their housing and lifestyle desires, in contributing to gentrification.

Although inspiring, these research has generally been weak in three aspects. Firstly, background of inner-city problems has never been discussed to make connection with gentrification. As a matter of fact, it is the context of inner-city problems that marks out the merits of gentrification study. Secondly, no one has seriously dealt with the concept of gentrification per se, which is totally an exotic terminology. Conceptualization of gentrification in a context of the socialist market economy indeed should be critically taken care of. Last but not least, characteristics of gentrification in China are also less examined. When some researchers maintain that urban redevelopment in large cities of China has been in the main form of gentrification (Zhu, 2004; He, 2007, 2010), this assertive argument has yet to be

further examined.

3.6 Summary

This chapter reviews some knowledge of gentrification which is in relation with the research objectives mentioned before. In order to conceptualize and characterize urban redevelopment process in China and examine its relevance to gentrification, the connotation and characteristics of gentrification were reviewed. Likewise, the review of explanation theories of gentrification provides new insight into the study of underlying forces of urban redevelopment in China. Concept of gentrification and its extension are firstly discussed. To be consistent with the contextual changes, a broad definition of gentrification comprising renovation, redevelopment and new-build development in the inner city is adopted in this study. The mutation of gentrification pattern is also discussed, focusing mainly on one of the stage models, i.e. the three-wave model. The stage model of gentrification is conceived to be a correlate of broader changing process of urban redevelopment. The chapter then discusses the explanation theories of gentrification. A variety of researchers have endeavored to interpret this process from various perspectives. The chapter examines two dominant theories, i.e. the consumption-side theories and production-side theories. Finally, the research of gentrification in China is briefly introduced.

CHAPTER 4: CHARACTERISTICS OF GENTRIFICATION IN METROPOLISES OF CHINA: A GUANGZHOU CASE

4.1 Introduction

Since the open door policy in the reform era, Chinese cities have been exposed to the world of change. When entering the 1990s, globalization along with widespread neoliberalism has been greatly influencing urban policies especially in those major metropolises in China. The idea of a market economy is aggressively pursued by the governments, and therefore those metropolises endeavor to make the urban settings adaptable to the world. Rapid and extensive urban transformation in this context inevitably happens, to which urban redevelopment in inner-city areas contributes an important part.

Guangzhou, as the southern gateway of China, is a major metropolitan city. With respect to the GDP contribution to the national economic growth, Guangzhou is the third biggest in the Mainland China only after Beijing and Shanghai. Also, Guangzhou is a traditional border city with river ports and it is adjacent to Hong Kong and Macau. Currently there are ten urban districts and two counties in the jurisdiction of Guangzhou (Figure 1.3). Among them, Yuexiu, Liwan, Haizhu, and Tianhe Districts compose the metropolitan area. The inner-city area in Guangzhou, where large-scale urban redevelopment takes place, refers to the built-up area before the open door policy, i.e. Yuexiu district, and parts of Liwan and Haizhu districts.

Urban transformation in Guangzhou since 1978 is associated with the reform programs of market transition at the national scale. Market transition in China, unlike many post-communist countries in the east Europe, is gradual in nature. Therefore, Guangzhou is designated as an important experimental field for various market-oriented reforms, and the successful practice and experience of reforms in Guangzhou are extended to other cities nationally. Development of Guangzhou, on this account, has been greatly adaptable to the marketing mechanism. With regard to the economic activities, tertiary sectors in Guangzhou have been rapidly expanding and real estate investment has been drastically taking place.

Real estate investment along with economic restructuring significantly influences the urban settings of Guangzhou. On the one hand, built-up area of the city has expanded over 10 times outwards in the last three decades, and urban centre has shifted from historic Yuexiu district to the newly developed Tianhe district. On the other hand, large-scale urban redevelopment has been witnessed in the historic inner-city area, dominantly through the approach of demolition and reconstruction. Land with low intensity of use has been redeveloped to become high-rise condominiums, offices, or complex uses. Infrastructure has also been heavily invested by the local authority aiming to facilitate further investment from private sectors. At the same time, beautified urban landscape in the inner city has attracted a large number of affluent people to settle down in the walled enclaves; in contrast, housing prices soar and affordable housing turns less available. As a matter of fact, it is in the market economy that the government aggressively pursued that has the

tremendous impacts on both spatial and socioeconomic aspects of urban settings. When gentrification in its third wave has been a global issue (Atkinson and Bridge, 2005; Smith, 2002), it is of significance to perceive that gentrification may be practiced in Guangzhou.

By arguing that contemporary gentrification is not a homogenous but highly contextual process, Lees (2000) calls for 'a geography of gentrification'. Lees suggests that in the empirical study of gentrification, the context, locality and temporality should be taken into account. Also, the focus on geography of gentrification implies that researchers should not only take into account the site specificities, but also associate gentrification with broader contexts at different scales (Lees, *et al.*, 2008). This chapter, on this account, contributes a part to the geography of gentrification based on the practice in Yuexiu district in Guangzhou, by conceptualizing urban redevelopment as a process of gentrification and characterizing the process with reference to inner-city particularities of Yuexiu.

4.2 Context of Yuexiu, the Inner City in Guangzhou

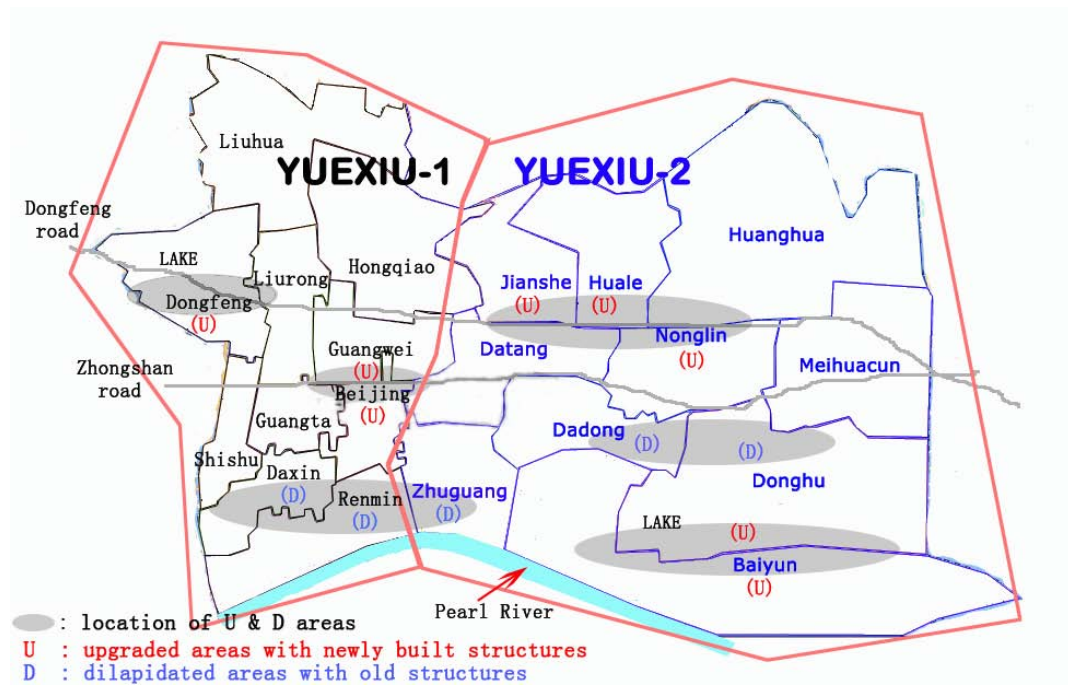
Yuexiu is a historic area based on which Guangzhou evolves, and it was once the urban centre for a long period. Urban development in Yuexiu before the reform was strictly constrained by the central government for the purpose of spatial equilibrium, so that Yuexiu at the time was in a relatively static and balanced condition. However, the status of balance is shaken by a series of reforms since 1978. The principle of market economy is adopted during the reforms, and capital

movements lead to drastic urban investment in suburban areas on one side, and disinvestment in the old centre on the other. The circulation of capital movement as a result leads to the uneven geographical development (Harvey, 1973, Smith, 1982). Since the 1990s, capital investment has selectively moved back to some parts of the old centre, through which the local government attempts to enhance the competitiveness of the old centre. However, the function of economic centre of Yuexiu has been weakened continuously, and the condition of urban spatial inequality has been extensively witnessed (Ma *et al.*, 2010). The following study of physical, economic and social aspects of urban change in Yuexiu is performed for the purpose of illustration.

Highly Dense Built Environment and Coexistence of Old and New Buildings

Comparing to other districts in Guangzhou, Yuexiu currently has an extremely high building density, which is 66% and 48% respectively in Yuexiu-1 and Yuexiu-2 (Dai, 2006). Within the overcrowded built-up areas, the coexistence of dilapidated and modern structures is easily noted at both the neighborhood and district scales. By looking into the three-dimensional electronic map of Guangzhou along with field observation, it is found that dilapidated buildings are to a large extent concentrated in the neighborhoods of Renmin, Daxin, Zhuguang, eastern Dadong, and Northern Donghu, whereas newly-built modern buildings are generally located in the neighborhoods of Dongfeng, Beijing, Guangwei, Jianshe, Huale, Nonglin, southern Donghu, and Baiyun (Figure 4.1).

Figure 4.1 Concentration of old and newly built structures in Yuexiu district



Source: compiled from the field work in Yuexiu, Guangzhou

Dilapidated buildings involve private houses built mostly before the 1960s, for example, houses of Gaodi road in Renmin and Siyoucun in Donghu; privatized public dwellings built between the 1960s and the early 1980s, for example, dwellings of Zhuangyuanfang in Daxin and Gonghecun in Donghu; and some industrial and commercial structures, of which the use type have changed. The great majority of dilapidated buildings are no more than six floors with little maintenance, along with extensive illegal structures attaching to the run-down buildings.

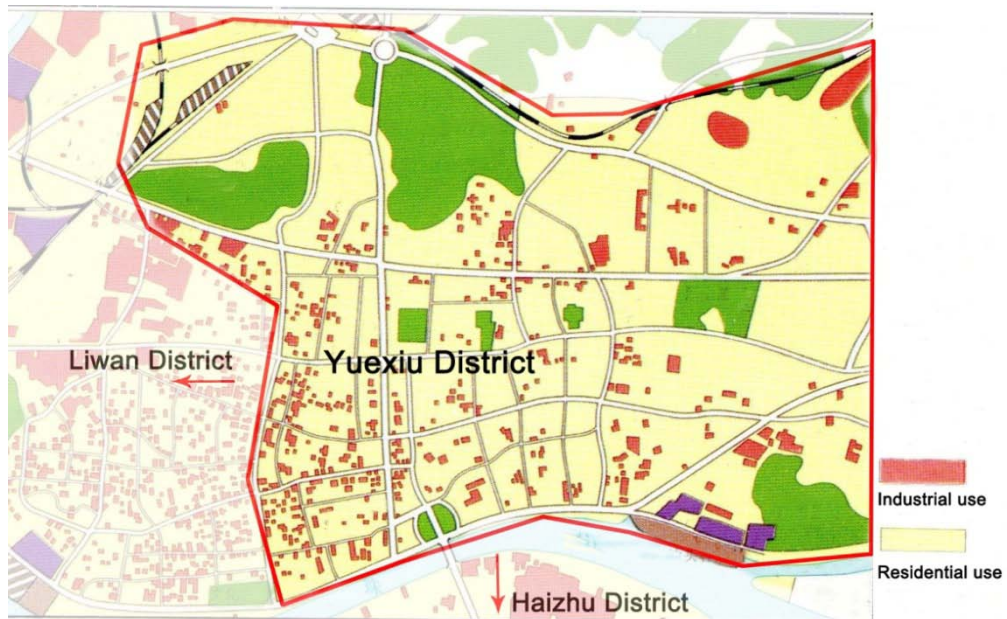
In contrast, new buildings in the upgraded areas are generally high-rise residential apartments, offices, and complex uses, which are products of redevelopment on either cleared or vacant parcels since 1992. Residential buildings in the form of enclosed neighborhoods are common in locations with good natural landscape. For

example, around Liuhua Lake in Dongfeng and Dongshan Lake in Donghu, there are both over twenty enclosed neighborhoods within only five hundred meters distance from the lakefronts. Offices and complex buildings on the other hand, mainly locate alongside two artery roads of Guangzhou, i.e. Zhongshan road and Dongfeng road. Commercial complexes alongside Zhongshan road in Beijing and Guangwei energize the retail activities of the locality, whereas offices alongside Dongfeng road in Jianshe, Huale, and Nonglin comprise another vibrant business area of Guangzhou after CDB in Tianhe district.

Scattered Industrial Land in the Mixed Residential and Commercial Developments

Through twenty years of investment in fixed capital, a majority of land in Yuexiu is now in either residential or commercial use, contrasting with a dominant industrial land use in the past. Before the 1990s when the market economy was yet to establish, a great portion of urban land was allocated to state-owned enterprises for the purpose of industrial production. Occasional land developments in residential use for welfare dwellings provision took place in individual industrial courtyards of SOEs, and land developments in commercial use were badly constrained (Yeh and Wu, 1996). Figure 4.2 illustrates well the random distribution of industrial land in Yuexiu in the 1980s. Since each SOE adopted a project-specific approach for land development and no urban planning intervened, industrial land use was scattered.

Figure 4.2 Distribution of industrial land in Yuexiu in the 1980s



Source: adapted from Yuexiu Committee of Bibliography Compilation. 2009. *Bibliography of Yuexiu 1991-2005*. Guangzhou: Guangdong People's Pressing (In Chinese).

The development of the real estate market since the 1990s significantly changes the land-use structure of Yuexiu. As for the industrial land once occupied by industrial SOEs, some parcels have been reclaimed and converted to other uses by the local government, resettling SOEs with a compensation of new land in suburban districts like Baiyun and Huangpu (Ma *et al*, 2010); some have been developed through a approach of cooperation, in which SOEs provide land and investors provide capital (Ng and Xu, 2000); yet more of them have remained, either because of tangled property rights problems or waiting for better chances (Zhu, 2004). It is showed that it probably will take another few years before all industrial land parcels can be converted to the optimal use.

On the other hand, new developments on cleared or vacant land parcels are dominantly either residential towers or commercial uses, with a very small

proportion of industrial structures (Table 4.1). For example, only 2.4% of FAI in Yueixu-1 occurred in the secondary industry in 1995, and this percentage in Yueixu further dropped to 1.7% in 2007. In contrast, residential and commercial developments comprise most part of the real estate investment. Generally, residential developments happen more often than commercial developments. However, with reference to the specific land parcels, the type of land use varies, much depending on the site conditions and developers' willing. Since remaining industrial land is much scattered among various developments, a condition of mixed use of urban land in Yueixu is extensively perceptible.

Table 4.1 Fixed asset investment (FAI) change in Yueixu district (1995-2007)

	FAI	1995		1999		2001		2003		2005		2007	
		Million	%	Million	%	Million	%	Million	%	Million	%	Million	%
Yueixu-1	Total	557.4	100	696.5	100	913.8	100	4538.0	100				
	I	13.5	2.4	--	--	--	--	--	--				
	RE	523.2	93.9	597.3	85.8	615.3	67.3	1181.0	26			--	
	R	--	--	329.6	47.3	353.8	38.7	--	--				
	C	--	--	267.8	38.5	261.6	28.6	--	--				
Yueixu-2	Total	--	--	628.3	100	862.8	100	22444	100				
	I	--	--	24.1	3.8	832	1.0	154.2	0.7				
	RE	--	--	501.7	79.8	661.5	76.7	12323	54.9			--	
	R	--	--	102.3	16.3	--	--	--	--				
	C	--	--	399.4	63.5	--	--	--	--				
Yueixu	Total	--	--	1324.8	100	1776.6	100	--	--	41770.6	100	51208.5	100
	I	--	--	--	--	--	--	--	--	796.7	1.9	885.7	1.7
	RE	--	--	1099.0	83.0	1276.8	71.9	--	--	16698.2	40	24623.2	48.1
	R	--	--	431.9	32.6	--	--	--	--	9751.4	23.3	15565.1	30.4
	C	--	--	667.2	50.4	--	--	--	--	6946.8	16.7	9058.1	17.7

Source: Yearbook of Yueixu District 1996-2008, and Yearbook of Dongshan District 2000-2005.

RE: real estate; R: residential; C: commercial; I: industrial.

Note: Statistical method and scope in Yearbook of Dongshan were changed begun in 2003, yet that of Yueixu hadn't been changed until 2005.

Unsatisfactory Infrastructure Provision

The situation of infrastructure in Yuexiu is in close association with the high building density of the locality. Since the 1990s, large-scale in-fill development along with redevelopment in Yuexiu exacerbates the already dense built environment and makes infrastructure tremendously lacking. Some types of infrastructure, such as electricity and water provision, have been marginally improved, whereas some other problems of poor infrastructure, like badly inadequate parking lots, are difficult to overcome (Li, 2006). The most serious problem that Yuexiu suffers is the shortage of transportation infrastructure in terms of intra-city road network. The road system in Yuexiu before the 1980s was for the main purpose of industrial product transportation and foot walking. But as the local economy speeds up, automobile increases geometrically, which makes the road network of the old urban centre seriously insufficient. For example, among the 95 roads of Yuexiu-1 in 1995, only 16 are first-class roads of average width above twenty meters; 79 roads are narrower than ten meters, and 45 roads are of width no more than five meters (YCBC, 2009). Till to 2004, the road area per capita in Yuexiu is only 2.2 (YCBC, 2009) whereas this index in Guangzhou as a whole is 14¹. Though a majority of roads in Yuexiu have been widened since 1978, tasks of widening other roads and lanes are constrained by the buildings along the wayside (Li, 2006).

Loss of Intra-city Economic Competitiveness

¹ http://www.homecity365.com/zuanti_content.jsp?id=14

Yuexiu under market transition has been going through drastic economic restructuring. Whereas the economic contribution of the industrial sectors is still as important as the tertiary sectors in Guangzhou as a whole, GDP contribution of the tertiary sectors has been dominant in Yuexiu (Table 4.2). For example, the proportion of industrial-sector contribution to GDP in Yuexiu drops from 23.1% in 1995 to less than 3% in 2007. However, among all tertiary sectors in Yuexiu, many are low-end services such as catering service and retailing service. The knowledge-based service sectors by contrast, such as banking, financial service, and information-technology service, are concentrated more in Tianhe district where CBD locates. For example, the IT service in Tianhe in 2005 amounts to 19 billion with a percentage of 26.5% in the tertiary sectors, whereas its counterpart in Yuexiu is only 1.1 billion with a percentage of 1.3% (GSB, 2005).

Table 4.2 GDP structure of Yuexiu in comparison to Guangzhou (1995-2007)

		1995	1999	2001	2003	2005	2007
Yuexiu	GDP2/GDP3	23.1/76.9	20.7/79.3	8/92	5.5/94.5	3.5/96.5	2.6/97.4
Guangzhou		46.7/47.4	45.7/49.8	41.9/54.5	43.1/53.9	39.7/57.8	39.5/58.4

Source: Yearbook of Yuexiu District 1996-2008, Yearbook of Dongshan District 2000-2005, and Statistical Yearbook of Guangzhou 1995-2008.

GDP: gross domestic product; GDP2 and GDP3: GDP contributions of industrial sectors and tertiary sectors respectively.

Other indices, like annual increase ratios of GDP and fiscal revenue, demonstrate more about the declining economic competitiveness of Yuexiu (Table 4.3). With few exceptions, the annual increase ratios of both gross domestic product and fiscal revenue in Yuexiu have been below the Guangzhou average since 1995. The annual

increase ratio of GDP has been about 80% of the Guangzhou average, whereas that of fiscal revenue has only been around 70%. For example, the annual increase ratio of GDP in Yuexiu in 2007 is 11.2% which is 75.2% of the Guangzhou average, and in the same year the annual increase ratio of fiscal revenue in Yuexiu is 72.1% of the Guangzhou average.

Table 4.3 Economic indices of Yuexiu in comparison to Guangzhou (1995-2007)

	1995		1999		2001		2003		2005		2007		
	Million	AI%	M	AI%	M	AI%	M	AI%	M	AI%	M	AI%	
Yuexiu-1	--	13.3	2302	12.6	22900	9.7	29537	11.1			--		
Yuexiu-2		--	2361	5.8	29063	10.5	31609	13.6					
Yuexiu		--	4663	--	51963	--	61145	--	89236	10.5	119895	11.2	
Guangzhou		--	16.4	--	13.2	--	12.7	--	15.2	--	13.0	--	14.9
Yuexiu-1			28.7	549	19.6	593	9.5	513	7.2				
Yuexiu-2		--	--	775	42.1	797	12.2	725	5.6		--		
Yuexiu		--	--	1324	--	1390	--	1238	--	1613	11.2	2643	16.3
Guangzhou		--	55.9	--	33.3	--	22.8	--	15.5	--	15.7	--	22.6

Source: Yearbook of Yuexiu District 1996-2008, Yearbook of Dongshan District 2000-2005, and Statistical Yearbook of Guangzhou 1995-2008.

GDP: gross domestic product; FR: fiscal revenue; AI: annual increase ratio.

The commerce development in Yuexiu slows down too. The downward change of gross sales of three once-famous shopping malls in Yuexiu illustrates the declining commerce business (Table 4.4). The three shopping malls listed in Table 4.4 had been the major places for shopping in Guangzhou since the release of consumption in the post-reform era. However, each of them has followed a track of down-turn in terms of both gross sales amount and nation-wide ranking since 1997. Xindaxin Corporation ranked 31 with gross sales of 754 million in 1997, but six years later it ranked only 209 and gross sales dropped by over 100 million with a decrease of

15%. The other two corporations had also experienced similar decrease and after 2002 disappeared from the top 500 list.

Table 4.4 Gross sales change of major shopping malls in Yuexiu (1997-2003)

		1997	1998	1999	2000	2001	2002	2003
Xindaxin Corp.	Million	754.0	709.0	548.0	672.0	626.0	600.0	639.0
	Ranking	31	45	61	61	60	64	209
Xindaxin Dongshan Corp.	Million	--	400.0	300.0	390.0	380.0	310.0	300.0
	Ranking	--	95	107	95	82	97	>500
Dongshan GM Corp.	Million	--	439.0	360.0	370.0	474.0	300.0	250.0
	Ranking	--	85	92	98	69	98	>500

Source: Commerce Yearbook of China 1998-2004.

Note: Relevant data before 1997 is missing.

Dense Population and Density Change

The profile of population in Yuexiu also reflects one aspect of urban change. Table 4.5 and Table 4.6 show the condition of dense population and trends of population change in Yuexiu. It is found that the population density of Yuexiu is as high as over 20 times of Guangzhou average, and the population amount has merely changed. However, Yuexiu-1 has been experiencing population loss, whereas population density of Yuexiu-2 has been rising. As for the population density of individual neighborhoods in Yuexiu, discrepancy occurs. The neighborhoods with the highest population density of over 70 are generally those where dilapidated buildings concentrated except Beijin, whereas the less dense neighborhoods locate more in Yuexiu-2. Also, the general drop of density in neighborhoods of Yuexiu-1 and increase in neighborhoods of Yuexiu-2 are noted. Worth noting is that some dilapidated neighborhoods like Renmin and Daxin suffer significant population loss, and population density of some other neighborhoods like

Meihuacun and Jianshe is greatly increased.

Table 4.5 Population change in Yuexiu in comparison to Guangzhou (1995-2007)

	1995		1999		2001		2003		2005		2007	
	A	D	A	D	A	D	A	D	A	D	A	D
Yuexiu-1	459	50.2	440	48.1	431	47.1	421	46.0				
Yuexiu-2	577	33.5	591	34.8	610	35.9	639	37.8			--	
Yuexiu	1036	39.6	1031	39.4	1041	39.8	1060	40.5	1107	42.3	1063	40.6
Guangzhou	--	2.7	--	2.8	--	1.6	--	1.6	--	1.6	--	1.7

Source: Yearbook of Yuexiu District 1996-2008, Yearbook of Dongshan District 2000-2005, and Statistical Yearbook of Guangzhou 1995-2008.

A: population amount, unit: thousand; D: population density, unit: thousand per km square.

Table 4.6 Population density change in neighborhoods of Yuexiu (1995-2007)

		1995	1999	2001	2003	2005	2007	Change %
Yuexiu-1	Renmin	56.9	52.0	49.3	48.0	50.1	42.3	-25.7
	Daxin	111.0	104.0	101.0	130.0	94.2	89.3	-19.5
	Shishu	95.1	93.5	89.9	90.0	85.1	83.7	-12.0
	Guangta	100.0	93.2	92.8	92.5	91.6	87.6	-12.4
	Liurong	50.6	48.8	47.5	47.2	47.2	46.0	-9.1
	Dongfeng	31.0	30.4	30.4	30.4	32.3	32.6	5.2
	Hongqiao	28.2	28.3	29.3	37.3	37.3	30.5	8.2
	Guangwei	54.7	52.8	50.8	50.4	65.1	49.4	-9.7
	Beijing	79.0	72.6	69.5	70.7	67.7	62.6	-20.8
	Liuhua	9.1	9.8	11.2	10.5	10.5	10.0	9.9
Yuexiu-2	Donghu		22.5	23.4	30.8	32.2	25.2	12
	Huanghua		18.5	20.2	22.0	22.1	23.1	24.9
	Nonglin		47.2	49.8	52.1	52.1	52.6	11.4
	Dadong		78.6	80.6	83.6	84.4	86.6	10.1
	Zhuguang		77.3	76.9	77.5	77.4	77.1	-0.3
	Datang	--	53.9	54.0	54.8	54.9	54.7	1.5
	Baiyun		18.0	18.4	19.6	20.3	20.7	15
	Meihuacun		40.4	41.3	44.5	53.8	55.9	38.4
	Jianshe		55.3	57.6	60.5	59.9	64.9	17.4
Huale		42.3	42.8	43.4	46.0	44.9	6.1	

Source: Yearbook of Yuexiu District 1996-2008, Yearbook of Dongshan District 2000-2005.

Density unit: thousand per km square.

In general, Yuexiu district, once the urban center of Guangzhou, has been going

through tremendous urban change. Some problems, such as poor infrastructure, remains of scattered industrial land, and economic competitiveness loss, are encountered when Yuexiu is transformed. Nevertheless, on the whole, Yuexiu has not been a place of blighted areas. Although its role of urban centre is greatly weakened by Tianhe district, it is still a place of energetic economy and has not suffered obvious population loss. On the other hand, the nature of uneven development in Yuexiu has been strengthened. After years of urban reinvestment under market transition, some neighborhoods have been selectively upgraded, leaving some others suffering continuous dilapidation. Given that the local government has been aggressively seeking a competitive inner city through an approach of market economy, urban redevelopment will be adopted continuously in Yuexiu as a leading force for upward urban transformation. Gentrification, on this account, may be practiced at community scale in certain neighborhoods as an urban policy in the guise of place promotion.

4.3 Conceptualization of Urban Redevelopment Process in Yuexiu as Gentrification

Urban transformation at the neighborhood scale of Yuexiu can be understood through looking into the urban redevelopment process of the locality per se. In line with the context of market transition, urban redevelopment in Yuexiu covers a period of the latest three decades. Some features of urban redevelopment process under market transition are discussed below before it is conceptualized.

Development of Reinvestment Approaches

Urban redevelopment in Yuexiu has gone through four distinct phases, in which the targets and approaches of the process vary. The first phase starts from 1980 to 1992, when urban redevelopment took place exclusively in the form of housing rehabilitation. Urban redevelopment happens only when the structural damage of residential buildings becomes an issue. An annual fund of merely seven million Yuan called 'housing danger elimination fund' is provided by the government to simply repair the buildings and eliminate danger (YCBC, 2009).

The second phase between 1992 and 2000 witnesses a leading role of the real estate market in the activities of urban redevelopment. The leading role of the real estate market is in connection with the context of Guangzhou that real estate investment is conceived as a mainstay of urban growth. As a result, the previous action of housing improvement is replaced with various profit-seeking investments, in which large-scale reinvestment occurs on all types of land lots and structures that are deemed profitable. On the one hand, by engaging in urban redevelopment, state-owned developers change their role as public housing providers to become profit makers through land development. On the other hand, private developers also take part in urban redevelopment to enjoy the huge real estate market. Sometimes, there is also cooperation between state-owned developers and private developers when a large amount of capital is in need. For example, Jiahe Garden developed by GZUDC (Guangzhou Urban Development Corporation) along with a Hong Kong developer is a case of such cooperation.

The third phase of urban redevelopment in Yuexiu from 2000 to 2007 is characterized as state-led reinvestment. Since the previous market-led redevelopment leads to serious displacement and incompatible development, no market investment in this period is allowed in those redevelopment programs where preexisting residents are affected. Focus of redevelopment in this period comes to the improvement of urban landscape. For example, began in 2003, eight decayed neighborhoods in Liurong, Guangwei, Daxin, and Renmin respectively have been converted into open space by knocking down buildings of 20,000 square meters (Cao *et al.*, 2006). Since 2005, another sixteen small land lots have been changed into green space and parking lots. However, due to limited financial support, the redevelopment in this period is generally slow.

The fourth phase begins from 2007 when developers are introduced again to urban reinvestment. Aiming to speed up the process of place promotion of inner city, the local government strategically establishes a partnership with developers in terms of urban reinvestment. Whereas the local government is in charge of land assembly and conditional land lease, developers are required to submit detailed development proposals for consideration. Since a deadline of inner-city place promotion is also imposed by the local authority, urban reinvestment in Yuexiu since 2007 has been accelerating.

Heavy New Development along with Little Renovation

Another feature of urban redevelopment in Yuexiu is that reinvestment in the form of reconstruction or new construction occurs much more than renovation or

rehabilitation (Table 4.7). For example, the floor area of new development in Yuexiu-1 in 2001 is 441 thousand square meters, whereas that of renovation is only 53 thousand square meters. With respect to Yuexiu as a whole, both real estate investment and floor area of new development have been significantly increasing. In contrast to the increasing new development, annual floor area of renovation in Yuexiu has been around 100 thousand square meters, which is less than 10% of the floor area of new development. Besides, differing from new development which is dispersed across Yuexiu, most renovation projects take place in Renmin, Daxin, and Zhuguang where private houses and aging buildings concentrate (YCBC, 2009).

Table 4.7 New development and renovation in Yuexiu 1995-2007

	RE investment			FA of new development			FA of renovation		
	Yuexiu-1	Yuexiu-2	Yuexiu	Yuexiu-1	Yuexiu-2	Yuexiu	Yuexiu-1	Yuexiu-2	Yuexiu
1995	523.3	--	--	555	--	--	50	--	--
1999	597.3	501.7	1099.0	532	300	832	109	--	--
2001	615.3	661.5	1276.8	441	400	841	53	--	--
2003	--	12323	--	--	1253	--	20	--	--
2005			16698.2			1288			69
2007	--		24613.2	--		1432	--		102

Source: Yearbook of Yuexiu District 1996-2008, Yearbook of Dongshan District 2000-2005.

RE investment: real estate investment, unit: million Yuan; FA: floor area, unit: thousand square meter.

Upgrading of Urban Landscape and Upsurge of Housing Price

Urban reinvestment in some parts of Yuexiu through demolition and reconstruction along with new development on vacant sites creates a modern landscape of the locality. On the one hand, tremendous growth of the tertiary sectors generates a huge demand for office and complex-use, so that a large amount of capital is

pumped into commercial property development. Speculation in commercial property investment leads to a visual prosperity of crowded skyscrapers along with modern complexes, for example, in Huale neighborhood. On the other hand, drastic residential investment brings a large number of high-grade apartments most of which are with desirable garden view, for example, in Baiyun neighborhood. Urban landscape, on this account, has been greatly improved in some areas of Yuexiu where capital flows in.

Upgrading of urban landscape is coupled with upsurge of housing price. Since 2000 that house should be purchased in the real estate market, the housing price in Yuexiu has been higher than the Guangzhou average (Table 4.8). The table shows that housing price in Yuexiu is generally 50% higher than that of the Guangzhou average and a sharper increase is witnessed in 2008 when developers were introduced again to urban redevelopment. Within Yuexiu, the statistical data and an interview with one real estate agent² both suggest that Yuexiu-2 has a higher average housing price than that of Yuexiu-1. The agent manager explains that Yuexiu-2 has more up-market apartments which are mostly concentrated in Nonglin, Huale, Huanghua and Baiyun. Besides, better accessibility to high-quality schools and CBD, and better natural environment involving parks and waterfronts have supported the high price.

² A semi-structured interview with a local manager of Guangzhou Xingye Real Estate Agency Co., Ltd was conducted to get information on local housing prices at neighborhood scales. Her information was also useful in choosing smaller community cases to conduct following conceptualization of gentrification in Yuexiu.

Table 4.8 Housing price in Yuexiu in comparison to Guangzhou (2000-2009)

	Yuexiu-1	Yuexiu-2	Yuexiu	Guangzhou	Yuexiu/Guangzhou
	HP	HP	HP	HP	HPR
2000	5.6	--	--	4.3	--
2001	5.9	--	--	4.3	--
2002	5.7	6.4	6.2	4.1	1.51
2003	6.1	6.5	6.4	4.1	1.56
2004	5.4	6.9	6.8	4.5	1.51
2005			7.3	5.0	1.46
2006		---	8.0	6.1	1.31
2007			11.3	8.4	1.34
2008			14.8	8.8	1.68

Source: Yearbook of Yuexiu District 2001-2009, Yearbook of Dongshan District 2001-2005, and Statistical Yearbook of Guangzhou 2001-2009.

HP: housing price, unit: thousand Yuan per square meter; HPR: housing price ratio.

Extensive Displacement during Urban Redevelopment

Concurrent with the heavy reinvestment in Yuexiu is the displacement of preexisting residents. The demolition of both overcrowded private house clusters and dilapidated public housing apartments invariably force affected residents to relocate. Since displacement during urban redevelopment is a sensitive issue that the local authority would rather conceal, statistical data is not available and the argument of displacement counts on piecemeal media reports. In practice, a very small part of affected residents are relocated near the original sites, and another part of them remove to suburban resettlement dwellings, still some have to accept monetary compensation when resettlement housing is not available.

Various media reports demonstrate that displaced either with resettlement or cash compensation are disappointed with the forced resettling, and they are basically averse towards new programs of urban redevelopment. As for the few residents

with nearby resettlement, they get new apartments with equal-area-replacement principle, but with totally different, if not worse, layout of room spaces. Still, an interview with a resettled resident tells that her neighborhood is divided into two segregated parts between new incomers and affected indigenous residents, with an approach of entrance and open-space separation. As for those moved to suburb, their life turn to be inconvenient, since suburban infrastructure provision such as education, medical care and transportation is lacking. Another interviewee tells that she even cannot find the traditional food service near her new apartment. Likewise, people with cash compensation are not happy. Since housing price in Yuexiu is sharply increasing, those with fair cash compensation usually cannot afford to buy a new flat nearby, and without any other choice they have to move to the suburb.

Conceptualization of Urban Redevelopment Process as Gentrification

In general, all features of urban redevelopment in Yuexiu discussed above have some similarities to the narratives of gentrification in advanced capitalist cities. Huge reinvestment in the inner city of Guangzhou has significantly changed the urban landscape of the locality. However, improvement of the built environment has not been enjoyed by those preexisting residents. Instead, original inhabitants are forced to leave the beautified inner city and replaced by more affluent incomers who value the inner-city living. Comparing to the previous residents who used to live in the aging houses and work in the nearby factories, the incoming population have a totally different style of leisure life (Wang and Lau, 2009). As a

matter of fact, such replacement of residents through action of pricing out has greatly changed some inner-city communities, which are virtually gentrified. In the following section, three communities in Yuexiu which have gone through redevelopment are studied to illustrate such gentrification in Guangzhou.

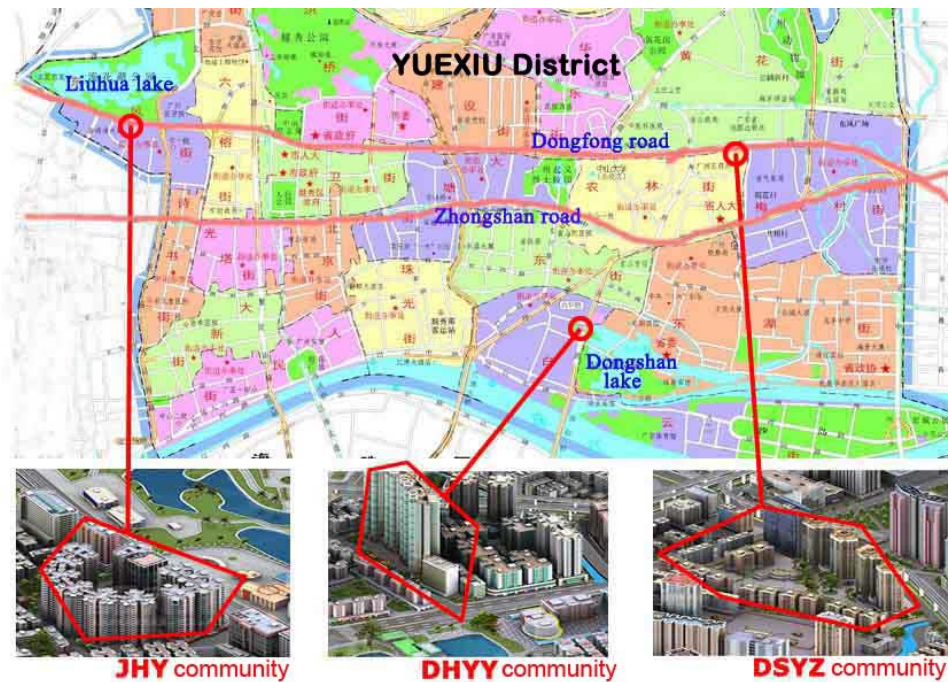
Residential redevelopment in Yuexiu takes place mostly in the form of enclosed neighborhood, yet a very small part of the neighborhoods are actually high-end gated communities³. The three newly built communities selected, i.e. JHY in the neighborhood of Dongfeng, DHYY in Baiyun, and DSYZ in Nonglin, are all in this form (Figure 4.3), and currently the housing prices of units in these communities are much higher than the Yuexiu average. Land parcels of JHY and DHYY have similar geographical features that they are both close to the natural lakes, Liuhua lake and Dongshan lake respectively, which have been developed to parks with waterscape by the government. Before the reinvestments, the land parcel of JHY was occupied with dense dilapidated private houses, and the land parcel of DHYY was an open space with historical problem of tangled property rights among preexisting old-fashioned buildings. Redevelopment of these two pieces of land in the 1990s was considered difficult because tremendous capital would be in need. However, the advantage of waterfront space was made full use of in 2000 by two Hong Kong group developers who have competent financial capability. Over eight hundred

³ Applicability of the term “gated community” in this research should be taken care of. Since new residential development in Guangzhou all takes place in the form of walled enclosure, and most of the development is low-income or middle-income dwellings, they should not be considered as gated communities, even though they are practically gated (Huang, 2005). Gated communities in this research only refer to the high-end enclosed neighborhoods with favorable amenities.

millions RMB were invested on the sites to develop large-scale residential communities catering for the up-market purchase. The new high-rise buildings were elaborately designed to decorate with expensive building materials and equip with advanced service facilities, and the landscape around the buildings was also greatly upgraded. The image of waterfront property was heavily advertised, and as a result, the apartments were quickly sold out.

In comparison to JHY and DHYY, the land parcel of DSYZ in Nonglin is considered highly valuable because of its desirable location which is greatly accessible to the best high schools and the CBD of Guangzhou. This land piece in the 1990s was previously occupied with public housings for rent. With the fact that the land can be developed into a better use, the land was re-leased to a local developer which then knocked down the public houses replacing with high-rise apartments. Similarly, well designed buildings and a attractive garden landscape, along with heavily commoditized accessibility, trigger a sharp rise in the price of dwelling units. Surprisingly, these units with double price of the Yuexiu average are sold out within one week. In this respect, all these three communities witness heavy reinvestment as well as upgrading of landscape.

Figure 4. 3 Three redeveloped gated communities in Yuexiu



Source: compiled by the author using map data from internet.

Besides the change of built environment, the narratives of inhabitant remaking in terms of socioeconomic profile upgrading in gentrification literature fit well also in these communities. The preexisting residents of the localities were mainly labor workers in the industrial sectors. Before redevelopment took place, residents on the parcel of JHY lived in owner-occupied houses, whereas those on the parcel of DSYZ lived in the public tenements which were allocated by the work units with extremely low rents⁴. As redevelopment occurred, these original residents were forced to move out with receiving either cash or in-kind compensation, replacing with a totally different class of people.

⁴ Work units used to be important in urban China. A work unit not only functions as a company which offers job positions, but more an administrative entity that provide workers with housings and other socialist welfares to stabilize the society (Zhu, 2005). However, the political nature of work units was gradually diminished along with the enterprise institutional reform since 1998.

Since the difficulty of tracking residents who are displaced is well acknowledged (Atkinson, 2000a; Newman and Wyly, 2006), an indirect approach is employed for the understanding of displacees. Specifically, a questionnaire survey (Q1) is conducted in four selected apartments in Guangzhou which are designated for resettlement, to study the socioeconomic profiles of displacees. People who now live in these apartments used to have similar housing condition with original residents mentioned above. 49 effective responses are collected in the questionnaire survey, and the statistical data of this survey presents that most of respondents are merely educated and they work more in the industrial sectors as labor workers (Table 4.9). In detail, 69% of respondents have received education of no more than high school, and only 4% of them are advanced degree holders. As for the working sectors, 69% of respondents are working in factories, mills, or plants. With respect to the occupational status, over 85% of respondents are ordinary works in the service, processing and operative positions, in contrast to the proportion of managers and professionals which is only 4%.

Table 4.9 Educational and occupational profiles of displacee respondents

	Number	Percentage
Educational attainment	49	100
High school and below	34	69.4
Technical school and college	13	26.5
Bachelor degree	2	4.1
Master degree and beyond	0	0
Working sector	49	100
Banking, insurance, IT and technical service	3	6.1
Commerce, transportation and real estate	4	8.2
Education, culture, art, and entertainment	4	8.2
Government, institutions and social organizations	4	8.2
Manufacturing industry and others	34	69.4
Occupation	49	100
Managers and professionals	2	4.1
Secretaries and clerks	12	24.5
Technical staff	5	10.2
Processing workers, operative workers and others	30	61.2

Source: Questionnaire survey (Q1) data.

By contrast, the property purchase during urban redevelopment in Yuexiu witnesses an inhabitant reconstitution by a class of invasive people with completely distinct socioeconomic status. Another questionnaire survey (Q2) is conducted in the three upgraded communities discussed above to examine the socioeconomic profiles of incoming residents. 70 effective questionnaires are collected with a response rate of 90%. It is showed that most incoming residents work in the tertiary sectors, and they have been in the administrative position when moving in (Table 4.10).

Table 4.10 Working sector and occupation types of respondents in the three communities

	Number	Percentage
Working sector	70	100
Finance, IT and technical service	41	58.6
Commerce, transportation and real estate	11	15.7
Education, culture, art, and entertainment	9	12.9
Government, institutions and social organizations	5	7.1
Manufacturing industry and others	4	5.7
Occupation	70	100
Managers and professionals	51	72.9
Secretaries and clerks	9	12.9
Technical staff	6	8.6
Processing workers, operative workers and others	4	5.7

Source: Questionnaire survey (Q2) data.

Regarding the spectrum of working sectors, more than 90% of the incoming residents are working in the tertiary sectors. Worth noting is that among the workers who are in the service sectors, 58.6% are working in the finance, IT, and high-technical consultant companies, and this group of sectors has been having the highest level of salary in Guangzhou for years (Table 4.11). In contrast, only 5.7% of the respondents work in the manufacturing industry and other sectors. With respect to the occupation types, dominant proportion of population works in the managerial and professional positions with a percentage of 72.9%, whereas those processing and operative workers account for about only 5.7%. It is showed explicitly from the data of Table 4.10 and Table 4.11 that the occupants in these three communities are inclined to have high socioeconomic status that in gentrification literature they are classified as the gentrifier proxy (Atkinson, 2000a; He, 2010). This group of population can afford to buy the properties with higher

prices, and developers have been making great efforts catering for this niche market.

Table 4.11 Yearly salaries in different working sectors in Guangzhou (2003-2007)

	2003		2005		2007	
	S	Ratio	S	Ratio	S	Ratio
Average	29.1	1	33.9	1	41.3	1
Finance, IT, technical service	54.2	1.86	59.9	1.77	77.2	1.87
Commerce, transportation and real estate	29.4	1.01	34.6	1.02	42.7	1.03
Education, culture, art, and entertainment	36.9	1.27	42.1	1.24	56.5	1.37
Government, institutions and social organizations	53.5	1.84	58.1	1.71	67.2	1.63
Manufacturing industry	20.6	0.72	23.8	0.70	29.4	0.71

Source: Statistical Yearbook of Guangzhou 2004-2008.

S: salary; unit: thousand Yuan.

Years of urban redevelopment in Yuexiu, regardless of the approaches and focuses, have led to a drastic urban change at both the local and neighborhood scales. At a local scale, a real estate market has been fostered and enhanced in Yuexiu so that urban landscape of the locality is upwardly remodeled by market investment. As the inner-city urban living has been commodified by developers aiming for a niche market, housing price soars and a bunch of working class have suffered housing dislocation and loss. When shedding light on the neighborhood change, it is found that several areas in some parts of neighborhoods have appreciated drastic socio-spatial transformation, which fits precisely to the four elemental characteristics of gentrification suggested by Davidson and Lees (2005). In these areas, reinvestment and landscape change have happened, and class remake of the residents has been witnessed. Once new land users with higher socioeconomic status displace original working-class occupants, gentrification takes place.

4.4 Characteristics of Gentrification in Guangzhou

Gentrification in a Growing But Not Declining Inner City

Gentrification identified in Yuexiu is essentially another evidence of third-wave gentrification in the emerging economies and also an important part of the geography of gentrification. Much like current gentrification in the advanced capitalist cities that lifestyles of urban living in the inner city are commodified, mass produced, and niche-marketed as Davidson and Lees (2005) argued, gentrification in Yuexiu is virtually a product of the burgeoning real estate market under market transition. However, very different from the Western cities that a persistently declining inner city is well documented when gentrification takes place, Yuexiu since reform has been on the track of progressive economic growth, which is however slow in comparing to the average growth of Guangzhou, and as mentioned above, Yuexiu as a whole also has not suffered population loss. Nevertheless, urban redevelopment has been a public agenda, in which through market reinvestment the local government seeks a more competitive urban core and a more stable economic growth. On this account, gentrification in the guise of urban redevelopment has been a part of the current pro-growth urban policy.

Small-scale Residential-related Gentrification

On the other hand, given the fact that Guangzhou has yet to be a service society, gentrification has only taken place in a small number of areas in the inner city. Uneven development in Yuexiu determines that some areas in neighborhoods like Baiyun, Nonglin and Dongfeng experience significant socioeconomic upgrading

while some experience merely physical renewal. In this stage, gentrification in Yuexiu is more likely to take place at a small scale in the areas with favorable sceneries like JHY and DHYY and desirable accessibilities like DSYZ. Regarding the localities with few advantages, for example bad infrastructure provision, in neighborhoods like Daxin and Renmin, it will take years before gentrification happens. Likewise, gentrification in the previous industrial land, such as gentrification of Docklands in London, is still hard to be witnessed in Guangzhou. Gentrification in Yuexiu, on this account, is also a pattern of residential-related gentrification, and not a commercial- or brownfield- related gentrification.

New-build Gentrification

Also, unlike Western cities that pioneer gentrification in its first wave takes place in the form of housing renovation, Yuexiu currently experiences a main pattern of new-build gentrification at its initial stage. One reason is suggested by Wang and Lau (2009) to explain the absence of renovation gentrification in China. They argue that previous occupants only have use right of the property so that they are reluctant to renovate the dilapidated buildings. Since no private reinvestment in the form of renovation occurs, traditional form of spontaneous renovation gentrification is rare in China. As a matter of fact, another reason is in association with the cultural capital embedded in gentrification. During first-wave renovation-related gentrification process in Western cities, the pioneer gentrifiers create the culture of liberty, distinction, and aesthetics. In contrast, gentrification in Yuexiu does not witness gentrifiers' creation of cultural capital. The cultural

capital of inner-city living has been commodified and mass produced, and therefore gentrifiers can attain the cultural life simply by purchasing the newly built property.

Different Socioeconomic Profiles of Gentrifiers

In Western literature, the gentrifiers are referred as a class of owner-occupiers who are also high degree holders with white-collar jobs in a relatively young age of twenty-five to thirty-five (Gale, 1979; Filion, 1987; Atkinson, 2000b). However, the socioeconomic profiles of gentrifiers vary in Guangzhou. While it is true that most gentrifiers in Guangzhou work as white-collar as Table 4.10 shows, their educational and demographic spectrums are much different from their counterparts in the upper-tier cities in the world. The data of above-mentioned questionnaire survey (Q2) in gentrified communities shows that gentrifiers in Yuexiu do not exclusively hold university degrees, and they are generally older than Western gentrifiers (Table 4.12).

Table 4.12 Educational attainments and ages of gentrifiers in Yuexiu

	Number	Percentage
Educational attainment	70	100
High school and below	1	1.4
Technical school and college	26	37.2
Bachelor degree	31	44.3
Master degree and beyond	12	17.1
Age (when moving in)	70	100
Under 25 (inclusive)	0	0
26 to 35	24	34.2
36 to 45	44	62.9
46 and above	2	2.9

Source: Questionnaire survey (Q2) data.

In terms of educational background, a proportion of 61.4% (44.3% plus 17.1%) of respondents have attained university education when they moved into these three communities, whereas another 38.6% (1.4% plus 37.2%) of respondents are merely trained fitting for specific jobs. With reference to the age profile of gentrifiers that will be discussed below, a conceivable reason is suggested in explaining the relatively lower educational profile of gentrifiers in Guangzhou. When this group of gentrifiers got educated in their young ages in the late 1980s, the practical skills were considered far more important than the advanced knowledge lectured in the universities. Therefore, universities in China at the time were small in amount, and as a result few students had received higher education. Instead, they had more opportunity to receive training in the technical schools and colleges so as to qualify for practical jobs.

The age profile of gentrifiers in Guangzhou is distinct too. By studying the age pattern of the respondents when they moved in, it is found that the fraction of population aging between 26 and 35, which are the major components of gentrifiers in the advanced economies, account for only 34.2% of the gentrifiers in Yuexiu. In contrast, the gentrifiers between 36 and 45 years old have a significantly larger proportion which is 62.9%. It shows that when entering gentrified areas, a majority of gentrifiers in Yuexiu are older than gentrifiers well established in Western literature. A reasonable explanation for such variance is that when competing for a space with desirable spatial and social resources, the older people in the midst of career development generally have higher financial capability than the young adults

who are on the initial stage of the career ladder. When an area is gentrified, the property price soars and the young adults tend to be priced out, the same as replacement of working-class residents. The fact of older gentrifiers in Yuexiu also implies that the consumption-side discourses of a 'new middle class' of distinction and countercultural identities are not adaptable to the context of Guangzhou.

Another light is shed on original locations of these gentrifiers before they gentrify. The questionnaire survey (Q2) detects that 24.3% (17 out of 70) of the respondents had been living in the inner-city areas before they moved into the redeveloped communities, and none of them are the affected residents during urban redevelopment. Another 40% (28 out of 70) of the respondents had been living in other areas of Guangzhou, and the rest 35.7% (25 out of 70) had lived outside Guangzhou before they moved in. While there is much debate about whether the gentrifiers of capitalist cities are all 'revanchist' formerly lived in the suburb (Smith, 1996a; Slater, 2004), gentrifiers, in the Guangzhou case, have been from inner city, suburb, and other areas outside the city as well. The situation of dispersed potential gentrifiers is highly related to the context of ongoing process of urbanization instead of suburbanization. Before gentrifiers gentrify, they originally dispersed in all directions, and by gentrification they move to aggregate in a particular point, i.e. the inner city, contrasting to the much suggested model of unidirectional movement of gentrifiers from the suburb to the inner city in Western literature.

A further part of questionnaire survey (Q2) is to find out the reason behind

gentrifiers' settling location choice. Based on work of Ley (1986), eleven factors are listed for respondents to value the importance⁵ of factors for their location choice individually (Table 4.13). It is found that the factor of education resource has the highest weight of importance with an average value of 4.3. Among all respondents, 42.9% (30 out of 70) of them maintain that the factor of education is quite important and another 44.3% (31 out of 70) hold that it is of the most importance. In fact, the best primary schools, junior high and senior high schools of Guangzhou are all located in Yuexiu. The residents with household registration and housing property in Yuexiu have the priority in sending their children to these schools. As one respondent in DSYZ said clearly, 'I choose to live in this community, like many neighbors, only because of that good school nearby but nothing else'. The factor of education underlines particularities of gentrification in China. Whilst the factor of education resources in the West has detrimental impact on the forming of gentrification because of the poor performance of schools in the inner city, this factor has been the major force that attracts middle class to gentrify in China.

⁵ The importance of a factor is scored according to the following principle: point 1 stands for least important, point 2 for not so important, point 3 for moderately important, point 4 for quite important, and point 5 for most important.

Table 4.13 Importance of factors for gentrifiers' housing location choice in Yuexiu

	Value
Education resources	4.30
Natural environment	4.12
Medical care facilities	4.04
Daily service facilities	3.87
Transportation facilities	3.83
Status of neighbors	3.57
Price	3.25
Distance from work	3.21
Security	3.09
Layout of room space and garden landscape	2.99
Structural quality	2.71

Source: Questionnaire survey (Q2) data.

Another important factor with a value of 4.12 is in association with the natural landscape nearby. It is hold that a consumption of aesthetically pleasing landscapes reflects gentrifiers' distinctive lifestyle different from that of working-class residents. It also explains well the initiative gentrification of being proximate to parklands in Yuexiu. The following factors are the medical care facilities with an average value of 4.04, daily service facilities of 3.87, and transportation facilities of 3.83. In detail, about 74.3% (52 out of 70) of the respondents consider health care service of quite importance and beyond, 68.6% (48 out of 70) for daily service facilities, and 62.8% (44 out of 70) for transportation facilities. These three factors as a whole present the significance of the accessibility advantages of the inner-city housing, and gentrifiers are evidently willing to pay for such advantages. Still a fairly important factor is the status of neighbors. It is showed that over 80% (56 out of 70) of respondents critically consider the status of their neighbors when choosing communities. It is quite similar to the situation in advanced capitalist cities that

gentrifiers seek to live amongst people like themselves (Bulter, 1997). As for other factors such as distance to work, price, community security and garden landscape, more respondents think them are moderately important.

In brief, gentrification, in a context of socio-spatial differentiation, has taken place when large-scale urban redevelopment is adopted as a strategy in Guangzhou for competition enhancement and sustainable urban growth. Rather than a product amongst socioeconomic recession, gentrification in Guangzhou emerges in a still vibrant old urban centre. In line with the dominant approach of demolition and reconstruction in urban redevelopment, gentrification of the locality has been a new-build pattern. Currently, gentrification takes place only in some areas with advantageous resources and ample urban amenities, like areas proximate to parklands and areas possessing good schools. Also, being in a different temporal and spatial context, gentrifiers in Guangzhou are quite distinct from gentrifiers in the West. In this respect, it is the variation of gentrification in Guangzhou that merits this empirical research contributing to 'the geography of gentrification'.

4.5 Summary

This chapter contributes a part to 'the geography of gentrification' by conceptualizing the process of urban redevelopment in some areas of Yuexiu as gentrification. Before conceptualization is performed, this chapter firstly examines the particular context of the inner city, Yuexiu in specific. It is found that Yuexiu is in a situation of noticeable uneven development, and as a whole it is going through

persistent economic growth. Some features of urban redevelopment process in Yuexiu are then detected. By conceptualizing such urban redevelopment process using three community cases, it is showed that the urban redevelopment of the localities is virtually a pattern of gentrification. Following with the conceptualization, this chapter analyzes the characteristics of gentrification in inner-city Guangzhou. It is found that gentrification in Guangzhou has been in the form of residential related and new-build pattern. Also, the profiles of gentrifiers are quite different from their counterparts in Western literature that they are older, moderately educated, and not exclusively from suburban areas. In addition, they value the natural and socio-spatial advantages of gentrified areas so that they move in through property purchase, which reflects a pragmatic type of middle-class gentrifiers.

CHAPTER 5: THE DRIVING ROLE OF THE STATE FOR GENTRIFICATION IN GUANGZHOU

5.1 Introduction

Gentrification in Guangzhou, in general, is another individual evidence of third-wave gentrification spread around the globe. In a broader context of globalization, gentrification in China appreciates commonalities of third-wave gentrification in advanced capitalist cities. New-build development in the inner city has been the main component of gentrification, and the state tends to be openly supportive to such gentrification process. Taking place at a smaller scale with a shorter history in comparison to Western cities, gentrification in Guangzhou tends to spread to more areas in the inner city in line with the constant urban redevelopment process. An in-depth study, on this account, is needed to understand the dynamics of gentrification in Chinese metropolises.

A vast literature has contributed to the understanding of theoretical dynamics of gentrification. When gentrification expands considerably in its second wave in developed economies, it attracts attentions of many local researchers interesting in exploring the driving forces behind this process. Being inspired by knowledge of capitalism, these researchers look into the function of the market, in which aspects of demand and supply interact. As a result, two clusters of explanations on gentrification, consumption-side theories and production-side theories respectively, are established. To be specific, consumption explanations hold that the new middle

class expands in the postindustrial era, and their preference of inner-city living triggers housing consumption in the neighborhoods the preexisting working class concentrated in, and therefore brings about gentrification; whereas production explanations maintain that capitalists' investment in fixed capital into dilapidated inner-city neighborhoods induces property speculation of the locality and therefore attracts gentrifiers to gentrify. Other factors, to a large extent, have been sidelined for the purpose of theoretical simplicity (Lees, *et al.*, 2008; Smith, 1996b).

In fact, besides forces of the market, another factor, i.e. the intervention of the state in gentrification, has been pointed out for long (Smith, 1979). However, this factor has been overlooked until gentrification enters its third wave. As Hackworth and Smith (2001) suggest, gentrification in the third wave has been more assertively supported by the government. Many recent evidences also show that gentrification has been incorporated into urban policies for the purpose of urban regeneration (Cameron, 2003; Millard-Ball, 2001; Slater, 2004; Uitermark, 2003). Although there exist suggestions that the state is a key actor engaging in third-wave gentrification, little further work has done to understand this influential participator.

For the case of Chinese cities, where a transition towards the market economy under a context of socialism is taking place, the interaction of the market and the state force is more complicated. As a matter of fact, while the principle of market economy is greatly appreciated in China since the open door policy, municipal governments have extensively intervened in urban activities in general and in urban

redevelopment in particular. Therefore, the question of to what extent gentrification in Chinese metropolises has been a state-driven process should be examined in detail.

5.2 Weaknesses of Consumption and Production Explanations for Gentrification in China

Both consumption- and production- side theories are developed in advanced capitalist countries where the market principle is followed. When a component at one end of the market, either gentrifiers or capitalists, is taken into account for explanation, researchers assume a responsive market performance of the component at the other end (Lees *et al.*, 2008). However, the nature of determinism embedded in both sides of theories indicates a problem of applicability in different contexts. Chinese cities are now following a distinctive development model which is significantly different from that of either capitalist countries or post-communist countries. While the regime is moving from a centrally planned to a market economy, the government has been actively and heavily intervening, and such intervention is deeply in connection with the inherited socialism since the establishment of the PRC. The market-oriented transition with aggressive governmental intervention in China implies a semi-market context (Ma and Wu, 2005), and therefore underlines the weakness of both consumption and production theories in explaining gentrification in Chinese metropolises.

Weakness of Consumption Explanations

Researchers in favor of consumption-side theories emphasize the role of gentrifiers (Caulfield, 1994; Hamnett, 1991; Lees, 1994; Ley, 1986). It is held that gentrifiers, as the new middle class emerged in the post-industrial economies, play a significant role in consuming gentrifying inner-city neighborhoods. In contrast to the traditional middle class of suburban living, gentrifiers' deliberate rejection of stylized suburban life leads to the housing consumption in the inner cities. Unlike preexisting residents in the inner-city which are usually working class, gentrifiers define their own identities by expressing a distinct aesthetic of housing consumption which is termed 'gentrification aesthetic' (Lees, *et al.*, 2008). However, in the context of gentrification in China, gentrifiers, which are composed of emerging middle class, have an extremely different profile of housing consumption.

Firstly, consumption explanations highlight the countercultural identities of gentrifiers (Caulfield, 1994; Ley, 1996). It is argued that the cultural resistance of the suburbia greatly contributes to the emergence of gentrification. However, such countercultural identities are not expressed by gentrifiers in China. As a matter of fact, there has been no stylized urban life of the middle class in China. Before market transition took place, all urban population lived in a situation of housing equality and social mixing, because housing was a part of socialist welfare provided by state-owned employers. Such housing condition was not an expression of urban culture but a result of political institution. When the emerging middle class under

market transition move towards upgraded inner cities, they are just seeking for a better housing quality and not a rejection of urban culture.

Secondly, researchers in the West also mention the gentrifiers' desire for the liberty and social mixing which are less identifiable in suburbia (Butler, 1997; Ley, 1994). Likewise, such desire is not witnessed in the case of gentrifiers in China. Indeed, when the middle class move out of their previous dwellings which are generally privatized public housing, they actually depart from social mixing. Also, the upgraded inner-city neighborhoods do not present a space of liberty or tolerance. Instead, as discussed in the last chapter, the people who move in through property purchase show a strong willingness of living amongst people like themselves, and not a attitude of tolerance to residents with lower socioeconomic status.

Thirdly, the new-build gentrification in China also challenges the consumption-side account of gentrifiers' aesthetics in contributing to gentrification. It is witnessed in much literature of consumption explanations that gentrifiers tend to purchase buildings with architectural and internal decorative aesthetics to mark out their social distinction (Bridge, 2001; Mills, 1988; Zukin, 1987). However, this type of gentrifiers with aesthetic dispositions is rarely found in China in general and in Guangzhou in particular. Very few historic residential buildings with aesthetic values have been reinvested by individual buyers in Guangzhou, because through purchase buyers can only obtain the fragmented property right of land use; and since historic buildings are more likely to concentrate in overcrowded dilapidated areas,

the buyers bear the risk of land requisition by the local government through an approach of land assembly. Instead, the social distinction of gentrifiers in China is marked through a purchase of newly-built property in the elite enclaves where aesthetic value is totally missing.

The applicability of consumption explanations in the context of China is especially problematic when looking at the group of gentrifiers themselves instead of their behaviors. To be more specific, consumption accounts in the literature cannot explain why the group of middle class emerges and expands to foster gentrification in China, in which the process of industrialization is still ongoing. As Wang and Lau (2009) argue, the economic structure of Chinese metropolises indicates that there is still a distance for China from being a service society, and the local middle class in these cities have not yet reached a critical mass to perform as a force for gentrification. The consumption-side theories, on this account, have been inadequate for the explanation of gentrification in the context of China.

Weakness of Production Explanations

Production-side theories stress the nature of uneven urban development, the rent gap, and the capitalists' reinvestment in seeking profit. By the work of 'a back to the city movement by capital not people', Neil Smith (1979) points out the force of capital movements instead of the housing preference of the middle class in driving gentrification in the capitalist countries. However, in the semi-market context of China, capital does not move spontaneously to the disinvested areas or areas with rent gap to bring about gentrification. Rather, market performance interplays with

political aspects of forces to shape urban transformation at neighborhood scales.

First of all, the rent gap theory is suggested based on a framework of uneven development in the context of market economy (Smith, 1979). Uneven development of urban space indicates investment in some areas and disinvestment in the other. A chronic disinvestment in one area brings about low capitalized ground rent, while the investment surrounding the area gives rise to the increasing potential ground rent, and between the two types of ground rent is the rent gap. But with respect to the context of Chinese cities, uneven development is a recent case since only the reforms began. Before the reform era, urban investment followed the principle of spatial equilibrium in line with the socialist ideology, and land development was strictly controlled by the central government. The notion of spatial equilibrium was only abandoned when the land market was established in the early 1990s. The emerging land market since then allows various uneven investment in the fix capital through market competition. Given such a short period of less than twenty years, it is hard to explain the uniform disinvestment in the old urban centre while investment in the periphery, which in turn trigger the reinvestment and gentrification in the inner city. The accelerated capital circulation of investment, disinvestment, and then reinvestment in Chinese metropolises, indeed, is evidently a result of more powerful forces rather than market competition for land development.

Secondly, production explanations assume that a wide-enough rent gap

spontaneously triggers the influx of capital to fill the gap. Again, capital would have not moved into inner-city areas regardless of rent-gap width if a problem of tangled property rights remained in China. The property rights of land and buildings in China have been in a complicated situation. On the one hand, the property rights of land and buildings erected on have been detached from each other. In the pre-reform period, both land and buildings were owned by the government, and individuals lived in the public housing and confiscated private houses as tenants with extremely low rents. Since the housing reforms, individuals become owner-occupiers of either privatized public housing or returned private houses, but they only possess the fragmented land-use right⁶. Therefore, before any land reinvestment can take place in the dilapidated residential areas in inner cities, the land should be firstly reclaimed by the government and then re-leased in the land market.

On the other hand, the large amount of industrial land occupied by the state-owned enterprises (SOEs) in inner cities has not been handled during land reforms. Before reform, a large part of urban land was allocated freely to the SOEs as industrial land.

Although the government possesses the ownership right of these land plots, the SOEs were the *de facto* owner as the land-use right is timeless. During the land

⁶ The fragmented land-use right deserved by the owner-occupiers from restituted private houses and privatized public housing is in association with the land reforms in China. Simply put, while the government restates its ownership of urban land contrasting to the system of privatized land in most western countries (Fedar and Feeny, 1991), the land can be leased for a period through the land market in terms of land-use right, and the lease can be transferred and exchanged, although with the fixed land-use type (Yeh, 2005). This mode of tenure is significantly similar to the land tenure of Hong Kong, i.e. the leasehold system. Also owned by local government, land parcels in HK can be leased to developers for a period of 50 years, comparing to lease period of 70 years for residential development and 50 for commercial development in mainland China. Whilst China is drafting policies regarding expiration and extension of lease, Hong Kong has allowed possible extension of another 50 years when lease expires, however very contingent on site particularities (Lai, 1998).

reforms, new land users have been designated a land-use right of no more than seventy years, whereas regarding the freely allocated land, the timeless land-use right has been maintained. However, restrictions have been set up for the SOE land users that the land cannot be transferred and the industrial use type cannot be changed. In this respect, land reinvestment on these obsolete industrial land parcels would have been impossible unless the government reclaims the land or authorizes the use type change. Moreover, as some industrial land was allocated before the reforms directly by the central government, municipal authorities are not qualified to reclaim the allocated land even they desire to.

The disinvestment of inner-city areas and the rent gap in Chinese metropolises have generated a great potential of profitable redevelopment. However, the chance of reinvestment itself is not sufficient to channel the capital into the disinvested areas. The land reinvestment would have been considered highly risky if the problematic property rights of old buildings and allocated industrial land were not fixed. The rent gap theories, on this account, are also not powerful enough to explain the emergence of gentrification in China.

As a matter of fact, the context of market transition determines that the factors of not yet fully developed market power, either the power of consumers or the power of producers, are not crucial in leading gentrification in China. Another more influential actor, namely the state, has been involved in the process of urban redevelopment. As Gotham (2001: 1) argues, the examination of current urban

redevelopment should clarify 'the links between macro-structural processes, specific urban redevelopment efforts, and locally lived realities'. When gentrification occurs in inner-city metropolises of China during urban redevelopment, it is found that the local socio-spatial transformation is in connection with broader processes of industrial restructuring, housing reforms, and land reforms, in which the state has constantly been a leading role.

5.3 The Role of the State in Initiating Consumption of Gentrifiers

In general, middle-class population in metropolises of China has not been a mass until very recently and they have no inclination to necessarily chose to live in the old urban centre. However, by helping to enlarge the middle-class group through leading economic restructuring, releasing their housing demand through housing reforms, and stimulating their housing consumption through financial assistance, the local governments have guided the middle class to settle down in the inner cities and gentrify the neighborhoods they lived in.

Enlarge the Middle Class through Industrial Restructuring

Market transition in China follows an experimental and progressive path, and the governments, either central or local, have played a dominant role in leading the direction of the transition and the pace of the reform. Quite different from advanced capitalist countries that the context of the economic change triggers the process of industrial restructuring, China under market transition performs industrial restructuring as a strategy to promote economic change. In order to maintain remarkable local growth and enhance interurban competition at both

national and international scales, local governments of some major cities in China, regardless of industrial base of the localities, have been aggressively promoting service-oriented industrial restructuring and middle-class expansion to seek for a service society.

In Guangzhou, the targets of tertiary-sector GDP contribution designated by the municipal authority in the Ninth to Eleventh Five-Year Plan illustrate above-mentioned aggressive state-led industrial restructuring. For example, the Eleventh Five-Year Plan in 2005 sets a target of 59% in terms of tertiary-sector GDP contribution in the coming five years⁷. Also, the local government has specially given assistance to pillar sectors, such as finance and information-technology sector, to foster a competitive economic structure. A slogan of ‘pull out of manufacturing and heavy industry and develop tertiary industry’ (*tui er jinsan*) widely noted in public documents explicitly reflects the service-oriented transition in Guangzhou in general and in urban old centre in particular. Therefore, the heavy intervention of the government under market transition has led to a result of booming knowledge-based service-sector series and greatly expanding middle-class population (Table 5.1).

⁷ <http://www.gd.gov.cn/govpub/fzgh/sywg/0200607030001.htm>

Table 5.1 Tertiary-sector growth and middle class expansion in Guangzhou
(2001-2007)

	workers in tertiary sectors %		workers in finance, IT and technical service sectors %	
	Yuexiu	Guangzhou	Yuexiu	Guangzhou
2001	85.9	58.4	2.4	2.1
2003	86.7	55.0	12.9	3.9
2005	88.0	56.4	12.3	4.4
2007	89.3	54.8	13.1	5.7

Source: Yearbook of Yuexiu District 2002-2008, Yearbook of Dongshan District 2002-2005, and Statistical Yearbook of Guangzhou 2002-2008.

Table 5.1 shows clearly the outcomes of service-oriented industrial restructuring. With respect to Guangzhou as a whole, over 50% of workers have been working in the tertiary sectors. It is worth noting that although the proportion has changed little, the amount of service workers has been constantly increasing. In comparison to Guangzhou, Yuexiu has a even higher proportion of service workers with a percentage point to more than 85%. When looking into the service workers in more detail, it is found that the fraction of middle class with higher socioeconomic status, which are usually workers in the sectors of finance, IT, and technical service, is much less in Guangzhou while relatively higher in Yuexiu. In detail, in Guangzhou, this group of middle class is only about 5% of the working population, whereas in Yuexiu they account for 13% which is over double of the Guangzhou average.

By shifting structure of the economy, the local government of Guangzhou strategically enlarges the population group with greater economic advantages, which are referred by some as new middle class (Burris, 1986). However, the terminology of 'middle class' has been less noted in Chinese literature. The

politically-loaded word 'class' makes the term 'middle class' so sensitive in the context of socialist China that it is less used. Instead, the government prefers to refer this fraction of population as ones who become rich first (*xianfu*), a group of which then can help others to achieve prosperity later on (*houfu*). Regardless of the terminology tricks, the government has virtually played a dominant role in fostering the middle class, which in turn gives rise to the potential of gentrification in the inner city.

Release Housing Demand of the Middle Class through Housing reforms

By housing reforms, the state attempts to release the suppressed consumption demand of expanding middle class in terms of better housing. Before housing reforms, urban employees were mostly settled down in the public housing allocated by the SOE employers. This kind of housing, for most of the time, was located in the separate courtyards of individual SOEs, and the courtyards were generally composed of industrial structures and the public housing nearby. When looking into workers' housing condition of the time in more detail, it is found that their housing had been in poor condition (Table 5.2). A series of census data in Guangzhou in 2000, which is two years after housing reforms, presents the housing condition of households in Guangzhou and Yuexiu district during the housing allocation period. It is showed that 81.2% of workers in Yuexiu-1 lived in the housing of no more than two rooms with an average of 1.7 rooms for each household, and about half of the households had lived in one-room dwellings during pre-reform area. In Yuexiu-2, workers with housing no more than two

rooms accounts for 69.5% and they had an average housing condition of two rooms for each household. Likewise, Guangzhou as a whole also had a poor housing condition very similar to Yuexiu. Nevertheless, since housing functioned as not a product but an important welfare of socialist society, it was impossible for the workers to purchase or even rent more spacious dwellings in the market. Actually, there was no housing market existing at the time.

Table 5.2 Household housing condition of workers in Guangzhou before housing reforms

	Household housing of one room %	Household housing of two rooms %	Household housing of three rooms and above %	Average rooms
Yuexiu-1	47.8	33.4	18.8	1.7
Yuexiu-2	29.5	40.0	30.5	2.0
Guangzhou	34.4	35.1	30.5	2.0

Source: Census Data of Guangzhou 2000.

Housing reforms in China was launched actually early in the 1980s, but with an experimental approach of public-housing privatization in limited cities. However, since workers still obtained housing from work units, some of which though were purchased by the work units through real estate market, such reform had hardly influenced urban living. In 1998, the Ninth People's Congress abolished the previous housing policy of welfare allocation replacing with a system of housing commodification (Wang and Murie, 2000). As a result, individuals who have housing need since then are allowed to purchase in the housing market.

In the Guangzhou case, the sale of public housing started from 1989 but only speeded up in 1998. Till to the end of 1999 when housing allocation was completely

abolished, more than half million public houses with an area of 32.7 million square meters had been sold to local workers (GCYC, 2000). Since then, no public housing is available for purchase and workers need to buy the dwellings in the market like other commodities. The data in Table 5.3 regarding housing sources in Guangzhou illustrates such commodification process of housing. According to the table, by 1999, most of the public housing in Guangzhou had been privatized; and since 2000, the new-built commercial housing has been the major component of the housing market.

Table 5.3 Areas of different housing sources for personal purchase in Guangzhou (1997-2007)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
New-built commercial housing	0	2.00	3.51	4.67	4.40	9.01	9.48	9.63	9.59	9.65	8.44
Privatized public housing	1.36	6.36	11.76	0.10	0.09	0	0	0	0	0	0

Source: Yearbook of Guangzhou, 1998-2008.

Unit: Million square meters.

Housing reforms greatly impacts the settlement pattern of those who have better economic bases. In a style of social mixing in the pre-reform era, their willing for better housing was suppressed in the courtyards. To illustrate, table 5.4 shows little differentiation in terms of allocated housing between people of lower socioeconomic status and people of higher achievements. In the period of housing commodification, in contrast, employees with better economic bases can resettle through property purchase in the housing market to improve their housing condition. Also, they do not have to necessarily live adjacent to the work places but can choose

the settlement in line with their location preference and affordability. The termination of enforced courtyard living, on this account, triggers the demand of the new affluent for better housing.

Table 5.4 Housing condition of workers with different education attainments in Guangzhou before housing reforms

	High school and below	Technical school and college	Bachelor degree	Master degree and above
Average rooms	2.18	2.20	2.38	2.38

Source: Census Data of Guangzhou 2000.

The above-mentioned demand is soon manifested explicitly in the housing market. Table 5.5 presents the growth of luxury housing consumption by the emerging middle class in Guangzhou between two census years. To mark out the group of people with luxury housing consumption, a threshold of housing consumption over 10 times of yearly salary average is adopted in this research. It is found that this group in Guangzhou as a whole in 2000 accounts for 8.1% of the households with housing consumption, and the percentage rises to 12.3% in 2005. In Yuexiu in contrast, the percentage of luxury housing consumption accounts for 4.8% in 2000 and increases to 13.2% in 2005. With respect to the household number of luxury housing consumption, there is a growth of 4.4 times in Guangzhou between 2000 and 2005, and a higher growth of 9.5 times in Yuexiu.

Table 5.5 Growth of luxury housing consumption in Guangzhou between 2000 and 2005

	Housing consumption above 10 times of yearly salary average in 2000 (0.2 million RMB)		Housing consumption above 10 times of yearly salary average in 2005 (0.3 million RMB)		Housing consumption above 10 times of yearly salary average between 2000-2005
	Number	Percentage	Number	Percentage	Increase ratio
Yuexiu	7210	4.7%	68500	13.2%	9.5
Guangzhou	128700	8.1%	566000	12.3%	4.4

Source: Census Data of Guangzhou 2000, 2005.

Stimulate Consumption of Potential Gentrifiers

After housing demand is released through housing reforms, the state makes further efforts to stimulate housing consumption in the old urban centre. On the one hand, public investment is conducted in upgrading inner-city infrastructure and urban image. Accordingly, the road network is greatly improved, and the urban landscape is beautified. For example, Donghaochong, which is a small river in Yuexiu, was ever dirty and obsolete, and the buildings alongside the river were mostly dilapidated. However, as a part of image upgrading scheme, a public fund of over one billion RMB has been invested into the riverside since 2002, resulting in the demolition of old buildings replaced with green space⁸. As a result of public investment, the upgraded infrastructure and landscape in the inner city, along with ample preexisting urban amenities, has greatly attracted the emerging middle class to settle down.

On the other hand, the system of Housing Provident Fund (HPF) is strategically utilized by the government to stimulate middle-class's upward housing

⁸ http://www.china.com.cn/sport/txt/2010-09/28/content_21020618.htm

consumption. The HPF system is originally designed by the government to replace in-kind housing welfare with monetary housing welfare (Wang and Murie, 2000). In this system, both employers and employees are required to deposit a proportion of wage in the HPF, and the deposit can only be used in housing consumption. In addition, the contributors to the HPF can also loan from the HPF with low interest rate when buying commercial housing. However, such monetary welfare is unevenly distributed between middle class and working class because of the income differentiation. With respect to the middle class with higher income, they obtain more welfare, the part deposited by the employers.

In Guangzhou, the unevenness of the HPF system is further enhanced by local government to benefit the middle class. Firstly, the government initiates a flexible deposit rate with gradient, authorizing higher deposit rate for those who earn more. The government stipulates that the basic deposit rate for the working class is 5%, whereas for workers with higher affordability, the rate should be increased to 8%. Also, the government allows a deposit rate as high as 20% for more advantaged groups. Secondly, the government raises the maximum amount of HPF loan. The maximum amount of HPF loan in 1999 was 160,000 Yuan⁹ and the number rose to 500,000 in 2008¹⁰. Thirdly, the restrictions of one-off HPF loan and maximum loan period of twenty years are released. Till to 2008, one can obtain the HPF loan many

⁹ <http://www.59148.com/law/gz/7460.html>

¹⁰ http://www.gzgjj.gov.cn/web/static/articles/catalog_2c94ecab2c7c2a73012c7c44ed0e0.html

times¹¹, and the maximum loan period has extended to thirty years¹².

Although the monetary housing welfare system involves most beneficiaries in the previous housing allocation system, benefits are more distributed to the emerging middle class with higher socio-economic status. Initiated with upward housing demand and supported with the HPF, the middle class in Guangzhou are stimulated by the government to consume high-end housing of more spacious rooms, favorable landscape, and ample urban amenities, which are more available in the inner city.

5.4 The Role of the State in Promoting Capital Reinvestment

Apart from producing the middle class, the state also channels investment in fixed capital into the old urban core to accommodate potential gentrifiers. Similar to the context of Western cities, the rent gap also exists in Chinese metropolises due to uneven development. However, this uneven development is brought about by strategized urban growth approach but not free movements of capital. Besides, since existing fragmented property rights hamper the spontaneous capital inflow, the state implements land reforms attempting to remove the obstacle and facilitate the capital reinvestment in filling up the rent gap.

Rent Gap as a Product of Urban Development Strategies after Reform

In Chinese metropolises, the rent gap between capitalized ground rent and potential ground rent in old urban centers has been easily identifiable (Wu, 1997).

¹¹ http://www.gzgjj.gov.cn/web/static/articles/catalog_52cb532f2ceeb7f4012cf2f9f61a01.html

¹² http://www.gzgjj.gov.cn/web/static/articles/catalog_52cb532f2ceeb7f4012cf2f88ae701.html

A mass of land in inner-city areas is occupied by dilapidated residential and industrial structures, whereas both local governments and developers expect a more optimal land use. This rent gap, however, is not a result of free capital movements which generate investment in some areas and disinvestment in the other. Instead, the rent gap is result of heavy intervention of the state in terms of urban development approaches.

First of all, through urban planning, the local government manages the spatial growth of cities. Quite different from the urban strategy of under-urbanization or de-urbanization in the Maoist period (Ma, 2002), the government of Guangzhou aggressively strategizes urban expansion and urbanization during the transitional period. During the 1980s, the local authority initiated a new urban planning, The Master Plan of Guangzhou 1981-2000, to drive the process of urban expansion (Lin *et al.*, 2006). This plan presents a strategy of built-up area expansion and eastward-oriented development. Therefore, the development of previous suburban districts including Tianhe, Liwan south, and Baiyun had been the main focus. In contrast, redevelopment in the old urban areas had been ignored. Since most local developers at the time were SOEs, which were under control of the state, capital uniformly flowed into the new land rather than the inner city. Likewise, the following urban planning, The Master Plan of Guangzhou 1991-2010 and The Master Plan of Guangzhou 2001-2010, consistently gives higher priority to the development of new land. The emphasis on the new land development greatly raises the land price of Guangzhou, and therefore the potential ground rent of land plots in

the inner city correspondingly rises.

Apart from urbanization, the industrial restructuring forced by the government further raises the potential rent of the land in the inner city. Maintaining that value of inner-city land is better explored in the form of commercial or complex use than industrial use, the local government aggressively relocates traditional manufacturing industry to suburban areas replacing with tertiary industries. Accordingly, supply of new industrial land is rigorously restricted in the inner city, whereas land parcels with other uses are amply provided. Such industrial restructuring is also manifested in the planning documents. The Strategic Conceptual Planning of Urban Development in Guangzhou 2000, for example, stresses the service and business but not other functions of Yuexiu (Lin, *et al.*, 2006). As a result of state-led industrial restructuring, the shift of urban land use from industrial use to commercial or complex use is extensively expected, which further give rise to the upsurge of land price in the inner city.

While potential ground rent of inner-city land parcels is increasing, the capitalized ground rent has been much lower. Both SOEs and the local government have received extremely low land rent because of welfare policy heritage on the one side and financial shortage for reinvestment on the other. Dilapidated buildings with little maintenance and occupied land with suboptimal uses both lead to lower capitalized ground rent. However, before the land parcels with preexisting structures or obsolete brownfields are assembled by the government and leased

again on the land market, no potential ground rent can be captured. In this respect, the narrative of existence of rent gap is also adoptable in the context of Chinese cities.

Facilitate Reinvestment through Land reforms

The rent gap somehow unintentionally created by the local government is closed also by the government. Realizing that a sustainable local growth cannot be fueled by just urban expansion or urbanization, but also by a competitive economic structure which means a vibrant urban core, the government since the 1990s started to channel investment into the inner city. The land reforms are firstly conducted to tackle the problem of unclear property rights which hampers reinvestment in the inner city. In the reform, ownership of urban land by the government is specified and underlined in the Constitution of China (Yeh, 2005). By crystallizing the state's ownership right of urban land, it legitimizes the possible governmental action of land acquisition. Also, the notion of land-use right which is a part of property rights of land is clarified in the Land Administrative Law. By defining the land-use right as a special commodity, the new land policy replaced the system of land allocation with land-use right leasing. An urban land market, therefore, is established, and the land parcels in the market can be leased, transferred, and exchanged in terms of time-limited land-use right. Furthermore, the government is also granted a right of land-use conversion by the Land Administrative Law. As a result, the right of land-use conversion is strategically utilized by the government in urban planning to dislocate those inferior industrial

land uses.

After the land reforms by which land property rights are redefined and redistributed, the government begins to tackle the occupied land parcels inherited from state-socialist system. With respect to the land parcels where restituted private houses and privatized public housing are sitting, the local government retrieves them through public schemes of redevelopment, justifying the schemes as actions of urban livability promotion. The land law entitles local governments to a conditional land-acquisition right which is only applicable for public projects. In practice, however, municipalities strategically define the 'public' and 'private' in line with their own interests (Fang and Zhang, 2003). In Yuexiu, for example, a public scheme of 'small change in one year, and mediate change in three year' (SCMC scheme) was launched in 1998 to improve the livability of the locality (YCBC, 2009). However, in the guise of public projects, heavy private investment occurred, demolishing a large amount of dilapidated housing structures replaced with high-rise condominiums such as JHY¹³.

Besides, the institutional change of demolition-and-relocation (*chaiqian*) further eases the land acquisition of those occupied with dwellings (He and Wu, 2009).

Before the 1990s, most redevelopment projects performed on-site relocation, and in 1991 the State Council stipulated a pattern of off-site compensation for residents

¹³ No public documents have recorded the engagement of private investment in the SCMC scheme. Instead, this information was obtained through an interview with a local developer manager of Hopson Holdings Limited.

affected by redevelopment (Dowall, 1994). In 2001, however, the regulation in Guangzhou was revised to encourage monetary compensation instead of in-kind compensation¹⁴. The shift from in-kind compensation to monetary compensation greatly lowers the difficulty of land acquisition and threshold of capital reinvestment. Firstly, monetary compensation is much less time-consuming than construction of resettlement housing. Secondly, as there is no norm of monetary compensation, both the local government and developers tend to be stronger in bargaining for a lower compensation (Fang, 2000).

In dealing with inherited industrial land occupied by SOEs, on the other hand, the local government strategically utilizes the right of land-use conversion during industrial restructuring. For some of the SOEs with allocated land in the inner city, the local government firstly stimulates them to relocate by replacing their allocated land with more plots in the suburb and sometimes additional cash, and then leases the retrieved land in the land market with converted land use. For some others, a partnership of joint venture between SOEs and private developers is allowed by the government in order to redevelop the land (Zhu, 1999, 2004, 2005). In this partnership case, by negotiating with the local authority, the joint venture can be authorized to convert the industrial land with commercial, residential, or complex use depending on local land-use planning (Zhu, 2004). Besides, in order to attract more reinvestment from private sectors, the local government even makes flexible controls of development intensity regardless of urban planning. For example, new

¹⁴ <http://www.fzzx.cn/S/BookPages/203/Default.shtml>

built structures in the inner city can be in very close distance and the plot ratio can be as high as 18 whereas in the planning document the highest plot ratio is only 7 (Lin *et al.*, 2006).

Similar to the situation that the government keeps middle in the inner city by investing in infrastructure, facilities, and urban environment, the government also utilizes such public investment to lever more reinvestment from private sectors. As Wu (1997: 660) argues, ‘although the rent gap is huge, the input required to capture the gap is also enormous’. In order to attract private reinvestment, the government heavily invests in urban environment to market inner-city housing consumption by developing an image of quality urban living. In Yuexiu, for example, the government invested over 200 million Yuan between 1998 and 2005 to improve livability of the locality (YCBC, 2009). As a result of public investment, both land and housing price tremendously increase, and therefore capital from private sectors is attracted to flow in.

When the inherent problems of occupied land in the inner city are solved, the infill development in open space becomes less risky. In some areas in Yuexiu, capital quickly flows into open space as soon as adjacent occupied land parcels are redeveloped¹⁵. In order to further facilitate urban redevelopment, the local government also reduces or exempts various fees and charges of urban land use, provides in-kind subsidies, and allows an approach of installment in terms of land

¹⁵ This information is provided also by the manager of Hopson Holdings Limited.

lease payment (He, 2010). For example, the down payment of land lease fees in Guangzhou was reduced from 30% to 20% in 1995 (Wang, 1995).

Under a context of emerging market economy in China, the local government has played a significant role in influencing performances of the housing and land markets. In order to model a vibrant old urban core and motivate conspicuous consumption of emerging middle class, the local government has been striving to stimulate both consumption side and production side of the market. In this respect, He (2010) was correct to conclude gentrification in major metropolises of China as a state-sponsored pattern.

5.5 Summary

This chapter explores the underlying forces of gentrification in China. Given that most literature regarding explanation of gentrification follows either a consumption- or a production- based insight, the chapter firstly examine the applicability of consumption and production theories in the context of China. It is found that the semi-market condition in Chinese cities makes both consumption and production theories insufficient to interpret well the emergence of gentrification. In view of a progressive market transition in China in which the government heavily intervenes, the role of the state in urban redevelopment in generating gentrification is examined. By analyzing the role of the state in influencing both performances of the middle class and developers, it is found that the state has been playing a leading role in generating gentrification.

CHAPTER 6: CONCLUSION

6.1 Introduction

Gentrification, as both a special pattern and a result of urban redevelopment, has been widely studied with reference to the contexts of major cities in advanced capitalist countries, and there is a widespread agreement that gentrification brings about various negative impacts on urban space. While large-scale urban redevelopment in metropolitan cities of China is extensively noted under market transition, its relevance to gentrification has been little understood. As a matter of fact, very little work regarding the issue of large-scale urban redevelopment in major Chinese cities has been done. This thesis, on this account, contributes a part to the comprehensive understanding of the urban redevelopment process from a perspective of gentrification.

This research was performed to examine the characteristics of inner-city urban redevelopment in Chinese metropolises, the relevance of urban redevelopment process to gentrification, and the underlying driving forces. A better understanding of urban redevelopment in China has its both theoretical and empirical merits. As to the theoretical manner, this research adds to the wealth of urban redevelopment literature; and as to the empirical manner, a comprehensive knowledge of urban redevelopment is a prerequisite for developing proper urban policies.

Guangzhou is a major city in China that urban redevelopment in the inner city has been taking place drastically during last two decades, and the large-scale urban

redevelopment of the locality has greatly influenced the urban landscape and the people living there. By taking Guangzhou as a case, the research objective of understanding the inner-city urban redevelopment of Chinese metropolises from the perspective of gentrification has been achieved. This research has introduced the contextual change of the inner-city Guangzhou as background knowledge for understanding of urban redevelopment; has examined the characteristics of the urban redevelopment process in inner-city Guangzhou; has conceptualized the process of urban redevelopment in inner-city Guangzhou as gentrification; has characterized gentrification in inner-city Guangzhou; and has identified the major driving factors for the pattern of urban redevelopment in inner-city Guangzhou.

6.2 Research Findings and Conclusions

To achieve the objective of understanding the urban redevelopment process in Chinese metropolises, both literature review and case study have been performed. The literature review of urban redevelopment shows that urban redevelopment approaches, given a contextual change of urban settings, are different in different periods. Currently, urban redevelopment has been more often fueled by private sectors and facilitated by the public sector, which to a large extent makes gentrification expand. With respect to Chinese cities, the review tells that urban redevelopment in the inner city is a result of disinvestment in the centrally planned period, and the large-scale urban redevelopment has brought about various urban problems such as unequal redistribution of interests (see Chapter 2).

The review of gentrification, on the other hand, shows that gentrification, which was previously identified only in major cities of capitalist countries, has expanded globally to both developed and developing economies in its third wave, taking the most form of new-build gentrification. Besides, in explaining current gentrification, the traditional consumption-side and production-side theories have been weak. With respect to the research of gentrification in China, literature has been rare, and worth noting is that the scarce literature has not conceptualized gentrification in the context of socialist market economy (see Chapter 3).

Empirical study of urban redevelopment in Guangzhou was carried out to characterize the process. The findings show that urban redevelopment takes place in a context of less competitive but not declining inner city where uneven development is noticeable. Urban redevelopment in general occurs taking the form of more new construction in either vacant or cleared sites more and less renovation. Besides, urban redevelopment brings about construction of modern offices and high-rise apartments which greatly changes the urban landscape, and thus upsurge of housing price. Also, urban redevelopment influences the urban living of preexisting residents and makes them relocate. A process of conceptualization is conducted to establish connections between urban redevelopment in Guangzhou and third-wave gentrification. The conceptualization of urban redevelopment shows that elemental characteristics of gentrification in literature are all appreciated in some upgraded areas indicating the emergence of gentrification in Guangzhou. By characterizing gentrification in Guangzhou, the thesis suggests that gentrification takes the form of

new-build pattern and it is residential-related at small scales. In addition, a totally different group of gentrifiers is witnessed in comparison to Western cities. Simply stated, the gentrifiers in Chinese cities are relatively less educated, older, not exclusively from the suburb or the inner city, and move into gentrified areas for the sake of better educational and environmental resources nearby (see Chapter 4).

An examination of underlying forces for gentrification in Guangzhou was performed through testing applicability of existing theories. The findings show that traditional consumption-side and production-side explanations from the perspective of the market are not applicable in the context of Chinese cities. Instead, the government plays more influential role than market performance in generating gentrification. It is found that the state heavily intervenes in stimulating inner-city housing consumption of emerging middle class on the one side, and facilitating capital production of accommodation for potential gentrifiers on the other. Based on the structuring of the role of the state in gentrification, the findings indicate a pattern of state-led or state-sponsored gentrification as He (2010) suggested (see Chapter 5).

6.3 Research Contributions and implications

This research has initiated a comprehensive approach to understanding the urban redevelopment process in inner cities of Chinese metropolises. It has involved a study of the characteristics of urban redevelopment process and the driving forces underlying. Firstly, the holistic analysis of urban redevelopment process adds to

the wealth of literature regarding urban transformation under market transition in general and urban redevelopment in particular. Taken into account that literature regarding urban redevelopment in Chinese cities is surprisingly rare regardless of the large-scale process itself, the contribution to this knowledge gap is especially encouraging.

Secondly, the research has conceptualized gentrification in a socialist market economy, which is another important evidence of gentrification as global urban strategy that Smith (2002) argues. The identification of gentrification in Chinese cities also proves that gentrification has been always expanding, and building a geography of gentrification is in urgent need to take into account the context, locality and temporality as Lees (2002) calls for.

Thirdly, the study of characteristics of gentrifiers in Chinese cities enriches the socioeconomic profiles of this distinct new middle class. Gentrifiers, due to the contextual differentiation of gentrification process, have not been a homogeneous group of population, but differentiated middle class people. The distinction of gentrifiers in different contexts also reminds researchers on the importance of focusing on the geography of gentrification.

Last but not least, the study of reasons of gentrification provides new insights into the role of the government in urban redevelopment in general and in gentrification in particular. By examining governmental role in influencing both consumption and production performance of the market, it elaborates well the function of an assertive

government in the neoliberal period in which economic growth is the focal agenda.

The findings of this research also provide significant implications for the working class, policy makers and also scholars. First of all, the inevitable displacement accompanying gentrification implies detrimental impacts on the urban living of preexisting people which are usually less advantaged. Displacement caused by gentrification possibly lead to serious housing displacement and loss, noticeable residential differentiation, and break of social networks. Furthermore, the open support of the government for gentrification worsens the difficulty of resistance, loss of place, and destruction of community. As a matter of fact, the review of gentrification literature has detected a more critical attitude to gentrification that it is viewed overwhelmingly as a negative urban process (Atkinson, 2004). In order to ameliorate the destructive impacts of gentrification, there is therefore a need for poor residents to resist this process by bargaining with local governments for more fair compensation and for more power of community participation.

The findings of expansion of third-wave gentrification and the leading role of the state in generating gentrification also have implication for governmental choice of urban strategies and policies. The inflation of housing prices, the speculation in local real estate market, and the probable constant expansion of gentrification in the inner city all indicate that the government should take control of the hasty urban redevelopment. Instead, more capital should be channeled into suburban areas to improve the local infrastructure and urban amenities, so as to reduce exclusive

aggregation of the middle class in the inner city. In addition to stimulating consumption of the middle class, the government should also provide more affordable housing and financial support as well for the valuable working class to prevent social tense and class conflict.

With respect to implications for urban scholars, firstly, the negative impacts widely noted in Western literature imply that empirically study is in need to examine the results of urban redevelopment in general and gentrification in particular in the contexts of Chinese cities; and secondly, it is also necessary for urban scholars to examine the existence of gentrification in other Chinese metropolises to see if it has been accidentally adopted by local governments as a urban strategy without notice.

6.4 Limitations of the Study and Further Research

Similar to some other research, the study has its limitations in terms of both data and methods in use. The first major difficulty encountered regarding data is the absence of statistical data at neighborhood scale. In verifying the uneven development in inner city Guangzhou after reform, as no statistical data at small scales is available, the research has to count on individual evidences and piecemeal reports. Also, the lack of statistical data happens regarding some sensitive issues such as total demolition area, displacement amount, and compensation specifics. Handling of inherited industrial land is also a confidential issue since relevant redevelopment involves semi-legal negotiation between public and private stakeholders. Another problem regarding statistical data is about

coherence. During data collection, it is found some data in need is available in early years but absent in the following years, and vice versa. Also, the statistical scope and method of specific data may undergo continuous change and it is difficult to perform correction. For example, the statistical method and scope of data about fixed asset investment and real estate production in Yuexiu have been changed twice.

Another aspect of limitations is regarding the research methods. Firstly, during conceptualizing the process of inner-city urban redevelopment in Guangzhou as gentrification, comparison between previous and incoming residents in terms of socioeconomic profiles is necessary. However, since tracking of original residents are difficult, this research had to choose another group of affected residents as interviewees to conduct indirect comparison. Secondly, there has been actually quantitative approach to identify the driving forces for gentrification (see Ley, 1986), however, due to census data shortage and also time and cost constraints, the quantitative method cannot be adopted. The structuring of the governmental role in gentrification would have been beneficial to perform a quantitative approach that tests the results of the qualitative analysis.

Furthermore, the empirical studies of the research were confined to the Guangzhou context. Although it is acknowledged that Guangzhou has been a typical city experiencing urban redevelopment under market transition, one should be cautious when commenting on the broader applicability of the narratives in this research.

Actually, the view points of this research regarding characteristics and causes of gentrification in China entail more detailed examination, which indicates some meaningful directions for further studies as discussed as follows.

As Lees *et al.* (2008) mention, the question regarding gentrification has turned away from identifying and explaining evidences of gentrification to examine consequences. After identifying the existence of gentrification in Chinese metropolises, further studies should be carried out to understand the impacts of this process on both urban settings and residents' urban living. To clarify, positives and negatives of gentrification summarized by Atkinson and Bridge (2005) under Western city contexts should be critically examined with empirical studies in the Chinese context.

To improve the understanding of the framework of rent gap for analysis of urban restructuring as Wu (1997) suggested, further research can be conducted to investigate the existence and dynamics of the rent gap at finer scales instead of at district-based scale. Likewise, to understand more of the consumers' behavior of housing choice, a more detailed investigation of housing consumption performance along with a larger population sample can be carried out.

This research only illustrated the emergence of gentrification based on three cases of small communities, which either have better natural environments or possess better educational resources. Expecting that gentrification may exist in some other advantaged areas and its expansion may probably happen, further research should

be carried out to identify more evidences of gentrification in geographically different spaces and keep track of its future in China.

APPENDIX I

QUESTIONNAIRE SURVEY OF DISPLACEDS (Q1)



香港理工大学，建筑及房地产学系
Email: cartrony
Tel: +852-6642 , 1591
胡杰，硕士研究生

敬爱的受访者，

您好！感谢您抽出宝贵时间参与这次问卷调查！本次问卷调查的目的在于了解广州旧城研究样本区的居民信息。本问卷问题包括住户基本信息。您的答案对本人的研究将有非常重要的启发和帮助，此研究也可能对你将来的生活有积极的影响。谢谢您的不吝参与！

1. 您是否为拆迁户居民：
 - A. 是
 - B. 否
2. 如果是拆迁户居民，拆迁前您居住于：
 - A. 原越秀、东山区
 - B. 原荔湾区（不含芳村）、海珠区
 - C. 市其他区
3. 您的受教育程度是：
 - A. 小学至高中
 - B. 中专或大专
 - C. 本科
 - D. 硕士及以上
4. 您所从事的行业是：
 - A. 金融/保险/IT/或技术服务
 - B. 商贸/物流/或房地产
 - C. 教育/或文体娱乐
 - D. 机关及团体
 - E. 制造业或其他
5. 您的职业类型是：
 - A. 企事业单位管理层
 - B. 办事和服务人员
 - C. 技术人员
 - D. 生产人员及其他

The Hong Kong Polytechnic University
Department of Building & Real Estate
Email: cartrony
Tel: +852-6642 1591
HU Jie, Mphil candidate

Dear interviewees:

Thanks very much for your cooperation in this questionnaire survey! This questionnaire survey is aimed to understand the socioeconomic profiles of preexisting residents in inner-city areas of Guangzhou who are influenced by urban redevelopment. Your answers of the questions below are important and also inspiring for the research. Also, it is hoped that the research would positively influence your future urban life. Thanks for the cooperation!

1. Are you resident affected by urban redevelopment in Guangzhou:
 - A. Yes
 - B. No
2. If yes to question one, where did you ever live in:
 - A. Yuexiu district
 - B. Liwan or Haizhu district
 - C. Other districts in Guangzhou
3. Your educational attainment:
 - A. High school and below
 - B. Technical school and college
 - C. Bachelor degree
 - D. Master degree and beyond
4. Your working sector:
 - A. Banking, insurance, IT and technical service
 - B. Commerce, transportation and real estate
 - C. Education, culture, art, and entertainment
 - D. Government, institutions and social organizations
 - E. Manufacturing industry and others
5. Your occupation:
 - A. Managers and professionals
 - B. Secretaries and clerks
 - C. Technical staff
 - D. Processing workers, operative workers and others

APPENDIX II

QUESTIONNAIRE SURVEY OF GENTRIFIERS (Q2)



香港理工大学，建筑及房地产学系

Email: cartrony

Tel: +852-6642 , 1591

胡杰，硕士研究生

敬爱的受访者，

您好！感谢您抽出宝贵时间参与这次问卷调查！本次问卷调查的目的在于了解广州旧城研究样本区的居民信息及居住地选择因素。本问卷问题包括两部分：第一，住户基本信息；第二，住户居住地选择的主观判断。您的答案对本人的研究将有非常重要的启发和帮助，，此研究也可能对你将来的生活有积极的影响。谢谢您的不吝参与！

第一部分：住户基本信息

1. 户主入住该小区的年份始于_____；
2. 户主是否为回迁居民：
 - A.是
 - B.否
3. 户主入住该小区前来自：
 - A.原荔湾、越秀、东山区
 - B.广州市其他区
 - C.广州市外
4. 户主入住时的年龄是：
 - A.小于 25 岁
 - B.25 岁-35 岁
 - C.35-45 岁
 - D.大于 45 岁
5. 户主的受教育程度是：
 - A.小学至高中
 - B.中专或大专
 - C.本科
 - D.硕士及以上
6. 户主所从事的行业是：
 - A. 金融/保险/IT/或技术服务
 - B. 商贸/物流/或房地产
 - C. 教育/或文体娱乐
 - D.机关及团体
 - E.工业或其他

7. 户主入住时的职业类型是:

- A. 企事业单位管理层
- B. 办事和服务人员
- C. 技术人员
- D. 生产人员及其他

第二部分：居住地选择因素

8. 请对选择居住该小区的因素重要性打分:(重要度由低到高依次是1-5分)

选择因素	重要性打分 低————→ 高				
	1	2	3	4	5
建筑质量					
户型与园林景观					
安保系统					
小区周边自然环境					
小区周边交通设施					
小区周边生活设施					
小区周边教育设施					
小区周边医疗设施					
离工作地点的距离					
价格					
小区其他业主层次					
其他指标 1_____ (请补充)					
其他指标 2_____ (请补充)					

The Hong Kong Polytechnic University
Department of Building & Real Estate
Email: cartrony
Tel: +852-6642 1591
HU Jie, Mphil candidate

Dear interviewees:

Thank you very much for your cooperation in this questionnaire survey! This questionnaire survey is aimed to understand the socioeconomic profiles of existing inner-city residents and their choice of residential places. Two sections are involved in this questionnaire, the first section is about the socioeconomic profiles of residents, and the second section is about selection of residential places. Your answers of the questions below are important and also inspiring for the research. Also, it is hoped that the research would positively influence your future urban life. Thanks for the cooperation!

Section One: Socioeconomic profiles of residents

1. The year you moved into the current housing is: ____
2. Are you resident affected by urban redevelopment in Guangzhou:
 - A. Yes
 - B. No
3. Where did you live before moved in:
 - A. Yuexiu, Liwan or Haizhu district
 - B. Other districts in Guangzhou
 - C. Outside Guangzhou
4. The age when you moved in:
 - A. Under 25
 - B. 26-35
 - C. 36-45
 - D. 46 and above
5. Your educational attainment:
 - A. High school and below
 - B. Technical school and college
 - C. Bachelor degree
 - D. Master degree and beyond
6. Your working sector:
 - A. Banking, insurance, IT and technical service
 - B. Commerce, transportation and real estate
 - C. Education, culture, art, and entertainment
 - D. Government, institutions and social organizations
 - E. Manufacturing industry and others

7. Your occupation:

- A. Managers and professionals
- B. Secretaries and clerks
- C. Technical staff
- D. Processing workers, operative workers and others

Section Two: Factors of residential choice

8. Point the importance of factors in choosing residential location: (1 to 5 from the lowest to the highest)

Factors	Importance low → high				
	1	2	3	4	5
Structural quality					
Room layout and garden landscape					
Security					
Natural environment					
Transportation facilities					
Daily service facilities					
Education resources					
Medical care facilities					
Distance from work					
Price					
Socioeconomic status of neighbors					
Others 1 _____ (please add)					
Others 2 _____ (please add)					

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