

# Explanation of Gentrification in Chinese Historic Districts, with Shanghai Xintiandi as an Example

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**Abstract:** An important form of gentrification in China is the gentrification of historic districts. This gentrification has broadly undergone three stages of development in China: emergence, decline, and rapid development. The popular way of renewing historic districts in China today has a positive effect on the preservation of historical style. However, on the other hand, gentrification can intensify the division between the rich and the poor and social segregation, which is not conducive to social stability. Most importantly, the so-called preservation of historic districts is mostly just a superficial formalistic renewal. The cultural connotations and social networks of historic districts have been destroyed. In this paper, we take Xintiandi as an example to explain the gentrification characteristics and displacement of Xintiandi historic district from three aspects: physical environment, social class and functional change. David Ley's theory is cited here to explain the characteristics and needs of gentrifiers that lead gentrification.

**Keywords:** Gentrification, Historic Districts, Xintiandi

## 1. Introduction

Nowadays, including developed countries in Europe and America, Japan and China, a large part of downtown renewal in big cities is achieved through gentrification. Therefore, gentrification has become an important path of urban renewal and a major sociological issue. Under the background of globalization, the reorganization of economic model has produced new urban life pattern, consumption pattern and aesthetic consciousness. The change of production and consumption pattern gave rise to a new elite class - cultural middle class, whose unique cultural needs, value taste and life style promoted the development of gentrification. Often, this gentrification takes place in historic neighborhoods with cultural connotations. The development of tourism and the change of local consumption pattern constitute the unique driving force and characteristics of the gentrification of historic districts. Taking the gentrification phenomenon of historical blocks as the starting point, this paper selects Xintiandi as a typical case to study the gentrification phenomenon from the three aspects of physical environment, social class and function, and focuses on the fit between the case and David Ley's demand-oriented theory.

## 2. Gentrification of Historic Districts in China

### 2.1. Gentrification

“Gentrification” is a concept originally developed by British scholar Ruth Glass in the 1960s in response to the changing social structure caused by urban renewal. The process is roughly as follows: when a declining neighborhood is significantly improved, a portion of the middle-class population begins to move in. As more people move into the neighborhood, housing prices and rents rise in tandem. The original residents could not afford the rising rents and prices, so they had to move to more remote locations. Over time, the poorer residents of the original neighborhoods are replaced by the middle class, little by little. This is the process of gentrification. Gentrification involves a dual process. On the one hand, a change in the social structure of the neighborhood - the original poorer residents are replaced by the middle class; on the other hand, a large middle-class investment improves the neighborhood's infrastructure, beautifies the living environment, and revitalizes the neighborhood.

In China, sometimes the process of gentrification and the process of preservation and remaking of historic districts go hand in hand. This kind of phenomenon is manifested in the gentrification of

neighborhoods with special historical and cultural values. Because the transformation object is a historic district with high cultural value, it involves the protection of the historic district, i.e. a process of gentrification and neighborhood protection competing with each other and spiraling development. The phenomenon of gentrification in China's historic districts has developed through three stages, namely, the emerging stage, the declining stage, and the rapid development stage<sup>[1]</sup>.

### ***2.1.1. Emerging phase (early 1980s-mid 1990s)***

The development at this time was characterized by the total knockdown of the historic district and its reconstruction into antique buildings. The neighborhoods were completely commercialized and all the original inhabitants moved out. The consequence was the destruction of the local social network.

### ***2.1.2. Declining stage (late 1990s-2000s)***

During this period, the historic district was kept intact for tourism development. The original inhabitants were not forcibly relocated and remained in place. But the economic benefits brought were limited.

### ***2.1.3. Rapid development stage (2001 until now)***

The focus at this time is on combining conservation and development. The physical environment of the historic district is protected while highlighting the character of the city. The problem is that it tends to lead to cultural distortion. Most of the original inhabitants are still in a marginalized position being relocated.

## ***2.2. Positive and negative impact***

For many reasons most of China's historic districts are in serious decay, with high building density, narrow streets and poor housing quality. Behind the decaying physical environment are real problems such as the aging of the neighborhood's residents and the marginalization of its social composition. The proportion of elderly people, laid-off workers and migrant workers in the historic district is significantly higher; the disadvantaged population is relatively concentrated and the income of residents is generally lower.

The way of regeneration of historical districts, which is now prevalent in China, has a positive effect on the preservation of historical style, though. However, in terms of urban social significance, gentrification can intensify the division between the rich and the poor and social segregation, which is not conducive to social stability.

The cost of renovating historic districts is very high. Under such circumstances, it is difficult to complete the preservation and renewal of a neighborhood by relying only on unilateral government investment. Gentrification can attract a large amount of private investment to achieve the conservation goals of the neighborhood. Moderate gentrification has a positive effect on enhancing the cultural taste of the neighborhood and creating urban character. However, most of the so-called conservation of historic districts is just superficial formalistic renewal. Developers demolish historic buildings and rebuild a very similar antique building in the name of preservation. This type of preservation is also, in a way, destruction. Buildings that have survived for hundreds of years are torn down, generations of people who have lived here are relocated, and in fact everything that was originally there is changed. The essence of gentrification is the replacement of neighborhoods and the reconfiguration of social networks. Once a historic district loses its long-term residents, it loses its real "living world" and its way of life and traditional customs are bound to disappear completely.

## **3. Gentrification Features of Xintiandi**

Located in the heart of Shanghai, Xintiandi was part of the French Concession in the late 19th and early 20th centuries. Shikumen is a traditional characteristic architectural style of Shanghai with historical and cultural significance. The Shikumen houses in the Xintiandi area were built by French developers in the early 20th century in a combination of Chinese and Western styles. They are usually two-three story buildings with stone door frames on the front. Since Xintiandi was unable to meet the needs of the city's commercial development in the heart of Shanghai, the government decided to redevelop the area and transform it into a vibrant district in the end of 1990s. The Xintiandi project was designed to challenge the uniform consumer experience of the city at the time. It preserves Shanghai's early 20th century Shikumen architecture exterior and infuses traditional Shikumen elements into the

commercial buildings, as shown in figure 1, blending urban culture with modern features.

The traditional Shikumen house exterior and façade were preserved and the interior was reconstructed and equipped with modern facilities to provide new functions, such as retail, entertainment, commercial and stores. Many of the old buildings have had their old wooden roofs replaced with steel structures and their interior spaces completely replaced with modern concrete structures. Many new modern-style buildings have been constructed, such as large shopping centers and condominiums. During the redevelopment process, 25,000 families and 800 work units were housed in less than two months in order to attract high-end companies and elites [2].



Figure 1: Photo of Xintiandi [3].

### 3.1. Transformation of the Physical Environment

As seen in the Fig.2, the urban form has changed with the transformation of Xintiandi: the basic block is divided into south and north, and about one-third of the broken houses in the Shikumen Lane have been demolished to form a pedestrian street running through the north and south. Most of the streets have been transformed into modern urban spaces for commercial purposes. The south part of the area is also dominated by new huge commercial buildings. The building function has also changed from the original residential function to the restaurant function and advanced consumption shops [4].

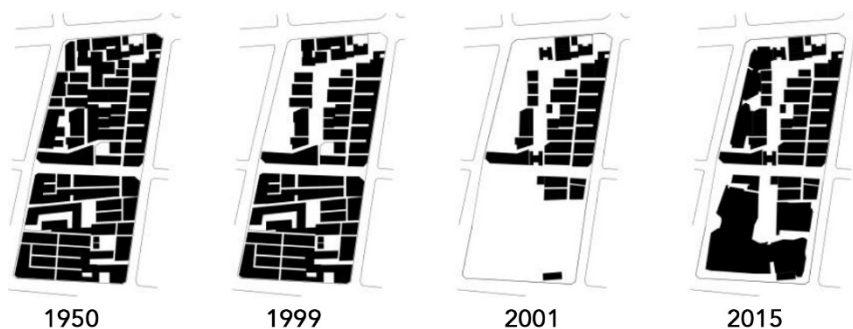


Figure 2: Urban form of Xintiandi [4].

### 3.2. Transformation of Social Class

The original inhabitants of Xintiandi were native Shanghai residents with poor affordability of housing. And the target consumer groups of Xintiandi are: Shanghai's youth, middle class, expatriates living in Shanghai and Chinese and foreign tourists arriving in Shanghai. They are between 20-40 years old, sensitive to the latest fashions, art and culture, spend a relatively high percentage of their living expenses on leisure and entertainment, and enjoy chatting with others over cocktails at the bar on

weekends. Xintiandi is attracting a large number of domestic and foreign tourists by the characteristics of its fake, but nostalgic bourgeoisie style. This change in the demographic composition of society is an important aspect of gentrification.

### 3.3. Transformation of Function

The renovation of Xintiandi has transformed it from a purely residential living area to an urban commercial area with a mix of commercial and recreational activities. In terms of commerce, it has a variety of businesses such as restaurants, art shop, retail and entertainment. The renewal of the neighborhood essentially transforms it from a living community to a commercial community. From fig.3, we can see that the trade form of Xintiandi has evolved from an intensive residential area in 1950 to 50% restaurant in 2015, 34% retail, 4% art shop and 12% entertainment [4].

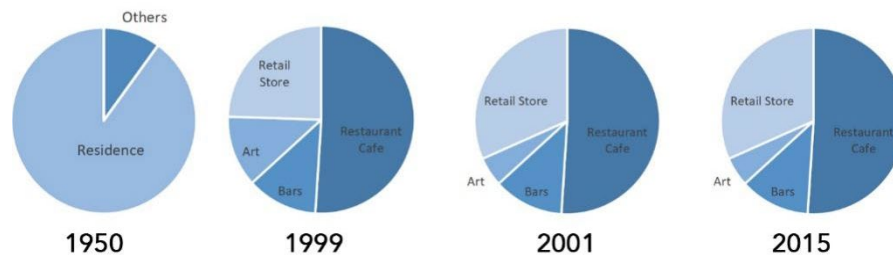


Figure 3: Function ratio of Xintiandi [4].

For the original inhabitants, Xintiandi was a place where life was extremely convenient and quiet. But after the renovation, Xintiandi has evolved into a consumer-oriented hustle and bustle place, and its positioning and functions no longer remain to meet the basic living needs of local residents, but has shifted to cater to the urban to the consumption needs of the middle and high-end income groups.

## 4. Demand-side Driver

### 4.1. David Ley's Theory

David Ley is a geography professor in University of British Columbia. His theory involved three key propositions focusing respectively on economics, politics and culture.

First at the level of the economy, its associated with a shift of the labour force, with a decline in blue collar workers and a growth of white collar workers, particularly in the professional, managerial, administrative and technical occupations. Ley linked this to the shift from a goods-producing society to a service-producing society, and to the decline of manufacturing and the rise of office work.

Second at the level of politics, he proposed post-industrial society is distinguished from industrial society in terms of the role of government. Decision making and allocation of resources is now referred to the political arena and not only to the market place.

Third at the sociocultural level, Ley argued that there has been a re-assertion of the role of individuality and a growth of a more sensuous and aesthetic philosophy among the growing numbers of the North American service class, particularly on the West coast [5]. In the paper Liberal ideology and the post-industrial city Ley published at 1980, he concluded that: "we may see from this framework the appearance of a theoretically significant group of actors (who) form a theoretical counterpoint to nineteenth century notions of capital and labor ... a class in emergence.... With a secure economic base, they represent the present day counterparts of Veblen's leisure class, displaying the canons of good taste, intent upon the aesthetic, their lifestyle is ... consumption and status orientated in pursuit of self-actualization. [6]"

Please pay attention to 'a class in emergence', an important role in Ley's theory. In the book *The New Middle Class and the Remaking of the Central City*, Ley also wrote description for this group people: "When today's archetypal young graphic designer leaves home, he [sic] is looking for something different than what his parents may have sought. Often, he will look for a "young" place inhabited by his peers. He will seek out a "fun" place, where he can indulge in his favorite leisure activities. But most of all, he will look for an area that makes him feel distinct and at home at the same time, a neighborhood that reflects his tastes- a place that is cool. [7]"

The class has a distinctive consumption style, which Ley thought: “The consumption style of this urban, professional managerial group is partly one of conspicuous consumption, the acquisition of commodities for public display. It is facilitated by the postponement of familial responsibilities, and the accumulation of savings. Clothes, jewelry furniture, stereo equipment, vacations, sports equipment, luxury items such as cameras and even automobiles, inter alia, are part of the visual and functional identity of the potential gentrifiers. In addition, more and more consumption takes place outside of the household in “public” realms: home cooking replaced by restaurants; home entertainment (with the exception of the video recorder which allows freedom from television schedules) by clubs, movies, plays, and shopping; and quiet respites at home are replaced by travel. Admittedly, these consumption habits are not dissimilar from those of other professional middle-class individuals not in the city but what makes them important for gentrification is their intersection with decisions on biological reproduction. [7]” They are also gentrifiers we would talk about later.

#### 4.2. The Relationship between Xintiandi and Multiple Subjects

Xintiandi is the coupling product of demand from all parties in the city as shown in figure 4. Among them, the coupling between social and market demand is reflected in the transformation of urban consumer culture, which has shaped a variety of emerging consumer groups and created conditions for the development of new markets. The coupling between market and government demand is reflected in the fact that monopoly capital needs the power of the government to seize the monopoly right to operate land, and the government needs to increase tax revenue in the commercial development, so as to obtain the source of funds for providing public goods. The coupling between social and government needs is reflected in the fact that the decline of the living environment makes the aborigines hope to improve their living conditions through demolition, while the city government wants to improve the image of the city through the relocation of the aborigines and the renewal of facilities. Therefore, Xintiandi has become the space carrier to realize the three demands due to its central location, historical background and cultural identity.

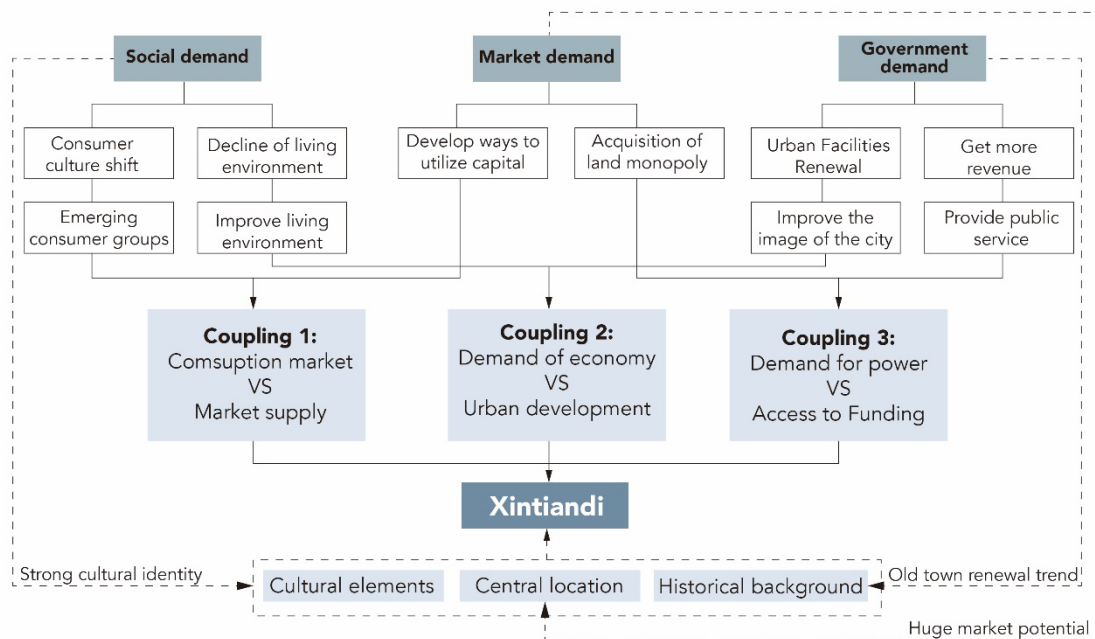


Figure 4: The relationship between Xintiandi and multiple subjects [8].

#### 4.3. Social profile of the Gentrifiers

The gentrifiers are middle class who prefer cultural consumption. There are two types gentrifiers: tourists and residents. The original residential area was transformed into a historical commercial area in order to attract the domestic and foreign tourist. Although tourists do not live inside the Xintiandi area, we still consider tourists to be important gentrifiers from areas outside Xintiandi. As for the residents who live near Xintiandi, they are mainly professionals and managerial personnels with a high-income, special aesthetic preferences and special consumption preferences. Living near an antique shopping street

meets their daily needs <sup>[9]</sup>.

#### 4.4. Social Demand of Gentrifiers

As for social demand, the cultural consumer class prefers high-quality consumption places due to their high level of education. The developers took advantage of the consumption psychology of the middle class to build Xintiandi into a “stylish” cultural gentrification neighborhood. Over 30% of consumers in Xintiandi are foreign tourists. This group of people have a western-style living habit. They prefer Western-style elegant lifestyles. Xintiandi, combines Chinese and Western elements, sells street coffee and western food, which just meets the needs of this group of people.

#### 5. Conclusions

The renewal of historic districts has always been a hot topic in the planning and architecture industry. However, the massive demolition of old buildings and mass relocation of residents in the renewal process actually ignore the cultural and social environment of local characteristics, resulting in gentrification and intensifying social isolation. From the demand level, the triad of market demand, social demand, and government demand has resulted in the gentrification of Xintiandi, which in turn has led to the widening of the gap between the rich and the poor and displacement. The emerging cultural consumer class plays an important role here. They have higher incomes and a solid economic base that makes traditional consumption spaces difficult to satisfy them. They prefer to find places that are different and personal. The commercial district formed by the transformation of the historical district can precisely match their consumption preferences. They are actually consuming history, consuming goods that have been given value by historical significance.

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