

Do Art Galleries Transform Neighborhoods?

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Motivation

- Anecdotal evidence suggests arts-related activities have potential to regenerate neighborhoods
 - Artists move into blighted industrial neighborhoods
 - Transform lofts into studios, residences & galleries
 - Generate positive spillovers that attract yuppies & boutiques
- Research & policy sometimes conflate various activities
 - Artists' residences
 - Studios or workspaces (production)
 - Galleries (retail & entertainment)
 - Performance art venues (entertainment)
- Limited data available on location & characteristics of artistic venues

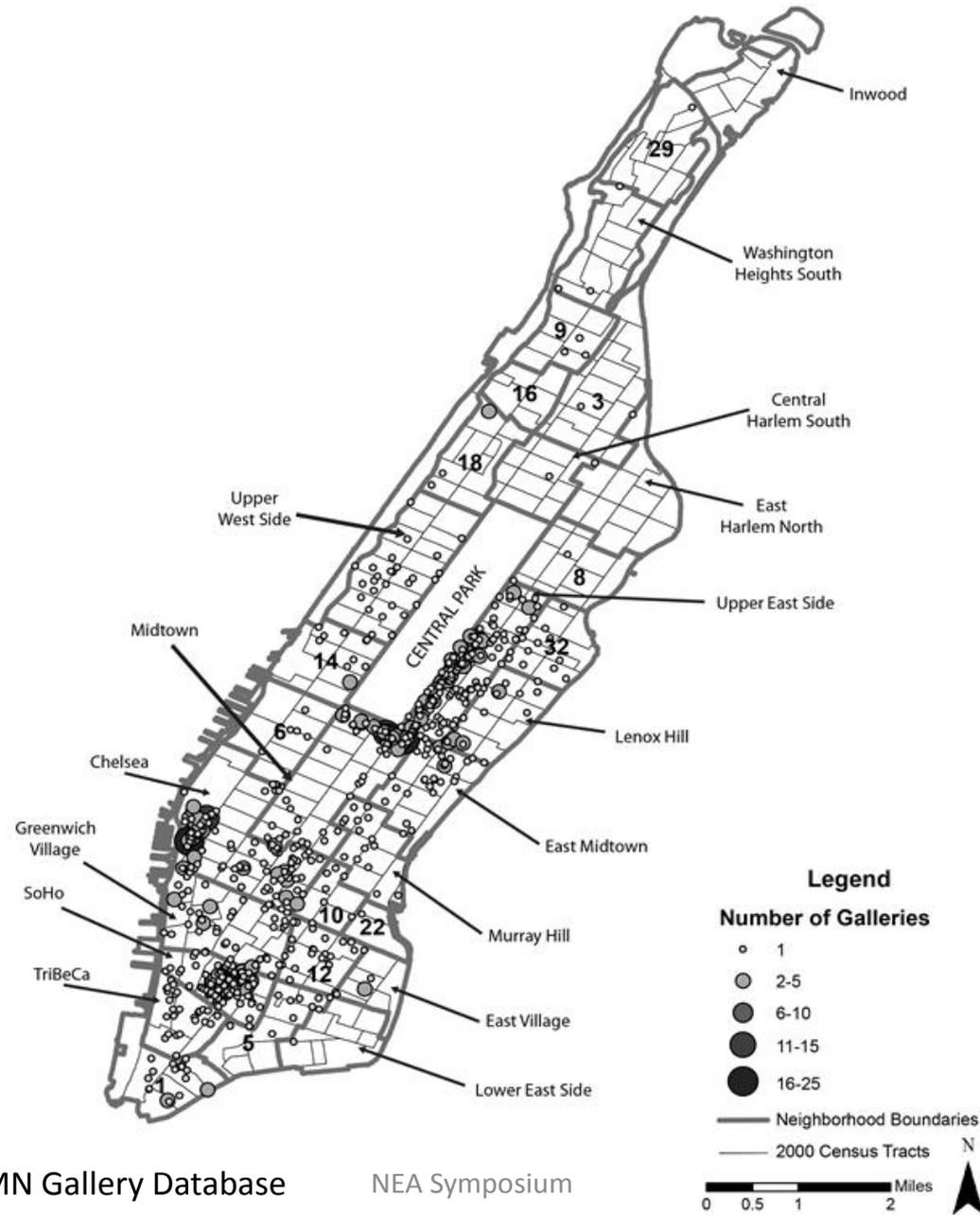
Research questions & hypotheses

- Do galleries generate physical changes in neighborhoods?
 - Shift land use towards residential & retail activity?
 - Increase in quantity or density of building stock?
- Conceptual framework
 - Galleries choose location based on neighborhood amenities and infrastructure
 - These amenities affect future development patterns
 - Do galleries cause redevelopment or choose neighborhoods that are more likely to redevelop?

Study design overview

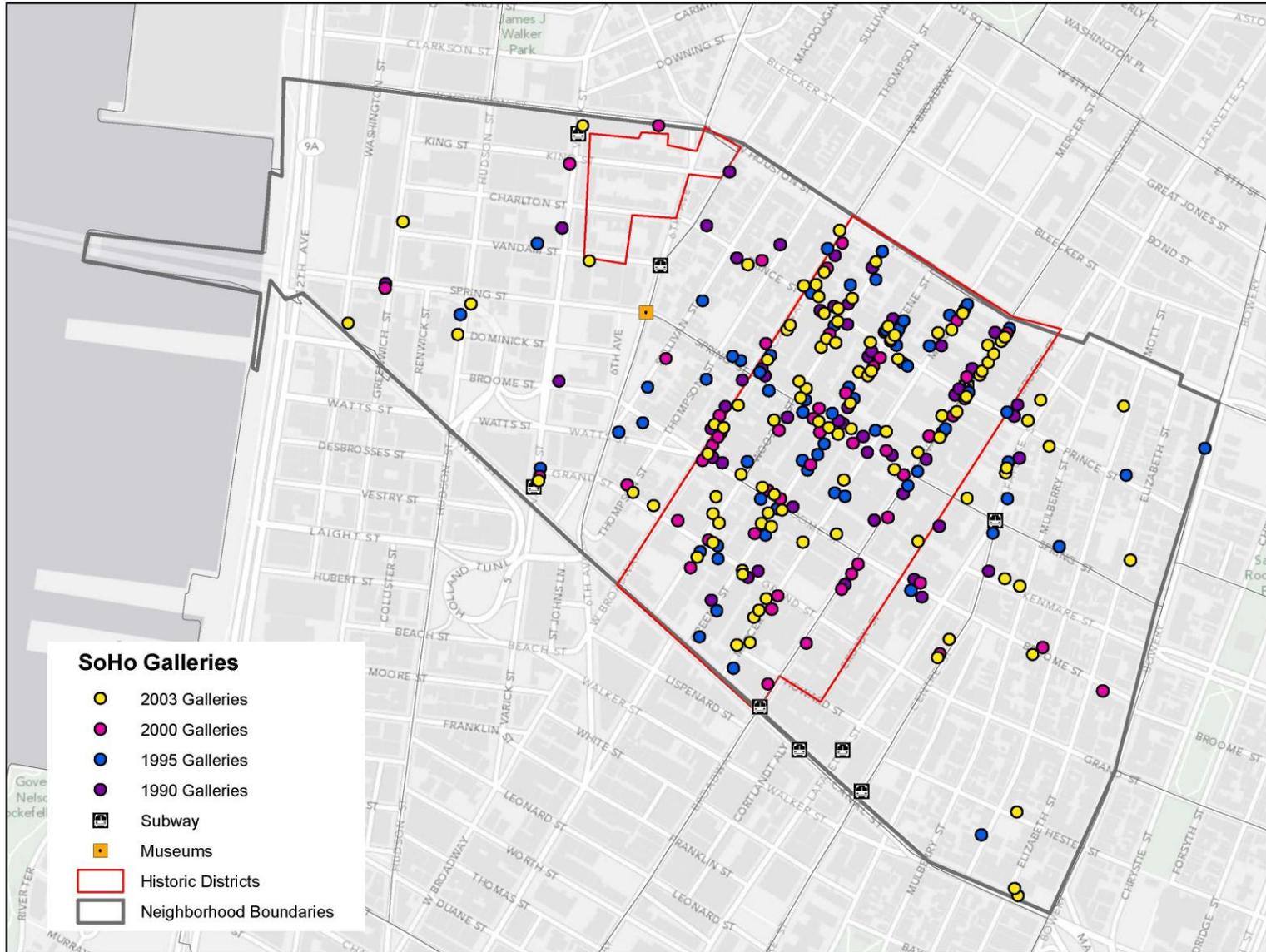
- Examine relationship between gallery location, initial neighborhood characteristics and neighborhood change in Manhattan, 1990-2004
- Combine two original datasets
 - Manhattan Gallery Database (Schuetz et al 2011)
 - RPAD/PLUTO tax lot data (NYC DoF 1991-2004)
- Empirical strategy
 - Model tract- and block-level determinants of gallery location decisions
 - Estimate relationship between number of gallery and neighborhood physical changes

Manhattan Art Galleries (2000)



Results: Gallery location decisions

- Gallery location choice correlated with amenities:
 - Architectural vintage and quality
 - Cultural amenities (museums, universities)
 - Land use patterns and zoning
 - Prior “star” gallery presence
 - Other unobservable amenities (implied by price)
- No “one-size-fits-all” gallery neighborhood
 - Amenities that matter vary by level of geography, by neighborhood and gallery type



Gallery in cast iron building, Soho



5/2/2012

Photo: Schuetz 3.9.2012

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OK Harris gallery, Soho



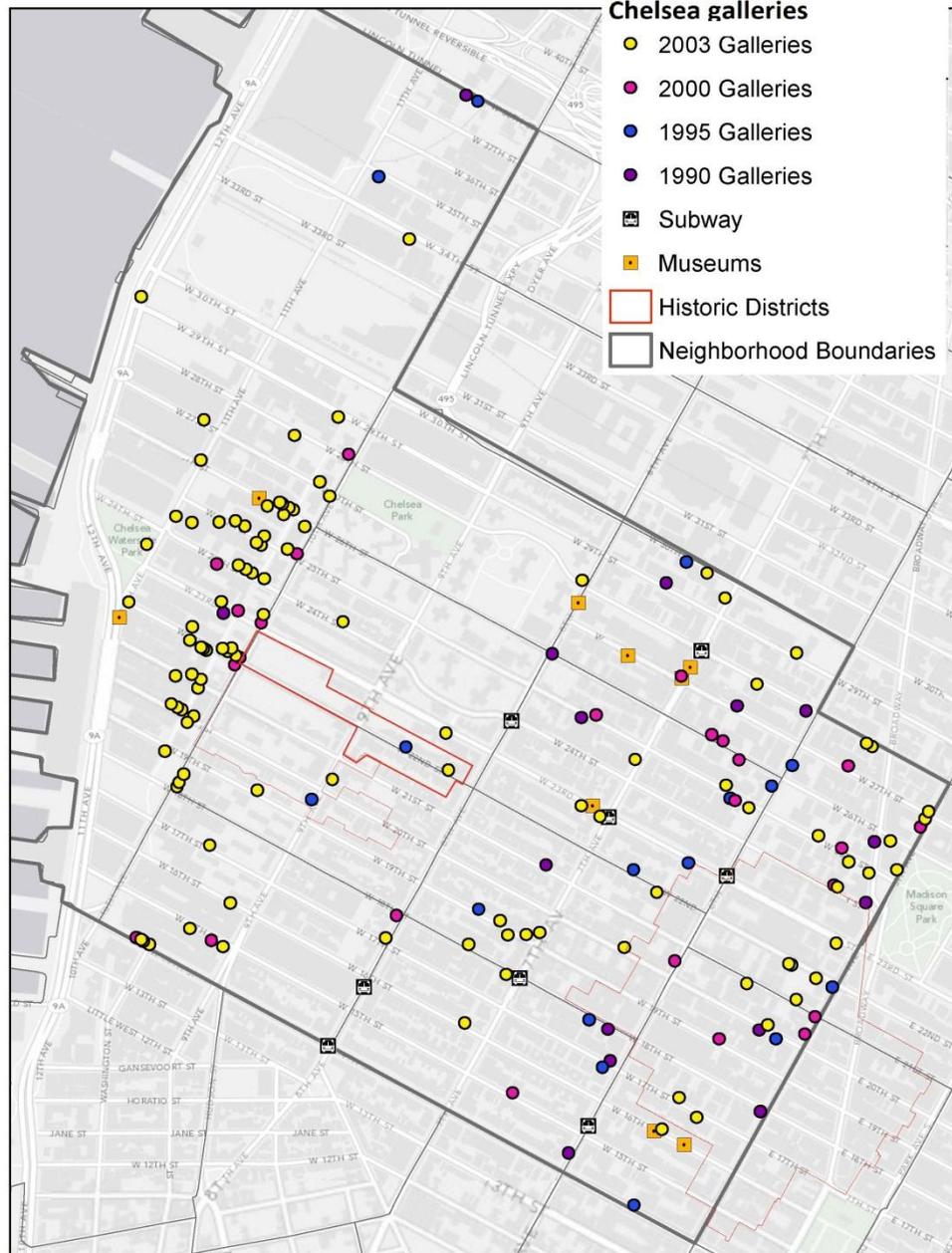
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Photo: Schuetz 3.9.2012

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Franklin Bowles gallery, Soho





Gagosian Gallery, Chelsea



Gallery in converted garage, Chelsea



Photo: Schuetz 6.4.2011

How can Manhattan “transform”?

- Built environment of Manhattan is not conducive to large-scale physical change
 - Old & highly dense building stock, little vacant land
 - Regulatory and political constraints on development
 - Effecting change is lengthy, expensive and uncertain
- But rising land prices can yield visible changes
 - Adaptive reuse of existing structure (low to high value)
 - Interior reconfiguration (change in number of units)
 - Exterior reconfiguration (additional height)
 - Demolition and redevelopment (single or multi-lot)
 - Development of vacant space (including parking lots)

Block transition: Chelsea

Lot	Building class				Area	Story	Units	Yr built	Galleries	
	2000		2003						2000	2003
1	V1	Vacant	G6	Parking lot	19,750	0	0	0	0	0
5	E9	Warehouse	O9	Office	7,406	6	1	1926	2	3
8	G2	Garage	K9	Store bldg	5,896	1	1	1926	0	1
10	G6	Garage	-		6,448	1	1	1910	0	0
13	E1	Warehouse	L2	Loft	24,687	4	1	1910	0	1
23	L1	Loft	-		9,890	9	1	1917	0	12
27	E9	Warehouse	-		9,875	1	1	1942	0	0
31	E1	Warehouse	-		19,760	10	1	1928	1	0
42	F2	Factory	-		12,343	12	6	1927	0	3
47	F2	Factory	P7	Museum	22,219	10	4	1910	12	13
56	G1	Garage	L3	Loft	9,875	2	3	1929	0	1
60	G1	Garage	-		9,875	1	1	1929	0	0

Block transition: Midtown

Lot	Building class		Area		Story		Year built		Galleries	
	1995	2000	1995	2000	1995	2000	1995	2000	1995	2000
1	O3 Office	K9 Store	6225		15		1931			
7	O3 Office		3012		21-22		1926		1	4
9	L8 Loft	K9 Store	2800		6		1916			
10	L8 Loft	K9 Store	3815		6		1930		2	
12	L8 Loft	K9 Store	4317		6	16	1930	1996		
13	L8 Loft		1600		5		1953			
14	L8 Loft	O3 Office	2312	6221	6	24	1939	1998	1	
15	C7 Walk-up apt		2309		6		1930			
26	O4 Office		12900		40-42		1929		14	25
47	J1 Theatre	K1 Store	5020		1		1930			
51	K3 Store		2500		5		1930		2	2
52	O9 Office	K9 Store	4650		7		1930			
59	O3 Office		18000		25		1965			1
69	O4 Office		21975		34-35		1930		1	3
7501	R5 Comm condo		26592		51		1990			

Added building height, Bowery



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Photo: Schuetz 3.9.2012

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New infill building, Soho



Results:

Do galleries transform neighborhoods?

- Neighborhoods (tracts and blocks) with more initial galleries experience more change
 - Higher percent of buildings change land use
 - Increased share of residential land
 - Increase in total number of buildings
- But changes due to presence of initial amenities, little independent effect of galleries.
- Some evidence that galleries choose blocks that will transition in near future – may pick location based on unobservable amenities.

Policy implications & caveats

- Attracting galleries to new areas
 - Target neighborhoods with distinctive architecture, cultural institutions & business-friendly zoning
 - Galleries don't appear to be price-sensitive – may limit effectiveness of rent incentives
 - Is there a first-mover disadvantage for non-star galleries?
- Evidence suggests NYC galleries select neighborhoods more likely to change, rather than causing change.
 - Would results be similar in other cities?
- Art production versus consumption?
 - Galleries depend on access to (mostly affluent) consumers
 - Study does not address potential spillovers from artists' residences or studios, performing arts venues