Do Art Galleries Transform Neighborhoods?

Jenny Schuetz
USC Price School of Public Policy

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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)
• 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)

Legend

Number of Galleries

- 1
- 2-5
- 6-10
- 11-15
- 16-25

Source: MN Gallery Database
NEA Symposium
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

Photo: Schuetz 3.9.2012
OK Harris gallery, Soho

Photo: Schuetz 3.9.2012

NEA Symposium
Franklin Bowles gallery, Soho
Gagosian Gallery, Chelsea

Photo: Schuetz 6.4.2011
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)
<table>
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<tr>
<th>Lot</th>
<th>Building class</th>
<th>Area</th>
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## Block transition: Midtown

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Added building height, Bowery
New infill building, Soho

Photo: Schuetz 3.9.2012
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