The 798 Art District: Multi-scalar drivers of land use succession and industrial restructuring in Beijing

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ABSTRACT

Since the post-1980 economic reforms, Chinese cities, in particular large cities, have experienced far reaching industrial restructuring and spatial transformation. A decentralization of manufacturing industries from urban centres was accompanied by the rise of service and creative industry districts on previous industrial sites. This article explores the interconnections of global forces, state–market relationships, land use policies, art markets, the Chinese system of governance, and other trans-local factors in transforming Beijing from an industrial city to a service and creative industries-oriented global metropolis, by examining the rise and transformation of Beijing 798 Art District. The case study finds that decommissioned industrial sites had characteristics that made them attractive when central and local governments started to promote creative industries, but, with development of urban art districts, the impact of avant-garde artists on the direction of development was reduced, and developers, high profile galleries and multinational corporations had an increasing influence. The results of our study indicate that the literature on intra-metropolitan location and change, and the evolution of industrial districts should pay more attention to the reuse of the decommissioned industrial land and sites for industrial restructuring, and particularly to the role of multi-scalar factors in reshaping the geography of cities.

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Introduction

China’s economic reforms and rapid economic growth have radically reshaped the geography of Chinese cities. Chinese cities have experienced a decentralization of industry from the centre (Gao, Liu, & Dunford, 2014; Hsing, 2010) and the re-use of abandoned industrial sites (Ren & Sun, 2012; Zheng, 2011). These processes of land use succession involve important elements of path dependence but are also driven by wider forces operating at multiple scales, and have gone hand in hand with changes in the character and relative importance of services and creative industries.

As political control over culture was loosened and the economic value of culture was recognized, creative industries have been promoted by various levels of government in China to diversify the established urban economy, leverage human capital and cultural resources, generate urban economic wealth and employment opportunities, and create vibrant public spaces, cultural diversity and social inclusion. Creative industries are predominantly in metropolitan areas (Zheng, 2011; Zieke & Waibel, 2014; Yusuf and Nabeshima, 2005). Examples include Factory 798 and Songzhuang (Currier, 2008; Liu, Han, & O’Connor, 2013; Ren & Sun, 2012; Sun, 2010), Nanluoguxiang (Shin, 2010) in Beijing, Red Town and M50 (Wang, 2009; Zhong, 2010) in Shanghai, White Horse Lake in Hangzhou (Wen, 2012) and Dafen in Shenzhen (Li, Cheng, & Wang, 2014).

As the Beijing 978 Art District is a symbol of a new industrial civilization in China and the pioneer of the new Chinese creative industry, it is used as a case to explore the rise and transformation of creative industrial districts in China, and argue that their developments must be examined in ways that bring together generic drivers with the specificities of the case. General mechanisms always operate through specific events and contingent factors can often impinge on urban development trajectories (Liu & Dunford, 2012). In China these relationships are moreover profoundly shaped by aspects of Chinese system of governance.

An increasing number of theoretical and empirical studies have dealt with the spatial distribution and locational characteristics of
creative industries in China, and the factors driving their development (Liu et al., 2013; Sun, 2010; Wang, 2012; Xiong, 2009; Zielke & Waibel, 2014), without fully grasping their complex and changing nature, and underestimating the role of global forces, state–market relationships and land use policies in driving change. This paper develops a more integrated evolutionary and multi-scalar perspective, combining general (urban real estate development and globalization) with specific logics (Chinese policies relating to property rights, economic transformation, culture, governance, etc.) to understand the transformation of a prestigious industrial site into a space for creative industries.

The paper itself is divided into five parts. Methodology section outlines the methodology. In Theoretical background: cultural industries, geographies of decentralization and land-use succession section a conceptual framework is outlined. Beijing’s transition from an industrial to a creative city and The example of the factory 798 Art District sections examine the rise of Beijing as a creative city and the case of the 798 Art District. Discussion and conclusions section concludes.

Methodology

This article draws on five years of participant observation of Beijing’s creative industry projects including the 798 district by the first two authors in their role as local government planning consultants, and a recent round of surveys and personal interviews carried out in late 2010 and early 2011. More than 20 senior local officials working in bureaus of land management, urban planning, Development and Reform Commission, Zhongguancun Science Park Administrative Committee, and the 798 Art District Construction & Management Office and 40 art-related businesses were interviewed. In October 2013 to May 2014 further surveys and interviews were conducted with art-related businesses and in particular with new post-2011 entrants. This primary research data were supplemented by secondary data.

Theoretical background: cultural industries, geographies of decentralization and land-use succession

The story of Factory 798 is a story of rent-driven land-use succession that was achieved (industry to art district), non-achieved (an electronics industry project) and achieved through upgrading (arrival of high end galleries and advertising), a story of a transition from industry to services and in particular to a subset of cultural industries and of subsequent art district upgrading into higher revenue-earning activities, a story about the path-dependent nature of development and a story that involves the interaction of processes unfolding at different scales.

At least three areas of research have a bearing on the issues examined in this paper: studies of (1) the rise of services and the development of creative and cultural industries, (2) intra-metropolitan location, and (3) urban land-use. In a Chinese context, attention must also be paid to the specificities of the Chinese context.

These processes of transformation involve changes in industrial structure and land-use that are moreover multi-scalar and evolutionary or path-dependent. At any point in time, multiple projects and proposals may exist, and the struggle between them can significantly shape medium-term trajectories. These evolutions involve general processes of industrial restructuring and ground rent- and planning-driven land use succession but always reflect more specific developments and a series of critical events at a range of scales from the national (reform of Chinese cultural policy), up to the global (the international relations of the Communist era, Beijing’s hosting of the 2008 Olympics, the intervention of international organizations), and down to the local (relocation of art schools, local artists choices and local government actions). What happens in a place reflects local factors but also reflects the impact of wider forces.

The rise of cultural and creative industries inside and outside China

In the ‘The coming of the Post-Industrial Society’ Bell (1974) predicted a radical change of economic focus from goods to services. More recently, services have come to occupy a larger share of output and employment. Questionable observation of these trends has even led to the idea that services can provide an alternative basis for economic growth to manufacturing (Gershuny, 1977). The service sector includes dynamic and non-dynamic sectors and tax and market-financed services. These activities include the cultural industries (originally identified by Frankfurt School theoreticians Adorno and Horkheimer to denote the mass production of standardized cultural goods). The cultural industries are frequently construed as creative industries in which human creativity is harnessed to promote innovation (Caves, 2004; Landry, 2000). These industries are concentrated in large cities where major cultural industry players are located and where government-funded galleries, museums, libraries and universities are strongly represented and talented people are attracted.

This situation led to a strong desire on the part of city authorities to promote the development of cultural industry clusters. The development of creative spaces depends, however, on a global marketplace for cultural goods and services, national and local institutions, creative industries (players of the game such as artists, traders and consumers of artworks, industry associations, educational and training institutions and regulators) and the relationships, practices and norms that shape and constrain their social interaction. Among the players in China, the state is critical due to its centralized governance structure.

In China, the commercialization of cultural products was absent for a long time (Keane, 2011), since, in traditional Marxist–Leninist ideology, cultural products served socialist-ideological functions and did not have an economic function. It was not until 1998 with the establishment of the Department of Cultural Industries under the Ministry of Culture that the economic value of cultural production was accepted by the Chinese Communist Party and the Chinese state. Two year later, cultural industries were officially recognized as an economic sector for the first time in one of the ‘recommendations’ of the 10th National Five-Year Planning (Keane, 2009a, 2009b). Since then, some state-subsidized public cultural service units or public institutions have been gradually transformed into state-owned cultural enterprises, policy environments have gradually become creative industry-friendly, and the aim of making China an innovative country by 2020 contributed to the construction of innovation-related policy systems that embraced creative industries.

In China, governance remains characterized by strong top-down mandates. Once central government decided to develop the cultural and creative industries, local governments actively promoted cultural and creative industries (Zielke & Waibel, 2014). For example, 16 county-level governments in the Beijing announced the development of creative industries and establishment of creative parks. The contribution to employment and economic growth of the cultural and creative industries increased (Tables 1 and 2).

Metropolitan industrial structure and intra-metropolitan industrial and service location

In economic and urban geography there are numerous studies of metropolitan industrial decentralization in developed countries.
Values and organizations from outside. These external influences have seen the penetration of almost every country by globalization and increased international interdependence. The concentration of creative people and enterprises increases scarcity of premises and rents, and increases noise and disturbance prompting relocation and land use change. The dynamics of economic activities and land use is also ‘historical’ and path dependent. In some cases it involves ‘historical accidents’ (Krugman, 1999) and chance events which can only be deciphered through an analysis of particular cases, and yet which set in motion a train of other more easily conceptualized events, all unfolding at multiple scales.

Industries, services and land-use in cities

An important limitation of the afore-mentioned theories of metropolitan industrial structure and intra-metropolitan industrial location is the absence of attention to the relationships between industrial development and the drivers of the land use in city-regions. These drivers include the supply of land, specifically-designed, multi-purpose or configurable floor-space and communications networks. These sites have their own intrinsic characteristics and architectural styles conferred by their developers and users, yet also occupy specific and changing positions in the economic and social division of urban space that shape their relative attractiveness to different types of economic activity. The second is the group of potential users ranked by their ability to pay that in the case of art districts includes impecunious artists at one extreme and rich galleries and companies at the other.

Chinese institutional context and the dynamics of land use and industrial location

General models of the drivers of location and land use dwell however on the role of market actors, prices and land values. In China land values are important, but market mechanisms are subject to substantial institutional regulation and control, while the state itself retains a very significant active role in resource allocation and economic development.

In the reform period China’s decentralization empowered sub-national government to participate directly in and promote the development process as planners, policy makers, reformers and developers/entrepreneurs, going far beyond simply providing public goods. Initially state-controlled land distribution made a significant contribution to industrial development in central locations. The 1987 Land Management Law separated land use rights from land ownership, opening up a new market for the conveyance of land use rights to commercial users for periods of 40–70 years, introducing price-based land market mechanisms and allowing land use rights to be further circulated (Lin & Ho, 2005).

The 1987 Land-use Planning Act formalized the land planning system. Mid-1980s fiscal and administrative decentralization saw the promotion of economic development emerge as a major local government priority. These reforms gave local governments the capacity and incentive to lease land, construct infrastructure and attract investment to increase government revenue: in the suburbs development zones and strategic growth centres were established, new transport infrastructure increased the accessibility of suburban locations, real estate investments altered the distribution of the workforce; administrative annexation converted adjacent counties

### Table 1

| The employment structure of the cultural and creative industries in Beijing (in thousands). |
|---|
| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Cultural & artistic | 48 | 48 | 52 | 53 | 74 | 72 |
| Journalism and publication | 167 | 160 | 156 | 149 | 151 | 156 |
| Broadcasting, TV & film | 46 | 46 | 48 | 44 | 55 | 60 |
| Software, network, & computer service | 348 | 398 | 451 | 516 | 613 | 685 |
| Advertising & exhibitions | 100 | 93 | 94 | 101 | 115 | 125 |
| Construction of artwork | 14 | 17 | 19 | 22 | 25 | 28 |
| Design service | 85 | 78 | 100 | 109 | 101 | 119 |
| Touring, relaxation & recreation | 103 | 100 | 103 | 99 | 106 | 111 |
| Other auxiliary service | 114 | 130 | 126 | 136 | 169 | 160 |
| Total creative industries | 1025 | 1070 | 1149 | 1229 | 1409 | 1529 |
| Percentage of all employees (%) | 10.87 | 10.91 | 11.51 | 11.91 | 13.17 | 13.81 |

Source: Beijing Statistical Bureau, 2008–2013.

### Table 2

Value added from the creative industries in Beijing (in RMB billion).

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|---|
| Cultural & artistic | 3.88 | 4.27 | 4.88 | 5.37 | 6.8 | 7.6 |
| Journalism and publication | 14.22 | 15.37 | 15.98 | 17.18 | 19.19 | 20.83 |
| Broadcasting, TV & film | 10.27 | 12.01 | 12.45 | 13.86 | 15.4 | 17.76 |
| Software, network, & computer service | 48.34 | 70.31 | 71.05 | 84.71 | 104.22 | 119.03 |
| Advertising & exhibitions | 6.49 | 11.22 | 9.85 | 12.74 | 15.9 | 16.86 |
| Construction of artwork | 1.38 | 2.05 | 3.09 | 4.3 | 5.64 | 5.92 |
| Design service | 4.92 | 5.28 | 7.64 | 8.42 | 9.06 | 9.74 |
| Touring, relaxation & recreation | 5.02 | 5.84 | 6.07 | 6.95 | 7.86 | 8.34 |
| Other auxiliary service | 6.31 | 8.29 | 17.98 | 16.24 | 14.92 | 14.44 |
| Total creative industries | 100.83 | 134.64 | 148.99 | 169.77 | 198.99 | 220.52 |
| Percentage (%) | 10.24 | 12.11 | 12.26 | 12.03 | 12.24 | 12.33 |

Source: Beijing Statistical Bureau, 2008–2013.
into urban districts; in central areas demolition, relocation and renewal generated significant increases in land values.

The emerging ‘local state corporatism’ (Oi, 1992) or ‘local developmental state’ (Blecher, 1991) drove a ceaseless governmental quest for new development opportunities. Competition between local authorities is fierce. The GDP-centred performance evaluation system of government officials reinforced these trends.

The new land property rights regime also had significant implications for urban state-owned enterprises (SOEs) that held land provided without charge before 1987. Companies that had already relocated could sell the land-use rights of abandoned sites or with government permission carry-out real estate projects. Enterprises that subsequently went bankrupt or that were required to relocate for environmental or economic development reasons retained land-use rights to abandoned workshops and warehouses. These deserted sites opened up a variety of possibilities for altering the direction of regional development (Liu, van Oort, Geertman, & Lin, 2014), with some open-minded managers seizing the opportunity of letting former industrial premises with an open floor plan, large windows and high ceilings at cheap rents to artists of one kind or another attracted by these working conditions.

**Beijing’s transition from an industrial to a creative city**

After the Communist Party came to power in 1949, many large Chinese cities including Beijing were transformed from capitalist ‘consumer cities’ into a socialist ‘productive cities’ (Huang, 2008; Lo, 1987; Wei & Yu, 2006). Since Beijing’s densely populated urban core, especially within today’s second ring road, was physically full with national administrative institutions, large manufacturing factories were constructed in the 1950s in the area between today’s third and fifth ring roads (see Fig. 1). Subsequently, many small-sized plants were constructed inside the urban area.

Until the mid 1980s, SOEs acquired land through administrative channels without economic cost, usually occupying large sites. Each industrial site was not only the place of production. Each factory constructed schools, small scale commercial facilities and residential communities in and around the production sites for its employees. An individual industrial complex typically employed 3000–100,000 people. However, the mixing of workplace and residential areas subsequently produced many problems, including a lack of space for production expansion, and environmental health threats to residents and workers.

With post-1978 reform and opening up many industrial complexes and the Beijing government were confronted with increasingly severe industrial and urban restructuring problems. In 1982, Beijing was redefined as a national political and cultural centre, and in the 1992 Master Plan as a ‘modern international city’. Its position as a national economic centre was played down, and light industries and polluting enterprises were required to leave in order to provide space for high-end services and high technology industries. Consequent industrial decentralization released a great quantity of vacated industrial land: approximately 60 ha of industrial land were vacated from 1985 to 1997 owing to industrial relocation, of which more than 70% was located within the urban core (Feng, Zhou, & Wu, 2008). Industrial relocation accelerated later, in order to meet the requirements of the ‘Green Beijing Olympic Games’. From 1999 to 2005, over 150 industrial enterprises were moved out, and the proportion of industrial land in the built-up area within the fourth ring road decreased from 8.74% to 6.6%, vacating 900 ha of industrial land (Feng et al., 2008).

Fig. 1. Creative industry parks located on former industrial sites in Beijing’s urban area.

Source: generated from Liu et al. (2013) and Beijing Institute of Urban Planning Committee (2006).
This decommissioned industrial land was an important asset when it came to promoting creative industries: good transport access, cheap rents, a peaceful environment, and attractive historical buildings, with high ceilings, large windows, open space and unique styles of architecture met the requirements of creative artists enabling some old industrial sites to capitalize on these assets. The Factory 798 Art District is a case in point: indeed as the largest Chinese contemporary art community developed on the site of a previous military industrial complex, it acted as a role model in the transformation of the Beijing Municipality from a national industrial city to an emerging global creative city.

**The example of the Factory 798 Art District**

The Factory 798 Art District is located in northeast Beijing (Fig. 1) on the abandoned industrial site of Factory 798, one of the establishments of the Joint Factory 718 complex located approximately 10 km north of Beijing’s largest diplomatic area (Sanlitun embassy area), and 20 km southwest of Beijing Capital Airport. The core area covers approximately 600,000 m², with informal borders given by Jiuxianqiao North Road (north), Jiuxianqiao Street (west), Wanhong Road (south) and Jiuxianqiao East Road (east) (Fig. 2).

From prestigious state-owned military industrial complex to problematic industrial area

The factory complex was established in the early 1950s to manufacture military electronic components with the help of the former German Democratic Republic. The largest collaboration project with Socialist Germany, it exemplified brotherhood between Soviet-led socialist countries and a Maoist vision of urban industrial development and an advanced Socialist state (Fig. 3). The complex was governed by a central government agency in charge of the electronics industry. After 10 years of operation, it was divided into six establishments (706, 707, 751, 761, 797 and 798) of which Factory 798 was the largest in geographical size.

In the late 1980s and early 1990s, competition from south-east China and overseas led to a slow decline in production, and massive job loss. By the early 1990s employment in Factory 798 had declined from a historical peak of 20,000 to 4000. In 2000 the six factories were reorganized and incorporated into the ‘Seven-Star Huadian Science and Technology Group’ (‘SevenStar Group’), a real-estate operator charged with overseeing the industrial district and finding tenants for the abandoned buildings.

**Spontaneous early transformation pioneered by avant-garde artists**

Once the production ceased production, the transformation of the unused industrial site into a creative district was pioneered by artists, mainly from the China Central Academy of Fine Arts (CAFA) and Yuanmingyuan art district, the first art district that emerged in the mid-1980s and ended in 1995. The CAFA was moved out from the central shopping district of the city (Wangfujing) to an area near the industrial complex (Liu et al., 2013) during the late 1990s. In 1995 to 2001 a ‘temporary’ CAFA campus was established in one of the workplaces of Factory 798. Afterwards, CAFA was moved in its entirety to a formerly agricultural area near the deserted industrial complex. Impressed by the availability of ample workshop space and cheap prices, a sculptor from CAFA, Sui Jianguo, rented a run-down workshop in the unused factory complex, and opened his own studio in 1997.

Cheap rents combined with the unique loft factory buildings designed in Bauhaus style by East German architects in the 1950s — featuring simple design and a lack of decoration with arch-supported curved roofs, smooth facades and cubic shapes, an open floor plan, and glass windows to let into lots of natural light — made the site suitable for creative artists (see Fig. 4). Transport access was also better than for art districts on the edge of Beijing. News about the qualities of the site spread quickly by word of mouth. The site also offered a new ‘refuge’ for professional artists from Yuanmingyuan.

The Yuanmingyuan art district had emerged in the mid-1980s near the ruins of the Ming Dynasty Summer Palace, and was the
first home for independent painters without official institutional affiliation and a Beijing hukou (Liu et al., 2013). Although it gained increasing international media attention, appalled by frequent contacts of non-traditional artists with the Western world, with Western avant-garde work, and with art’s ironic reflections on Chinese history and contemporary society, the local authorities officially closed it in 1995 (Liu et al., 2013). The ‘dissipated’ Bohemian lifestyle of the increasing population of artists and investors, and occasional conflicts, noise and disturbance affecting the area and nearby universities also contributed to this outcome and led some of the artists to set up studios in the Factory 798 Art District.

The successful transition from a deserted industrial site to an internationally-known art district was partially due to two overseas art enterprises. In 2002, an American-born art publisher and collector of Chinese contemporary artworks, Robert Bernell, opened Timezone 8, opened the area’s first foreign-owned art-related enterprise in a vacant 120 m² canteen of Factory 798 in 2002, and recommended the complex to western artists. His bookstore and publishing office drew on contacts with global publishing to grow into an important global publisher of illustrated Chinese art books. Tokyo Gallery was the first foreign-owned gallery in the district. Founded in the 1950s in Tokyo as a professional art gallery promoting contemporary Asian art on the international stage by Yukihito Tabata, a globally known avant-garde artist, it began exhibiting other Asian countries’ avant-garde works, starting with Korean artists in 1970s, and Chinese artists in 1990s. Believing that China would become the centre of the Asian art market, Yukihito Tabata opened the Beijing Tokyo Art Projects (BTAP) in 2002.

The decisions of these two art enterprises along with a good geographical location, cheap rents, unique architecture and a peaceful working environment, the proximity to CAFA and word-of-mouth advertising attracted increasing numbers of artists and designers, in particular China’s avant-garde artists who had experienced loft style living overseas. By 2003 there were 18 art studios.

| Year | Studio | Gallery | Design, advertisement, media and bookstore | Café and restaurant | Boutique | Total number |
|------|--------|---------|-------------------------------------------|--------------------|---------|--------------|
| 2003 | 18     | 6       | 10                                        | 2                  | 2       | 38           |
| 2004 | 38     | 11      | 16                                        | 5                  | 5       | 75           |
| 2005 | 40     | 19      | 31                                        | 6                  | 7       | 103          |
| 2006 | 51     | 87      | 39                                        | 12                 | 14      | 203          |
| 2007 | 59     | 103     | 51                                        | 14                 | 23      | 250          |
| 2008 | 43     | 153     | 61                                        | 22                 | 24      | 303          |
| 2009 | 25     | 168     | 70                                        | 38                 | 64      | 365          |
| 2010 | 22     | 159     | 100                                       | 48                 | 72      | 401          |
| 2011 | 22     | 175     | 121                                       | 51                 | 89      | 458          |
| 2012 | 20     | 171     | 123                                       | 54                 | 125     | 493          |
| 2013 | 19     | 172     | 197                                       | 59                 | 129     | 576          |

Source: data provided by Factory 798 Art District Construction & Management Office.
and 6 galleries (Table 3), involved in painting, photography, artworks and performance arts.

**The struggle for the existence of commercialized art**

To draw public attention to their potential plight, the avant-garde artists organized a range of activities to protect this rising art district. The most influential were the Reconstructing 798 Movement and the organizing of the Art Festival that took place during the 2003 outbreak of severe acute respiratory syndrome (SARS) when no other social events were held. The motives were to re-kindle collective memory of the factory area, to call for the conservation of the complex the SevenStar Group wanted to demolish and to re-define the previous industrial area as an art district. However, the SevenStar Group strongly argued that the artists had no right to redevelop the industrial area, as they were merely ‘temporary’ tenants according to China’s urban land regulation. Hence, in 2004, the SevenStar Group announced that artists could no longer rent new places in the industrial area. Against this backdrop, only two art studios were established in 2004–2005 (Table 3).

These grassroots campaigns were supported by overseas media and politicians. In 2003 three United States magazines (Time Magazine, Newsweek and Fortune) intervened on behalf of the art district with what seemed remarkably exaggerated claims. Since 2004 overseas political figures including former German Chancellor, Gerhard Schroeder (in 2004), European Commission President, José Manuel Barroso (in 2007), former French President, Jacques Chirac (in 2007), and French President, Nicolas Sarkozy (in 2007) visited the area, improving its international reputation, and making the Chinese government aware of its cultural value.

A Beijing Municipal People’s Congress deputy, Xiangqun Li, a professor from School of Fine Arts in Tsinghua University, and a vanguard artist, was an active player in the battle against the demolition of the industrial area. Besides his participation in organizing Reconstructing 798 and the Art Festival, he used his personal connections with local and central government officials and with leading urban planning and architecture professors to submit a report to the Beijing city legislature, calling on the government to stop immediately demolition and to take effective actions to preserve the cultural and architectural heritage of the site.

These grassroots campaigns came to the attention of the Beijing Municipal Government (BMC) which in 2005, after a year-long evaluation, identified Factory 798 as a modern architectural heritage site. In 2006 the industrial site was designated as one of 30 officially recognized industrial districts for cultural and creative industries (Tang & Huang, 2013). In 2007, the BMC formulated official documents encouraging the development of cultural and creative industries through the conservation and utilization of Beijing’s industrial heritage.

More importantly, at the time of the 2008 Olympic Games, the BMC concluded that an area devoted to avant-garde Chinese art in a place with a 50-year history of industrial manufacturing was a good example of the increasing cultural openness of China, making 798 a symbol for city branding and place marketing (Zielke & Waibel, 2014). Once the conservation was ensured, art-related enterprises increased rapidly in number, growing from 19 in 2005 to 87 in 2006, while the number of art studios grew from 40 to 51 (Table 3).

**Factory 798 moving forwards a luxury consumption and gentrified area**

Although the battle against proposed demolition was ‘successful’, the impact of individual artists on decision-making processes was reduced. The SevenStar Group established the ‘Construction & Management Office’, in charge of the development and commercialization of the area. The lease terms for new studios became as short as 1–2 year(s), while high profile galleries arrived. Tourism increased, and an increasing number of cafes, restaurants and boutiques were established (Fig. 5), altering the character of the district (Ren & Sun, 2012).

Since official endorsement in 2006, rents have increased constantly, forcing artists to seek new studios in other places (Zielke & Waibel, 2014). Up to 2002, artists paid less than 1 Yuan/m²/day for small-sized workshops (usually below 500 m²). For example, Robert Bernell paid just 0.65 Yuan/m²/day. However, with the arrival of an increasing number of artists and galleries after the establishment of the Tokyo Gallery in 2002, rents started to increase quickly. In 2006, rents reached around 2 Yuan/m²/day. Two years later, the financial crisis which had serious negative impacts on China’s contemporary art market did not stop average rents reaching 2–3 Yuan/m²/day. Moreover, after several rounds of sub-letting the rent of some workshops reached 4–5 Yuan/m²/day (Chi, 2014). In 2013, the average rent surpassed 6 Yuan/m²/day (Interview with a gallery owner, November 2013). Many art studios and galleries, especially smaller ones, were forced to withdraw. As a gallery owner who moved into the area before 2005 said:

The rent has risen too fast in the recent past, many art institutions and shops have left for other creative parks, and many shops have frequently changed their owner. I know the rent of some places is now 8 Yuan/m²/day. It is too expensive for us. If I did not rent this workshop as early as 2004, and if my rent contact was not as long as ten years, it would also difficult for me

![Fig. 5. Large-sized bars and restaurants in Factory 798.](image-url)
to remain in Factory 798. But my contract is running out. I must seek a new place in the next year (Interview, November 2013).

Some artists moved studios out as the area was changed by the arrival of new operators and the noise caused by increasing numbers of visitors. As they did, high profile foreign galleries entered. Before 2005, there were approximately 20 galleries (Table 3), largely from Asian countries, especially Japan, Korea, and Taiwan. These foreign-owned galleries often occupied less than 800 m². The largest one (Art Seasons Gallery from Singapore) occupied 764 m². Two years later, the situation had changed. In 2008 the number of galleries reached 153, while the studios stood at 43 (Table 3). In contrast to early galleries, some of the new ones rented large amounts of floor space. The Ullens Center for Contemporary Art (UCCA), which is self-proclaimed not-for-profit art institution founded by the Belgian collectors, Guy and Myriam Ullens, was opened in 2007, and rented 5000 m² of floor space. UCCA gained considerable global repute since hundreds of art museum curators, collectors, and artists from around the world were invited to attend its opening ceremony. After the arrival of UCCA, other high profile galleries moved in, including, for example, in 2007 Gallery Artside (Korean), and in 2008 Pace Gallery (American), White Space Beijing (Italy), and Artlinkart (Spain). Artlinkart occupied 4000 m² and Pace Gallery 3000 m². Moreover, the large galleries became mixed businesses. For example, UCCA includes exhibition space, a cinema, video archives, multimedia reading rooms, workshops, an image books room, an academic lecture hall, a museum, a cafe and an art shop.

Due to the downturn in the international art market during the ongoing financial crisis, some galleries, especially from Korea, moved out. In 2009 alone at least 8 galleries withdrew, including an internationally known foreign gallery, White Space Beijing, which was owned by a German collector and had opened in 2004. More galleries followed. However, increasing visitor numbers and the popularity of the district made it attractive to multinational companies, including three German luxury carmakers (Mercedes-Benz, Audi AG and Bavarian Motor Works), who used empty adjacent space (751 D-Park) for sales promotions (Fig. 6; Zielke & Waibel, 2014). Audi AG established an Asian research and development (R&D) centre to target Asian and in particular Chinese consumers. It occupies more than 8000 m², and employs approximately 600 people. At approximately the same time, Qihoo 360 Technology, a leading anti-virus and Internet security company in China, took over two whole buildings.

Discussion and conclusions

This article has explored the interconnections of trans-local actors operating at multiple geographical scales in the transformation of Beijing from an industrial city to a global metropolis, by examining the rise and transformation of the Beijing 798 Art District. Microscopic cases can be used to understand the complexity of this process. The transformation of Factory 798 from an industrial site to a creative park was to a large extent driven by wider forces operating at multiple scales, including global forces, state—market relationships, land use policies, the operation of art markets and the Chinese system of governance.

This research shows that: (1) decommissioned industrial sites released as industries move out provided suitable conditions for creative industries, attracted initially by cheap rents, a peaceful environment, and the unique architectural style of some historical buildings; (2) avant-garde artists played a critical role in initially redeveloping this industry complex, but, as number of high profile galleries increased and boutiques were established, they had to relocate to cheaper workspaces; (3) developers, high profile galleries and multinational corporations increasingly influenced the development direction of Factory 798.

In China this process of transformation was more rapid and in some ways more complex than in other countries. The speed of state-led urban industrial decentralization (Gao et al., 2014; Liu et al., 2014), and the specific system of land ownership help explain these characteristics. After their withdrawal SOEs still had use rights, and had an interest in maximizing rents and land values, but the Chinese government wanted and was able to encourage creative industries due to their perceived impact on city competitiveness. The subsequent evolution of the zone in the direction of gentrification and

Fig. 6. Non-art uses in an Art District: Tourists walk in under the bridge with exhibition logos (upper left), Chinese Fashion Week (upper right), shows organized by Mercedes-Benz (lower left) and Audi’s Asian R&D centre (lower right).
luxury consumption is, however, similar to that in western countries. In the Beijing case, overseas actors played significant roles in nearly all phases of land use change (including two first phase art enterprises, large foreign galleries, and foreign carmakers).

The Beijing case indicates finally that studies of intrametropolitan location and change and of the evolution of industrial districts should pay more attention to the reuse of the decommissioned industrial land and to the interaction of forces operating at multiple geographical scales. To deepen this analysis of the varying role and coupling mechanisms of multi-scalar factors in reshaping the geography of urban areas, additional case studies are needed.

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