



Behavioural insights into housing relocation decisions: The effects of the Beijing Olympics



Mei Wang^a, Helen X.H. Bao^{a,*}, Pin-te Lin^b

^a Department of Land Economy, University of Cambridge, Cambridge, UK

^b Research School of Finance, Actuarial Studies and Applied Statistics, Australian National University, Canberra, Australia

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ABSTRACT

This article examines the impact of mega events on Beijing housing market from a behavioural perspective. By exploring the situation surrounding the Beijing 2008 Summer Olympics, we analyse the relationship between mega-event regeneration and expected residential relocation outcomes. Our findings suggest that Beijing Olympic regeneration caused disadvantaged groups to anticipate relocation to undesirable areas, as a result of improved infrastructure, public security, and urban environment. Behavioural sciences research indicates that expectation influences decision-making by serving as a salient reference point. Agents who perceived themselves as in a disadvantaged position or holding a gloomy prospect of their future are more likely to end up in such a situation. This paper offers insights into an effect of mega event regeneration projects that has been largely overlooked in the literature, i.e., the expected housing relocation outcomes. The research calls for government intervention and public attention to this important behavioural aspect of mega-event effects.

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Introduction

It has been generally agreed that successfully hosting mega-events, such as the Olympic Games, provides valuable opportunities in achieving city branding, attracting international investments, and creating significant and lasting economic benefits to the host city (Andranovich, Burbank, & Heying, 2001; Hiller, 2000; Roche, 2000, 2006). Staging for mega-events often requires large sums of public funds to be spent on sports facilities, amenities and infrastructure improvements. Existing research has proved that transportation infrastructure, parks and other amenities have been capitalized into housing prices (Ahlfeldt, 2013; Phuong & Yinger, 2011; Wu & Dong, 2014; Zheng, Sun, & Wang, 2014). Recently, academic researchers and public planners have given increased attention to the social impact of mega events since this has been stated to be equally as important as their economic impact (Humphreys, Johnson, Mason, & Whitehead, 2011; Kim, Gursoy, & Lee, 2006; Wicker, Prinz, & Hanau, 2011). It has been found that hosting mega events provides many opportunities to increase publicity and establish a new image for the host city (Kim et al.,

2006; Kim & Petrick, 2005; Mihalik & Simoneita, 1998; Wei & Yu, 2006). Furthermore, success in competition creates excitement and gives a positive effect on civic pride in the host city (Kim & Petrick, 2005; Ohmann, Jones, & Wilkes, 2007; Ritchie, Shipway, & Cleeve, 2009; Soutar & McLeod, 1993). Thus, host cities can benefit significantly from staging mega-events.

However, not all previous studies have found evidence of positive economic and social impacts from sporting mega-events. Event-related construction and an influx of tourists may bring problems in using public resources and seriously affects resident satisfaction (Chalkley & Essex, 1999; Delamere, Wankel, & Hinch, 2001; Kim & Petrick, 2005; Mihalik & Simoneita, 1998; Smith, 2009; Soutar & McLeod, 1993). Another social concern relating to staging mega events is the potential cause for an increase in noise, crime and terrorist attacks (Barker, Page, & Meyer, 2002; Kim et al., 2006; Kim & Petrick, 2005; Konstantaki & Wickens, 2010; Mihalik & Simoneita, 1998; Ritchie et al., 2009; Zhou & Ap, 2009). More importantly, mega events are sometimes found to be reinforcing the increasing polarization of urban populations in which the wealthy and the poor have very different urban lives (Hiller, 2006; Shin, 2009; Shin & Li, 2013). This is often a result of the urban regeneration process for staging mega events.

A mega event is the perfect companion to urban regeneration and can also serve as a catalyst for the initiation, expansion and

* Corresponding author.

E-mail address: hxb20@cam.ac.uk (H.X.H. Bao).

intensification of plans for regeneration (Chalkley & Essex, 1999). Event-led regeneration can significantly improve the appearance of existing housing stock, cause appreciation in property price and attract increasing investment in the development of new, top-end flats in the host city, particularly in the event-related area. The creation of such a 'desirable' middle-class living space as the result of event-related construction and infrastructure development is accompanied by a corresponding breakdown in community structure along ethnic lines as families and individuals are forced to relocate. The boundaries of social segregation shift but the underlying problem of social disadvantage remains, especially for lower income people (Hamnett, 2003). Therefore, the mega event facilitates the transformation of the event precinct from a working class district to a community largely inhabited by upper-middle class residents after the major event (Hall & Hodges, 1998; Hiller, 2006). It seems that there are 'few social benefits for those unable (or disinclined) to present themselves as consumers' (Whitson & Horne, 2006).

Mega events are also responsible for the loss of affordable housing. It has become commonplace (such as with the Sydney Olympic Games and the Atlanta Games) that social housing promised by the government fails to be built due to the diversion of public funds towards event construction (Lenskyj, 2002). Olympic experience in developing countries is likely to be many times harsher for urban marginal populations, especially for migrants who have a weak foothold in the city. For example, Shin and Li (2013)'s study found that as Beijing expands and its inner-city areas are redeveloped, low-skilled migrants without the resources to access private home ownership are pushed further out to suburban areas, where affordable places such as shanty-towns are concentrated.

In conclusion, mega events can contribute to a deepening of social differences, producing new spatial distributions of wealth and well-being and causing polarization in local populations in regenerating areas. However, existing studies focus primarily on the outcomes of mega event-induced regeneration. There has been very little research examining the underlying decision processes. This 'snap-shot' approach overlooks two important aspects of relocation decision making. First of all, the decisions and implications involved in relocation should be studied according to long-term residential trajectory and by considering past residential trajectories and housing pathways (Clapham, 2002; Lelevrier, 2013; Stovel & Bolan, 2004). Secondly, displaced residents react to regeneration context and regulations differently by adopting different choice processes and strategies (Briggs, Popkin, & Goering, 2010; Posthumus, Bolt, & van Kempen, 2014; Posthumus & Kleinhaus, 2014). Therefore, it is important to study all stages involved in relocation decision process, and to understand how stakeholders react to regeneration programmes.

To bridge this gap in the literature, our paper aims to reveal how mega event-induced regeneration affects residents' expectation of their future housing location by focussing on the Beijing 2008 Olympic Games. This approach focuses on the very early stage of the decision making process and considers the behavioural and psychological aspect of relocation decisions. More specifically, we interviewed residents before they were relocated and we studied the relationship between perceived Olympic regeneration benefits and expected relocation outcomes. In behaviour sciences, experiment and field evidences generally support the existence of an anchoring effect, where decisions are made dependent of a salient reference point (See, for example, Barberis, 2013; DellaVigna, 2009; Kahneman & Tversky, 1979; Seiler, Seiler, & Lane, 2012). Hence, it is important to analyse the significant force of influencing our reference point (Ericson & Fuerst, 2011).

It has been established that residents who perceived themselves to be worse-off will make myopic decisions (Liu, Feng, Suo, Lee, & Li, 2012) and also that perceived inferior social status has an adverse impact on real estate decision-making (Tower-Richardi, Brunyé, Gagnon, Mahoney, & Taylor, 2014). Residents who expected loss in future decisions are more likely to end up in the 'loss domain' (Bilgin, 2012). Consequently, residents who anticipated moving to an undesirable location are more likely to be 'forced out' from the gentrified areas. Our research established the causal relationship between perceived Olympic impact and anticipated relocation outcomes. On the one hand, mega events enhance the quality of life by improving infrastructure, public security and the environment. On the other hand, the same effect caused the disadvantaged group (i.e., tenants in our study) to hold gloomy expectations towards their future housing location choices. The effect is robust among different model specifications, when demographic and socio-economic characteristics, as well as regional heterogeneity are controlled.

The remainder of this paper proceeds as follows. The next section gives the institutional background of this study by defining and discussing the areas affected by the Olympic Games. The following section presents survey design and data collection processes. Then comes a section providing the empirical findings, and the final section gives conclusions and policy implications.

The 2008 Beijing Olympic Games

Although most of the Olympic facilities are located in only two of the 16 districts in Beijing, the impact of the Olympic Games reached further beyond these areas. As shown in Fig. 1, the 16 districts in Beijing are classified into four functional regions as follows. The 'City Core' region is where the central government and financial institutions are located. This region includes the Dongcheng and Xicheng districts. The 'City Extension' area includes four districts – Chaoyang, Haidian, Shijinghan, and Fengtai. This region is the home of most of the higher education institutions and high-tech companies. The 'New Development' region (consisting of Fangshan, Tongzhou, Shunyi, Changping, and Daxing district) and the 'Conservation' region (consisting of Mentougou, Huairou, Pinggu, Miyun, and Yanqing district) are relatively less developed, and subsequently regarded as the suburban areas of Beijing. Some key economic and social indicators of these districts are given in Table 1. The two urban areas (i.e., City Core and City Extension) are more densely populated and have a higher average salary.

Since Beijing won the bid for the Summer Olympic Games in 2001, over 300 billion CNY (around US\$48.9 billion) was invested in the preparation for the event between 2002 and 2008. The Olympic Core District (the yellow area (in web version) in Fig. 2) was designated as a recreational centre where new sporting venues and a National Park were to be connected by 62 roads and four flyovers. The construction of sport facilities and infrastructure upgrades were not limited to the Olympic Core District, but spread throughout Haidian and Chaoyang districts, as indicated by the red dots (in web version) in Fig. 2.

China's government reportedly drew up a budget of US\$21.7 billion for 142 Olympics-related projects in Beijing since 2001. The unprecedented investment in infrastructure, especially the transportation network, not only improved the accessibility to the Olympic Core District but also to the city centre and the Beijing Capital International Airport. For example, a total of four new subway lines were developed throughout the City Core area; a new line was built to connect the international airport with the rest of the city (See Fig. 3). In addition to the direct investment in event venues, the government spent a further US\$40 billion on infrastructure, of which US\$26 billion were contributed to

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