

# Under the microscope

## Measuring the return on culture

John Nurick

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Assessing the benefits of investment in cultural facilities is difficult. Almost all the evidence is indirect or anecdotal, and the research behind it is “rarely impartial and ... too often confused with advocacy”.<sup>1</sup> Trying to factor cultural benefits into economic appraisal adds yet more uncertainty.

Perhaps the hardest evidence on the local effects of investment in cultural facilities comes from studies of three Canadian projects, the Stanley Theatre in Vancouver and two “artist live/work” developments in Toronto.<sup>2</sup>

The study team, from Ryerson University’s Centre for the Study of Commercial Activity (CSCA) and Toronto Artscape, a non-profit property developer and manager, studied small areas around the developments in great detail, comparing data collected before and after the developments had opened (see sidebar *Data Sources*). They also collected data on three “control” areas. Each of the three study areas was less than one square kilometre. Collating and reconciling the disparate datasets was a major undertaking in itself; the information was then used to calculate key impacts.

### Vancouver Case Study: Stanley Theatre

This former art deco cinema closed in 1991. Regeneration funds supported its restoration and re-opening as a 650-seat proscenium theatre in 1998. Comparing data from the 1996 and 2001 censuses, the study – covering about 16 city blocks – found that while the number of residents hardly changed, the number with university degrees increased by 25%; the proportion employed in arts, culture, recreation and sport also increased; and unemployment decreased. Meanwhile, residential prices rose sharply in a period while average housing prices in Vancouver actually declined; building permits were up from 18 in 1992-97 to 117 in 1998-2003; and the retail mix changed dramatically, with a 21% increase in the number of F&B outlets and three new destination retailers moving in.

The pattern of local crime changed too, with large decreases in assaults (-53%), breaking and entering (-47%) and personal theft (-23%) but smaller increases in crimes associated with robbery (+13%) and shoplifting (+16%). Residents and businesses noted significant increases in pedestrian traffic, business diversity, community activities and neighbourhood cleanliness – but also in vehicular traffic.

### Toronto Case Studies

The two Toronto study areas were each centred on a city-centre building developed and managed by Artscape. 900 Queen Street West is a former warehouse renovated in 1995 as 22 residential units (some subsidised) and six artists’ studios. Between 1996 and 2001 the surrounding few blocks saw major demographic change, with a large increase in the proportion of residents with white-collar jobs (especially in arts, culture, sport and recreation and in management occupations). The proportion with university degrees increased from 14% to 31%. The number of art galleries and artist supplies stores increased (+4), as did the number of restaurants and bars (+3). The study team commented:

Moreover it was observed that over time the retail composition of the area experienced a recognisable sequence. The first arrivals were art galleries and facilities, followed by restaurants and bars, and finally specialty retailing.<sup>3</sup>

The other location is a mile or two away in Parkdale, once a prosperous dormitory but by the 1990s a low-income area with many social problems. Almost 90% of housing stock was rented, often in illegal multiple occupancy. In 1998 Artscape converted the former police station at 1313 Queen Street West into a mixed-use development with 9 artist live/work units, a gallery, and office space currently housing four community organisations. Change in this neighbourhood has been slower than in the others studied, but in 1997-2002 there were significant increases in retail and F&B employment.

## Conclusions

The Canadian team found many positive benefits from cultural investment:

[T]here is compelling evidence that the artistic and cultural component of an area is strongly associated with growth, development, gentrification, reduced crime rates and reinvestment in residential and commercial property. Moreover, both local residents and business owners strongly believe that artists and cultural facilities are important drivers of this growth, neighbourhood change and associated structural improvements.

Moreover, the three case studies show ... a definite association between the investment in the arts and the development of a neighbourhood's cultural fabric and ... demographic changes. These include: increases in education levels and incomes of local residents, an influx of more professionals and managers; a higher labour force participation rate, lower unemployment, smaller families, and an increase in residents between 29 and 54<sup>4</sup> years.

But the overall picture is more complex. Business activity increased strongly in each study area – but so did business “churn”, with many marginal local businesses failing or moving out as the area changed and new businesses – an average of 115 in each study – moved in. And each influx of better-educated, higher-income residents implies some previous residents moving out. So although these studies give strong evidence that cultural investment benefits a locality, they show that care is needed to ensure that it does not just displace human problems elsewhere.

<sup>1</sup> Oakley, Katie: Developing the evidence base for support of cultural and creative activities in South East England, South East England Cultural Consortium, March 2004, p.5.

<sup>2</sup> Jones, K., T. Lea, T. Jones & S. Harvey: Beyond Anecdotal Evidence: Spillover effects of investments in cultural facilities. Paper presented at the Creative Places + Spaces Conference, Toronto, 2003, available online at <http://www.cscs.ryerson.ca/research/culture/ArtScapeShow.pdf>

<sup>3</sup> Lea, T., K. Jones, D. Sharpe, T. Jones & S. Harvey: “Spillover effects of investments in cultural facilities”, Research Report 2004-07. Centre for the Study of Commercial Activity, Ryerson University, 2004.

<sup>4</sup> Ibid.

## Key Impacts

### Changes in Local Community/Demographics

- age structure
- family composition
- household income
- education levels
- ethnic diversity.

### Changes in Social Environment

- community engagement
- neighbourhood improvement
- crime reduction
- local arts “buzz”
- knowledge and appreciation of arts activities
- arts driving neighbourhood improvement.

### Changes in Neighbourhood Character

- diversity of business
- loss/gain in local service amenities
- diversity of artistic community
- investment in streetscape improvements
- heritage preservation
- use of public facilities

### Changes in Local Economic Conditions

- property values
- employment
- income
- retail sales
- vacancy rates
- new business creation
- building permits.

## Data Sources

- Canada Census 1996 & 2001
- Surveys of residents and business owners
- Retail Strip database (CSCA, Ryerson University)
- National Business Database
- Retail sales data (by postcode sector)
- Employment data (by block or building)
- Police crime records (by address/intersection)
- Local property prices (real estate agents)
- Planning applications (local government)

**John Nurick is a Senior Managing Consultant at Locum Consulting**