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Katherine Champion

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KATHERINE CHAMPION
University of Abertay Dundee

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ABSTRACT

Successful creative production is often documented to occur in urban areas that are more likely to be diverse, a source of human capital and the site of dense interactions. These accounts chart how, historically, creative industries have clustered in areas where space was once cheap in the city centre fringe and inner city areas, often leading to the development of a creative milieu, and thereby stimulating further creative production. Historical accounts of the development of creative areas demonstrate the crucial role of accessible low-cost business premises. This article reports on the findings of a case study that investigated the location decisions of firms in selected creative industry sectors in Greater Manchester. The study found that, while creative activity remains highly concentrated in the city centre, creative space there is being squeezed and some creative production is decentralizing in order to access cheaper premises. The article argues that the location choices of creative industry firms are being constrained by the extensive city centre regeneration, with the most vulnerable firms, notably the smallest and youngest, facing

KEYWORDS

creative industries
gentrification
industrial location
economic restructuring
Greater Manchester
urban regeneration

a Hobson's choice of being able to access low-cost premises only in the periphery. This disrupts the delicate balance needed to sustain production and begs the broader question as to how the creative economy fits into the existing urban fabric, alongside the competing demands placed on space within a transforming industrial conurbation.

INTRODUCTION

The need for proximity is commonly identified as a priority in the development and organization of the creative industries sector to allow flexibility, develop networks and offset risk (Banks et al. 2000; Scott 2001). Creative businesses are also said to 'thrive in milieus, networks, clusters, embedded knowledge and informal infrastructures of the city' (Banks et al. 2000: 454). Other place-based factors also drawn upon as possible influences on the locational choices of creative industry firms include the built environment, existence of cheap space, public sector support frameworks, connectivity, local identity, institutional environment and availability of amenities (see, for example, Drake 2003; Helbrecht 1998; Hutton 2004; Leadbeater and Oakley 2001; Markusen 2006).

Co-location is considered the dominant spatial pattern within the creative industries. According to Polese and Shearmur (2004: 436), 'The precise set of conditions that produce a 'creative' environment are almost impossible to define, but agglomeration is manifestly a necessary condition'. There are clear advantages for the creative industries of being located in cities, which are derived from the scale of the urban area, including connectivity, public sector support, labour market, institutional support and consumer demand. Large urban areas offer a range of supporting and complementary services and institutions related to training, research and finance (Rantisi et al. 2006). Untraded forms of interdependency are found in the cultural and institutional setting of economic activity, shape behaviour and are strongly tied to place (Scott and Storper 2003). The embedded nature of these routines supports the claim that these advantages of agglomeration are of particular relevance to the creative industries. As Reimer et al. (2008) point out, there are extraordinarily high degrees of spatial agglomeration in the creative industries.

Deep local pools of creative and skilled labour are advantageous both to firms and employees (Reimer et al. 2008), and are often considered the key to successful project work (Grabher 2002, 2004). The geographic proximity of individuals possessing human capital, skills, expertise or creative capabilities enables interactions that result in the spillovers that are crucial for innovation (Stolarick and Florida 2006). This appears to be true, for example, in the film industry, where access to networks is crucial both in the United States (Hollywood) and the United Kingdom (London) (Ekinsmyth 2002).

The industrial structure of the creative industries sector tends to make clustering even more advantageous than in the wider knowledge economy. This is because the sector contains large numbers of very small firms. Small size allows them to be flexible, but poses certain problems that can be somewhat offset by co-location. The problems associated with small firm size include less access to technological information, restricted resources and high training costs. Clustering is beneficial in this regard, as it 'can derive competitive advantage by obtaining efficiency gains that a small firm could

not manage on its own' (Wu 2005: 3). It is further suggested that the spatial clustering of related industries and skilled workers allows the development of an innovative environment likely to lead to a competitive and specialized local economy. Co-location offers benefits in terms of coherence with a shared learning process, path dependence, complementary resources and technological opportunities (Bathelt et al. 2004). Cooperation and competition take place simultaneously, as there is a common pool of labour, knowledge, information and ideas (Wu 2005).

Historically, creative industries have clustered in the parts of cities that have experienced decline, in the city centre fringe and nearby inner city areas. This can be linked to a cycle, arguably virtuous or vicious, of the colonization of cheap empty space and the rebirth of the areas as creative centres with varied leisure opportunities, followed by the rise of property prices, gentrification and possible displacement. Creative entrepreneurs have often been considered a powerful force in regenerating neighbourhoods, but face issues of displacement most classically discussed by Zukin (1988) in her influential work commenting on the situation in New York. The negative effects of this displacement process have been well documented in large centres such as New York or London (Zukin 1988; Hutton 2004), but less is known about smaller regional conurbations where city centre regeneration has occurred more recently. This has become relevant in formerly industrial UK cities that have sought to harness creative industry growth in their economic regeneration strategies at the same time as coping with inflationary pressures arising from the recent boom in physical urban regeneration and city centre living (Nathan and Urwin 2006; Unsworth 2007).

The purpose of this article is to present empirical findings regarding the challenges facing creative industry firms in one northern UK regional conurbation undergoing economic transformation, namely Greater Manchester. The first section provides a brief overview of the existing knowledge regarding the development of a creative milieu, and, in particular, focuses on problems with the sustainability of these areas. The following section introduces the development of a creative milieu in Manchester, focusing on the experience of its Northern Quarter. It traces the emergence of this area as a locus for creative production, and goes on to examine the issues associated with the gentrification and displacement faced there and in other central areas of Manchester. Specific attention is drawn to the role of recent city centre regeneration in squeezing the space of creative production. This has left some firms, typically the smaller and more nascent, facing a Hobson's choice of only being able to access space in more peripheral sites. It is argued that constraints on the location choices of creative industry firms that relate to access to business premises pose a significant problem for the long-term sustainability of both the creative areas and the firms that would otherwise have chosen to locate there.

The article draws on empirical research that was undertaken in a doctoral study of the ways in which space and place matter to selected creative industry sectors in Greater Manchester. The research employed a mixed methods approach, probing the spatial pattern of creative industry activity there and selecting two sectors with somewhat different degrees of spatial concentration: advertising, and film and television. Semi-structured interviews with 28 firms and eighteen policy-makers and other stakeholders were used to probe the determinants affecting the decisions regarding firm location. In addition, contextual information was gathered from a range of documentary sources.

1. The area of Hoxton in London is a vibrant arts and entertainment district boasting a large number of bars, nightclubs, restaurants and art galleries. This fashionable area is centred on Hoxton Square, a small park bordered mainly by former industrial buildings.

THE DEVELOPMENT OF A CREATIVE MILIEU

Proposed to improve the economic performance of cities, several key factors appear to be important in engendering a city with successful creative production, including diversity, human capital and urban density (Hall 2000; Landry 2000). Cities have always had important cultural functions, with place and cultural products closely intertwined. The density of interaction in urban areas is seen as the key to stimulating cultural production, and there is an increasingly symbiotic relationship between culture and place and the economy (Scott 2001, 2006). It is well documented that creative industry development is concentrated in relatively central locations within cities. As Evans and Shaw (2004: 17) state, 'The organisation of cultural production in close proximity through industrial clusters and shared workspaces is long established, with the advantages of economies of scale, information and knowledge sharing, joint marketing and the re-use of buildings, outweighing imperatives of competition, lower land and labour costs, a higher individual profile and lower density locations'.

Critical prerequisites for the emergence of a creative milieu include cultural diversity and opportunities for interaction offered by cities (Hall 2000). Intensive networks, social and cultural, that contribute to the buzz of urban areas and serendipitous meeting, are often associated with particular localities. Wu (2005) argues that there are several factors that contribute to the development of a creative milieu. Localized features include the transmission of information among people, knowledge or the storage of information, competence in certain activities, and the creation of something new out of these activities. Further to this, specific local factors of development include successful anchor firms, mediating organizations, skills base, public policy, quality services and infrastructure, and quality-of-place. Hutton (2004: 92) regards the development of new industry clusters in places very close to the central business district as 'striking examples of the compulsion of proximity for creative and knowledge intensive firms'. Not only, he suggests, is this for reasons of economies generated by economic and social agglomeration, but it is also powerfully related to the environment, classified as the built environment, cultural amenity, environmental amenity and complementary institutions.

Marginal spaces have been found to hold a particular attraction for creative industry development (Hutton 2006). Markusen (2006) notes that artists, in particular, tend to gravitate towards transitional neighbourhoods, often inner cities, more than other groups. Rantisi et al. (2006) suggest that property rents can support or suppress creativity, especially in urban areas. Underlying this is the idea that cheap space and corresponding cultural diversity are vital ingredients for developing creative businesses. Low-cost space offers opportunities for flexibility and grow-on space, which is especially important in high-risk, undercapitalized industries. The density of communication and interaction in these environments allows the rapid sharing of ideas and learning. As Leadbeater and Oakley (1999: 35) suggest, 'Creative places are rarely settled and cosy: they are usually in the midst of battles between 'old' and 'new' sources of wealth, income and identity'.

The development of a successful media cluster in Hoxton,¹ in Hackney, came about partly due to the existence of affordable space. One of the reasons why the area was successful was that, unlike in Soho, the area was not so congested and over-priced. The explosion of Britart activities in the area during the late 1980s made the area popular with artists, and, as Leadbeater

and Oakley (2001) assert, this led to the growth of ancillary services, such as bars, restaurants and clubs. They further contend that deregulation and experimentation allow the emergence of a creative atmosphere, which can be engendered by a dynamic mix of consumption and production (Leadbeater and Oakley 1999). The development of a cultural base is often linked to history and a rediscovery of the past. As Scott (2004) points out, much of the new development has focused on the building of a new cultural economy, with a conscious effort to use relics of industrial past as core elements of a reprogrammed landscape of production and consumption.

In the development of successful creative cities or quarters, particular attributes tend to be emphasized in the existing evidence, including distinctiveness and authenticity, small-scale/fine-grain development, vibrant and distinctive neighbourhoods, appeal to younger people, and the diversity of population and lifestyles (Musterd et al. 2007). These areas, often located in the inner city due to the existence of low-cost space, are able to engender a strong reputation as a creative area related to the spirit of experimentation often played out in sites of countercultural consumption. This evidence is largely associated with the organic emergence of these areas. As culture-led regeneration and the creative industries as a policy concern have gained in standing, the context for these changes has changed somewhat. Instead of being an organic bottom-up approach, it has become an explicit policy concern to develop cultural quarters and areas with creative activity. This has often been within the context of regenerating former industrial cities and has been tied to ideas of encouraging urban renaissance and a return to the centre. This policy push may be paradoxical when one considers the fragility of these areas and the propensity to lose out in competition for space. The next section explores how, historically, this competition for space has played out in the case study area of Manchester.

COMPETITION FOR SPACE IN THE CENTRE OF MANCHESTER

This section focuses on one area of Greater Manchester that developed as a seedbed of creative activity, but has recently faced challenges as a result of city centre regeneration. The Northern Quarter is an area that was colonized by creative businesses during the late 1980s and early 1990s and has more recently experienced a growth in residential development. Six of the study's firm interview participants were based in the Northern Quarter. Secondary data from local reports and the academic literature were also employed to help place the area in its historical context. It is suggested that the process undergone in the Northern Quarter has similarities with the waves of gentrification suggested by Cameron and Coaffee (2005). The importance of cheap space in the original colonization of this area is emphasized.

By way of broad geographical context, Figure 1 shows the positioning of Manchester within northwest England and the adjacent regions to the east and south. It lies more or less equidistant from the three other major centres of this part of the country – Liverpool, Leeds and Sheffield. Greater Manchester is England's second largest city outside London, and like the country's other large northern conurbations it experienced major de-industrialization in the second half of the twentieth century, especially in the 1970s, since when there has been a major restructuring of its economy. The regeneration process has been led by the City of Manchester itself, with some impressive results achieved there in terms of physical renewal, population resurgence and economic transformation, and this most notably so in the city centre.



Figure 1: Manchester’s regional context.

2. Openshaw lies about two miles east of Manchester City Centre.

The centre of Manchester (as shown in Figure 2) is the ‘beating heart’ of the conurbation, in that it is its single largest employment node and contains the city’s two principal railway stations (Piccadilly and Victoria) that allow tens of thousands of people from all over the region to funnel into the city centre’s workplaces and service outlets on a daily basis. It includes the office quarter, the retail core (to its north), and the conference and exhibition quarter (to its south), together with the fringing zones that are characterized by a greater mix of uses, including much residential accommodation, such as China Town, The Village (with its gay community focused on Canal Street), part of the university quarter, and the Northern Quarter, which as we will see constitutes Manchester’s single largest concentration of the creative industries sector.

The Northern Quarter lies to the north east of the city centre shopping area near the Arndale Centre (see Figure 2 for wider context and Figure 3 for more detail). During the post-war period, the area began to deteriorate due to the decline of the textiles industry and the relocation of the Smithfield Market to Openshaw² in 1974. This process was further compounded by the opening of the Arndale Centre in 1975 on Market Street to its west, which led to the relocation of a number of department stores out of the area, and created a physical barrier on that side. Following further decline in the early 1980s, the plethora of vacant property did attract new businesses to the area later in the decade. Many of these were small creative industry firms alongside independent fashion and music retailers, and bars, nightclubs and cafes. The ‘devalued’ inner city area attracted a wide variety of cultural entrepreneurs. This process of development was linked to expansions in Manchester’s club



Figure 2: Manchester City Centre.

scene (O'Connor and Wynne 1996). One respondent described his view of the process:

Where you create cheap rent you get cultural diversity, it's quite simple. You get people that are prepared to take risks, small businesses, the artists, the photographers and stuff that don't need massive overheads. You get a variety of cultures.

(Creative Director, advertising agency, Northern Quarter)

While cheap space was a key factor drawing in cultural entrepreneurs during this time, the area was also becoming valued for its image and association with youth and popular culture. Allen (2007: 669) suggests that organic entrepreneurs, mainly small-scale and first-time or part-time property developers, stimulated the initial development of city centre living in Manchester, as well as commercial colonization, and identified the potential for private sector renewal through 'their experience of, and familiarity with, counter-cultural spaces in the city'. He suggests that the return to the centre was stimulated by forms of countercultural production and consumption before city council took its 'entrepreneurial turn' (2007: 670). Value was also provided by the physical landscape of the area, with a wide diversity amongst the building types in the area. There are terraced townhouses from the late 1700s, Victorian and Edwardian industrial buildings and warehousing and large-scale former market buildings (Manchester City Council 2003). This distinctive architecture has been seen as an advantage in the regeneration process.

Since the late 1990s, the Northern Quarter has seen significant levels of residential development, with many high-end apartment developments along with associated rent increases (McCarthy 2005). Estimates based on the decennial Census counts by Couch (1999) suggest that the number of people living in Manchester City Centre fell from around 4000 in 1961 to just 1093 in 1991, a reduction by almost three-quarters. Reworking the 1991 Census figures to match the 2001 Census definition of population (mainly by including students living there in term time) and adopting a somewhat larger area than



Figure 3: The Northern Quarter.

used in the previous study, Nathan and Unwin (2006) calculated around 3500 residents in 1991 and estimated that this had increased to around 10,000 by 2001. They go on to quote a Manchester City Council figure of about 15,000 for 2005. Meanwhile, the Office of National Statistics (ONS) ward-level population estimates for Manchester's City Centre ward give a figure of 10,505 for 2006, which represents a 50 per cent increase on the 6975 estimated for 2001. The actual details clearly vary according to source used and especially what is defined as the city centre, but there is little room for doubt that the population of Manchester's city centre has grown substantially in the past 15 years, reversing a pattern of long-term decline. Prior to the late 1990s, the residential developments had been fairly small, around ten to fifteen apartments each, but more recently the developments have become larger.

This expansion in residential development was identified as a problem by the interview participants. With regard to access to business premises, many

of the participants based in the area suggested that property speculation was causing a shortage of affordable business premises. The director of an advertising agency based in the Northern Quarter explained the problem as he saw it:

In Manchester residential developers are squeezing in on the 'cheap' space by converting them into flats. A huge fire in the Northern Quarter, the fault of another flat development firm, displaced 35/40 companies.

Some vacant space could not be accessed for business purposes due to its owners waiting for residential developers to buy up their properties at higher prices. Building owners would stand to get a much bigger return from a residential conversion than through letting business space. This anticipation of property redevelopment encourages speculation and interrupts the 'natural' evolutionary model, thereby reducing the amount of spaces available for creative industry activity. Residential development had also been leading to increased tensions between different users, for example between the night-time economy and residents.

This is consistent with the idea that there are waves of colonization and possible gentrification. As suggested by Cameron and Coaffee (2005), the first wave of colonization is led by artists rich in 'cultural capital'. In the 1980s, in the Northern Quarter, artists and cultural entrepreneurs brought cultural capital to an area that had been previously undervalued and suffered the consequences of the outward movement of financial capital. In northern British cities, this undervaluing is associated with deindustrialization. It is suggested that a 'rent gap' emerged and 'potential value capital' moved back in attracted by these low prices and rents (O'Connor and Wynne 1996). This is part of a process that 'involves an aesthetic revalorization of the urban fabric of decayed historical neighbourhoods' (Cameron and Coaffee 2005: 40).

The second wave involves a process of residential gentrification by the middle classes where capital follows the artists into gentrified locations. After the initial colonization by cultural entrepreneurs with high cultural and low economic capital, Cameron and Coaffee (2005) suggest that these are then replaced by those with high economic capital, leading to what some see as the commodification of the artistic milieu by property and investment capital. These processes were clearly identifiable within the Northern Quarter, where interviewers saw accelerating residential development as gentrifying the area and squeezing the spaces of creative production. This process is paradoxical, as it commodifies culture and reduces authenticity and is also likely to result in displacement (Ley 2003; Zukin 1988).

The interviews conducted for the study also provided evidence of displacement from other areas of central Manchester, notably the Gay Village (see Figure 1 for location). This area has been through a process similar to that in the Northern Quarter, with its origins in sites of countercultural consumption, but slightly more associated with leisure and night-time amenities. As one respondent who had worked in advertising firms in central Manchester for the past 25 years explained:

The original gay village was a red light area in Manchester, the Canal. Early 70s there were a lot of disused warehouses on the Canal that were all part of the cotton industry boom, that ran their course and as the industry died out the warehousing became available. A lot of them were still used for fabric manufacturing. You could get some really,

really cheap rent in quite key locations, but the area was a bit dodgy. Our first studio was in a building in what became the gay village, but was still the red light area. There were photographers in there, design companies, clothing designers and all kinds of people. What you get is developers seeing it as a cultural area, move in, shove the rents up, develop it as a cultural area, and move the creative industries elsewhere. That's happened two or three times.

The gentrification of these gay spaces can be broadly linked to gay culture becoming more mainstream during the 1990s. In Manchester this, in part, led to the 'transformation of its spaces from "marginal" backstreet, seedy venues to the new liminal, public spaces that celebrate diverse post-modern architectural aesthetics' (Ryan and Fitzpatrick 1996: 176). There has been a trend towards corporatization of gay bars within the Canal Street area as larger businesses recognized the profitability of the market. Gay areas have been recognized as vulnerable to gentrification, as in the United States with Castro in San Francisco or Greenwich Village in New York (Chatterton and Hollands 2003).

Other areas close to Manchester City Centre such as Ancoats, just to the east of the Northern Quarter, and North Trafford, to the west, were also negatively affected by expansions in the residential population, according to interview participants. In particular, one respondent – the managing director of an advertising agency based in the city centre – described a knock-on effect of this as the reduction in space for suppliers such as photography studios in the centre:

Photographic studios are getting harder to find. Now they are being squeezed out of the market. They used to have these fabulous old warehouses, you know, like down in Ancoats where there were these dilapidated buildings that were cheap as chips so you could have huge amounts of space where you could drive in. You could get cars and trucks in there and get big sets built and stuff like that and of course all that's now becoming des res so that is an area that has been badly hit property wise, because they can't get cheap space anymore in town and that was really handy and it is more of a pain to find good studio space if you need studio space.

Finally, Cameron and Coaffee (2005) suggest that following the early 1990s recession, there was a third wave. This constituted a capital- and public sector-led process of extensive regeneration and development, and can be tied to an explicit desire to encourage increased city living and an urban renaissance. The centre of the Manchester has been the particular focus of this type of physical regeneration. Policies here have included commitments to mixed use and residential development, the improvement of city centre shopping and other visitor attractions, the enhancement of the environmental and historical offers, and a strong emphasis on access and traffic management programmes (Williams 2002). There have also been extensive attempts to re-image the city and encourage a return of economic activity and residential population to its centre.

This public 'branding' of Manchester can be seen as part of the longer-term shift to the more entrepreneurial style of governance mentioned above (Quilley 2002). While Allen (2007) regards the revival of city centre living in

Manchester as being the result of an organic movement by countercultural pioneers rather than being led by urban elites, there is plenty of evidence attesting to the role of a more neo-liberal approach through the commodification of cultures. According to Young et al. (2006: 1693–4), in its efforts to 'reconstruct the city centre', Manchester has used branding strategies focused on a 'cultural agenda of city living'. This has emphasized 'service and consumption activities bolstered by flagship projects, bids for public sector regeneration funding and the Olympic and Commonwealth Games and city centre housing projects for the professional and middle classes' (Young et al. 2006: 1694). Artistic strengths have also been commodified with the use of music scene images in Manchester's branding campaigns.

These authentic experiences, associated with quality of life and place, have been presented as a rationale for a return to the city centre. Manchester has even made it on to Richard Florida's website of favourite cities, where the city is described as a 'powerhouse of partying'. The tribute goes on: 'Manchester has a gritty edge but a soulful energetic buzz [...]. There's also a burgeoning gay scene at Canal Street' (Florida 2009). This chimes with Pratt's discussion of the impact of urban regeneration on creative businesses in Hoxton in London. As he explains, 'What wins out is money, which [...] is increasingly focused on consumption and hence, to an extent, parasitic of the new creativity that has characterized Hoxton' (Pratt 2009: 1053).

This begs the question of where nascent firms that have a creative profile and are keen to orientate themselves towards commercial growth can now find suitable premises. This is again in line with Pratt's recent work, which identified a process of industrial gentrification where a change from industrial-industrial uses or industrial-residential uses occurs. As Pratt (2009: 1052) argues, 'The narrative of 'commercial or industrial gentrification' may not be one of forcing out, but of willing flight; clearly, there are still conflicts of interest between artists and property developers and tensions between use value and exchange value'. The evidence from the interviews carried out for this study suggests that only larger and more established firms are able to take up a city centre location, leaving little opportunity for smaller and younger firms to establish themselves there.

A HOBSON'S CHOICE: TAKING UP A PERIPHERAL LOCATION

As mentioned above, the cost of business premises was a key determinant of firm location in Greater Manchester. Given the increasing competition for space in and around the city centre, it was found that a lower-cost location in the periphery offered a number of advantages to small and more nascent firms in terms of greater flexibility in choice of size of premises and better opportunities to purchase space.

Lower-cost business premises offered firms more flexibility, as this meant that a larger space could be rented or purchased. Low-cost space made it easier for firms to expand or contract depending on their current and future business needs. One respondent explained the importance of flexibility to a young firm such as his:

We're a new business. We didn't have any cash in the bank, but my business partner wanted to invest in a property that could be our agency headquarters [...] We had a plan, but you never know how the plan's going to pan out or the reality is going to pan out. We felt it should be

a decent home if we were five or six of us, but equally should be able to house growth up to 30 staff.

(Director, advertising agency, Altrincham)

Firms requiring a large space due to the nature of their activities had often taken up decentralized business premises. In the research this was found to be the case for certain firms within the film and television sector, for example facilities firms who needed to store kit and equipment and also firms providing studio space.

One trend was that firms in the sample cited the ability to purchase buildings rather than rent office space as an advantage of being located out of the city centre. This gave them an investment opportunity, and those in this position purchased properties larger than they initially needed, leaving them potential grow-on space. In some circumstances, where a larger property had been purchased, space was sublet to other creative firms. This provided an opportunity for another income to offset risk, as well as offering the prospect of collaboration:

I moved up here about two and bit years ago, and bought this building and then re-kitted and sub-let part of the premises to a TV production company, which is great because they pay rent for this place and also I do all their pitch work which we throw in [...] and get all their edit work, that's how it works.

(Director, production and post-production company,
Chapel Street, Salford)

This is divergent from the traditional view of property preferences for small firms, who would be seen as unlikely to purchase property due to the volatility of their business. Whereas a larger firm would be likely to find a larger site to ensure expansion, small firms would be more likely to locate in 'premises that give sufficient space for current activities, but little margin for growth ... sustained expansion normally means relocation' (Fothergill et al. 1987: 140). This would be likely to be cheap, rented accommodation on a reasonably flexible lease. It was admitted by one participant that the decision to purchase property can be made unwisely by some businesses, as the best property investment may not provide the most amenable business premises, and therefore the two aspirations may be in conflict:

There was a bit of a Hobson's choice for us because my business partner wanted to buy a building and it needed to stack up from his point of view. He wanted a business in there from day one paying rent with his sort of landlord's hat on. There might be situations where the owner of the building is the sole owner of the business and so created their business there even though it doesn't make any economic sense.

(Director, advertising agency, Altrincham)

This trend could be potentially damaging to the sustainability of firms, causing lock-in and inertia with regard to location preferences and reducing the flexibility on which creative industry firms so heavily rely.

Lower-cost business premises were also found within managed workspaces commonly found outside of the city centre. During the course of the research, five managed workspaces were visited in Stockport, New East Manchester, Salford and Salford Quays. Nine tenants were interviewed, as well as three managers of the workspace and two local authority regeneration

officers trying to establish creative industry workspace. The five different sites varied in ownership and nature. The cost was regarded as the chief advantage of location in these spaces. As the director of a production company based in managed workspace in Salford commented:

The reason I'm here is because it's cheap.

Flexibility was also seen as a key selling point for managed workspace outside the city centre. All potentially offered opportunities for grow-on space or, in fact, reduction of workspace dependent on availability:

In one respect the flexibility of workspace here is quite good. You only have to give a month's notice, so if you suddenly find you have to decrease for whatever reason, it's not a problem here.

(Head of Production, production company, Stockport)

Communal services are a further advantage of managed workspaces for creative industry firms. The costs to the firms are reduced and they can access better services than they could afford on their own. As well as the convenience of being able to access services on site, firms benefit from a more professional image and in the longer term have a greater chance of survival (DoE 1987).

In some peripheral areas there were signs that demand was not as great as anticipated or desired. In the managed workspace in Stockport, free space was being offered to businesses to encourage promotion of their site through the creative networks of the business. Similarly, the tenant at the New East Manchester site had won a year's worth of workspace in a competition. This conflicts somewhat with existing knowledge that suggests that the location of managed workspace is considered important for its success. Small firms, and in particular start-ups, are not likely to work further than 30 minutes from home, and therefore demand is localized (DTI 1982). Other issues related to location include access to grow-on space for firms to graduate into as they mature, publicizing the existence of the workspace and the security of the area (DoE 1987). This would suggest that even if such policies are successful at attracting creative firms into managed workspace in the short term, this may not be particularly helpful in creating sustainable growth for the firm or spillovers into the economy and regeneration of the local area. This mismatch is in line with the view of Evans (2009), who uses the example of London to show the disparity between the concentrated location of creative industry activity in more central areas of London and the location of 'creative hubs' as the focus of public support programmes. He argues that the redistributive aims behind these policies mean that 'their potential to create employment within the creative industries themselves lacks credibility and hard evidence' (2009: 1015).

Moreover, while firms taking up business premises outside central Manchester were able to capitalize on certain benefits associated with cheap space, there were clearly trade-offs that would be likely to reduce the sustainability of their business and lead them to aspire to a future move inwards. One driver behind the desire to move into the centre was to boost perceptions of their brand in order to obtain higher-profile clients. As the director of a communications agency based in Bolton outlined:

Are we going to move to the centre of Manchester? Very possibly in the future. Because we'll increase our profile. People looking for our

type of services look to central Manchester before they look at Greater Manchester.

A move to the city centre was also seen as a way of overcoming skills shortages that might inhibit the future development of the business. The director of an advertising firm in Altrincham that had been trading for just over two years admitted that a move to the city centre might be necessary for accessing particular staff:

I'm going to need to develop the business. In the same way that people travel into London to be a part of the London scene, there's lots of people in our industry, particularly in the younger age brackets, who will want to be in the city centre.

This was also the case for a TV production company based in Stockport, which had been looking for more central business premises for at least a year:

If you are based in the city centre it is easier to get people, we've found that most people in the city centre are probably working for the bigger broadcasters because you've got Granada and the BBC obviously and it does make it easier for people. If we were based in the city centre, we would probably find it easier to attract people.

(Head of Production, TV production company, Stockport)

What was less clear given the gentrification pressure on city centre premises, however, was how the firms would be able to access the central location they desired.

CONCLUSION

The findings of this study of Greater Manchester have supported existing literature in suggesting that creative activity concentrates in certain areas, and that the availability of low-cost space constitutes a significant aspect of their development. Historically, a number of spaces had emerged as sites of creative production and consumption in Manchester, and this article has particularly looked at the Northern Quarter. At the same time, however, the findings suggest that cost was by no means the only consideration in how firms experienced the value of particular spaces. The development of the Northern Quarter, for example, was found to be a complex process, with this area's popularity for the location of creative industry firms being attributed to a range of factors. These included the aesthetic appeal and utility of the built environment, proximity to the city centre and key transport nodes, a history of creative production and a 'cool' image associated with the sites of counter-cultural consumption. This case study has supported previous research (e.g. Hutton 2006; Markusen 2006) that identified that, historically, creative industries have clustered in transitional areas where the decline of the area had opened up opportunities to access cheap space in the city centre fringe and adjacent parts of the inner city.

It was also found that certain parts of central Manchester had been subject to the negative effects of gentrification. The sustainability of creative business premises in Manchester City Centre had to a certain extent been undermined by extensive recent development. This supports evidence in the literature

(Zukin 1988; Hutton 2006), although it is in a very different context, i.e. not in a global city, but instead in a regional city that has undergone intensive physical regeneration following a period of decline. This parallels the findings of Cameron and Coaffee (2005), who suggest that the city-living agenda and urban renaissance strategies have put creative spaces under pressure. It is therefore concluded that cheap space is under threat in the central area, partly due to economic regeneration and also because of residential development. This is similar to the process of 'industrial gentrification', identified by Pratt (2009), in which only the best-performing companies can afford the high property prices of these areas. It is also linked to a neo-liberal commodification of culture and to using opportunities for cultural consumption to attract residents and visitors, which ultimately undermines the spaces of creative production.

Firms were also found to have adopted risk management strategies with regard to their choice for the location of their business premises as it related to cost. Purchasing business premises, or an aspiration to do so, was very common amongst the sample. The participants who had done this aimed to offset risk by investing in property and providing themselves with an opportunity to sublet. This finding seemed to diverge from the literature where it was suggested that small firms, due to their precarious economic circumstances especially if established only recently, would be unlikely to purchase property (Fothergill et al. 1987). There are some problematic implications of this trend. Finding a suitable property to invest in may be at odds with finding the optimum business premises for the firm, and would be likely to involve a trade-off in this regard. It may even result in a degree of inertia and lock-in, as firms would be less likely to move even if they expanded or contracted in size. Moreover, in the current economic downturn those firm directors who had already purchased business premises may have suffered losses. It may be that smaller, less established firms are not able to access business premises in the city centre.

The other area of possible divergence between the findings of this study and policy focus is the provision of spaces for creative production outside the city centre. Whilst this is clearly useful to help start-up firms and support young businesses, the regenerative capacity of this policy focus can be overstated. For example, it is unlikely that this will contribute substantially to the local economy, because if businesses based in managed workspace have aspirations to grow and become more commercially competitive, they will be tempted to move out to the city centre. Instead, policy should focus on allowing businesses to access the centre and the advantages it offers.

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CONTRIBUTOR DETAILS

Katherine Champion is a research assistant in Dundee Business School at the University of Abertay, Dundee. She is currently working on an ESRC funded business engagement project exploring the management challenges facing SMEs in the digital media industries, with a partner firm from the computer games sector. She has recently completed her PhD thesis at the Department of Urban Studies, University of Glasgow which focused on the ways in which space and place matter to the creative industries sector with a case study of selected firms within Greater Manchester.

Contact: Dundee Business School, University of Abertay, Dundee, Tayside, DD1 1HG.

E-mail: katchampion@hotmail.com
