Urban policymakers need to reconsider the role of arts districts in cities' economic development.

Recent decades have seen the growth of arts districts in many large U.S. cities. These areas are often seen by city authorities as amenities that can be used to attract tourists and the creative class. In new research, **Carl Grodach** *argues that city policymakers may be overlooking the role of the arts as industries and in encouraging economic development. Using a survey of nearly 90 percent of U.S. arts employment, he finds that arts districts tend to cluster in urban 'innovation districts', suggesting that they can play a larger role in economic development. He writes that with this in mind, new approaches for arts-based urban development policy may now be needed in order to harness this economic potential.*

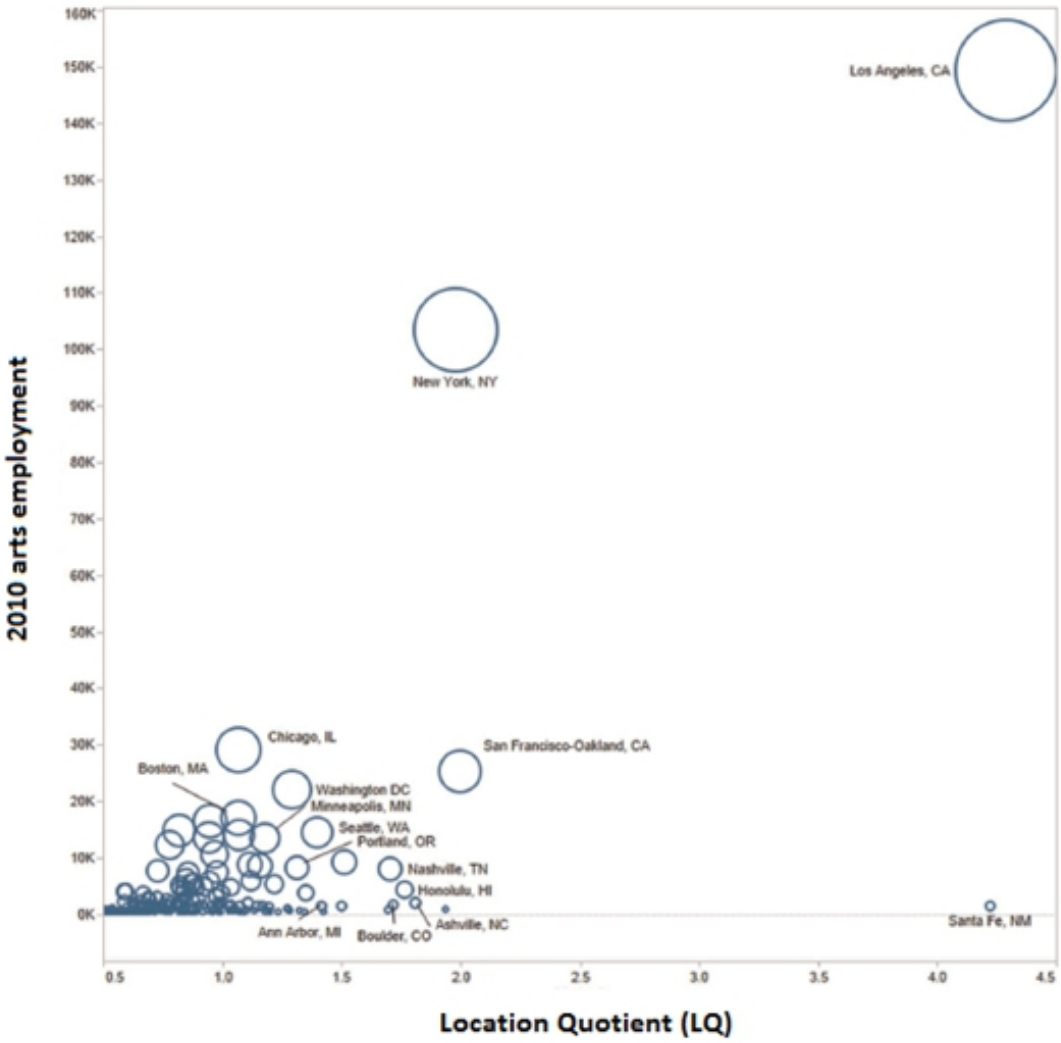
The role of the arts in economic development is as highly underestimated as it is misunderstood. Generally speaking, the arts are not an urban panacea as so many media reports on the success of artistic neighborhoods and flagship museums would suggest. At the same time, the arts comprise a much more diverse set of activities and places than the stereotype of a hip, bohemian artist enclave or a downtown arts district. Cities often think of the arts in this way as amenities to attract tourists and the "creative class." In so doing, they overlook the important role of the arts as industries.

Approaching the arts as industries gives us a very different picture. In fact, there is strong evidence that arts industries cluster in "innovation districts," geographically defined clusters of knowledge-driven industries including technology, media, and finance alongside higher-education institutions and amenities. This suggests that arts industries play a larger and perhaps different role in economic development than previously understood.

To better understand the arts geography, my colleagues Elizabeth Currid-Halkett, Nicole Foster, James Murdoch, and I conducted a detailed analysis of 22 arts industries including arts dealers, film and music production, architecture and design firms, fine arts schools, museums, and performing arts companies at the regional and local levels. Our data comes from the US Census Business Patterns data in all 366 metropolitan statistical areas in the US and in 13,946 zip codes. This captures 89% of US arts employment. Using this data we study the location patterns based on a set of 33 physical, demographic, and economic characteristics from the American Community Survey and Business Patterns data.

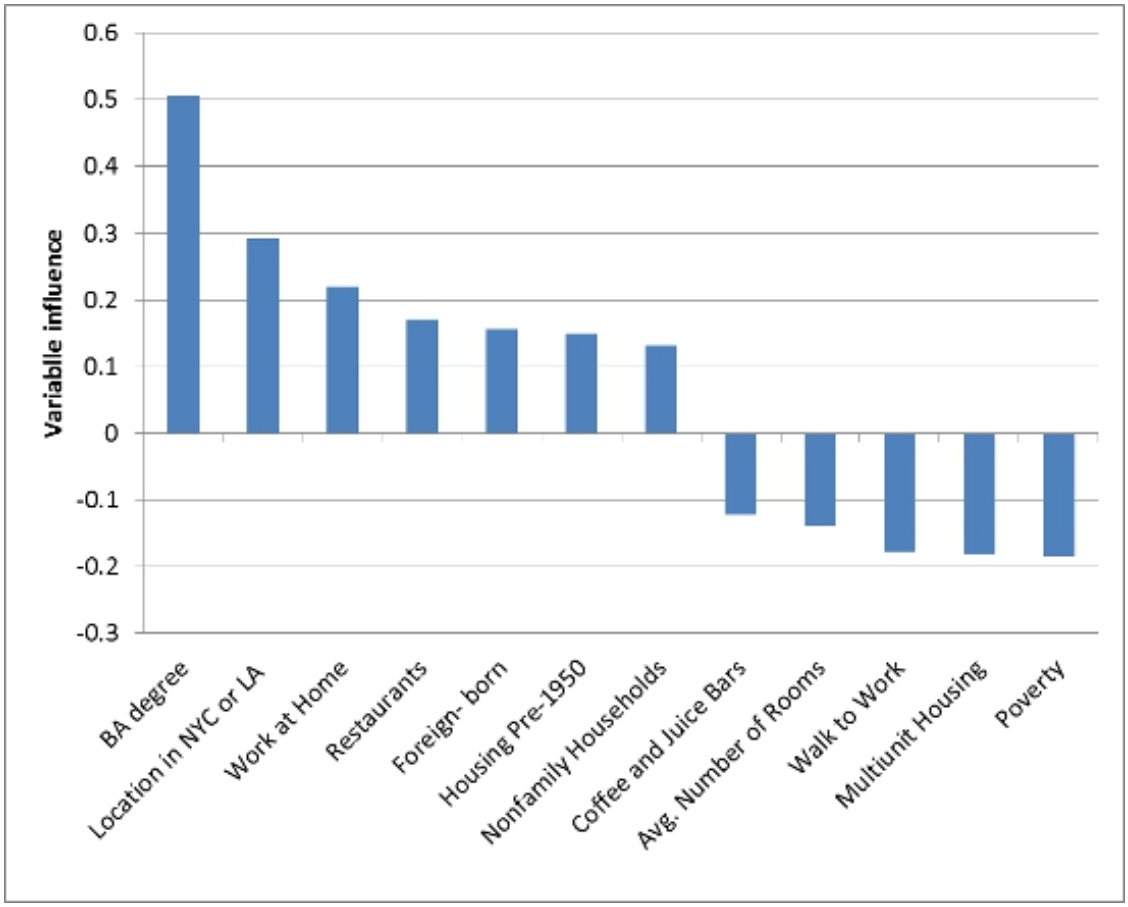
While the arts industry geography is fairly dispersed across the country, the established hubs– Los Angeles, New York, San Francisco, and Santa Fe for example– remain the dominant art centers, as Figure 1 illustrates. Los Angeles with its immense film industry and Santa Fe with its highly concentrated arts and design sector maintain by far the strongest arts concentrations as measured by their location quotient (LQ). They are followed by a diverse set of places including large metros like New York and San Francisco, tourist destination Honolulu, and music industry hub Nashville (Fig. 1). Santa Fe's considerably smaller employment base amplifies its high concentration but other small metro college towns also make a strong showing including Ashville, NC, Boulder, CO, and Ann Arbor, MI. In contrast, some large metros with established arts employment such as Boston and Chicago do not hold a similar competitive advantage but still retain sizeable bases of employment in the arts.

Figure 1 – 2010 metro arts cluster employment size and concentration



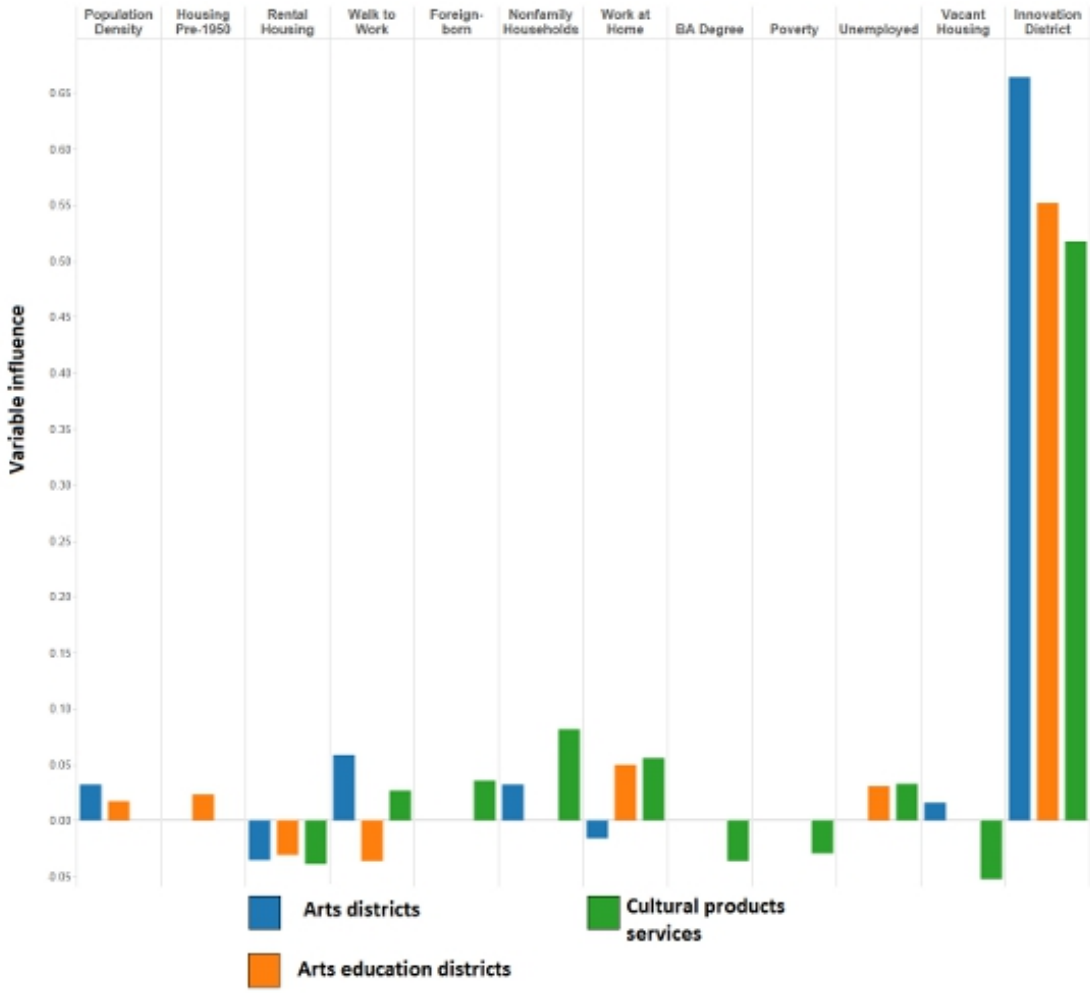
According to a statistical regression analysis at the regional level, the arts are most likely to cluster in metropolitan areas that are highly educated, have low levels of poverty, are diverse, and possess an abundance of older and smaller housing units (Figure 2). The associations with indicators of economic health are not unexpected, given that places with strong economies are more likely to provide employment opportunities for an arts workforce. The relationships with diversity and older housing fit with prior research as well. Figure 2 shows the most significant variable associations based on the regression analysis.

Figure 2 – Significant Regional-level Arts Cluster Regression Variables



By contrast, at the localized level of the neighborhood, arts industries are strongly associated with “innovation districts”, as shown in Figure 3. Given that urban policy rarely incorporates the arts into their innovation district policies, this implies that there are important unexplored synergies that cities have yet to capitalize on. Moreover, the association with innovation districts cuts across different types of arts activities. Using principal component factor analysis, a statistical technique that takes a large number of variables and groups them based on their correlations, we identified five distinct arts clusters at the local level. Cultural Product Services includes a mix of arts industries related to film, music, and design that commonly support both the arts and other industries. Arts Districts represent areas, often located in US downtowns, which contain a mix of museums, performing arts theaters, and art galleries. Arts Education Districts are similar but combine music groups (e.g. orchestras, operas, and jazz ensembles) and fine arts schools. Music and Film Services include industries related specifically to the production of music and film respectively. Figure 3 shows the most significant variable associations based on the regression analysis for three of these clusters. Unlike at the metro level, a combination of high levels of education and low poverty are not predictive of arts cluster locations. In fact, other than the innovation district factor, the variables that influence arts cluster locations vary according to the type of arts cluster. They appear to be both place and neighborhood specific in that there are few common, important variables among the clusters.

Figure 3 – Significant Neighborhood-level Arts Cluster Regression Variables



Our results suggest that arts clusters may seek out the broader attributes of certain types of cities or regions. However, at the specific level of the neighborhood, arts clusters are found where other related industries that rely on specialized expertise and knowledge abound, or what we call innovation districts. This overall finding would suggest that the current innovation district schemes as witnessed in Boston, New York City, and elsewhere ought to incorporate arts industries. Beyond this, we also uncovered an overlooked segmentation between arts industries at the neighborhood level, which suggests that the arts possess specific needs as related to their type o cultural production.

Ultimately, arts and urban policymakers need to rethink how we define, study, and think about the arts as well as the context under which they are utilized to stimulate economic development. To this end, the findings point toward new approaches for arts-based urban development policy and the role of the arts in creative and knowledge-based industries more widely. This is important because supporting industry clusters remains an important component of economic development planning and the arts are increasingly on the policy radars of many cities. However, they are more often viewed as amenities rather than as economically important industries. Arts-driven economic development is currently applied through a very crude overarching arts district or “creative city” initiative rather than looking at the specific relationship between local artistic clusters and their milieu.

The amenity route may be short-sighted in terms of economic development policy because it undervalues the possible role of the arts in more robust and long term industrial development and because it ignores the agency of the people powering artistic clusters. Our results suggest that the arts are a necessary component of innovation districts. Stemming from the results of our analysis, the arts’ strong association with innovation districts both reinforces popular notions of creative industries, but also points toward a shortcoming of common innovation district policy, which tends to exclude arts industries in the equation. We hope this research serves as a starting point for rethinking these dynamics.

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