The development and localisation of a foreign gated community in Beijing

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A B S T R A C T

The emergence of gated communities for foreign residents in large Chinese cities is the result of economic globalisation, local institutional changes, social relations and cultural globalisation. Using a case study performed in Beijing, this paper seeks to analyse the complex dynamics of foreign gated communities through a critical examination of their key actors. The history of the gated community studied here is divided into two phases: development and localisation. During the development phase, the property developer not only attracted foreign residents through building an international community but also lured Hong Kong investors through the promise of soaring rental returns fuelled by strong demand. During the localisation phase, Chinese residents gradually replaced the developer as the project’s key actors. While the Chinese residents were attracted by the idea of international community, their arrival significantly transformed the community. This paper demonstrates how the survival, character and appearance of a foreign gated community was influenced by temporally and geographically dispersed actors who were subjected to a number of economic, social and cultural forces on a global and a local scale.

Introduction

In contrast to the rest of the city, where high-density housing is the norm, Shunyi District in northeast Beijing, also known as Beijing Central Villas District (zhongyang bieshu qu), has a concentration of luxurious villa communities. These communities are sometimes called ‘foreign gated communities’ because they were first developed for foreigners and are gated for security, exclusivity and reasons that concern the provision of services (Huang & Low, 2008; Pow, 2007b; Wu, 2005; Wu & Webber, 2004). Similar foreign enclaves can be found in Shanghai and other major Chinese cities (Wang & Lau, 2008). Beijing’s foreign gated communities were mainly built between 1994 and 2002, when the commodity housing (shangpin fang) market in Beijing was divided into domestic and foreign sectors. Domestic housing was available only to locals. Foreign residents (including residents from Hong Kong, Macau and Taiwan) were forbidden to purchase or rent domestic housing. Foreign housing, however, was available to both locals and foreigners. However, because foreign housing was significantly more expensive than domestic housing, price was an effective barrier to purchase for the majority of locals until the late 1990s, when incomes increased. Approximately 350 foreign-housing projects, accounting for 25% of the city’s total housing development, were approved by Beijing’s municipal government between 1994 and 2001 (Xinhua, 2002).

Wu and Webber (2004) argue convincingly that economic globalisation was the necessary precondition for foreign housing, or foreign gated communities, in Beijing. Economic globalisation brought an influx of expatriates who demanded a quality of housing unavailable under the socialist housing system. Thus, the policy of introducing a separate market for foreign housing resulted from a contradiction in the Chinese housing market. On the one hand, insufficient housing would harm foreign investment, and an urgent need arose to introduce market reform to the housing sector. On the other hand, a belief existed that such large-scale reform would have other economic and social consequences and should only be cautiously implemented. The solution was to create a separate market for foreign housing that was unencumbered by the domestic housing system and thus more market-oriented. Large-scale privatisation and commodification of domestic housing did not occur until the late 1990s (Wang & Murie, 1996).

One limitation of Wu and Webber’s explanation of foreign gated communities is the emphasis on government, consumption and consumer preference. The emergence of foreign gated communities was largely attributed to the demand for high-quality housing by foreigners working in Beijing. However, consumers were just one of many groups participating in the foreign-housing market. Furthermore, with the help of advertising, demand can be manufactured (Smith, 1979). In this paper, we extend the understanding of foreign gated communities from a supply perspective, which means paying close attention to the roles of property developers and investors in the development of foreign gated communities.

The second phenomenon we examine in this paper is the localisation of foreign gated communities due to the arrival of...
local Chinese residents. This phenomenon began in the late 1990s and intensified throughout the 2000s. We examine the extent, the causes and the effects of this process. We find three main effects: (1) a decline of community activities; (2) an increased emphasis on privacy and exclusivity and (3) an individualisation of houses. If the localisation of foreign gated communities in China is a manifestation of cultural globalisation, then this process is highly complex and influenced by both global and local factors.¹

This paper is based on a case study of the Dragon Villas gated community in Beijing. Evidence was drawn from intermittent observation in the field by one of the authors over a decade. In addition, the authors carried out intensive fieldwork in June and July 2010. We conducted sixteen in-depth, semi-structured interviews with a diverse group of people, from the developer and the property manager to current and former residents. We also examined a large selection of private documents, including the records of owners and tenants, rental contracts, meeting agendas, owners’ committee correspondence, annual budgets, and internal memoranda of the management company.

Building an international lifestyle community

Located in Shunyi District, northeast Beijing, Dragon Villas was a joint venture between a municipally owned company and a Hong Kong-based property developer. The first phase of construction was completed in early 1994. The master plan featured 231 houses of 12 different designs, from mammoth 880-square-metre detached villas with five bedrooms, a triple garage, an indoor swimming pool and a home theatre (Fig. 1) to relatively modest, 340-square-metre semi-detached villas with four bedrooms and a single garage. The villas were arranged in cul-de-sacs and interspersed with abundant green space. The quality of the villas was assured by procuring most construction materials overseas, including swimming pools from Australia. Gating and restricting access to two heavily guarded entry points ensured security and exclusivity. More than 70 full-time security guards and approximately 20 part-time cleaners and gardeners were employed to maintain a clean and safe environment.

Central to the developer’s strategy of product differentiation and promotion was to develop Dragon Villas into one of the first international lifestyle communities in Beijing. Lifestyle communities trace their intellectual heritage to Ebenezer Howard’s Garden City (Gwyther, 2005). The idea of a lifestyle community is closely linked to the political philosophy of communitarianism (Bray, 2006). Arising from a rejection of excessive individualism and liberalism, communitarianism emphasises community goals and social cohesion (Kymlicka, 1988). Numerous benefits of community have been discussed, including economic prosperity, social justice, health, happiness, democracy, environmental sustainability and stable governance (Argyle, 1996; Ife, 2002; Putnam, 2000; Woolcock, 2001; Yen & Syme, 1999). While this utopian idea of community has been criticised as romanticism (Epstein, 2010) and fantasy (Brent, 2004), the concept has nonetheless gained wide currency in the West and been turned into a marketable idea (Gwyther, 2005). In other words, lifestyle communities can be understood as a commodification of community (Fry, 1977), and community itself can be understood as a manufactured demand (Williams & Pocock, 2010).

Using various marketing tools, the developer began to create the atmosphere of an international lifestyle community for Dragon Villas long before physical construction was complete and the villas occupied. In the developer’s sales catalogue, Dragon Villas was described as:

...well known among Beijing’s expatriots [sic], has attracted distinguished business people and leaders from all corners of the earth. They and their families create a sophisticated, welcoming country society. So join us, and feel the warmth of home... far from your native land. (Dragon Villas Catalogue)

Images in the catalogue gave further substance to the assertion of a welcoming, international community. While the developer claimed to have “leaders from all corners of the earth” among the villa residents, the catalogue pictures almost always featured happy Caucasian families enjoying the community amenities (Fig. 2). Emphasis was put on the cordial relationship among

¹ We would like to thank an anonymous reviewer for this insight.
residents. The only Chinese depicted in the catalogue were service personnel, such as chefs, security guards, property managers, cleaners or gardeners.

The success of Dragon Villas in attracting foreign residents depended on the developer’s ability to deliver the “international” lifestyle community promised in advertisements and catalogues. To this end, the developer invested substantially in community-building facilities. In the middle of the villa complex, an imposing three-story clubhouse was erected to serve as a community centre. With a floor area of over 8000 square metres and equipped with indoor and outdoor swimming pools, tennis courts, basketball courts, soccer fields, boxing rooms, gymnasium, karaoke, a supermarket and two restaurants, the structure was one of the largest clubhouses in Beijing at the time it was built.

To build the social infrastructure of Dragon Villas, the developer also put in place long-term community programs, including community events and newsletters. Community events provided opportunities for residents to meet each other and socialise, thereby creating social capital. By helping to produce a community identity, such events were also instrumental in creating a sense of community (Cohen, 1985). By holding sporting competitions, parties and festivals throughout the year, the developer endeavoured to create an air of festivity. Table 1 lists all of the developer-organised community events held in 2001. A total of 41 events were held, distributed fairly evenly throughout the year with roughly one event per week. To cater to different interests, many types of events were planned, most related to sports (such as tennis, football and bowling matches) or festivals (such as the Christmas party, the mid-autumn party and the New Year party). The Mid-Autumn Celebration Party was the biggest event of the year, beginning in the afternoon and continuing all evening, with exhibitions, dinner, magic and music performances and a raffle.

In addition to the events in Table 1, the developer organised regular community activities to keep residents busy and happy. One of the most popular activities was the Ladies’ Tea Break. Held on the second Tuesday of each month, for a moderate price of 25 RMB (4 USD), participants enjoyed food and drinks and participated in cooking lessons taught by chefs from the Dragon Villas’ restaurant. The event was described by the organiser as killing two birds with one stone, as the participants learned cooking while socialising with their neighbours. Other regular classes were held on a weekly basis, covering a wide range of topics such as Mandarin, Kung-fu, Aerobics, Yoga, Latin Dancing and Ballet.

Community newsletters, published monthly in both English and Chinese, were carefully written by the developer to portray Dragon Villas as a lifestyle community. Readers were constantly encouraged to participate in community events and were reminded of the importance of their participation. Reports on the success of past community events always ended with encouraging sentences such as “it was a great success because of your participation!” (Dragon News April 2001).

Our interviews with former and current foreign residents of Dragon Villas confirm that the community programs were well received. Some of the bigger community events, such as the Mid-Autumn Celebration Party, routinely attracted the majority of residents. For the foreign residents, community events were important opportunities to meet new people:

We were friends with only one family when we first arrived in Dragon Villas but soon got to know lots more because there was then a

Table 1

<table>
<thead>
<tr>
<th>Month</th>
<th>Events</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>Skiing</td>
</tr>
<tr>
<td>February</td>
<td>Shuffleboard match, table tennis tournament, Valentine day’s buffet party</td>
</tr>
<tr>
<td>March</td>
<td>Tennis match, bowling match</td>
</tr>
<tr>
<td>April</td>
<td>Billiard match, golf tournament, happy easter sunday brunch</td>
</tr>
<tr>
<td>May</td>
<td>Mountain climbing, football match, mother’s day sunday brunch</td>
</tr>
<tr>
<td>June</td>
<td>Tennis match, billiard match, bowling match, children’s day party, kite-flying match, dragon boat festival, anniversary celebration party, father’s day brunch</td>
</tr>
<tr>
<td>July</td>
<td>Children’s summer camp, wild wild west BBQ party</td>
</tr>
<tr>
<td>August</td>
<td>Children’s iron man match, billiard match, diving and breath-holding games</td>
</tr>
<tr>
<td>September</td>
<td>Tennis match, bowling match, mid-autumn celebration party</td>
</tr>
<tr>
<td>October</td>
<td>Golf tournament, mountain climbing, billiard match, football match, happy halloween party</td>
</tr>
<tr>
<td>November</td>
<td>Table tennis tournament, bicycle round-robin series</td>
</tr>
<tr>
<td>December</td>
<td>Tennis match, bowling match, billiard match, children’s christmas party, christmas eve grand party, new year’s eve countdown party</td>
</tr>
</tbody>
</table>

Source: Dragon Villas newsletters (2001).
vibrant community of ex-pats who actively sought each others’ company in the clubhouse. The clubhouse was very active then and held regular events which brought people together. (Mr. C, foreign resident, 18-Jul-2010).

The efficacy of community programs in building social capital can be seen from the intensity of neighbourly relationships:

Foreign residents liked to throw parties at their houses – we used to go to a party every Friday and Saturday. The parties were extravagant. We got to know and became friends with almost everyone in the community through these parties. (Ms. F, foreign resident, 16-July-2010).

The emergence of voluntary action was another strong indicator of the success of community programs. One example was the local kindergarten that catered to children aged three to six. This not-for-profit school was run by parents living in Dragon Villas and employed one teacher and two assistants. For a monthly fee of 2000 RMB (313 USD), parents could send their children to the kindergarten between 9 a.m. and noon. Another example of voluntary action was the annual Chinese New Year donation. Chinese New Year is the most important holiday in China and most migrant workers – rural Chinese working in cities on a temporary basis – travel home to celebrate the holiday with their families. As a gesture of gratitude, each year residents donated money, food and other gifts to the Dragon Villas security guards who could not travel home due to work commitments.

Dragon Villas’ vibrant international community was a drawing card for potential foreign residents. The interviews made clear that many foreign residents were attracted to Dragon Villas from other foreign gated communities after visiting friends living in Dragon Villas. They were most impressed by the sense of community and the abundant opportunities to socialise with fellow foreigners:

We first visited Dragon Villas as guests at a friend’s party. We were so impressed by how friendly everyone was and the degree of social interaction in the community that we decided to move here. We found that making friends in Dragon Villas was very easy because of the community events and the clubhouse. (Mr. Y, foreign resident and former chairman of Dragon Villas Kindergarten, 20-July-2010)

We lived in a compound with low occupancy before and we learned that even the most luxurious villa is no fun with no people to socialize with. The best thing about Dragon Villas was that we had friendly and open-minded neighbours. (Mr. S, former foreign resident, 21-July-2010)

That the community attracted foreigners was not a simple case of manufactured demand, for social factors were at work shaping the preferences of the foreigners. Expatriates working in China in the early 1990s faced social adversity, including unfamiliarity with the Chinese cultural, social, political and physical environments. Furthermore, cultural, linguistic and perhaps ideological barriers prevented expatriates from forming social relationships with the local Chinese population. Consequently, an international, welcoming community was a godsend for many expatriates (d’Ardenne & Mahtain, 1989; Kaye & Taylor, 1997).

Thus, community building gave Dragon Villas a competitive advantage over other foreign gated communities that did not have a vibrant international community, which explains why Dragon Villas was able to sustain a high demand throughout the 1990s, even when competition intensified and oversupply became a problem. The abandoned construction sites of foreign gated communities near Dragon Villas, due to a lack of residents and investors, are a clear reminder of how competitive the market was in those days.

Finding investors from Hong Kong

The importance of community building extended beyond attracting foreign residents. Indirectly, community building also attracted Hong Kong investors, who were arguably the group most important to the survival of Dragon Villas in the development’s early days. Table 2 shows that the early residents of Dragon Villas were predominately (87.8%) renters. Perhaps because of the legal and bureaucratic complexities and uncertainties about owning properties in China, short-term rental was the preferred arrangement for most multinational corporations seeking accommodation for their executives. The lack of buyers presented a significant cash-flow problem to the developer at an early stage of the development.

Because the developer was based in Hong Kong, one solution was to seek buyers from Hong Kong. Hong Kong was the main investor in China in the early days of the reform period. From 1979 to 1991, Hong Kong and Macau accounted for 62.2% of foreign investment in China (Leung, Wong, & Wong, 1996). This flow of capital was mutually beneficial. The investment and trading opportunities became the engine of growth for Hong Kong and simultaneously fuelled rapid industrialisation and urbanisation in China, particularly in the Pearl River Delta (Shen, 2002; Yeung, 1997).

Therefore, Hong Kong investors buying properties in China to capture high returns was not a novel phenomenon. Nevertheless, persuading investors to purchase properties in a geographically and institutionally distant city that had just seen the bloodbath at Tiananmen Square proved challenging. Other barriers to overseas property investment were the management and operation of the investment, the lack of local expertise, and the potential for misunderstandings due to language or cultural difference (Worzala, 1994).

As mentioned earlier, due to the success of the community-building programs, the rental demand for Dragon Villas was high among foreigners. According to the developer, foreigners were lining up to secure villa rental contracts long before they were available. Together, the strong demand and limited supply produced soaring rents and a long average tenure length (Table 3). To reduce the risk and complexity to investors due to cultural, institutional and legal differences, the developer first rented out the villas to foreigners and then offered the rental contracts with the villas as a package to potential investors from Hong Kong. In fact, the developer guaranteed that the investors would recoup 40% of their investment in two years from the rental return. From 1994 to 1999, almost 90% of the Dragon Villas properties were sold to Hong Kong investors this way.

In summary, economic globalisation was a precondition for the emergence of foreign gated communities in Beijing in two ways. First, as discussed by Wu and Webber (2004), globalisation brought international tenants to the city. Second, as discussed in this section, globalisation attracted international capital from Hong Kong investors. Therefore, success of Dragon Villas depended on the developer working in two geographically distinct markets: the property market in Hong Kong and the rental market in Beijing.

Table 2

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Households by ownership</th>
<th>Households by nationality</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Renters</td>
<td>Owners</td>
</tr>
<tr>
<td>1995</td>
<td>90 (100%)</td>
<td>79 (87.8%)</td>
<td>11 (12.2%)</td>
</tr>
<tr>
<td>2010</td>
<td>228 (100%)</td>
<td>12 (5.3%)</td>
<td>216 (94.7%)</td>
</tr>
</tbody>
</table>

Source: Authors’ compilation using data from the developer.
Additionally, by packaging rental contracts with house sales, the developer was able to link the two markets, providing extra monetary incentives to investors in Hong Kong.

### The localisation of dragon villas

Following the development phase, during which foreigners dominated the residential population, Dragon Villas gradually entered the localisation phase, in which the demographic profile of the Dragon Villas community was localised. The process began approximately in 1997, when the Asian financial crisis presented serious challenges to the business model previously described by substantially weakening the demand for foreign housing from both foreign tenants and overseas investors. To save costs, multinational corporations began to replace their foreign management teams with local Chinese. At the same time, the foreign-housing sector was troubled by the structural problem of oversupply. Looking for a way out of a sales slump, developers of foreign gated communities in Beijing turned their attention to the increasingly affluent local elites. By 2001, domestic buyers accounted for 70% of the total sale of Beijing’s foreign housing (Wu & Webber, 2004). The lifting of the restriction on foreigners buying or renting domestic housing also had an impact on capital flow and foreign housing. Lifting the restriction caused a sharp drop in the rent charged for foreign housing because foreigners could now choose to live in domestic housing. This drop in rental rates made foreign gated communities even less appealing to overseas investors.

In Dragon Villas, the impact of these economic and policy changes was more than property ownership changing hands. The changes also triggered an exodus of foreign residents and an influx of Chinese. The percentage of houses occupied by foreigners dropped from 95% in 1995 to merely 14% in 2010 (Table 2). The exodus of foreigners was partly voluntary and partly forced. Some Dragon Villas residents finished their assignments in Beijing or were transferred to other countries or cities. Additionally, after the restriction was lifted, many long-time residents left to live in more convenient locations nearer to the city centre. However, most commonly, because many of the new local buyers desired to be owner-occupiers, foreign tenants were evicted after the houses they rented were sold to local Chinese residents by Hong Kong investors.

Interestingly, the idea of an international community continued to function as an important attraction at Dragon Villas. According to our interviews, many Chinese residents were enticed to live at the gated community because of its “foreign atmosphere” (yangyanggou) as a symbolic manifestation of a successful life. These statements suggest that localisation can be understood as a manifestation of cultural globalisation, a “me too reaction by the local elite in emulating the American lifestyle within the local urban context” (Bagaen & Uduku, 2010). However, such globalisation in no way suggests that Chinese residents embraced wholeheartedly their predecessors’ way of life. Instead, the Chinese residents brought at least three changes to the community: (1) a decline of community activities, (2) an increased emphasis on privacy and exclusivity and (3) an individualisation of the houses.

In contrast to their foreign predecessors, no Chinese residents we interviewed considered the presence of community an important rationale for moving to Dragon Villas. Although community is a foreign concept, the concept has been recently embedded in the public discourse and should be familiar to Chinese residents (Bray, 2006; Xu, Perkins, & Chow, 2010; Yu, 2009). The Chinese residents had two reasons for rejecting the idea of community. First, unlike the foreign residents, the Chinese residents likely already had an established social network of local friends before moving to Dragon Villas. Therefore, their need to socialise with fellow residents was not as great as that of their foreign predecessors. Second, Chinese residents saw moving to Dragon Villas as a means of escaping from what they considered “too much community”:

> In our old housing, everyone knows everyone else. On top of that, you had old grannies from residents’ committees keeping an eye on you. If that was community, I’m all too happy to let it go. (Mr. K, Chinese resident, interviewed on 27-Jul-2010).

Consequently, Chinese residents employed economic and political means to actively demolish the community-building programs, which they perceived as a waste of money. The first step to bringing down the programs required no coordination at all, as Chinese residents simply voted with their wallets by refusing to use the clubhouse facilities. The prominent clubhouse that was once the place to function as an important attraction at Dragon Villas. According to our interviews, many Chinese residents were enticed to live at the gated community because of its “foreign atmosphere” (yangyanggou) as a symbolic manifestation of a successful life.2

These statements suggest that localisation can be understood as a manifestation of cultural globalisation, a “me too reaction by the local elite in emulating the American lifestyle within the local urban context” (Bagaen & Uduku, 2010). However, such globalisation in no way suggests that Chinese residents embraced wholeheartedly their predecessors’ way of life. Instead, the Chinese residents brought at least three changes to the community: (1) a decline of community activities, (2) an increased emphasis on privacy and exclusivity and (3) an individualisation of the houses.

<table>
<thead>
<tr>
<th>Property price (USD)</th>
<th>Tenant</th>
<th>Monthly rent (USD)</th>
<th>Tenure length</th>
<th>Rental return (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$574,514</td>
<td>Chevron</td>
<td>$12,000</td>
<td>2 years</td>
<td>25</td>
</tr>
<tr>
<td>$373,602</td>
<td>General motors</td>
<td>$10,400</td>
<td>2 years</td>
<td>33</td>
</tr>
<tr>
<td>$398,077</td>
<td>GM–AEG</td>
<td>$10,600</td>
<td>2 years</td>
<td>32</td>
</tr>
<tr>
<td>$566,849</td>
<td>Foster wheeler</td>
<td>$10,100</td>
<td>3 years</td>
<td>21</td>
</tr>
<tr>
<td>$495,313</td>
<td>McKinsey &amp; Co.</td>
<td>$9800</td>
<td>2 years</td>
<td>24</td>
</tr>
<tr>
<td>$435,417</td>
<td>Siemens</td>
<td>$7730</td>
<td>2 years</td>
<td>21</td>
</tr>
<tr>
<td>$526,425</td>
<td>Esso</td>
<td>$8550</td>
<td>3 years</td>
<td>19</td>
</tr>
<tr>
<td>$426,474</td>
<td>DAS</td>
<td>$10,400</td>
<td>2 years</td>
<td>29</td>
</tr>
<tr>
<td>$553,708</td>
<td>Motorola</td>
<td>$10,025</td>
<td>2 years</td>
<td>22</td>
</tr>
<tr>
<td>$599,729</td>
<td>Nortel</td>
<td>$10,025</td>
<td>2 years</td>
<td>21</td>
</tr>
<tr>
<td>$338,615</td>
<td>AlliedSignal</td>
<td>$10,400</td>
<td>2 years</td>
<td>23</td>
</tr>
</tbody>
</table>

Source: Authors’ compilation using data from the developer.

2 During our 2010 fieldwork, Dragon Villas was indeed home to a high population of foreign purebred dogs such as the Great Pyrenees, Komondor, Siberian Husky, Old English Sheepdog and Dalmatian.
losing money for the past few years and I had no choice but to close it. (Mr. L, the developer, interviewed on 8-Jul-2010)

Political struggle was another means to bring an end to community building. Dragon Villas is governed by the Dragon Villas Owners’ Committee (DVOC), a homeowner association. The DVOC is composed of nine members who are elected biennially by the homeowners. Not surprisingly, Chinese residents have dominated the committee since the early 2000s. Furthermore, language was a major barrier for non-Chinese-speaking members to meaningfully participate in neighbourhood politics:

I volunteered to sit on Dragon Villas Owners’ Committees, but the committee had few English speaking members, and my Chinese was not good enough to understand what was being discussed. My English agendas quickly became useless and my attempts to write minutes became impossible. Eventually I gave up and resigned because I was wasting my time by attending meetings. (Mr. C, former member of DVOC, interviewed on 18-Jul-2010)

In 2002, the DVOC and the Dragon Villas homeowners voted to replace the developer-affiliated management company that was responsible for organising community events. One reason for the dismissal was that too much money was spent on community events. Consequently, the new management company drastically reduced both the frequency of and the resources spent on community events. The once numerous community events were cut down to one per year (the mid-autumn festival).

Another dimension of the decline in community activities was fewer neighbourhood oriented activities. Most Chinese residents indicated that they seldom interacted with their neighbours and did not know their neighbours by name. Moreover, the volunteer-based local kindergarten was closed in 2007 due to lack of interest from the Chinese parents in the community. The decline of community activities was acutely felt by some of the remaining long-term foreign residents of Dragon Villas:

The few Western expats still living in Dragon Villas still socialise but the community is now so small that we now travel outside more often to meet friends. Chinese residents who have replaced the western community don’t seem to get together in the same way. Obviously, the loss of the clubhouse and organised community events has had a big impact on the sense of community because people don’t see so much of each other, and there is nowhere to get together. (Mr. C, foreign resident, interviewed on 18-Jul-2010)

Related to the decline in community activities was the second effect of localisation: an increased emphasis on privacy and exclusivity, which is perhaps not surprising and has been reported elsewhere in Pow’s (2007a) study of Shanghai gated communities. During China’s socialist period, privacy was limited by the crowded living conditions and a political rhetoric that linked privacy to selfishness (Chan & Zhang, 1999; Wang & Murie, 1996). However, barely three decades later, privacy has become increasingly desirable among China’s urban population (McDougall, 2004; Pow, 2007a; Read, 2003; Tomba, 2004). In the post-socialist era, those Chinese who could afford to live in Dragon Villas began to embrace the new dream of a private lifestyle.

During our visit in 2010, the security guards had evidently memorised the appearance of every resident so that all unfamiliar faces were stopped outside the gate. Visitors could not enter the community unless accompanied by residents. The guards kept a close eye on residents as well, and all movement within the community was monitored and recorded in notebooks by the security guards. Our attempt to distribute questionnaires was constantly monitored and eventually discouraged by security officers. The security manager warned us:

perhaps it's best if you can stop distributing the questionnaires because there have been a few concerned residents who phoned us. you see, they don't know you and are not sure what you want. (Mr. Z, security manager, interviewed on 15-Jul-2010)

This constant surveillance of common space itself raised issues of privacy. Strangely perhaps, the residents of Dragon Villas were willing to sacrifice part of their individual privacy to ensure the privacy and exclusivity of the entire gated community.

The importance of privacy and exclusivity was further underscored by a recent incident, in the course of which Dragon Villas residents undertook significant political risks to prevent their community from being opened up to outsiders. After the Dragon Villas clubhouse was closed in 2008, the developer attempted several times to sell it. In 2009, talks were held with an international school about turning the clubhouse into a school. The residents strongly resisted the move because they were afraid of the influx of schoolchildren and their nannies. Because of the resistance, the international school withdrew from the talks. In 2010, an established clubhouse operator expressed interest in purchasing the clubhouse and reopening it to both Dragon Villas residents and paying non-residents. Despite the recreational opportunities the reopened clubhouse would bring, the residents again opposed the plan over concerns about the community’s exclusivity. On the 20th August, 2010, approximately twenty residents marched to the district government headquarters and demanded that the government stop the clubhouse sale. Government officials met with the protestors and, after several hours of negotiation, agreed to intervene by refusing to transfer the deed from the developer to the buyer.

The third effect of localisation, the individualisation of houses, had the most visible impact on the community’s physical environment. Many Chinese residents carried out extensive home improvement projects such as the addition of a porch or a facade. Although Dragon Villas had a regulation that required all external modification to first gain the approval of the DVOC, the DVOC and the homeowners were lenient about what homeowners could do to their houses. Nevertheless, home improvement projects occasionally caused conflict between neighbours:

My next door Chinese neighbours seemed to be a bit more selfish and all they wanted was to make their private backyard bigger. They knocked down some trees and fences so they could make the public lawn their own private backyard. (Ms. Y, foreign resident, interviewed on 16-Jul-2010)

These transformations demonstrated a significant cultural change in Dragon Villas as a result of localisation. Instead of being a place to socialise with likeminded people, the home became an expression of self and social identity. This change is not surprising given that Chinese residents were attracted to Dragon Villas for very different reasons than their foreign predecessors.

Conclusion

This paper has analysed the complex dynamics of Dragon Villas, a foreign gated community in Beijing, by examining the history of this community in two phases: development and localisation. Expanding Wu and Webber’s (2004) insight on the roles of government and foreign consumers in the development of foreign gated communities in Beijing, this paper highlights the crucial roles of property developers and overseas investors. To attract foreign residents, the developer successfully created a foreign living environment in Beijing. Physically, the community’s resemblance to American gated lifestyle communities was remarkable. However, the imitation effort went far beyond physical infrastructure. The developer also put in place long-term community-building programs to create a utopian community. In many ways, the mecha-
anisms and the results of community building in Dragon Villas resembled comparable processes in Australia (Gwyther, 2005) and the United States (Keller, 2003). This resemblance is not surprising given that one selling point of Dragon Villas was the authentic foreign experience of living there.

Understanding the role of overseas investors was another crucial factor in grasping the development of Dragon Villas. The reluctance of most foreigners and their employers to buy properties caused a significant cash flow problem for the developer. Despite this obstacle, the community-building programs were successful in attracting potential residents and thereby maintaining high rental rates, which in turn attracted potential investors in Hong Kong. The developer further facilitated the investment process by securing rental contracts on behalf of potential investors and then packaging the contracts with the villas.

After the 1997 Asian financial crisis, Dragon Villas gradually entered a new phase. Local Chinese residents, attracted to Dragon Villas by both economic and cultural factors, became the key actors in bringing changes to the gated community. The Chinese residents were ostensibly attracted by the prestige and novelty of living in an international community. However, the great difference of their needs and aspirations from those of their foreign predecessors soon became apparent. Consequently, through individual and collective actions, the Chinese residents brought at least three changes to the community: the decline of community activity; the increased emphasis on privacy and exclusivity and the individualisation of housing.

In summary, temporally and geographically distinct actors have influenced the survival and form of Dragon Villas. The key actors during the development phase were the developer and overseas investors, who together built a vibrant international community attractive to expatriates. However, during the localisation phase, economic (e.g., the Asian financial crisis) and political (e.g., the DVOC) forces reduced the influence of the developer and the overseas investors. The arrival of Chinese residents filled the capital vacuum left by the departing overseas investors and ensured the survival of Dragon Villas. The Chinese residents also changed the social and physical form of their community, becoming the most influential group of actors, which they have remained. This paper has not examined the roles of various levels of government, which should not be taken to imply that the state’s influence was negligible. On the contrary, the role and the motivation of the government in the emergence of gated communities in China are recognised by many and well researched in various studies (Huang, 2006; Tomba, 2010; Wang & Lau, 2008; Wu & Webber, 2004). This paper extends these studies by systematically studying the roles of non-state actors in the survival and form of foreign gated communities.

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