Displacement as class processes and spatial relations in moments of expatriation

Huang, Shu-Mei

Paper presented at the International RC21 Conference 2013
Session: Gentrification revisited - New methods to research displacement
Abstract

This paper starts by reflecting on the exhausting but critical question of whether or not gentrification results in “displacement of working class.” I am concerned that the question can be misleading as it assumes a relatively static understanding of class identity and thereby displacement. It is often ignored that gentrification process is not only an expression of uneven redevelopment but also a spatial process that enables transformation of class relations. The gentrifier as perceived may as well becomes displacee in moments of exploitation caused by transnational forces. Drawing attention to the production of expatriate housing as a particular kind of gentrified space, I offer alternative thinkings of displacement by examining class as processes shaped by gentrification, or more precisely, expatriation. Through analytics borrowed from transnational urbanism and Feminist Care Ethics, I theorizing “expatriation” as a way to charge gentrification by rethinking displacement through care. I argue that a separation of expatriation from gentrification studies prevents us to see the continuously renewed class relations shaped by expatriation across cities. Moreover, a separation of care from urban studies prevents us to see the shifting class disposition in which commodification and consumption of care give rise to a new form of domination.

Keywords: gentrification, expatriation, class, displacement
1. Transnationalize the class debate in gentrification studies

The naming of gentrification suggests that the process is inevitably concerned with social class. In times when global mobility seems to provide alternative avenue to obtain social mobility elsewhere, can “gentrification” still hold its the weight in theorizing transnational space of the internations? In fact, “Internation” is a webspace that allegedly brings together an expatriates community, serving people living and working abroad as well as all “global minds.” Its homepage header reads, “Get to know like-minded expatriates in your city.”¹ It facilitates exchanges about relocation and social networking through leisure activities, with a hint of making the leisure class” as Thorstein Veblen theorizes, or “social distinction” in Boudieu’s (1984) words. One hardly see languages like “displacement” in the transnational space though “displacement,” I’d like to argue in this paper, has been integral to encouraging global mobility. Can gentrification research find inspiration from the ways in which “displacement” is normalized in the transnational sphere? On the note, I develop the line of inquiry into transnationalizing the class debate.

First, let me reflect on the exhausting yet critical question of whether or not gentrification results in “displacement of working class,” a current flowing through the famous debate between Chris Hamnett (2010) and Tom Slater (2010) during 2009-2010 published by City. Indeed, it is important to restore a focus on displacement in gentrification research. But I am concerned with the relatively static understanding of class identity and thereby displacement assumed by the question. The gentrification literature tends to focus on residential mobility, opposing the new middle class to the displaced (or “replaced” as some argue) working class. It follows that the analysis often ignores how much displacement can contribute to deprivation of space as means of of both production and reproduction and thus largely changes both the gentrifier and the displacee’s class position in the gentrification process. It also ignores that the gentrifier as perceived may as well become displacee in certain moments of exploitation caused by transnational forces. The multiple effects of displacement cannot be simply downplayed by the argument that working class had already disappeared in Post-Fordism cities. I offer alternative thinkings of displacement by focusing on class as processes shaped by gentrification, or more precisely, expatriation, as a concept of class formation.

¹ Internation is present with over 250 local expatriate communities around the world. Some of the interviewees and my own expatriate friends are members of the increasingly popular web-based organization. accessed on June 6, 2013. http://www.internations.org/
Drawing upon scholarship of transnational urbanism and feminist care ethics, this paper explores how expatriation is spatially produced in liquid times (Bauman, 2007) and how the logic of production links remaking of global cities in a circuit, without which one cannot adequately theorize the complexity of global mobility predicated on displacement. In what follows I present the two theoretical frames I adopt in my investigation.

**Transnational Urbanism of Expatriation**

Gentrification, the social and economic upgrading of formerly working class areas, has attracted a rich literature (Macuse, 1986; Smith, 1996; Ley, 1996; Butler, 1997, 1999). It has been argued that the process took shape with the rise of business and financial services in global cities (Sassen, 1991; King, 1990). Expatriation, as an increasingly important subject in business management, has not been well attended in urban studies and the separation of expatriation from gentrification, I argue, leads to limited understanding of residential mobility, displacement, and class formation in the scholarship.

Taking account of the art of expatriation, this paper traces the ways in which transnational subjects voluntarily displace themselves to perform the “active transnationalism” (Ley, 2005, p. 71). It is important to note that the research into expatriation ought to reach beyond researching the expatriates. Existing scholarship of transnationalism suggests that the political project of a “deterritorialized-nationalism” (Smith, 2003, p. 18) and the role of transnational agents play in the processes are two points warranting research attention (Ong, 1999; Smith & Guarnizo, 1998; Yeoh, Charney, & Tong, 2003). Indeed, the seemingly free movement of professionals and students entails humanistic forms of "global mobility" (Smith & Favell, 2006). Focusing solely on human agents, however, is likely to make researchers blind to the network in which both non-human actors and human actors contribute to mobilizing social changes as Bruno Latour (2005) suggests. The relational approach demands for a research beyond human subjects. It also urges us to move beyond the specific ethnically defined “transnational communities” but toward a more encompassing notion of “transnational space” (Dwyer, 2004; Faist, 2000).

**Feminist Theories of Care**

Care is another key element in exploring processes of expatriation. Despite extensive literature on care (Duffy, 2011; Held, 2006; Lutz, 2011; Pratt, 2004; Tronto, 1993, 2002), the
theme of “care” is still largely excluded and undervalued in urban studies as is the case in recruiting foreign talents even though care as social connection and as needs (Tronto, 1993, 2002) are indispensable in sustaining the global city. The neglect of care supplies a stereotyping of expatriates carefree, independent individuals, regardless of the fact that their reproductive needs have to be attended by somebody somewhere. The glamor of being global elites makes both the public and mobile individuals ignore that the deepening of marketization of care has made the white-collar expatriates not much more privileged than the underserved migrant laborers. A focus on care enables researches that develop alternative account other than seeing expatriates as “privileged migrants”(Fetchers 2007). In fact, a recent survey suggests that Multi-national corporations (MNCs) in Asia were able to scale back expat packages because of a higher demand from UK and US banking and hedge fund staffs to be posted to the region, such as cities like Singapore and Hong Kong. The trend may spring from the unique political economies in East Asia with the Chinese factor (Chiu & Lui, 2009; Harvey, 2005), the distance from the eurozone crisis, and an attractive tax regime. Junior expatriates, indeed, could hardly afford to establish their families in a global city like Hong Kong or Tokyo. But the continuous influx of talent wanting to have “worked in Asia” on their resume to some degree cover the issue. Meanwhile, there has been increasing project-based assignments with which expats stay as “visitors” while their families remain located somewhere. The mobile residence of expatriates, in fact, gives rise to a range of issues of reproduction that demands research, such as “astronaut household”(Skeldon, 1994), delayed marriage and childbearing, and the emergence of particular serviced residences where the reproductive of everyday life becomes pricing care service. Other reproduction issues like family housing, education for expat’s children, job opportunities for expats’ spouses, etc., are important yet ignored (Chavkin & Maher, 2010; Lutz, 2011; Yeoh & Khoo, 1998). In accepting the displacement of care in everyday life, neglect of care has been


4 (Jan 5, 2012) The Expat dash: With European markets crumbling and workers fleeing sinking economies, now is the perfect time to make the most of an expat hire. in the Global Perspective, the Human Factor. [Online Available] http://thehumanfactor.in/01052012/storyd.asp?sid=1672&pageno=2
perpetuated and further normalized by both the employers and employees. A focus on care, I argue, can recharge key concepts of gentrification, such as displacement and deprivation.

Structure of the Paper

In light of the above, this paper asks the following two questions: How is expatriation spatialized along with class formation across borders? What are those institutions and agents at work to facilitate the processes of expatriation? Before turning to my empirical study, I first discuss how “displacement” can be seen as class processes and spatial relations in moments of exploitation. Then, in the third session, I examine discourse and practices of “expatriation” through a historical review of expatriation and articulate the processes of expatriation with existing scholarship of urban class and displacement. To study expatriation beyond the subjects, I adopt both case studies of spaces that serve expatriation, and in-depth interviews with expatriates. Both the interviews and case studies were based in Hong Kong during Oct 2010-Dec 2012. Using snowball sampling, I interviewed with 40 expatriates. About 45% of them worked in financial sector and 45% of them worked as professionals in design, architecture, engineering, etc. Nationality is not a focus in my study but the sampling does reach expatriates coming across countries, including Thailand, Philippine, Taiwan, Korea, China, UK, US, Netherlands, Germany, and Italy.

2. Displacement as class processes and spatial relations in moments of exploitation

In the past decade, scholarship of globalization situates gentrification in a larger context, seeing gentrification as integral to the "new urban economic core of banking and service activities that come to replace the older neighborhoods where manufacturing activities and middle-class retail businesses co-inhabited (Sassen, 2005). Matthew Rofe (2003) suggests that an emergent gentrifying class-- the elite global community-- has contributed to a commodification of global identity that is embodied in their seeking residence in particular neighborhoods in global cities and thus changes the local dynamic of gentrification. With the same attempt to rescale the discussion of gentrification in different ways, both views do not, however, pay enough attention to the production of gentrified space in the service of a larger circulation of capital and corporate arrangement that is not limited to harvesting rent gap upon uneven urban redevelopment in the particular city.
Besides, the neglect of care in studying gentrification, as mentioned earlier, would prevent us to recognize various forms of deprivation and displacement other than residential displacement. As Green and Lawson (2011) argue, the theoretical separation of care from economy facilitates a repositioning of care within market relations of exchange that simultaneously brings about commodification of care and renders those in need as less valuable and undesirable. It obscures the interrelatedness of human beings and also the possibility of thinking of less hierarchical forms of sociality. The neglect of care has led to epistemological problems in gentrification studies as the existing category of social class, nevertheless, fails to reflect the ways in which the reproductive has been exploited and turned into means of production. Deprivation takes shape when the global nomads lose control over their time and space, which can be appropriated by the multinational corporate for their industrial production. Most likely they become a consumer on “global care chain”(Hochschild, 2001; Yeats, 2008), leaving their families in the care of others. In a way, one becomes global/mobile and meanwhile loses her active participation in care and space. On the note, this paper would like to argue that a separation of care from gentrification studies facilitates a misunderstanding of urban class relations, which fails to present the production of care needs and how the production renders those who buy care as more privileged and capable. It obscures the interconnected social processes across borders and also the possibility of thinking of less territorialized forms of displacement.

3. The class processes of expatriation

Expatriation and expatriates

Historically, the presence of expatriate embodied the connection between trading post colonies and the colonial empire, such as the “foreign devils” in Hong Kong (Holdsworth & Courtauld, 2002). Literally, the word “expatriate” is derived from the Latin term ex patria, meaning “from the homeland.” In contemporary terms, “expatriation” has been referred to as the corporate business management that involves transnational coordination of human resource, capital, and forms of operation beyond the subject since the early 90s.5 “Expatriate (or expat),” as Tan defines it, is “a highly skilled individual who by his qualifications is employed by a foreign country or sent by his employers” (cited in Chang, 1995, p. 141).

5 There was an organization of the first International Conference on Expatriate Management in Hong Kong in November 1992.
Today expatriates remain distinctive from locally hired manual laborers, who can also be foreigners yet are often labelled as “immigrants” or “migrant workers” (Yeoh and Khoo 1998). In strictly legal sense, “expatriation” also meant “renunciation of allegiance” (Rice, 2011), which justified their often being exempt from civic responsibility (such as tax) at home on varying conditions.

Today expatriates are viewed as the mobile global class whose movements conflate with skilled migration (Favell et al., 2006). Some scholars argued that mobility of skilled international migration was both outcome of and agency in bringing about globalization (Beaverstock, 2002; Hannerz, 1996). They participated in building international financial centers through the expatriate global–local knowledge networks (Beaverstock, 2002) Discourse of cosmopolitanism celebrates the “talent flow” (Carr et al., 2005; Sheehan et al., 2006), countering the lasting worry for “brain drain” (Halisham, 1967; Marchal et al., 2003).

Aihwa Ong’s study pays attention to the ways in which special zones for IT or Bio-tech parks were established along with specific employment program to recruit foreign talents, which brought growing number of mobile Asian professionals, especially Chinese returnees and Non-Resident Indians to Singapore. Ong (2006, pp. 86-88) conceptualizes “space of mutating citizenship” to illustrate the particular “citizenship regimes in the homeland as well as abroad” shaped by marketization along with global actors’ economic agenda. National policies are selectively involved in enabling “exception to neoliberalism” and “exception of neoliberalism” to facilitate citizenship regime (Ong, 2006). In many cities, nevertheless, it is more difficult to trace the ways in which global actors intervene urban transformation because no clear boundaries of exception can be drawn under the guise of free market.

How does such “space of mutating citizenship” as part of the exception of neoliberalism, take place in the built environment as both a container and expression of social relation? Indeed, expats live with the “pieds-à-terre status,” adding speculative value to real estate while their practices of citizenship linger in “a state of political liminality” (Ong, 2007, pp. 89-91). As many noted, the residential presence of expats was made possible at the cost of displacement of local citizens. Yet the analysis is not satisfying. What deserves a further analysis, I argue, is the less visible hands, which carve out space of niches by reinforcing the pied-à-terre subjects in the production of space, the processes of expatriation as a moving frontier of global cities.
Existing scholarship mostly addressed expatriates in management school (Arthur & Rousseau, 1996; DeFillippi & Arthur, 1998; Selmer, 1995) with few research into the relation between skilled migration and industrial restructuring (Findlay, Li, Jowett, & Skeldon, 1996). A few scholars focus on expat wives—the “trailing spouse” (Arieli, 2007; Berry & Bell, 2012; Yeoh & Khoo, 1998). In addition to the limit of approach, there is a research gap between the conventionally defined expatriates with the emergence of self-employed expats who enjoy traveling as “global careerists” (Neault, 2007). The younger sojourners are mostly single, with western higher education experiences, and setting less geographical limits to their career. Meanwhile, the make up of the expatriates becomes increasingly hybrid and transient as those who frequently come and leave, working on project-based assignments as frequent “visitors” in the city have rapidly increased. There is little effort in understanding whether or not they can be considered the new urban class despite the increase of the population. I would like to turn to the literature of urban sociology and geography to see possibilities of placing them in the conversation.

The New Urban Class in/of the city?

David Ley (1996) explores new directions to studying a new middle class of professional and managerial workers along with gentrification. Ley adopts approach that is quite different from the Marxian political economic analysis that examines the class conflicts and internal conflict of capitalism (Burris, 1980). Ley examines the formation of new middle class, for whom inner city neighborhoods served as sites of resistance countering the bourgeois suburbs. He focuses on the new middle class’s cultural orientation, which inspires a scholarship that explains the processes of gentrification from “the consumption-side” (Lees et al., 2010; Lees et al., 2008) Meanwhile, Butler & Savage (1995) suggests that it is confusing to talk of an urban middle class and that there are different groupings and that these tend to live in different, and differently constituted, areas of the inner city. Tim Butler (1999) suggests that the emergence of a new urban middle class is potentially acting as “interpreters” between the global economic forces and its local populations which have borne the brunt of the economic restructuring since the 80s. On the note, Butler (1999) challenges the ways in which social groups are defined and reminds us the significance of tracing the interaction among them, especially through the urban middle class who acts “as a bridge between the culturally and materially ‘dispossessed’ and the formal institutions of the state and the urban
environment” in a way similar to the same intermediary role of the working class a century ago. He draws upon the residential mixing on many gentrified streets in London and the middle-class families’ depending on their non-middle-class neighbors for childcare or cleaning. Indeed, it is important to ask questions about the role the middle class plays in the urban hierarchy and the new urban middle class’s struggle to become both in and of the city (Butler, 1999). Then, can we consider the expatriates as part of the social intermediaries even though it may not be easy to track their connections with the state institutions?

As Damaris Rose (1984) suggests, the question about “who is the gentrifier” remains significant. Rose theorizes the production of gentrifiers as an integral part to the production of gentrified dwellings and the process of gentrification without assuming a convenient outrage against displacement. Moreover, Rose (2009) reminds us that one cannot adequately understand the dynamics of displacement “if one only studies the experiences of the displaced or those at risk of displacement.” Indeed, her critical question keeps analysis of gentrification in relation to the reproduction of labor power and employment restructuring. It is also from the note we see the study of expatriates more interesting as their existence, not only carries ambiguous connection with states, but also post theoretical challenges to understand reproduction of labor power and employment restructuring from perspective of deterritorialization given their unstable, varied enrollment with urban life in a particular city. Borrowing Michael Jager’s (1986) comment on gentrification more than two decades ago, I suggest that “expatriation” may involve new class formation as well as a concept in formation. Drawing three exemplary cases from my study of expatriates in Hong Kong as follows, I illustrate the diverse existence of expatriates that makes it challenging to discuss their struggle in and of only one city. All of the names of the interviewees are anonymized.

“Home” away from “home”: Which home?

Alan, a male, Geo-engineers who is from Philippine, was recruited to the international engineering firm in Bangkok where he pursued his post-graduate study, as cases can be found in studies of “student migration.” Since then he has been based in the Manila office for seven years. He was sent by the Manila office to the Hong Kong office under request about one year ago. With an extension and transition from short-term to long-term, he will be staying in Hong Kong till August 2011. Ben, another Filipino engineer, was also sent to Hong Kong in the same way and stayed for one year till Oct 2011. Beforehand, he was sent to the firm’s
London office for a year. Both of them were in their late 30s, considering the short-term transfers opportunities to gain experience and income. In fact, they can afford regular-sized houses in the suburb of Manila with the two-year salaries earned in Hong Kong. They would accept extended stays though they both acknowledged the difficulties of leaving their families behind and the impossibilities to relocate families in Hong Kong due to the limited housing allowance and family network that prefer the care givers to stay at home. (interview, March 2, 2011) Expatriates like them usually settle into serviced apartments in city center for months; some may move to regular apartments in the suburbs to save some rent if the term of assignment is longer than 1 year. In a way, they voluntarily become tenants in “temporary homes” in foreign countries while they are cumulating capital to become propertied class at home. In the light, the “home away from home” gains dual meanings as one change her orientation.

The mobile home: The investment bankers living on the move

There is a particular kind of interviewees constantly traveling between cities. They are mostly ethnic Chinese, investment bankers (fifteen out of forty), who serve oversea clients with investment managed in Hong Kong. They frequently flew to their clients in cities in Pearl River Delta and Taiwan.”Home” is always on the way and the office in Hong Kong became a place for meetings only as needed. How to manage one’s care work across borders becomes a task that requires assistance and budget. Yvonne is one of those traveling directors working for a Hong Kong-based international investment bank. As a Taiwanese working mom with a toddler and her parents in Taipei, she managed care work in different forms between two cities depending upon the length and nature of her travels. Her husband, who works in San Francisco, cannot help much. She sometimes traveled with her child and the Philippine domestic helper or just let the child with the helper stay in Taipei. In the former scenario she needs to consider the child and the helper in her decision of housing for extended stay, which requires a larger space with a well-equipped kitchen for the helper to prepare specific food for the child. Given all the concerns, a more spacious serviced apartment becomes more adequate than a hotel.

Despite her relatively high salary, Yvonne—and probably none of those traveling expats—was not given such a benefit to subsidize childcare, which means all the traveling of care work has to be paid out of her pocket. Yvonne considered the spending an indispensable expense in
order to keep her child staying healthy and in touch with her. Like Yvonne, expatriates (especially females) are often challenged by the uneasy coordination of child care and work. They debate between having helpers to share the burden or adjusting their commitment to work at the cost of their career seeing the perpetuation of care work as mother’s job. Sometimes, the adjustment could be some women giving up their jobs to follow their husbands while some women take up the responsibilities by themselves as single mothers for their husbands to explore their career over the globe, such as wives of Alan and Ben.

It is worth thinking if the elite expatriates themselves are somehow “deprived” in the process of expatriation for seeking fulfillment and economic success. More importantly, the deprivation have different effects as uneven, irregular distributions of care work often escape analysis but burden the mobile elite’s significant others or migrant helpers they hired.

**Self-Initiated Expatriation or Involuntary Nomads?**

Today, the nature of the expat community has been more diverse thanks to greater global mobility. The notion of “self-initiated expatriates (SIEs) has surfaced to the international relocation market in the past decade. SIEs actively leave and search for opportunities in global cities in order to develop career capital for global careers (DeFillippi & Arthur, 1996; Inkson & Myers, 2003; Dickmann, 2005; Myers & Pringle, 2005).

According to my study, SIEs tend to stay in serviced apartments before they secure residence/jobs—some of them may never do because of the mobile nature of their work. The flexibility of leasing and readiness of the apartment squarely suite their needs. I did two interviews with SIEs at a boutique serviced apartment in Wan Chai, which offered suits rated as $3,610, almost five times of the previous rate before renovation. Rebecca, a Dutch woman in her late 50s, stay in there on a four-month assignment. As a frequent traveler among Malaysia, Hong Kong, and Singapore, she works as self-employed consultant for corporate merger cases. She found the location of the serviced apartment perfect for her to walk to the Hopewell center for business meetings. Similar to many expats who worked across time zones, she spent most of her time at conference meetings with partners in other global cities even in her cosy suite, possibly from five in the morning till late evening. (interview, 30/4/2011) On some occasions, SIEs could also be involuntary nomads when they do it simply for scarce employment opportunities at home.
Flexibility: the ethos of urban transformation

Taken together, the emergent importance of “flexible production” and “labour flexibility” in corporate world has contributed to a reconfiguration of expat housing and therefore urban transformation. How to arrange “expatriation” to maintain transnational business in most efficient form and flexible ways involves coordination of costs, human resources, and types of operation, all of which are considered as “expatriation” to emphasize the linkage between mobility of expatriates, circulation of capital, and moreover, the transient and heterogeneous existence of expatriate’s embeddings in between the local and the global. Extensive scholarship in labor management has explored post-Fordism ideas of “flexible specialization” (Sabel, 1982), and “project-based economy” (Henry, Mayle, & Open University. Business, 2002).

In her ethnography of Wall Street, Karen Ho (2009) argues that investment bankers' approaches to the constructed financial markets are inseparable from the structures and strategies of their workplaces. Ho describes how international banks and private equities set up branches over the globe but most of the time the branches remain minimal existence until a particular project take place. Similarly, a flexible management requires a project-based team to carry out a specific assignment in a temporary space. A traditional sense of workplace and employees were replaced by a team of expatriates that can be convened with the lowest cost and in the most efficient time. They would be discharged when the project is finished because any resource can be deemed disposable in times of flexibilization. There are simultaneously “disembedding and re-embedding” in the art of expatriation. Certain intermediaries have found niches in the trend and specialized in connecting “project-based work” for the employers and “project-based career” for the employees to ensure seamless employment with minimal cost.6

For example, a city like Hong Kong, where notable financial development flourishes in offshore banking, IPO, hedge fund, asset management, etc., demands a specific type of human resources who can efficiently establish connections with local capital and investment opportunities in China. Against the context, many Taiwanese bankers relocated in Hong Kong

---

6 For example, Just landed, founded by a British and Germany, is one among many intermediaries who tapped into the global market of expatriation. [http://www.justlanded.com/english/Common/Footer/Expatriates](http://www.justlanded.com/english/Common/Footer/Expatriates)
for joining the emergent market in the past decade. They traveled between Pearl River Delta, Shanghai, and Taipei, just like Yvonne does, to provide financial service to their clients (many of whom are Taiwanese owners of manufactories established in PRD in the late 80s). Their work patterns demand flexible housing arrangement. Thus, restructuring of economies and employment across borders have contributed to a particular urbanism; “flexibility” has become a keyword to understand the ethos of urban transformation, which I discuss in detail in next section.

The discourse of flexibility in line with global mobility justified the disappearance of job security and even housing stability. The logic of flexibility implies a normalized acceptance of displacement, both substantially and metaphorically. Yet, displacement factors in reproduction issues like parenting or job opportunities for expats’ spouses (Coles & Fechter, 2008), which are significant in sustaining the expats’ relationship with both the host cities and their hometowns. Their access to care and their participation in care work, became especially reduced to consuming privatized care or relying on underpaid care given by families or alien others. Everyday life can be suspended and the issue of displacement becomes a fact of life (Colic-Peisker, 2008). It is a double normalization of displacement, including the displacement of the expatriates from their grounded lives and the locals whose residence were gentrified. Considering the degree to which displacement become normalized in expatriation, there seems no guarantee the mobile tenants can act the role as new Urban Class in/of the City while the industry celebrates the “worldwide demand” of investment interest.8

4. The emergence of Branded Life/Serviced Apartments

Today expatriates do not live in the verandah houses like British expats did in colonial times where they were served by drivers and maids or those who lived in well-equipped Japanese corporate staff housing. Instead, MNCs prefer to provide cash allowance or outsource staff housing management to destination relocation agencies, which brought about a new demand of corporate housing in between regular rentals and hotels. To cater to global nomads who time their accommodation with the cycles of their projects, the

---


8 HKTDC, Global investors vie for HK’s prime property (01/05/2006).
serviced apartment is crafted as a product of “the extended stay concept” (Geieregger & Oehmichchen, 2008) with the flexible lease and preparedness. Serviced apartment was originated in the hospitality industry in Europe and the United States. It is usually a monthly-leased suite or one-bedroom apartment with more spacious room, fine furnishing, and deferential levels of service. The idea emerged in cities like Singapore, Hong Kong, and Tokyo since the 80s. For those who traveled to work for a project-based employment, serviced apartment can ensure them a hassle-free living.9

“A sense of self-care” availed in the serviced apartment distinguishes the product from regular hotel suites and has been one of the most important attractions to clients (McCrow & Vos, 2012). The adequate sense of self-catering out of a range of discreetly service, exempts them from wasting productive time for chores and meanwhile caters to the expats’ need of a temporary home where a sense of privacy and ownership is carefully maintained. Indeed, more than 80% of the interviewees talked about the significance of being able to cook for oneself as an act of self-catering (may be as simple as heating up some frozen food). To make it more like a home away from home, expats can even have their families or friends to stay over.

Many employers found serviced apartments a more cost-efficient option to arrange short to mid-term expatriation especially when MNCs has been cutting down expatriate benefits, such as housing allowance, education for their children in expensive international schools, and annual airfare back home. It is now common that one-month free accommodation in a serviced apartment is provided to assist the relocation; Only those of manager positions enjoy long-term housing allowance and full benefits (Yeoh & Khoo, 1998: 169). Even the international financiers who used to enjoy the luxury of housing allowance as much as $6,450-12,900 per year found their benefit being cut down in recent years (interview with Maggie, 15/12/2011).

It is also important to note that the serviced apartment has become a profitable investment with its relatively higher investment return rate than conventional hotels due to less capital required to manage the investment (LaSalle, 2009; Younes & Kett, 2007).

---

9 Kenneth Ko (Oct 11, 2006) Hassle-free living catches on. SCMP.

10 According to my interview with expats, the only-one-month housing arrangement is common for junior to lower-rank employees as professionals in Hong Kong and big cities in China.
Operators of serviced apartment seemed to out-perform their hotel counterparts in all key areas despite the 2008 financial crisis (McCrow & Vol, 2002: 4-5). Global climate also shapes investment behavior. Conversion, rather than construction from anew, becomes a popular option when the banks stopped lending on new residential developments, for example, times after the collapse of Lehman brothers (McCrow & Vol, 2002: 6).

The making of serviced apartments is conditioned by urban conditions varying from cities. The case of purpose-built corporate housing in US found its resonance in Shanghai, where the city government’s joint venture with property development companies developed expatriate enclaves to accommodate foreigners. Japanese expatriates were found to live in apartments with hotel-like services in a mixed process of “active isolation” and “passive isolation” in Guangzhou (Wang & Lau, 2008). I pays particular attention to the emergence of branded operation of service apartment across cities, especially cases of transnational operation across Hong Kong, Singapore, and Chinese Cities. In Hong Kong, there has been large scale construction and operation of serviced residence in certain outlying areas (like Repulse Bay or Hom Hung) since the 90s. Most of the projects were undertaken by local developers or its subsidiaries. In the past decade, the emergent branded operation of serviced apartments exemplifies a distinctive investment pattern in response to increasing demand for boutiques serviced apartments (LaSalle, 2009). The new logic of production of space brought about a current of acquisition of second hand properties and branded operation within historical neighborhoods. In what follows I introduce two cases in Hong Kong to illustrate the process of making serviced apartment.

Standing at the Time Square, the crowd-pleasing shopping area on Hong Kong Island, Shama Causeway Bay has received attention for both its prestigious location and record of frequent transactions. The branded operator Shama has expanded its presence through out the city center, including Central, Causeway Bay, Wan Chai. Among others, Shama is especially important in its success of making the branded operation itself a sensation. The original developer, Philip Morais, partnered with a British marketing specialist, refurbished apartments into boutique-styled residences with hospitality service in London. The upgraded rental of high return became a successful model the partners transported back to Hong Kong. They established Shama, a brand that featured itself as combining the East and West, integrating property management and hospitality service,
adding extra frills such as memberships of gymnasium and salons, DVD players, wifi access, etc. In an interview in 2002, Morais noted that, “Typically, in Hong Kong, you buy rental properties at a 4-6 % return and we [have been] achieving 14-20 % [...] That is more than double the return on our capital value by adding in our touches and our furnishings.”

Despite increasing competition, the return averagely remains as at least 6-10% up until 2012.

Up until March 2013, Shama operated seven properties (of about 320 flats) in Hong Kong. Among them the Shama Causeway bay was especially important in its being a model of connecting operation of boutique serviced apartments with transnational investment. Shama acquired an expensive office tower in Causeway bay with financial support from An Australia-based private equity fund. Shama converted the office tower into a serviced apartment with 110 flats of monthly rent starting from $1,800-2,200. Eying on the profitability, Morgan Stanley Real Estate Fund soon paid $128.5 M for a majority stake in Shama in 2006.

What’s new is that both the properties and the branded operation of serviced residence became commodities. After Morgan Stanley’s purchase of five properties managed by Shama and the branded operator per se, it transported the Shama model to Shanghai and later to other major mainland cities. In 2009, Morgan Stanley sold out its four properties in Hong Kong except Shama Causeway Bay to another private equity, reaping a handsome profit. Another Singapore-based developer paid $154.5 million for the 110-unit Shama Causeway Bay in 2013. Yet Morgan Stanley had remained its ownership of the brand Shama, which suggested that the Hong Kong brand had become a property of


12 Global investors vie for HK's prime property (01/05/2006) [http://www.hktrader.net/200605/lead/lead-CommercialRealEstate200605.htm](http://www.hktrader.net/200605/lead/lead-CommercialRealEstate200605.htm)


14 The property where Shama Causeway is located had been held by Morgan Stanley for years until being sold to Panasia International Limited, allegedly a Southeast Asia based corporation by $15.5M in 2012, much higher than the estimated value of $10.3M HKD as of 2011.

symbolic value for investors to upgrade their properties in China and elsewhere.\textsuperscript{16} Investors actually gained the most short-term profit in the property transaction rather than letting. Frequent transactions take place while the investor acquire more properties to operate with the same brand name.

*Shama* and its owner Morgan Stanley are not the only players in the scene. The previous founder of *Shama* established a new brand *Chi Residence*, gradually acquiring second-hand apartments in Mong Kok, Sheung Wan, and Central. Meanwhile, he has invested in the Thailand Hospitality Group Cyrus since 2007\textsuperscript{17} and created another brand name Cyrus, with which *the Shama model is traveling across borders again to remake properties into lucrative investments. There are also Singapore-based operators, such as the *Fraser Hospitality*, who managed the *Fraser Suite* in Hong Kong since 2007. Each flat is rated from $4,450-5,290 (as of Jan 2012) and its rate has increased by 15% within three years, which allows the building to be resold as much as the *Shama* case. Before the conversion of the 23-story-high residential tower, the 87 rental units were let at about one fourth of the current price to middle class families. Today, these luxurious flats were prepared for corporate clients, who were mostly senior directors enjoying partial or full expat packages, including housing allowance of $5,000-6,500. Some less prestigious tenants were only granted rent as tax deductible up to 1/3 of their income for taxation. One of my interviewees, who was temporarily transferred from Singapore to Hong Kong, has lived in *Fraser Suites* for more than six months despite no allowance. He considered it acceptable as long as the rent remained below one-third of his income and in fact he had been too busy to look for alternatives. Indeed, from interview I learned that many single, junior to middle ranking expats are those who find a serviced apartment nearby Central an acceptable investment for a chic lifestyle. Analysts from leasing agencies pointed out the strong demand for serviced flats of rent between $2,300 to 3,900 by the particular group of young, international investment bankers.\textsuperscript{18}

\begin{flushleft}
\textsuperscript{16} News Digest: Hong Kong property firm looks to mainland market (17/12/2010) \url{http://thechina.biz/china-real-estate/hong-kong-property-firm-looks-to-mainland-market/}

\textsuperscript{17} “Turning Old Theater into Boutique Hotel in Shanghai” (Oct. 25,2007) First Financial Daily.

\textsuperscript{18} Kenneth Ko (Oct 11, 2006), Hassle-free living catches. SCMP.
\end{flushleft}
Fraser Hospitality has expanded its foothold in more than 40 cities over the world. Each project was arranged differently in terms of its ownership and operation. The operation is often independent from property ownership given its specific role in managing the service as symbolic properties. Expats travel with different assignments can settle into serviced suites in different cites arranged by the same operator. The global career on the move, and the making of home away from home, are both parts of the process of expatriation.

The process of expatriation becomes more fluid when Real Estate Investment Trust (REIT) is incorporate into the rent harvesting across borders. Ascott Reit, among others in Asia, has been the most notable REIT that manages serviced residences established by the Singapore-based branded operator, Ascott Residence. As of 2012, the Ascott’s asset size has more than tripled to about $290M since listing in March 2006. Its international portfolio comprises 64 properties in 23 cities across Asia Pacific and Europe, mainly located in key gateway cities such as Singapore, Tokyo, Shanghai, Beijing, London, Paris, and so on. The separation of operation of serviced residences from property ownership is central to both the production of serviced apartments and linking redevelopment projects across global cities into a circuit. Recently, Ascott Reit and the developer CapitaLand plan to jointly redevelop the prime Orchard Road site in Singapore into an integrated project that comprises a serviced residence and a high-end residential development with rezoning approved by the Urban Redevelopment Authority.¹⁹ The complex deal involves a meticulous REIT management in conformity with particular code on collective investment and requires strategic dissection of investment.

The processes of expatriation also brought about various forms of re-urbanization in the lower-middle class neighborhood in inner city, such as the West District, Central, Old Wan Chai and some old neighborhoods in Kowloon in Hong Kong. Local investors with smaller capital are converting regular apartments into serviced suites, less amenity, and adequate service enough to attract junior expatriates who opt for cheaper rates or the overflow of tourists in need of extended stay from business hotels. Besides, there has been an emergence of a cheap copy of branded serviced apartments over the past five years.

Hundreds or thousands of refurbished flats were offered as housing options with relatively accessible price. Under the same brand name, what is presented to the tenants is a constellation of refurbished flats clandestinely located in different apartments. Some agencies aimed to maintain their operation within a specific geographic confinement while others often managed properties across districts. Unlike those operators who operated on the whole apartment and usually upgraded the outlook of the building, these nicely furnished suites were not usually visible from the outside. The tenants were assigned to their suites by agents and found themselves staying with other local residents in an old apartment.

The cheap copy of branded serviced apartments represents the wide spectrum of variety of property agents who were interested in the market. They convinced landlords to have their properties turned into serviced apartments and helped managing properties and recruiting tenants, moreover, maintaining a handsome rent return for the landlords so that their properties can be sold more easily—oftentimes sold to other investors who would keep their properties managed by the same agency. There were 8 interviewees, mostly in their 20-30s, working as junior professionals, found these kind of partial-serviced flats satisfying. Nevertheless, a risk does exist as those properties under operation often fall prey to developers’s reconstruction interest—the more successful is their operation, the more likely the area becomes a prime target for big developers.

These clandestine transformation of regular residences into serviced rentals escapes regulation and policy analysis, gradually replacing lower class and local tenants with expat
tenants or travelers. The rewriting of tenure patterns and property management, often gradually evolve into redevelopment by reconstruction, has significantly influenced local citizens’ access to affordable housing. In contrast to London, the city where developers found the regulatory policy discouraging the development of serviced apartment because the city government required any residential buildings providing lease longer than 90 days to be qualified as hotels and limited operation in certain neighborhoods—the H2 policy reserving certain housing for citizens (Foxley, 2001). Nevertheless, expatriation of space in Hong Kong has not been identified as an issue. Thanks to a licensing regulation change in 2007, serviced apartments of smaller units without kitchens can be rented without limit of stays whereas the large serviced units with full kitchens must be rented for a minimum of 28 days unless they have a hotel license. Some operators has converted their properties into smaller units suitable for short stays to get around the regulation.

In parallel to the trend of developing serviced apartment has been a massive redevelopment trend carried out by the semi-governmental entity, Urban Renewal Authority (UEA). URA has launched 6 projects in Wan Chai since 2001; 3,138 people who used to live in 123 buildings were displaced to develop mixed use, high-rise projects. In the case of project H17, URA partnered with Nan Fung Group (NFG) to build a high-end condominium of 96 unit that is named “Queen’s Cube.” To the public’s surprise, the developer NFG eventually purchased all of the flats back by more than $90.3M and then managed the property as a high-end serviced apartment, with the monthly rental started from $2,900. Without any regulation at place to ensure the redevelopment catering to local needs, Queen’s Cube became another product that serves the expatriates among more than a dozen branded serviced apartments standing in Wan Chai today.

The deregulation of leasing and planning matters in developing serviced apartments. There used to be a land use code named “serviced apartment.” In times when market is strong, several developers made use of the code to construct projects of higher-density (as stipulated) and then converted them into regular residential properties to gain extra profit. To
avoid the abuse of zoning, the Town Planning Board removed “serviced apartment” from its land use category in Outline Zoning Plan in 2000. Yet, the regulatory change fixed one particular problem and meanwhile made “serviced apartment” not anymore regulable in outline zoning. It is then much easier for office towers or residential buildings to convert into serviced apartments.

Moreover, a recent debate on the sale of serviced apartment units of the *Apex Horizon* reveals the suspicious identity of serviced residences. The unusual sale attracted more than 300 buyers and sold out in a day.\(^{20}\) Purchasers buy undivided shares of the whole development, together with an exclusive rights to occupy a designated serviced apartment room and also agree to employ a hospitality operator to manage the rooms in the capacity of a serviced apartment room. But soon the deal was suspended by the the Security and Futures Commission of Hong Kong because the de-facto ”Collective Investment Scheme” should have applied for approval. The failed attempt, however, shows that the local, individual investors just embrace the opportunities of investment though the operation of serviced apartments actually jeopardize regular housing stock.

The transnational urban redevelopment through serviced apartments reveals the ways in which expatriation is spatialized and reshapes class relations. Without an in-depth investigation of the processes of expatriation, we may mistake the elite tenants as (the only) gentrifiers but miss the whole range of intermediaries and agents who harvest the profit upon expatriation—from the transnational class who managed the circulation and local agents who copy the investment models. The professionalized branding operation became a profitable industry and a tradable asset; its value depends on how efficient the operation could upgrade the properties. The transnational network of investment and operation allows the investor to make up its loss across geographies (the investment portfolio), to leverage symbolic capital earned from certain places and benefit its investment in other cities. The reputation and capability of accumulating capital established in Hong Kong is central to those increasing Shanghai–Hong Kong joint-property development supported by city governments in Shanghai and other cities (Wang, J., & Lau, S. S. Y., 2008). Through making lucrative serviced apartments, the supply of gentrified properties is highly

\(^{20}\) Enoch Yiu, Peggy Sito and Joyce Ng. (May 14, 2013) Cheung Kong's sales of Apex Horizon hotel suites cancelled over investment breach. South China Morning Post.
connected with international investment circles managed by the transnational class, a lot of
whom are foreign, corporate investors aiming for profits that can be made on “locally small
but globally significant housing markets for international executive and professional
classes” (Atkinson & Bridge, 2005, p. 105). In effect, the locally small housing market is
not at all small given its anchoring role in expending a greater constellation of investments
in China and Asia. Hong Kong, in the case, becomes a global city for staging.

I have argued that expatriation of space is predicated on displacement. What is
equally important, yet beyond the scope of this paper, is a dire need for empirical studies of
the exploitation of care, the dirty work of 3Cs (Cleaning, Cooking, Caring) (Anderson,
2000) that keeps the serviced residence work. It is because of the invisible underpaid care
work so that the serviced apartments can be maintained in the most economically efficient
way. The production of serviced space is inevitably linked with “neo-slavery” (Ong, 2009)
and production of care deficit (Green & Lawson, 2011). Citizens across borders, including
the seemingly privileged expats, the urban residents who were displaced from gentrified
dwellings, and the invisible care workers in the serviced residence (oftentimes displacees
or migrant workers), are all displaced from their intimate caring relations to serve the cities
on the move.

5. The processes of class: Exploitation of Care and Expatriation of Space

From the above I demonstrate that the production of branded serviced residences as
indicative of the inherently exploitative expatriation. The trend of expatriation of both human
resource and urban space has transformed the private “home” into a work place where the
expatriates carry out their flexible assignments and the service labors deliver the paid care
work. It contains multiple processes of class in which both the expatriates (who go about
work assignments across time zones in the service of the corporate in their momentary
“homes”) and the care labors (whose work keeps serviced residences profitable for the global
investors). Expatriation, as a particular speculation over displacement, turns housing into a
detached, alienated, expensive accommodation service to facilitate globalization and
financialization of the city. It epitomizes the normalization of displacement in everyday life.

Theorizing “expatriation” as related to gentrification, I mobilize care in understanding class
formation across borders. Besides, with a relational view of class, gentrification process is
not only an expression of uneven redevelopment but also a spatial process that enables transformation of class relations. Both the expatriates and the invisible care workers can be displaced from their caring network, becoming mobile social class whose participation in the city have been reduced, deprived, and prevented from a secured, long-term embeddings. It is a forefront where deprivation continuously manifests itself through a dialectic between exploitation of care and expatriation of space. In a way, serviced apartments embody spatial forms of appropriation, domination, and exploitation and in “the processes of class” (Gibson-Graham et al. 2000) hide the various forms of deprivation under the discourse of global mobility. A separation of expatriation from gentrification studies prevents us to see the continuously renewed class relations shaped by expatriation across cities. A separation of care from urban studies prevents us to see the shifting class disposition in which commodification and consumption of care give rise to a new form of domination in the guise of flexible management. More importantly, the denial of care prevents the deprived people to recognize new forms of domination and deprivation. There should be more studies of various forms of expatriation to shed light on the varying class processes. It is hoped that more empirical research or comparative studies will be carried out to keep focus on “displacement” in moments of expatriation.
References


