

GENTRIFICATION

ITS COMPLICATIONS, BENEFITS – AND BROOKLYN



Gentrification

by Jodie Walker

The world's major cities and their surrounding suburbs are transforming.

Urban culture has taken over and the demographics of people living there have changed dramatically. Much of this is due to urbanisation and the associated gentrification of these areas.

Most gentrifying suburbs began as areas which were abandoned by wealthy people after World War 2 when it became popular to live in large suburban houses. Minority groups and low income people lived in these run down areas because they were more affordable and also allowed them to access jobs in the CBD without needing to rely on a car. The wealthy could afford to have cars and pay for fuel. Since there was less traffic they could easily drive in and out of the city for work.

Urbanisation and changing values of millennials has resulted in a new wave of people wanting to move back into these unpopular areas because of increased work hours as well as congestion. Being closer to work and the city core is more desirable.

Initially it was mainly artists and creatives who took advantage of the lower rents and didn't care that these areas were not cool places to live. Young people, including students, started to follow, and then developers came in to take advantage of the increased demand for apartments and compact townhouses. Property values rose as these areas gentrified. Baby boomers have since added to the intensity by chasing the same assets. They also want to live in the energetic hubs and have the disposable cash to do it.

Gentrification is a lot more complicated than this but it's generally how it has progressed. This report Secret Agent is going to take a deeper look at gentrification and the way it affects urban neighbourhoods.

WHAT IS GENTRIFICATION?

Most of us have heard of gentrification and associated it with the Melbourne suburbs of Brunswick, Abbotsford, Footscray and Collingwood. These suburbs have gone through huge

Front Cover

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Collingwood warehouses, 1922
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View of the Manhattan skyline from Dumbo, a heavily gentrified neighbourhood in New York City

transformations in the past decade or so. From unattractive areas, high in crime and drug use, they've become popular places to visit because of their edgy vibe as well as their trendy food destinations. The areas have been cleaned up and crime has decreased. Younger people especially, are easily seduced into moving to an area once they experience the lifestyle. They desire the convenience of being located close to work, whether that be in the CBD or tech hubs such as Collingwood and Cremorne.

Gentrification is a lot more complex than the revitalisation of an area. In fact it is very different. It's not about the old being replaced by the new, or poor becoming improved.

Gentrification is the “development of high end uses in previously working class neighbourhoods of the city, resulting in the displacement of working class people, businesses and land uses.”

(Curran, 2016)

It is accompanied by revitalisation of buildings, increased retail such as wine bars and fancy cafes, restoration of Victorian era homes and the reuse of structures that had become run down. Ultimately the culture and character of an area changes because the demographics of people living there is altered. The economy also changes in the area. Property value increases, as do rents and the cost of services/ food.

Revitalisation improves the neighbourhood from the ground up and involves the community. The neighbourhood still remains affordable for everybody. The displacement of people is the key difference between gentrification and revitalisation.

THE COMPLICATIONS OF GENTRIFICATION

A major outcome of gentrification is increased property prices and rents due to the upscaling of an area. This can cause movement of the original residents, if they can no longer afford to live there. Many residents are involuntarily pushed out because of rent increases which only the wealthy newcomers can afford. Or they may be forced to leave when developers come in and buy the land they live on. Developers may cause street vendors to move to less busy streets. Their businesses are no longer viable and they have to move out of the area altogether. These situations are known as direct displacement.

Indirect displacement can also occur. This happens when original residents choose to move for various reasons. For example, they may leave because they feel they no longer belong to the area. They can become socially isolated because their friends have been displaced and they can't afford to go to the newer restaurants that have replaced the old ones. If they have a local business it may stop doing so well due to increased competition which adds more reason to move out. Property owners who don't like the changes may seek to cash in on their property and move somewhere quieter.

A study looking at gentrification in U.S cities found that between 2000 and 2013, 135,000 people from 230 different gentrifying neighbourhoods were forced to leave. This was due to increased rents, rising property value and taxes. (NCRC, 2019)

Overall displacement has downstream effects on the area. Most notably it changes the culture and demographics of the neighbourhood. There is a disproportionate displacement of blacks, hispanics and asians, by affluent white people. This is especially evident in the U.S. but also in many parts of Melbourne. The existing residents don't get to benefit from the revitalisation of the neighbourhood.

Urbanisation has meant that many people want to live closer to the city core, and often these are the areas which are gentrifying most intensely. This compounds the affordability crisis that is evident in many large cities of the world and further divides the rich and the poor.

In terms of culture, the influx of trendy shops and commercial restaurants often pushes out traditional food vendors. The area might look 'cleaner' but it now lacks that authenticity and depth that was established through these small vendors. They formed part of the neighbourhood and created connections between the people. This connection is often lacking once they disappear and are replaced by new people who don't have the same sense of belonging to the area. The newcomers

can often come across as disengaged compared to a local who had been breathing life into the area for years and had formed part of its unique history. Neighbourhoods are more than the houses and shops available. The people make an area and when they are forced to move out the story of that suburb changes.

THE BENEFITS OF GENTRIFICATION

Renovating and modernising shop facades as well as the homes in the area, improves the appearance of the suburb overall. This makes it a more attractive place to visit or live in, which increases the number of people choosing to move into the area. The changes in appearance and feel of an area has a number of outcomes which all impact each other in a positive feedback loop.

One of the main benefits of gentrification is that it tends to lower the crime rates within the area. This feeds back to making the area more attractive to people since most people when given the choice will choose to live or visit places where they feel safe.

Another consequence is that property prices and rents begin to rise. This is good for property owners in the area. As land becomes more valuable, developers come in to capitalise on the increased demand for homes and begin building



View of Downtown Brooklyn, a prime example of gentrification in New York City

new apartment towers and townhouses. These are sold at a premium which further adds value to neighbouring property. The more developers see the upside of an area, the more they are willing to invest in new projects. Local city councils can then obtain higher rates to provide more services in the area such as maternal services or community events, and further clean it up.

The residents that can afford to remain in the area benefit from the changes that come about through gentrification. No one wants to live in a run down, under-funded area with high crime rates. Further, if a resident owns a local business, they can entice more tourists and new residents in, thereby increasing their sales.

Safer and more attractive streets mean all residents, whether old or new, are more likely to go for walks and get outdoors. This has downstream impacts on their health and obesity rates in that area. Density is also a factor here. If houses and shops are closer together, this encourages people to walk rather than drive, especially if parking is a problem.

Increased density, which occurs in gentrifying areas, has been linked to improved health.

A study in London found that the incidence of obesity decreased in areas where homes are clustered more closely together. (Sarkar et al, 2017) In addition, it found that obesity rates in new residents were no different to long standing residents, implying that the denser areas were not attracting people with different risk factors for obesity. The authors explained the link through increased walkability and also social connectivity which encourages residents to get out of their house and be more active in the community.

Another interesting study looked at the relationship between gentrification and collective efficacy of the neighbourhood. (Steinmetz-Wood, 2017) Collective efficacy describes a pattern in human behaviour where the collective efforts of the community help to reduce poverty and crime in the community, whilst increasing social integration and closer ties between the people. Collective efficacy has been associated with a range of health benefits including decreased rates of obesity and heart disease. People rate their overall health higher when collective efficacy is high. (Browning, 2002) They found there was a positive relationship between gentrification and collective efficacy which means gentrification has an indirect positive impact on health outcomes through collective efficacy. These findings also contradict “the notion that gentrification will necessarily create an environment in which residents are less trusting of their neighbours, and

foster less political and social solidarity.” (Steinmetz-Wood, 2017)

GENTRIFICATION IN URBAN CITIES

If you look at how Melbourne has transformed, there are many inner city suburbs that are unrecognisable now as a result of gentrification. Places many people would never consider going to have become trendy destinations to visit for brunch, nightlife and shopping. A suburbs that pops to mind here is Footscray. Walking down the main street feels very different to what it did even 5 years ago. A decade ago, if you got off the train at Footscray you could easily feel like you were somewhere else in the world. It had a strong multiethnic demographic and even a lot of the shop signs were in different languages. These shops didn't have an internet presence and survived because they were homely to the locals living there. Now, many of these authentic food places have benefited from the influx of new people since they have been 'discovered' in a sense. Many of them have been replaced by fusion style restaurants and trendy cafes.

Suburbs like Collingwood, Abbotsford and Cremorne are some other examples of gentrified suburbs in Melbourne. They've become highly desirable places to live and play. Mini employment hubs have been set up as well, further adding to their value.

Gentrification isn't specific to Melbourne. It's occurring in cities all over the world. In America, it has been intense, especially in the big cities. A study of census data found that 40% of Washington DC, and almost 30% of New York City had gentrified between 2000-2013. (NCRC, 2019) The race divide here is perhaps even more obvious that what it is in places like Melbourne.

Gentrification involves economic transitions with the wealthy coming in and replacing those on the other end of the class scale. This often translates to racial and cultural changes of an area. “Millennial perceptions about race have shifted from those of prior generations, so that minority neighbourhoods are now seen as cool and edgy.” (Hyra, 2016)

Many American suburbs that were known as black suburbs, now have a higher presence of white people. The same study by NCRC (2019) found that around 20,000 black residents of Washington, D.C., nearly 15,000 in New York City, and 12,000 in Philadelphia, moved out of gentrifying neighbourhoods between the years 2000-2013. For each Census tract in New York City, on average 382 white people moved in and 574 black people moved out. The number of Hispanics and Asians increased on average by 179 and 96 people respectively, for each tract.

BROOKLYN

One prime example of gentrification in New York City is Downtown Brooklyn. Historically, Downtown Brooklyn had little residential property and was mainly composed of a civic center and commercial buildings. It was a working class city with lots of factory work for immigrants. Since 2004, when much of the area was rezoned, there has been a number of dense residential developments built, as well as the Barclays sporting arena which opened in 2012. (Benkhe et al 2019) The area was further transformed when Trader Joes (a popular grocery store) opened up in 2017. The evolution of Brooklyn continues to this day with many developments in progress.

Walking around Downtown Brooklyn today is kind of like walking around Footscray or Collingwood in Melbourne. There's a mix of people and cultures. The median age of residents in Downtown Brooklyn is 35 years old. (Benkhe et al, 2019) Around 70% of residents rent their home. This is very similar to Collingwood, where the median age of residents is 32 years old and 65% of people rent their home. (ABS, 2016) Again in similar fashion to Melbourne's CBD and surrounding gentrified suburbs, rents in Brooklyn can be as high as in Manhattan.

Older, run down shops and buildings are scattered amongst new chain restaurants, commercial shops and other modern buildings. Many streets are construction zones. It's hard to turn a corner without seeing a high rise being built. The area has good access via public transport into Manhattan and is also very walkable. It is busy, but quieter than the streets of Manhattan and still has a community vibe to it, although this is likely getting lost as gentrification intensifies.

There is an obvious racial segregation in America, especially in gentrifying suburbs like Downtown Brooklyn. The fancy cafes are full of white, corporate types and the older American diners are mostly occupied by black people.

When you consider the price difference of a cup of coffee in the cafe versus the diner, it's easy to see how people will be pushed out of the area as more of the traditional stores are replaced with higher priced trendy stores.

Walk a little further up from Downtown Brooklyn and you'll arrive at another heavily gentrified area known as Dumbo. This area between the Brooklyn and Manhattan bridges has amazing views of the water, both the bridges as well as the city skyline of Manhattan. It feels upmarket yet historical, with manicured gardens lining the streets, beautifully restored buildings, and clean, cobblestone sidewalks. Huge brick



Downtown Brooklyn



Dumbo

buildings house luxury apartment lofts as well as commercial spaces for tech start ups and unique retail shops.

Given its proximity to Manhattan and the waterfront views, it seems it was only a matter of time before it became one of the most expensive parts of New York City to buy or rent. Dumbo used to be a rundown, industrial section of Brooklyn where land was almost worth nothing. It was occupied by squatters and poor artists who valued the cheap rent and the tall windows in the buildings. (Haridas, 2013) Art still creates a lot of the ambience of Dumbo with murals painted on the walls and weaved into the infrastructure.

In 1999 with the tech boom, a lot of programmers, web designers and digital marketers moved to Dumbo and gave the area a new identity.

Dumbo and Downtown Brooklyn are part of the Brooklyn Tech Triangle. This section of land aims to attract more startups and entrepreneurs, and bring in more jobs to the area. It enables an environment for creativity, innovation and collaboration. Brooklyn itself has already given rise to a number of successful startups such as Etsy, Vice Media and Mind Body Green. The continuous updates to industry in Downtown Brooklyn have established it as the third largest central business district in New York City. (Benkhe et al, 2019) The demand for office space is high and vacancy rates for commercial property are lower than Midtown Manhattan and Lower Manhattan. (BTT, 2015) There is now pressure to create more space in the Tech Triangle to accommodate further innovation. Even the old Macy's store in the center of Downtown Brooklyn is currently being renovated so that 360,000 square feet of under-utilised upper floor space can be converted into office space. Just like many of Melbourne's industrial, working class suburbs, Brooklyn has gentrified into a vibrant hub for both work and living.

CONCLUSION

Gentrification is a lot more than the revitalisation of a neglected area into something cool. It impacts the entire ecosystem of a suburb and often gives it a whole new identity. It creates competition over space which increases property values and rents. This is a good and bad thing depending on which side of the equation you sit on.

The transformation of urban space through gentrification is part of the evolution of many cities in the world at the moment. It is an inner city phenomenon but is closely tied to employment opportunities. If there are in demand jobs that exist within or nearby an area, then it is likely to gentrify at some point.

We live in a world in which change is the only constant. Paying close attention to an area near you that is showing the above mentioned signs is worth keeping tabs on. While many areas gentrify some don't. What's clear is that once areas get up and running, with a nice mixture of employment opportunities, unique accommodation styles and trendy bars/cafe's — they become unstoppable. Feedback loops often increase wealth within these areas and make it a destination not only for people, but financial capital. ♦


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AGENT



Gentrification
Vol.83 Aug 2018

Words
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Design
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Front Cover
Image credit: Yarra Libraries
Collingwood warehouses, 1922
https://coyl.swift.ent.sirsidynix.net.au/client/en_AU/search/asset/234019/0

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REIV (reiv.com.au/property-data/auction-results),
The Department of Human Resources, Google Maps,
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realestate.com.au, domain.com.au, Fairfax, Residex, various
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