Gentrification, Housing, and Displacement in New York City

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Gentrification (gentrification, sometimes urban recycling) is the reconstruction and renovation of buildings in previously uninhabited urban neighborhoods, either under a planned urban rehabilitation program or as a result of decisions taken by professionals and managers. As a result of gentrification, the average level of income of the population of the district increases due to the replacement of low-income residents by the more affluent [1].

The term was introduced in 1964 by Ruth Glass [2] [3] [4] in “London: Aspects of Change” to describe the displacement of the working class from individual parts of London by the middle class. A similar process took place in various cities in the United States in the second half of the 20th century, in particular in parts of the cities of San Francisco Bay, Boston, Chicago, Seattle, Portland, Atlanta, Washington, and Denver. At first, gentrification in the United States often changed the racial appearance of cities, as the poorer Negro and sometimes the Latin American population was replaced predominantly by whites with higher incomes [5] (white Americans of non-Hispanic origin, Europeans and Asians).

As you know, the best thing to buy real estate before the rise in prices in the market. But how do you know in advance where exactly housing will rise in the near future? Real estate prices in different parts of the city are growing unevenly: if, in some markets, objects can rise in price in a few years or twice, then others may fall in price during the same time.

The fastest way to increase housing is in places where gentrification takes place – a process in which industrial areas turn into fashionable ones, and the population with low incomes is gradually replaced by the more affluent.

A classic example of gentrification is the development of the Williamsburg Brooklyn industrial district, which has become one of the first places to undergo this process. In the future, the gentrification of the entire borough of Brooklyn, which includes this area, was dubbed the “Williamsburg effect.”

Today, Williamsburg is one of the most expensive and prestigious housing markets, not only in Brooklyn but throughout New York. In terms of the rate of price growth in 2001-2015, this area outstripped even the boroughs of Manhattan.

“Williamsburg is originally an industrial area, but over the past 15 years, it has become one of the most fashionable in New York. There are two reasons for this. The first is that the New York Bohemian settled there (artists, artists, poets), who had to move here from SoHo and Chelsea because rent there was too expensive. The second reason – about 10 years ago, the city allowed to change the purpose of real estate and build housing instead of empty factories. This led to a real construction boom, and now the 'mods' and all the others want to live there," says Artem Lesin, managing partner of the real estate agency Arvik Group Real Estate.

Williamsberg, it is necessary to take into account several factors, which are precursors of gentrification and, as a consequence, the growth of house prices.

Location near the city center: The first to be subjected to gentrification areas that are near the center or have good transport links with it. This is explained by the fact that people move to more accessible areas, thereby increasing the demand for housing and, consequently, prices. This leads to an increase in the overall standard of living in the area.

Refinement of the territory: An example is the New York area of West Chelsea, where, in the early 2000s, the authorities decided to reconstruct an abandoned railway branch, turning it into a High Line park. According to Zillow, just 1.5 years before the start of work (in 2006), property prices in the neighborhood grew by 64%, while for the same period, the cost of housing in the city as a whole increased by an average of 25%.

Development Of Transport Infrastructure

For example, in New York's Upper East Side, prices began to rise after the appearance of the project for a new metro line. Within a year since the beginning of construction in 2007, housing in the district has risen in price by 15%, while prices in the city as a whole have fallen by 2% under the influence of the economic crisis. Also, as the date for the opening of the branch was approaching, real estate grew at a rate almost two times faster than the average for the city: since 2014, properties in the Upper East Side have risen by 24%, and by New York – by 13 %.

Construction of hotels, businesses and shopping centers: For example, at the end of 2003, the Time Warner Building, a multifunctional center, was opened next to the roundabout Columbus Circle. Since that moment, real estate prices have started to grow in the neighborhood: for two years, housing here has risen in price by 62%, while the average for New York – only 27%.

Growth of popularity among the wealthy strata of the population. In contrast to the above factors, the social component affects the development of the area for decades. So, in the New York area of Bedford-Stuyvesant from the 1920s to the 1930s, the poor African American population was predominant, and since the 2000s, representatives of bohemia have increasingly moved here. In some parts of the city, the opposite situation is also observed: for example, the St. Petersburg area. George-Stapleton was considered prosperous in 1970; it was dominated by a wealthy white population, which, over the next 30 years, was replaced by families with lower incomes. As a result, from 1974 to 2006, housing prices in this area grew 1.5 times slower than the average for New York. In the coming years, gentrification will cover many areas of European and American cities. Tranio recommends paying attention to the developing locations of New York, London and Munich.

In New York, gentrification covered virtually all areas. Among the places not affected by this process – is Brooklyn Bay Ridge, where prices are, on average, 15% lower than the average cost of housing in Brooklyn. Given that the neighboring locations are already too expensive for buyers of real estate, may Ridge is expected to increase demand and, accordingly, higher prices. Another good option is the Sunset Park area, where prices are at the Brooklyn average, but the Industry City and Chinatown micro-districts give an additional boost to development.

In addition to Brooklyn, there is also an interesting South Bronx, whose territory is closely adjacent to Manhattan. The prices here are below the average for New York, and the authorities plan to develop a trading and residential area, which will give impetus to the development of the district.

There are attractive locations in Queens: Jackson Heights and Jamaica are actively building hotels and shopping centers and opening parks. These microdistricts, as well as the nearby Ridgewood are good transport accessibility. Ridgewood is completely bordered by the Brooklyn Bushwick, where house prices have already reached a relatively high level.

According to Artem Lesin, Manhattan is interested in the Upper East Side region. In 2016, there was a new subway line (Second Avenue Line), a project that appeared 80 years ago, but construction began only now. “Because of the opening of the new branch of the metro, prices for houses that are built east of Second Avenue – that is, First Avenue, York Avenue and East End Avenue – have risen significantly. Prior to this, the nearest transport stop was located 15 minutes walk from here, which is a serious disadvantage by the standards of New York, therefore, before tenants and buyers did not seek to move to this area.

New York is often called the capital of the world, the city where the American dream comes true. According to different data, the number of foreigners population here ranges from 300 thousand to 600 thousand people, which is equivalent to the population of the average provincial city in developed countries around the world. Our compatriots are especially numerous in Brooklyn and Manhattan, as well as in the surrounding townships of the states of New York. Annually, hundreds of Foreigners come here for rest, study or work, and many decide to stay here forever.

Manhattan (Manhattan) is the “same” New York that everyone is used to seeing on postcards and in movies. Here arose the first settlement, from where the city began to expand. It is Manhattan, in the postal address is listed as “New York, New York”. Here is all the fun: the Empire State Building, Wall Street, the Statue of Liberty (on the islet that is part of the Manhattan borough), Fifth Avenue, Central Park, the Metropolitan Opera, the Museum Mile and much more.

Manhattan is easy to navigate. Most of the island, with the exception of the historical southern part of Lower Manhattan (Greenwich Village), is built upon a rectangular plan. Along the island, there are avenues and across streets. All of them are numbered. All of Manhattan south of 116th Street in the West Side and 96th in the East Side is considered prestigious and safe.

The best areas of Manhattan are the Financial District, Tribeca, SoHo, Chelsea, Meat-Splitting Quarter and Upper East Side.

The Financial District is located at the southernmost tip of Manhattan. The quarter is the financial center of New York, there is a huge number of diverse historical buildings reflecting the stages of formation and development of the American economy. Many office high-rises have moved to a housing stock, and the Financial District has become convenient for people living in the center. Previously, the infrastructure in the area was not developed enough, but with the growth of the resident population, there are more and more grocery stores, pharmacies, restaurants and laundries.

Not everyone can afford to buy even a one-bedroom apartment in the Financial District. According to Zillow, the median selling price in this neighborhood exceeds $1 million. Over the year, housing increased by 23.0%. According to forecasts, by April 2015, prices will increase by another 8.3%.

Tribeca (TriBeCa) – one of the most expensive neighborhoods in New York. According to Zillow, the median selling price here exceeds $4 million. During the year, housing increased by 16.6%. For the coming year, the price increase is expected to increase by another 6.7%. Tribeca, which was once part of one of the main grocery centers of New York, namely the Washington market, has the form of a triangle. Hence the characteristic name – Triangle Below Canal ("Triangle under Canal Street").

The Upper East Side extends east from Fifth to Third Avenue and north of the border of Central Park to 96th Street. This place is included in the top 20 most secure areas of New York: since 1993, the crime rate here has dropped by 85%. This is an area of elegant, marble-finished townhouses of the late 19th century and chic high-rise co-ops lined up along Park Avenue. The number of museums in this area is second only to Washington. Here are the Metropolitan Museum, Solomon Guggenheim Museum and the Whitney Museum of American Art. In the Upper West Side is the oldest and most popular school in the city – the School of the Holy Trinity. Prestigious educational institutions, as well as proximity to the Central and Riverside parks, attract a family with children to the area.

In the first quarter of 2014 the median price for housing in the Upper East Side grew by 17.8% year-on-year to $1.65 million. Using the fact that real estate prices are rising in the area, developers are actively building condominiums. One of the last houses – One Museum Mile, housing 115 apartments. From the windows of the building you can see a beautiful view of the nearest park, there is a swimming pool on the roof, and there is a fitness center. The local record is set here: at the end of 2013, a three-bedroom apartment in One Museum Mile was sold at a price of $3,745 million (almost $23,000/m^2).

Manhattan streets 120-147 are best avoided: there are complexes of social housing and a high level of crime, traditional for areas with low-income segments of the population. Harlem, with its high criminogenic situation, is by no means the best place to live, except for 125th Street, where the Apollo Theater is located. However, the streets 110-120 nearest to Central Park have received a good impetus for development in recent years, which was aided by the appearance on 125th Street of the office of Bill Clinton about ten years ago. There, you can make walks, admiring the renovated historical facades, but for the purchase of real estate, the time has not yet come.

If you choose places to buy housing outside of Manhattan, then you should pay attention to Brooklyn (Brooklyn). This area is located in the western part of the island of Long Island, washed by the Atlantic Ocean.

3% of the Brooklyn population are Russians, and more than 5% speak Russian. Mass immigration of the Russian-speaking population to Brooklyn occurred in the 1990s, but since the beginning of the 2000s, the flow of immigrants from the CIS has decreased substantially and has now almost disappeared. Many former immigrants, who sometimes came to the USA without a means of subsistence, were able to gain a foothold in the country and educate their children. The second generation of visitors often strives for a better life, and the provided part of the population prefers to move from Brooklyn to Manhattan, to North New Jersey or to Staten Island. However, elderly people often move to Brooklyn: it is in this area that it is easier for pensioners to receive benefits under the program of assistance to the poor and preferential medical insurance.

In Brooklyn, there are several Russian enclaves: Bath Beach, Bensonhurst, Brighton Beach, Gravesend and Sheepshead Bay. The largest Russian enclave is traditionally considered to be Brighton Beach – "Little Odessa," where the Russian language is native to 98% of the population. There are restaurants with Russian cuisine, bookshops and supermarkets with "Russian" products, and banks and medical institutions with Russian-speaking employees. Immigrants of recent years often pay attention to the areas of Sheepshead Bay and Manhattan Beach. Brighton Beach itself does not shine with the cleanliness and novelty of buildings, except for the most prestigious local new building – Oceana, which includes apartments with 1-3 bedrooms with ocean views.

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