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Debate: Gentrification is a natural process in the development of a city and is required in order for a city to grow

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DEBATE

'GENTRIFICATION IS A NATURAL PROCESS IN THE DEVELOPMENT

The best example of gentrification in the Netherlands certainly is Amsterdam. Though it is the main capital and the city with the most inhabitants, Amsterdam is currently one of the most popular cities of the Netherlands, both to live in and to do business. Year after year, more people are moving towards the cities.

The trend of globalisation is also visible in the Netherlands. The amount of inhabitants in Amsterdam, Rotterdam, Den Haag and Utrecht increased again in the year of 2016 (Vastgoedmarkt 4th January 2016). This is where gentrification benefits from. The amount of inhabitants is growing, boundaries of the cities are moving and residential areas are turning into booming areas with trendy cafés and restaurants. Examples in Amsterdam are De Jordaan, De Pijp, Oud-West and at the moment Amsterdam-Oost as well.

Logically, the process of gentrification has an impact on the city centre and outwards to the suburban areas. Municipalities or policymakers are able to create a good atmosphere by creating a catalyst for the area. A good example is the redevelopment of De Hallen in Oud-West. The improvement of an area and the movement of people towards that area certainly affect the residential prices. The shortage of dwellings increases. In this way you can state that gentrification is not a good thing. If gentrification is a natural process it will solve itself. Residents that are not willing to pay the amount will settle somewhere else. If the prices are really too high, the demand will decrease. Cities like London and Stockholm show that the housing prices can increase every year (Vastgoedmarkt 12th January 2016). Some people say it might be a bubble. Can this be a bubble when it is a natural process as the arguments above point out? And if it is a bubble, how can it be solved or prevented?

During the last economic downturn, Amsterdam demonstrated that the impact of the economy on the city was not as intense as expected. As long as people are willing to pay the prices, they will keep on rising. That is the game of supply and demand. In Amsterdam the demand for dwellings is the highest in years. In this game policy makers are responsible to realise a reflection of society with social housing. This is the task of housing associations. In the meantime a city is enriched by gentrification. It is an ongoing process. In Oud-West new businesses keep on emerging that enrich the area. How can this not be a good thing?

IN FAVOR



ir. Henriette van der Goes is an alumna of the Master Management in the Built Environment. She graduated in July 2014. Currently she is working as a surveyor at Cushman & Wakefield in Amsterdam. She is specialized in valuation of (re)development, transformation and specific real estate. She is also one of the members of the board of BOSS Alumni.

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Vastgoedmarkt, 4th January 2016,

'Vier grote steden blijven groeien'.

Vastgoedmarkt, 12th January 2016,

'Grotere invloed beleggers op Amsterdamse woningmarkt'

DEBATE

OF A CITY AND IS REQUIRED IN ORDER FOR A CITY TO GROW'

AGAINST



Dr. ir. Sake Zijlstra is specialised in the field of housing management at the department of Management in the Built Environment. He is coordinator of several BSc. courses and tutor in several MSc. courses of the faculty of Architecture, TU Delft.

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Gentrification isn't natural, it is a typical human invention based on principles at the base of our understanding of the economy. As such, gentrification isn't a natural process but primarily a part of an economic model. Furthermore, gentrification is a policy process.

Our economy dictates that scarce and popular spaces should be expensive. While places and areas that aren't popular, are cheap. And products that aren't scarce, should be cheap as well. The problem is hidden in the very nature of real estate: the construction of dwellings has been typically known for its inflexibility and the long time it takes from planning to delivery (Priemus 1978). Hence, almost by definition, real estate is scarce. And when consumers express their desires — read: something becomes popular — the market needs quite some time to recognise, understand and anticipate this demand. The effect is that the market is lagging, always. This gives ample opportunity for gentrification to occur. Gentrification occurs as a result of the existing “rent” or “value gap” (Smith, 1986). The existence of the value gap indicates a low popularity while the area characteristics would suggest a higher potential. This is the economic base for gentrification and is the incentive for the market to capitalise the value by exploiting popularity and scarcity. This leads to increasing prices, displacement and neighbourhood change, while at the same time attracting the “gentry” to the (now) attractive area.

At places where the value gap doesn't occur, governments apply gentrification as an urban strategy (Smith 2002, Doucet et al. 2011). Governments do so by initiating or stimulating renewal projects and branding. This “state-led” gentrification (see Stouten in this publication) may result in typical gentrification issues such as displacement and this can in fact be one of the desired effects (by the state). However, “Displacement could force vulnerable households into less desirable and more impoverished neighborhoods” (Carpenter 2016). The gentrification of one area may lead to impoverishment of another and breeds segregation: the concentration of high incomes in one area and low incomes in the other. Gentrification in this case is a process of upgrading one area by means of governmental policies and instruments with the risk of stimulating segregation.

Can we consider gentrification as a “natural” process? And if so, do we regard displacement of inhabitants and replacing them with fewer (lower density) people with higher incomes, “natural selection”?