Supply and Demand of Gentrification

Many urban communities around New York City and the world have gone under gentrification. This change has come with both negative and positive impacts for the community. Gentrification doesn’t happen overnight; it takes decades and major factors for a community to go under gentrification. Supply and demand is a big factor of why a community might go under gentrification. The demand for supply causes real estate developers to start bringing what the community needs to stay satisfied and stay in a community that is desirable for living as well as having what they need inside the community.

I am interested in this idea of the supply and demand that gentrification is part of. What this paper will discuss more about how communities are affected as well as the causes. I want to go beyond just residents’ necessities and look into the big picture of gentrification as well as how the neighborhood goes under a transition. What do the communities need to be or have to be gentrified. How are the traditional residents affected? Who will benefit the most from gentrification? How much power does real estate have over the communities? To what extent does the community have the power to indicate what is good or bad for them or once the community is already going under gentrification the community can no longer have a voice or indications of how they want their community to change. I want to know the factors and the cause that takes the supply and demand of gentrification. Are the supply and demand one of the causes that gentrification brings to the community or supply and demand is what causes the community to be gentrified.
Supply and demand impact gentrification. As well as to know who is behind the supply and demand of communities that are going under gentrification. I want to inform how not only communities benefit from gentrification but also how long-term residents are negatively impacted.

I have seen Harlem change a lot in the past four years since I moved into the neighborhood. I didn't know about the whole thing behind its change until now that I learned about gentrification. Now I know more about how my neighborhood has changed. Back then I only used to see people of color and Hispanics — I barely saw any white people. But now there are people of all colors and backgrounds. There have been many changes in the community from the way it looks and what it has. There are more residential and commercial buildings. Trendy shops and restaurants are opened which consist of a variety of food and clothes, not only that but also health centers and more people as well. Marcuse explains the positive aspects of gentrification as well as how abandonment and gentrification relate to each other. Abandonment and gentrification are connected to the overall results of the community (Marcuse, 2009). Abandonment happens because of a decline in property values. Gentrification, often through private investment, rapidly increases property values. “The estimate of total displacement from abandonment for New York City, therefore, may be between thirty-one thousand and sixty thousand households, or one hundred fifty thousand persons annually” (Marcuse, 1985, pg212). Such private initiative improves the quality of housing as well as tax bases. Gentrification attracts high-income households from every part of the city which reduces demands elsewhere, increasing abandonment in other parts of the city. Both abandonment and gentrification drive low-income households next to places where rents are increasing which both also bring positive
economic change into the city. The demand for housing creates a positive shift into the economic activity for production to services by high wage geographic areas to low wage areas. Government reduces the public expense in major areas of abandonment while increasing them in areas of gentrification which is a good thing for the real estate as well as for the community because the government is helping them both. Gentrification causes tax revenue to increase which favors policy leaders that cause them to invest even more. The new commercial businesses benefit residents who would like better shopping opportunities, yet they disadvantage small-owned businesses because people no longer shop there. This eventually leads to the closure of their business since they won't generate enough revenue to pay the rent. Big chain stores also benefit low-income communities because it brings supply and wealth by also customizing goods from marketing. Community development groups want new stores and restaurants because it brings capital reinvestment that benefits the community. Private developers used to ignore low-income communities due to crime and low property values, but now they look forward to them and make investments because the land yields higher monetary returns in the future. Gentrification causes higher rents that bring expensive boutiques that change the community outlook as the whole aspect of the community by including social and economic transactions. Figure 1 in Zapakta’s article shows an increase of property values mostly concentrated in Brooklyn and Manhattan. These areas tend to have more minorities living in low-income households. (zapakta, 2009-2016, pg11). Life-style and life-cycle factors have created consumer demand for new resident’s styles. Gentrification also causes an increase in wealth for the gentrifiers that invest in the community, thus leading to job and income growth.
Economic activity also has negative outcomes because it causes an increase in unemployment, population loss, and decreasing demand for housing for low-income groups. It also leads to increased demand for office space that decreases the profitability of manufacturing space. When gentrification occurs it causes a negative outcome for low-income residents: they move out of the community because they can no longer afford to live there. When describing gentrification’s economic toll, Zukin says, “By 2006, the drastic decrease in the number of stores in Harlem reflected the large number of buildings demolished, or awaiting demolition, prior to new construction” (Zukin, 2009, pg. 57). The real estate market plays a big factor in gentrification because it introduces the type of change that is happening in the neighborhood. The supply and demand of gentrification contribute negative aspects to a community. (Zapatka, 2009–2016), discusses all aspects of supply and demand on how the demand occurs for supply to happen as well as in which area is the demand higher for residential purposes or business-wise. The moving in of white gentrifiers into low-income communities causes the retail and houses demand to go up meaning that the demand for new residential condominiums causes the rent to go up for the new apartments; the supply aspect will not be affordable for low-income residents of the community since they will no longer afford to live there. The real estate and landlords are the main cause for the supply aspect of expensive residential buildings which causes gentrification to happen. Such investment of the real estate elites in housing, which renovated old buildings into new units, causes the rent to increase. This price hike brings wealthier tenants and forces the long-term residents to relocate. The change of social consumption of an area and residents is changing the supply of housing meaning that gentrification had to occur first in order for that to happen in which the consumption and production dynamics aspect is continuously shaping each other on middle-class demand and
developers’ investment. Homeowners and renters are the cause of rising property values which causes the rent to be only affordable for people that can afford the new apartments which will benefit gentrifiers. The community allows gentrifiers to associate with the property values that cause them to increase by that it causes them to be displaced since they no longer can afford to buy them back or able to live in the new economic income created by gentrification.

In the already gentrifying community causes, the consumption of housing presents a demand for housing reinvestment. Landlords and developers first see the highest potential profit rate in the community to reinvest. Gentrification reflects capitalism. The supply-side theories focus on the property owner and the demand-side arguments focus on both the owners and the gentrifiers which explain how the supply aspects introduced demand into the community in which gentrifiers are the causing demand and the supply to be given to the residents. Demand predicts supply by which is being given by the results of her five years data plan. (Zukin,1987), adds to evidence about the causes of gentrification into the supply and demand. Also the aspects of gentrification into the community as a whole. It provides evidence on how gentrification affects the community as well as real estate. The problem is that new residents displaced long-existing residents of the community.

Gentrification is all about supply and demand rather than demographic structure. Investors play a big role in the production side of housing since they make choices on the number of houses the real estate has to invest in the production of residential condominiums. The supply-side focus on the amount of housing and the demand side focus on the behavior of consumers based on what's available to them for the community to become gentrified, which implies the bigger picture of gentrification on how it's all viewed under the demand side of consumption. Zukin explains gentrification brings commercial businesses into the community
by how gentrification does not only bring residential aspects but as well as marketing and wealth into the community (Zukin, 2009). By also how the community is being affected because commercial business helps the gentrifying community as well as changing it by affecting certain residents and benefiting others. “In both cases, “supply-side” interpretations stress the economic and social factors that produce an attractive housing supply in the central city for middle-class individuals, and “demand-side” interpretations affirm a consumer preferences, for demographic or cultural reasons.”(zukin,1987,pg131). Gentrification brings commercial outcomes into the community. The problem is that it doesn't benefit low-income residents since they can no longer afford to pay the rent from their small businesses and benefiting the real estate agent and gentrifiers economically. The aspect of commercial businesses is changing the community. By a neighborhood having new restaurants, cafes, and stores is an indicator of gentrification in the area. By this, it attracts people into the area to shop as well as an increase of desire to move into the community since they have the supply they need in the community.

Overall, gentrification has changed the Harlem outlook because now i see new buildings where there were empty lots and old buildings being redeveloped. It's interesting to see how my neighborhood has changed because now I see a variety of people from all backgrounds. My neighbors are Asians and Dominicans and white people. When I go outside I see new shops and new faces, now I don’t have to go downtown to go shopping or to visit diversity places because now I have all of this in Harlem.

