Neighbourhood Gentrification and upgrading in Montreal, Toronto and Vancouver

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Gentrification is an urban phenomenon with important policy implications. It is associated with declining stocks of affordable rental housing, displacement of the working class from the communities where they have traditionally lived and accessed services, the conversion of inner-city neighbourhoods from production to consumption spaces for the upper middle class, and speculative real-estate markets that drive up the cost of housing across the metropolitan area.

The term gentrification is typically used to refer to three important related processes tied to the renovation of old residential areas in the cores of cities:

• change in the tenure status of the housing in the neighbourhood;
• increases in relative land and housing values and concomitant declines in affordability;
• upgrading in the social character of the neighbourhood from predominantly working class to middle class or elite status.

A well-developed literature identifies stages through which gentrification often progresses in a working-class neighbourhood. The first, termed the “pioneer” stage, often involves the invasion of artists and countercultural individuals. These groups bring a certain aesthetic identity to the neighbourhood that increases its attractiveness to others. In the next stage, rental tenants who have more locational options are attracted to the neighbourhood. Through further renovation of the housing stock, land values begin to rise, prompting speculation and developer interest, while nearby commercial strips attract those living outside the neighbourhood. Working-class tenants and even the pioneer artists find themselves displaced by rising rents.

In later stages, risk-averse groups of residents (professionals and managers), retailers, and developers buy up property in the neighbourhood as it becomes perceived as a safer investment. Remaining tenanted buildings are deconverted, housing and retail properties are re-renovated, and the neighbourhood completes its transformation, potentially into one of the more “desirable” locations in the city.

Each stage provides the context for subsequent waves of gentrification in nearby neighbourhoods. Therefore, to truly understand gentrification, it is necessary to track neighbourhood changes within and across a succession of these waves. We have developed a method for detecting and classifying different neighbourhood gentrification and upgrading trajectories during the postwar period, using the central cities of Canada’s three largest Census Metropolitan Areas (CMAs) as examples. This method traces how the residential population and housing stock in gentrified and gentrifying neighbourhoods have changed over the period and compares these shifts with the population and housing stock in areas that did not gentrify. We also delineate which neighbourhoods have gentrified because of transitions within the existing prewar housing stock, new development (often called “new-build gentrification”), conversions of older buildings to new residential uses, or combinations of these changes.

Measuring gentrification and upgrading

The data for our study come from the census of Canada. We traced the attributes of a consistent sample...
Gentrification is but one form of neighbourhood upgrading. While neighbourhood upgrading suggests many potential benefits – including higher levels of environmental and commercial amenity, improvements in building quality and aesthetics, reduced levels of crime and other social problems, and increasing or at least maintaining property values – lower-income households are less likely to benefit if they are displaced to lower-amenity neighbourhoods, or if the services and amenities needed by those low-income residents who remain are displaced through commercial gentrification.

While upgrading can occur in any type of neighbourhood, gentrification is thus associated with the displacement (direct or indirect) of low-income households, and is specifically meant to apply to the transformation of working-class communities into spaces for middle-class and elite households. We therefore reserve the term gentrification for neighbourhoods that were clearly working class in the early postwar period (both 1951 and 1961), as indicated by below-average levels of social status and employment income and above-average proportions of renters, and that were subsequently transformed over the study period.

We used the following variables to identify the process of neighbourhood upgrading:

- de-conversion from rental to owner-occupation (by analysing changes in the proportion of the housing stock that is rented);
- changes in income (by analysing average personal income from all sources of earnings of persons 15 and over, relative to the CMA average);
- changes in social status (by creating an index representing a composite location quotient for those with a university degree and those employed in professional and managerial occupations);
- changes in relative housing values and affordability (by tracking average monthly rent and average dwelling value, and comparing these to the CMA averages);

We also determined the decade of the onset of upgrading and the strength of neighbourhood transition.

Three distinct “waves” of gentrification and upgrading can be identified in the three cities.

1. The first dates from the late 1960s and the 1970s. This wave can be divided into neighbourhoods that began gentrifying in the late 1960s and those in which initial changes began after 1971.
2. The second wave lasted from the end of the recession of the early 1980s until the onset of recession in 1989.
3. The third wave occurred through the 1990s, although most of the changes date from the late 1990s (and still continue), as only minor upgrading is discernable in the 1991–1996 period.

If a CT showed changes that indicated gentrification, but by the end of the period (2001) had not attained a personal income ratio greater than that for the metropolitan area as a whole, it was deemed to be an instance of “incomplete” gentrification. Either the gentrification process had stalled in these neighbourhoods, or it is taking place only slowly (and therefore the neighbourhood is still in the process of gentrifying). If, on the other hand, a CT’s personal income ratio for the 2001 census (which contains income data for the year 2000) exceeded the metropolitan average, it was considered to have completed the transition to “gentrified” status.

We also detected CTs with stagnant incomes but growing concentrations of artists as well as slight increases in social status in the most recent period under study (1996–2001).

Such trends indicate that the neighbourhood may potentially experience gentrification in the future (depending on the continued presence of artists and other forms of neighbourhood change to spur future investment). These CTs are therefore labelled “potential future gentrification.”

CTs that revealed a process of upgrading, but that were clearly middle class in both 1951 and 1961 (with above-average employment incomes and social status), were not defined as gentrifying. Instead, we classified such areas as experiencing one of three types of upgrading:

- Elite and middle-class tracts that have always had above-average incomes and social status that experienced continual upgrading during several of the inter-

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1 The Census Metropolitan Area (CMA) average is used to calculate income, rent and dwelling value ratios rather than the central city average because it is more representative of the urban labour and housing market which goes beyond the central city to include its outer suburbs.
census periods are classified as “elite and middle-class consolidation.”

- Middle-class tracts in which income levels dipped below the metropolitan average for part of the postwar period (including the 1970s) before rising again above the average income for the region are classified as instances of “middle-class recapture.”

- Tracts that fall into the upgrading category of “recapture” but in which the average income had not returned to the metro-wide average by the end of the period (2001) are classified as “potential future recapture.”

The result of this multi-step methodology is a 13-category taxonomy of neighbourhood trajectories (see Table 1). The three waves of gentrification are each divided into complete and incomplete categories, while a separate category identifies neighbourhoods that may potentially gentrify in a subsequent wave. The first wave is divided into those tracts that began gentrifying in the late 1960s (Wave 1a) and those that began slightly later in the 1970s (Wave 1b). Each of the tracts that began gentrifying in the 1960s (Wave 1a) also showed positive scores in our analysis for the 1970s (Wave 1b), confirming that they are part of the same wave.

For more information on the methodology used to detect and classify processes of upgrading and gentrification, see R. Alan Walks and Richard Maaranen, *The Timing, Patterning, and Forms of Community Gentrification and Neighbourhood Change in Montreal, Toronto, and Vancouver, 1961 to 2001*, Research paper 211 (Toronto: Centre for Urban and Community Studies, University of Toronto, 2008).

### The timing and pattern of gentrification and upgrading

Out of 1,130 census tracts analyzed across the three central cities, 18.4 percent (208 tracts) have experienced some form of gentrification, representing 16.5 percent of all dwellings. As a proportion of the housing stock, gentrification would appear more prevalent in Vancouver, followed by Toronto, and then Montreal (see Table 1). However, the actual numbers of dwellings present in gentrified and gentrifying neighbourhoods is highest in Toronto (158,437), followed by Montreal (113,420), and then Vancouver (55,246).

Although gentrification affected 18.4 percent of all the census tracts across the three central cities, this represents a significant proportion (36.6 percent) of the total tracts within their more narrowly defined “inner cities” – those areas with older housing stock built up before the Second World War. As a proportion of the old prewar inner city, gentrification is most prevalent in Toronto (39 percent of census tracts), followed by Montreal (38 percent) and Vancouver (24 percent).

Of the 18.4 percent of tracts that experienced some gentrification, only 7.2 percent were fully gentrified by 2001, while...
in the other 11.2 percent, the gentrification process had either tapered off or was continuing, but slowly (and thus remaining incomplete). See Table 1.

Census tracts in Montreal were more likely to reveal instances of incomplete gentrification, whereas gentrification was more likely to be complete in affected neighbourhoods in Vancouver. In roughly half of the CTs experiencing gentrification in Toronto, the level of gentrification remained incomplete by 2001.

First-wave gentrification represents a smaller proportion of the inner city than subsequent waves, as gentrification spread out from initial “islands of renewal.” In both Montreal and Vancouver, just under 6 percent of all tracts fall into the first wave, whereas 13.8 and 10.5 percent respectively occurred in the second or third waves. The exception is Toronto, where gentrification received an earlier boost from subway development, so that the first wave (at 7.9 percent) almost reaches the level of later waves (8.5 percent). As neighbourhoods in earlier waves had more time to consolidate their position, a greater proportion of them had fully gentrified by 2001 (66.3 percent) than tracts in subsequent waves (20.8 percent). Tracts with the potential for future gentrification were more common in Montreal than in Toronto or Vancouver.

Other forms of upgrading are also noticeable, although to a lesser extent than gentrification. In the three cities, 9 percent of the tracts fall into the elite and middle-class consolidation
associated with proximity to elite tracts, waterfront areas, and subway lines in Toronto and Montreal, which spurred redevelopment at higher densities. Tracts in the later part of the first wave (i.e., the 1970s) are all contiguous either to existing elite or middle-class neighbourhoods or to areas that experienced gentrification in the 1960s. Later waves emanate outward from these earlier waves. Third-wave neighbourhoods are typically more distant from early gentrified neighbourhoods than those in the second wave, and often bridge gaps between already gentrified spaces.

Figures 1, 2, and 3 show the location and extent of the various types of gentrification in Montreal, Toronto, and Vancouver, respectively. Gentrification is concentrated in the oldest parts of the inner cities (as might be expected), while upgrading and recapture are a feature of older suburbs and well-established elite areas. Significant spillover effects into adjacent neighbourhoods are evident. Neighbourhoods in the early part of the first wave (i.e., in the late 1960s) are clearly associated with proximity to elite tracts, waterfront areas, and subway lines in Toronto and Montreal, which spurred redevelopment at higher densities. Tracts in the later part of the first wave (i.e., the 1970s) are all contiguous either to existing elite or middle-class neighbourhoods or to areas that experienced gentrification in the 1960s. Later waves emanate outward from these earlier waves. Third-wave neighbourhoods are typically more distant from early gentrified neighbourhoods than those in the second wave, and often bridge gaps between already gentrified spaces.

Notes: Recapture and potential future recapture refer to instances of neighbourhood upgrading in which a census tract regains its prior middle-class/elite status after spending a minimum of two consecutive census decades below the metropolitan average income.
Montreal

In Montreal (see Figure 1), gentrification proper is concentrated in and around Old Montreal and the port area, in the downtown core, and in the plateau, all areas bordering well-established elite areas at the base of the mountain to the east as well as Westmount and Outremont to the west and north respectively. Surrounding these pockets are areas of incomplete gentrification, especially along The Main (St. Laurent Blvd.) and in the Centre-Sud neighbourhood.

Recapture is a feature of several neighbourhoods along the metro line and along the north river separating Montreal from Laval. Meanwhile, several areas east of the Centre-Sud neighbourhood, in central Verdun, and northwest of the plateau indicate increases in the number of artists and in social status, which suggest they may gentrify in the future (income in many of these CTs actually declined). Less-accessible areas with older housing, such as those in Lachine or the Côte de Neiges district around the University of Montreal, show no sign of gentrification.

Thus, while extensive, gentrification in Montreal is mainly concentrated in certain sections of the old inner city. The earliest onset of gentrification in Montreal occurred in Old Montreal near the port, and near McGill University to the northwest of Old Montreal, with two other nodes in Outremont and southern Westmount. From this base it spilled over into the downtown and across the plateau, although in a somewhat patchy pattern.

Toronto

Gentrification and upgrading are virtually ubiquitous across Toronto’s inner city (see Figure 2). By 2001, only a handful of prewar neighbourhoods had completely escaped gentrification, mostly in the old City of York (the Mount Dennis and Rogers Road areas) to the north of the Junction neighbourhood. The first wave of gentrification is clearly associated with proximity to elite areas, and accessibility to the subway system, which first opened in 1956 and continued expanding well into the early 1970s.

In addition to well-known examples of early gentrification, such as Don Vale, Cabbagetown, Riverdale, Playter Estates, the Annex, and Yorkville, our analysis has uncovered significant gentrification along the north-south subway line. These neighbourhoods were the first areas to benefit from the construction of the first part of the subway system, and many received substantial investment in the form of new buildings over the 1960s.

This first wave continued into the 1970s, when a number of tracts close to the first set, as well as those near High Park along Roncesvalles, in South Riverdale, and in the Beaches neighbourhood, first started gentrifying. Many of these were
fully gentrified by 2001. Gentrification then expanded from these areas into new territory in the 1980s and 1990s, although for most of the tracts affected by the second and third waves, gentrification remains incomplete.

Tracts in the second and third waves that fully gentrified are located near existing gentrified and elite areas, such as Seaton Village (west of the Annex), and Bloor West Village (between High Park and Swansea). In between the pockets of incomplete gentrification are a number of areas that our analysis suggests could gentrify in the future.

If gentrification and other forms of upgrading continue on the course we have identified here, eventually there will be few inner-city neighbourhoods untouched in Toronto’s inner (pre–Second World War) city, except for areas in the far northwest beyond the Junction (City of York and Mount Dennis).

Vancouver

In Vancouver (see Figure 3), gentrification follows a much more concentrated pattern. Shifts began close to established elite and middle-class areas and spilled over from there into nearby neighbourhoods. Beginning in the early 1970s in Fairview and Kitsilano, gentrification moved into the Central Business District in the 1980s, and then into Gastown to the east, south into Yaletown, and across the Main Street divide into Strathcona near Chinatown and the Downtown Eastside. Some gentrification is also evident in the 1980s in the Grandview-Woodwards area, which contains the Commercial Drive district. Nevertheless, in all areas east of Main, gentrification remained incomplete in 2001.

The Downtown Eastside, the poorest neighbourhood in both Vancouver and Canada as a whole and an ongoing focus of struggle over urban redevelopment projects, shows up in our analysis as an area of potential future gentrification, as indicated by increasing relative concentrations of artists and those of higher social status, but not income.

Stage effects and the indicators of gentrification

There is considerable diversity in the amount of time between the onset of gentrification and the time at which the neighbourhood joined the ranks of those with incomes above the CMA average. Across all three cities:

- 14 percent of the neighbourhoods touched by gentrification made the transition to above-average incomes one census decade after the first signs of gentrification;
- 15 percent took two census decades;
- 9 percent took three decades;

If such trends continue (both deconversions of existing rental to owner-occupied, as well as the building of new owner-occupied condominiums), homeowners could conceivably become the majority of the inner city of the near future.

- 2 census tracts in Toronto (or 1 percent) took four decades;
- 3 tracts in Toronto (1.4 percent of gentrifying neighbourhoods) went immediately from having virtually no residential population (they functioned as locations of working-class employment) to an above-average income population, due to “new-build” forms of gentrification.

The remainder (61 percent) of tracts experiencing gentrification remained in an incomplete state of transformation in 2001.

Housing stock

The gentrification process involves the deconversion of rental stock into forms of homeownership. Clear patterns differentiate each wave of gentrification. The first wave (1960s and 1970s) entailed increases in rental housing (as was true of nearly all areas of the central cities), but consistent declines afterwards, so that by 2001 only 59 percent of the population were still renters (down from 75 and 66 percent for the 1960s and 1970s groups, respectively).

Neighbourhoods in the second wave began the period with similar rental levels to the 1970 group, but the proportion of residents who rented their dwellings remained stable across most of the period. Indeed, tenant concentrations increased during the 1980s before falling drastically in the 1990s.

Areas in which gentrification began in the 1990s (the third wave) began the study period with much lower levels of rental tenure on average (about 50 percent). The levels increased over the 1960s, were followed by a period of stability through the 1980s, and then witnessed a slight drop in the 1990s to 54 percent by 2001. Thus, although they started the period with much greater concentrations of rental housing than elsewhere, by 2001 there was little difference between gentrifying inner-city areas and other areas in the three central cities as regards the proportion renting. If such trends continue (both deconversions of existing rental to owner-occupied, as well as the building of new owner-occupied condominiums), homeowners could conceivably become the majority in the inner city of the near future.

Rent levels

Gentrification is also reflected in the average rents charged for inner-city housing. In the 1960s rents declined throughout the inner city except for the areas that began gentrifying in that decade. Likewise, inner-city rents remained mostly stagnant throughout the 1970s, except in areas of first-wave gentrification (both 1960s and 1970s groups). While rents slightly
increased throughout the inner cities over the 1980s, the effects were most strongly felt among the first two waves.

The 1990s, meanwhile, was a time when rents remained stable or changed more slowly across the inner cities, including among the first-wave gentrification groups. The exception is the group of third-wave gentrification areas, which rapidly joined the ranks of above-average rental among other fully gentrified neighbourhoods. By 2001, neighbourhoods that had started gentrifying in the 1960s had the highest rents, followed by all other fully gentrified neighbourhoods for which rent levels were roughly equal (at about 10 percent higher than their CMA average). Areas of incomplete gentrification were more affordable, with rents from 87 to 98 percent of their CMA averages, although they are still far less affordable than they were as late as 1981.

**Dwelling values**

Dwelling values in the ownership sector are more affected by changes in the size of units, the number of bedrooms, and the square footage of properties, than are rents in the rental stock. Thus, as condominiums are built in gentrifying neighbourhoods, dwelling values per unit may remain flat or decline, even as the land value per square foot rapidly increases. Unfortunately, the census contains data only on the average dwelling value per unit.

The rapid rise of values in areas that began gentrifying in the 1960s is pronounced. Neighbourhoods that began gentrifying in the 1970s, on the other hand, show only modest increases in that decade. Areas of second- and third-wave gentrification show a similar (albeit delayed) trend, with dwelling values falling during the 1970s, followed by consistent increases between 1981 and 2001. Neighbourhoods in the third wave saw rapid growth in average prices over the 1990s. The addition of very expensive infill developments dating from the late 1990s in some of these neighbourhoods in Toronto and Montreal explains the rapidity of this latter shift, particularly since this group contains fewer tracts than the other waves.

Areas of incomplete gentrification show similar changes, but to a more muted degree. Nonetheless, by 2001, there is a clear hierarchy of dwelling values which can be predicted by the level (complete or incomplete) and timing of gentrification. Areas that fully gentrified all have above-average dwelling values, whereas prices remain below-average in all of the areas of incomplete gentrification. Furthermore, in all cases but one (of the fully gentrified neighbourhoods of the third wave), a consistent rule seems to apply: the earlier the wave, the higher the prices.

Although neighbourhoods at the two extremes (areas of 1960s gentrification at the top end, and areas of potential future gentrification at the bottom end) show stable house prices during the 1990s, gentrification is clearly associated with growing values elsewhere. This is particularly notable, considering that neighbourhoods in the rest of the central cities reveal declining relative values over this decade. Thus, by the next census, if areas of incomplete gentrification continue to increase in value, they will have surpassed both the central city and CMA averages, potentially pricing out average-income households from the homeownership sector.

**Conclusion**

Gentrification is shown to be an important facet of the contemporary landscape of large Canadian cities. It involves the transformation of older working-class neighbourhoods, where lower-income households and new immigrants could traditionally find affordable rental housing, into neighbourhoods that house middle- and high-income households. While there are potentially positive features of upgrading (higher levels of amenity and services, improved building quality, potentially lower levels of crime, etc.), these benefits are not likely to be enjoyed by lower-income populations under gentrification. Gentrification is tied to the displacement of low-income households from the inner city, declining levels of housing affordability in older neighbourhoods, and lower levels of accessibility for those who are then forced to find housing in more remote neighbourhoods.

Our research demonstrates that gentrification and upgrading have had significant effects on the central cities of Montreal, Toronto, and Vancouver. Gentrification has affected approximately 18 percent of census tracts across all three central cities, and more than 36 percent of more strictly-defined (pre-war) “inner-city” neighbourhoods where affordable housing has traditionally been located. This poses a problem for low-income households, who have fewer housing choices available in the inner cities, and who often must settle for accommodation that is less accessible by public transit, farther from work, and where fewer public services are available. If the trends outlined in our research continue, the inner cities of Canada’s three largest metropolitan areas will increasingly become the preserve of the middle classes and elites, while the poor – who gain the greatest marginal utility from an inner-city location – are relegated either to inaccessible fringe locations or to neighbourhoods of concentrated high-density rental apartments. This portends an increasingly segregated and fragmented urban realm, rather than an inclusive one.

The complete study is reported on in R. Alan Walks and Richard Maaranen, *The Timing, Patterning, and Forms of Community Gentrification and Neighbourhood Change in Montreal, Toronto, and Vancouver, 1961 to 2001*, Research paper 211 (Toronto: Centre for Urban and Community Studies, University of Toronto, 2008).