

# ‘From the Frying Pan to the Oven’: Gentrification and the Experience of Industrial Displacement in Williamsburg, Brooklyn

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**Summary.** This paper explores the effects of gentrification on industrial displacement. Although urban manufacturing centres are not as central to the urban economy as they once were, they still house a vibrant and varied manufacturing sector that serves urban niche markets and provides employment for a less-educated and largely immigrant and minority workforce. As urban neighbourhoods gentrify, these manufacturers are faced with displacement because their space has become attractive to developers who convert lofts into residences. This paper looks at the process of gentrification and the experience of industrial displacement in the Williamsburg neighbourhood of Brooklyn, New York, in order to challenge existing theories on the impacts of gentrification and thus help to make clear the processes and interests at work. Through buy-outs, lease refusals, zoning changes and increasing rents, small manufacturers are being actively displaced, endangering the diversity of the economy and the employment outcomes of unskilled and immigrant workers.

## Introduction

Marcuse defines gentrification as

the movement into a previously working-class area by upper-income households, generally professionals, managers, technicians, the new gentry, resulting in the displacement of the former lower-income residents (Marcuse, 1999, pp. 790–791).

As this definition recognises, displacement is central to gentrification. Work on displacement has focused on residential displacement and the shift of neighbourhoods from working class to upper class (Atkinson, 2000; Lyons, 1996; Marcuse, 1986; Meligrana and Skaburskis, 2005; Smith, 1996). Just as the

Chicago School conceptualised the urban landscape as the product of residential competition (Park *et al.*, 1925; Warf, 1990), gentrification theorists have focused almost exclusively on the competition over space in residential landscapes. Recent research on gentrification has moved away from the discussion of displacement and has downplayed its extent and effect (Freeman, 2005; Freeman and Braconi, 2004; Hamnett, 2003; see Slater, 2006, for an excellent discussion). Here, I want to expand our definition and exploration of displacement. In this paper, I explore the effects of gentrification on industrial displacement. Many of the

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neighbourhoods targeted for gentrification are industrial neighbourhoods. Although these manufacturing centres are not as central to the urban economy as they once were, they still house a vibrant and varied manufacturing sector that serves important urban niche markets and provides employment for a less-educated and largely immigrant and minority workforce. As urban neighbourhoods gentrify, these manufacturers are faced with displacement because their space has become attractive to developers who convert lofts into residences, often illegally. The industrial displacement occurring in urban neighbourhoods is far from an inevitable outcome of global competition; it is the result of speculative real estate pressure that is tied directly to gentrification (Gilloth and Betancur, 1988; Rast, 2001; Zukin, 1989). In other words, industrial displacement is not simply an unfortunate consequence of the revitalisation of the inner city. Displacement is an active process undertaken by real estate developers, city planners, policy-makers, landlords and even individual gentrifiers (Curran and Hanson, 2005; Zukin, 1989). As Zukin (1989) details in her study of SoHo, city policies are central to accomplishing deindustrialisation and this deindustrialisation is a prerequisite for profit for those with capital to invest in physical infrastructure. While Zukin examines in depth the policies that facilitate industrial displacement, she did not detail the experience of those who were displaced. No study of gentrification can be complete without a fuller understanding of what is being displaced and the effects this displacement has on the whole urban community and the urban economy. Zukin (1989) saw the displacement of largely lower-middle-class business owners employing a relatively unskilled workforce. Close to 30 years after the research done for Zukin's study, this cycle of industrial displacement and residential conversion continues. While urban economies have experienced a fundamental restructuring resulting in widespread deindustrialisation, the rise of the service economy and increasing polarisation of the labour force, small manufacturers

continue to serve niche markets in urban areas. Not all urban manufacturing is obsolete and, indeed, certain sectors continue to thrive because they serve particular urbanisation economies. This paper looks at the process of gentrification and the experience of industrial displacement in the Williamsburg neighbourhood of Brooklyn, New York, in order to challenge existing theories on the impacts of gentrification and thus help to make clear the processes and interests at work. It provides an anatomy of industrial displacement, showing the contested nature of this far from inevitable process. The businesses discussed here are threatened not by international competition or increasing labour costs, but by soaring real estate costs as industrial space has become attractive for residential conversion. Industrial space in certain urban areas serves as an illustration of the rent gap (Smith, 1996); the actual rents paid by industrial users are far below the potential rents of converted residential space. While I concentrate here on the experience of a neighbourhood in a global city with a particularly heated real estate market, the process of residential conversion of industrial space is occurring in locales as varied as Chicago (Curran, 2006; Gilloth and Betancur, 1988; Rast, 2001), San Francisco (Solnit, 2000; Cohen, 1998), Montreal (Podmore, 1998), Sydney (Watson, 1991) and suburban Maryland (Niedt, 2006). As gentrification has become more generalised (Smith, 2002), the frontier of profitability has extended to industrial areas with space appropriate for redevelopment. The displacement of small businesses and those they employ is remaking economies in a variety of settings, endangering the diversity of the economy and the employment outcomes of unskilled and immigrant workers.

### **The Still-industrial City**

Advocating the recognition of the importance of urban manufacturers does not mean denying the much larger process of deindustrialisation. Most cities in the industrialised world experienced massive industrial decline throughout the 1970s and beyond.

The economic restructuring that moved production overseas and led to the rise of the service sector led to an increasing polarisation of the labour force and deskilling of labour. Urban economies have been remade by this process, so that we see a dual nature to the city, with employment concentrated at the very high and very low ends of skill and pay scale (Castells, 1989; Sassen, 1991).

Yet, this process has been far from complete. Small urban manufacturers need urban locations for access to customers, suppliers and labour markets. Those businesses that could, left the city long ago; those that remain are the ones that need to be there and have a business advantage because of their urban location. I therefore distinguish between deindustrialisation, the result of global economic restructuring, and industrial displacement, the result of real estate speculation and local urban policies (see Curran and Hanson, 2005). Despite deindustrialisation, some manufacturers remain in urban locations. In those neighbourhoods experiencing gentrification, these manufacturers are at risk of displacement not because of global economic dictates but because of changes in the local real estate market. This then negatively affects an urban economic sector that is still valuable, even though it is far smaller than it used to be.

Cohen and Zysman (1987) argue that an economy cannot be strong without a strong manufacturing sector, which is necessary to sustain economic diversity and to insulate the economy from fluctuations in other sectors. Phillips-Fein (1998) demonstrates that economies with a mixed base that includes manufacturing are better able to withstand downturns and that manufacturing workers are far better off than those in the service sector because they generally are paid more and are more likely to be unionised, have health insurance and participate in pension plans. Manufacturing is still an important sector of urban economies (Phillips-Fein, 1998; Rast, 2001; Scott, 1988). Indeed, Hardt and Negri (2000) argue that the 'post-modern' economy actually redefines and rejuvenates the manufacturing

sector, encouraging manufacturers to become more specialised and service-oriented, as are most small urban manufacturers. Yet, the process of gentrification is threatening the viability of these specialised and service-oriented manufacturers. Vibrant manufacturers remain in urban locations and, indeed, rely on urban locations for their success. These manufacturers often serve the needs of the gentrifying population. Their existence is threatened not by global competition or a lack of market share, but by speculative real estate pressure for industrial space. As one garment manufacturer states

Real estate speculation is more an enemy to me than off-shore production. Overseas workrooms want to produce 30 000 \$1 items. We produce one \$30 000 item (quoted in Zimmer, 2006).

It is the very history of industrialism, and the architecture that accompanied it, that makes entire urban neighbourhoods attractive for the conversion of such landscapes into residential spaces for 'loft living' (Zukin, 1989).

Manufacturing still employs 250,000 people in New York (PICCED, 2001). The manufacturers that remain serve niche markets. Manufacturers in New York tend to be small, with an average of 43 employees. The firms that remain are "flexible, resourceful, and able to respond quickly to consumer markets" (PICCED, 2001, pp. 17–18). Many are linked to designers, engineers and other knowledge- and creative-based sectors. Manufacturers are tied in with the retail, distribution and service sectors of the economy. Although many are tied to the New York market, there is also a large export industry for certain manufacturers (PICCED, 2001). The jobs provided by manufacturing also provide an important multiplier effect of 1.77. In practice, this means that every 1000 manufacturing jobs provide 777 jobs in other sectors of the economy. This is far larger than the 1.41 multiplier effect of business services or the 1.2 multiplier effect of retail (PICCED, 2001, p. 19). Thus, when manufacturing jobs are lost through displacement, the economic impact is much greater than just the finite number of jobs at one

particular company. The loss of one company affects suppliers, customers, workers and the businesses they patronise. Displacement threatens the fabric of a business community based on face-to-face interaction and shared contacts (Amin and Thrift, 1994). The loss of small manufacturers threatens the ability of other businesses to remain in business. A critical threshold in terms of the number of businesses leaving is threatening the localisation economy of the neighbourhood.

Those manufacturers who are still located in New York want to stay. A New York Industrial Retention Network (NYIRN) report (1999), based on surveys of manufacturing business owners, found that 80 per cent of businesses planned to invest in equipment and machinery, and 36 per cent planned to invest in land and buildings. This commitment to expand in place was in spite of the fact that 58 per cent of respondents reported that their real estate situation had worsened over the previous year. This demonstrates Adam Friedman's (NYIRN's executive director) contention that

The smokestack industries are gone and what's left are the companies that can survive in New York's high-cost environment (Cardwell, 2003, p. B1).

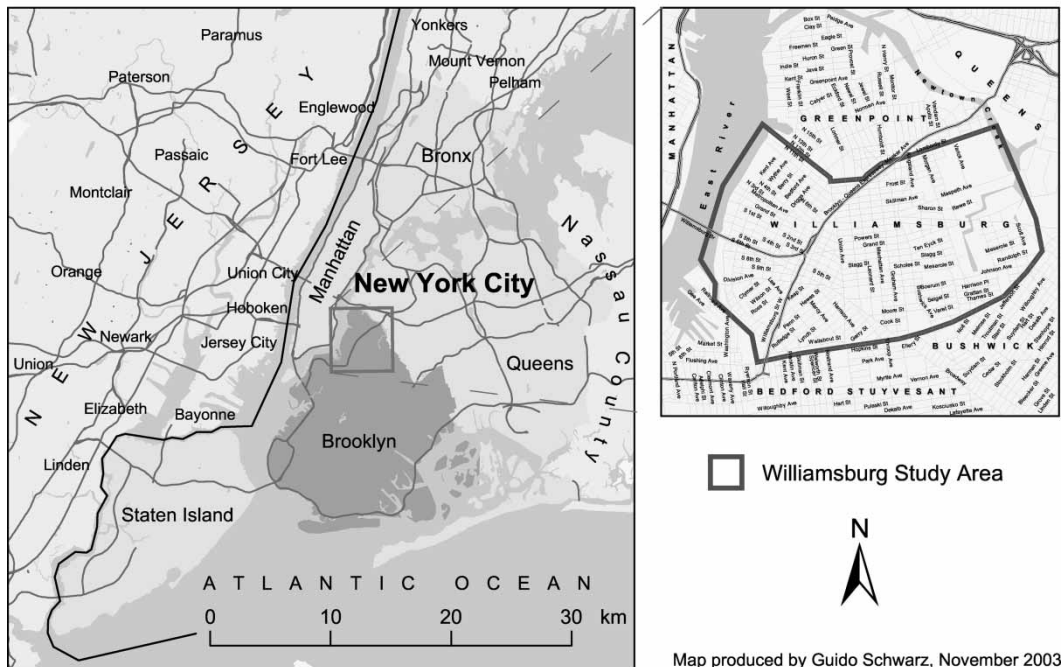
In a neighbourhood in which gentrification has taken off, however, the ability of manufacturers to remain is severely compromised. As Jonathan Bowles, the research director for the Centre for an Urban Future testified before a City Council hearing

The high cost of real estate, mostly due to speculative owners looking to convert factories into more housing, is the number one, two and three issue facing manufacturers today (Bowles, 2003).

**Study Area and Methodology**

The Williamsburg neighbourhood of Brooklyn, NY, (see Figure 1) serves as the study area, as it is one of the two most industrial areas of New York City, with an incredibly varied manufacturing base with

**Study Area: Williamsburg, Brooklyn**



**Figure 1.** The study area: Williamsburg, Brooklyn, New York.

the largest concentration of jobs in the food sector, apparel and fabricated metals (PICCED, 2001). It is also the neighbourhood which the *Utne Reader* named the third 'hippest' place in America to live (Walljasper and Kraker, 1997). Hence, it embodies both the devalorised physical landscape necessary for realisation of the rent gap (Smith, 1996) as well as the geographical advantages and amenities sought by the new middle class (Ley, 1996) that together serve to explain the complexities of gentrification (Hamnett, 1991).

Williamsburg is a neighbourhood of incredible diversity in terms of race, ethnicity, religion and class. Although originally conceived as an upper-class residential neighbourhood, land speculators quickly turned the area into an industrial enclave (Danforth, 1978). People came to Williamsburg for one reason: jobs (Brooklyn Historical Society, 2000, p. 5). Breweries, oil refineries, sugar refineries and apparel manufacturing were just some of the industries that made Williamsburg an industrial powerhouse. Originally a recipient of Irish and German immigrants, by the turn of the 20th century, the area experienced an influx of eastern European Jews and Italians. After World War II, the Satmar sect of Hasidic Jews made Williamsburg home. They were followed in the 1950s and 1960s by a large number of Puerto Rican immigrants. Today's immigrants are largely Mexican and Central American, with a strong Polish enclave in the northern section of the neighbourhood. The area's Latino and Hasidic populations are in frequent conflict over the area's now-limited supply of affordable housing as the neighbourhood's population continues to grow, with a current population of more than 120 000 people. The 2000 census shows the neighbourhood to be 41 per cent White, 43.6 per cent Hispanic and 5.7 per cent African American.

Williamsburg has become an attractive locale for gentrification for many of the same reasons it became an industrial centre: easy access to Manhattan, a waterfront location and industrial architecture. Williamsburg has been targeted for gentrification specifically

because of its stock of industrial loft space, a necessary component of the loft-living habitus (Podmore, 1998; Zukin, 1989). While the transition from industrial to residential use started with illegal conversions by artists in the 1970s, the conversion of industrial space has become more widespread and more systematic and thus is putting manufacturers at risk of displacement. This conversion has taken two forms: the conversion of lofts to apartments, or simply razing industrial buildings and replacing them with high-rise condominiums.

In order to measure industrial displacement in the neighbourhood, I created a database of businesses that have either moved from Williamsburg or closed altogether during the period 1998 to 2002. This time-period was chosen because key informants identified this as the time-frame with the most intense industrial displacement.

The businesses included in the database are those involved in manufacturing (SIC codes 20-3999) and wholesale trade (SIC codes 50 to 5999). SIC codes classify an entire company and thus may not accurately represent the distribution of jobs within a company. Every manufacturing company has a certain number of white-collar jobs, for example. There may also be inconsistencies in how businesses classify themselves, as in the case of food producers, many of whom are classified under distribution services. This is one of the reasons I included wholesale trade in the industrial jobs I measure. As industrial space has become more expensive in New York, many companies have moved production space out of the city, but have maintained distribution space in neighbourhoods like Williamsburg for access to the New York market. Over time, wholesale trade has become an increasingly important consumer of urban industrial space. Although businesses in wholesale trade tend to employ fewer people than traditional manufacturers, it is an important component of the industrial economy.

Despite shortcomings, SIC codes are a consistent, longitudinal way to categorise businesses. SIC codes are used by the *Dun and Bradstreet* (D&B) *Regional Business*

*Directory—New York Metropolitan Area* which I used to compile my database of displaced businesses. I compared the list of existing businesses in the 1998 directory with the appropriate SIC codes in the zip codes which cover Williamsburg—all of 11211 and parts of 11206 and 11237—with those in the 2002 directory. I found the D&B directory to be the most extensive of the business directories available, although it is far from exhaustive and tends to miss small businesses and recent start-ups (Reynolds and White, 1997). The D&B measures the largest businesses, although within Williamsburg there were listings of businesses with as few as two employees. The database that resulted from the comparison of 1998 and 2002 D&B listings includes 84 businesses that had moved or had closed, out of an original group of 160.

Businesses in the garment industry were the most numerous victims of displacement. This is the particular result of the recent conversion of specific industrial buildings to residential use that had previously housed garment manufacturers. While there were a number of food manufacturers who were displaced, food was also a growth industry, with a number of small businesses having opened or expanded.

Using the database of displaced businesses, I attempted to locate those that were still in business. Using the Reference USA electronic database, I did a nation-wide search for the business names in my displaced business database to see where businesses had moved, whether within the city, to suburban areas or out of the region altogether. In this way, 29 of the displaced businesses were located. It is assumed that the others went out of business or are in business under a different business name.

From the business database, I interviewed current and former business owners, those who had been displaced and who were facing displacement. I also interviewed community activists, labour leaders, workers, planners and representatives of elected officials in order to evaluate the extent of displacement, how displacement was

happening and the effects this had on businesses remaining in the area. My focus here is on the experiences of displacement, the processes through which displacement of businesses is enacted and the ways in which businesses are subject to policy and real estate decisions beyond their control.

### **Displaced Where?**

Current and displaced business owners with whom I spoke agreed that Williamsburg was a good place to do business, with good access to customers in Manhattan and enough public transport to allow workers to get to work. Of the displaced businesses, all but one business owner would have preferred to remain in their original locations in Williamsburg. All but one business owner cited issues related to real estate as their primary concern or reason for moving. While the industrial climate for sectors such as garment manufacturing would seem to dictate displacement from a high-cost business environment like New York, no business owner cited global competition or larger economic trends as the reason for their displacement. All commented, in one way or another, on the rising costs of real estate, lack of appropriate space, changes in the neighbourhood and policy decisions specific to the gentrification of Williamsburg as their reasons for moving or closing. When looking for new space, owners wanted to stay in Williamsburg. If that was not possible, they expanded their search area to all of Brooklyn. Beyond that, they preferred to stay in New York City. This is consistent with Hanson and Pratt's (1992) and Romo and Schwartz' (1995) findings on the importance of place to small business owners. New Jersey was generally an option only for the larger businesses, to whom localities in New Jersey offered relocation incentives. Of the 29 displaced businesses I identified that had relocated, 21 had moved within Brooklyn, with 8 businesses finding space within Williamsburg itself, generally on the fringes of the neighbourhood, away from the more residential areas. One business relocated to

Queens and one to the Bronx. Two businesses found space in Manhattan. Four businesses moved to New Jersey. In previous years, the number of businesses moving to New Jersey would have been larger, but by this point, those businesses large enough to be courted by New Jersey have already left. Anecdotal evidence indicates that other businesses have moved to Long Island, Westchester, Pennsylvania and North Carolina. Most of the businesses that remain in Williamsburg are small, with fewer than 30 employees, and because of their small size, are courted by neither the city nor any other locality. The lack of appropriate industrial space severely constrains manufacturers' choices. Virtually no new industrial space has been developed in New York City in decades. What new industrial space has been created has long waiting-lists (Rezoned, 2006). The gentrification that affects Williamsburg has also driven up real estate prices in surrounding neighbourhoods, thus making the real estate crunch a regional problem. Even when appropriate space is available, moving is disruptive and expensive. As one business owner commented, "For a manufacturer, moving is hell" (quoted in Zimmer, 2006).

### **The Experience of Displacement**

The experience of industrial development is as varied as the types of business displaced. For some, the transition is not very difficult, but for others the experience is devastating, resulting ultimately in the closure of the business. The breadth of the experiences demonstrates the complicated interplay between policy, place, history and economy in this industrial, immigrant, working-class community.

It is estimated that, on the Brooklyn waterfront, 20 000 people live in buildings zoned for industrial or commercial use (Arnow, 2006). Illegal residential conversion is often the first step in switching a building from industrial to residential use. Illegal residential tenants, often artists, sign commercial leases, so that the landlords can later claim that they had no knowledge that residential users were

occupying the space. These first illegal residential tenants invest in renovating the industrial space to make it appropriate for habitation. Residential users may become long-term tenants. However, as the real estate market in Williamsburg has become more and more competitive, their tenure is far less secure. Once illegal tenants have invested in renovation of their space and have proved to the landlord that a residential market exists for industrial space, they may be evicted as landlords seek to make the conversion to residential use legal through a zoning variance. These properties become even more profitable.

### *It Worked Out for Everyone: Being Bought Out*

The conversion of industrial space to residential use is so profitable that landlords have been buying out pre-existing industrial tenants. Perhaps the best outcome is that described to me by the owner of a candle manufacturer who relocated from Williamsburg to Queens. His landlord in Williamsburg was converting the building to residential lofts. The landlord was so anxious to empty the building that he paid the business owner to leave. The landlord helped the business owner to find his new space, paid the moving costs and was paying for the first year of rent at the new location. The rent at the new space was higher than at the previous location, but that was not yet an issue since the old landlord was still paying the rent. While the company experienced a brief period of business disruption during the move because of changing phone numbers and some confusion over business deliveries, the new location added only about 10 minutes to the commute of the company's 10 workers, who were residents of Williamsburg. Overall, said the owner, the move "worked out for everyone".

### *No Room to Grow*

A lack of room to expand was cited as the primary reason for moving for close to half

of the business owners I interviewed. "We needed more space" more than one business owner told me. Although these businesses are frequently small, they still need room to grow. A plastics manufacturer, a paper distributor, a chocolate manufacturer and a belt manufacturer were among the businesses I spoke with that had to move in order to grow. They vary in size from 3 employees to 90. None had the option of expanding within their existing locations, either because of the limitations of the facilities or the unwillingness of landlords to allow for expansion within their buildings.

A manager of a kosher winery that had moved from Williamsburg to Bayonne, New Jersey, about an hour's drive away, explained his company's situation. The company had owned its Williamsburg site and for years had been looking to expand onto a city-owned site next to it. Negotiations went on for years before the Giuliani administration announced that it wanted housing on the site. This site, itself a former brewery, is extremely polluted with asbestos and other hazardous materials. The winery had wanted assistance in cleaning the site, but the city would not agree. The site has since been sold to a non-profit Hasidic organisation that is building market-rate housing with some affordable units on the site.

The winery had been in Brooklyn since 1978, although the business itself has been around for close to 50 years. As the manager explained to me

We wanted to stay in New York, but not for the price available . . . The city wants it to go residential, so it will go residential. . . . Eventually, all of this area will be residential. It's part of a *natural progression*. First, you had a run-down commercial area. Then, we help make the area a more vibrant commercial area. Then it becomes residential (emphasis added).

The way in which this manager saw the transition as natural reflects the powerlessness felt by many businesses when faced with gentrification and industrial displacement, a

process that is both local, regional and, indeed, global.

While New York City was preventing the winery from expanding, New Jersey was actively courting the business. The move to New Jersey allows the business to save on the city's 8.85 per cent income tax rate. They were able to buy twice the land for half the price and have the option to expand. Their new site allows adequate facilities for the loading and unloading of trucks, something that had been a constant cause of concern in their Williamsburg location, where neighbours would often complain about 18-wheelers blocking street traffic

As a Hasidic company, the winery has maintained a commitment to its workers, some of whom have been with the business for 25 to 30 years. Of its 90 workers, 80 per cent moved with the company to Bayonne. The company organised vans and car pools for employees from Williamsburg and even leased cars for employees. They have also hired additional employees since moving to New Jersey and plan to expand and create even more jobs in the future. The lack of appropriate space in which to grow within the city means that New York and its working class has missed the opportunity for stable manufacturing jobs in the heart of the city and has only continued the suburbanisation of employment that so undermined urban economies in the 1970s and 1980s.

While the size of the winery made it an attractive catch for New Jersey, smaller manufacturers do not have the luxury of being courted by other municipalities. The overheated real estate market restricts the options available to these small manufacturers. The owner of a paper distribution business reported that part of her decision to expand was the availability of space within her building. When she inquired, however, the landlord refused to lease the space to her. This is a common tactic for owners of industrial space. Space becomes empty because landlords refuse to renew leases or to grant long-term leases. Landlords also routinely inflate the price for the property, so that the building will stay empty, and they can therefore claim

financial hardship, one of the criteria that must be met in order for a zoning variance to be considered. (One displaced business owner who was looking for new space reported to me that at one space at which he had expressed interest, the landlord tripled the buying price within the course of a month.) Thus began this paper distributor's search for other appropriate space. She was able to relocate within Brooklyn and all her 13 employees stayed with the business.

The search for appropriate space can take months and, in one case, over a year. Those searching for space come up against ever-increasing rents or the determination of the landlord that their business is not right for the space. Virtually every industrial site has the potential for residential conversion and landlords are keeping their options open. Even when appropriate space is found, landlords may be reluctant to give the long-term leases that businesses require to ensure stability.

These businesses are thus threatened by their very success. They are models of the service-oriented manufacturers Hardt and Negri (2000) celebrate. They have access to suppliers, growing markets and a reliable workforce. They are competitive in the urban marketplace. However, they cannot compete with residential rents, which are at least three times as high as industrial rents. This competition over space is occurring not just in Williamsburg, but across the entire regional landscape. Speculative pressure on industrial space in Williamsburg affects the market for industrial space throughout the city and the metropolitan region. Industrial displacement is an issue not just in Williamsburg, but in other Brooklyn neighbourhoods (for example, DUMBO), the Bronx and even Jersey City.

The possibility of zoning variances has led to a speculative market in industrial space. Buildings are bought with the intention of being kept empty for a time until the landlord can apply for a variance. One application at a community board meeting illustrates the point. The owner has requested a variance to turn a 2-storey warehouse into an 11-storey building with 70 residential units. The owner claims to have actively marketed the property

for industrial use to no avail. He also claims that the building is unsuitable for most industrial uses because of structural deterioration and the lack of a loading dock. This prompted someone to ask how long the owner had owned the building. The property was a recent acquisition. The purchase price was \$2.3 million. This led the community board to question why a supposedly useless industrial building had been bought for so high a price. The purpose was obviously speculative. If 70 residential units are required to make the building profitable, then \$2.3 million was obviously not a reasonable asking price.

The volume of zoning variances has led to a *de facto* rezoning of much of the neighbourhood. The applications for variances are far from random and are rarely instigated by 'mom-and-pop' businesses. In discussing these issues, one community activist pointed to an area on a map of the Southside of Williamsburg

There is a city block. Now it's all residential. There is one manufacturing building. [pointing to the map] In '96 they got variances for 6 lots, in '97, for these lots. These are 2000, 2001. That's four sets of variances. The buildings are all the same design and concept. You know who it's for. There is a comprehensive plan. They knew how to use the system. Four times they went to the BSA [the Bureau of Standards and Appeals that grants zoning variances]. That's a plan. That's organisation. That's now a whole city block that was manufacturing. And that's what industry is up against.

*'From the Frying Pan to the Oven'*

Often, the experience of displacement is not a one-time occurrence. A number of business owners interviewed reported multiple displacements, from one manufacturing area to another, as real estate costs become higher and higher as industrial areas are 'discovered' by residential users.

One such example is that of a small fabric wholesaler whose main business is supplying material to the lampshade and framing

industries, although she has also provided material to the Metropolitan Opera for costumes. The business has been operational since 1923 and the current owner has owned it since 1979. She describes the multiple displacements the business has experienced

This area has always been our hope for the small business people. . . . We used to be . . . 5 blocks from the World Trade Center; we were there for 10 years. And then we moved . . . we were there for 10 years, 10 blocks over from the World Trade Center . . . We were pushed out. . . . I wanted to get out anyway because the rents were so high. They didn't extend the lease, but the landlord gave you enough time to try and find a place. We went from the frying pan into the oven. Basically, you know what happened was, I knew the people who were vacating [in Williamsburg], this friend, they had the whole floor. We didn't take it all; we needed a smaller area. But when I looked out the window and saw the beautiful view [of the Manhattan skyline], I just fell in love with it. It was too easy. I didn't have to look for space; it was here and the guy gave me a free lease when I wanted it, I had a right to renew and that was the biggest mistake I made. . . . I was thinking I could influence them to extend it, because at the time I moved in, there were a group of three new owners, they put up enough money. I believe he bought this building for \$2 million. They were taking every floor and making it into studios. And I thought in my mind that well, if they were going to put all this money into modernising, they'll be able to get a tax write-off through the government, that they were going to stay. I didn't realise they were doing it so they could convert it over. I mean, it was the farthest thing from my mind because we're old-fashioned people. . . . I'm not used to moving every 2 years; we're too old. . . . I haven't even paid off the expense from the last move.

Williamsburg, an area that was once a refuge for businesses displaced from other parts of

the city, is now just as hot, indeed even hotter, a real estate market as the places from which businesses had previously been displaced.

### *Displaced and Downsized*

While some businesses move because of a need to grow, others who have been forced to move must downsize the business in order to survive. Smaller businesses are particularly vulnerable to the costs of moving and have few of the financial or the human resources necessary to facilitate a move. A wholesaler of corrugated cardboard products was forced to downsize the business when he was displaced. His landlord sold the building and the new owners wanted to occupy the building, so he was forced out. He was lucky enough to find space on the same street, but the space is smaller

I moved to a smaller space, so I had to downgrade the business. I used to have two union guys. Now, it's just me and an outside delivery guy when I need it.

He has been in business for over 60 years.

### *Permanently Displaced*

For many, the prospect of displacement was crucial in the decision to close. I spoke with, and was told about, multiple business owners who, when faced with the prospect of relocation, decided to close instead. This occurred primarily with businesses whose owners were older and who decided that it was not worth it to move. One wholesaler of electronic components told me

My stuff is relatively cheap and it takes up too much space. . . . The business is dying. I'm too old for this. I have heart problems. So I don't know that I'll move, even if I could find something.

For others, the move itself can be the decisive factor in closing the business. I spoke with the owner of a manufacturer of sample books for the garment industry. He had recently bought the business from the previous owner, who

had moved the business from Williamsburg to Jersey City when the landlord converted the old location to residential use. The previous owner had been actively courted by Jersey City. When he relocated, his almost 100 employees were unable to move with the business. Once in Jersey City, he discovered that he was unable to find appropriately skilled labour. Faced with the debts of the move and the inability to function at previous levels, he sold the business to the current owner, who then moved the business to Paterson, New Jersey, where inexpensive labour is more plentiful. The previous owner retired.

### *Indirect Displacement*

Gentrification affects industrial businesses that rely on other industrial businesses to survive. The volume of industrial displacement is putting businesses at risk even if they themselves are not threatened with immediate physical displacement. As one community activist reported to me

It's getting to the point where other businesses are threatened because so many businesses, their customers, are moving away.

The owner of an industrial supply and hardware store explained that his business was down 80 per cent because of all the industrial displacement the area had experienced. His family had run this business since 1904 and it has been located in Williamsburg since 1935. The knitting mills that used to define the area were his customers. Now, he sees them moving or closing down altogether. His choice is either to "go retail or go out of business". He is now trying to cater to the small hardware needs of local residents.

### *Self-displacement*

For many business owners, displacement is not the unfortunate consequence of the market, but something to be voluntarily embraced. These business owners own the buildings in which their businesses are located and see the potential real estate

profits as more than adequate to justify shutting down the business and selling the property, or becoming developers themselves. Some of the most ardent advocates for rezoning and variances and opponents of manufacturing districts are business owners who own real estate in the affected areas.

One owner of a textile recycling business argued at a rezoning task force meeting that there is no real manufacturing left in the area and that the area could not support manufacturing. The building he owns is in the area to be rezoned and he has an interest in seeing his building value go as high as possible. He said that in the long run, he does not see himself still in his building. Numerous business owners I interviewed were able to point out buildings that surrounded theirs in which the owner had sold the building for conversion to residential use and shut down their manufacturing businesses. The owner of one sweater manufacturing company insisted that "Manufacturing is down the drain". Once again, a business owner considers industrial decline inevitable and the fight against it hopeless. In this case, that assumption was a profitable one. He converted his building to 30 residential lofts and a ground-floor retail mall (Croghan, 1999, p. 23).

A community board member expressed his frustration with industrial business owners because they would often not act in the interest of the preservation of manufacturing. After extensive meetings with business owners, this community board member thought there was an agreement between a group of manufacturing business owners and the community board to argue in favour of preserving manufacturing districts. Yet, within the year, two of the business owners had closed their businesses and were applying for variances.

### *Gentrifying Businesses*

A cohort of the business owner interviews included owners of businesses that serve the gentrifiers, such as the retail stores and restaurants that have popped up all over the neighbourhood. One such interview brought me to a clothing store, where the owner described

the evolution of his business, which is quintessential Williamsburg. It is a clothing store that evokes Williamsburg's industrial past, at prices few industrial workers could afford. The owner explained to me

Williamsburg is the next East Village, but hipper. . . . Factories are cool. That's the whole vibe we were trying to get at. The theme.

He now owns three retail stores in the area. When he first opened, the clothing was designed and manufactured in a factory a few blocks from the first retail store. Ironically, the factory was displaced owing to rising rents and has since moved to upstate New York.

### **Community Effects and Policy Response**

The displacement of the business owners interviewed for this research resulted in the loss of jobs for labour forces ranging from 1 to over 100. While Williamsburg has been a walk-to-work community since its development in the 1840s when the neighbourhood had more people per square mile than the city of Brooklyn (Brooklyn Historical Society, 2000), those employed in Williamsburg live throughout New York City (although according to the 2000 census, 18 per cent of Williamsburg residents continue to walk to work). The effects of these job losses, then, will be city-wide, not just localised to the neighbourhood. The wide-ranging nature of this displacement also makes it difficult to measure the effects. Interviews with workers displaced from jobs and community organisers indicate that those displaced from industrial jobs suffer long periods of unemployment and lower pay and fewer benefits in the jobs they do find. According to workers, negative consequences ranged from less personal time, "Feh. Too long a commute. Less time with the grandkids" reported by one 25-year veteran of a company that was displaced from Williamsburg to New Jersey, to dire economic circumstances like those reported by a man who lost his job at a wholesale

bakery, "Of course, I'm like three steps away from being homeless right now. There's always this tension on work, jobs and money, always major money tension". This affects a labour force that is largely immigrant and relatively low-skilled. According to New York's Central labour Council, 64 per cent of the industrial workforce are immigrants and 78 per cent are people of colour (Zimmer, 2006). One woman, displaced from her job assembling photo albums and worried about her ability to maintain her apartment once her unemployment benefits ran out, reported "Me, if I lose the apartment, I will go back to the Dominican Republic".

The city recently has recognised the importance of manufacturing displacement in Williamsburg and has responded with a \$4 million fund to aid businesses facing displacement. The funds will be used to assist in the relocation of some businesses and the retention of others (Thompson, 2006). Yet, this fund emerges in a contradictory policy climate in which many of the businesses to be displaced are facing displacement because of the rezoning of Williamsburg for which Mayor Bloomberg so forcefully advocated. The rezoning of the Hudson Yards in Manhattan's garment district provides another example of the uphill battle faced by urban manufacturers. Even in the Special Garment District Centre, any unused manufacturing space can be converted to residential use if it has not been used for manufacturing for three years. This provides a powerful incentive for landlords to keep space empty or convert illegally (Adams, 2006). The inconsistent policy attitude of the city towards manufacturers makes for an uncertain business climate that further endangers small manufacturers.

### **Summary and Conclusion**

While it is gentrification's effect on residential use that has received most of the theoretical and empirical attention in the gentrification literature, this research emphasises that home and work are equally important aspects of community. Displacement is central to the process of

gentrification. Despite a move away from the exploration of displacement in recent academic research, this paper has shown that we need to expand our understanding of who and what is displaced in the process of gentrification. In working-class urban neighbourhoods near the city centre with historical stocks of industrial loft space, industrial displacement resulting from gentrification is remaking urban landscapes. Manufacturing is still an active sector in the economy of a global city like New York. Yet, as loft living has become a hallmark of high-end urban living, manufacturers are being displaced by the conversion of industrial space to residential use. As a result, businesses face multiple displacements, downsizing or closure. Those businesses that are most successful lack room in which to grow. This competition over industrial space affects not only the ability of current businesses to move and expand, but the ability of potential entrepreneurs to locate in New York City. The changes wrought by gentrification-induced industrial displacement affect not just one neighbourhood, but the entire economic and social structure of the city (Sassen, 1991; Smith, 1996, 2002; Zukin, 1989). The displacement of active manufacturers from Williamsburg has led to the loss of blue-collar jobs that will have an effect on the economy of the neighbourhood and city as a whole. The fight over land use in Williamsburg is a fight over the direction of the city and wider patterns of development and livelihood. It is a battle faced by any area that has seen the frontier of profitability extend to previously industrial areas, from global cities to industrial suburbs.

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