

What difference can a few stores make?

Retail and neighborhood revitalization



CENTER FOR COMMUNITY INNOVATION
at the Institute Of Urban and Regional Development

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Introduction: The fall and rise of neighborhood retail

At the end of World War II, most American neighborhoods were serviced by neighborhood commercial districts populated with stores selling food, clothing, household goods, jewelry and many other items. The strongest of these districts successfully competed with downtowns as locations for major department stores. Shortly after the war, rapid suburbanization and the development of automobile oriented shopping centers led to the decline of most of these historic commercial districts.¹ In low income and minority neighborhoods, the decline of neighborhood retail coincided with dramatic shifts in residential housing patterns as middle income minorities and white families of all income levels moved out of urban neighborhoods, leaving behind increasingly concentrated poverty and initiating a “spiral of decay.”² While the 1990s saw the return of some more affluent residents to the inner city,³ neighborhood commercial strips have been slower to revitalize. By 2000, half as many central city neighborhoods had a middle income profile as did in 1970, suggesting that these areas provide extreme examples of national patterns of growing income inequality.⁴ Disinvestment has remained so pervasive that policymakers (urged on by Michael Porter) paradoxically consider these older neighborhoods to be “new” or “emerging” markets.

Across the country local governments and community-based organizations are operating a wide variety of programs that seek to reverse this decline. These programs intervene in neighborhood retail markets by attracting new retail businesses or supporting existing businesses, building new commercial real estate, or improving “quality of life” conditions that stand in the way of retail development. They are part of a broader attempt to “revitalize” disinvested urban neighborhoods but their proponents have generally not articulated the specific mechanisms through which they are expected to contribute to revitalization. This report will fill that gap by describing how retail reinvestment might, at least in theory, lead to neighborhood revitalization.

Are retail strategies successful? As this study will show, few formal evaluations have been completed, and even those tend to measure discrete outcomes such as job creation rather than the contribution of programs to overall neighborhood well-being. Though it is possible that programs are creating overall economic growth, there are several plausible alternative explanations as well. First, retail development strategies may be causing retail activity to shift

between neighborhoods: rather than net new activity, resurgence in one place means decline in another. Second, retail consumption may be shifting back to more traditional neighborhood-based patterns. Third, the return of higher income residents to urban neighborhoods may be stimulating improvements in retail activity. In other words, just as the flight of the urban middle class caused the decline of retail, its return is generating a resurgence.

If some part of this third explanation is accurate – if improvements in neighborhood retail conditions are associated with changes in the housing preferences of American households and in the widespread strength of the housing market in the early part of this decade – an interesting chicken-and-egg question arises. In addition to population shifts fueling the retail sector, might improvements in neighborhood retail be stimulating residential revitalization? If so, the case for retail revitalization becomes much more compelling, and one key question becomes what kind of revitalization: an influx of upper-income households with displacement of lower-income residents, a diversification of household incomes, or income improvements for existing residents?

This paper begins by outlining the relationship between retail and neighborhood revitalization, presenting a conceptual model of how changes in one shapes the other. Next, we examine three broad strategies to retail revitalization: public-led retail development, private-led retail development, and commercial corridor revitalization. As the following section finds, each has had varying impacts on revitalization outcomes, from job creation to improving neighborhood identity. We then provide a case study of revitalization in the San Francisco Bay Area, analyzing the relationship between retail and neighborhood revitalization from 1990 to 2005. A conclusion offers thoughts for further research.

How does neighborhood revitalization through retail work?

Proponents of retail development programs cite a wide range of sometimes conflicting reasons for pursuing these strategies. They can raise tax revenues for the city and state, often with just minimal expenditures, since they use underutilized infrastructure. New retail projects or revitalized corridors act as catalysts for further public and private development. They also provide entrepreneurship opportunities and create jobs for neighborhood residents.

Successful commercial development can make low-income neighborhoods more attractive places for working families and individuals to live, while also stemming the outflux of the low-income—thus resulting in more mixed-income communities. But making neighborhoods more desirable might also spur gentrification—the attraction of new middle- and upper-income residents into previously decaying neighborhoods, typically associated with an increase in property values and often the displacement of lower-income households as well. In the following section, we first examine the debate over neighborhood revitalization and gentrification, and then turn to the question of how retail revitalization might be connected to neighborhood revitalization.

What is Neighborhood Revitalization?

At the outset, it is important to distinguish among different forms of revitalization. By definition, revitalization can only take place in areas that are initially declining or low-income. In these neighborhoods, the process of revitalization might lead to three different types of outcomes for residents. Some low-income areas might remain essentially low-income, but with improved access to services and opportunities (e.g., the Dudley Street Neighborhood Initiative).⁵ Another form of revitalization occurs as a low-income neighborhood becomes mixed-income, either through an influx of more affluent residents or through improvements in the incomes of existing residents (or both). If the community does not remain mixed-income, but continues to attract more affluent residents who gradually replace the existing low-income residents, then a third form of revitalization, gentrification, has occurred, that may or may not benefit existing residents. Though definitions of gentrification vary, these neighborhoods generally experience disinvestment followed by an influx of reinvestment and households of higher socioeconomic status and educational attainment.⁶ (A debate still flourishes about the extent to which this process is accompanied by displacement.)⁷ If middle-income residents depart as well, then the neighborhood may well become bipolar, with growth in the share of both very low- and very high-income households.⁸



How does retail revitalization lead to neighborhood revitalization?

Policymakers typically conceptualize commercial development programs in terms of their impact on place, rather than its residents. But there is also an argument that these programs can build connections to new social networks and the regional economy. Dickens argues that neighborhood-based development efforts are necessary to overcome employment and investment obstacles so that neighborhood residents can benefit from regional economic growth.⁹ Likewise, Seidman argues that commercial district strategies can help address inner city poverty “by creating a stronger and more positive environment for residents, promoting more social interaction and helping to change resident self-perceptions and norms.”¹⁰

Beyond its impact on existing residents, neighborhood retail development can impact the residential composition of a neighborhood (positively or negatively). The relationship between neighborhood level commercial markets and residential markets in the same neighborhoods is unclear; in particular, no research has addressed the chicken-and-egg question of whether neighborhood residential revitalization leads to retail revitalization or vice versa. It is clear that demographic changes among neighborhood residents should eventually lead to altered retail conditions, given perfect information in the market. However it is also clear that both the presence of retail centers or strips and the absence of blighted commercial properties can influence the location decisions of households. Hedonic housing price models have shown that amenities play an important role in residential location,¹¹ and the literature on the



back-to-the-city movement also suggests that easy access to time-saving household services and retail has led residents to value inner city locations.¹² In this way, new commercial development can impact the residential market.

In addition to the direct impact that the presence or absence of stores has on potential neighborhood residents, retail has an indirect impact on the overall perception of a neighborhood. Retail strips, commercial corridors and neighborhood shopping centers serve as a kind of “front door” to any community. If the strip is run down and partially abandoned it sends a negative signal about the quality of the whole neighborhood. If, on the other hand, the neighborhood commercial district is improving, people are likely to see this as a strong sign that the whole neighborhood is improving. In this sense, neighborhood retail serves to signal the market about the direction and specific type of change in a community. This signal then impacts the location choices of potential neighborhood residents and ultimately the overall composition of the neighborhood.



Strategies to promote neighborhood retail development

Local governments and community-based organizations that want to strengthen neighborhood retail markets undertake a wide range of different strategies. These include commercial real estate development projects supported by the public sector through direct financing or various tax incentives; “market-led” development strategies which rely on market research and promotion to attract new retailers to underserved areas; and coordinated commercial revitalization programs that combine business attraction with “softer” activities such as safety and cleanliness efforts, consumer marketing, business assistance and smaller scale improvements to the physical infrastructure.

Public-Led Commercial Development

The most direct intervention in neighborhood retail markets is simply to develop new commercial real estate projects. Retail development projects range from supermarket anchored neighborhood shopping centers to smaller scale “infill” retail development including ground floor retail space developed in mixed-use projects with housing above. A recent trend has been transit-oriented development projects that combine higher density housing and retail around transit stations. These projects are frequently referred to as “catalysts” of further neighborhood development, with the expectation being that public investment in one or more key initial projects will lead to greatly increased private (unsubsidized) development activity. There is often an expectation that these projects will generate jobs for neighborhood residents, offer key services to residents and improve neighborhood safety and contribute to other quality of life factors. Many of these projects benefit from tax incentives of some kind, including tax increment financing, empowerment zone programs, historic preservation tax credits, and New Markets Tax Credits.



“Market-Led” Business Attraction

Porter lamented the slow progress of publicly led retail development and called on local government to “shift its focus from direct involvement and intervention to creating a favorable environment for business.”¹³ Porter’s work contributed to a growing sense that government subsidies might be part of the problem and more commercial development might result if the neighborhoods were promoted based on their assets rather than their liabilities. Expanding on Porter’s work, researchers began documenting the dramatic market opportunities that were being overlooked by retailers, and intermediaries developed new tools to help retailers identify market opportunities in underserved inner cities.¹⁴ The (unstated) expectation of these programs seems to be that better information about the real market opportunities in underserved neighborhoods will encourage developers to build new projects and retailers to open new stores for reasons of their own self interest. These new projects and stores would then be expected to have the same kinds of community impacts as the government-led commercial real estate projects. But where government-subsidized projects might reinforce the idea that a neighborhood is not ready for private investment, “market-led” development projects might be more likely to catalyze further private investment because they would signal to other developers and retailers that these markets could be profitable on their own.

One assumption underlying this approach is that inner-city markets are growing. And in fact, a growing literature demonstrates how an influx of immigrants can revitalize retail, by providing both new entrepreneurs and markets.¹⁵ However, while ICIC found that most of the inner city areas that experienced retail growth also experienced population growth and increased household density, they identified a few cities with declining inner city populations that nonetheless managed net growth in inner city retail jobs.

Commercial District Revitalization Programs

Comprehensive efforts to improve the strength of existing commercial districts have become increasingly popular. Either together with or instead of building new shopping centers, these programs attempt to revive the historical pattern of neighborhood serving retail - generally small format retail arranged along major arterials and accessed on foot with adjacent on street parking or district oriented public parking lots. A large number of these programs are organized according to the National Trust for Historic Preservation's Main Street model.¹⁶ The Main Street model involves committees of local merchants, residents, property owners and other stakeholders undertaking a long-term, coordinated strategy for district revitalization including design, promotions, economic restructuring and organizing. There are currently over 1,200 active main street programs across the country (www.mainstreet.org) but the vast majority of these programs focus on downtowns of smaller cities.

Many but not all Business Improvement Districts (BIDs) operate similarly comprehensive programs. BIDs are special tax assessment districts which are formed to provide special services to targeted districts. The property owners (or sometimes the businesses themselves) pay the special assessment and have the right to participate in governance of the BID which then generally uses the funds to pay for additional public safety, cleanliness or promotional services which benefit the entire district. A number of CDCs have undertaken comprehensive commercial district revitalization programs as well.

The specific activities undertaken by any individual BID, Main Street Program or CDC led revitalization program will depend largely on local circumstances and priorities. Commercial revitaliza-



A restaurant facade before and after renovation.



tion programs frequently make improvements like new street lighting, benches, trash receptacles, bicycle racks, sidewalks, curbing, street trees, bus shelters, entryways, signage, banners, murals, and pedestrian signage. These programs also undertake efforts to improve code enforcement against property owners with blighted properties, to remove graffiti in a timely manner and to increase neighborhood green-space. Some programs offer facade improvement loans or grants to merchants or property owners to make physical improvements to the exterior of their streetfront retail spaces. These programs frequently require some level of matching financial commitment from the merchant or property owner. Less commonly, some communities operate tenant improvement loan or grant programs which help finance the cost of custom buildouts of retail space in targeted revitalization areas. Finally, commercial revitalization programs frequently invest significant resources to reduce the level of crime and, just as importantly, to change the perception of safety on the part of customers and merchants by taking actions such as hiring private security firms or safety "ambassadors" to patrol the sidewalks, removing payphones used in drug trade installing security cameras, organizing merchants and implementing principles of "defensible space."¹⁷



Measuring the impact of retail development programs

While the retail development approaches described above are quite different in scope and scale, they generally share a common underlying set of goals. Each of these strategies seeks to increase the level of retail activity in targeted underserved neighborhoods. Public-led commercial development and 'market led' business attraction both focus on bringing in new "catalyst" real estate projects with new stores while the revitalization programs generally seek more incremental change, improving the quality and competitiveness of existing businesses and attracting new stores to fill existing vacancies. But in either case, expanded retail activity is likely to be seen as a means to a broader set of changes in the neighborhood as a whole. There is, however, very little agreement about how to measure the impact of these projects and programs on neighborhood revitalization and probably even about what kind of neighborhood change would be considered desirable. For the most part evaluations have focused instead on documenting the impact of the projects on a set of intermediate indicators including job creation, tax revenue, new investment, higher property values, additional services for neighborhood residents, access to healthy food and other essential goods, reduced crime, improved perception of the neighborhood, and increased neighborhood pride. Studies have not attempted to draw direct connections between any of these indicators and overall neighborhood change, though the implication generally seems to be that changes in these factors should lead to other (presumably positive) changes in the neighborhood.

However, if retail growth in one neighborhood is indeed associated with decline in nearby

areas, then this focus on intermediate indicators may be problematic. Studies have generally neglected to look at the impact of these projects within a citywide or regional context or evaluated whether job growth, crime reduction, and other outcomes in the target neighborhoods are associated with declines in neighboring districts.¹⁸ This kind of inter-neighborhood transfer or geographic spillover would not necessarily undermine the claim that retail development is contributing to neighborhood revitalization but it would suggest the need for better measures of neighborhood level impact. Currently, while it is possible to evaluate whether these strategies create jobs or reduce crime it is hard to know whether those limited



changes add up to meaningful change in the overall health, attractiveness or competitiveness of a neighborhood — or actually benefit existing neighborhood residents.

Overall, our review of retail strategies and their impacts (see Chapple & Jacobus, 2009 for details¹⁹) suggests that commercial district revitalization strategies have a demonstrably positive effect on retail revitalization; less is known about the effectiveness of public-led commercial development and market-led retail attraction strategies (Table 1). In terms of the impact of these strategies on neighborhood revitalization more generally, we can really only speculate, since there is very little evidence. In general, it seems that leveraging public investment is key no matter which strategy is followed. Commercial district revitalization programs are the most promising in terms of broader neighborhood impacts, perhaps because they focus more directly on quality of life issues such as crime. This example suggests



Table 1. Retail strategies, goals, impact, and unknowns

Goal	Impact on retail revitalization	Impact on neighborhood revitalization	Remaining questions
Job Creation	Commercial developments create many jobs but often at a high public investment per job created. Revitalization programs are more cost effective but generate only modest job growth.	Residents likely fill many of the new jobs, particularly in corridor projects. However, job quality is likely to be poor.	What are the multiplier effects for local retail jobs? What is the overall economic impact of new retail jobs? To what extent do neighborhood retail jobs provide an avenue to better jobs?
Vacancy Rate	Corridor programs have a documented impact on occupancy and appear to be an effective strategy for filling vacant space.	Declining vacancies can alter perceptions of an entire neighborhood.	What is the impact of new shopping center development on surrounding occupancy?
Private Investment	Real estate projects all involve direct private investment and there is some evidence that commercial corridor programs can lead to increased private commercial investment as well.	Retail revitalization programs are associated with an increase in residential building activity.	Do commercial real estate projects lead to increased private investment in neighboring property?
Public Investment	Commercial development projects frequently involve increases in public investment in the target area.	Infrastructure development related to commercial projects can help to revitalize neighborhoods as well.	How does leveraging from all sources work?
Tax Revenue (and property values)	Increased retail activity clearly increases sales tax revenue and likely adds to property tax revenue.	Retail revitalization may increase residential property values as well as commercial.	Is the increase enough to offset investment in these programs? Are tax increases in one district offset by decreases in nearby retail districts?
Crime and Safety	Revitalization programs can clearly cause reductions in crime within targeted commercial areas though some of this crime may simply be moved to other areas.	Rental programs could improve quality of life on neighboring residential streets.	Is the documented crime reduction due to safety programs or to the impact of economic development (i.e., more stores, eyes on the street, etc.)? What impact do commercial real estate projects have on crime?
Community Identity	The extent to which retail development impacts the overall image of the community and the self-image of neighborhood residents is still largely unexplored.	From a sociological perspective on exclusion and a planning perspective on activity patterns, local retail should help improve individual and community image.	How much does the presence or absence of retail influence who chooses to live in the neighborhood? Do certain kinds of retail contribute to a feeling of exclusion for long-term local residents?

the importance of incorporating desired outcomes into program design. If crime is a major obstacle to business attraction, then attraction programs should include security as a design feature. Although the business cycle will affect the ability of programs to achieve some outcomes, such as reductions in vacancy rates and increases in property tax revenue, policymakers can clearly design programs to be more effective. They can easily build incentives into programs to leverage more private or public investment, by requiring match funding. They can also help spur more job creation for local residents, e.g., by requiring local hires or partnering with job training or apprenticeship programs.

What is the relationship between retail development and neighborhood revitalization? As discussed previously, research suggests that retail growth may not respond to changes in household income – in other words, as upper-income residents move into an area, retail revitalization does not necessarily follow.²⁰ Research has yet to examine the converse, the type of neighborhood revitalization that follows retail revitalization. Models suggest that job creation, private and public investment, rising property values, better access to services, and improved community identity will benefit residents, either directly or indirectly. Yet, to what extent do these benefits accrue to existing residents instead of



newcomers? Will neighborhood revitalization take the form of transformation from low-income to moderately low-income, mixed-income, or upper-income neighborhood? Is retail best seen as a tool for attracting upper-income residents or retaining and developing the middle class?

In the following, we look in more detail at the association between retail and neighborhood revitalization in the San Francisco Bay Area by linking zip code level data on retail change (measured in terms of establishments, employees, sales, business mix, startups/deaths, and chains/standalone) to tract level data on neighborhood change. One of the most affluent regions in the country, with some of the highest income inequality, the San Francisco Bay Area has unique concentrations of neighborhoods either gentrifying or becoming more bipolar, and thus offers the opportunity to look at a variety of patterns of retail revitalization. This pilot study reveals a surprisingly strong relationship between retail revitalization and increase in middle-income households.



Retail and Neighborhood Revitalization in the San Francisco Bay Area

Neighborhood change occurs in many different forms, and we construct a typology of change with six measures.²¹ Our first measure is the change in bipolarity in a neighborhood, i.e., the extent to which tract population is disproportionately concentrated in the lowest and highest of the six income groups.²² There are 179 bipolar tracts in the San Francisco Bay Area, about 13 percent of the total (see Figure 1).

To determine the extent of gentrified neighborhoods, we use the compound measure from Freeman.²³ There are 102 gentrified tracts in the Bay Area, just over seven percent of the total. Interestingly, there is little overlap between the bipolar and gentrified tracts, only three tracts are in both categories (we classified these as gentrified).

We use a relatively simple calculation to identify neighborhoods that are becoming more middle, lower, or upper income. Middle income neighborhood change occurs when the share of population in the two middle income categories is greater in 2000 than in 1990, and is over 25% by 2000. 146 (ten percent) of Bay Area tracts are becoming more middle income; just eight overlap with the gentrifying category, and we classified them as gentrified. Likewise, lower income change (447 tracts, 32 percent of the total) is when the share in the two lower income categories is greater in 2000, and the ending point is at least 25 percent, and upper income change (320 tracts, 13 percent) is when the share in the top two income categories is greater in 2000, with a ending share of 25 percent or more. "Other" (212 tracts) is a residual category and seems to consist of a mix of tracts where there is no systematic pattern of change.

We next examine some simple indicators of retail revitalization—increase in retail and service

establishments, sales, and employees—in relation to neighborhood change. We focus in particular on the relationship of retail to the neighborhoods that become more middle income, since this type of change seems to be what most are referring to when they speak of neighborhood revitalization.

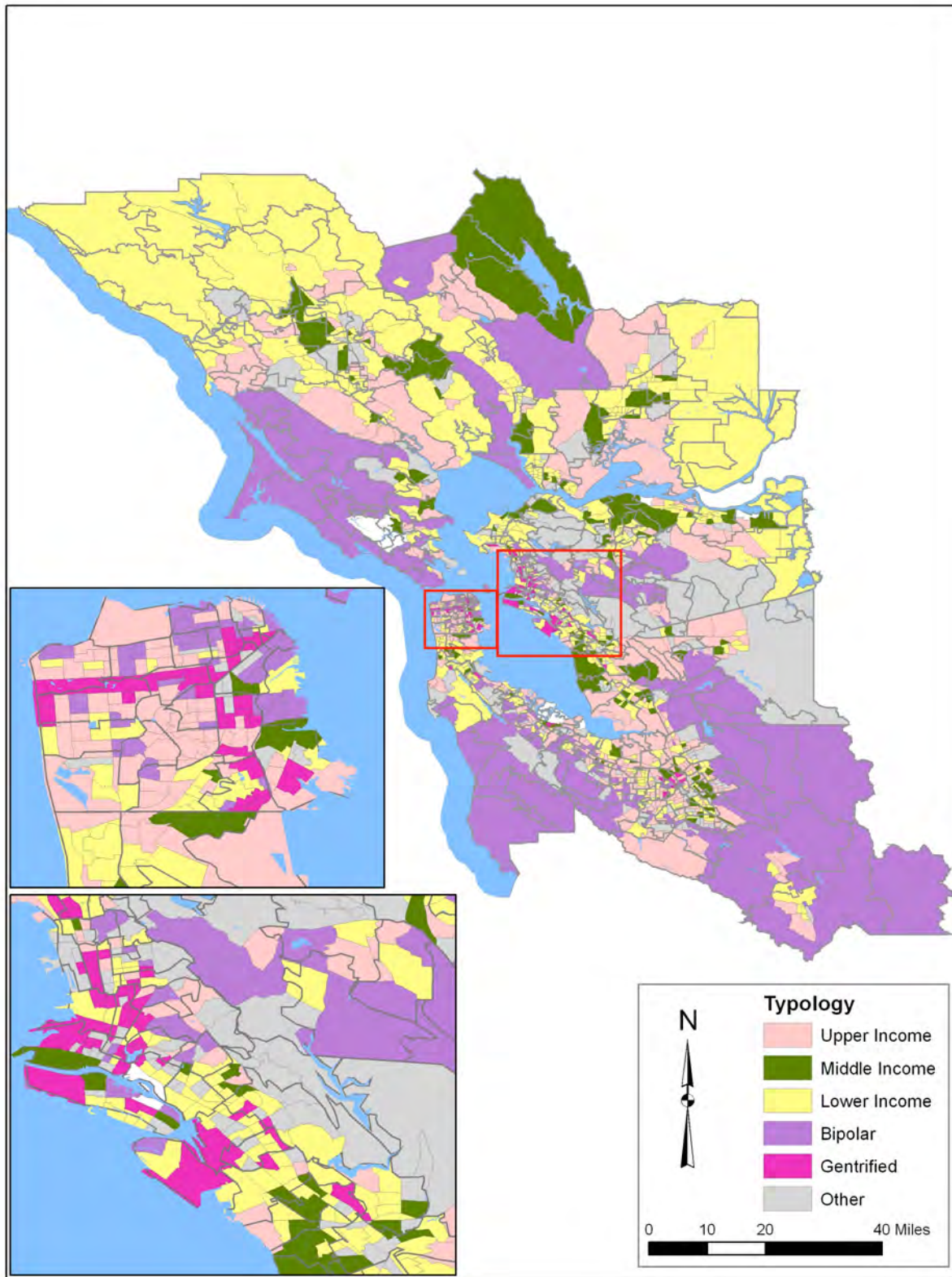
Retail and service establishments grew generally throughout the region (by about 18 percent), with much less growth in bipolarizing and gentrifying neighborhoods and an overconcentration of growth in the neighborhoods becoming middle income (Table 2). This shows an association that might go either way: the growth of middle income groups might have attracted new establishments to the area, or retail/service growth might have attracted new middle income residents.



Table 2. Change in Establishments, Sales, and Employment by Neighborhood Change Type.

Neighborhood change type	Number of Establishments			1990-2005 % Change	
	1990	2005	% Change	Sales	Employment
Bipolarizing	17,547	19,870	13%	21%	5%
Gentrifying	8,370	9,370	12%	24%	7%
Becoming middle income	9,953	11,995	21%	37%	14%
Becoming lower income	31,935	37,902	19%	38%	14%
Becoming upper income	24,732	29,171	18%	37%	13%
Other	15,325	18,027	18%	35%	13%
Overall	111,302	131,202	18%	34%	12%

Figure 1. Neighborhood Change in the San Francisco Bay Area, 1990-2000.



Interestingly, the difference in growth in total sales was quite dramatic across neighborhoods, with just 21% and 24% growth in bipolarizing and gentrifying neighborhoods, respectively, compared with 37% in neighborhoods becoming middle income, 38% in neighborhoods becoming lower income, and 37% in neighborhoods becoming lower income. Likewise, growth in employment occurred disproportionately in these three neighborhood change types. Though again it is not clear whether neighborhood revitalization led retail revitalization or the reverse, it is interesting to note that middle income neighborhoods started with much higher average sales per establishment (\$605,000, compared to \$567,000 across all types). This provides some evidence that a concentration of retail was attracting new middle income residents.

As it turns out, middle income change areas not only housed a disproportionate share of chains at the beginning of the period, but also they were substantially more likely to see new chain stores come in (Table 3). This suggests that the availability of chain stores may positively affect neighborhood revitalization.



The Tenderloin in San Francisco appears to be gentrifying.



Menlo Park's El Camino Real is increasing in bipolarity.



Berkeley's Gourmet Ghetto is becoming more upper income.

Table 3. Share of Chain Stores by Neighborhood Change Type.

Neighborhood Change Type	% Chains	
	1990	2005
Bipolarizing	9.3%	11.7%
Gentrifying	9.1%	11.1%
Becoming middle income	11.9%	14.8%
Becoming lower income	10.2%	13.1%
Becoming upper income	9.1%	11.9%
Other	9.3%	12.4%
Overall	9.7%	12.5%



San Leandro is becoming more middle income.

Conclusion and Thoughts for Further Research

If neighborhood retail development contributes to broader community revitalization, it seems unlikely that it does so by dramatically increasing the employment or wage levels, the labor force participation rates or the overall level of financial assets - though these changes may occur. It seems that certain kinds of public investment in retail development can catalyze further private commercial development and, in at least some situations, this public investment can be recaptured through increased tax revenues. However, none of that indicates much broader impact on the well being of the surrounding community. It may not even impact the local economy as a whole positively, since the retail activity generated by new commercial development, business attraction programs, or corridor revitalization programs may simply be shifting between places. Despite this, the persistent call for these programs is itself a strong indication that there are real needs to which these programs are effectively responding - even if those needs are not always that well articulated by program advocates.

If retail development has large-scale impacts on community economic health it may be through more indirect outcomes including changes in internal and external perceptions of the neighborhood and ultimately changes in neighborhood residential composition. Because neighborhood level retail growth is closely associated with middle income growth, retail development may be a key component to building the kind of stable mixed-income communities that are most likely to positively impact existing low-

income residents. However, existing studies of the effectiveness of neighborhood retail development strategies have not explored these broader impacts.

Rather than assuming that any neighborhood improvement leads ultimately to displacement of the poor, this research suggests that more than one kind of neighborhood change is possible. Further research is necessary to establish whether low-income residents face better outcomes living in middle income or bi-polar neighborhoods, but it seems likely that middle income neighborhoods would offer more amenities because of their ability to attract more retail growth. Further research should examine to what extent this association is due to retailers following middle income households as opposed to middle income consumers strongly preferring locations with nearby retail. It seems likely that both factors play a role.



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- ²⁰ Theodore C. Koebel, "Analyzing Neighborhood Retail and Service Change in Six Cities," Virginia Polytechnic Institute and State University, Center for Housing Research (Unpublished paper, 2002).
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- ²¹ For this analysis, we start with recent definitions of neighborhood change from Galster & Booza and Freeman to create a typology of neighborhood change from 1990-2000 including "bipolar," gentrified, more middle income, more lower income, more upper income, and other. We use the Neighborhood Change Database (NCDB) developed by Geolytics, Inc. The NCDB provides 1990 census data for normalized 2000 census tract definitions, allowing us to compare 1990 neighborhood characteristics to 2000. In order to construct the typology, we first had to convert the census data on household income from 10-16 irregular categorical variables (in 1990 and 2000) into consistent and meaningful groups: Low-income (less than 80% of area median income or AMI), middle-income (80-120% of AMI), and upper income (over 120% of AMI).
- ²² See Galster & Booza, 2007.
- ²³ We include tracts that have
- 1) A median income less than the 40th percentile for the Bay Area in 1990 (\$33,670)
 - 2) A central location in the region
 - 3) A percentage increase in educational attainment (some college) greater than the median increase in educational attainment for Bay Area, 1990-2000. (7.4%)
 - 4) An increase in real housing prices from 1995-2002 that is greater than the median for the Bay Area (70.2%).
- Freeman also uses central city designation as part of his definition, but since the Bay Area includes some neighborhoods that may be gentrifying outside of its few central cities (such as Berkeley and Richmond), we excluded this criterion.

