Gentrification and Globalization:
The Role of International Immigration in the City of Ottawa

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Introduction

In recent years, both Toronto and Vancouver have been experiencing historic high real estate prices, earning both cities a spot in the top ten most unaffordable cities in the world [see Table 1]. However, now that a 15% buyers tax has been imposed in both cities, the question remains: will buyers discourage by the tax seek property in other Canadian cities?

Ottawa, Ontario, is one such city that may experience an increase in real estate investment due to the aforementioned tax. As a second-tier city, Ottawa has not experienced the same level of globalization and transnational investment as Toronto [Ley, 2011, 2017], resulting in a comparatively weaker market and thus an attractive investment opportunity. As dwelling prices rise and historically lower-class neighbourhoods become profitable business ventures, fears of gentrification are stirred and tensions inevitably rise; after all, one man’s displacement is another man’s “urban revitalization”.

In order to have a balanced discussion on the topic of gentrification, it becomes necessary to understand the different dynamics at play, and to study the trends of the past so that we may better manage such phenomena in the future.

Methods of Analysis

1. Spatial Trends in Real Estate Value and Social Status

Changes in dwelling value ($) and social status (high level of education and employment) were tracked and mapped showing differences across study area and period.

2. Neighbourhood Correlates of Dwelling Value

A correlation analysis was performed to assess the relationship between dwelling values and several socio-economic variables.

3. Spatial Distributions of Recent Immigrants

The distribution of immigrants arriving within the last 5 years was mapped and analyzed with respect to gentrification trends.

Results

Figure 1. Downtown Ottawa Study Area

Acknowledgements

My thanks to my supervisor, Joss, and mentor, Huhua Cao. I greatly appreciate the time and effort you devoted to me and the project, it was an invaluable learning experience and I couldn’t have done it without you! Thanks also to the staff at the GSG library and all my other peers who helped me with my project over the past 8 months.

Methodology

Variables

<table>
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<tr>
<th>Social Change Index</th>
<th>Dwelling Value</th>
<th>Recent Immigrants</th>
<th>Chinese Recent Immigrants</th>
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<tbody>
<tr>
<td>(P % Population Employed in the Quaternary Sector)</td>
<td>with a Bachelor’s Degree or Higher</td>
<td>Immigrants that have arrived in Canada within the last 5 years</td>
<td>Chinese immigrants that have arrived in Canada within the last 5 years</td>
</tr>
</tbody>
</table>

Table 1. Correlations Against Dwelling Value ($) (P % Population Employed in the Quaternary Sector) $ with a Bachelor’s Degree or Higher

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>N N=120 N=129 N=131 N=135</td>
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<tr>
<td>Immigrant Status</td>
<td>0.11</td>
<td>0.05</td>
<td>0.18</td>
<td>0.02</td>
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<td>N Recent Immigrants</td>
<td>0.23</td>
<td>0.26</td>
<td>0.38</td>
<td>0.33</td>
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<td>Generation Status</td>
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<td>0.01</td>
<td>0.01</td>
<td>0.10</td>
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<tr>
<td>1st Gen Immigrants</td>
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<td>0.21</td>
<td>0.02</td>
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<td>2nd Gen Immigrants</td>
<td>0.80</td>
<td>0.29</td>
<td>0.32</td>
<td>0.15</td>
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<td>Ethnic Origin (Recent Immigrants)</td>
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<td>0.23</td>
<td>0.08</td>
<td>0.16</td>
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<td>Income</td>
<td>0.55</td>
<td>0.57</td>
<td>0.53</td>
<td>0.65</td>
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<td>Median Household Income</td>
<td>0.57</td>
<td>0.54</td>
<td>0.58</td>
<td>0.69</td>
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<tr>
<td>Top Income Decile Residents</td>
<td>0.36</td>
<td>0.34</td>
<td>0.51</td>
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</tbody>
</table>

Figure 2. Dwelling Value ($) Change in Downtown Ottawa, 2001 – 2016

Figure 3. Social Change in Downtown Ottawa, 2001 – 2016

Figure 4. Recent Immigrants in Downtown Ottawa, 2001 – 2016

Trend Analysis

Gentrification: Cultural or Economic?

• Both the social and economic indicators of gentrification increased greatly over time.
• While increasing dwelling values can be explained by means other than gentrification, significant increases in the proportion of high-status people is quite literally the gentrification of an area.
• Similar to Ley (1992), the period of economic recession (2006 – 2011) was associated with greater indicators of gentrification.
• The study area showed significant intensification of dwelling value in the Glebe area, with a clear line forming at highway 417 (Figure 2).
• The index of social status reached a maximum in 2011 at the intersection of the Byward and Centretown, but declined into 2016.

Correlates of Dwelling Value

• While a social transition is at the core of gentrification, a non-human dependent variable (e.g. dwelling value) is preferable for a correlation analysis because of its stability.
• The 2006 – 2011 period showed the greatest differences in corollary power to dwelling value, redefining the role a recession can have in reshaping an urban centre.
• Recent immigrants became a stronger predictor over the study period, while total immigrants became a negative predictor.
• The strength of economic indicators, such as household income and high-income residents (residents in the top decile of the income distribution) increased greatly over the study period.
• 1st and 2nd generation immigrant status negatively predicted dwelling value in 2011, but showed a modest positive correlation in 2016.

Spatial Distributions of Recent Immigrants

• Contrary to gentrification trends, the spatial distribution of recent immigrants was irregular and sporadic.
• Although a strong predictor of dwelling value, relatively few recent immigrants settled in the high value Glebe area.
• 2001 and 2016 showed the highest levels of recent immigrants; high concentrations in Centretown were noted in these two years, but not 2006–2011.

Conclusions

• The social and economic measures of gentrification showed different trends in this analysis; both are needed for a full understanding.
• Cultural gentrification, the social upgrading of an area, was more common in the dense, urban portions of Ottawa.
• Increases in dwelling value, although not inherently gentrification, can illustrate the areas of a city undergoing significant value intensification in Ottawa’s case, The Glebe.
• While simple correlation does not infer causation, differentials in the corollary power of a variable across time is evidence of a cause-and-effect relationship in 2011, when all other immigration variables were at their lowest, recent immigrants’ R = 0.38, indicating a strong relationship between new immigrants and high dwelling values.
• The corollary power of recent immigrants was at its lowest when their population was the highest (2001), and vice verse in 2011: perhaps only wealthy migrants could migrate during the recession, increasing the proportion of rich recent migrants and thus strengthening the relationship to dwelling value.

Research Objectives

The objective of this research is to measure gentrification using both social and economic indicators, to examine the corollary relationship between economic gentrification and various socio-economic variables, and to assess and compare trends of gentrification and recent immigrants.

Study Area and Period

Using the downtown core of Ottawa, an area contained by Booth Street and the Ottawa and Rideau Rivers, the period between 2001 – 2016 was studied. Census data was used on the dissemination area (DA) level and obtained through the Canadian Census. The area has been divided into seven neighbourhoods which will be used as points of reference in the analysis portion.