Ethnicity and gentrification. Exploring the real estate’s perspective on the revaluation of a ‘dangerous’ street in Leipzig (Germany)

MARCUS HÜBSCHER, ELISABETH KLEINDIENST AND MADLEN BROSE

The relationship between ethnicity and gentrification is understudied. Nevertheless, it is a highly relevant albeit paradoxical relationship where gentrification driven by the desire for authenticity may, in fact, be accompanied by discrimination and displacement. This paper examines the case of Leipzig’s Eisenbahnstrasse as an arrival space with one of the highest shares of foreigners in East Germany. The media has labeled Eisenbahnstrasse as “Germany’s most dangerous street”. Simultaneously, considerable dynamics in the housing market are observed that add to the juxtaposition between the media’s perception and real estate. Our paper takes up this paradoxical situation and investigates the role of ethnicity on Leipzig’s Eisenbahnstrasse from the perspective of real estate supply. This is a perspective that is often overlooked. By means of qualitative interviews with local stakeholders, our aim is to gain insights into their role in the revaluation process, and how ethnicity is linked to this process.

Our findings reveal a gap between the predominantly negative news coverage and the neighborhood’s actual values from the real estate perspective. The interviewees indicate that the image of the Eisenbahnstrasse, as portrayed in the media, prevents families from moving to the area. At the same time, the area attracts students and artists who cherish the international atmosphere. In this context, ethnicity plays a crucial but ambiguous role in the revaluation process. This paper also reveals how discrimination in the housing market occurs, and how real estate stakeholders construct ethnicity and apply strategies to promote a revaluation, which they consider to be social mixing. Therefore, we present further evidence of the dynamics on Leipzig’s Eisenbahnstrasse and provide insights into the complex relationship between gentrification and ethnicity.

Keywords: gentrification, ethnicity, displacement, real estate, discrimination, Leipzig

Marcus Hübscher (https://orcid.org/0000-0003-0488-7297), Institute of Geography, Technical University of Dresden, Germany. E-mail: marcus.huebscher@tu-dresden.de
Elisabeth Kleindienst, Institute of Urban Development and Construction Management, University of Leipzig, Germany. E-mail: elisabethkleindienst@gmx.de
Madlen Brose, Institute of Urban Development and Construction Management, University of Leipzig, Germany. E-mail: B._Madlen@web.de

© 2024 by the author. This open access article is licensed under a Creative Commons Attribution 4.0 International License.
Introduction

“What’s race got to do with it?” rightly asks Kirkland trying to disentangle the relationship between gentrification and ethnicity (2008, 18). Although some key readings on gentrification address the topic, such as Smith’s 1996 work, The New Urban Frontier, there is a broad consensus among scholars on a considerable lack of research. The general critique is that research on gentrification has “paid insufficient attention to ethnicity” (Paccoud et al. 2020, 12) and that “the ethnic dimension to gentrification is hence under-theorised” (Huse 2018, 186).

It is evident that ethnicity plays a multifaceted role in the processes of revaluation and displacement in urban neighborhoods. On the one hand, concepts such as “authenticity” try to explain the attractiveness of neighborhoods with high percentages of ethnic minorities (Huse 2018, 191). On the other hand, gentrifiers may displace ethnic minorities (Polat 2018), often cloaked behind the guise of social mixing (Lees 2008), which contributes to the paradoxical role of ethnicity in such contexts (Zukin 2008; Hwang 2019).

This paper addresses the existing gap in the literature and examines the relationship between gentrification and ethnicity in Leipzig, Germany. Located in the post-socialist east of the country, Leipzig is the eighth largest city with a population exceeding 600,000. It is currently Germany’s fastest growing city. Since 2009, the population grew about 100,000 inhabitants, representing a 14.3 % growth rate (City of Leipzig 2023a).

The present study will concentrate on the area surrounding one of the city’s main streets, namely Eisenbahnstrasse, with its two adjacent neighborhoods Neustadt-Neuschönefeld and Volkmarsdorf. These neighborhoods not only exhibited one of the most dynamic demographic developments in Leipzig, but also presented a multitude of conflicting narratives regarding these dynamics. On the one hand, this area was considered to be devaluated approximately one and a half decades ago (Glatter 2007). Some media construct the image of Leipzig’s Eisenbahnstrasse as “Germany’s most dangerous street” (Die Welt 2017, 1) and often link the large number of foreigners with a high crime rate or drug trafficking (Bild 2015; Taff 2015). In fact, the crime rates in both neighborhoods are higher than the Leipzig average (27% and 50% higher in the cases of Neustadt-Neuschönefeld and Volkmarsdorf, City of Leipzig 2024a). Nevertheless, the crime rates are still lower compared to several other neighborhoods in the city (ibid.). Still, the city’s administration established a “weapon ban zone” (Saxon Police Force 2018, 1) in the area, thereby becoming the first city in the federal state of Saxony to implement such a measure.

On the other hand, there are considerable revaluation processes. The gentrification debate is becoming increasingly prevalent in Leipzig in general, as evidenced by rising prices on the real estate market (Haase & Rink 2015). On Eisenbahnstrasse, there have already been demonstrations, occupations and violent protests against the local housing shortage (Leipziger Volkszeitung 2023). This is in part due to the significant demographic growth. The districts of Neustadt-Neuschönefeld and Volkmarsdorf have experienced the most significant population growth in Leipzig, with an increase of 45 % and 71 % respectively between 2009 and 2019 (City of Leipzig 2023a).

A number of studies have been conducted which analyze this polarized context in the east of Leipzig. These studies have focused on different topics, including migration (Wiest & Kirndörfer 2019), ethnic economies (Leimer 2010), commercial gentrification (Hübscher et al. 2021), arrival spaces (Haase et al. 2020; Wiest & Denzer 2023) or inner-city suburbanization (Koumparelou et al. 2023). However, the explicit relationship between gentrification and ethnicity has not yet been investigated, and our study aims to address this gap.

This paper makes three principal contributions to the academic discussion. Firstly, we respond to Lees’ call for more “grounded, bottom-up research” (2016, 213) in the field, employing a qualitative case study as the principal method of investigation. Secondly, we contribute to the expansion of the discussion about gentrification and ethnicity geographically, as research has thus far concentrated on the United States. In Germany, there is little evidence on this matter so far, with the exception of Polat’s work (2018). However, Polat’s study focuses on ethnic businesses in a neighborhood in Berlin and their role in the gentrification process. Thirdly, in our study, we will shift the focus to a German second-tier city and to the housing market, where some of the powerful yet less visible agents in the
market (such as real estate stakeholders) are somewhat difficult to approach. Our study will help to understand how local stakeholders in Leipzig themselves shape ethnic boundaries, an aspect that has been largely overlooked in the debate (ibid., 158). By conducting interviews with local stakeholders on Leipzig’s real estate market, our objective is to understand their perceptions and the characteristics of the current dynamics. This will add a novel perspective to the discussion on gentrification in Leipzig. Furthermore, it enables us to comprehend the logics of the intertwined field between gentrification and ethnicity. We regard this field as quite novel in the post-socialist context in which migration increasingly becomes relevant but has not played a dominant role until 1989 (Mayblin et al. 2016).

The paper presents the following structure. Firstly, we will reflect on the state of the art, referring to the theoretical concepts of gentrification and ethnicity. Secondly, the materials and methods are described. Thirdly, we will introduce the case study and the city of Leipzig in more detail. Fourthly, we will analyze the results. Fifthly, a discussion is presented. Finally, a short conclusion completes the paper.

**Gentrification, ethnicity, and the housing market**

**Gentrification**

Since Glass (1964) first described gentrification in 1964, both the process itself and its analysis have undergone considerable change (Lees et al. 2008). Despite its 60-year history in research, gentrification remains a process with high topicality, particularly in the neoliberal city, where entrepreneurial logics dominate (Harvey 1989; Miró 2011; Nofre 2013).

According to Glass (1964), there are two key aspects in the definition of gentrification: social change, accompanied by displacement of more vulnerable social groups, and a revaluation in real estate. The real estate market plays a pivotal role in the understanding and explaining of gentrification, as it is where supply and demand converge (Morales & Ramo 2019). This is where gentrification becomes visible, as evidenced by a refurbished facade (Jager 1986) or rising prices and speculation (Marcuse 1985; Curran 2007). For this reason, this market has been the subject of interest in multiple gentrification studies with different research angles. These include studies that have conducted interviews with affected people (demand side; Salinas & Romer 2019) or professionals (supply side; Morales & Ramos 2019).

Surprisingly, this last point, namely the role of real estate agents, investors, and developers, has not been a central focus of the analysis (Bridge 2001), despite the intertwined nature of the real estate sector in gentrification processes (Miró 2022). Accordingly, Harvey (2010) demands that more research needs to be done on this group of actors (Miessner 2020), as they are key in the process of gentrification (Blasius et al. 2016). The argument put forth is that these stakeholders are the ones who unleash gentrification as they control the social and location-related changes in real estate. For instance, it is the investors who close the rent gap, once it is sufficiently high, as Smith (1987) points out.

**Adding ethnicity to the debate**

When exploring the relationship between gentrification and ethnicity, it becomes evident that “Race as a subject […] is even missing from most published definitions” of gentrification (Kirkland 2008, 18). In addition, research on gentrification tends to focus on North American contexts, which makes the direct transfer of concepts to other regions more challenging (Polat 2018). However, when looking into some approaches to explain the process, such as the invasion-succession model developed by the Chicago School (Schwirian 1983) and adapted to the German context by Dangschat (1988), there are indeed some first descriptions of the ethnicity’s role. According to the above-mentioned model, it is firstly the pioneers who enter a neighborhood. Pioneers are a rather heterogeneous group that may include students, hipsters, or ethnic minorities (Smith & Holt 2007; Hubbard 2016; Üblacker 2016). They create an atmosphere of authenticity which is what the "gentrifiers" are seeking (Zukin 2008, 724). This might be exemplified by “authentic productions of ethnic cuisine” (Stock & Schmiz 2019, 5). Consequently, pioneers often play a dual role in gentrification processes as they may be displaced from the very process they have initiated (Makagon 2010).
Still, more research needs to be done on the role of ethnicity in gentrification processes. Not only do we need studies on gentrification “that take race and ethnicity seriously” (Lees 2016, 213), but we also need to ask, “why is gentrification a racial phenomenon, and why is discussion and analysis of that phenomenon avoided?” (Kirkland 2008, 28). This might be because the meaning of terms such as “ethnicity” remain unclear (Gabbert 2006, 85). In this context, we concur with Eriksen (2019, 34) that “ethnicity is first and foremost a concept and not a natural phenomenon”. Gabbert (2006, 90) defines ethnicity as follows:

a specific form of social differentiation whereby actors use cultural or phenotypic markers to distinguish themselves from others. It is a method of classifying people into categories that include individuals of both sexes and all age groups organized into several kin groups using a (socially constructed) common origin as its primary reference.

In this sense, ethnicity may refer to both culture and descent, as a social construction (Fenton 2010). Also, it serves as a boundary to separate endogamous groups (Eriksen 2019), although these differences might be real or assumed (Gabbert 2006). In order to operationalize ethnicity in our qualitative material, we will examine how stakeholders employ practices of othering, as a process “through which identities are set up in an unequal relationship” (Crang 1998, 61), by constructing both an in-group and an out-group (Brons 2015).

In this context, it is crucial to consider the vivid discussion in Germany about different categories, such as immigrants, foreigners, and persons with migration background (see for example Asbrock et al. 2014 and Will 2019). In this paper, we partly apply these concepts as constructed and rather statistical categories used by municipal data authorities, although we are aware of their racialized and thus often discriminatory nature (Alexopoulous 2019).

In examining the social construction of ethnicity, we identify a contradiction as a point of origin for our research. On the one hand, ethnicity is perceived as a factor that may precipitate revaluation and gentrification (Hackworth & Rekers 2005; Polat 2018). On the other hand, we expect simultaneous discrimination of groups that others regard as ethnic minorities (Flage 2018; Hanhörster & Ramos 2021). This is problematic as ethnic minorities often belong to the most vulnerable groups in urban settings that are prone to displacement (see for example the discussion about the ethnification of poverty (Platt 2007; Beach et al. 2019). In this sense it becomes clear that gentrification has an ethnic dimension to it, despite its primary socio-economic nature.

Research on discrimination practices in the housing market has been “a blind spot on the [German] research map” so far (Auspurg et al. 2017, 28). Particularly in the context of arrival spaces – such as Leipzig’s Eisenbahnstrasse – little is known about the strategies of housing companies (Hanhörster et al. 2023). This is why the use of the lens of real estate stakeholders appears to be a promising approach. Our objective is to gain insights into how these stakeholders use the construction of ethnicity in order to explain the ongoing (gentrification) processes on the local housing market. It is therefore important to understand this perspective, as gentrification is often disguised behind social mix policies promised to “trickle down to lower classes” (Lees 2008, 2449).

Qualitative interviews as a means to approach real estate stakeholders

Based on the research gap described in previous sections, this study aims to understand the real estate perspective on the processes on Leipzig’s Eisenbahnstrasse. We have carried out qualitative semi-structured interviews with real estate experts (Kallio et al. 2016).

Identifying and contacting stakeholders in the housing market is a challenging endeavor. On the one hand, the German real estate market is not transparent, particularly with regard to ownership structures (Trautvetter & Henn 2020). On the other hand, investors are not necessarily local stakeholders, which makes it difficult to establish contact. Therefore, we focus on actors who do have a local link, such as real estate agents and property managers (Table 1), whom we regard as intermediaries between demand and supply (Bridge 2001). Hence, we expect them to know both the investor’s and the tenant’s point of view. In addition, we talked to two interviewees who know the local market due to their work in the field of (real estate) research and public planning. We chose the interviewees by analyzing the local housing market online (desk research) and based on our personal networks in the neighborhoods.
Our interviews are based on a guideline which consists of key topics, in order to ensure comparability (Patton 2015). As the principal objective is to comprehend the perception of market stakeholders and their logics, we employed open-ended questions (Miller & Glassner 2011). The interview guideline comprises several thematic blocks (Table 2), which vary slightly from one interviewee to another, depending on the professional context (Table 1).

Table 1. The interviewees. Source: Own elaboration.

<table>
<thead>
<tr>
<th>Function</th>
<th>Field of work</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>I1</td>
<td>Property manager</td>
<td>25 min</td>
</tr>
<tr>
<td>I2</td>
<td>Property manager</td>
<td>40 min</td>
</tr>
<tr>
<td>I3</td>
<td>Real estate agent</td>
<td>25 min</td>
</tr>
<tr>
<td>I4</td>
<td>Real estate agent</td>
<td>30 min</td>
</tr>
<tr>
<td>I5</td>
<td>Property manager</td>
<td>45 min</td>
</tr>
<tr>
<td>I6</td>
<td>Real estate researcher</td>
<td>55 min</td>
</tr>
<tr>
<td>I7</td>
<td>Representative</td>
<td>40 min</td>
</tr>
</tbody>
</table>

Table 2. Topics and aspects in the interviews. Source: Own elaboration.

<table>
<thead>
<tr>
<th>Topics</th>
<th>Aspects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working environment of the interviewee</td>
<td>Experiences and their relationship towards Eisenbahnstrasse</td>
</tr>
<tr>
<td>Leipzig's Eisenbahnstrasse and its local context</td>
<td>General dynamics and comparison to other local housing markets in the city</td>
</tr>
<tr>
<td>Supply on the local housing market</td>
<td>Prices, structures, vacancy rates, physical aspects</td>
</tr>
<tr>
<td>Demand on the local housing market</td>
<td>Demographic dynamics, image, local economies</td>
</tr>
<tr>
<td>Target groups in the housing market</td>
<td>Types of households, social mix, inhabitants' profiles, gentrification, urban development</td>
</tr>
<tr>
<td>The buyer's market</td>
<td>Investors' profiles, marketing</td>
</tr>
<tr>
<td>The investment</td>
<td>Motivation, price dynamics, strategies, objectives, origin</td>
</tr>
</tbody>
</table>

We conducted the interviews in German and recorded them after the interviewees gave their consent. The material was transcribed using the software F4 and was analyzed with MAXQDA. In our qualitative content analysis, we have placed the "categories in the center of analysis" (Mayring 2000, 3). This procedure is systematic and requires the development of one part of the categories based on the material (inductive; Schreier 2014; Kuckartz 2018). In addition, we augmented our codes based on theory and the interview guidelines (deductive; Patton 2015).
De- and revaluation in Leipzig’s east

The city of Leipzig has experienced ups and downs in urban development. Before World War II, it was the fourth largest city in Germany with a population exceeding 700,000 (Herfert & Röhl 2001). Subsequently, Leipzig’s population first stagnated and later decreased slowly during four decades of socialism in the German Democratic Republic, with an average loss of approximately 2500 inhabitants per year (-16 %). After German reunification, the shrinkage was intensified with approximately 9100 individuals leaving the city each year (-14 %), due to deindustrialization and suburbanization (Nuissl & Rink 2005). In 1998, Leipzig counted only about 437,000 inhabitants (Brogiato 2015).

However, the new century marked the beginning of a distinct dynamic with a slight growth (Haase et al. 2010), of 3,000 inhabitants per year between 2000 and 2010, representing a 6 % growth rate (Brogiato, 2015). Since 2010, Leipzig has even become the city with the highest population growth in Germany, with almost 10,000 inhabitants per year, representing a 18 % increase (Wiest & Kirndörfer 2019). Leipzig’s inner east, and particularly the area of Eisenbahnstrasse, has undergone a profound transformation in its urban landscape during the last three decades. This involved a process of decay, out-migration, consolidation and dynamic growth (Haase et al. 2020). Currently, the neighborhoods with the highest growth in Leipzig are Neustadt-Neuschönefeld and Volkmarsdorf, which surround the Eisenbahnstrasse (see Figure 1 and Table 3).

![Fig. 1. Eisenbahnstrasse and its context in Leipzig, Germany. Source: OpenStreetMap & Geofabrik GmbH (2020). Own elaboration.](image-url)
A comparison of these two neighborhoods with other districts in Leipzig reveals that both have a higher unemployment rate and a lower income per capita (Table 3; City of Leipzig, 2023a). This comparison shows how poverty is also a question of ethnicity (Platt 2007; Beach et al. 2019). Both neighborhoods have a relatively young population and a high percentage of students compared to the rest of the city. It is particularly the high proportion of foreigners in both neighborhoods (Figure 2 and Table 3; City of Leipzig, 2023a), which is rather atypical for (gentrifying) neighborhoods in East German cities apart from Berlin.

Table 3. Characteristics of the neighborhoods Neustadt-Neuschönefeld and Volkmarsdorf compared to the city of Leipzig. Source: Own elaboration based on City of Leipzig (2010, 2019, 2020a, 2021) and Kläring (2020).

<table>
<thead>
<tr>
<th></th>
<th>Leipzig</th>
<th>Neustadt-Neuschönefeld</th>
<th>Volkmarsdorf</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Socio-demographic</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Number of inhabitants 2022</strong></td>
<td>624 689</td>
<td>13 741</td>
<td>13 935</td>
</tr>
<tr>
<td>Change 2000–2022 [%]</td>
<td>30.1</td>
<td>71.9</td>
<td>84.5</td>
</tr>
<tr>
<td><strong>Average age of inhabitants 2022 [years]</strong></td>
<td>42.2</td>
<td>34.9</td>
<td>34.1</td>
</tr>
<tr>
<td>Difference between 2011–2019 [years]</td>
<td>-1.1</td>
<td>-4.1</td>
<td>-4.8</td>
</tr>
<tr>
<td><strong>Share of university students among inhabitants 2017 [%]</strong></td>
<td>11.0</td>
<td>19.0</td>
<td>22.0</td>
</tr>
<tr>
<td>Change 2008–2017 [%]</td>
<td>61.8</td>
<td>75.9</td>
<td>201.4</td>
</tr>
<tr>
<td><strong>Share of inhabitants with a completed degree from university 2021 [%]</strong></td>
<td>28.0</td>
<td>58.0</td>
<td>49.0</td>
</tr>
<tr>
<td>Change 2011–2021 [%]</td>
<td>14.6</td>
<td>201.1</td>
<td>113.0</td>
</tr>
<tr>
<td><strong>Share of foreigners 2022 [%]</strong></td>
<td>13.4</td>
<td>27.9</td>
<td>35.0</td>
</tr>
<tr>
<td>Change 2008–2022 [%]</td>
<td>139.3</td>
<td>35.4</td>
<td>94.6</td>
</tr>
<tr>
<td><strong>Socio-economic</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Unemployment rate 2022 [%]</strong></td>
<td>5.1</td>
<td>7.4</td>
<td>10.3</td>
</tr>
<tr>
<td>Change 2011–2022 [%]</td>
<td>-53.6</td>
<td>-60.4</td>
<td>-56.0</td>
</tr>
<tr>
<td><strong>Net income per capita 2021 [€]</strong></td>
<td>1592</td>
<td>1500</td>
<td>1500</td>
</tr>
<tr>
<td>Change 2011–2021 [%]</td>
<td>49.3</td>
<td>88.3</td>
<td>97.3</td>
</tr>
<tr>
<td><strong>Housing market</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rent for dwellings 2021 [€ per m²]</td>
<td>6.5</td>
<td>6.5</td>
<td>5.7</td>
</tr>
<tr>
<td>Share of inhabitants seeking to move (out of their flat) 2021 [%]</td>
<td>39</td>
<td>53</td>
<td>57</td>
</tr>
<tr>
<td>Share of inhabitants with residential property in 2017 [%]</td>
<td>14</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>Share of buildings constructed before 1918 (in 2019) [%]</td>
<td>21</td>
<td>52</td>
<td>56</td>
</tr>
<tr>
<td>Vacancy rate 2020 [%]</td>
<td>2.7</td>
<td>12.6</td>
<td>12.5</td>
</tr>
</tbody>
</table>
On the Eisenbahnstrasse, the high proportion of immigrants is accompanied by a considerable number of ethnic businesses (Kühl 2010). This leads to the paradoxical situation that migration is perceived as an economic resource, while, at the same time, it is related to the lack of security in the neighborhood, as displayed for example by the news coverage (Wiest & Kirndörfer 2019).

**Fig. 2.** Share of foreigners in 2008 and 2023 in Leipzig’s neighborhoods. Source: Own elaboration based on OpenStreetMap & Geofabrik GmbH (2020) and City of Leipzig (2020a, 2023a).

On the Eisenbahnstrasse, the high proportion of immigrants is accompanied by a considerable number of ethnic businesses (Kühl 2010). This leads to the paradoxical situation that migration is perceived as an economic resource, while, at the same time, it is related to the lack of security in the neighborhood, as displayed for example by the news coverage (Wiest & Kirndörfer 2019).
Compared to other areas, rent prices are still modest (ImmoScout24 2024). However, there was a significant increase over the past decade, particularly in Neustadt-Neuschönefeld (35% in City of Leipzig 2023a). This context of growth sheds new light on the process of gentrification on the Eisenbahnstrasse (Haase & Rink 2015). With regard to local economies, a beginning phase of commercial gentrification has been detected, with high shares of ethnic businesses on the main street Eisenbahnstrasse, and hipster cafes, bars, and vivid night economies on the side streets (Hübscher et al. 2021).

Against this background, the city council introduced the policy instrument Soziale Erhaltungssatzung (Social Preservation Statute) in summer 2020. This instrument defines areas where the social structure is intended to be conserved and maintained (City of Leipzig 2020b; Kleindienst 2020). The social preservation statute is designed to prevent expensive modernizations, which could lead to the “displacement of poorer households including migrant households” (Haase et al. 2020, 96). Apart from that, there have been other instruments such as the Waffenverbotszone (weapon ban zone). Introduced in 2018, the original intention behind this ban zone was to reduce crime on Eisenbahnstrasse (City of Leipzig 2023b). The efficiency of this instrument remains ambiguous, but racial profiling is criticized as one outcome, fostering the othering of ethnic minorities (Freestate Saxony & State Ministry of the Interior 2023). In this sense, “less openness towards migration” (Glorius 2021, 233) might be a typical phenomenon in East Germany and post-socialist countries in general, where immigration has played a less dominant role compared to West European countries. For instance, in Leipzig, the share of foreigners was only 2 % in 1989. This was influenced by the so-called contract workers from other socialist countries (Krahmer et al. 2020).

Leipzig’s Eisenbahnstrasse – current dynamics

Social and physical changes

The physical condition of the housing stock in the neighborhoods surrounding Eisenbahnstrasse was neglected during socialism and subsequently deteriorated after German reunification (I2, l.82). Both neighborhoods have a high percentage of buildings constructed during the Gründerzeit period. During this period of significant industrial expansion from 1871 onwards, buildings typically implied a representative architectural style and were embellished with decorative facades (I3, l.125). Apart from that, the interviewees concur that the neighborhoods have a very central location within the city (I2, l.30; I3, l.29). The distance to the city center and the central railway station is approximately one to two kilometers.

Since the 1990s, the district has received substantial amounts of public funding to improve its physical condition, as the property manager of a public enterprise confirms (I2, l.145). Compared to the other major main streets in Leipzig such as Georg-Schumann-Strasse or Georg-Schwarz-Strasse, Eisenbahnstrasse has required much more public funding (I2, l.149). The other streets “almost
developed themselves, with ideas” (I2, l.151). For example, Leipzig’s east has received funding from the *Soziale Stadt* (The Social City) program between 2000 and 2020. This program was supported by both the national and regional governments. In addition, the neighborhoods were funded by European Regional Development Fund structures during the same time period (City of Leipzig 2024b). These funding schemes contributed to strengthen the quality of urban spaces, but also the social and economic structures in the neighborhoods. Indeed, the physical condition of many buildings on the Eisenbahnstrasse has improved considerably: “It couldn't be much more luxurious than it is already today. Refurbished facades, new heating systems, staircases etc.” (property manager in a private company, I5, l.123).

In addition, the interviewees describe social changes in the neighborhood: “In the past, Germans lived here who benefited from welfare aid, now there are foreigners and younger folk” (I2, l.205–207). This dynamic is evident in both the housing market and in the local economy: “There are student bars, cafes and organic food shops” (I1, l.36). It is therefore not surprising that “many people say ‘this is the new place to be’” (I3, l.213). One real estate agent also links social change to the security in the area, which has improved substantially: “Before, you might have seen drug dealing. Now, with the increased police presence, it doesn't happen anymore” (I3, l.59-62). Nevertheless, it is assumed that so-called “mafia structures” still exist (I2, l.69). This perception is shared by several interviewees, although the visibility of these gangs is decreasing (I1, l.45).

The interviewees also reflect on the area’s function as arrival space. According to their description, the Eisenbahnstrasse is “the hotspot for immigrants, especially from the south and from Arab countries” (real estate agent, I4, l.69). Firstly, it is the ethnic economy with its high visibility that would attract more foreigners (I2, l.67–79). Secondly, the relatively low prices in the housing market compared to the Leipzig average are another pull factor, as the real estate researcher confirms (I6, l.134). In addition, the short walking distance to the city center (I7, l.95) is regarded as a further advantage. According to several interviews, the ethnic mix in the area causes problems: “I refer to the inhabitants from the south, who are much more open and spend a lot of time in public spaces, which is something that a German might not understand” (real estate agent, I3, l.253). As for one property manager, the real estate market on the Eisenbahnstrasse “has its own logic and works differently” (I5, l.70). For example, the ancillary costs of maintaining a property are higher in the area and one interviewee links this to some foreign tenants, who, according to the interviewee, would not know the tenancy law, would not take care of their apartments, and would not respect waste separation (property manager, I1, l.193–200, l.370–375).

**The market’s characteristics**

In Leipzig, over 70% of the housing stock constructed at the end of the 19th century (which represents the predominant architectural style on Eisenbahnstrasse) is owned by private individuals or homeowners’ associations based in West Germany (Rink 2022). Landlords on the Eisenbahnstrasse faced significant challenges in the years after German reunification. This was due to extremely high vacancy rates (up to 80% in the north of Volkmarsdorf in I7, l.105) and due to the very low prices in the market. As one interviewee observed, “For 15 years, it was a tenant’s paradise” (I2, l.275), where “newly renovated apartments were rented for 3.85€/m²” (I2, l.273). This is probably why the first influx of migrants during the 1990s and 2000s was regarded as a positive dynamic by homeowners, as this group filled a significant portion of the vacancy.

Today there is a wide range of prices between 4.30€ to 9.50€ (I1, l.51), although this range is much lower than in other large German cities such as Munich or Frankfurt (I2, l.266). However, prices on the Eisenbahnstrasse have recently reached a level where earlier investments are amortized for the first time (I3, l.288–291): “There were sales of entire buildings for 10,000€. The owners are now selling for 300,000€ – this has happened here on Eisenbahnstrasse” (I2, l.133–136).

The interviewees name three main features with regard to the characteristics of the investments. Firstly, there is an excess of demand. The demand is so high that it is “almost impossible to buy ’real estate on the Eisenbahnstrasse”, as one property manager notes (I1, l.232). Consequently, investors purchase whatever is available (real estate agent, I3, l.278). This is not only the case in the
east of Leipzig, but rather in the whole city: “There is nothing left.” (property manager at a public enterprise, I2, l.278).

Secondly, from the perspective of the purchaser, the ‘buy and hold’ strategy offers greater potential than ‘buy and sell’ (property manager, I1, l.225). Given that prices do not grow to the same extent, speculation with real estate is not very attractive (I1, l.227–228). Moreover, “Buying to live there is very uncommon.” (I1, l.314).

Thirdly, there are various categories of investors. Approximately 30% of investors have an international background (I1, l.326). There are also significant financial institutions and real estate investment funds that engage in such activities (I1, l.218). In addition, there are property owners who modernized their buildings in the 1990s and have faced deficits since then, leading them to reinvest in their properties (I1, l.219; I3, l.287–294). A fourth group are local investors, for example owners of property located on Karl-Heine-Strasse (street undergoing upgrading processes in the west of Leipzig). These investors pointed out that “we have to buy [on Eisenbahnstrasse] and gain a foothold in the market, before there is nothing left” (real estate agent, I3, l.214-216). The interviewee from the local municipality notes the evolving profile of investors over the last two decades. This observation is particularly relevant in the context of the ongoing financialization in the housing market (Aalbers 2017):

While in the period of shrinkage most of the buyers had a migrant background, in the last year it has become more common that intermediate buyers purchase these houses – large unknown companies, which previously did not operate in the east of Leipzig at all. So, the east has become an attractive commodity in the real estate industry (I7, l.151–156).

Gentrification on Eisenbahnstrasse seen through the lens of real estate stakeholders

Is Eisenbahnstrasse Leipzig's new gentrifying area?

Initially, our strategy was to ask indirectly about gentrification in a manner that did not explicitly mention the process, but rather focused on aspects of change. Subsequently, we would ask directly about gentrification. The interviewees’ opinions about gentrification on Eisenbahnstrasse vary considerably. Some property managers and real estate agents did not observe gentrification at all (I1, l.214; I4, l.110–120). However, the interviewee from the public enterprise declined to answer the question (I2, l.249). Only one real estate expert admitted that “there are first symptoms” of the process (I3, l.164). Otherwise, they all described the typical elements of gentrification, such as the revaluation of space and social change in favor of classes with higher purchasing power (Glass 1964). Despite the disparate perceptions of the interviewees, we argue that there are indeed characteristics that align with the concept of gentrification.

Firstly, it is the spatial and urbanistic characteristics of the area, such as the proximity to the center (Smith 1996) and the attractive architectural style (Jager 1986), which are comparable to other cases with gentrification processes such as in Kreuzberg or Neukölln in Berlin or Brooklyn in New York (Curran 2007; Stock & Schmiz 2019). In Berlin, gentrification has been observed in inner-city neighborhoods for more than three decades now and with more intensity compared to Leipzig. However, as Holm (2020) puts it, we can anticipate a growing gentrification pressure in most of the East German large cities, and Leipzig is no exception here.

Secondly, Eisenbahnstrasse has undergone profound transformations in terms of social dynamics. The area was originally a working-class district (I2, l.139), with some of the old-established inhabitants still residing there (I6, l.116). Shortly after the German reunification, the area underwent a transformation, becoming known as “migrant neighborhood” (Kühl 2010) and “arrival space” (Haase et al. 2020, 89). Subsequently, about a decade ago, the influx of students and artists symbolized yet another dynamic shift (I2, l.100–102). The arrival of “young Germans during the last couple of years is very visible, particularly with regards to these new coffee houses”, as the real estate researcher confirms (I6, l.147–148). This may be indicative of the initial phase of gentrification, during which students and artists are perceived to be playing a pioneering role (Üblacker 2016): “Currently everyone [the students] lives in the east [of Leipzig]” (I6, l.205). The high share of university students living in the
area might also indicate a studentification process, which has been a typical element in several large cities in East Germany in the post-socialist context (Wiest & Hill, 2004; Smith & Holt 2007). Given the considerable increase of inhabitants with academic university degrees in the area (a 2.5-fold increase in Neustadt-Neuschönefeld and a 2-fold increase in Volkmarsdorf between 2011 and 2021), we might even speak of an “academification” (Egsgaard et al. 2022, 1).

The potential of such a process and its spatial impacts have been described and theorized by Florida (2002), and the aforementioned observations of the interviewees confirm the significance of these factors in the upgrading processes on Eisenbahnstrasse. However, the specific role of young academics in the gentrification process remains unclear. Here, we argue that this group might be situated somewhere between the roles of pioneers and gentrifiers. The transition from student to degree holder does not necessarily entail a radical shift in lifestyle.

The described dynamics do not merely impact the housing market; they extend to other sectors as well. Furthermore, interviewees reflect on the diversifying commercial structure (I1, l.37), which forms part of a commercial gentrification process (Hübscher et al. 2021; see Fig. 3, right).

Thirdly, we explain potential gentrification processes from two perspectives. From the perspective of supply, interviewees assume that the income disparity is more pronounced in the Eisenbahnstrasse compared to other neighborhoods in Leipzig (I3, l.270–273): “It is the last remaining area of affordable housing in the center.” (I1, l.28). Based on the aforementioned buy and hold strategy, the rent gap theory explains the dynamics better than the value gap (Hamnett & Randolph 1984; Smith 1987).

**Fig. 3.** Left: Ethnic economies on Eisenbahnstrasse (top) and recently renovated multi-story building (bottom). Right: new gastronomy. Source: own photographs.
A mere 5% of the population in Neustadt-Neuschönefeld and Volkmarsdorf own their own property (Table 3), which represents a low value when compared to other German cities with an average of 49.5% homeownership in Germany (Statista & Eurostat 2022). Thus, we assume that landlords play a crucial role when it comes to deciding about whom to rent out a flat to. This is particularly what might make these neighborhoods vulnerable to displacement. Conversely, one potential explanation for gentrification is the cultural change that occurs in the area. This change results in a new demand for the area due to the arrival of new groups of inhabitants who actively seek an “aura of authenticity” (Zukin 2008, 736).

Despite these arguments, some of the interviewees put forth two reasons why, in their view, this process should not be regarded as gentrification. Firstly, the new tenants mostly occupy vacant apartments and do not displace other inhabitants (real estate agent, I4, l.111–121). This statement is difficult to contest, as in gentrification research, it is challenging to assess and verify eviction (Beran & Nuissl 2023). Indeed, the vacancy rate in the housing market has decreased between 31.5 and 39.4 percentage points in Neustadt-Neuschönefeld and Volkmarsdorf between 2000 and 2020. This is a notable decline, yet the vacancy rate in these areas (12.6% and 12.5%) remains quite high compared to Leipzig's average of 2.7% (Kläring 2020).

Secondly, two stakeholders from private real estate companies point out that a notable influx of gentrifiers, such as representatives of the middle class, does not occur. This is because, according to the interviewees, the neighborhoods in question lack sufficient attractiveness. In the area, there is a shortage of parks, schools, and kindergartens (I1, I.337–341). Additionally, the perceived lack of security is a considerable obstacle (I3, l.193). However, we still argue that there are certain patterns of an early phase of gentrification on Eisenbahnstrasse. These patterns become most evident in the manner in which real estate stakeholders perceive ethnicity in the area.

Ethnicity, gentrification, and discrimination

Ethnicity might play a double-edged role in the housing market. According to Zukin (2008), ethnicity is associated with authenticity and attracts new inhabitants to the area, thereby triggering gentrification. With regard to our case study on Eisenbahnstrasse, the interviewees did not explicitly confirm this narrative. Other methods would have been necessary to confirm or refuse this observation in general. However, and this is the dominant perception of the interviewees, ethnicity is rather seen as an obstacle. The conflation of discourses between ethnicity and security in the area by the media creates the impression that there is indeed a causal link between the two. This is what “horrifies families with children” (I3, l.193–194), who would otherwise move to the area.

One of the central questions is how local stakeholders in the housing market cope with the aforementioned allegation and which strategies they employ. Here, one discriminating opinion among the interviewees stands out: “Ethnicity is like a magnet. This results in the formation of a specific type of ghetto, which should be avoided from my point of view.” (I4, l.93–98). Later in the interview, the real estate agent added: “Social mixing should be promoted on the Eisenbahnstrasse and ways should be sought to dismantle this ghetto” (I4, l.368–369). The interviewee explicitly refers to what other scholars have critically discussed as a gentrification policy that is masked behind the promise of social mixing (Lees 2008).

It is the new tenants, such as young students, who “open up the social environments” (I1, I.359–340) and would thus improve the milieu. This is a well-established strategy, as evidenced by the fact that social mixing has been instrumentalized to foster gentrification in numerous other cases across the globe (Mösgen et al. 2019). This resulted in what has been termed a gentrification by stealth (Bridge et al. 2011). In this context, ethnicity becomes an attractive feature of the area for certain groups (Hackworth & Rekers 2005; Polat 2018). Yet simultaneously, ethnicity is employed to differentiate between the in-group and the out-group (Crang 1998). Local housing market stakeholders appear to be particularly susceptible to such practices, as there is mostly little ethnic diversity among these stakeholders, at least in the German context (Hanhörster & Lobato 2021).

However, landlords play a key role, because they “decide who rents their apartments” (Miessner 2020, 16). This applies particularly to a setting such as Eisenbahnstrasse, with a very low homeownership
rate (Table 3). “Landlords and housing agents respond to the ‘hipness’ of these areas by preferring renters who signal a higher status” (Auspurg et al. 2017, 34). On the Eisenbahnstrasse, landlords utilize their influence to cultivate a clientele that aligns with their preferences. They tend to favor students over “unemployed foreigners, which provokes a certain displacement” (real estate agent, I3, l.157–161). Students may also be preferred by landlords due to their ability to afford higher rents (adding the incomes of several individuals), in contrast to one or two breadwinners in traditional family models (Miessner 2017). Students thus become a “highly competitive group in the market, who can keep up easily with families or migrants” (I6, l.262).

One strategy to promote this social change, as suggested by an interviewee, is to avoid advertising vacant apartments in the windows of the buildings. Instead, landlords tend to prioritize online advertising, which simply serves to attract a different, non-local clientele, as one real estate agent reveals (I3, l.118–121). This does not only show the extent of discrimination, but also aligns with Marcuse’s (1985) concept of exclusionary displacement. Such strategies may not actively evict current tenants, but they can prevent an unwanted out-group from moving in. This may result in a gentrification by stealth, which remains rather difficult to grasp, as evidenced by the case of Amsterdam (Sakizliogly & Uitermark 2014).

Due to the qualitative design of our study, we are unable to provide evidence of factual evictions. However, the statistics show a slight decrease in the percentage of foreigners in Neustadt-Neuschönefeld and Volkmarsdorf from 2019 to 2020, for the first time since 2012 (City of Leipzig 2023a). This is what we interpret as a change in the demographic dynamic. This argument is further supported by Stegmayer’s (2022) observation of changing out-migration patterns on Eisenbahnstrasse. Between 2014 and 2017, most of the foreigners leaving Volkmarsdorf moved to the neighboring district Neustadt-Neuschönefeld. Contrary to that, out-migration between 2018 and 2020 focused on districts in the eastern periphery of the city, which is interpreted as a certain displacement (Stegmayer 2022).

Ethnicity and gentrification – concluding remarks on a conflictual pair

“The role of ethnicity and/or ‘race’ in gentrification processes is often ambiguous” (Huse 2018, 197). Our study demonstrates how this also applies to the city of Leipzig. The case study on Eisenbahnstrasse is the first urban neighborhood in East Germany where ethnicity is a relevant aspect in gentrification processes, excluding Berlin. Hence, this arrival space represents a compelling case to study in a post-socialist context, where the interplay between gentrification and ethnicity is rather a novel dynamic.

The objective of this article was to examine the relationship between gentrification and ethnicity in our case study. We do so by exploring the perspective of local stakeholders in the field of real estate. We are aware of the rather small size of the sample. However, reaching out to these stakeholders, particularly those on the private market, is a challenging endeavor, as they often neglect to participate in such critical research due to business reasons. By interviewing a variety of stakeholders on the supply side of the housing market, including private and public enterprises, local administration, and local research, we sought to provide a more balanced set of opinions. At the same time, this might lead to an overemphasis on some single voices. In addition, the nexus of gentrification and ethnicity is relatively understudied, particularly in the European and German context. The use of established concepts from North America provokes questions about their transferability. Despite these limitations, this study brings light into a perspective that is neither transparent nor easy to approach, making our findings even more relevant.

The following points summarize the main findings based on the empirical material. Firstly, our paper contributes to the question of whether or not the processes on Leipzig’s Eisenbahnstrasse can be regarded as gentrification. The majority of real estate stakeholders hold the view that gentrification is not a relevant process in the neighborhood. Paradoxically, they describe several of the elements that we consider to be typical indicators of gentrification, including a notable physical revaluation of the built environment and a social change. Gentrification on the Eisenbahnstrasse might not be in a final stage, but the intentions and argumentations of some of the stakeholders in real estate suggest that a further social upgrading is desirable from their perspective. This upgrading would involve...
attracting new inhabitants with higher income or status. As the vacancy rate continues to decline, we argue that further gentrification in the housing market is to be expected. This phenomenon is likely to parallel the commercial gentrification that has already been identified in the field of local economies (Hübscher et al. 2021). In this pioneering phase of gentrification on Eisenbahnstrasse, evictions have not yet become very visible so far. However, what we observe here rather relates to a stealthy gentrification (Sakizliogly & Uitermark 2014). It is particularly the real estate stakeholders that play a crucial role here. Our interviews indicate that these stakeholders do not actively engage in practices of ethnic packaging, but they do benefit from other social groups seeking an international atmosphere on Eisenbahnstrasse, such as students.

Secondly, we identify discriminatory logics linked to ethnicity which manifest in a multifold way. With regard to the weapon ban zone, racial profiling has become evident and institutionalized. This has “opened up questions about how city officials and society perceive and cope with internationalization” (Haase et al. 2020, 97). However, we also reveal another, even more subtle and less visible discriminatory practice in the housing market. In Leipzig, we confirm a narrative of how “ethnic minority communities are targeted as dysfunctional and thus in need of improvement” (Huse 2018, 190). It can be observed how terms such as diversity and social mixing are employed as a counter strategy to ethnicity. According to this narrative, gentrification is seen as a means to achieve this aforementioned improvement, as it diversifies the social structure (Lees 2008). In this sense, real estate stakeholders assume a gatekeeper role in the housing market, determining who is permitted to enter the market and who is not. This is particularly problematic in the east of Leipzig, where the rate of homeownership is notably low.

On that basis, we propose that urban policymakers consider the implementation of additional policy instruments. The social preservation statute, which is already in effect in the neighborhoods surrounding Eisenbahnstrasse, is designed to preserve the existing social structure. This statute brings about considerable costs for the city administration (I6, l.347). Moreover, it fails to protect the existing arrival structures, which will be lost if gentrification proceeds and thus provokes a certain disintegration of arriving persons (Huse 2018). Furthermore, the general shortage of affordable housing and discriminatory practices by landlords contribute to the exacerbation of this disintegration (Dunkl et al. 2019).

Indeed, the role of how migration is perceived within Leipzig’s urban planning has undergone a significant transformation over the past two decades. As Bernt (2019, 65) notes, “one can observe a growing openness towards migration-related issues”. However, more specific means are necessary to protect arrival structures, which “address the needs of migrants, e.g. services that help them navigate the bureaucracy” (Haase et al. 2020, 96). In addition, considering the high number of out-migration of foreigners from Eisenbahnstrasse to other neighborhoods in the eastern periphery of Leipzig (Stegmayer 2022), one might raise the question of how to establish such structures in these less central neighborhoods. It is imperative to implement a continuous monitoring of socio-economic parameters in these districts in order to decide upon the efficacy of specific policies.

In a globalized world, migration is an essential element of contemporary urbanism (Wiest 2020). Hence, for future research, it would be beneficial to diversify research on ethnicity and gentrification geographically. Apart from that, we also call for more conceptual thinking on the relationship between gentrification and ethnicity. As Kirkland (2008, 18) notes, “Race as a subject […] is even missing from most published definitions” of gentrification. Huse (2018) has made first steps into this direction, reflecting on the constructiveness of ethnicity and its ambiguous roles in revaluation processes. In this sense, our paper adds further insights into the (often) hidden logics of racism on housing markets, masked under the popular catchphrase of social mixing.

References


