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Real Estate Research in the Production of Urban Space: A Pervasive Debt of Latin American(ist) Geography

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Introduction

Urban research has had a long, though not especially permanent, presence within Latin American(ist) geography in general, and in the almost half a century work of the Conference of Latin American Geography (henceforth CLAG), specifically. In fact, the first issue of CLAG's *Publication Series* (the predecessor of the *Journal of Latin American Geography, hereafter JLAG*) featured two articles explicitly addressing urban themes (Bramhall, 1971; Pyle, 1971). In that same number, however, John Augelli shared James Parsons' (1964) statement on the lack of attention to contemporary economic development topics in Latin American(ist) geography, like urban issues (1971: 429). In this sense, according to Augelli (1971), there was a tendency in Latin American(ist) geography towards avoiding the most "relevant" or politically pressing contemporary issues of the region, such as the then called "urban explosion" and its associated problems. This omission is notoriously linked to the history of Latin American(ist) geography as a discipline in the US, whose development took place in close relationship with the Cold War "wave" of area studies (Sidaway et al., 2016; Finn & Hanson, 2017), significantly facilitated by the substantial sponsorship of the US government (Augelli, 1971). This knowledge configuration, with a lasting impact in Latin American(ist) geography, had an emphasizes on direct military use, inherited from WWII, as well as an accent on otherness, exoticism, and backwardness (Sidaway et al., 2016; Finn & Hanson, 2017).

Both geography as a social science and the world have changed significantly since the early days of CLAG, five decades ago. Latin American(ist) geography has changed too, widening theoretically, methodologically, and thematically. Urban-related subjects, in the same way, have tended to increase their presence in Latin American(ist) geography, as a rapid revision of JLAG historical index suggests. However, the research about real estate development within the context of urban geography still constitutes a pervasive debt within Latin American(ist) geography. This has only started to be addressed more systematically within the last decade, as I will address below.

More recently, Latin American(ist) geography has also started to be much more direct about the politically relevant issues of the day, as shown in the explicit editorial turn towards critical and activist geographical scholarship of JLAG from 2016 (Gaffney et al., 2016) and subsequent Letters from the editor in the same journal (Finn, 2019a and 2019b). It is within this rationale, I argue, that the research on real estate agents, logics, mechanisms, and discourses in the production of the space of Latin American cities should be much more deeply addressed. This relevance has to do with the growing relevance of real estate in the production of physical and social space in Latin American cities. The latter is especially salient, since Latin America is the second most urbanized world region, following North America, as well as the home of six of the thirty-three existing megacities (cities of more than 10 millions inhabitants) worldwide in 2018 (United Nations, 2018), a far greater proportion than its 8.5 percent world population share (United Nations, 2017).

This commentary is structured in three parts. First, I outline the limited trajectory of real estate development research within Latin American(ist) geography, and especially in JLAG, albeit with a growing relevance throughout the last decade. I then reflect on possible reasons for this

debt, before reflecting on the implications of this shortcoming, and point to future research trends within real estate development in Latin America that I consider especially promising and relevant.

Trajectories of real estate and urban space research in Latin American(ist) Geography

The trajectory of scholarship on real estate and urban space within Latin America cannot be separated from broader urban research about the region. Real estate did not appear as a subject of research on itself on the first decades of CLAG but was assumed (and subsumed) within urban geography in general. In this way, during the 1970s and 1980s, for instance, and taking CLAG publications as a reference; there appears research on urban development policy (e.g. Bramhall, 1971; Pinchas & Geiger, 1983), housing affordability (e.g. Pinchas & Geiger, 1983; Aryeetey-Attoh 1989), slums and squatter settlements (e.g. Brunn, 1973; Jackson, 1981), and urban immigration (e.g. Paviani & Costa Barbosa, 1975), among others. In those decades, the majority of Latin American countries were still undergoing significant processes of rural-to-urban migration, which cannot be separated from the issue of regional inequalities at the national scale. Precisely the aforementioned areas of urban research have a direct relationship with these processes of migration and regional inequalities, especially during the 1970s (Angotti, 1987). In the 1980s, research tended to be mostly centered in case studies. However, most of this research, as Latin American(ist) urban geography in general, was highly descriptive, idiosyncratic, and empiricist (Angotti, 1987), giving pertinency to Klak's (1992) call for a more theoretical, integrative, and comparative scholarship. This partial focus on different urban problems may have obscured the need to explore its root causes and among them the working of real estate markets. Paraphrasing Brett Christophers (2019) when referring to finance in geography, real estate has

been historically “black-boxed”; without developing a complex understanding of the inner workings of real estate itself. In this sense, developers and other agents of developmental processes have been widely understood as passive actors (Smith, 1979).

The last two decades have seen a gradual increasing and diversification of the presence of urban geography in CLAG publications, including a growing presence of Latin American authors. In this context, real estate has begun to be understood as a growing urban problem worthy of research, especially since the 2010s. This can be seen in the pages of recent issues of JLAG, including articles on residential real estate development and gentrification (López-Morales, 2010), urban entrepreneurialism (Stackhouse, 2009), socio-spatial segregation and fragmentation (Peters & Skop 2007; Vidal Koppmann 2009; Buzai & Marcos 2012), touristification (Pérez Campuzano et al., 2014), large urban projects (Freitas, 2018), and urban land dispossession and sustainability (Napoletano et al. 2019). Similarly, other subjects less directly related to real estate have been addressed, including water insecurity and poverty (Aguilar & López 2009), homelessness (Schmidt & Medeiros Robaina, 2017), exclusion in public space (Formiga, 2007; Galvis, 2017); discourses of urban development (Gaffney, 2010), urban economic development (Braumann & Stadel 1999), and policy mobility (Jajamovich, 2016). The diversity of this research reflects the increasing complexity of demographically consolidated Latin American urban areas and its growing relevance in social, cultural, political, and economic terms.

The emerging presence of the study of real estate within Latin American(ist) geography is associated with the change of forms of production of Latin American urban space. Following Pedro Abramo (2012), the logic of shelter need (urban popular settlements) and the logic of the state (state-sponsored or produced housing) have started to be complemented, changed, and disrupted by the logic of the market (commodified housing) in urban space production. In more concrete

terms, market-driven real estate development is quickly overtaking urban informality and state-led urban development, albeit in a context of variegated and path-dependent neoliberalism (Brenner et al, 2010). We have also recently witnessed a significant reorientation of the state toward entrepreneurialism, the development of capital markets, a significant capital accumulation within the construction industry, and strong but unequal wealth growth. The consolidation of urban land markets in Latin America began in Chile in the 1970s (Donoso and Sabatini, 1980) and expanded significantly in the context of neoliberal economic reforms throughout the 1980s and 1990s. This is strongly associated with greater market penetration in property relations, leading to the commodification of urban space, especially in large metropolitan areas and dynamic secondary cities.

Why the omission of real estate role when understanding the production of Latin American cities?

There are several reasons why real estate development has been understudied in Latin American(ist) urban geography. In this section I point to an interrelated set of causes, issuing a call to action for geographers researching Latin American cities, and especially for those concerned with their socially and politically relevant problems. I identify three key lines of explanation: (1) the historical role of the state in the region; (2) the weak connection between academia and real estate practice; and (3) the Latin American studies focus on otherness and subalternity.

First, historically, the state has had an outsized role in the region, even when in many cases its territoriality has been incomplete and its legitimacy porous (Medellín, 2004). The majority of

contemporary Latin American states are the successors of colonial states, whose formation precedes, in general, the formation of their nations. Colonial societies were highly stratified estate societies, with the state acting as a glue between separated social worlds. In the late 19th century newly independent states inherited the oligarchic character of the previous colonial order, being used by new and old elites to consolidate their position. In the 20th century, within a disputed class terrain the developmental state adopted a key role in organizing both capital production and social reproduction. In urban development, this was seen in active housing policies involving either direct state development or the state organization of housing demand by promoting the participation of saving banks, pension funds, and cooperatives, among other mechanisms of housing finance. In this context, however, the state left a significant unattended population, concentrated in unplanned, informal settlements and slums.

If the state had a key historical role in structuring Latin American societies, we are now globally witnessing a “decentering” of the state toward supranational and subnational levels, as well as to civil society (decentering up, down, and out, respectively) (Pierre & Peters, 2000). In Latin America specifically, there has been a reshaping of the role of the state in the context of the political “Janus face” of governance, where decision making can be either democratized or privatized (Swyngedouw, 2006). As a consequence, the traditional division of work between the state and the market has been radically rewritten and, in many aspects, blurred, in the context of a “regulated deregulation” process (Aalbers, 2016). In this context, a dynamic real estate industry has emerged in most of the Latin American countries, especially in their metropolitan areas, like Mexico City, Buenos Aires, Sao Paulo, Rio de Janeiro, Lima, Bogotá, and Santiago.

A second factor for the deficit of real estate in Latin American(ist) urban geography is the disconnection between academia, especially in geography, planning, and urban studies; and real

estate practice. In general, programs in real estate education in Latin America are relatively recent and, most of the time, they are associated either to business or construction schools (Clavería, 2010, August 10), with the systematic study of these subjects in geography, planning, and urban studies being a still more recent phenomenon. In this way, the approach to real estate from academia has been much more practical than comprehensive. And while academic engagement with real estate development is becoming more comprehensive, in social sciences it oftentimes prioritizes the social and spatial consequences of the working of the real estate market rather than the understanding of the market on itself and how it produces its own space (Harvey, 1984). As a consequence, social sciences academia and real estate business communities have only limited contact points, leading to a lack of understanding and even suspicion between these two communities. Specifically, social sciences academia tends to view the real estate industry through a highly critical lens. Industry actors, meanwhile, tend to see academic research in the social sciences as irrelevant, assuming many times that researchers have a prejudiced and caricatured portrait of the industry and do not actually understand what developers do. These phenomena are sharpened by the historical interpersonal and institutional suspicion existing in most of Latin America societies, which have been reinforced with the legitimacy crisis of the political-economic order in most of Latin American countries during last years (Corporación Latinobarómetro, 2018). Besides, in most of the Latin American countries, there is limited public spatial and statistical data, as well as a historical lack of state transparency. These phenomena make it difficult to obtain high quality primary and secondary real estate data for research. However, this is beginning to change with new social, corporate, and institutional demands for transparency, along with the technology-related developments of the internet, big data, and GIScience.

A third factor is a focus on otherness and subalternity that has been historically prevalent in Latin American studies in general, and in Latin American(ist) geography in particular. An understanding of Latin America's socio-spatial reality as an "other" from developed countries has likely focused the attention precisely in those aspects that make Latin America *different*, thus making less visible an industry like real estate that is consubstantial to capitalist development (Harvey, 1984). Concerning subalternity, a second mechanism could also be in operation: a focus on social inequality and injustice could easily and justifiably direct researchers' focus to those collectives experiencing exclusion and domination. However, this might contribute to remove elites (generally) and the real estate development industry (in particular) from the academic gaze. If the real estate development industry works ultimately under the same logic elsewhere in other capitalist world regions (i.e. basically the transformation of built space in order to make use of land rent creation and appropriation), it is also true that their agents, logics, mechanisms, and discourses are different from those of the developed world, responding to the distinctive economic, political, institutional, and spatial setting where it works in Latin America.

Implications and future research

The relative debt of Latin American(ist) urban geography with real estate development is neither trivial nor justifiable, especially in the current context of neoliberalization, privatization, economic slowdown, financialization, and growing wealth concentration. Within this background, real estate has become an outstanding investment channel in Latin American economies, with key implications in critical urban processes like gentrification, sociospatial polarization, housing crisis, and the restructuring of urban governance. The implications of this gap are manifold, both

theoretically and socially. In theoretical terms, there are a number of points to emphasize. First, real estate development is a key component in “spatial fix” processes, which allows the “creative destruction” of space that makes it possible for capitalism to survive as a mode of production (Harvey, 2001). In this way, real estate development is a crucial component of the re-production of uneven development, especially at the urban scale, by connecting structural and local forces in cities. Second, real estate is central to understand the growing influence of finance in Latin American economics (Abeles et al. (Eds.), 2018), with real estate acting as the mechanism of “territorial anchoring” of finance, especially in cities (Theurillat & Crevoisier, 2014). Third, real estate has a central relevance in the class constitution in current Latin American societies, both in material and symbolic terms. Materially, the development of the capitalist housing market in most of the Latin American countries is producing new property relations, with the commodification of housing producing new power configurations and increasingly contributing to household income and wealth inequality, indebtedness, and vulnerability. Symbolically, and especially for the new Latin American middle classes, housing consumption has started to be a central component in their class consciousness (Svampa, 2001).

In social and political terms, the growing relevance of real estate in urban development has had direct impacts in various of the most pressing issues that Latin America’s urban inhabitants currently face, like the growing housing crisis, the persistence of urban informality, the increasing spatial polarization, and fragmentation, as well as growing unrest around built environment, especially in relation to urban redevelopment, megaprojects, housing affordability, and environmental issues. In this way, this deficiency should be urgently addressed not just for theoretical reasons, but to engage with some of the most critical present-day social and political issues of Latin American cities.

Finally, it seems to me that there are a number of especially promising and relevant future research trends within real estate in Latin American cities: the role of real estate development in the contemporary reshaping of the urban socio-spatial structure; the financialization of real estate and its relation with spatial and economic inequality; the interaction of real estate markets and land policies; the understanding of real estate within the context of contemporary rentiership, in the context of the current Latin American neo-extractivist model; the links between real estate and the production of environmental vulnerability, especially in the context of global climate emergency; and the submission of planning and urban policy to real estate interests either through structural dependency, ideological reasons, or co-opting of by real estate and financial industry. These issues are all at the center of the complex socio-spatial challenges that Latin American societies face today.

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