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Book review : Rachel Weber (2015) From Boom to Bubble. How Finance Built The New Chicago

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From Boom to Bubble. How Finance Built the New Chicago, Rachel Weber, Chicago, University of Chicago Press, 2015, 296 p., \$45 USD, ISBN 9780226294483

Rachel Weber's recent book offers a landmark contribution to the scholarship of urban studies. Written in a sharp and vivid style, and drawing from an intimate knowledge of Chicago, *From Boom to Bubble* constitutes an impressive work. Combining empirically-rich material with theoretically-informed research, Weber achieves the feat of bringing a strikingly new perspective on the much-debated question of why urban development is prone to overbuilding.

Observing that the property industry and city-makers at large regularly engage in the production of new buildings far beyond the needs of local populations and businesses, as epitomized by the U.S. "millennial" boom (1998-2008), the author first debunks the two main explanations at hand. She disqualifies the postulate emanating from mainstream real estate economics which stipulates that supply is a "passive recipient of market dynamics" (p. 24). Not only because such a demand-led perspective is "oblivious to governments" (p. 24), but also because much basic evidence suggests the opposite, as attested by very sluggish growth and limited technological improvement that belie any idea that the millennial boom was demand-led (pp. 111-118). Supply-side accounts rooted in various heterodox traditions are equally dismissed, this time on the grounds that capital "is often characterized as perpetually dynamic and naturally expansionary while the actors and institutions that make capital mobile are deemed irrelevant and unexamined", and thus "as faceless or highly scripted" (p. 30).

Nevertheless convinced that "the circulation of capital is at the root of most physical changes in the built environment" (p. 31), Weber elaborates an alternative explanation to overbuilding using an institutional epistemology that is based on an agent-centred approach. Inspired by works involving a rich sociological perspective, she aims to show how the circulation of capital is *performed* and thus emphasises the process of "co-construction" to explain how supply and demand interact and combine in overbuilding. Adopting an "elite ethnography", the research draws from 80 semi-directive interviews undertaken between 2005 and 2014, supported by quantitative data analysis and mapping, and a survey of the grey literature. It identifies three causes of the millennial boom-bust: the supply of capital enhanced by regulatory and technology changes (securitisation); the social practices and status of property intermediaries (brokers, appraisers); and entrepreneurial policies of city governments.

The argument is developed in three parts. In the first, readers are provided with the theoretical framework (chapter 1) followed by an analysis of the links between property development and finance (chapter 2) and the role and practices of intermediaries, from brokers to city planners (chapter 3). The second part is dedicated to the case-study of downtown Chicago. An historic survey of construction booms and a deconstruction of the weak link between the latest property boom and the drivers of demand (job growth, property upgrading) (chapter 4) leads to an analysis of the decisive role of capital suppliers (chapter 5), including the city government's strategy to manage the generated surplus (chapter 6). A third and shorter part is dedicated to a policy-oriented discussion (chapter 7). After reviewing the (few) pros and (many) cons of overbuilding, Weber suggests that property supply should be more controlled, both in terms of location and rhythm. This would not only require more stringent regulation, but also a significant break from current investment time horizons and planning mindsets. Last but not least, she makes clear that the scale of regulation lies well beyond individual cities, as is the case with capital controls at the national and global scales.

Weber's contributions to urban studies are manifold, starting with a unique study of urban redevelopment processes in U.S. cities. In the same vein as Susan Fainstein's seminal *City Builders* (2001), the book offers a revamped analysis of urban transformations in the context of the millennial boom and the intricate relations between capital circuits, the property industry, and municipal policies. Weber convincingly argues that these interactions depend upon a combination of three elements: the circulation of technical knowledge and professional norms embedded in cognitive categories (e.g. class A, B, C buildings used by brokers, policy terms like "blight", and normative judgements like "obsolescence"); reciprocity systems that incentivise social agents as they exchange both material (e.g. business fees, fiscal resources) and symbolic (e.g. architectural change in the skyline, once-in-a-lifetime property deals) resources; and the workings of grounded social networks, both within the property industry and between its members and political representatives.

The book also offers a valuable insight to the polyphonic field of the financialisation of urban production (Halbert and Attuyer 2016), including by overcoming some of its limits (Christophers 2015). Firstly, the author uniquely deciphers the different circuits of capital involved, from banking intermediation (loans) to debt-backed securitisation – including the municipal tax base. This *tour de force* is achieved by deconstructing the "financial lifecycle" of buildings considered "not just as places and spaces, but as sets of events defined by the movement of capital into and out of them" (p. 41). This enables the book to expose how, as capital and property markets integrate – as suggested elsewhere (i.a. Coakley 1994), urban

redevelopment becomes an “asset assembly line” (p. 155) – a striking expression to capture the current degree of industrialisation, in terms of: scale (20 new towers of commercial property totalling 20 billion sq. ft., i.e. a 15% increase in stock); refinement of the division of labour between investors, developers, brokers and appraisers; and robustness of routine operations. Secondly, the significance of financialisation on urban space is tackled by highlighting how it produces a new landscape, made of standardised properties and locations. It also shows how a “two-tiered system” of tenant selection (p. 85) shuts off access to new downtown buildings in favour of elite businesses such as global advisory firms. Thirdly, the book makes a major claim about the role of Chicago’s city government, “the most noteworthy agent of property financialisation” for “it helped create the assets that could be transacted and monetized” (p. 145). Two policy instruments are particularly discussed: value-capture tools which allowed the securitisation of the local property tax base (TIF), and more mundane socio-legal powers such as flexible zoning (Planned Developments).

Yet, if the two first points strongly echo recent research on financialisation of urban redevelopment (Theurillat and Crevoisier 2014; Guironnet et al. 2016), the analysis of the city government leaves important questions open. Firstly, although a range of motives explaining why the entrepreneurial City Hall gives legitimacy and power to property and capital suppliers is scattered throughout the book, they are never centrally confronted. Readers are left with the dizzying task of drawing relationships or hierarchies between variously Mayor Dailey Jr.’s project for a 24/7 mixed-used downtown, the lure of fiscal revenues, symbolic pride attached to a global city-like skyline, or the weight of the municipal debt. Secondly, the lack of attention to the inner workings of city government leaves the reader wondering how financialisation affects public institutions (Ashton et al. 2016): does it create internal tensions? And, if yes, how are they overcome? More generally, the book ignores the potential conflicts affecting Chicago’s “growth machine” (p. 75), be they between its members (e.g. on the conflict between appraisers and investors, Crosby and Henneberry 2016), or with local communities. Is it that the historical intimacy between financialisation and Chicago, the latter being presented as the cradle of securitisation, rules out any possibility of contestations?

This latter question incidentally raises the issue of the specificity of the case under study. Can the observations on Chicago be extended to other U.S. cities if it is such an extreme case of financialisation? Furthermore, how does the acknowledged monocentricity of Chicago’s commercial property market distinguish it from more polycentric city-regions where intra-metropolitan competition and cross-metropolitan coordination may differ? Lastly, can the seamless hegemony of the city’s entrepreneurial agenda be explained by the peculiarity of the

U.S., as has been debated in the past in relation to the transportability of other urban theories elaborated in this context (Harding 1997)?

The answers to these questions obviously lie beyond the scope of the book and call for comparative work to explore the forms and effects of financialization on urban space in different national and urban contexts. However, Rachel Weber's contribution will prove a most useful companion in this endeavour, in particular for those seeking to understand how capital circuits play out over urban change.

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