Reading French and Brazilian urban studies on real estate development
an historical perspective on financialization

Lucia Shimbo, Universidade de São Paulo
Fabrice Bardet, Université de Lyon
Alexandre Coulondre, Université Paris-Dauphine
Introduction
Contemporary perspectives on financialization of urban space

- New actors / new capitals / new circuits (Halbert and Attuyer, 2016)
Contemporary perspectives on financialization of urban space

• Non financial-firms (Aalbers, 2016)
Another perspective on financialization

"Colonization" of firms and public policies by financial tools (Power, 1997; Chiapello, 2015).
What transformation in the activities of developers?

- Exploratory research on developers in Lyon and Paris
  - Narratives and numbers around housing markets

- Cross-historical review of the literature devoted to urban developers in France and Brazil

- Useful links between French and Brazilian contexts
  - New role of developers in the social housing sector in both countries
Developers producing social housing in France and Lyon

3) Proportion des LLS neufs réalisés en VEFA

<table>
<thead>
<tr>
<th>Année</th>
<th>Tous LLS neufs</th>
<th>Logements ordinaires</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>12,4 %</td>
<td>14,3 %</td>
</tr>
<tr>
<td>2007</td>
<td>12,4 %</td>
<td>15,9 %</td>
</tr>
<tr>
<td>2008</td>
<td>18,9 %</td>
<td>24,1 %</td>
</tr>
<tr>
<td>2009</td>
<td>29,2 %</td>
<td>35,6 %</td>
</tr>
<tr>
<td>2010</td>
<td>24,7 %</td>
<td>30,3 %</td>
</tr>
<tr>
<td>2011</td>
<td>31,5 %</td>
<td>38 %</td>
</tr>
<tr>
<td>2012</td>
<td>31,3 %</td>
<td>37,3 %</td>
</tr>
<tr>
<td>2013</td>
<td>32,5 %</td>
<td>37,5 %</td>
</tr>
<tr>
<td>2014</td>
<td>39,7 %</td>
<td>43,3 %</td>
</tr>
<tr>
<td>2015</td>
<td>44,3 %</td>
<td>48 %</td>
</tr>
</tbody>
</table>

Source : DGALN - Infocentre SISAL - 11 janvier 2016
O SONHO DA CASA PRÓPRIA.
SCALING-UP AFFORDABLE HOUSING SUPPLY IN BRAZIL

THE ‘MY HOUSE MY LIFE’ PROGRAMME
Programa Minha Casa Minha Vida
What transformation in developers’ activities?

• Exploratory research on developers in Lyon and Paris
  – Narratives and numbers around housing markets
• Cross-historical review of the literature devoted to urban developers in France and Brazil
• Useful links between French and Brazilian contexts
  – New role of developers in the social housing sector in both countries
  – The historical links between academic communities, particularly in the field of social sciences and urban studies
First wave of studies on developers (1970-80)
Real estate development in the prism of Marxist theory in France

- Halbwachs (1908): study of logic of "speculators" capturing demographic pressure
- Land economics and real estate:
  - Granelle (1970); Lipietz (1974); Dhuys-Leroux (1975)
- Urban sociology:

a social theory of property development
The influence of French urban sociology and later criticism in Brazil

• Diffusion of the works of Topalov, Lojkine, Castells and Preteceille in Latin American studies from the 1970s

• The early 1980s: in Brazil, an intense academic production on real estate development influenced by Topalov's (1974) work:

• The late 1980s: criticism on the French model in two main respects: did not allow the apprehension of Latin American specificities; and the importance given to the state as a monolithic unit

• The early 1990s: in Brazil, the economic shift:
Second wave of studies on developers (2000-2010)
2000-2010: French views on financialization of urban production

- Economic studies:
  - Regulation school: Boyer (2009)
  - Economics of convention school: Órlean (2014)

- Urban studies on the financialisation of urban production
  - The concrete practices of financial actors and how they influence urban projects: Guironnet, Attuyer et Halbert (2016)

- Political science on neo-liberal city
  - Specific capacities of developers in urban projects: Pinson (2006) and Pollard (2011)

- Urban economic sociology
  - Developer’s activities in their technical, economical and political dimensions: Coulondre (2016)
  - "Negotiated city” as analytical framework?: Theurillat, Vera-Buchel and Crevoisier (2016)
2000-2010: Real estate and financialization studies in Brazil

• French political economy still at heart of academic Brazilian dynamics: the influence of François Chesnais (1998, 2005)
  – Economical dimension: Paulani (2011)
  – Housing policies: Royer (2014)

• Discussion on the Real Estate/Financial Complex notion: Aalbers and Fernandez (2014)
  – Housing policy: Rolnik (2015)
  – Housing production: Shimbo (2016)

• The role of shareholder value and corporate governance practices in the real estate market in Brazil (Klink and Souza, 2017)
  – Sanfelici and Halbert (2016)
Research agenda
The developers historically prepared for the financialization of exchanges?

• French developers in front of US investors (1990s):
  – the "engaging committee" turn

• Continuity in the use of Internal Rate of Return (IRR):
  – training in French business school (Sciences Po, Dauphine etc.)
  – activity in major real estate firms

• Turn even bigger in the local firms
  – "from 3 stars restaurant to skype+MacDonald"!!
Research agenda

• French and Brazilian fieldwork on the use of financial tools by developers (numbers and narratives):
  – Deepening the French exploratory research
  – Enlarging the research in Brazil connecting investors’ side

• In-depth study of professionalization of developers
  – looking at long term history of real estate appraisal tools (e.g. IRR): from the 1920s to current institutionalization
  – analysing the academic master programs: international circulation of expertise