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**Wealth Inequality and Elites in the global South**

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# Urban property, expropriation and wealth concentration in Brazil

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## Introduction

This paper aims to identify and characterise changes and continuities in the production, stock and ownership of real estate wealth, with a focus on the residential segment, as well as its relationship to the historical pattern of inequality in access to land and urban housing in Brazil. In this way, the relationship between the holders of real estate wealth and the state is discussed, specifically regarding housing policy and housing finance.

While the issue is historically relevant for understanding social inequality in countries like Brazil, some studies have noted an increase in its importance in those countries in which the phenomenon of speculation – inherent in the land market (Harvey, 1982) – has been exacerbated in recent decades, often associated with financial bubbles (Brenner, 2006) and the financialisation debate.

The complete process of housing production is an important element in defining patterns of inequality. Among them, the possibility of the appreciating price at rates higher than inflation and wages; and creating a logic that does not exclude income as an explanatory factor, but places asset ownership as the basis of social transformations (Adkins et al., 2020) – as verified in the case of the subprime crisis and the eviction of more than four million families over a few years in the USA.

However, the problem investigated here must consider that real estate production combines the three forms in which wealth presents itself: interest, profit and rent (Fix and Paulani, 2019). Land – a basic resource for construction – has its price determined by the present value of expected future rents. The interlocking of land market and building market in the real estate market merges land ownership and building ownership into a single market with important consequences from a theoretical and historical point of view (Pereira, 1988:10). Moreover, real estate development has a direct relationship with the financial market, due to the need to finance production and make consumption feasible. For these reasons, it is necessary to investigate "what changes are produced, in a market already so directly related to financial issues, by the emergence of a process that is called financialization", in order to distinguish continuities from transformations, as discussed by Fix and Paulani (2019) and also Chapter 3 – *Mapping recent trends in the distribution of wealth in Brazil*. Therefore, beyond the real estate sector, we investigate what we call the financial real estate circuit, understood as a special kind of production-realisation system[1].

[1]The expression "real estate circuit" is used by Carlos Lessa in some texts, e.g. in the essay written with Sulamis Dain (1982). The term has been used by Fix in several texts, associated with the increased circulation of capital in the built environment including its connections with the financialisation of the economy – among them the 2003 master's thesis, published as a book in 2007 and the doctoral thesis (2012) that discusses the North American real estate bubble and its explosion; recounts historically its constitution in Brazil and presents the current picture.

It should also be noted that the financial real estate circuit in Brazil was constituted in a very different way from that of central economies. Moreover, the recent transformations in this industry affected a very distinct social structure in Brazil. It is, therefore, a worldwide phenomenon that presents itself with specificities in dependent capitalism. One example is the more limited character of the mortgage market in Brazil, in comparison with the spread of real estate securitisation in countries such as the United States and Spain. Furthermore, in Brazil, the phenomenon of indebtedness, default and foreclosure of housing credit guarantees has been exacerbated in recent decades, in a manner similar to that experienced in housing bubbles such as in Spain and the USA. Here it overlaps with the emergence of a major housing programme launched in 2009, *Programa Minha Casa, Minha Vida* (My House, My Life Program; PMCMV), as we shall see (Oliveira, 2021).

In addition to this introduction, this article is divided into three sections. The first presents some characteristics of the Brazilian patterns of urban inequality, especially in the post-1964 period. The second begins with a brief description of the financial real estate circuit, followed by the results of the research on the transformations in the ownership structure of real estate developers, focused on housing development between 1995 and 2020 and based on the doctoral thesis "Financialization and recent transformations in the real estate circuit" (Fix, 2011b). The results of the thesis were updated by revisiting databases recording the behaviour of real estate developers' shares on the stock exchange. A new set of data also allowed the visualisation of the entire period from the Initial Private Offer (IPO) of the first companies until 2020, compared with the general movement of the stock exchange. At the end, it briefly presents recent changes in the market of Real Estate Investment Funds (FII) and Certificates of Real Estate Receivables (CRI).

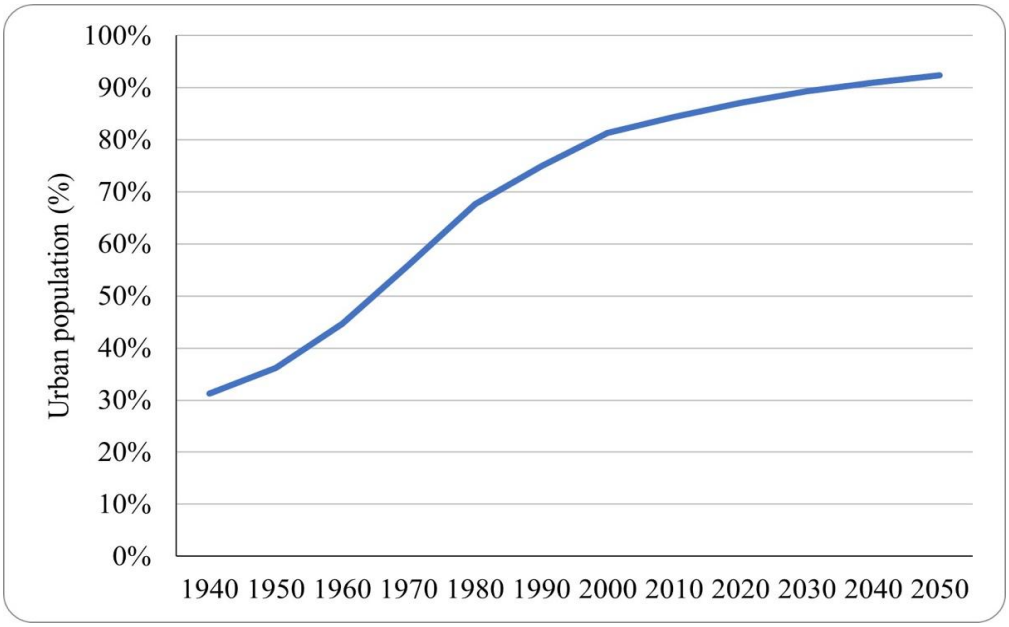
The third section provides a profile of the current situation of urban precariousness, highlighting the permanence of inequality and urban spoliation in the recent post-2000 period.

## Inequality and the pattern of Brazilian urbanisation after 1964

Here we present some characteristics of the pattern of Brazilian urban inequality to contextualise the transformations analysed in the next section. Although inequality has been shaped in the long term since colonisation, we highlight the post-1964 period – with the civil-military coup as a milestone – due to the marks that the policies of the dictatorial regime left on this pattern (Lavinas et al., 2023a)[2] , redefining class positions regarding work and housing.

[2] For more details of this period, see the first working paper of this project from the Brazilian team, entitled "Brazil: colonial legacy, growth patterns and power relations".

**Figure 1: Population living in urban areas in Brazil, 1950–2010 and projected trend to 2050.**




Source: Own preparation based on IBGE and UN-Habitat data

Cities became places where the most diverse asymmetries were produced and reproduced, because of their exclusionary and concentrating labour markets (Barbosa, 2016) – a formal housing market restricted to the wealthiest segments of the population (Ferro, 1969; Maricato, 1979).

In Latin American countries, urbanisation acquired apparently "explosive" and "chaotic" contours, as Figure 1 shows for Brazil. The accelerated growth of the urban population was accompanied by the coexistence of "precarious occupations interspersed with fortified wealth enclaves; niches of verticalization in vast areas of horizontal expansion; (…) buildings in risk areas subject to flooding and landslides and high disparities in property prices in different regions" (Fix and Ventura Neto, 2021: 308). Behind the supposed disorder, however, lurked the very logic of capitalist accumulation with its systematic inequality in the distribution of the benefits of urbanisation and in the social reproduction of the labour force (Oliveira, 1972).

The post-1964 economic policy accentuated the dynamics of income concentration and wage repression, contributing to the degradation of the wage-cost relationship of reproduction of the urban workforce (Fiori, 1994). The sharp rise in labour income inequality between 1960 and 1980 was associated with the "new intermediate positions created for the emerging salaried middle class, due to the process of diversification of the capitalist economy", as well as the depression of working-class income, in relative terms, "ensured by a set of restrictive policies, but also by the dynamics of a market with a structural surplus of labour power" (Barbosa, 2016: 23). The genesis of the urban lower class is found, according to Barbosa, in the process of transformation of yesterday's slaves and *agregados* – retainers – into today's sub-salaried workers (Darcy Ribeiro *apud* Barbosa, 1995: 210-11). The social formations that developed 'as offshoots of the colonial process were predominantly racially structured' (Silvério, 2019: 25). To this picture is added the peasant as a 'class-to-be', due to limited access to landownership,

which oscillates between "an emerging worker and a rural dependent class in the process of expropriation" (Barbosa, 2016: 25).

During its 21 years, the post-1964 authoritarian regime produced "a deformed and plutocratic society ruled by the holders of wealth" (Mello and Novais, 2009: 69). The 'conservative modernisation' overseen by the military accommodated the interests of both the traditional agrarian elites and the new industrial bourgeoisie (Domingues, 2002; Lavinas et al., 2023b). In turn, the massive rural exodus, which intensified from the 1960s onwards, brought to the rapidly growing Brazilian cities the poverty that was in the countryside, putting constant pressure on the labour market (Mello and Novais, 2009: 75).

One of the central keys to understanding the acceleration of Brazilian urbanisation in this period is "self-construction", a labour process based on "cooperation between people, the exchange of favours, and family commitments", differentiating itself from the capitalist relations of buying and selling labour power, as defined by Ermínia Maricato (1979: 71). This is a "forced solidarity", in the "architecture of the possible" of the proletariat in the large cities of dependent capitalist countries. "It is mainly through self-construction that the majority of the working population solve the housing problem – working on weekends or in their spare time (...)" (Maricato, 1979: 73).

Self-construction, for Lúcio Kowarick, is a subsistence solution "which ends up constituting a formula that lowers the cost of reproduction of the workforce, allowing an extraction of economic surplus supported by wages that can be constantly depressed" (1993: 61). For Kowarick,[3] two interlinked processes need to be equated in order to understand the question of housing at this time: a) the conditions of labour exploitation itself, of absolute or relative pauperisation; b) and urban spoliation, a concept coined by the author to name "the sum of extortion which operate through the non-existence or precariousness of services of collective consumption, presented as socially necessary in relation to subsistence levels, and which further aggravate the dilapidation carried out in the sphere of labour relations" (1993: 61).

The housing issue is also marked by the so-called 'land knot', a term borrowed by Ermínia Maricato from sociologist José de Souza Martins – originally applied to rural land – to refer to the obstacles faced by most of the population in accessing urbanised land within the legal norms. The illegality of occupation favours the "arbitrary application of the law", with the "tolerance" of urban land occupation, as long as it is in areas that do not interfere with real estate profits. Clandestineness operates as a kind of "escape valve" for the housing needs of workers and unemployed people recently arrived from the countryside (Maricato, 1987: 31). On the other hand, the law is applied when the illegal occupation involves a valued or viable area for the market: that is, it is applied "according to the circumstances in a society marked by the relations of favours and privileges" (Maricato, 1999: 15). The slums located in vectors of

[3] We will add a third one further on: the functioning of the financial real estate circuit.

real estate interest then became an arena of dispute, involving political and economic interests, as recorded in the classic works of Licia Valladares (1978) and Carlos Nelson Ferreira dos Santos (1981), among others.

The dictatorship's response to the housing issue, shortly after the 1964 coup d'état, included the structuring of the Brazilian Housing Financing System (SFH). This equated the financing of production and consumption around two financial funds – the Brazilian Savings and Loans System (SBPE) and the Severance Indemnity Fund (FGTS) – and the National Housing Bank (BNH). The development of these mechanisms expanded the scale of operations in the construction sector and provided the financial bases for the reconstitution of the financial real estate circuit.

Housing policy was aimed at social legitimisation and accumulation, responding to economic and political interests. Yet, at the same time, civil rights were revoked and opponents repressed, imprisoned and tortured. The policy of income concentration made the real estate market viable for capitalist provision of residences, as Maricato shows, pointing out that the majority of apartment buildings developed in Brazilian cities were financed through the SFH (Maricato, 1987: 30). It gradually excluded, on the other hand, the lower income sectors of society by treating housing as a commodity to be produced and traded in strictly capitalist moulds. By orienting this merchandise in the form of "home ownership", it excluded from this market a major part of the population subjected to the policy of squeezing wages (Maricato, 1987: 30).

This dynamic, however, would find its limits, either in the narrowness of the higher income market, or in the low wages: "The combination of a private housing policy with an economic policy that generated an increase in income inequality becomes incompatible with confronting the housing problem in Brazil" (Fix, 2011b: 108). The financing pattern, characteristic of the BNH, was interrupted by the debt crisis of the 1980s. Urbanisation continued – increasing the volume of housing in clandestine peripheral subdivisions and slums, expanding the informal real estate systems.

If the housing issue was a 'problem' for workers, on the other hand, it was an opportunity to invest surplus through rent-seeking strategies (Ribeiro, 1997). Historically, many of the old family fortunes of textile factory owners, among others, were mercantile capital which had not been fully converted into industrial capital, according to Wilson Cano. The immobilisation of the wealth of these families in property, both rural and urban, guaranteed its owners the possibility of obtaining extraordinary gains, material and political, through real estate speculation (Cano, 2011: 188). Therefore, for Cano, the accumulation of real estate is the most visible urban face and the greatest economic expression of mercantile capital.

At the same time, the re-democratisation period of the 1980s involved important advances regarding the right to housing in Brazil as well as urban reform. The 1988 Constitution included, after an intense process of struggle and social mobilisation, articles referring to the social function of property and to the right to housing as a social right. The regulation of these articles would be crystallised in the City Statute (Law 10/257/2001), a regulatory framework for urban policy in the country whose approval in 2001 owed much to the struggle of the National Forum of Urban Reform (Fórum Nacional de Reforma Urbana).

On the other hand, the instruments of the City Statute that were supposed to combat speculation in urban land were vetoed by real estate capital. Although internationally recognised for its progressive dimension, it is worth noting that the Statute also endorsed so-called public-private partnership instruments in the interests of the property market, characteristic of 'urban entrepreneurship' (Compans, 2004), such as the 'Urban Operations' that contributed to accentuating inequality in intra-urban space in various circumstances (Fix, 2001).

The period also coincided with the neoliberal structural adjustments recommended in the Washington Consensus that Latin American countries in crisis were undergoing. The structural adjustment would also correspond to an adjustment in cities, advocated by several multilateral organisations such as the World Bank and the Inter-American Development Bank (IDB), aimed at separating housing policies from their social function in favour of market management, with reduced state participation in housing financing (Arantes, 2006).

From then on, due to the lack of credit and many crises in the financing patterns mentioned above, the real estate circuit started to resort to self-financing plans, getting closer and closer to the private financial capital, independent of the SFH and bank financing (Castro, 1999).

## Changes in the real estate finance circuit

In this section we examine the changes in the real estate finance circuit, since its expansion in the mid-2000s, with emphasis on the analysis of the entry of real estate developers on the stock exchange and the resumption of real estate finance during the Lula da Silva (Worker's Party, 2003-2010) and Dilma Rousseff (Worker's Party, 2011-2016) administrations.

This expansion was based on the reorganisation of the regulatory framework of housing credit – still relying on the same funds that constituted the Housing Finance System (SFH) – and on housing programmes with subsidies for supply-and-demand, in a context of increased global liquidity. It is a sector that has not been maintained or expanded without the participation of the state and the significant use of public funds. This occurred specifically during two periods: 2003 to 2009, with the reconstitution of public funding; and 2009 to approximately 2014,[4] with the impact of a large housing programme called *Programa Minha Casa, Minha Vida* (PMCMV), which began in 2009. It should also be noted that, while several branches of the manufacturing industry became internationalised from the 1950s onwards, heavy construction and general construction remained mainly in the orbit of the Brazilian elites. Given the pace of world capitalism, companies in the manufacturing industry needed to be founded on a large scale. In contrast, some Brazilian construction companies were able to set up on a small scale and later expanded through government contracts.

[4] In 2013, the year with the largest number of resources provided in contracting PMCMV, the volume reached BRL 97.78 billion, according to the authors.

Furthermore, the nature of construction and real estate is different. It is in the urban area that mercantile capital finds its privileged seat of expansion (and speculation) (Cano, 2011). "Real estate capital has a dual nature", as it embraces both a mercantile nature – linked to its privileges with the state and the authorisation of works 'improving' areas, thereby making them more valuable – and a financial nature, embodying in the developer forms of mobilisation and issuance of assets that allow the creation of fictitious capital, disconnected from the real demands of use by the urban population (Lessa, 1981 *apud* Fix and Ventura Neto, 2021: 322-323; Cano, 2011). In this sense, the determinants and effects of entering the stock market are different from those seen in other sectors.

Lastly, jobs in the sector also have potentially flawed characteristics, such as: job insecurity, low wages, high turnover, high incidence of work accidents and a strong presence of labour, comparable to slavery. The building site continues to be the environment of extraction of absolute surplus value and the levels of labour exploitation are organised differently from those seen in industry (Ferro, 2006). These working conditions have important historical antecedents, deeply related to the theme of inequality, as demonstrated by Paulo Cesar Xavier Pereira (1988). The author reconstituted the reversal in the conditions of construction workers within the working class in São Paulo, "making them pass from the privileged fraction to the most constantly plundered and deeply exploited" (1988: 148).[5] The problem was exacerbated during this real estate boom, as Melissa Oliveira (2016) has shown. Moreover, real estate production, based on social relations of labour force exploitation and spoliation of the resident, brings at its core the reproduction of the inequality of urban problems, as discussed by Beatriz Tone (2016: 17)

Until the early 2000s, most of the major real estate developers were privately held companies with family ownership structures. The real estate market, as we have seen, was narrow and restricted to only the wealthier segments of the Brazilian population so that even the middle class was unable to access real estate.

A set of measures, promoted from Lula da Silva's first administration in 2004, contributed to the reconstitution of the credit system and stimulated the production of housing units for high-income brackets as well as for the so-called 'economic segment', the denomination adopted by the market for a product that reaches a slightly lower income stratum.[6] In addition, the use of the Severance Indemnity Fund (FGTS) for sanitation and housing was increased and the subsidy aimed directly at individuals who took out a loan with resources from this fund was expanded (Maricato and Royer, 2017).

The effects of these changes occurred in several features of the construction sector. Here we highlight the change in the ownership structure of companies. This led not only to the economic recovery of the sector, but also to larger scales of production in residential construction, thus widening the horizon for a new and large wave of capital centralisation. At the time, Brazil 'offered a national scale' for several developers, among them Gafisa, which started to operate in 21 states and about 100 cities. Gary Garrabrant, chief executive officer and co-founder of Equity

[5] On the relationship between real estate production and inequality, see Tone (2016).
[6] See Shimbo (2019), Mioto B, Castro CMP, Sígolo LM. (2019), among others.

International Properties (EI) – alongside his partner, US investor Sam Zell – [7] bought part of Gafisa in a private equity transaction. He prepared the IPO and, a few years later, sold its stake. In 2010 Garrabrant joined Gafisa's board of directors.[8]

Another company, MRV, also sold a stake to a foreign investment fund before making its IPO in which 42.2% of the shares were subscribed by its founder and chairman, who remains its main shareholder to this day. This company, well-evaluated by financial consultancies at the peak of the PMCMV, became known for its system of meticulous standardisation, which goes beyond the product line and involves the production process on the construction site (Shimbo, 2010). Less visible was the accusation by the Public Ministry of Labour (MPT) of "the practice of violating the economic order through the massive, large-scale suppression of labour rights, with the resulting significant reduction in labour costs and, therefore, arbitrary advantage over competitors" (Fix, 2011). The case illustrates the combination of financial, productive and speculative gains, including those arising from illegal practices.

In a few years, a significant number of real estate developers went public on the São Paulo Stock Exchange. Table 1 summarizes the history of IPOs, presenting the range of companies analysed, as well as the time during which these companies have been listed on the stock exchange.

[7] Interview given to Blomberg on 8 December 2012.
[8] This process is analysed in more detail in Fix (2011), showing the similarities and differences between how it occurred in each company. The thesis also investigated the profile of all shareholders of companies that went public between 1995 and 2011. The research is currently being updated for publication.

**Table 1: List of companies in the residential construction sector listed on the Brazilian stock exchange, highlighting the years in which IPOs and delisting occurred between 1996 and 2022.**

| Name | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Abyara | | | | | | | | | | | IPO | | | | | | | | | | | | | | | | |
| Agra Incorp | | | | | | | | | | | | IPO | | | Canc. | | | | | | | | | | | | |
| Agre Emp Imo | | | | | | | | | | | | | | | IPO/ Canc. | | | | | | | | | | | | |
| Alphaville | | | | | | | | | | | | | | | | | | | | | | | | | IPO | | |
| Brookfield | | | | | | | | | | | IPO | | | | | | | | | Canc. | | | | | | | |
| CC Des Imob | | | | | | | | | | | | IPO | | | | | Canc. | | | | | | | | | | |
| Cimob Partic | | | | | | | IPO | | Canc. | | | | | | | | | | | | | | | | | | |
| Company | | | | | | | | | | | IPO | | Canc. | | | | | | | | | | | | | | |
| Const A Lind | | | | IPO | | | | | | | | | | | | | | | | | | | | | | | |
| Cr2 | | | | | | | | | | | | IPO | | | | | | | | | | | | | | | |
| Cury S/A | | | | | | | | | | | | | | | | | | | | | | | | | IPO | | |
| Cyrela Realt | IPO | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Direcional | | | | | | | | | | | | | | IPO | | | | | | | | | | | | | |
| Even | | | | | | | | | | | | IPO | | | | | | | | | | | | | | | |
| Eztec | | | | | | | | | | | | IPO | | | | | | | | | | | | | | | |
| Gafisa | | | | | | | | | | | IPO | | | | | | | | | | | | | | | | |
| Hbr Realty | | | | | | | | | | | | | | | | | | | | | | | | | | IPO | |
| Helbor | | | | | | | | | | | | IPO | | | | | | | | | | | | | | | |

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|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| JHSF | | | | | | | | | | | | IPO | | | | | | | | | | | | | | | | |
| Joao Fortes | | IPO | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Kallas | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Klabin Segall | | | | | | | | | | | IPO | | | | | | | | | | | | | | | | | |
| Lavvi | | | | | | | | | | | | | | | | | | | | | | | | | IPO | | | |
| Melnick | | | | | | | | | | | | | | | | | | | | | | | | | IPO | | | |
| Mitre Realty | | | | | | | | | | | | | | | | | | | | | | | | | IPO | | | |
| Moura Dubeux | | | | | | | | | | | | | | | | | | | | | | | | | IPO | | | |
| MRV | | | | | | | | | | | | IPO | | | | | | | | | | | | | | | | |
| PDG Realt | | | | | | | | | | | | IPO | | | | | | | | | | | | | | | | |
| Planoeplano | | | | | | | | | | | | | | | | | | | | | | | | | IPO | | | |
| Priner | | | | | | | | | | | | | | | | | | | | | | | | | IPO | | | |
| Rni | | | | | | | | | | | | IPO | | | | | | | | | | | | | | | | |
| Rossi Resid | | IPO | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tecnisa | | | | | | | | | | | | IPO | | | | | | | | | | | | | | | | |
| Tenda | | | | | | | | | | | | IPO | | | Canc. | | | | | | | * | | | | | |
| Trisul | | | | | | | | | | | | IPO | | | | | | | | | | | | | | | | |
| Viver | | | | | | | | | | | | IPO | | | | | | | | | | | | | | | | |

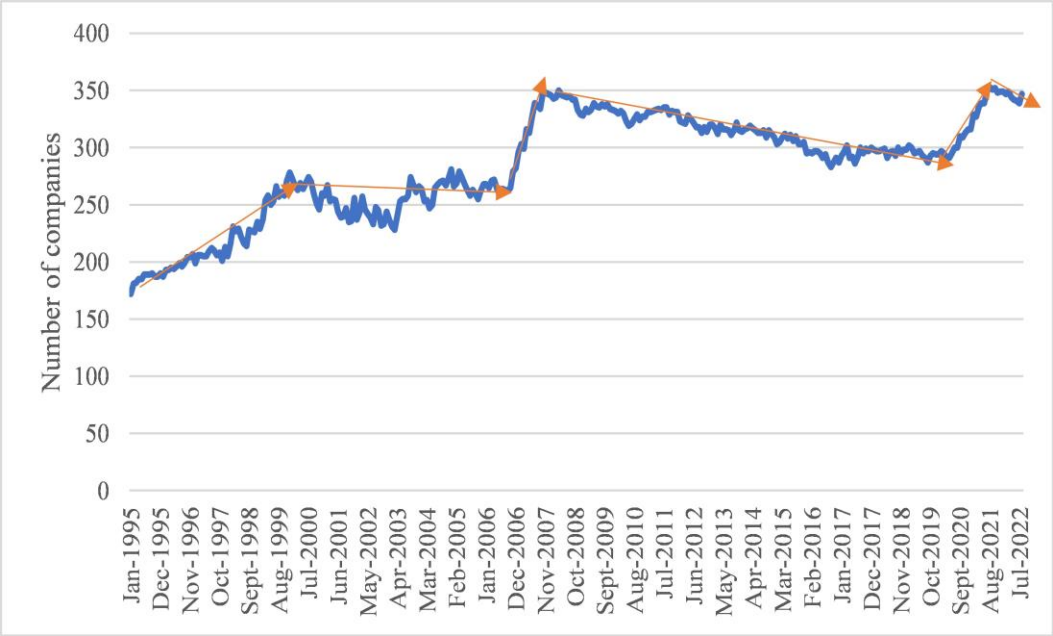
Source: Economatica. Own elaboration. * Reissue of shares

In order to examine the behaviour of the residential construction companies listed in Table 1, it is important to place them in the general context of the Exchange itself, in terms of the number of companies being traded and their respective market value. Since 1995, the Brazilian stock exchange went from 172 companies being traded at the same time to 347 companies in 2022. In this trajectory, it was possible to observe three rounds (Figure 2). The first, between 1995 and 1999, with the number of companies trading at the same time exceeding 250, followed by a period of relative stability between entries and exits. In 2007 there was a second big round, starting at 280 companies being traded at the same time and reaching 350 in April 2008. It was during this period that the IPO of most real estate developers took place.

Since then, there has been a slow and steady exit of companies from the stock market, in a context of deepening economic crisis, and later political crisis, with the impeachment of President Dilma Roussef (Worker's Party, 2011-2016), followed by the deepening of the agenda of labour and pension reforms and reduction of public spending.

Internationally, from the subprime crisis until 2019, large amounts of money were printed in the wake of North American quantitative easing, which pressured the interest rates of central economies downwards, despite significant crises in several eurozone countries in 2011. At this time, however, the increase in international liquidity had little impact on the Brazilian financial market due to the political and economic environment. The third round of companies starting to enter the stock exchange was in 2019 until August 2021. The maximum number of companies being traded at the same time increased to 353.

**Figure 2: Number of companies traded on the São Paulo Stock Exchange between 2002 and 2022**




Source: Economatica. Own elaboration.

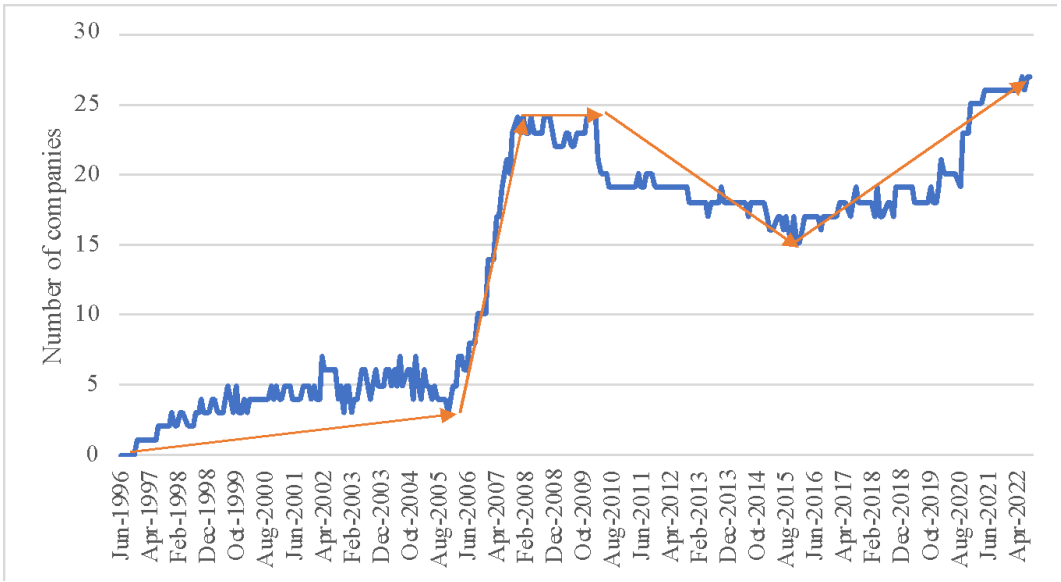
**Figure 3: Real monthly market value of the stock market between 2002 and 2022 (value of BRL in July 2022, in billions)**




Source: Economatica. Own elaboration.

The market value of the Brazilian stock exchange, obtained from the sum and updating the market values of each of the companies traded, responds to this interaction of domestic factors and the international liquidity conditions (see Figure 3), further analysis of which is beyond the scope of this article.

**Figure 4: Number of companies in the residential construction sector traded on the São Paulo Stock Exchange between 2002 and 2022.**




Source: Economatica. Own elaboration.

Regarding the number of companies in the residential construction sector, there were also three rounds of stock market entries, each of a very different nature (Figure 4).

The first corresponds to the beginning of the process, between 1995 and the end of 2005, with the entry of five companies from the construction sector – in other words, over a long period, but restricted in quantitative terms. Among them was Cyrela, founded in 1978, which remained under the control of its founder, entrepreneur Elie Horn after joining the Novo Mercado of the BM&FBovespa. Rossi, on the other hand, was known for its 'Plan 100', launched in 1992, along the lines of self-financing, developed to operate without bank financing (Castro, 1999).

This first round corresponds with the period of the regulatory change instituted during the Fernando Henrique Cardoso government (PSDB, 1995–2002), under the justification that a market credit system tied to the capital market was lacking (Royer, 2014). The initial milestone was the creation of the Real Estate Financing System (SFI) in 1997. The SFI instituted the Certificates of Real Estate Receivables (CRI), in a formulation similar to that of Mortgage-Backed Securities (MBS) of the well-known North American model. Another important element of the system was the institution of "fiduciary alienation" with the purpose of reducing risk for investors and financial institutions. Although the conditions were created – differently from what was proposed – the system was fed by public funds (FGTS and SBPE), as Luciana Royer demonstrated (2014).

The second round of IPOs – the most significant between January 2006 and October 2008 – was characterised by companies that took advantage of international liquidity to raise funds, as well as the reconstitution of the credit system that fed the so-called 'real estate boom' after the creation of the Ministry of Cities in the Lula da Silva government. During this period, there were 24 companies being traded at the same time. Between 2006 and 2009, BRL 17 billion in IPOs and BRL 10.3 billion[9] in follow-on shares were raised on BMF&Bovespa by companies in the construction segment, especially homebuilders like Gafisa, Tenda, MRV and PDG.

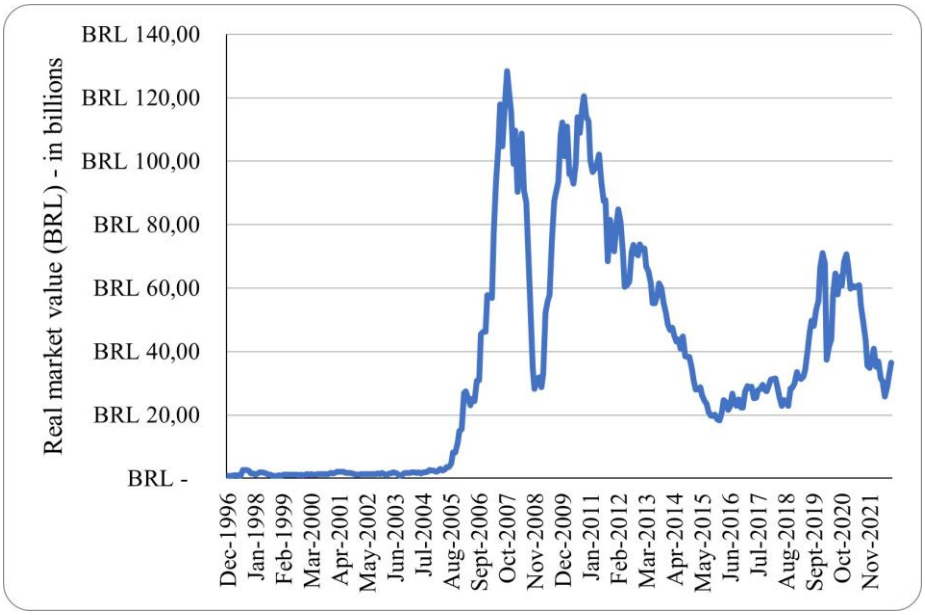
This volume, however, contrasts with the number of public resources mobilised, starting in 2009, starting in 2009, with the launch of *Programa Minha Casa, Minha Vida* (My House, My Life Program; PMCMV), without which it is impossible to understand how this round was sustained in the years that followed the IPOs. Between 2009 and 2013, BRL 152.82 billion in subsidies from the General Federal Government's Budget (OGU) were used, added to BRL 44.54 billion in subsidies with FGTS resources (Faustino and Royer, 2021)[10] The subsidies with OGU resources peaked in 2013, reaching a volume of BRL 54.95 billion do OGU, in addition to BRL 11.04 billion worth of subsidies with FGTS resources. These figures fell from 2014 onward.

[9] Values taken from the São Paulo Stock, Commodities and Futures Exchange (known as B3); values updated using the Consumer Price Index for December 2022.

[10] We have updated the figures extracted from the referenced article (which were adjusted for December 2020) using the Consumer Price Index for December 2022.

The third round of companies entering the stock market took place during 2020, reaching 26 companies being traded at the same time. This round also occurred in a context of high liquidity, with companies that focus on Class-A and luxury real estate entering the stock market, such as Alphaville and Mitre, but with a diminished role of public policies in housing, as demonstrated by the significant decrease in OGU resources for the PMCMV since 2015 (Faustino and Royer, 2022). Figure 4 summarises the process.

**Figure 5: Monthly real market value of the residential construction sector between 2002 and 2022 (July 2022 BRL, in billions).**



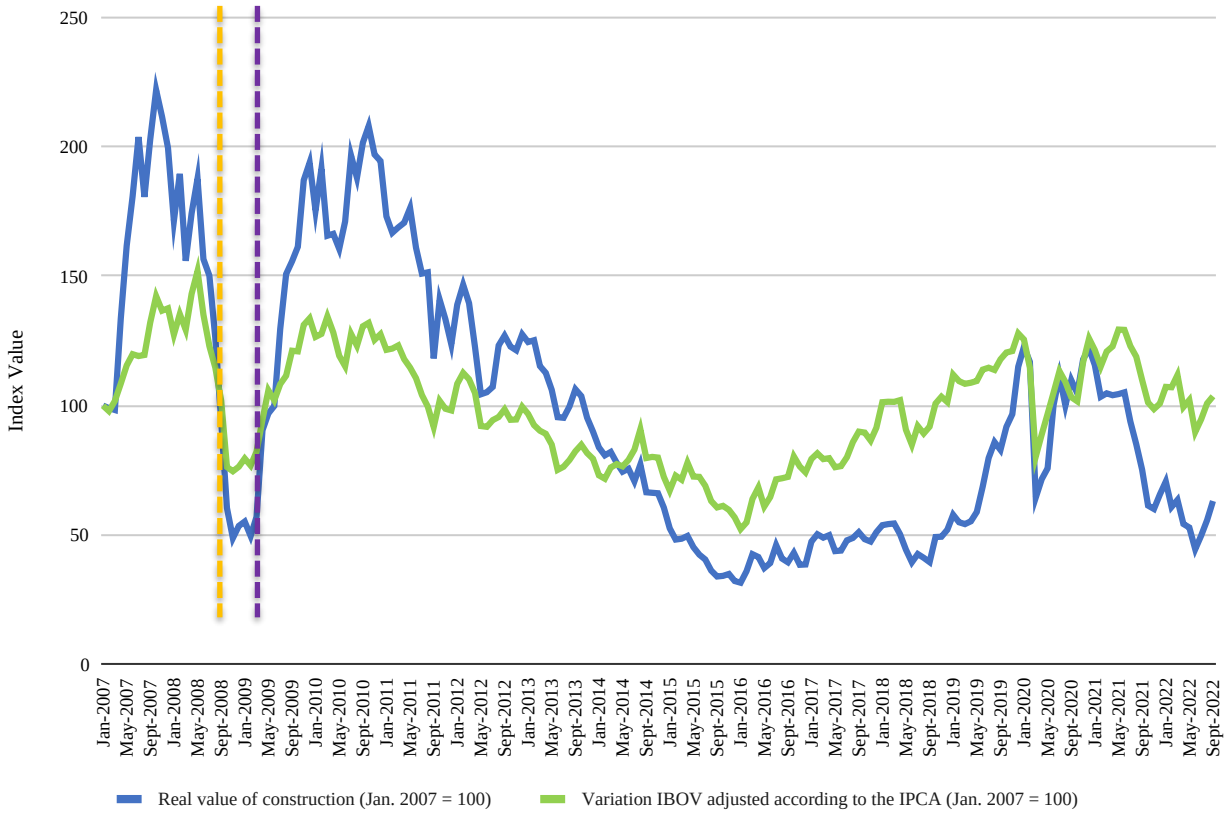

Source: Economatica. Own elaboration.

Figure 5 shows how, until mid-2005, the market value of the sum of the construction sector's market value was of little relevance. As of 2006, simultaneously with the increase in the number of companies in the sector on the stock exchange, this value grew exponentially, especially between March 2005 and October 2007, when the sum of the market value went from BRL 3 billion to BRL 128.4 billion.

The subprime crisis and the bankruptcy of Lehman Brothers had a big impact on the sector, reducing the market value of real estate developers to BRL 28 billion in February 2009. It is worth noting that the decline for real estate developers is more accentuated than seen in the stock market as a whole, as shown in Figure 6. The graph presents a good summary of the entire period investigated. It shows that the market value of real estate developers recovered quicker than that of the stock market as a whole (appearing in Ibovespa)[11] and this happened immediately after the launch of the first version of the PMCMV, even before construction started. The target of one million housing units would be largely exceeded, with 5.9 million housing units contracted between 2009 and 2020 (Oliveira, 2021).

[11] Most important indicator of the average performance of share prices traded on the Brazilian stock exchange.

**Figure 6: Market value of Brazilian residential construction companies (developers) with shares traded on Brazilian stock exchanges and Ibovespa**




Source: Economatica. Own elaboration.

**Note:** (Jan. 2007 = 100, adjusting both variables by the Consumer Price Index (IPCA) of August 2022). The orange line marks the bankruptcy of Lehman Brothers, the purple line shows the launch of the *Programa Minha Casa, Minha Vida* (PMCMV).

Table 2 compares the market value of the different sectors that composed the stock exchange, year-on-year. In particular, it helps to better understand the aforementioned fall and recovery, as it shows that the construction sector (not only residential, in this aggregation) led the fall in the stock market, with a negative variation of -73.03% in the context of the subprime crisis in 2008. It is also possible to note that construction had the second highest positive variation the following year of +259.79%, after the launch of the PMCMV. Finally, it allows us to see the paradigm's exhaustion during the crisis of the Dilma Rousseff administration.

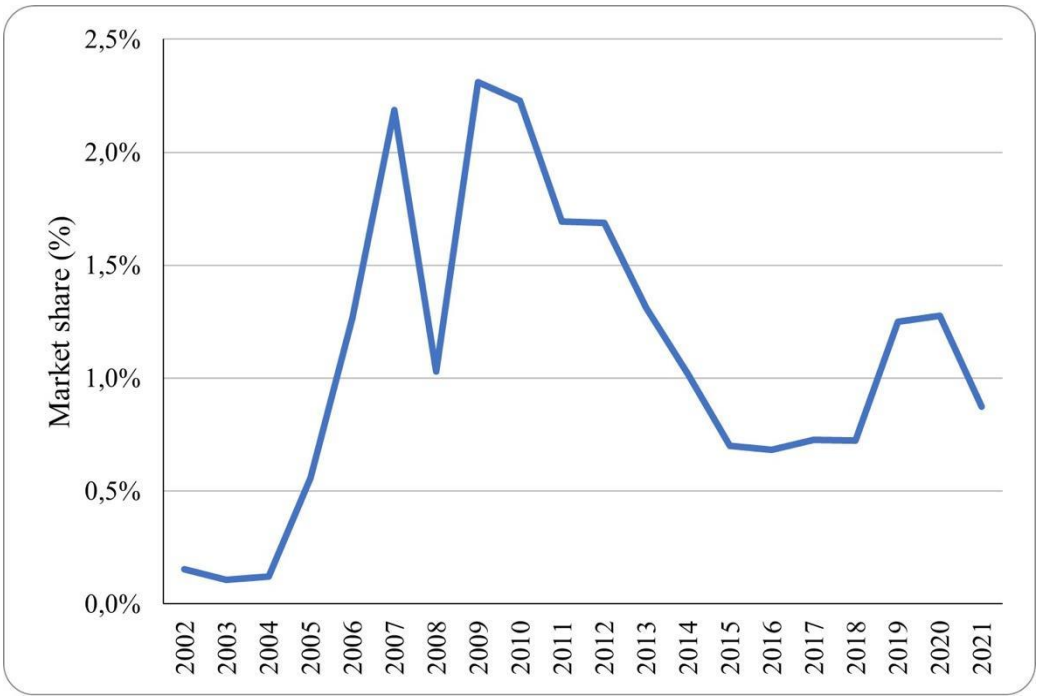
**Table 2: Year-on-year variation in the market value of the sectors that made up the stock exchange, between 2003 and 2021.**

| Setor NAICS level 1 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Management of Companies and Enterprises | 40,80% | 33,97% | 41,03% | 51,01% | 37,20% | -37,12% | 64,18% | -2,29% | -17,05% | -4,92% | -7,32% | -11,80% | -29,00% | 28,23% | 32,94% | 18,22% | 10,59% | -9,50% | -19,99% |
| Agriculture, Forestry, Fishing and Hunting | 19,07% | 40,17% | 26,69% | 713,53% | 441,19% | -49,74% | 34,27% | -0,96% | -29,75% | 15,46% | -9,19% | -30,21% | 6,28% | -14,68% | 53,83% | 41,93% | 13,72% | 11,76% | 199,74% |
| Arts, Entertainment and Recreation | | | | | | -39,70% | 3,79% | 33,85% | 85,45% | -9,84% | -14,43% | -0,74% | -85,40% | 69,96% | 27,43% | -3,48% | -18,81% | -39,11% | 3169,78% |
| Health Care and Social Assistance | | | 72,21% | 114,68% | 121,40% | -57,21% | 168,24% | 26,16% | 9,95% | 22,93% | -41,42% | -4,89% | -29,21% | 53,71% | 62,07% | 53,36% | 106,14% | 104,59% | -33,22% |
| Wholesale Trade | 48,61% | 245,89% | 42,38% | 59,61% | -24,26% | -21,08% | 93,63% | 16,19% | -11,00% | 44,34% | -10,14% | -21,26% | -10,71% | 11,36% | 41,97% | -4,13% | 29,64% | 28,70% | -22,74% |
| Retail Trade | 34,60% | 5,60% | 47,06% | 43,76% | 39,86% | -56,63% | 124,92% | 31,70% | -8,02% | 44,43% | -6,73% | 4,16% | -20,15% | 16,71% | 76,67% | -3,68% | 65,25% | 29,34% | -48,64% |
| **Construction** | **4,26%** | **41,52%** | **458,90%** | **207,00%** | **148,85%** | **-73,03%** | **259,79%** | **0,28%** | **-36,33%** | **2,99%** | **-29,45%** | **-32,54%** | **-46,84%** | **19,53%** | **32,43%** | **7,20%** | **122,18%** | **5,93%** | **-45,27%** |
| Education Services | | | 43,92% | 48,12% | 16385,67% | -55,99% | 108,55% | 43,58% | -34,31% | 122,22% | 63,47% | 29,36% | -45,69% | 18,75% | 54,08% | -41,75% | 21,65% | -37,58% | -33,84% |
| Utilities | 65,21% | 12,41% | 30,73% | 25,34% | 25,71% | -32,09% | 33,20% | -7,29% | 6,26% | -14,51% | -8,80% | -10,87% | -18,21% | 32,35% | 1,60% | 22,26% | 51,89% | -3,59% | -17,66% |
| Accommodation and Food Services | | 416,82% | -78,80% | 54,19% | 1256,08% | -61,87% | 242,38% | 30,49% | -46,55% | -5,52% | 32,83% | -52,44% | -24,71% | -11,02% | 6192,43% | 13,46% | -15,70% | -28,66% | -49,46% |
| Real Estate and Rental and Leasing | -2,37% | -0,40% | 409,59% | 165,80% | 182,06% | -63,96% | 173,48% | 48,90% | 0,03% | 54,44% | -26,46% | -17,47% | -33,22% | 30,43% | 53,33% | 10,04% | 64,24% | -9,22% | -17,18% |
| Manufacturing | 65,74% | 40,31% | -11,68% | 32,07% | 27,88% | -47,79% | 76,54% | 9,69% | -8,94% | 20,80% | -1,56% | -13,07% | -10,22% | -8,73% | 23,25% | -11,86% | 19,90% | 5,38% | -3,26% |
| Information | 34,66% | -0,75% | -0,09% | 24,20% | 15,87% | -23,38% | 31,27% | -17,02% | 12,38% | -8,88% | -17,56% | -0,14% | -23,02% | 1,56% | 12,05% | -25,98% | 22,65% | -1,27% | -17,77% |
| Mining, Quarrying, and Oil and Gas Extraction | 49,52% | 21,65% | 34,57% | 26,05% | 81,73% | -48,80% | 61,06% | 6,30% | -30,13% | -14,60% | -23,82% | -43,90% | -36,89% | 92,58% | 23,96% | 30,14% | 12,76% | 16,99% | -8,83% |
| Other Services (except public administration) | | -64,13% | 19,25% | | | | | | | | | | | | | | | | |
| Admin. and Support and Waste Mgmt. and Remediation Svcs | -48,69% | 35,60% | 14267,52% | 12,61% | -18,85% | -42,87% | 366,46% | 157,30% | -32,89% | 34,36% | 2,21% | 5,33% | -18,88% | 0,84% | 33,89% | -35,65% | -47,77% | -35,73% | -71,31% |
| Finance and Insurance | 35,25% | 12,52% | 51,24% | 48,20% | 41,11% | -34,54% | 48,58% | -0,54% | -21,71% | 2,95% | 1,98% | 3,15% | -26,94% | 41,09% | 19,14% | 21,58% | 20,11% | -14,80% | -27,82% |
| Professional. Scientific and Technical Services | 35,90% | 62,58% | -7,76% | 74,44% | 255,32% | -40,28% | 6,58% | 1253,60% | -17,88% | 76,62% | -3,83% | -68,21% | -66,52% | 44,12% | 21,20% | 2,93% | 181,53% | -24,03% | -13,95% |
| Transportation and Warehousing | 219,66% | 609,14% | 63,04% | 57,61% | -5,42% | -56,33% | 103,51% | 27,32% | -18,50% | 14,44% | -13,95% | -19,36% | -37,27% | 31,31% | 46,69% | -0,44% | 58,38% | -11,48% | -21,82% |

Source: Economatica. Own elaboration

**Note:** Construction sector in bold. The greener the cell, the greater the annual variation of that sector. The redder the cell, the lower the annual variation of that sector.

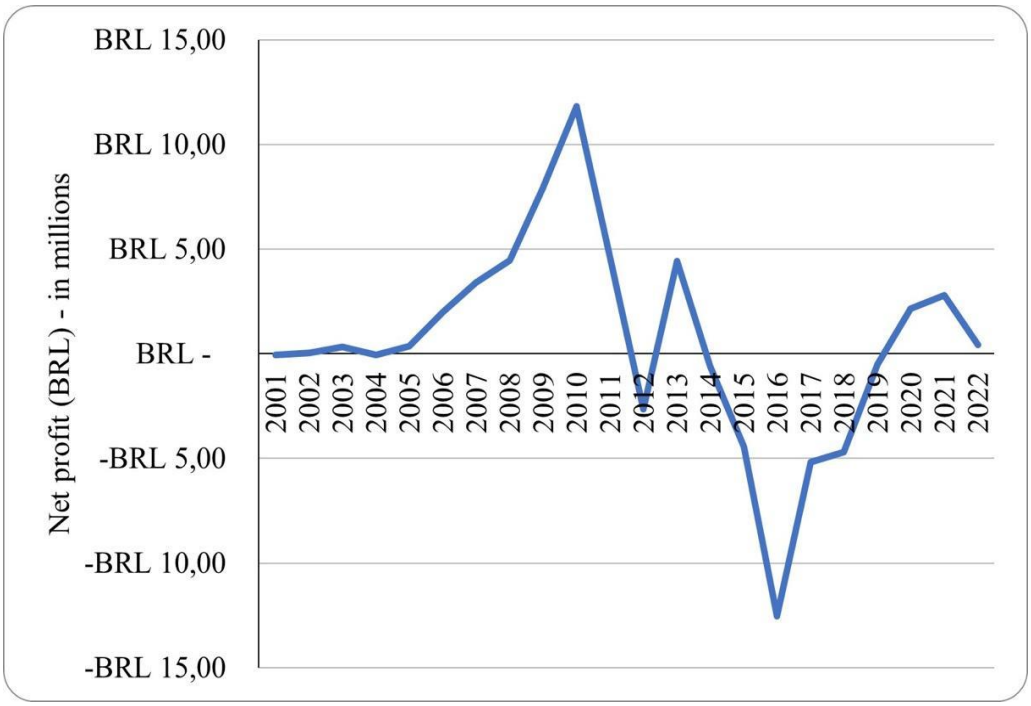
**Figure 7: Market share of the construction sector on the São Paulo Stock Exchange between 2002 and 2022.**




Source: Economatica. Own elaboration

The analysis of the market share of the construction sector on the stock exchange reveals that the period of greatest participation coincided with the rise and fall of the housing policy in the Lula da Silva and Dilma Rousseff administrations. Over time, there is a loss of importance of the construction sector, especially when comparing the period of the third round of IPOs to the second, from 2007 to 2010. Even though more companies were traded in the third round, it did not result in a greater market share.

**Figure 8: Total real net profit of listed construction sector companies between 2002 and 2022 (BRL as of August 2022, in millions)**




Source: Economatica. Own elaboration

Similar to the market value of the companies, net income grew exponentially until 2010, when it started to fall dramatically until 2016, as shown in Figure 8. There was a recovery in net profit from then until 2021, when it fell again. Even so, the period of losses was prolonged, between 2014 and 2019, with a loss in 2012 as well. The residential construction sector only moved back into profit in 2019, and, even then, at levels well-below those experienced between 2008 and 2011.

The analysis of the connections between finance and real estate also requires the observation of other mechanisms, such as the Certificates of Additional Construction Potential (CEPACs) (Stroher, 2019), the FIIs (Fix, 2007; Nakama and Rufino, 2022) and the CRIs, among others (Mosciaro and Pereira, 2019; Rolnik and Santoro, 2017; Sanfelici and Halbert, 2019). In all cases, empirical research must not be neglected, since there is a large gap between discourse, legal form and the reality of the dissemination of assets of this type. It is important to verify the determinants of their issues (sometimes tax exemption) and not just the issue itself, but also examine the profile of investors and the constitution – or not – of a secondary market with profitability and liquidity.[12]

[12] Previous research has suggested, for example, that CEPACS were used as a kind of new modality of overbilling in São Paulo (Fix, 2011) and that they were bought not by private investors but by the Caixa Econômica Federal in Porto Maravilha (Pereira, 2016).

In the case of CRIs, for example, it is worth noting that they were not widespread for residential purposes until 2011, from which point on there was an expansion. It is important to observe that this only occurred with the participation of the Caixa Econômica Federal, which was responsible for 90% of the issuance for most of the period. "It is through the direction of a public bank, the largest residential real estate financier in Brazil, that the conditions, operating rules and dissemination of the securitization instrument began to be organized" (Melazzo et al., 2021). According to the authors, a large part of the properties that comprise them are based on financing directly related to housing credits linked to PMCMV, which reach close to BRL 19 billion. Caixa Econômica Federal stopped issuing CRIs from 2017 until 2019, reflecting the change in the role of public banks after the impeachment of President Dilma Rousseff (Lavinas, Araújo and Gentil, 2021).

Income-tax exempt and with increasing liquidity, the FIIs have also increasingly become part of the Brazilian stock market landscape. Driven by national banks as a financial innovation, after a change in the regulatory framework defined by the Securities and Exchange Commission of Brazil (CVM) that broadened its base, Nakama and Rufino (2022) highlight the growth trajectory of new fund registrations on the Brazilian Stock Exchange between around 2009 and 2020. Not restricted only to housing, the IFIX,[13] an index of FIIs, in December 2022, reached 39.13% of accumulated return in real terms since its launch in December 2010, versus a negative return of 22.92% for Ibovespa in the same period, according to the Economatica database.[14]

## The permanence of urban inequality (or precariousness and urban spoliation) in the recent period

The trend of accumulation and concentration of wealth, analysed in the previous section, shows how the housing deficit, per se, did not constitute a demand for companies. Public policies and programmes with access to public (such as the OGU) and semi-public (for example, the FGTS) funds were fundamental in activating and feeding the financial real estate circuit.

On the one hand, the volume of resources destined to the low-income population was unprecedented. On the other, the quality of housing and its location was widely questioned in public debates and in academic literature (Arantes and Fix, 2009; Rolnik and Nakano, 2009; Ferreira, 2012; Cardoso, 2013, Carvalho, Shimbo and Rufino, 2015, among many others), in addition to the promotion of large-scale indebtedness (Oliveira, 2021).

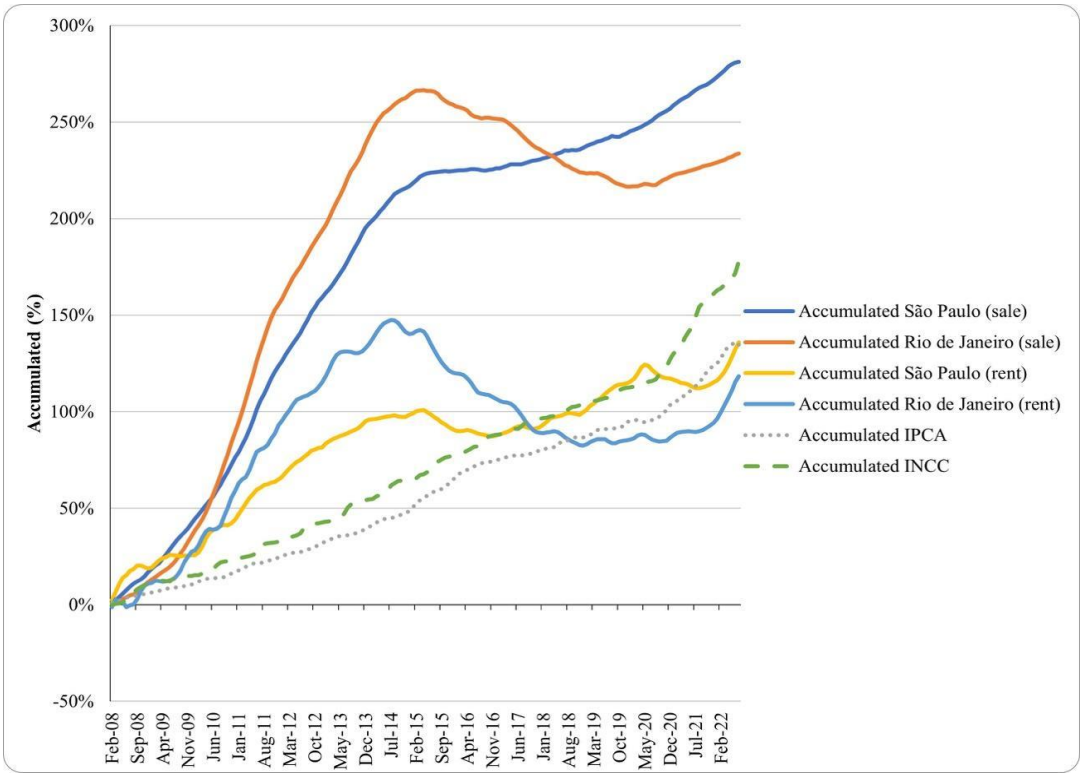
[13] For an FII to be included in the IFIX, it must meet certain criteria 1) be part of the Exchange's negotiability index, which measures the liquidity of assets; 2) be present among 95% of the trading sessions, during the validity of the three previous IFIX (Otherwise, it may appear in the IFIX if, according to the company that manages the Exchange "the Public Offering of distribution of quotas has been carried out before the previous rebalancing" and "has 95% (ninety-five percent) of presence since its beginning of trading" and; 3) the FII quotas cannot be worth less than BRL 1

[14] These data suggest the importance of the topic, although they require further research to be better interpreted.

As the PMCMV did not set out to address the land issue – a central theme of urban reform – the effects on land prices were significant, enabling companies to seek maximum gains through speculative operations with land. Part of the capital flow, made possible by the increase in credit – including subsidies offered from the public budget – ended up being captured in the form of land rent (Fix, 2011b: 145).

Figure 9 below presents an estimate of the change in the property sale price and the rental price based on FIPE-ZAP Housing Asking Price.[15] For this graph, the accumulated variation since 2008 of the sales and rental price index of residential properties was calculated for Rio de Janeiro and São Paulo, because they had the longest continuous data. We also compared them to the evolution of two other price indexes: The Consumer Price Index (IPCA) and the National Construction Costs Index (INCC).

**Figure 9: FIPEZAP Housing Asking Price Index (sale and rent), São Paulo and Rio de Janeiro, 2008–2022 (nominal accumulated change) and price indexes.**




Source: FIPE Institute, IBGE. Own elaboration.

According to Faustino (2014), the increase in land and property prices also tends to be transferred to the price of rents. Thus, although the PMCMV may have been responsible for reducing part of the housing deficit[16] through

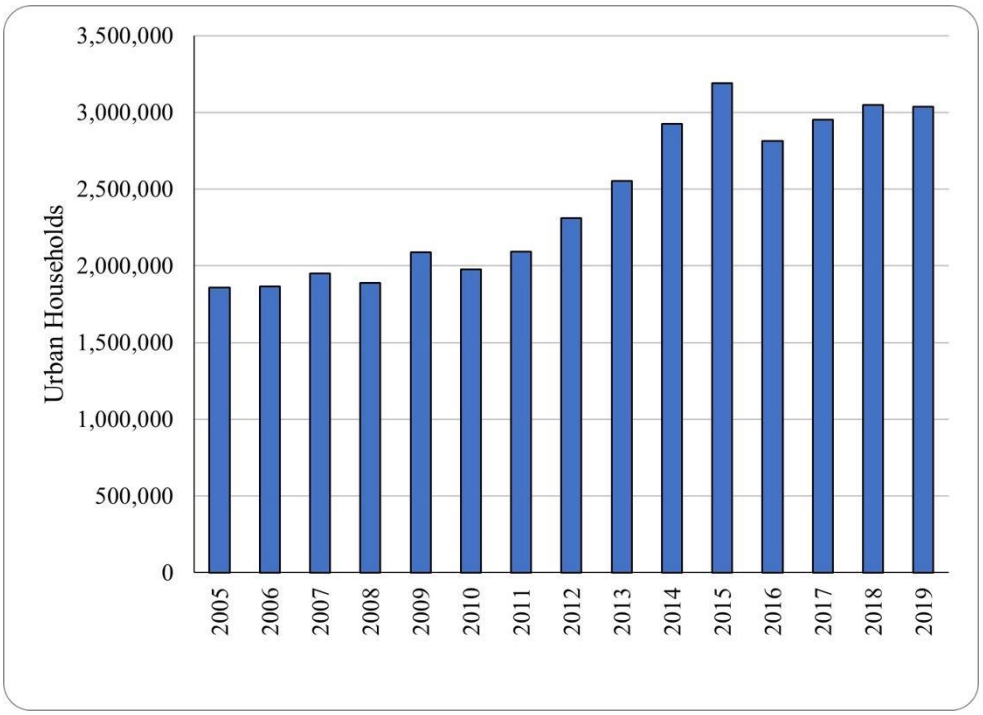
[15] For further details of the methodology applied to the FIPE-ZAP Housing Asking Price indicator, see: https://www.fipe.org.br/pt-br/indices/fipezap#metodologia-do-indice-fipezap

[16] That still represented over 5.8 million households in 2019.

the construction of new units, it may also have increased pressure on another component, since part of the population began to spend more of their income on rent (Faustino, 2014). The excessive burden of rent – consisting of families with incomes of up to 3 minimum wages[17] that spend 30% or more of the family income on the cost of rent – increased from over 1.8 million households in 2005 to over 3 million households in 2019 (Figure 10). From 2011 this became the main component of the Brazilian housing deficit (Figure 11), following an upward trajectory since then.

This phenomenon is part of the trend of increasing real estate values in urban centres, reinforcing displacement to the periphery, and augmenting the value of the housing stock already built, raising rents in general. For Rufino (2016), this dynamic explains the significant expansion of the excessive rent burden.

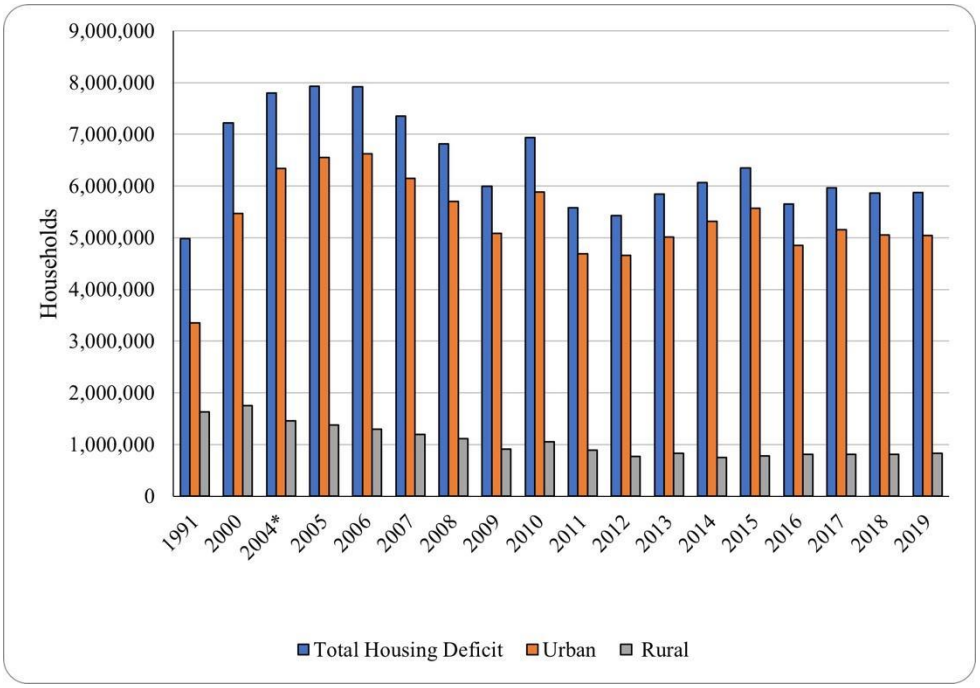
**Figure 10: Development of the excessive rent burden on urban households in Brazil 2005–2019.**




Source: João Pinheiro Foundation and IBGE. Own elaboration.

[17] The minimum wage in force in 2019 was BRL 998.00 (USD 191.80, value Dec. 2022).

**Figure 11: Development of housing deficit in Brazil 1991–2019.**




Source: João Pinheiro Foundation and IBGE. Own elaboration.

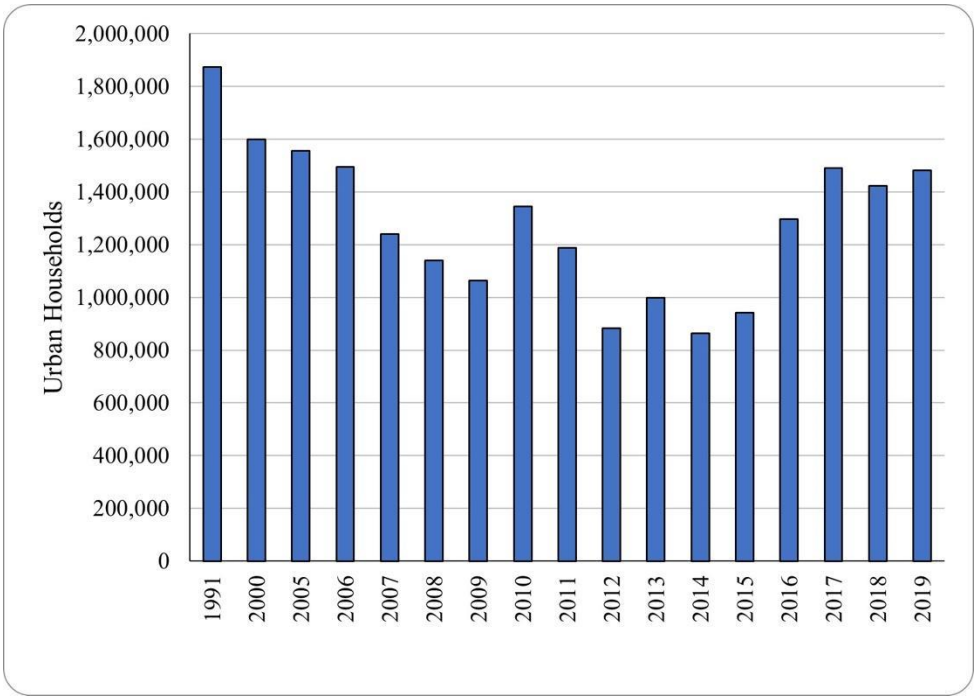
* Counts only the components: cohabitation and precarious habitation (rural and slum housing).
There was no calculation of the burden of excessive rents in that year.

On the other hand, urban precariousness was somewhat eased with the resumption of planning and federal investment in urban policies, such as housing and sanitation, after the creation of the Ministry of Cities in 2003 (Ferrara, 2013:123). With this, the number of households considered as 'precarious housing' in Brazil followed a downward trajectory until 2014. The expansion of urbanisation programmes for precarious settlements, especially after their inclusion in the Growth Acceleration Program (PAC) budget, and the construction of housing through the PMCMV in a period of rising per capita household income, contributed to reducing housing insecurity (Faustino, 2014; Proni and Faustino, 2016). They also contributed to the resumption of investment in sanitation.

The fiscal adjustment from 2014 onwards, however, had an impact on this area, with a significant reduction in public spending on urbanisation of precarious settlements (IFI 2017). From 2014, the number of households considered to be precarious began to grow again, reaching levels similar to those of the early 2000s, as shown in Figure 12. The period also coincides, as seen in the previous section, with an economic crisis and a decline in the residential construction sector.

Precariousness is a diffuse term and often housing issues involve the living conditions and not necessarily a deficit of housing (Tonin, 2021). Its solution cannot be equated only with the supply of new units, as was done in the military period. It requires a broader categorisation and action connecting urban, land and sanitation policy (Sakatauskas, Santana and Leitão, 2018; Santo Amore et al., 2014).[18]

**Figure 12: Households considered as precarious housing in Brazil 2000–2019**




Source: João Pinheiro Foundation and IBGE. Own elaboration.

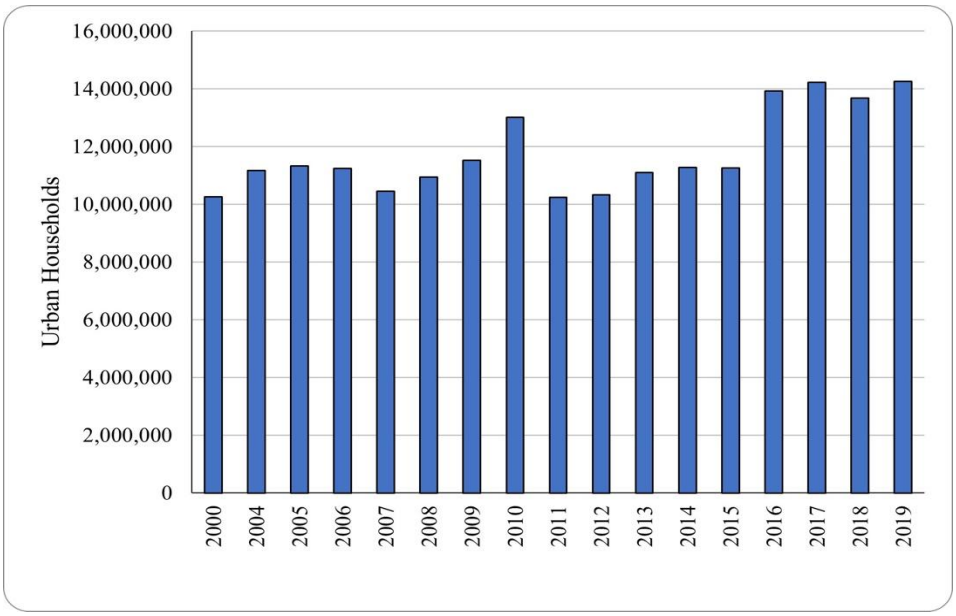
The lack of basic urban infrastructure contributes to the worsening of inequality in cities. The estimate in 2019, as shown in Figure 13, was that more than 14 million Brazilian households lacked some type of urban infrastructure, which represents almost 23% of all households in the country (FJP, 2019). The lack of infrastructure is indicated by the lack of at least one service, such as electricity, water supply, rubbish collection and sewerage network. If we consider issues of race, education and income, the situation is intensified (Boing, Boing and Subramanian, 2021).

Spending on infrastructure fell by 32% between 2014 and 2016 – due to the fiscal adjustment – and affected areas such as sanitation, transportation, environmental management, etc. (IFI, 2017). It is also important to remember that state-owned sanitation companies – particularly those in sanitary sewerage and water supply – were frequent targets of privatisation projects in governments aligned with fiscal austerity policies, as in the case of the CEDAE

[18] For a broader description of precariousness and precarious settlements, which partly escapes the scope of this paper, see Cardoso (2016).

(*Companhia Estadual de Água e Esgoto do Rio de Janeiro*; Rio de Janeiro State Company for Water and Sewerage)[19] (Dweck, Oliveira and Rossi, 2018).

**Figure 13: Number of households lacking urban infrastructure 2000–2019.**




Source: João Pinheiro Foundation and IBGE. Own elaboration.

Commuting time is another important dimension of urban spoliation which accentuates income inequality, aggravated when workers are pushed to neighbourhoods further away from work centres, which occurs both in favela 'removals' as well as in housing programmes such as the PMCMV.

The precariousness of public transport and the encouragement of private individual transport deepen inequalities in urban mobility, since the low-income population is the most disadvantaged, whether in relation to quality of life or the cost and time of travel (Faustino, 2014). The time elapsed between home and work in several circumstances prolongs the working day, being an example of the (ir)rationality of most Brazilian urban mobility systems. The dominant class manipulates the production of urban space, prioritising the optimisation of their own commutes (Villaça, 2011), while the commutes of the poorest are painful and end up having a big impact on the family economy and on the health of its members, for example, fatigue and reduced sleeping hours (Villaça, 2011: 55). A pattern of urbanization marked by spatial segregation becomes more pronounced.

It is not racial segregation 'that crosses all social strata equally' but neither is it one that is explained only in terms of class, since 'separations between blacks and whites belonging to the same social class' are observed in several Brazilian metropolises (França 2002, 1). Danilo França argues that the peculiarity of segregation and residential distances should be examined from the articulation between race and class (França 2022: 1). Spatial segregation, by

19 See: https://www.reuters.com/article/brazil-privatizations-cedae-idUSL1N2J90NB

overlapping deprivations, increases the vulnerability of social groups, reflecting the reproduction of racial inequalities (Carvalho 2020: 152).

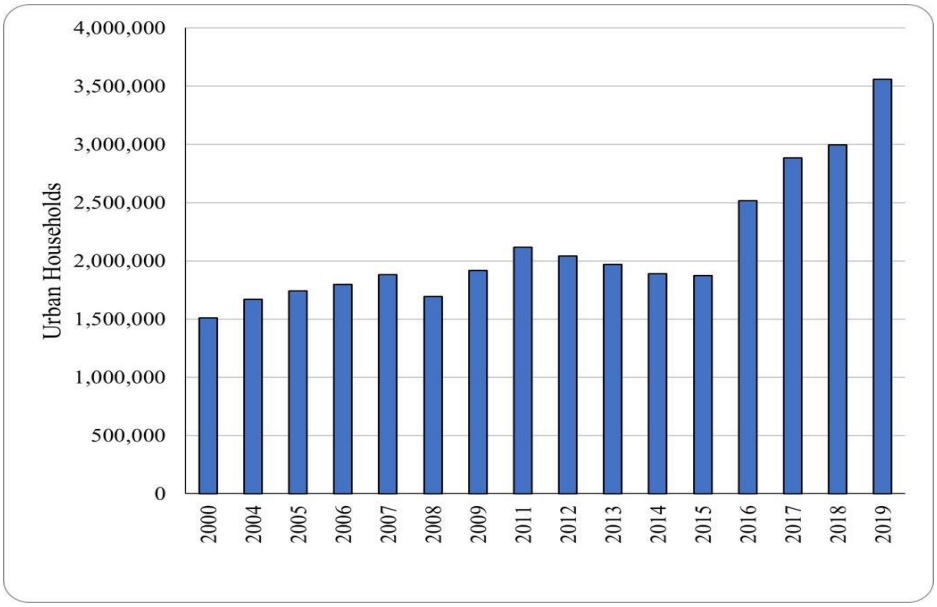
Environmental risk is another relevant aspect of urban inequality. The clear inequality in exposure to environmental risks reveals it is not possible to separate environmental problems from the way power over political and material resources is distributed in society (Acselrad, 2002). There was an expansion of municipal action to manage this type of risk from 2004, with support from the Ministry of Cities for municipalities to prevent and eradicate risks in precarious settlements. The inclusion of this support in the PAC, in 2010, expanded the federal government's support for municipal risk management policies. However, the high levels of risk still existing in Brazilian cities, associated with climate change, make it necessary to expand the State's action on this issue (Carvalho and Galvão, 2016: 181).[20]

The expansion of new forms of inequality within the periphery itself is also manifested by the 'periphery favelas', expanded since 1990, and which are characterised by the expansion of housing in situations of environmental risk, flooding and landslides (Rufino, 2016).

As for irregularity of tenure, in the last two decades the total number of households with some type of land irregularity has increased considerably, doubling in number between 2000 and 2019. In Brazil, in general, almost half the households with irregularity of tenure are concentrated in families with an income range of up to three minimum wages (FJP, 2015). While land irregularity is not restricted to the poorest strata of the population – on the contrary, several examples of illegality can be found in luxury, gated communities – it is nonetheless the lower-income populations that suffer most from the various removal programmes.

20 In March 2022, heavy rains hit the city of Petrópolis, in the mountainous region of Rio de Janeiro, leaving more than 200 people dead due to landslides in risk areas such as *Morro da Oficina*. Many residents, with no option, returned to areas condemned by the Civil Defence. See: https://www.cnnbrasil.com.br/nacional/tragedia-em-petropolis-completa-tres-meses-neste-domingo - accessed on 03 December 2022.

**Figure 14: Number of homes with irregularity of tenure in Brazil 2000–2019**




Source: João Pinheiro Foundation and IBGE. Own elaboration.

Around 40 756 families were removed and 225 301 were threatened with eviction in tenure conflicts in the Metropolitan Region of São Paulo alone between January 2017 and January 2022, according to data from LabCidade's Observatory of Removals (2022). Expulsion, however, does not solve the issue of illegal land use, but only transfers it to other regions of less interest to the real estate market.

The city's current process of growth reinforces the scarcity of space, being determined by the continuous search for opportunities to increase real estate value, both in the incorporation of new spaces and in the intensification of the occupation of existing spaces. This logic of production finds at the "edges of metropolises a space marked by inequalities that express themselves in extremes, such as the appropriation of public spaces for precarious housing and the strong speculative retention of land" (Rufino, 2016: 233).

Inequality is also faced by the difficulties in implementing redistributive policies to tax property. In Brazil, taxes such as the Urban Property Tax (IPTU) and the Real Estate Transfer Tax (ITBI) could be distributive in character since real estate is one of the primary representations of a taxpayer's wealth, and the rates on it tend to be progressive (Peres et al., 2021). The Brazilian tax system, however, concentrates taxation on consumption rather than property. The characteristics discussed throughout the text, such as irregularity in landownership, self-construction of housing, peripheral expansion and occupation of risk areas, among others, reinforce the importance of a proper surveying of the land and a continuous process of evaluation of its bases, rates, property values and policies of amnesties and exemptions (Peres et al., 2021; Bressan et al., 2023). The various conflicts reported in municipalities that have tried to change this logic also show the strength of resistance faced (Bressan et al., 2023).

Lastly, as well as aspects not covered here owing to how far we have been able to advance with the research and summarise, it is important to stress that there are significant methodological difficulties involved in analysing

interactions between the financial real estate circuit and inequality. For example, there is the hidden inequality in the distribution of wealth in Brazil, since the basis that could statistically measure inequality is the Federal Revenue Service's register of individuals, which is secret, as discussed by André Calixtre (2014).[21] Problems related to illegal land grabs in rural and urban areas make the analysis even less accurate.

So-called "money laundering" – a name given to all operations that aim to lend an appearance of legality to assets obtained illegally – is another phenomenon with important repercussions. "Protagonists in corruption schemes often use networks of secret companies, 'trusts', funds and other corporate arrangements in one or more jurisdictions to transfer and hide assets. This is what occurred in 70% of the 200 cases of major corruption analysed by the World Bank", states a 2017 report by Transparency International (2017). These schemes often use offshore companies to hide the real owner of the assets being acquired, and "one of the most common objectives of those who launder money using offshore companies is buying property", according to the same report.

The quantitative analysis of the trajectory of companies that are not publicly traded in Brazil is also hampered by the absence of a database that consolidates information about them. Therefore, it is difficult to analyse data such as market value, dividends paid and net worth. A significant share of the real estate market in Brazil is still made up of family-owned companies with very little interest in submitting to transparency regulations demanded by the stock market, though with much interest in public works contracts.

The analysis of publicly-traded companies' shareholders also presents challenges due to asset protection strategies and fiscal engineering in order to pay less tax. Some family-owned business groups opt to open homebuilders in order to own shares in publicly-traded companies, thus enjoying tax benefits in the distribution of profits and in inheritance processes. Furthermore, investment funds that own such shares are veritable black-boxes with regard to analysing shareholders, since one knows the name of the company that manages the resources, but not of the investors. Also, fund managers may sell off their positions in real estate companies after brief periods. And despite the large amount of data made available by the Economatica database, limitations remain. For instance, shareholders with less than 5% of the shares in the companies analysed are described as "Others". In sum, there are obstacles for one to map out the ultimate "owners of the money", even though it has been possible to make significant progress in this rather time-consuming research process (and in previous ones mentioned here that provided some of our grounding).

[21] The article partially circumvents the restrictions by examining an alternative database of wealth data for individuals, which is, however, public and open to all: the candidate registry of the Superior Electoral Court. If it does not solve the problem, it at least helps to show the relevance of its study.

## Conclusion

Our main goal in this paper was to identify and characterise changes and continuities in the stock and owners of real estate wealth (with a focus on housing) and then raise hypotheses about how these changes interact with transformations in the pattern of inequality.

In doing so, we observed several two-way interactions, situating them in the long duration of the constitution of highly unequal structures in Brazil discussed in the other chapters. These findings are consistent with the notion that real estate is an active moment of capitalist accumulation and that cities are not mere reflections or witnesses of the contradictions of this mode of production, developed by authors like David Harvey and Doreen Massey in several works. Furthermore, housing and urban policies may accentuate or counter the process of income and wealth concentration, so that the same policy can have contradictory effects, as we have seen.

The first section presented the historical context in which the financial real estate circuit began to be structured, in the military regime that followed the 1964 coup d'état. At that moment, the economic policy accentuated the dynamics of income concentration and wage repression. As a strategy of social legitimisation and accumulation, the military regime launched a housing policy with the creation of a National Housing Bank and the formation of two financing funds, presented in section 2. At the same time, civil and political rights were revoked and opponents were repressed, imprisoned and tortured.

In this context, the financial real estate circuit was structured as a narrow market restricted to the richest segments of the Brazilian population, to such an extent that not even the middle classes were able to access real estate. It is mainly through self-construction that most workers access a home – working on weekends or in their spare time. Several authors highlight this fact in their reading of the specificities of Brazil's social formation, like Francisco de Oliveira in his book *A economia brasileira: crítica à razão dualista* (Oliveira, 1972) and Ermínia Maricato in the collection of essays she edited *A produção capitalista da casa (e da cidade) no Brasil industrial* (Maricato, 1979). The dissemination of self-construction contributed to lower the cost of reproduction of the workforce, enabling wages to be constantly depressed (Kowarick 1993: 61; Pereira, 2016) – an important interaction between the theme of housing and the theme of inequality.

The housing policy of the dictatorship went through a crisis that included the de-structuring of the credit system and lasted throughout the re-democratization process. In the 1990s, the regulatory framework of housing finance was remodelled as part of neoliberal structural adjustment, but the housing market crisis persisted. The state reduced its participation in the financing of housing and the real estate market resorted to self-financing. In the cities, the ideology of public-private partnerships as a supposedly magical formula to solve infrastructure problems gained ground. This took place in the wake of models disseminated worldwide, but which took on particular features in Brazil, often leading to the expulsion of the low-income population and increasing intra-urban disparities.

In the 2000s, the financing system was reconstituted by the Workers' Party government with President Lula da Silva, still based on those public funds created in the 1960s. It was at this moment that the changes we analysed in section

2 were structured, and when interactions with the theme of inequality became more complex. This was partly because the housing policy was a response to an important struggle of the housing movements and to the activism of the so-called *movimento da reforma urbana* (urban reform movement), which fought for housing and the right to the city.

The reorganisation of the regulatory framework and the expansion of housing credit generated a substantial increase in real estate activity and created a housing boom. There were price rises, but with different determinants in comparison with real estate bubbles like the North American or the Spanish.

This led not only to the economic recovery of the sector, but also to greater scales of production in housing, thus broadening the horizon for a new and large wave of capital centralisation. In the text, we presented three rounds of IPOs and discussed the most significant (the second), which took place between 2006 and 2008.

While this round originated in the increase in real estate credit, its sustainability only occurred thanks to a housing policy that mobilised billions of reais in subsidies for the construction of millions of houses. The amount was unprecedented and allowed the policy to reach social strata that had not had access to formal housing before – in this sense, it responded to a social and political demand. Meanwhile, other policies contributed to the reduction of urban precariousness for a certain period.

On the other hand, this volume of public funds was also significant for the financial real estate circuit, despite the ideological allegation that it is less dependent on the state. This increase in scale gave more power to homebuilders that decisively influenced the design of the housing programme. Some effects of this conflictive and multidimensional process on the struggle for the right to the city highlighted in the text were the constitution of land banks by homebuilders, contrary to land 'demercantilisation' policies; increases in land prices and rents, making access to housing less affordable; the production of housing estates in distant and undeveloped areas, with poor architectural standards; the worsening of working conditions on building sites, including in certain cases the use of labour in conditions analogous to slavery and the formation of a new super-rich stratum.

In sum, the paper examined the complex and contradictory set of interactions between this process and inequality, both in quantitative and qualitative terms, as a contribution to the body of work developed within the Wealth Inequality and Elites in the global South research project.

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