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The Polymorphic State and Real Estate:

Rethinking the relationship between the state and real estate through Johannesburg & Bangalore

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A Thesis submitted to the Faculty of Engineering and the Built Environment, University of the Witwatersrand, Johannesburg, in fulfilment of the requirements for the degree of Doctor of Philosophy.

September 2022

DECLARATION

I declare that this Thesis is my own, unaided work. It is being submitted for the Degree of Doctor of Philosophy at the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination at any other University.



(Signature of Candidate)

26th day of September 2022 in Johannesburg, South Africa

Abstract

This research seeks to expand understanding of the relationship between the state and real estate. It is guided by the impulse, from experience in urban land justice activism, to acknowledge multiplicity in the state, and to contextualise the nebulous boundary between the private and public. I argue that commonly adopted concepts in critical scholarship – in the strands of urban power, urban planning and historical materialism – do not adequately offer a means to do this. Thus, drawing from how these concepts have been stretched and refuted in critical scholarship, an analytical lens is assembled for this research. It is guided by three influences: a historical materialist analytic of the urban; non-normative approaches to a postcolonial state theorised in India; and insights on the amorphous boundary between the state and private sector in real estate.

The starting point for this research is Johannesburg. However, an expansive spectrum of Indian critical scholarship surfaced in reading the relationship between the state and real estate. This raised the methodological utility of bringing Johannesburg into empirical conversation with an Indian city. Emerging organically as this city was Bangalore. Rather than 'cases', Johannesburg and Bangalore are approached as 'vantage points' through which to explore the relationship between the ubiquitous, albeit socially constructed, state and real estate. This research was thus guided by the question: (How) can the relationship between the state and real estate be conceptualised through Johannesburg and Bangalore? To begin to explore this, I undertook in-depth interviews with 62 key informants in real estate and government, as well as observations in real estate conferences and as an intern in a real estate consultancy firm. Additional analysis was undertaken of news articles, industry reports and building statistics.

Three lesser-seen relationships between the state and real estate emerged, grounded in each city but developed through each other: an enabling relationship between local government and real estate shaped by the post-apartheid transition in Johannesburg; central government's incorporation of real estate in Bangalore; and the Government Employees Pension Fund's (GEPF) embeddedness in Johannesburg real estate as an 'investor state'. In a landscape of differentiated real estate, the state was shown to be central to financialised forms of real estate – but not only so. This contributes to conceptualising a polymorphic state and real estate. Empirically, this work expands critical scholarship to direct considered attention to non-corporate forms of real estate in India, and listed corporate real estate in South Africa.

Acknowledgments

Foremost, this work is dedicated to San Juan Atzacualoya, Doornfontein, Marabastad, Laudium, Midrand, eRhini, Minneapolis, Sea Point and Woodstock. Lugares del pasado y del presente, pueblos y ciudades, barrios y suburbios. Sus calles, gente y su resilencia fueron mi inspiración para que entrara en la planeación urbana y el activismo.

Thank you to the people involved in this research, for your time and your insights. Thank you especially to those of you who went out of your way and patiently gave me a layperson's guide, especially Emma and Molefi.

Thank you to the mentors who made me begin to believe, a little while back, that I had it in me to take this journey on: Dr. Joshua Kirshner and Prof. Abdi Samatar. To the scholars who didn't know me from a bar of soap but who responded to my e-mails and generously gave me their honest advice as I began to take tentative steps toward this – Sophie Oldfield, Claire Benit-Gbaffou, Anokhi Parikh, Sian Butcher, and Llerena Guiu Searle – thank you. To my supervisors, Prof. Alison Todes, Dr. Solomon Benjamin, and Prof. Philip Harrison – for your guidance, mentorship, and persistent pushes through a whole pandemic and across time zones. I am eternally grateful.

There are also people whose care was immeasurable at different points along my path, who made unfamiliar places and institutions navigable and surmountable. While in Grahamstown, the Pillay family. While in the Twin Cities, the Onyiahs and the indomitable Gaonas. While in Bangalore, the Rawat family at Tharangavana and Jessica George Mathew. Thank you, too, to the friends who navigated the nooks and ideas of Bangalore with me: Lydia, Chedup, Swapnita, Sharon, Alok, Varsha and the Benjamin family.

Thank you to comrades and colleagues over the years who often became friends. Conversations and moments with each of you expanded my consciousness. Asanda Ncwadi, Joel Pearson, Nkosikhona Swartbooi, Jared Rossouw, Mandisa Shandu, Maxine Bezhuidenhout, Tyronne McCrindle, and Kimberley Khumalo. Not all your names fit here, but I will always be

grateful to the Ndifuna Ukwazi team of 2016 – 2018. To the entire RTC family in Ahmad Kathrada and Cissie Gool House, thank you. *La lucha continua.*

I also owe thanks to a group of dynamic PhD scholars who attended the IJURR PhD Summer School in Delhi in 2019. You made me believe I could find community in academia and that the PhD process need not always be lonely. Thank you especially to Leon, Suruchi, Alison, Angana, Shivangi, Diego, and Ashley.

Thank you to *all* the friends and loved ones who kept me grounded throughout this process. A special thank you to those who were persistent cheerleaders: Kirsten Koma and Ben Ndimurukundo. Tshiamo Moiloa, for your kindness and support as we navigated life and lockdowns. And of course, Mosa Phadi, for being an unwavering and honest sounding board. For willing me to begin and to end, and for making me believe I could when I thought I couldn't. Ke a leboga. Always.

Thank you to my family, gone and present, Pillay and Gonzalez Gaona, from whom I first learned that "el revolucionario verdadero está guiado por grandes sentimientos de amor". To my Abuelita Conchita (María Félix Concepción Gaona Peláez) and Pappa (Vartharajalu 'Ramy' Pillay), I will always be guided by your sacrifice, fierce spirit and strength. To Amma, Manoo Pillay, thank you for saying I make you proud. Gracias to my tios, tias, uncles and aunts for your wisdom, love, and thunderous cheers. I am especially grateful to the brilliant and bold humans who call me prima and Akka, you all inspire me. To my day one and day zero, Sashin Pillay Gonzalez, for *always* supporting me as I live my truth. Thank you Sash, siempre.

Finally, to Kuben Pillay and Aurora Gonzalez de Pillay, there is a little bit of you in everything I am. To dad for teaching me how to articulate myself, and mom for teaching me how to spell and write a story. To you both, for giving me the infinite love and space to dream. This, and everything I put my heart and head to, is a reflection of your love. I can never thank you enough.

This research would not have been possible without the support of Canon Collins, the IJURR Studentship and the NRF Research Chair in Spatial Analysis and City Planning. Thank you.

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List of Acronyms

BBBEE	Broad-based Black Economic Empowerment
BBMP	Bruhat Bengaluru Mahanagara Palike
BJP	Bharatiya Janata Party
CPPIB	Canada Pension Plan Investment Board
CREDAI	Confederation of Real Estate Developers' Association of India
EPPF	Eskom Pension and Provident Fund
GEPF	Government Employees Pension Fund
GIC	Government Investment Corporation
HIFSA	The Housing Impact Fund South Africa
JSE	Johannesburg Stock Exchange
NBFC	Non-banking Financial Companies
NSSO	National Sample Survey Organisation
PIC	Public Investment Corporation
PG	Paying Guest accommodation
REIT	Real Estate Investment Trust
RBI	Reserve Bank of India
SAPOA	South African Property Owners Association
SAARDA	South African Association of Affordable Residential Developers
SAWHF	South African Workforce Housing Fund
SOE	State-owned Enterprises
SPV	Special Purpose Vehicle
SWFs	Sovereign Wealth Funds
TUHF	Trust for Urban Housing Finance

Chapter 1:

Why the state and real estate?

1.1 Introduction

Growing up in Midrand on the northernmost edge of Johannesburg in the 1990s and 2000s, my childhood was peppered with memories of new buildings rising from the ground. When I was in Grade 2, a small building with a handful of shops was my mother's regular stop after picking me up from school. By the time I had reached senior primary, it had been usurped as our stop of choice by a shopping centre built three kilometres away. It had many more shops, and two, much larger, grocery stores. Soon after, another two shopping centres were built across the road from it. At school, before the apartment buildings and townhouses sprung up in the veld[1] surrounding our ever-patchy sports field, there were occasions where we would spot a resident jackal.

The neighbourhood where I spent most of my childhood was a suburban anomaly – among a handful of nationally-designated 'grey' areas, conceded by an apartheid government gasping for air as the 1980s ended. 'Grey' reflected its racial ambiguity, and, perhaps, its existence in an intermediate zone between the old and new South Africa – an area where people of all races could buy land and own homes. My parents moved into the neighbourhood in 1990, the same year that Nelson Mandela was released from prison. The neighbourhood was an eclectic combination of mostly Black[2] and Indian[3] families, and a handful of oddball 'mixed' families like mine. As I grew up, the nearby predominantly-Afrikaans, white neighbourhood took on a similar racial demographic to ours, and shopping centres mushroomed within a few kilometres of one another, year after year. Gated townhouse complexes and larger gated communities began to fill in the spaces between the older, historically white, suburban areas.

[1] Veld is a South African term referring to grassland.

[2] The term black, with a small 'b', is used in this research in its broader and encompassing South African sense that includes all previously disadvantaged racial groups in South Africa: Coloured (see footnote 7), Indian (see footnote 3) and black African people. The term 'Black', with a capital 'B', meanwhile, is used in this thesis to refer to black African people. This, to account for the fact that there is a political and socioeconomic particularity in this experience and history (Coleman, 2020; Laws, 2020; Phadi, 2020).

[3] The term 'Indian' in South Africa is used to refer to people of South Asian heritage, most of whom have ties to what became India, and trace their Indian forebears to indentured labourers or merchants.

Despite this rapid real estate development, there was a dearth of public recreation facilities. I was curious about how it was that the built environment where I was living was being shaped – and who, or what, was doing the shaping.

Although I did not know it at the time, I was living in a geographical hub of South African real estate development. Following the end of apartheid, real estate was concentrated in the country's smallest province of Gauteng, and Midrand was one of its burgeoning nodes (Chalmers, 1995; StatsSA, 1998). In 1995, the building plans for middle-class townhouse developments that filled in the gaps between white suburbs were outstripping plans for the country's state-built Reconstruction and Development Programme (RDP)[4] houses (Gebhardt, 1995). In this period, the value of approved residential building plans in Gauteng was the highest of all the provinces (Rowley, 1995; Chalmers, 1995). In 1997, private sector building plans to the value of R7.9 billion were approved in the province. This constituted over 40% of the total value of all private sector building plans passed in South Africa that year (StatsSA, 1998). R550 million-worth of these plans were passed in Midrand alone. Notably, in Soweto, Johannesburg's largest black township in the south of the city, the value of plans passed was less than 10% of its historically white northern counterpart (StatsSA, 1998). Midrand's real estate expansion continued throughout the 2000s[5]. In 2015, it was estimated that Midrand was on course to being one of South Africa's most densely populated areas (Cokayne, 2015).

University provided me with the conceptual tools to begin thinking differently about what I saw unfold spatially. In my politics classes, we learned about the right to the city, adopted a Fanonian lens to make sense of South Africa's spatial inequality, and toyed with anarchist texts on the state. Then, I found myself on a path to becoming an urban planner. Instead of a city planning department, I joined a small but tenacious group of community organisers, lawyers and researchers contesting spatial injustice in the inner-city of Cape Town.[6] We set up assemblies of solidarity and legal advice in working-class pockets of the inner-city where real

[4] RDP stands for Reconstruction and Development and Programme, it referred to a socially-oriented government programme adopted by the African National Congress (ANC) following the first democratic election, which became emblematised in government-provided mass public housing. The programme was abandoned, but subsidised state housing retained its association with the name.
[5] Between 2000 and 2015, there had been an increase of 550%in the number of sectional title properties in the area (Cokayne, 2015).
[6] The organisation is a land justice organisation named Ndifuna Ukwazi (Dare to Know).

estate developments raised property prices and led to the eviction of Coloured[7] and Black security guards, nurses, hairdressers, and hustlers. Meetings were held in a local church, with domestic workers and carers dominating discussions, to build neighbourhood support to contest the sale of state-owned land. The most prominent of these sales was a centrally located piece of land sold to a private school by the provincial government. This, despite calls from parts of the city government for it to be used for much-needed social housing. Later, a legal challenge to stall the sale and prioritise the use-value of this public land was backed by a high-ranking minister from national government (Pather, 2017). Thus, the state we encountered – people, departments, government spheres – was often obfuscating and not at all monolithic. At the same time, high-level politicians carried out cozy relationships with real estate developers (McKune,2016), and favourable land-use rights were granted by planning authorities to large listed real estate behemoths (Knight, 2019). We associated real estate with the private sector, and the state with government: the one guided by profit imperatives, and the other tempered by social ones. But we witnessed permeability in this boundary. Limited by a binary, we could only explain these as breaches, or as a state failing its normative duties of fulfilling socioeconomic rights and social redress.

In both periods of my life, and in the urban areas where I lived, real estate development was a ubiquitous driving force in shaping the built environment that my community and I encountered and navigated daily. Yet it seemed that we could not fully understand this real estate development, or make sense of its impacts on our lives, without also understanding the state. The experience of encountering the state through activism provided a grounding to conceptualise the relationship between the state and real estate. What was clear was that spheres of government can contradict each other, the state is made up of various parts, and the distinction between the private and the public is not always that clear.

1.2 Purpose of the research

Although activists encounter and deftly navigate a state characterised by contradictions and multiplicity, the discourse and approaches mobilised in activism do not always reflect this. The state is often spoken of as a monolithic government, while intertwining interests and

[7] In South Africa, the term 'Coloured' is a common and widely accepted term used to refer to people of a lineage of mixed-race heritage.

corruption – and the people who are part of it – become the most visible and critiqued in an array of relationships. This is not, however, a peculiarity of activism. In the years in which this research was undertaken, between 2018 and 2021, instrumentalist approaches to the state dominated South African public discourse, as commissions of enquiry into the 'state capture' of state-owned enterprises (SOEs) by certain individuals permeated news coverage. While not concerned with real estate, the commissions revealed, and condemned, a *particular* kind of 'corrupt' relationship between the state and the private sphere. In critical scholarship, meanwhile, the concepts that have been most mobilised to characterise the relationship between the state and real estate are predominantly one-dimensional,[8] and foreground certain relations because they do not fit a particular normative framing of the state.

The rationale for this research, therefore, is to enable a more nuanced understanding of how real estate development manifests in cities, and the nature of the state's relationship to real estate. By beginning with the acknowledgment of multiplicity in the state, and by not being bound by what we think the state should be, previously obscured dimensions of the state in relation to real estate development can be revealed. Visibilising and conceptualising this is not only relevant in the abstract realm of theorisation, but in material struggles for housing, land, and home.

1.3 Conversation as Research Methodology

The starting point and anchor for this research is Johannesburg, the city in which I currently live and the official boundaries of which came to encompass Midrand. However, from the outset, I recognised the merits of making sense of what I would encounter in Johannesburg, in relation to another place. A process of making sense of one city through another begins instinctively in critical urban research through engaging with existing literature (Robinson, 2016). As I began reading on real estate and the state, I encountered a vast body of critical urban scholarship from post-1990 India. This started a conversation between Indian and South African scholarship on the relationship between the state and real estate (discussed further in Chapter 3). What stood out from this reading was the contribution of Indian theorisations of the postcolonial state to analysing the state non-normatively, and the generative urban

[8] Whether in their focus on certain scales of the state, namely urban planning or local government, or in their focus on the state as government.

offshoots of this scholarship (Gupta, 1995; Gupta et al. 2015; Chatterjee, 2004; Kaviraj, 2011; Fuller & Harris, 2001; Parikh, 2015; Benjamin, 2004 & 2008).

The idea of bringing an Indian city into further, empirical, conversation with Johannesburg thus emerged from this initial encounter with scholarship. This empirical conversation would involve undertaking fieldwork in an Indian city to reflect and 'think through' Johannesburg (Robinson, 2016a). Bangalore, a city in which I had worked as a research intern in 2014, and in which I had preliminary contacts, presented itself as the city with which to do so. Bangalore has been the subject and site of eminent scholarship on the urban of various theoretical strands (Benjamin, 2004 & 2008; Goldman, 2011; Rouanet & Halbert, 2014; Halbert & Rouanet, 2016) and has been shaped irrevocably by real estate development since the early 1990s. Yet, in burgeoning comparative urban analysis dominated by a 'handful' of Indian cities (Frazier, 2021: 12), Bangalore is notably absent. It thus presented itself organically as a city to enter into empirical conversation with Johannesburg.

The concept of 'conversation' as the method utilised here, is linked closely to relational comparative analysis (Ward, 2010; Hart, 2016; Robinson, 2016a; Frazier, 2021). The term 'conversation' is a word invoked regularly by Robinson (2016 & 2019) in her seminal work on comparative analyses of the urban. The term 'comparison' is intentionally avoided in this research because of its historical baggage and implicit assumption about ideal types, methodological territorialism, and overarching processes (Hart, 2002; Ward, 2010; Hart, 2016; Robinson, 2016). Thus, Bangalore and Johannesburg are not employed as 'cases' or as a 'comparison' of cities or their respective countries. Rather, they are 'vantage points' (Hart, 2016) through which to explore the relationship between the ubiquitous, albeit socially constructed, state and real estate.

The bulk of the fieldwork for this research occurred between December 2018 and January 2020. Drawing on the methodological insights of previous empirical research on real estate in critical scholarship (Fainstein, 1994; Searle, 2016; Parikh, 2015; Butcher, 2016), this research employed in-depth interviews, observation, and participation, as well as analysis of literature, news articles, reports, and quantitative data. Sixty-two in-depth interviews were undertaken with key informants that included real estate executives, real estate company founders,

financial sector professionals, property entrepreneurs, architects, government officials, consultants, and academics. I also attended three South African real estate conferences and worked as a research intern in an Indian real estate consultancy firm for almost two months.

My observations from Johannesburg – where I began and undertook most of my fieldwork – were analysed and nuanced through my shorter, but dense, fieldwork in Bangalore. Relatedly, what I heard and witnessed in Bangalore was tinged by what I had seen (or had not seen) in Johannesburg. This conversation, a dialectical process of analysis and interpretation of observations and interviews from both contexts, may not always be explicit in the chapters of this thesis. However, it is a process captured in field journals and which developed the relations that became the focus of this research. Thus, although the findings from each city were considered on their own terms, and have their own chapters, they were developed by and through each other.

1.4 Research Objectives and Questions

The four objectives that developed for this research were:

- Analyse the ways in which the relationship between the state and real estate has been conceptualised in critical scholarship.
- Establish the nature of real estate and its dominant forms and players in post-1990 Johannesburg and Bangalore.
- Identify, analyse, and conceptualise the lesser-seen ways in which the state relates to real estate, especially dominant real estate, in Johannesburg and Bangalore.
- Determine whether the relationship between the state and real estate resonates with existing conceptualisations and/or poses new dimensions.

In pursuit of these objectives, the primary research question that guides this research is:

(How) can the relationship between the state and real estate be conceptualised through Johannesburg and Bangalore?

In order to answer this, the following sub-questions are asked:

- How is the relationship between the state and real estate currently conceptualised in critical scholarship?
- What analytical lens can be adopted to account for multiplicity in this relationship, the permeability of the state/private sector binary, and relations beyond (what is viewed as) corruption?
- What are key characteristics of the landscape of real estate in Johannesburg and Bangalore?
- How is it that some real estate forms and players came to dominate post-1990 Johannesburg and Bangalore?
- What are the lesser-seen ways in which the state relates to real estate forms and players that have dominated post-1990 Johannesburg and Bangalore?

1.5 Revealing the Polymorphic State & Real Estate

This research adopts an analytical lens that may offer insights for future research on the relationship between the state and real estate. The lens has four layers: first, drawing primarily from Indian postcolonial scholarship (Gupta, 1995; Gupta *et al*., 2015; Chatterjee, 2004), the state is approached non-normatively. Second, drawing from urban scholarship inspired by a strand of Indian urban scholarship (Parikh, 2015; Benjamin, 2008), as well a strand of historical-materialist scholarship on the urban (Scott, 1980), there is an openness to the non-monolithic and non-unitary nature of the state in relation to real estate. Third, inspired by the Singaporean "Property State" (Haila, 2015), real estate is approached openly as a *process* of accumulation rather than as 'real estate developers' or the 'private sector'. Finally, this research adopts a historical materialist analytic to analyse the state and real estate relationally and dialectically, as dynamic and shifting over time, and shaped by historical ruptures and continuities. This lens revealed three lesser-seen relationships between the state and real estate that became the focus of this research.

First, through post-apartheid Johannesburg, it is shown how an enabling relationship between local government and real estate was not necessarily driven by coherent urban planning policy, or an alliance of property interests and the state. Rather, in the decades following 1990, institutional (re)structuring combined with broader political and economic shifts to the benefit

of real estate development. This raises the limits of confining analyses of the urban, and the relationship between local government and real estate, in terms of urban power and urban planning theories. The former assumes state coherence and instrumentalises the state, while the latter can overstate the agency of planners and the role of planning policy.

Second, in Bangalore, is the central government's simultaneous restraining and enabling of different facets of real estate through its reforms to the cash-based economy. This is shown to be favouring the corporate economy, and the largest, and most financialised, real estate forms. Third, is the Government Employees Pension Fund's (GEPF) embeddedness in real estate as a shareholder, company co-owner and property asset owner in Johannesburg. The first two relationships, albeit lesser seen, involve familiar forms of the state as government. In the last relationship, a lesser-seen, non-governing form of the state is revealed.

Supporting historical materialism-influenced financialisation scholarship, this research revealed that the state – through central government's economic reforms, and a public pension fund's investment – contributes to expanding financialised forms of real estate. The history and landscape of capital and finance in each context layers the processes and nature of this. However, as a challenge to much of the financialisation literature, the state is also shown to do more than just enable, or be embedded in, financialised real estate. Through explicitly unveiling lesser-seen relationships, and implicitly referring to a host of other state-real estate relationships, this research shows that the state takes on multiple, dynamic, and sometimes contradictory relationships with real estate. These relationships are constituted by multiple state forms, multiple realms, and can be analysed based on different facets of the state. Further, in landscapes of heterogenous real estate, the state can have variegated relationships with different forms of real estate

Rather than focusing on conceptualising and describing an overarching relationship between the state and real estate – such as the property state (Haila, 2015), real estate state (Stein, 2019) or rent-seeking state (Shatkin, 2017; Olver, 2019) – I argue there is utility in acknowledging a polymorphic state and real estate. Instead of attempting to name *the* state-real estate relationship, what is perhaps more instructive is identifying the various forms of the state, and realms and facets of this relationship. First, it tempers attempts to universalise 'the'

relationship between the state and real estate from the perspective of a particular context (Stein, 2019). Second, it moves beyond the "territorializing trap" (Robinson, 2016: 5) of seeking to characterise, exceptionalise and simplify state-real estate relationships based on national scale differences (Shatkin, 2017; Haila, 2015; Wu, 2021). Third, it encompasses relationships and facets of the state – such as the investor state – that help conceptualise already witnessed 'blurriness' and transcend the North American-scholarship influenced binary between the public and private. Fourth, it allows for dynamic, simultaneously occurring, contradictory, and not-yet-imagined relationships, between the state and real estate to be seen.

1.6 Chapter outlines

This thesis is divided into nine chapters. It follows a conventional introductory structure of an introduction (Chapter 1), literature review (Chapters 2 and 3) and methodology (Chapter 4). This is followed by a context chapter describing the nature of real estate in Johannesburg and Bangalore (Chapter 5). Following this are three findings chapters, each of which discusses a different relationship between the state and real estate, two focused on Johannesburg, and one focused on Bangalore (Chapter 6–8). Finally, I close with a discussion of the conceptual contribution of these findings and this research's limitations and possible ways forward.

Chapter 2: Chapter 2 analyses conceptualisations of the relationship between the state and real estate, which continue to be employed in contemporary critical urban scholarship. These are organised into three theoretical strands, which, although overlapping, are still distinct: urban power, urban planning, and historical materialist theories. Urban power and urban planning theories are shown to be anchored in local government and are limited in the scope of relations that they focus on due to their normative approach to the state. I propose that from these theoretical strands, a historical materialist analytic thus offers the most instructive starting point for an analytical lens for this work. This, in large part is due to this scholarship's analysis of the state and real estate relationally and dialectically, as dynamic and shifting over time, and shaped by historical ruptures and continuities.

Chapter 3: Chapter 3 continues from Chapter 2, by analysing how it is these theories and their attendant concepts have been employed, contested, or stretched in contemporary scholarship. It begins by showing how urban power theories have been applied in Indian and

South African urban scholarship. Next, I argue that the dominant concepts, to make sense of the relationship between the state and real estate, have been stretched by instructive scholarship from (South) East Asia. This, by challenging the private sector/state binary that is often used to analyse the relationship between the state and real estate. Next, I discuss the contribution of Indian scholarship to both nuancing the historical materialist concept of accumulation by dispossession, and offering an approach to analyse the state non-normatively. Following this, I discuss the ways in which South African scholarship has approached the relationship between the state and real estate by drawing on dominant theoretical paradigms. Finally, I propose an analytical lens to guide this research that builds on the insights from Chapters 2 and 3.

Chapter 4: Chapter 4 provides a discussion of the methodological approach of this research. This begins by further explaining the methodology employed of bringing Johannesburg into conversation with Bangalore, to analyse the relationship between the state and real estate. Following this, I discuss the research methods used. These were in-depth interviews with key informants, supported by ethnographically inspired observational research and supplemented in turn by document analysis and some quantitative data analysis. In this discussion of methods, I include a table of all interview participants in this research. I then discuss the challenges in facilitating access precipitated by "studying up" (Nader, 1974), and how these were negotiated. In ending, I discuss the ethical navigations and considerations of this research, including how I addressed participants' wishes to not be identified and navigated power relations with interview participants.

Chapter 5: Chapter 5 outlines the landscape of post-1990 real estate in Johannesburg and Bangalore respectively, with a more detailed discussion provided of the real estate foregrounded in this research: corporate listed real estate in Johannesburg, and non-corporate real estate in Bangalore. What emerges in this chapter is that both Johannesburg and Bangalore are characterised by a heterogenous real estate landscape. In Bangalore, differences arise between how the big and small navigate bureaucracy and politics. In Johannesburg, being black becomes a defining differentiator. Notably, finance and capital emerge in both cities as important influences on who dominates the real estate landscape.

Chapter 6: Chapter 6 traces the construction of the post-apartheid City of Johannesburg local government alongside how it is real estate development boomed post-1994. What emerges is that local government's institutional restructuring and cohering in the years following apartheid was not inhibitive to galvanising real estate development. In addition, by periodising the relationality and materiality of local government and real estate development in the last three decades, it is shown how contemporary tropes of local government's (dys)functionality are constructed by real estate professionals. The chapter thus reveals a lesser-seen way in which local government has been facilitative to real estate in post-apartheid Johannesburg. This challenges urban power and urban planning conceptualisations by going beyond a growth machine, rent-seeking, or role of planning policies.

Chapter 7: Chapter 7 adds a dimension to the way in which the state relates to real estate in Indian scholarship by highlighting the role of the central government's economic reforms impacting the cash economy. In doing this, this chapter also directs attention to a lesser-seen form of real estate, non-corporate real estate. Non-corporate real estate is shown to have faced a set of intertwining challenges since 2014, precipitated by central government reforms that include demonetisation, the Real Estate Regulatory Act (RERA) and the Goods and Services Tax (GST). The consolidation of large corporate real estate developers in Bangalore, I argue, is tied to these reforms and the constraints placed on small and non-corporate real estate. What this raises is government's role in incorporating the economy, favouring large and financialised real estate players. This argument is illustrated through the example of 'co-living' real estate, shared housing for students and young professionals. In 2019/2020, co-living real estate was being pursued by large corporate developers who were capitalising on floundering smaller counterparts to aid their expansion.

Chapter 8: Chapter 8 reveals a non-governing facet of the state in South Africa and Johannesburg, the government employee pension fund (GEPF) and its fund manager, the Public Investment Corporation (PIC). The emergence of the GEPF at the tail-end of apartheid and its position as one of the world's largest public pension funds is contextualised. This chapter argues that the fund's PIC-channelled investment has supported, consolidated and concentrated corporate listed real estate. This investment appears to have had spatial

implications for Johannesburg, which warrants further research. The role of the GEPF and PIC makes visible and raises the relevance of what is termed the 'investor state' as both lesser-seen nongovernmental facet of the state and relationship of the state to real estate.

Chapter 9: Finally, Chapter 9 revisits the key findings from this research. The three lesser-seen relationships of this research are outlined, as well as how they emerged in the empirical conversation between Johannesburg and Bangalore. Conceptually, I explain the investor state and polymorphic state. Empirically, it is shown how this research opens Indian scholarship to a more sustained engagement with non-corporate real estate, and South African scholarship to critical analysis of corporate and listed real estate. I show how these conceptual and empirical contributions both resonate with and pose new dimension to existing conceptualisations of the state and real estate. In ending, this chapter provides an overview of the limitations and opportunities of this research.

Chapter 2:

Common conceptualisations of the state and real estate:

Machines, Regimes, City Builders, and the Capitalist City

2.1 Introduction

To begin exploring the relationship between the state and real estate, it is necessary to revisit the theories and concepts that are commonly utilised in critical scholarship on the subject. In this chapter, I discuss those regularly mobilised in the disciplines of urban planning, politics, geography, and sociology. I categorise these into three broad, yet interrelated, theoretical strands: urban power, urban planning, and historical materialist. This chapter provides context to the emergence of these theoretical strands, explains their attendant dominant concepts, illustrates their interrelationship, and begins to offer a perspective on their utility and shortcomings. In conclusion, I argue that there is usefulness in drawing on a historical materialist analytic. Chapter 3 furthers this chapter's discussion by illustrating how it is dominant conceptualisations — with their lineage in scholarship from North America and the UK – have been mobilised or contested by scholarship outside of the context in which they emerged. Chapter 3 draws on scholarship from India, (South) East Asia, and South Africa to illustrate how concepts emanating from dominant theories have been adopted, stretched and counterposed. While scholarship in all three contexts has mobilised the dominant theories discussed below, I argue that literature (and theorising) from Indian and (South) East Asian urbanism has offered a notable and generative counterposition for further scholarship. Drawing on this, and following the insights of these two chapters, I assemble and propose an analytical lens at the end of Chapter 3 that will guide this research.

The often-evoked idea of a 'coalition' of elites who control cities has roots in a body of academic scholarship focused on growth machines (or growth coalitions) and urban regimes that emerged in North America in the 1970s. Discussed below as the first strand of dominant theories, urban power theories offered alternative theorisations of urban politics to the dominant 'pluralist' school of thought in political science (Seamster, 2015). Pluralists, epitomised by the work of American scholars Dahl (1961) and Banfield (1961) on New Haven and Chicago respectively, characterised urban politics as made up of a multiplicity of conflicting

interest groups, with everyone possessed of the ability to exert influence over how the city was governed (Seamster, 2015; Shefter, 1984). Adapting classical and neo-classical economics to political science, the city was compared to a "competitive market in which no single firm is able to set the price" (Shefter, 1984). Decisively challenged by the urban strife of the 1960s in American cities, this school of thought was also contested by growth machine and urban regime theory (Seamster, 2015; Shefter, 1984).

Among the influences on these latter theories were the American scholars Bachrach and Baratz (1962) who conceptualised "Two Faces of Power" – one explicitly manifest in visible political contestations and decision-making, and the other invisible and manifest in "nondecision-making". They pointed to the existence of an unequal political playing field in American cities, where some demands and interests were more powerful than others in shaping governance. Growth machine and urban regime theory also 'resurrected' community power studies (Seamster, 2015:1 052). In the vein of the Lynds' seminal 1920s sociological study of Middletown in Indiana in the USA, community power studies focus on the way power is distributed in cities by social class and economic clout (Langer, 1984). The conceptualisation of a power elite by Mills (1956) extended this approach, as did Molotch's (1976) growth machine (Langer, 1984). The image of the city as a "machine controlled by and for particular social groups" (Langer, 1984: 144) was prevalent in sociology by the 1980s and continues to be evoked today in urban scholarship. Urban regime theory emerges from the same foundations as growth machine theory – but rather than focusing overarchingly on the "decisions made at the top of the social structure that determine the shape of the metropolis" (Langer, 1984: 112) – urban regimes are used to conceptualise people, partnerships, norms and processes that lead to the decisions (Seamster, 2015).

Urban regime theory intertwined with urban planning scholarship, which sought to understand why it is cities were being shaped contrary to urban planning imperatives. In the next strand of scholarship discussed below, the relationship between the state and real estate was made visible through an empirical analysis of actors who exerted power over spatial decision-making. At the foundation of this scholarship is Leonie Sandercock (1975) and Susan Fainstein's (1994) empirical studies in cities in the USA, UK, and Australia of the politics and players that underpin urban planning decisions. They deviated from and challenged traditional urban planning theory

by highlighting politics and power relations. Intertwining with urban power theories, they directed their attention to the people, relationships and ideologies that underpin urban planning decisions. As will be shown below, other urban planning scholarship that conceptualises the relationship between the state and real estate, while also seeking to provide pathways to building "better" cities (Campbell et al., 2016), is less attentive to urban power and politics.

The final strand of literature that will be discussed below are theories and concepts derived from historical materialism. As Peter Hall (1984: 36) explains, with regards to the lineage of geography scholarship that was characterised by this approach in the 1970s and 1980s, "…in the English-speaking world the movement began in Britain and was exported across the Atlantic by a distinguished émigré." This strand of scholarship concerned itself with theorising the city – not simply how urban power is organised. Historical materialist analyses have, on the one hand, sought to illustrate how the role of the state in the city has been socially constructed over time in relation to the economic system. On the other hand, they have sought to explain how the city and its form is a spatial manifestation of the underlying economic system. A primary object of theorisation is therefore the state – and much of this scholarship has concerned itself with debates on the role that the state plays in a capitalist city (Clark & Dear, 1981; Hall, 1984; Foglesong, 2016). Urban planning has often been the locus of this theorisation, although not from a normative perspective,[9] but as "an expression of a certain stage of the evolution of capitalist society" (Hall, 1984: 35). Thus, instead of seeking to guide planning practice, this strand of scholarship has sought to explain the "material conditions and historical and political forces, which allowed planning to emerge and define its role in society" (Klosterman, 2016:182). Historical materialist analyses have provided, and continue to provide, explicit theorisations of the relationship between the state, particularly urban planning, and capital in the city. This has included both implicit and explicit conceptualisations of the relationship between the state and real estate. In what follows, each of these three strands of scholarship and the insight they offer for conceptualising the relationship between the state and real estate, are discussed in detail.

[9] A recent exception is Scott Stein's (2020) work, *The Capital City*.

2.2 Urban Power Theories: Growth Machines, Urban Regimes & the Manipulated City

As will be discussed further in Chapter 3, much of the critical literature engaging with the state and real estate in cities bears traces of growth machine or urban regime theory. These urban power theories emerge from a broad body of scholarship concerned with understanding the relationship between the state and capitalism (Clark & Dear, 1981). Like historical materialist theories and social justice urban planning, urban power theories emerged in the 1970s and 1980s in the USA as contestations to positivist explanations of politics (and the urban), underpinned by neoclassical economic theory (Scott, 1980:66). They sought to challenge two premises of political and urban theory modelled on neoclassical economics: the first being that natural laws dictate how cities are organised, and the second that the city is a "system of exchange relations" where firms and individuals freely make locational choices that are rational and in their best economic interest (Scott, 1980). In growth machine and urban regime theories, the form that cities take is not viewed as natural and is related to power. Both theories seek to explain how and why it is that cities come to be organised the way they are by directing their attention to people and power.

Growth machine and urban regime theories bear traces of three important approaches to the relationship between the state and capitalism that developed between the 1960s and 1980s in Europe: that a ruling class of economic elites, which includes a bureaucratic elite, are closely linked and direct the state apparatus in their interest (Miliband, 1969); that the state has historically and continually served capitalist relations of production by balancing the interests of labour and fractions of capital (Poulantzas, 1969); and finally, that capitalist production and the labour force required for it are reassured through the state and complementary non-state institutions through ideology (Gramsci, 1971 and Althusser, 1971). Drawing on Clark and Dear (1981: 52) these can be categorised respectively as instrumentalist, structuralist and ideological approaches to the state. Importantly, all recognise the "evolutionary character of the state" (Clark & Dear, 1981: 46). There are differences, however, in how growth machine and urban regime theory reflect instrumentalist, structuralist and ideological approaches. This difference is largely one of emphasis – namely, whether they emphasise the relations and actions of people in power, or the economic and political structure of society (Seamster, 2015; Clark & Dear, 1981).

The theory of the growth machine, or growth coalition, emerged in the US in the 1970s through the work of Henry Molotch (1976). As noted previously, and as Seamster (2015) usefully outlines, this combined conceptualisations from scholarship on power elites in communities (Mills, 1978) and capitalist cities (Castells, 1977; Harvey, 1974). Through an empirical analysis of land disputes in different American cities, it was theorised that the dominant mode of production – capitalism production – and the unequal distribution of the means of production – particularly land – influenced who had power and how cities were shaped. The argument was made that local economic elites and local political actors often aligned in the interest of economic "growth" and used land for this purpose (Molotch & Logan, 1984; Molotch, 1976; Domhoff, 2006; Seamster, 2015). This growth-driven land development was shown to happen even when contrary to the social or environmental concerns of communities (Molotch & Logan, 1984; Molotch, 1976; Domhoff, 2006; Seamster, 2015). Furthermore, dominant fractions of capital held considerable sway over land use. The work on growth machines engaged with both structural and instrumentalist approaches to the relationship between the state and capitalism. Urban development was shown to be driven by the shared interests of a power elite, and at the same time, the dominant mode of production was shown to determine the state's approach to land. A significant contribution of the work on growth machines, however, was the role of the *ideology* of growth.

> "Perhaps the key ideological prop for the growth machine, especially in terms of sustaining support from the working-class majority (Levison 1974), is the claim that growth "makes jobs." This claim is aggressively promulgated by developers, builders, and chambers of commerce; it becomes a part of the statesman talk of editorialists and political officials. Such people do not speak of growth as useful to profits - rather, they speak of it as necessary for making jobs. But local growth does not, of course, make jobs: it distributes jobs." (Molotch, 1976: 320)

Two elements of growth machine theory remain compelling today. First, that the allure of economic growth from property development and related industries underpins the shared interests and intertwining relationships between the state and corporates. Second, that the state's approach to land is influenced by the dominant mode of production – capitalist production – and balancing the interests of competing fractions of capital. Implicitly, the

growth machine provides a means to conceptualise the relationship between the state and real estate. If real estate as a 'fraction of capital' were to become dominant, land would increasingly be prioritised for real estate development interests.

The growth machine, more than an inevitable 'thing' arising from the economic and associated political structure of society, is actualised through relationships and everyday actions of people in the state and private sector (Stone, 1989; Seamster, 2015). As a nuancing of growth machine theory, urban regime theory directs analysis to the everyday land-use decisions in cities, and the intricacies of relationships and alliances between people (Bachrach & Baratz, 1962; Stone, 1989; Stone, 2006; Domhoff, 2006). Stone (1989: 28) theorises power in cities through urban regimes as: "a set of arrangements or relationships (informal as well as formal) by which a community is governed." This expands and re-directs the analysis of growth coalitions to pay considered attention to inter-personal relationships.

Critiques have been levelled at urban power theories when they overstate the conduct of individuals and a particular "power group" that dictates urban outcomes. Scott (1980) has categorised such approaches as misguided "manipulated city theory":

> "Manipulated-city theorists tend to see the city as congeries of neighbourhoods and communities dominated as a whole by an ascendant political faction which fixes, in its own interests, the rules by which the urban game is played. The core of this power group is seen as emerging out of a coalition between finance capital (banks, trust companies, insurance firms, etc.) and the real estate interests (developers, real estate companies, landlords, etc.) together with a sprinkling of co-opted urban politicians." (Scott, 1980: 82–83)

Scott (1980) criticised the focus on personal and subjective relations rather than what historical materialists saw as structural and objective relations (Poulantzas, 1968). An emphasis on actors, their relationships and conduct, and the idea that a city could be 'unmanipulated', detracted from what he considered to be "pathological problems" (Scott, 1980). These, it is argued, are an inevitable spatial and geographic manifestation of capitalist relations of production. An instrumentalist approach suggests that urban problems can be attributed to

"the immediate result of the actions of an unprincipled clique of individuals who, it would appear, have chosen out of a purely idiosyncratic ethical lapsus to pursue a set of private interests that are by faith and definition opposed to those of 'the people,'" (Scott, 1980: 83).

The shared contribution of urban power theories is that "the intrinsically political nature of processes involving lucrative urban land and property is universal" (Goodfellow, 2013: 85). Both theories posit that a coalition of private actors and state actors act overarchingly in the interest of growth, and dominant industries, which determines how it is cities are shaped. The difference between them, however, is that one tends toward being structuralist, while the other is more instrumentalist. What they offer is a conceptual framework that can be used to analyse the relationship between real estate and the state in terms of a coalition of actors and their interests, underpinned by a shared ideology of growth. There are limitations of urban power theories, however – many of which reveal their parochialism (discussed further in the next chapter). Brenner (2019) levels a critique at the "methodological localism" of most analyses which utilise growth machine and urban regime theory. Brenner (2019: 233 - 234) argues that these theories are often utilised by scholars of urban politics as part of a broader "fetish of a city", where: "the local or urban scales are taken for granted as pregiven, relatively discrete containers; their supralocal conditions of possibility, contexts of development, and consequences are bracketed". Rather than a refutation of these theories, Brenner (2019: 246) argues that the American growth machine should be conceived of as mediated by "national state space and territorial regulation". Scott (1980: 83–84), meanwhile, levels a more structural critique of urban power theories:

> "The singling out of a small group of business interests (the property development industry in particular) as the root cause of modern, urban problems reveals the fundamental weakness of the manipulated-city hypothesis. Any attempt to discover the ultimate genesis of urban problems cannot stop short at a description of a purely intermediate set of relationships within society; it must rather be resolutely pushed right back to an examination of the very fountainhead of capitalism as a total structure; namely, to the system of commodity production and the web of social and property relations that sustains it."

2.3 Urban Planning Explanations & Normative Frameworks: City Builders & the better planner

Emerging in the same era as urban power theories, in the field of urban planning rather than political science, was a seminal empirical study explaining the politics of planning, namely Leonie Sandercock's (1975) book on the cities of Sydney, Adelaide and Melbourne. In her work, Sandercock (1975) meticulously traces the attempts to regulate land development with urban planning. She follows how urban planning actors were halted and regulations watered-down by landowners who, using their financial donations to parties, voting presence in councils, and connections to finance and other corporate actors, influenced government actors and outcomes (Sandercock, 1975). Sandercock (1975) shows how even in instances where government actors had legal powers and policy mandates to enforce more socially-oriented outcomes, they chose not to pursue them. A "powerful set of cultural values" (Sandercock, 1975: 224) prevented comprehensive redistributive urban development in Australian cities. Spanning government and the general public, there was an unerring belief that "economic growth" was progress and would lead to societal-wide improvements to standard of living (Sandercock, 1975: 224). Regulating the development of land, therefore, was viewed as antithetical to progress. The result was a continuation of sprawling and unequal Australian cities and largely speculative urban development (Sandercock, 1975). Sandercock (1975) further argued that this ideological prop intertwined with the fact that land was under the control of private actors, and there was a lack of political support for more regulatory urban planning. Sandercock (1975) dismissed any claims of 'apolitical' urban planning. The resonances with Molotch's (1976) growth machine and Stone's (1989) urban regimes illustrates the intertwining ideas in scholarship challenging the dominance of neoclassical economics-infused political and urban theory in that period.

Almost 20 years later, in another seminal empirical study, Susan Fainstein (1994) in her book *The City Builders* delved into the real estate actors and logic behind the property boom and bust of New York and London. Through her interviews with close to 100 developers, financiers, government actors, consultants, and other real estate players; and case studies of development from downtown Brooklyn to Docklands (Fainstein (1994)) shed light on the *how* and *who* behind urban redevelopment in two of the world's most well-known urban centres. Rather than following the journey of urban planning policy, as Sandercock did (1975), Fainstein traced the money, actors, logic and policy behind booming inner-city redevelopment. Covering

the period from the early 1980s to early 1990s, Fainstein wrote at a time when the dominant rhythms of the global economy were decidedly different to the period of Sandercock's (1975) work. Then, property development was still being dictated by landowners and their industry allies. By the 1980s and 1990s real estate was a global industry, and finance capital was its driver. Financial institutions were therefore introduced by Fainstein (1994) as important actors, bankrolling real estate development.

Fainstein explored the process of real estate development through the role of finance and the state. In particular, she showed how developers were driven by a competitive herd mentality; their shared personal relations and corporate connections (whether familial, 'old boys club', or shared boards); and how property development was inherently speculative, with investment decisions often influenced by a gut feeling rather than by research (Fainstein, 1994: 63–69). Importantly, Fainstein (1994) showed how real estate was formally enabled, subsidised, partnered-with and even bailed out by state policy and state entities to spur and sustain the exclusive redevelopment boom. Among those who benefited was then-real estate mogul Donald Trump, who received a monetary bailout following a failed speculative real estate deal (Fainstein, 1994). Undergirding government action was a firm belief that private-sector led property development drove economic growth (Fainstein, 1994). Fainstein (1994) argued that the relationship between the state and real estate was characterised by intertwining agendas, interests and ideologies of people and entities from both the public and private sector – leading to speculative development. In contrast to the historical analysis by Sandercock (1975) of state policy and state (in)action, Fainstein (1994) expanded and deepened analysis of the private sector by directing her attention to two cities characterised by exponential real estate growth. This was also precipitated by the period of Fainstein's (1994) analysis, at the time real estate had become a burgeoning industry and asset class for financial investment.

The studies of both Sandercock (1975) and Fainstein (1994) revealed the intertwining interests between government and the private sector in urban land development, and how these are underpinned by a shared belief in growth and economic progress. Although not directly mobilising urban power theories, their empirical work resonates with the concepts of a growth machine and urban regime. Both analyse engagements and practices of state and real estate actors; both reveal how power is constructed by ideas of growth, which become embedded in

discourse and practice. Less overtly manifest in their analysis, however, is the structural relationship between the state and capitalism. Although both direct their attention to the influence of particular industries on urban planning, neither engages at length with the historical construction of urban planning and capitalism, nor seeks to theorise this within a broader relationship between the state and capitalism. As such, the unjust outcomes in these two cities are presented as the outcome of a dysfunctional relationship between urban planning and particular industries – notably real estate. In their critiques of traditional urban planning theory, and in recognising the inherent politics in planning, Sandercock (1975) and Fainstein (1994) invoked a normative approach to urban planning. A function of the practitioner roots of urban planning scholarship, their empirical work has instructively informed normative theories of how urban planning ought to be. In particular, they have contributed to theorisations of just and inclusive planning practices that are more equitable and give voice to the less powerful (Fainstein, 2016; Sandercock, 2016). Scholarship that is informed by this 'City Builders' conceptualisation of the relationship between the state and real estate is thus often located within the social justice current of urban planning. This is part of the contemporary "mainstream of modern planning" (Marcuse, 2016: 125). Fainstein (2016) has proposed a list of criteria in the furtherance of equality, diversity and equality for urban planning. Among these are normative stances that urban planning should take in relation to real estate (Fainstein, 2016: 269):

> "All new housing developments should provide units for households with incomes below the median, either on-site or elsewhere, with the goal of providing a decent home and suitable living environment for everyone."

The focus on local government, and the normative lens, are, however, also limitations of the urban planning scholarship that adopts a 'City Builders' perspective. Historical materialists such as Scott (1980) offer a philosophical critique. Scott (1980) argues that by adopting a normative approach to urban planning, and not explicitly theorising the inherent limitations of planning practice, this body of work may reinforce the positivist paradigm it seeks to challenge.

However, Sandercock and Fainstein's work does still pose a challenge to traditional urban planning theory underpinned by a positivist epistemology and neoclassical economics (Scott,

1981; Los, 1981). Sandercock (1975) argues that planning is not a value-free science, but inherently political and ideological. Fainstein (1994) illustrates that speculative and ostensibly 'private' real estate development in New York and London is the result of state and private sector collaboration, intertwining interests, ideological congruencies and personal relationships. Rather than a rational science, the sprouting city skyscrapers in London and New York were shown to be driven by sentiment and herd mentality (Fainstein, 1994). The relationship between the state and real estate, Fainstein (1994) shows, is one of mutual dependency. This strand of urban planning scholarship thus offers a comprehensive empirical critique of traditional planning theory, a conceptualisation of inherently-politicised urban planning, and informs social justice-oriented normative planning theory.

Another body of urban planning scholarship has also undertaken empirical work on the relationship between the state and real estate, and provides a normative framework for planning practice. However, unlike the City Builders work, this scholarship is notably devoid of politics and an analysis of power relations. Empirical case studies of actually occurring planning practice in towns and cities are used as a way to understand the relationship between urban planning and 'market actors'. Largely located within the UK and Australia, this empirical work has primarily focused on how urban planners ought to conceive of and approach real estate development and developers (Coiacetto, 2001; Ball, 1983; Healey, 1998; Henneberry & Parris, 2013; Healey, 1998; Adams & Tiesdell, 2010; Adams et al. 2012; Campbell et al., 2016). This scholarship is intrinsically normative, seeking to explain developers and development processes to better inform planning practice. It has illustrated the norms, constraints and differentiation of often homogenised 'developers', and has turned to demystifying the nuts and bolts of property development networks (Coiacetto, 2001; Ball, 1983; Healey, 1998; Henneberry & Parris, 2013; Campbell et al., 2016). As Campbell et al. (2016: 205) argue, a better understanding of market actors is needed by planners to shape more pragmatic practices:

> "In the absence of a well-grounded understanding of the property industry, there is a tendency to underestimate its heterogeneity. There are numerous types of developers, which have quite different attitudes toward risk."

Healey (1998) and Adams & Tiesdell (2010) propose a re-conceptualisation of the binary between urban planners and real estate development offered by traditional urban planning theories. Both argue that urban planners are market actors actively constructing the real estate market, rather than spectators to it. Through empirical studies, this literature illustrates that the outcomes of private development by property developers persistently contradict some urban planning objectives. Yet rather than conceding to inherent structural constraints, or explicitly acknowledging the politics that influence planning decisions, this scholarship foregrounds the agency of planners to make different, and better, decisions. The implicit argument is that the negative impacts of real estate property development can be ameliorated by a nuanced understanding of the differentiated nature of property developers, and a renewed approach by planners to their role within real estate. This is in order to avoid fatalism and pessimism in planning practice and to "make a difference" (Campbell et al., 2016). Confined within the practice of urban planning – the analysis thus becomes embodied in the urban planner and the developer as the state and real estate. The practices and constraints in urban planners' relationship with developers and real estate development become the locus of analysis. From this, a normative framework for planning practice is conceptualised for planners to recognise and understand heterogenous developers. Although offering a different normative pathway to Just 'City Builders', it is also still confined to the city boundaries.

2.4 Historical materialist approaches: The Capitalist City, accumulation & financialisation

Historical materialist theories of the capitalist city differ from urban power theories, and the normative frameworks of urban planning scholarship. First, historical materialist analyses of the capitalist city are not concerned primarily with explaining the way that power is organised in cities. Although urban power theories are often imbued by historical materialist theory (Clark & Dear, 1981) and supplement some historical material analyses (Hall, 1984: 31), scholars adopting a historical materialist analytic have criticised these for being too instrumentalist (Scott, 1980). Second, historical materialist theories of a capitalist city have not positioned themselves as contributing to normative planning practice. As Hall (1984: 35) starkly put it, this scholarship, "would not become the servant of planning." For urban planners, although historical materialist theory, "reveals the underlying nature of contemporary planning," it "has obvious limitations as a guide to planning practice" (Klosterman, 2016: 182). Underpinned by a dialectical epistemology, historical materialists have thus contributed to explanatory theories

of planning rather than normative theories of planning (Los, 1981). As Los (1981: 78) explains, "because it explains the origins, context, and therefore the possibilities of planning and does not abstract from social theory in general as if urban planning could be studied in isolation from the study of the functioning of society at large."

What historical materialist analyses of capitalist cities have conceptualised are theories of how the spatial form of cities is socially constructed in relation to the underlying capitalist economy, and theorisations of the state's role in urbanisation. From the 1970s, historical materialist scholarship moved beyond merely conceiving of the city as a site of class struggle (Scott, 1980). It was scholarship by Henri Lefebvre (1970) and David Harvey (1973), occurring alongside work by Manuel Castells (1977), and Magubane & Yrchik (1976), that mainstreamed conceptualisations of the city as a spatial manifestation of the capitalist economy. In this, the state has been theorised in relation to how it fosters capital accumulation and averts crisis through investments in the built environment (see Lokjine, 1977; Lefebvre, 1970; Harvey, 1975 and 1977; Preteceille, 1976). It has also been theorised as ensuring the social conditions to sustain capitalism by providing, "collective goods" that would not be provided by the market (see Castells, 1977; Scott, 1980; Scott & Dear, 1981 & Foglesong, 1986 & 2017). Some of this scholarship has conceptualised the state primarily in terms of urban planning (Scott, 1980; Dear & Scott, 1981; Stein, 2019 & Foglesong, 1986 & 2016), while others have focused on the state more broadly (Harvey, 2017).

For historical materialists, the spatial manifestation of cities is not a natural given, as positivist theorists had conceptualised it, but a constructed spatial dynamic of capitalist society. Scott (1980) is among those who explained the material and historical conditions that precipitated contemporary urban planning in the USA, revealing how it evolved alongside capitalist production. Urban planning is explained by Scott (1980) as inextricably intertwined with civil society – conceived of as 'firms' and 'households' (Dear & Scott, 1981; Scott, 1980). Like others, Scott's (1980) explanatory theory is that capitalist production, and the reproduction of the social goods and people required to sustain it in cities, are dependent on urban planning (Scott & Roweis, 1977; Goldstein & Noyelle; 1977; Scott, 1980; Dear & Scott; 1981; Stein, 2019; Foglesong, 1986 & 2016). Further, the 'problems' that constitute contemporary cities are conceptualised as 'inherent dysfunctionalities' that are associated with capitalist production

and social reproduction. These are manifest materially in what Scott (1980) theorises as the 'urban-land nexus'. Through the lens of this theoretical paradigm, "pathologies" (Dear & Scott, 1981) associated with urban development by private entities lead to "historical and structural necessity" of collective action to temper the effect of the private actions (Scott, 1980). Urban planning, as a manifestation of the state's "collective action" in the urban-land nexus, then provides or subsidises infrastructure and social goods that cannot viably be produced as commodities to address these urban challenges (Dear & Scott, 1981; Scott, 1980). The argument is made that urban planning may be able to reform these effects but does not destabilise the underlying system of capitalist society (Dear & Scott, 1981; Scott, 1980). The so-called failures of planning, therefore, are not, as most urban planning theories suggest, the outcome of poor policy, practices or capacity. Rather, this explanatory theory of urban planning views these as pathologies of the urban-land nexus in capitalist societies (Scott, 1980; Dear & Scott, 1981; Scott & Roweis, 1977).

Scott (1980) offers a theory of the state beyond urban planning in the urban-land nexus. The state is theorised as being the "the agent of general social imperatives," while simultaneously "ensuring the viability of capitalism as a whole" (Scott, 1980: 141). Thus, rather than being persistently favourable to private firms, the state "at once breaks and negates, and yet preserves" the social and property relations of capitalism (Scott, 1980: 141). This echoes a strand of historical materialist scholarship that conceptualises the state intervention as "crisis-management" in order to maintain both its legitimacy and the overarching interests of capitalism (Clark & Dear, 1981). As Scott (1980: 185) explains, at the level of urban planning, it often means that local urban planning appears "isolated" from national politics. The state is therefore approached by this theory as always "less than monolithic", multidimensional and contradictory (Scott, 1980: 185) simultaneously regulating firms, providing public infrastructure, addressing social goods, and enabling accumulation – and inherently lacking coordination. Overarchingly, however, the entirety of this complex and contradictory action exists "within the context of a single, overriding imperative" of enabling capitalist production (Scott, 1980: 185). Along with a multidimensional and contradictory state, the urban-land nexus theory proposes that the collective action that the state takes is constantly shifting as capitalist society shifts. The opposing yet contingent imperatives of the public (collective action) and the private (private action) are approached as interacting dialectically ad infinitum

in capitalist society (Scott, 1980). In other words, the forms of collective action undertaken by the state, and private action undertaken by firms and households, influence each other and are eternally changing. As capitalism, and the "capital city evolves", it is theorised that this dialectic is "mediated at higher levels of complexity" (Scott, 1980: 174).

Foglesong (1986 & 2016), like Scott (1980), also theorises the relationship between urban planning and capital. Also focusing on the USA, Foglesong (1986 & 2016) theorises two contradictions that underpin urban planning and capitalist cities – the property contradiction and the capitalist-democracy contradiction. Firstly, Foglesong (1986 & 2016) posits that although capitalist production and urbanisation is facilitated by the collective action of urban planning, private property rights are directly threatened by urban planning's attempts to socialise control of land. This "property contradiction", Foglesong (2016) proposes, is particularly more threatening for certain forms of capitalist accumulation than it is for others. Offering a direct theorisation of how the property contradiction manifests in the relationship between the state and real estate, Foglesong posits (2016: 120):

> "For if the effort to socialize the control of urban land is potentially a threat to the whole concept of property rights, it is directly and immediately a threat to only one particular group of capitalists, those whom Lamarche terms 'property capital'. Included are persons who, in his words, 'plan and equip space' – real estate developers, construction contractors, and directors of mortgage lending institutions. It is this fraction of capital, in particular, that can be expected to oppose efforts to displace or diminish private control of urban development. Other capitalists, in contrast, may seek an expanded government role in the planning and equipping of space."

Foglesong's theorisation built on previous historical materialist scholarship showing how the state can favour certain fractions of capital at the expense of others, while still acting overarchingly in the interest of the capitalist economy (Poulantzas, 1969). With reference to the North American city, Foglesong (1986) thus conceptualises the possibility of alliances between "nonproperty-owning groups" and certain fractions of capital due to "intracapitalist class conflict" (Foglesong, 2016: 121) over urban land-use decisions. In the context of the contestations arising from the property contradiction, urban planners are tasked with being

mediators. The second contradiction that Foglesong (2016) identifies is the capitalist-democracy contradiction. Contingent on the property contradiction, this contradiction arises in a liberal democracy. While state intervention is necessary to create a built environment to maintain capitalism, the organisation of that intervention through democratic decision-making poses the threat of "too much control over landed property" (Foglesong, 2016). Foglesong (2016) points to how urban planning in the USA since World War II has had to contend with this contradiction in a way that is favourable to the reproduction of capitalism. It is theorised that it is not state intervention in the urban environment, which is the problem for capitalist accumulation – but democracy: "Were it not for the majority-rule criterion and formal equality promised by the state, turning to government to control urban development would not pose such a problem for capital" (Foglesong, 2016: 121).

Both Scott (1980) and Foglesong (1986 & 2016), through their historical interrogation of urban planning in the American City, show how state intervention in urban development has been, and continues to be, necessary for capitalist accumulation. What they also both show is that this state intervention, although being socially constructed to maintain capital, is not always unambiguously favourable to (all fractions of) capital. Rather, they theorise that ensuring capitalist production (by providing infrastructure and land) and the social reproduction of capital (by providing social goods for workers) while maintaining legitimacy in a liberal democracy is a balancing act. Both further show how shifts in the nature of capitalist accumulation and dominant fractions of capital in the USA is dialectically related to urban planning practice.

This thread of theorisation continues today, most recently by Samuel Stein (2019) in *Capital City.* Stein (2019: 27) echoes his predecessors' proposition that American urban planners have historically faced irreconcilable tensions, being "committed to both securing social reproduction – or ensuring that people have the means to survive into the future – and to turning everyone's space into someone's profit." Stein's (2019) theorisation rests on an analysis of how the de-industrialisation of American cities has shifted local governments' approach to land use. Spurred by shifts in global trade and production, the death of American urban industry made obsolete state-provided well-located housing and industrial nodes that had ensured ease of access by workers and lowered wages for industrialists (Stein, 2019: 48–

58). The rise and predominance of the financial industry, with real estate as an intertwining industry and investment, has thus shifted the relationship of local government with this contemporary dominant fraction of capital (Stein, 2019). Using the case of New York city, Stein (2019) shows how the city government acts in the interests of real estate accumulation and the logic that underpins it – consciously and unconsciously maximising the market value of land for profit. He thus conceptualises the "real estate state" to theorise a relationship between the state and real estate that he argues has become particularly acute with the rise of real estate under financialised capitalism:

> "…we witness the rise of the real estate state, a political formation in which real estate capital has inordinate influence over the shape of our cities, the parameters of our politics and the lives we lead. The real estate state is not new, nor is it all-encompassing. Like the carceral state, the warfare state, the welfare state or the administrative state, it is an expression of government—a component, a bloc, a manifestation, a tendency—that has been around in one form or another for as long as states and private property have existed." (Stein, 2019: 15)

In contrast to Foglesong (1986), what Stein (2019) shows is how local government and urban planning efforts to "socialise the use of land" (Foglesong, 2016) can in fact facilitate real estate accumulation. Although Scott (1980) does not explicitly offer a conceptualisation of the relationship between the state and real estate, the urban-land nexus theorises the relationship between the state and 'private firms' in the urban, which is relevant to this relationship. In contrast to Foglesong (1986 & 2016) and Stein (2019), Scott (1980) conceptualises 'the state' in the urban-land nexus beyond urban planning. This theorisation provides the space for 'a higher level of complexity' (Scott, 1980: 174) – and multiple scales of governance – in the dialectical relationship between the public and private in the urban-land nexus.

Scott's (1980) work links to a pervasive strand of historical materialist theorisation from the 1970s, by British economic geographer, David Harvey. Constituting a set of contributions that have merged and evolved over time, Harvey's work directly and indirectly expounds the relationship between the state and real estate. Among Harvey's key conceptual contributions are the regularly invoked spatiotemporal fix, real estate as part of the secondary circuit of

capital, property being treated as a financial asset, and accumulation by dispossession. At the foundation of this strand of historical materialist theory is, "that urbanisation has been a key means for the absorption of capital and labour surpluses through capitalism's history" (Harvey, 2017: 283). Harvey expands on a theoretical position first posited by Henri Lefebvre (1970), who argued that to avert economic crises, or overaccumulation, investment was "switched" to the capital circuit of the built environment – including real estate development – as a long-term, physical and ameliorating fix. Harvey contends that "long-term fixed capital investments in the built environment" are essential to the reproduction of capital (2017: 71). In this, Harvey (2017:283) argues that finance capital and the state are "absolutely fundamental" to these processes of urbanisation. More generally, Harvey[10] conceptualises "accumulation by dispossession" to refer to the ongoing process of capitalist accumulation expanding to 'new' sites through predation, enclosure and violence. Again, the state is shown to play "a crucial role in both backing and promoting these processes…" (Harvey, 2017: 259). Accumulation by dispossession has been widely adopted to explain land grabs and the profiteering that followed foreclosures in the USA and Europe in the late 2000s (Harvey, 2017). An important component of this set of contributions is its global nature – not only that these processes are ubiquitous and globally unfolding, but that surplus in one geography can also be ameliorated through investment in another. Processes of territorially expanding capitalist accumulation are conceived of as part of historical "quasi-imperialist practices in search of spatiotemporal fixes to their overaccumulation problems" (Harvey, 2017: 261).

An off shoot of scholarship, and attendant theorising of the relationship between the state and real estate, emerges from Harvey's work. The "Lefebvre-Harvey thesis" of capital switching into the urban built environment was used to analyse the growing pre-eminence of exchange value over use value, with land and property increasingly treated as a financial asset (Christophers, 2011: 1 356; Beauregard, 1994). As a result, the exchange value of real estate was argued to be increasingly "fictitious" and reliant on "complex financing schemes" (Beauregard, 1994: 730). This was associated with the growth of what Aalbers (2008) called the "quaternary circuit of capital" or finance-based markets. As Aalbers (2008:151) explained:

[10]Harvey engages with and expands on the work of Rosa Luxemburg (1968), on accumulation, and Hannah Arendt's (1968) on imperialism.

> "Real estate has always been dependent on finance, but today investment in real estate markets is more than ever before dependent on the development of financial markets. But of course the linkages go in two directions: if two markets become entangled, they effectively become interdependent. In the end, the development of financial markets is also dependent on the development of real estate and housing markets."

Although these patterns had been the subject of a lineage of scholarship extending to the 1970s (Christophers, 2011), in the wake of the North Atlantic Financial Crisis (NAFC) increased attention was directed to the "financialisation" of home (Aalbers 2008 & 2009), the urban built environment (Christophers, 2011) and urban redevelopment (Rutland, 2010) in North America and Western Europe. In this scholarship, the growing treatment of land as a financial asset is shown to be facilitated by financial instruments and engineering that transformed the "spatial fixity" of land and property into liquid investment and profits (Gotham, 2009). Mortgage securitisation in North America and Western Europe (Aalbers, 2008 and 2009; Sassen, 2009; Fernandez & Aalbers, 2016), and later other financial instruments and financial practices that increased the 'liquidity' of housing such as REITs (Wijburg et al., 2017; Waldron, 2018; Wijburg, 2019; Fields, 2019), have become the focus of much of this literature. Emergent in this expansive and still-growing empirical scholarship is the implicit conceptualisation of the state's role in enabling liquidity in real estate through policies and laws, as well acting as an agent in transforming publicly-owned land or buildings into a financial asset (Aalbers, 2016; Guironnet et al., 2015; Christophers, 2016; Ward & Swyngedouw, 2018; Whiteside, 2017; Byrne & Norris, 2019; Beswick & Penny, 2018; Hofman & Aalbers, 2019; Wijburg, 2019; Belotti & Arbaci, 2021).

Christophers (2016) put together a conceptualisation of the state's role in the financialisation of real estate by highlighting how Harvey (1982) characterised the state's relationship with the financialisation of land. This, Christophers (2016) posits, is characterised by three dimensions: the state's delineation of property rights, the state's role in "modulating the speculation that so often plagues land markets,"[11] and finally the state's growing tendency to itself treat land as a financial asset (Christophers, 2016: 65). In testing the latter in the UK, Christophers (2016) shows that the UK state – through its land and property ownership – had not itself treated land

[11] This includes by enabling commercial monopolisation, and by smoothening the market for real-estate actors through land-use regulation, expropriation, planning and investment (Christophers, 2016: 65).

as a financial asset but catalysed the process for "the private sector" to do so. Despite allusions to multiple facets of the state, parts of the state tend to be focused on in isolation in scholarship on the financialisation of real estate, and the state still tends to be treated as a monolithic whole. A notable exception is Belotti and Arbaci's (2021: 16) work on the financialisation of housing in Italy, which illustrates:

> "…the state's persistent centrality in crafting the financialisation of SRH [social rental housing], which can arguably be considered as a form of state-led financialisation. This could only be revealed by a trans-scalar research approach that disentangled the multilevel architecture of the state."

Belotti and Arbaci's (2021) adoption of the term "state-led financialisation" and their trans-scalar attentiveness echoes their (South) East Asian counterparts' conceptualisations of the relationship between the state and the financialisation of real estate, discussed in Chapter 3. Although not preoccupied specifically with real estate, scale and the state have been the subject of a body of scholarship by urban theorist, Neil Brenner. Brenner's (2004 & 2019) point of departure is a critique of "methodological localism", where analyses of the urban are restricted to the city:

> "… the notion of a discrete "urban" scale of political action is a mystification: it represents various processes that originate outside of cities, and that effectively ricochet through them, as being internally generated or enclosed within their jurisdictional boundaries" (Brenner, 2019: 234).

As such, Brenner (2019: 290 – 291) has directed attention to "tracking, analysing and theorising" the scalar dimensions of urbanisation processes under modern capitalism. Drawing mostly on Western Europe and the USA, Brenner (2004 & 2019) argues that it is important to analyse changing state spatial strategies associated with shifting *scalar* and *territorial* geographies of statehood. Although recognising that different scales interplay in constituting the urban, Brenner (2019: 53 & 98) is concerned with overarching "regimes of scale" in "the post-Keynesian era of neoliberalization *and planetary sociospatial restructuring"*. Brenner (2004: 260) has argued that there was a "systemic transformation of western European statehood" since the 1970s, which could be characterised as a Rescaled Competition State

Regime. Thus, for Brenner (2019), a "multiscalar lens" and state "rescaling" are crucial to make sense of "polymorphic variegations" of a "planetary urbanisation". The latter, furthered by both Brenner and Schmid (2014 & 2015), and which underpins Brenner's work, has been the subject of sustained critique (Peake et al., 2018). Ruddick et al. (2018) acknowledge that, associated with planetary urbanisation, there have been gains to move beyond 'the urban' as fixed and as form, and in identifying shifting spatial processes associated with capitalist urbanisation. However, they level a fundamental challenge at the encompassing and homogenising nature of planetary urbanisation, and by implication its attendant conceptualisations. Theirs is a challenge not unfamiliar to structuralist historical materialist scholarship:

> "It is not merely that we are asking that difference be acknowledged as a constitutive aspect of capitalism, but that we must recognize difference, struggles over social ontology and the everyday as the seedbed of struggle, the locus from which subjects are capable of transforming both themselves and the world in which they live." (Ruddick *et al*., 2018: 399)

2.5 Conclusion: A (tempered) historical materialist starting point?

Urban power, urban planning, and historical materialist approaches are not discrete. There, are, however, key differences that delineate them. This includes whether structure or agency is foregrounded; and whether the state is approached normatively. Historical materialists are critiqued for confining their analysis to the economic structure of society and explaining phenomena in relation to capitalist relations of production (Los, 1981) – in effect confining all political action to an economic rationale (Clark & Dear, 1981). Growth machine theory, influenced by this school of thought, proposes that cities are shaped by coalitions of politicians and businesspeople from dominant fractions of capital, driven by the elixir of economic growth. Urban regime theory represents a more relational turn to deconstructing the overly-structuralist and economistic growth machine influenced by historical materialist scholarship (Seamster, 2015). However, the focus on, "a set of arrangements or relationships (informal as well as formal) by which a community is governed" (Stone, 1989: 28) is critiqued in turn for its preoccupation with people in power and their decisions (Los, 1981). This, historical materialists argue, simplifies the historical and socially constructed relationship between the state and

capitalism to one of "inter-personal relations of individuals," [12] (Poulantzas, 1968: 176; Scott, 1980). This fetishisation of the inter-personal relations that underpin a manipulated city reflects the normative expectation of an unmanipulated one (Scott, 1980). Urban planning scholarship is also critiqued for the limits of its normative framing, although this strand of scholarship – with its intent on improving urban planning – has usefully unveiled real estate processes and differentiated forms of real estate to those outside of real estate circles.

Although not without critique, to understand the relationships between the state and real estate, historical materialist approaches appear to offer a starting point. Most usefully, historical materialist approaches have helped analyse the state and real estate relationally and dialectically, as dynamic and shifting over time, and shaped by historical ruptures and continuities (Scott, 1980; Foglesong, 2016; Stein, 2019). Yet, in large part due to the undergirding theoretical premise that the state acts in the interest of capitalist accumulation, many historical materialist conceptualisations of the state and real estate have also tended to approach the state monolithically and one-dimensionally (see Harvey, 1982; Stein, 2019). This tendency is emblematised in much of the financialisation of real estate literature. However, Scott's (1980) conceptualisation of the urban-land nexus offers a theorisation in this tradition that is nonetheless open to the "less than monolithic" and contradictory nature of the state in the urban, albeit "within the context of a single, overriding imperative" of enabling capitalist production (Scott, 1980: 185). Thus, unfettered by the necessity to improve urban planning, and when not prescribing the premise that the state acts in the interest of capital accumulation in a homogenising way, a historical materialist analytic can offer an open analysis of the state and real estate. Moreover, there is also some utility in the proposition that the state can be facilitative to certain capital interests and not to others in the urban (Foglesong, 2016; Stein, 2019; Scott, 1980).

Tangentially related to historical materialist approaches, the growth machine and urban regime offer a conceptual framework that can be used to analyse a coalition of actors and their interests underpinned by a shared ideology of growth. However, there are notable limitations to urban power theories. As noted in this chapter, and elaborated on in the next, growth

[12] This draws from a seminal debate about the state and capitalism between Poulantzas (1969) and Miliband (1970), labelled as taking a structuralist and instrumentalist approach respectively (Los, 1981).

machines and urban regimes have an *a priori* and myopic focus on certain relations and the local scale. In their more instrumentalist expressions, they amplify "the actions of an unprincipled clique of individuals" (Scott, 1980: 82) and obscure other relations. However, in spite of this, urban power theories display a notable staying power in contemporary urban scholarship.

Chapter 3 begins by illustrating this persistence of urban power theories in contemporary scholarship, with reference to literature from India and South Africa. Continuing the discussion and analysis of the dominant conceptualisations noted in this chapter, I show in Chapter 3 how these have been echoed, expanded and counterposed. Some conceptualisations, although embedded within the theoretical strands noted in this chapter, are stretched significantly beyond their form shown here. Other conceptualisations, meanwhile, are of different theoretical genealogies, and offer instructive alternatives.

Chapter 3:

Toward an analytical lens:

Drawing from blurry boundaries & state real estate

3.1 Introduction

The theoretical and conceptual contributions discussed in the previous chapter continue to resonate in contemporary literature on cities across the globe. These conceptual contributions, emerging largely from North America, have been adopted, annotated, and expanded elsewhere. They have, however, also been challenged by alternative theoretical strands and new conceptualisations. In what follows, I examine how it is the relationship between the state and real estate has been (re)conceptualised in critical scholarship from India and South Africa. Attention is also directed to critical scholarship engaging with the urban in Singapore, China, and Hong Kong – referred to in shorthand here as (South) East Asian scholarship. This scholarship is worth noting, I argue, because it challenges the binarised state and private sector in real estate development.

This chapter begins by illustrating the continued adoption of urban power theories in South Africa and India. Following this, attention is directed to the conceptual stretching of the state's relationship with real estate by scholarship on the urban from Singapore, China and Hong Kong. Next, scholarship from India is shown to have made seminal contributions to re-theorising the postcolonial state and expanding the conceptualisation of processes of accumulation. Both have important implications for analyses of the urban. Lastly, attention is directed to South Africa. A recent wave of post-apartheid scholarship has directed its attention to real estate actors and processes. For now, it has largely been located within urban planning literature, entering existing dominant theoretical paradigms, and adopting existing concepts. In ending this chapter, I discuss the analytical lens that is used to guide this research. This lens is shaped by insights from Chapter 2, and Chapter 3, considering the limitations and elucidations of existing theories and conceptualisations. The intent is to adopt a lens to widen and deepen analysis of the state and real estate to account for multiplicity, to move beyond existing binaries and to not be bound by expectations of what the state 'ought' to be.

3.2 The persistence & annotation of urban power theories

The urban power theories of the growth machine and urban regime continue to be invoked consciously and unconsciously in South African and Indian urban scholarship. As shown previously, the premise of these theories is that cities are shaped by coalitions of economic and political elites. What differs between them is the emphasis they place on economic structures or relationships between people. However, as Seamster (2015) shows, urban regimes and growth machine theories intertwine and are invoked complementarily.

In South Africa, there has been some post-apartheid urban scholarship that has mobilised growth machine theory and the "ideological prop" of growth as jobs (Molotch, 1976). Much of this initial literature focused on the transitioning post-1990 port city of Durban. In their analysis of the early 1990s in Durban, Maharaj and Ramballi (1998) invoke the concept of growth coalitions to explain the coterie of business elites and politicians who coalesced behind the International Convention Centre and Point Waterfront projects. This coalition was facilitated by the transitioning Durban City Council that sought to bring together local government and the private sector to increase economic growth (Maharaj & Ramballi, 1998). In pursuit of these public-private real estate projects parts of the decision-making process were opened to public participation and much was made of, "the claim that 'growth makes jobs" (Maharaj & Ramballi, 1998: 145). Over 10 years later, Houghton (2013) also directed attention to development public-private partnerships (PPPs) in Durban. Houghton (2013) illustrated the role of the officially named Durban Growth Coalition (DGC) from 1999, "a mechanism through which public- and private-sector actors sought primarily to 'unblock development' thereby encouraging economic growth and boosting the city's port and tourism capabilities" (Houghton, 2013: 2 794). The grouping negotiated development projects by informal and formal meetings with "powerful decision-makers" (Houghton, 2013: 2 794). Interrogating the power of the ideological trope of growth, Houghton (2013: 2 806) argues that the projects were discursively constructed as an "entanglement" of "economic growth and post-apartheid redress imperatives."

Houghton (2013) also makes reference to a formal joint venture between the municipal government and Moreland Developments, a large real estate company, which facilitated a host of real estate projects in Durban. Moreland, and its mother company Tongaat-Hullet, emerge

persistently in Durban scholarship, when alluding to the relationship between the state and real estate, and often invoking the conceptualisation of a growth coalition (see Todes, 2014; Freund 2002; Padayachee, 2002). Freund (2002: 26) described the materialisation of the costly International Conference Centre in 1997, as "a triumph for the shadowy growth coalition that was beginning to come together." Freund (2002) identified Tongaat-Hullet, a behemoth sugar company with links to Anglo-American, as key to this coalition. Tongaat-Hullet set up its own planning forum, which delineated and drove the spatial configuration of northern Durban (Freund, 2002; Padayachee, 2002). Moreland "doubled as town planner" in its interactions with one local authority and Tongaat-Hullet even provided finance for local government infrastructure (Padayachee, 2002: 147). Acting as planner and financier, Moreland's projects included residential gated estates, industrial parks, office developments and resorts (Padayachee, 2002). Of the planning forum, and the group of business people and political actors that spearheaded development projects in this in-between period of governance, Freund (2002: 28) argued:

> "…the possibility now exists for a new relationship between capital and the state … the possibility for what is usually termed a corporatist 'growth coalition' between capital, the state and labour." (Freund, 2002: 28)

In scholarship in the same decade, but from Cape Town, Hiller (2000) also draws on growth machine theory and urban regimes, and an expanded application of the two by Schimmel (1995) to sports events and stadium construction. Hiller (2000) argues that an elite coalition, underpinned by boosterism, drove a bid for Cape Town to host the 2004 Olympics. More recently, in two books in South African popular non-fiction, *How to Steal a City* (2017) and *A House Divided* (2019), Crispian Olver directs attention to Cape Town, and Nelson Mandela Bay. Olver (2019) invokes growth machine and urban regime theories, albeit implicitly, proposing that Cape Town and Nelson Mandela Bay represent two different "regimes". In reflecting on the two cities, Olver (2019: 285) conceptualises local government as the nexus of "the politics of rents-seeking"[13] whereby value is "appropriated and distributed". Land development rights

[13] Olver (2019) refers to this value as "rents", although he does not appear to draw on a broader theoretical conceptualisation of rents to explain this definition.

become a key site of rents-seeking and different political factions "repurpose" local governments in different ways to do so.

Olver (2019: 230) maligns the "widespread political involvement in administrative matters," arguing that it reflects an institutional problem of an uninsulated bureaucracy. In order to transform the apartheid state bureaucracy, executive powers were given to politicians, and this, Olver (2019: 230) argues, created "unprotected" civil servants open to outside influence. Olver (2017) subsequently argues that the Nelson Mandela Bay local government was "stolen" and state institutions used for private gain by a faction of the African National Congress (ANC), Jacob Zuma-affiliated private businesses and individuals. Local real estate developers and landowners are revealed as party funders, or as sharing close relationships with officials granting land-use rights and approvals. In Nelson Mandela Bay, urban land and land-use rights were explicitly manipulated for accumulation by politically-connected individuals. In Cape Town, meanwhile, Olver (2019) learns of property developers on good terms with high-profile politicians, and contributing to party funding of the Democratic Alliance (DA). He encounters less explicit relations between the state and property developers: revolving doors between private consultants and the City; business forums facilitating engagements between the property sector, politicians and bureaucrats; and the persistent granting of favourable land use rights to developers. The Cape Town regime is described as "value-enhancing" and "growth-oriented" – a "corruption-free", "clean administration" that is nonetheless open to "undue influence" from business interests (Olver, 2019: 231, 232 & 285). Nelson Mandela Bay, in contrast, is "extractive" and emblematic of "state capture" (Olver, 2019: 285). Olver (2019: 237) characterises the former as a growth-coalition and the latter as a rent-seeking coalition. Although noting that both are to the detriment to the poor, the growth-coalition is described as "preferable" by creating value for a broader group of stakeholders in the interest of economic growth. Like with other South African scholarship invoking urban power theories, the role and decisions of individual high-profile businesspeople or politicians are highlighted in these regimes (Hiller, 2000; Freund, 2002; and Padayachee, 2002).

The focus on corruption and the call for institutional reform to address the "widespread political involvement in administrative matters" reflects Olver's (2019: 23) normative stance on a politics-free bureaucracy, with a firm boundary between the public and the private.

Olver's contention that Nelson Mandela Bay was stolen by a rent-seeking coalition echoes an instrumentalist leaning where "the state is an autonomous institution which is effectively 'captured'..." (Clark & Dear, 1981: 54). The City's problems are thus presented as "the immediate result of the actions of an unprincipled clique of individuals…" (Scott, 1980: 83). At the same time, Olver's own sympathetic stance on the Cape Town growth coalition unconsciously adopts "the ideological prop" of growth as jobs (Molotch, 1976). Olver's (2017 & 2019) analysis and conceptualisations are thus restricted by a normative position on the state.

In Johannesburg, the ideological trope of growth as jobs has been criticised and analysed in scholarship on urban entrepreneurialism, and global city making (Sihlogonyane, 2015 & 2016; Rogerson & Rogerson, 2015; Robinson, 2008; Bremner, 2000). It is notable, however, that the conceptualisation of the growth coalition is not employed as it has been in Durban. Recently, Bradlow (2021) argued that local government in Johannesburg is not part of a pro-growth coalition because "it is striking just how durable the political imperative to address spatial division has been in Johannesburg." Like Houghton (2013), Bradlow (2021) raises the salience of the redress imperative of the post-apartheid state. Rather than seeing the redress imperative as entangled with growth imperatives, Bradlow (2021) proposes that the former has influenced public authorities *not* being allied to real estate developers in Johannesburg. Although not intertwining with local government, Bradlow (2021) still argues that another type of coalition, of "traditional white urban elites", private property developers and property owners, maximised their power relative to local government by leveraging their fiscal clout around place-based interests and exploiting government's overlapping authority.

In India, meanwhile, there is also a significant amount of contemporary urban scholarship referring to how elite coalitions direct urban development. Unlike in South Africa, it is often more directly tied to critical scholarship on real estate development and projects. This scholarship accompanied the rise of real estate developments in urban India since the mid-2000s. One contemporary invocation of urban power theories is Neha Sami's (2012; 2013a & 2013b) work on "urban coalitions" in Bangalore and Pune, India. Sami (2012; 2013a & 2013b) seeks to explain urban development in both cities by analysing the observable economic and political relations between government and the private sector. Sami (2012 & 2013a) draws on

urban regimes and growth coalitions to show how elite networks founded on personal relationships are mobilised to influence urban development, and how dominant industries hold sway over land-use decision-making. In Bangalore, IT companies partner with real estate developers, while the state government provides land for IT companies (Sami, 2012; Pani, 2006). Emphasis is placed on the role played by quasi-governmental task forces made up of prominent government officials and businesspeople (Sami, 2012 & 2013a; Pani, 2006). These drive urban development, skirt public participation and often override state decision-making. For instance, the founders of IT company Infosys had funded Bangalore's urban task force (BATF), facilitating the company's access to individuals who made investment decisions for India's large public sector's mutual funds (Sami, 2012 & Pani, 2006). Sami's (2012; 2013a) work also showed, however, that some state officials disagreed with the mandates and actions of the task forces, and felt undermined by the "new" urban governance driven by private companies. While showing an overarching growth coalition between the state and private sector that enables rampant real estate development, the relationship between the state is also shown to have some frictions.

For Asha Ghosh (2004: 690), the urban outcomes and processes in the Bangalore explicitly echo growth machine theory:

> "…private developers, financiers, and corporations employ the unsubstantiated rhetoric of "world class" to justify and further bias the expansion of the city for their particular interests, providing an opportunity for a convergence of interests with high level urban, state and national governments."

Ghosh (2005) directs her attention to the role of the BATF in gaining high-level access to government at a state and national level and influencing urban policy. Like Sami, she emphasises that "extragovernmental organisations" – like the BATF and middle-class pressure groups – are crucial to building coalitions around growth. Relatedly, she emphasises the centrality of the government to land acquisition, allotments and regulation for the IT sector, and relatedly real estate. In Kolkata, Roy (2011) alludes to, and Sud (2014 and 2017) emphasises, the role of the ideological prop of growth in the city, illustrating how real estate

development is supported by a discourse of cleanliness and modernity. Sud (2014 and 2017) illustrates how this manifests in the takeover of urban peripheries by largescale developments.

In Mumbai, Weinstein (2008, 2014) directs her focus to large-scale Indian development projects, placing emphasis on the personal and political relationships behind them. Her work illustrates how politics intertwines with criminal networks, and how different state officials can simultaneously have cosy and conflictual relationships with developers (Weinstein, 2008 & 2014). A great deal of urban scholarship on India directs attention to what are characterised as deviant relationships that facilitate real estate. Some of this scholarship is concerned with traversed legal boundaries, with criminal networks and gangsters foregrounded in processes of land acquisition, often as the "land mafia" (Weinstein, 2008). Levien (2020: 508 & 509), critical of the use of the applicability of the "mafia", argues that what is instead at play in "illegal land grabbing practices" are "deep collusive networks of rent-seeking" made up of bureaucrats, brokers, police and lawyers among others. Chattaraj & Walton (2017), similarly, use "rent sharing networks" instead of "a concerted 'growth machine'". In work on Bangalore and Mumbai, Doshi and Ranganathan (2017) show how corruption discourse is used to critique the relationships that underlie "elite land grabs". Also in Bangalore, Balakrishnan and Pani (2020) coined the term "real estate politician" to refer to an individual who has garnered political support from precariously employed and unemployed people via provision of housing through unauthorised land development. Although offering various conceptualisations of the relations and value-creation organised around the granting of bureaucratic approvals and licenses for real estate development, all depict a normative boundary between the state and society as breached. This is variously conceived of as criminal, rent-seeking or corrupt (as exceptions, See Auerbach et al. (2020); Bjorkman, 2015 and Benjamin, 2000, 2004 & 2008).

What this illustrates, however, is that urban power theories have been variously merged, annotated and alluded to in Indian scholarship on cities. Within this scholarship, however, there is an attentiveness to the fact that different parts of the state can have contradictory relationships with real estate. Often, however, there is an instrumentalist focus on relationships between politicians, state officials and private sector interests as evidence of a "manipulated city". Finally, as in South African scholarship, "extragovernmental organisations" arise as decision-makers that coalesce private sector interests and drive policies. The latter

reconfigure the hard boundary between the private sector and the state drawn up in traditional growth machine theory.

A critique that emerges from a reading of scholarship from South Africa and India is that the American origins of urban power theories means that they normatively approach regimes, machines and coalitions as made up of state actors (as bureaucrats and politicians) and private sector actors (as corporates, landowners and developers). This assumes a binary between the state, and capitalist production and land ownership. There have previously been critiques levelled at growth machine theory for being shaded by the context of the US state. From an institutionalist perspective, Cox (2016) and Brenner (2019) have argued that the organisation of American local government and its fiscal base makes it more prone to outside influence and manipulation by economic elites and developers. Further, others critique urban power theories for not acknowledging the role of structural inequality based on gender, race and/or caste (Seamster, 2015 & Sami, 2012). Seamster (2015: 1 053) calls for more, "race-conscious analyses" using urban regime theory – referring to Adolph Reed's (1988 and 1999) conceptual contribution of 'Black Urban Regimes' as a seminal signpost.

3.3 Conceptual expansion to the East: State Real Estate

Engaging with dominant conceptualisations of the relationship between the state and real estate, a body of urban scholarship from (South) East Asia has gone beyond the assumption that the relationship is concomitant with a relationship between the state and private sector. This, it can be argued, offers an opportunity to rethink the relationship between the state and real estate beyond the limitations of the state and private sector binary. Scholarship from and on China has brought to the fore the centrality of the state's multiple roles in real estate development, including more recently in its financialisation (Zhang, 2014; Shatkin, 2018; Wu, 2021; Feng et al., 2021). Chinese scholarship first contributed to stretching the parochialism of the American growth machine (See Zhang, 2014; Zhang & Fang, 2004; Zhu, 1999). Zhang (2014) showed how development dynamics in Shenzhen and Suzhou pointed to a multi-scalar and more multi-faceted state than that captured in traditional growth machine theory. As Zhang (2014: 182) notes, "the role of local government had shifted from socialist regulator to a hybrid regulator, mediator, and more importantly, entrepreneur and developer." Capturing this multiplicity of the state in real estate is the concept of the "property state", coined to describe

Singapore (Haila, 2015), which challenges Stein's (2019) "real estate state". Elsewhere, scholarship from Hong Kong historicises the state's role in creating an "urban (re)development regime" (Tang, 2008 & 2012).

In the financialisation of real estate literature, there has been increasing attention directed to "state-led financialisation". This scholarship is tied to a resurgent interest in China's "state capitalism", as well as a post-2008 interest in the state's role in financialisation (and addressing attendant financial crises) in Western Europe and North America. These distinct preoccupations with state-led financialisation, however, are not mutually exclusive. Although often disclaiming their particularity to the contexts of Singapore or China – scholarship from the latter countries is reshaping how it is the state's role in financialisation, including the financialisation of real estate, is theorised by those who have dominated the literature, mostly from the point of departure of Western Europe and North America (Christophers, 2015; Aalbers, 2021).

Recently, Fulong Wu (2021) illustrated the development of state-created and utilised financialised instruments that propped expansive urban development in China. Calling this financialisation the "long shadow of the state" (Wu, 2021: 17), Wu (2021) argues that rather than being driven by an explicit intent to financialise, financialisation of urban development was a "by-product" of the state's operations and strategic considerations. The entrepreneurial Chinese state expanded credit and utilised financial instruments to avert economic crisis, expand urban development, and bolster homeownership – a spatial fix. Wu (2021: 16) explains further that the "rationale of financialization is internalized" by the state: "That is, the state applies the financial principle during its operation but is not 'captured' by the financial sector. After all, the Chinese financial sector is dominated by state-owned banks." This offers a useful counterposition to much of the scholarship on the state's role in financialisation in Western Europe and North America. This has tended to highlight the state as government[14] – enabling, catalysing or participating as an agent to the financialisation of real estate by a separate private sector. Like Wu (2021), other scholarship from China has also complicated the public/private binary in financialisation (Wang, 2015; Pan et al., 2020), and more directly the financialisation

[14]Notable exceptions include Whiteside (2017) and Wijburg (2019) that direct attention to a state-owned land development company, and state-based REIT in Canada and France respectively.

of real estate (Feng et al., 2021), by directing attention to a shareholding state, a government-guided investment fund and *chengtou.* In their analysis of *chengtou*, SOEs involved in investment and urban development, Feng et al. (2021) echo Wu (2018 & 2021) in showing how market and financial instruments are adopted to achieve governance goals. Not only do they illustrate the role of state financial agencies in urban development, but "intrastate divergence in the process of financialization" (Feng et al., 2021: 10). The central government, in different periods, had aimed to restrict the burgeoning financial functions of *chengtou*, while local governments pursued and supported it. Although not foregrounded, Wu (2021) also illustrated contradictory positions by local and central government to financial instruments.

Inspired by Wu's work (2021), Aalbers (2021) put forward a recent conceptualisation of the state's role in financialising the city that extended beyond Chinese exceptionalism. Drawing on the natural sciences and symbiosis, Aalbers (2021) argues that the state "co-evolves" with finance, and that it may "mimic" finance and therefore itself "mutate". Further, relationships of parasitism, commensalism and mutualism can be simultaneously present (Aalbers, 2021). Overarchingly, however, Aalbers (2021: 6) argues that the "state creates the conditions for the financialization of the city and by doing so it brings the characteristics of finance inside the state." Building on previously noted signs "that some state agents actively create the conditions for the financialization of housing … while other state agents may try to limit financialization pressures" (Aalbers, 2017: 550), Aalbers' (2021) conceptualisation of the role of the state in financialising urban land and property is influenced by the breaking of binaries and contradictory state in financialisation found in Chinese scholarship.

This embeddedness of the state as a direct participant in real estate development – rather than as a mere enabler for the private sector's real estate exploits – had been previously conceptualised through Singapore. Following her work in Finland, which showed how the local and national government in Helsinki corporatised its landholdings to make public land into a financial asset (Haila, 1988 & 1991), Haila (2015) directed her attention to Singapore. Coining the concept of a "property state", Haila (2015) illustrates the Singaporean state's multi-pronged presence in property:

> "To emphasise the important role of real estate in Singapore's economy, the wealth of its people and government, and the success of its companies, I have called Singapore a property state." (Haila, 2015: 205)

Not only is the state a landowner, but a housing developer, an urban development authority, a part-owner of real estate companies, and an investor in property and land through sovereign wealth funds. In a small city-state without a rural hinterland within its national boundaries – landownership and real estate is leveraged by the state in a way that she argues is conducive to "economic growth" and private companies by removing speculation and land-banking. At the same time, she argues that the state's legitimation "was assured by giving Singaporeans a stake in the economic growth, making them homeowners and asset holders" (Haila, 2015: 206).

Through a procedural analysis of the Singaporean state, Haila (2015) responds primarily to mainstream economists and free market idealogues by arguing that a land-owning and interventionist state does not contradict, and may even be more conducive to, late financial capitalism. Haila (2015) suggests that a counter position to the Washington consensus and Shanghai consensus – both of which represent free-market and state-led manifestations of capitalism respectively – is the "Singapore consensus" (Haila, 2015). A "pragmatist solution" that combines "state landownership and a free-market economy" in a way that is "beneficial for transnational companies locating there (obtaining access to cheap labour), Singaporean development companies, and Singaporeans themselves" (Haila, 2015: 208). Unlike a "real estate state" as described by Stein (2019) – the "property state" as described by Haila (2016: 206) leverages state-ownership of land assets for use-value (such as housing and industrial use) – while at the same time leveraging the exchange value and revenue benefits of land and the real estate industry. Rather than corporatised government that is acting in the *interest of* private real estate development and *like* a real estate player, the Singapore property state is shown to be embedded in real estate through its Real Estate Investment Trusts (REITs), government-linked companies and sovereign wealth funds (Haila, 2015: 157). Arguably, an appropriate characterisation of this relationship between the state and real estate would be "state real estate".

In another city-state, this time under Chinese sovereignty, Wing Shing Tang (2008 & 2012) conceptualises Hong Kong as an "urban (re)development regime". Tang (2008 & 2012) historicises the preeminence of property development in the country's economy, politics, and psyche. When the British proclaimed Hong Kong's land as "crown land" in the mid-19th century: "This was deemed necessary not only to govern the development of the then new colony, but also to collect the essential revenues. Since then, land has occupied a pivotal role in the city's development" (Tang, 2008: 351). Tang (2008 & 2012) points to the dominating role of Chinese investment capital in the financialisation of Hong Kong's real estate development from the 1960s. Since then, real estate became the cornerstone of Hong Kong's economy and social development. The state actively supported the expansion of real estate through its supply of land, pursuit of largescale public housing development and encouragement of ownership. The concept of "urban (re)development regime" in this context seeks to capture not only the predominance of real estate in Hong Kong's politics and economy, but its permeation of the value system of Hongkongers. Tang (2008 & 2012) argues that real estate became part of a hegemonic ideology where the state's commercial utilisation of land is considered rational and the concept of urban redevelopment is wholly associated with real estate development.

Another contribution to these conceptualisations is Gavin Shatkin's (2017) analysis of the "real estate turn" in Asian cities. In this work, Shatkin (2017) seeks to contribute to broader debates on differentiated neoliberalism, and the so-called shrinking state. Shatkin (2017) directs attention to the accumulation, in "accumulation by dispossession" and draws on urban power theories. Shatkin (2017) argues that Asia underwent a "real estate turn" from the 1980s as the global economy shifted, with its onset staggered across different countries. An "exogenous stimulus" of foreign direct investment, Shatkin (2017: 47–48) argues, catalysed an alignment behind real estate by state and corporate actors. Shatkin's (2017: 14) main argument is that rather than a homogenous unfolding, this manifested in different forms. Asian states are highlighted as central to the process, capitalising on real estate by undertaking different forms of "capture" of revenue streams (Shatkin, 2017: 14). Shatkin (2017) argues that the differences are based on state ownership of land, as well as the "autonomy of land managers from outside influence."

Shatkin (2017) outlines three conceptual archetypes of the state under the real estate turn in Asia: "occupancy urbanism,"[15] "rent-seeking", and "state capitalism". Jakarta, Kolkata, and Chongqing anchor the analysis and concepts respectively. In Kolkata, and India, he argues, the fragmentation of land ownership and the susceptibility of state land managers to outside influence through "vote bank politics" (Benjamin, 2008) has resulted in a state that is unevenly capitalising on land monetisation. In Jakarta, the Suharto autocracy and intertwining business interests precipitated a highly centralised "rent-seeking" relationship between the state and real estate (Shatkin, 2017). A handful of individuals and companies benefited through their personal relationships with the president and his family. Referring to "state capitalism" that characterises the relationship between the state and real estate in Chongqing, he argues that the real estate turn is capitalised on by state entities who compete between themselves for revenues derived from land and development, as well as to address industry and housing needs. For Shatkin (2017), the Chinese city breaks down the state and private sector distinction that is assumed in growth machine theory:

> "The China case is different, for here the separation between these groups breaks down, and the state stands not only as regulator and planner, but also as developer and as corporate head. Land development emerges as the central thrust of state, and specifically of CCP strategy. As the Chongqing case illustrates, land commodification not only becomes the central objective of urban politics, but it also becomes a tool that the state applies to a range of social and ecological problems." (Shatkin, 2017: 209)

Shatkin's (2017) conceptualisations of ways in which value from real estate were "captured" by Asian states are also present in urban power-influenced scholarship noted in South Africa and India. Like much of this scholarship, Shatkin (2017) also adopts a normative Weberian position that the state's bureaucrats ought to be autonomous from outside influence. Occupancy urbanism in Kolkata and rent-seeking in Jakarta are thus presented as non-ideal and representative of a manipulated state. Chongqing, meanwhile, is conceptualised as a confounding exception.

[15] Shatkin adopts and repurposes this concept originally put forward by Benjamin (2008). The original conceptualisation of this term is discussed in the next section and differs from Shatkin's.

Although Haila (2015) and Shatkin (2017) refer to global economic shifts and a real estate turn, they notably do not analyse the state as historically constructed and dynamic. Relatedly, although the differentiated forms and practices of the state are engaged with by Shatkin (2017), the differentiated nature of real estate and its historical development in each context is not. The real estate turn is not simply driven by "exogenous stimulus" (Shatkin, 2017) and shaded by the differentiated nature of the state, but also shaped significantly by local manifestations of capital accumulation and non-corporate relations. By contrast, Tang (2008), and to a lesser extent Wu (2021) and Feng et al. (2021), are more careful to historicise the construction of both the contemporary state and financialised real estate development in Hong Kong and China respectively. What this scholarship has all done, however, is move beyond the local government myopia offered by urban planning and urban power theories by showing the multiple scales of the relationship between the state and real estate. Most notably, this work illuminates how real estate is a process of capital accumulation that is not necessarily private sector led. The state is shown to be embedded, non-monolithic and manifold in real estate: land regulator, landowner, development authority, developer, and investor. This offers an important conceptual intervention in theorising the state and real estate.

3.4 Contestations from India: Rethinking accumulation processes & the postcolonial state

The Indian post-colonial and liberalising state and city have been the subject of expansive scholarship. The immense scope and depth of this scholarship is outside the ambit of this discussion. However, attention will be directed to two notable stands that emerge in work on the urban due to their conceptual contributions to the state and real estate. The first nuances monolithic accounts of global processes of dispossession and financialising real estate development found in some historical materialist scholarship. The second is a contestation to dominant conceptualisations of the relationship between the state and society, especially the adoption of a Weberian and normative position on the state.

In the terrain of urban scholarship relating to real estate in India, there are many notable contributions to the conceptual lineage of accumulation by dispossession (Goldman, 2011; Ghertner, 2008; Ghertner, 2015), engaging with the expansion of real estate as reflective of "quasi-imperialist practices in search of spatiotemporal fixes to… overaccumulation problems"

(Harvey, 2017: 261) driven by foreign investment, and mediated by the Indian state. Levien (2013) argues that it is more appropriate to refer to "regimes of accumulation" in India – this to account for the changing role of the state in dispossession and to contest the theorised inevitability of accumulation by dispossession. Others are concerned with illustrating the complexity of accumulation – interrogating the "global practice" and "black box" of real estate development (Searle, 2016: 9). Through research on commercial real estate in Bangalore, Halbert and Rouanet (2014) show how foreign investors relied heavily on local networks (Halbert & Rouanet, 2014). They raise the importance of local players in assembling land and negotiating India's regimes of land ownership, legislation and bureaucracy (Halbert & Rouanet, 2014; Rouanet & Halbert, 2016). Coining the term transcalar territorial networks (TTN), they argue that investment in commercial real estate is mediated by a complex network of Bangalore-based "developers, real estate advisors and legal consultancy firms" (Halbert & Rouanet, 2014: 481):

> "…It would thus be inexact to picture the 'landing' of capital as a purely 'local context of globalization' (Wulf, 1999) that is, as an external phenomenon happening in some elusive 'global'. It is an outcome and a process achieved with the development and permanent adaptation of a territorial network that has the ability to pull together resources from multiple horizons." (Rouanet & Halbert, 2014: 481)

The work of Llerena Guiu Searle (2016) also seeks to demystify the power of international investment by focusing on the role of local actors in real estate. As she notes, "capital does not move on its own" (Searle, 2016: 9). Searle (2016: 9) thus "seeks out the work that people are doing to forge routes of accumulation." Through ethnographic fieldwork in an international real estate fund based in India, Searle (2016) analyses the discourse and practices that physically and symbolically construct corporate real estate in India. Witnessing their attempts to invest in Indian real estate, she argues that rather than "filtering away risk" (Rouanet & Halbert, 2016), the local work of creating "routes of accumulation" is characterised by "friction".

Searle (2016) notes that Indian developers regularly contend that the work of assembling and clearing land for development is not understood nor compensated by international investors

and developers. Searle (2016: 166) argues that Indian developers "occupy contradictory, liminal subject positions" stemming from their "position between two different systems of value signalled by two different types of money." Their efficacy is built through their negotiating of both sides of real estate development, represented by both "black" and "white" money (Searle, 2016). Despite this, "transparency" is used by international real estate professionals to delegitimise the masked parts of real estate development. Searle (2016) argues that terms like "transparency" and "quality" are used as a disciplinary tool to enforce a set of practices by international real estate companies and investors. Yet, she shows how Indian real estate developers both adapt and contest these practices.

Like Halbert and Rouanet (2014), Searle (2016) does not engage comprehensively with the state in her analysis of real estate accumulation in India. Her work also slips into a romanticisation of practices of "Indian developers" as resistance to a neo-colonial tendency. Further, the "Indian real estate developers" that Searle (2016) refers to are corporate developers – a particular segment of property developers. The monolithic use of "Indian real estate developers" masks a non-corporate economy that includes actors and businesses connected largely, or solely, to local money circuits or non-corporate circuits of international investment (Benjamin, 2008). Where this non-corporate economy and its actors are made visible, it is as intermediaries in global or corporatised investment flows (Sami, 2012; Halbert & Rouanet, 2014; Sud, 2014). This relates to a broader pattern within literature on Indian real estate to focus on the spectacle projects and landscapes of skyscrapers associated with corporate real estate and international investment. Much of this historical materialist-influenced scholarship also narrows analysis of phenomena solely in relation to capitalist relations of production, or to interactions with international flows of capital.

Sai Balakrishnan's (2019) recent work on "shareholder cities" also engages with accumulation by dispossession. Although not highlighting the mediation or resistance of global capital flows, her work still foregrounds large, albeit local, players and large developments. Balakrishnan (2019) notes how agricultural elites owning swathes of land in Maharashtra metamorphosise into a homegrown real estate elite. She directs her attention to economic corridors, mega-highways connecting major cities, which are touted as the spine of new industrial nodes and so-called smart cities. Forming in these "agrarian-urban junctures" are private cities listed on

the stock exchange, and real estate companies with former-agricultural landowners now as shareholders (Balakrishnan, 2019). Balakrishnan (2019: 158 & 168) argues that these shareholder cities help analyse the "transformation of the local state" and pose a "threat of grave negative distributional consequences, in that [they] silence the claims of non-propertied constituents." With a more local lens than her predecessors, Balakrishnan (2019) shows that contemporary routes of accumulation are shaped by India's historical uneven development and that political alliances are influenced by dominant caste-based identities. However, the spectrum of landownership, contesting claims, and heterogeneous small and medium farmers and sharecroppers, although alluded to, are the background to her analysis and conceptualisation.

One of Balakrishnan's (2019) Maharashtra case studies, Lavasa Lake Development, is the focus of an earlier ethnographic study by Anokhi Parikh's (2015) in her PhD thesis. In this work, Parikh (2015) argues that the construction of "the private city" is "fundamentally speculative", generating both support and resistance. Offering a more nuanced account than Balakrishnan (2019) of Lavasa, Parikh (2015: 20) illustrates that the land market in which the city emerges is "actively manufactured by the state through powerful local political actors, as well as networks of brokers and agrarian intermediaries." From the outset, Parikh (2015) enters her fieldwork influenced by Indian scholar Akhil Gupta (1995) in her cognisance of the "blurring" between state and society, and that the state is neither unitary nor coherent. Parikh (2015) uncovers a story of Lavasa that pushes back on narratives that projects like it are the sole outcome of global capital investment and merely reflect a neoliberal and financialising turn. Prior to the project being taken over by a publicly-listed company open to international investment, she shows how high-level political actors with interests in real estate moulded Maharashtra State policies to enable its construction. Relatedly, she illustrates the crucial role of intermediaries – outside land aggregators, local *sarpanches* and other members of the *gram panchayat* – in aggregating land, facilitating its purchase, and selling it on to Lavasa Land Corporation (LCL). Parikh (2015) contributes to debates on accumulation by dispossession by unmasking how land was acquired "slowly and quietly" as a market transaction by these intermediaries. Local state authorities are revealed as crucial facilitators of this, highlighting an alternative form of state dispossession to eminent domain. Parikh's (2015: 259) contributions regarding the state are salient in Indian scholarship on the urban. First, Parikh (2015) argues that there is a need to

distinguish between levels of the state. She shows how a central government ministry contradicted the interests of the State government by stalling the Lavasa project on environmental grounds: "the state is not a unitary actor with a single logic" (Parikh, 2015: 262). Second, Parikh (2015) shows how different kinds of political actors are key to the realisation of Lavasa, blurring the binaries of state-society and state-capital. High-level politicians have interests in real estate companies, while real estate companies employ former government bureaucrats. At a local level, *sarpanche*s are essential intermediaries between villagers and corporations. For Parikh (2015), the lack of a clear boundary between the state and society is embodied in political actors who intertwine with real estate. Like Gupta (1997 & 2012), Parikh (2015: 260) adopts a non-normative position toward this "lack of a clear (Weberian) distinction between state and society," steering clear of corruption discourse.

Similarly avoiding this discourse, Benjamin (1996 & 2004) conceptualises a "porous bureaucracy" to refer to the ways in which local groups access parts of the lower-rung of bureaucracies in Bangalore and Delhi, to ensure policies and bureaucratic decisions in their interests. Although built by relationships, Benjamin (2004: 184) argues that it is "an institutional structure that is modulated by local politics and economics and built around the regulation of land." Further, rather than exceptionalising the particular political relationships used to lay claims to land, Benjamin (2004 & 2008) argues that there is a spectrum of competing occupancies over land, all of which are inherently political and involve different relationships with different parts of the state. To capture this, Benjamin (2008) coins the concept of "occupancy urbanism". In one form, groups that are neither elites or middle-class, nor connected to corporate networks of capital, have made successful political claims to land under a liberalised Indian economy. This has been done primarily by political claim-making via networks with local bureaucrats and politicians (Benjamin et al., 2008 & Benjamin, 2008b). Beginning in the mid-2000s, however, a combination of policy reforms, laws and popular discourse related to land titling, transparency and anti-corruption have served to unseat and delegitimate local-level politics. This increasingly favours another form of land occupancy by groups connected to a "higher-level" government and politics in India at a state and national level (Benjamin et al., 2008 & Benjamin 2008b) – this includes middle-class activists and corporate real estate developers. In occupancy urbanism, Benjamin (2008) offers a counterposition to urban power and historical materialist-influenced scholarship. First,

Benjamin (2004 & 2008) argues that there have been successful claims to land by ordinary people in post-liberalisation India through "politics by stealth", mobilising bureaucrats and politicians. These stand as quiet contestations to encompassing and globalising tale of accumulation by dispossession in the interest of corporate real estate. Second, Benjamin (2004 & 2008) takes a non-normative stance on the state, and state-society relations. There is no presumption that the state ought to be insulated from outside influence. Unencumbered by this, the conceptualisations that emerge are not fixated on particular "deviant" relations, but instead illustrate various state-society relations in land claim-making without moralising them.

Benjamin (2004 & 2008) and Parikh (2015), urbanise a lineage of Indian scholarship that seeks to break away from normative Weberian conceptions of the impersonal and insular state, and a binarised view of the state and civil society (Gupta, 1995; Chatterjee, 2008; Kaviraj, 2011; Fuller & Harris, 2001). Drawing on theorising of the postcolonial state in India, this scholarship is critical of the universalisation of the "specific historical experience of Europe" (Gupta, 1995: 375), "the Weberian idea … undeniably local in historical terms" (Kaviraj, 2005: 266). In the seminal work, *Blurred Boundaries: The Discourses of Corruption, the Culture of Politics, and the Imagined State*, Gupta (1995) offers two important theoretical contributions, the first is that the notion of a unitary state should be interrogated rather than assumed. The second is that bureaucrats and their practices can be seen as, "blurring the boundaries between 'state' and 'civil society'" (Gupta, 1995: 384). Gupta (1995) veers away from characterising relations that blur the boundaries as a sign of dysfunction – such as corruption – but instead seeks to re-theorise this blurriness. This lineage of scholarship provides a notable theoretical counterposition to scholarship on the urban, dominated by urban power and urban planning theories, that take a normative approach to the state.

3.5 Echoes, gaps, and contributions from South African scholarship

In post-apartheid South Africa, there is significant scholarship on the social and spatial relations that arise in and alongside real estate development. Much has been written about malls and private, gated communities and their associated socio-economic exclusion, middle-class and elite formation, and securitisation (see Ballard & Jones, 2021; Herbert & Murray, 2015; Murray, 2013 & 2015; Duca 2013 & 2015; Lemanski, 2006; Landman, 2004 & 2006; Lemanski et al., 2008; Czegledy, 2003; Nuttall, 2004; Kenny, 2004 & 2018; Jurgens & Gnad, 2002). Alongside

this, significant scholarship has focused on the social and spatial relations of state-led urban development, particularly peripheral, public-housing programmes (see Huchzermeyer, 2001 & 2003; Miraftab, 2003; Turok, 2012; Parnell & Robinson, 2012); and "informal" development that is often conceptualised as filling a state and private-sector lacuna (see Huchzermeyer, 2004 & 2009).

In recent years, there has been a turn to critical research on actors and processes behind real estate development. Preceding this, scholarship that engaged with actors and processes of real estate development did so as a corollary to explaining broader processes of a post-apartheid city-making, as illustrated in the scholarship previously discussed on growth coalitions in Durban (Maharaj & Ramballi, 1998; Freund, 2002; Padayachee, 2002). Another antecedent to this recent critical turn to urban real estate development in post-apartheid scholarship was Soraya Goga's (2003) seminal work on long-term financial institutions and their real estate investments in Johannesburg in the late 1980s and early 1990s. She shows how excess capital and a herd mentality drove burgeoning office development in suburbs like Sandton and Sunninghill (Goga, 2003). Goga's (2003) work illustrates how finance actors like Old Mutual and Rand Mutual Bank were key to the northern suburbs boom and inner-city decline in Johannesburg at the tail-end of apartheid.

As previously discussed, real estate and the state surfaced within Olver's (2016 & 2019) work on state capture alluding to urban power theories. Olver tags onto a generative body of scholarship on the state through municipalities in South Africa (See Phadi & Pearson, 2018; Phadi *et al*., 2020; Monama, 2020; Pearson, 2020; Lesaffre, 2020 and Chilenga-Butao, 2020). Much of this engages in a nuanced institutional and political analysis of local government – mostly digressing from the corruption discourse, which underpins Olver's books (2018 & 2019). Unpacking "what a municipality is, and how it works" (Phadi & Vale, 2020) – it is based on ethnographies of local government bureaucracies that seek to understand how the state is socially constructed. In scholarship on the mining city of Lephalale, it is shown how corporate multinationals, state-owned enterprises, and municipalities' internal party politics interplay in space-making and power struggles (Phadi & Pearson, 2018 & Monama, 2020). The concept of "blurred boundaries" and the "non-unitary state" (Gupta, 1995) surface implicitly in scholarship on the making of the mining city.

The recent turn to analysing actors and processes in real estate mostly emerges from urban-planning scholarship. There is growing empirical research analysing how it is local government interacts with private developers. Todes' (2014) continues a lineage of work on eThekwini (Durban) municipality, shedding light on the multitude of actors involved in sprawling suburban real estate development in KwaZulu-Natal. She shows how Tongaat-Hulett Development, and other landowners, negotiate and partner with municipalities and provincial governments (Todes, 2014). Todes (2012) and others (Todes et al., 2018; Rubin, 2017; Todes & Robinson, 2020; Harrison et al., 2019; Harrison & Todes, 2020; Klug et al., 2013) also direct attention to the Johannesburg city government's negotiations, regulation and incentivisation of "affordable" housing developers. Todes & Robinson (2020: 297) position their findings in Johannesburg as speaking back to literature on "the overbearing role of powerful, globalised actors in urban development." They argue that the entry of differentiated affordable housing developers to infill development on the Corridors of Freedom – far from "overbearing" – is shaped by the City of Johannesburg's spatial policies (Todes & Robinson, 2020). Much of this recent urban-planning literature elucidates the centrality of the state in facilitating real estate. It also expands South African urban-planning scholarship to hitherto understudied actors: residential real estate developers (especially "affordable" housing developers), smaller real estate developers, and gradually, financial actors such as banks.

Also recently, research in Modderfontein in Johannesburg has brought to the fore the previously unseen involvement of international real estate developers in South Africa (Brill, 2018; Ballard & Harrison, 2020; Brill & Reboredo, 2019; Ballard et al., 2017). The findings are also a retort to financialisation literature, which emphasises the encompassing power of international real estate and investors. Like Searle (2016), they show how international investment does not seamlessly flow into shaping the built environment. The failure of the Modderfontein megadevelopment is attributed to a lack of coordination between local real estate developers and their international partners, related to differing practices and norms, as well as differentiated political relations with different scales of government (Brill, 2018; Ballard & Harrison, 2020; Brill & Reboredo, 2019). This work scales up analysis beyond the local, and engages with the politics of the state, unlike much of the planning-focused literature. Like other empirical studies of real estate projects, it points to a non-unitary state.

Mosselson (2019 & 2020), in a sociological analysis, contributes to growing analysis of affordable housing developers, this time in the inner-city of Johannesburg. Echoing earlier work by Houghton (2013) in Durban, Mosselson (2019 & 2020) argues that inner-city developers wrestle with "dual imperatives" of profit and social outcomes. Their complex "spatial habitus" is formed through the experience of repurposing buildings in the poor, working-class, migrant city from which mainstream capital and finance retreated. Mosselson (2020: 292) positions this as complicating urban studies literature on "Developers … presented as a homogenous, ruthless group". Butcher (2016 & 2020) has also directed her attention to affordable housing developers, albeit further from the CBD. The latter group build low-density suburban-style "affordable" housing on empty tracts of banked land. Butcher (2016 & 2020) focused on how these developers have accessed capital, accrued land and rents, and constructed markets. Outside of urban-planning scholarship, Butcher's (2016) first steered South African critical urban scholarship to focus on the unchartered terrain of real estate. Although Butcher (2016) did not foreground the relationship between the state and real estate, her research began to unveil the interplay of the two in materialising and symbolically constructing "affordable" housing.

Butcher (2018) expanded on this intertwining interplay between the private and public in her later analysis of a Johannesburg development company with mining origins. She characterises the uneven development of mining land as the "co-production of a complex and shifting urban regime between a mining-turned-property company and various state agencies over the long twentieth century" (Butcher, 2018: 2204). In spite of this dynamism and evidence of not-always-amenable local state entities, Butcher (2018) argues that there is still an overarching relation of "a state-sanctioned corporate hegemony". Although not invoked, Butcher's (2018) work resonates with conceptualisations of the state's inherently dynamic, non-monolithic and dialectical – but overarchingly complementary – relationship with the private sector found in the historical materialist urban theory of Scott's urban land nexus (1980). In contrast to much of the literature that has characterised the turn to real estate in South Africa, Butcher (2018) departs from a normative approach to the state and does not conceive of the uneven development as a result of "planning failure". Notably, echoing Parikh (2015) in India, the findings of her research "problematises the binaries of 'state' and 'market'" (Butcher, 2018:

2186). Arguably, it is the first to begin to non-normatively interrogate the relationship between the state and real estate in the South African context.

In the post-apartheid context, and within this nascent critical research on actors and processes behind real estate development, there has been little attention directed to race. Although race textures scholarship on the socio-spatial dynamics within and alongside real estate developments (Kenny, 2004 & 2018; Nuttall, 2004; Ballard & Jones, 2021; Lemanski, 2006 and Ballard, 2004) it is not often highlighted in analysis of the actors and processes of real estate. Mosselson (2019) refers to the racial and gendered make-up of inner-city "affordable" housing developers, mostly white men. Mosselson (2019 & 2020) cursorily notes that these developers have networks and access to capital that distinguishes them from their black counterparts. Butcher (2016 & 2020) engaged more substantively with race in her analysis of greenfield affordable housing developers in Johannesburg. Butcher (2020) reveals how it is land was accumulated by some developers in the late 1980s following successful lobbying to the apartheid government's National Party. They used their connections to "white farmers, mining companies and other landowners" (Butcher, 2020: 351).

> "The would-be biggest land developer in this submarket banked land rights … buying 'options' on land around southern townships from farmers and mining companies … There are 17,000 affordable houses there today." (Butcher, 2020: 346).

However, the lack of sustained engagement with race in this nascent scholarship is an identifiable gap in the South African literature. It is a gap that expands to much of the contemporary scholarship that invokes urban power theories (Seamster, 2015). It is striking, however, that this gap exists considering there is a body of historical materialist scholarship on the South African state, which has illustrated the competing fractions of racialised capital and worker insurgencies and its impact on the urban form (Magubane & Yrchik, 1977; Legassick & Hemson, 1976; Davies et al., 1976; Magubane, 1979; Magubane, 1986). This analysis showed how the spatial policy of the 20th century South African state oscillated between maintaining the labour needs of mining capital, improving the labour supply of agricultural capital, and acting in the interest of white labourers and the white urban poor (Legassik & Hemson, 1976; Magubane & Yrchik, 1977). Racism intertwined with the logic of capitalist accumulation in a

particular "racial capitalism" in South Africa (Hudson, 2018; Legassik & Hemson, 1976; Alexander, 1979; Magubane, 1979). This theoretical contribution emerged in a debate with liberal scholars at the time, who argued that the apartheid South African state was a "'dysfunctional' aberration of capitalism" (Hudson, 2018) which needed to be reorganised into a "'normal' capitalist state" cleaned of state-intervention and racist political ideology (Legassik & Hemson, 1976: 15). Historical materialists challenged this normative view that the state and economy were "value-free" and "neutral", and could be separated from politics. As Legassik and Hemson (1976: 35) explain:

> "In the liberal-radical debate of the 1970s, the liberals argued that (ideally) the economic structures of capitalism should operate independently of state intervention. Basic to this argument is a fundamental assumption of (1) state neutrality and (2) the possibility of a structural division between the operation of the political sphere, on the hand, and that of the economic sphere, on the other."

Of urban-focused South African historical materialist scholarship, of particular relevance is Magubane and Yrchik's (1977) analysis of competing fractions of urban and rural capital and demands of labour. At the time, this expanded work of David Harvey (1973), which critiqued the "neutrality" of physical space embedded within traditional urban theory. Magubane and Yrchik (1977), like Scott (1980), conceptualise the city not only as a *site* of capitalist relations of production, but a *spatial manifestation* of capitalist relations of production. What Magubane and Yrchik (1977) foreground, however, is race. For Magubane (1979; 1987), "racism is inextricably bound up with the issue of class" (Magubane & Yrchik, 1977: 23). Drawing on Althusser and Balibar (1970), this suggests that "there can be no general theory of capitalist accumulation" (Magubane & Yrchik, 1979: 12) – but that particular histories and social formations result in different articulations of capitalism. Political alliances between white trade unions and homegrown white capitalist industries instigated state protections and social benefits for a white labour force, while the low wages paid to a migrant labour-force in "self-governed" black homelands subsidised state investment in the urban built environment (Magubane & Yrchik, 1977: 25). The relationship between the state, race and the capitalist mode of production shaped state policy toward social segregation, and the spatial organisation of cities. Although not concerned with the relationship between the state and real estate, this

theoretical contribution to the relationship between the state and capitalism expands historical-materialist and urban power theories.

> "Thus, although the concentration of people in urban centers is a universal aspect of the development of capitalism, agricultural and mining capital and white-settler interests constitute a political force strong enough to lead to the differential incorporation of both groups into the urban economic life of South Africa. This gave the South African towns their distinctly racial character." (Magubane & Yrchik, 1977: 14)

Although racial capitalism is theorised as a South African particularity by local scholars, intellectuals, such as Cedric Robinson (1976) theorised it outside and beyond this (Hudson, 2018). Yet, this scholarship is still subject to critique for its structural approaches to the relationship between the state and capitalism: the state is often articulated as unitary and monolithic, while little attention is directed to non-capitalist relations of production. Further, although the attention to race may stretch structural analyses by arguing that there is more to the shaping of cities than economic relations – Peter Hudson (2018) posited:

> "…as black feminists have been telling us for years, if the universal subject of working-class history is a white man, that of black working-class history is always a black man … Yet we still revert to an unreconstructed vision of racial capitalism with the male worker as its subject – and black and white men as its scribes."

3.6 An empirical opening and analytical lens: Understanding the relationship between the state & real estate through South Africa & India

The theoretical and empirical contributions to the relationship between the state and real estate reveal an empirical opening and layers to assemble a theoretical lens for this research.

In post-apartheid South Africa, an empirical opening is being carved by a recent turn to considered and critical attention to processes and actors in real estate development. Emerging in this recent turn are observations and analyses of the relationship between the state and real estate (Todes, 2014; Todes & Robinson, 2020; Harrison & Todes, 2020; Ballard & Harrison, 2020; Butcher, 2018). To date, however, this relationship has not been explicitly conceptualised, although there have been references to the centrality of the state, and

evidence of a contradictory state. Preceding this, the relationship between the state and real estate actors was made visible in scholarship on post-apartheid city shaping in Durban (Maharaj & Ramballi, 1998; Freund, 2002; Padayachee, 2002; Houghton, 2013). Borrowing the concept of growth coalitions, the focus was on local government, large corporations and fora of businesspeople and politicians. Almost two decades later, growth coalitions were invoked again, this time alongside a preoccupation with corruption (Olver, 2018 & 2019). In this same period, work by Butcher (2016 & 2018) has taken notable empirical and conceptual steps for post-apartheid urban South African scholarship. Although directing attention to "affordable" housing like many of her contemporary counterparts, Butcher begins a historical and dialectical analysis of real estate in relation to the state, and reflects a non-normative approach to the state. This has also begun to problematise the state/private sector binary.

A strand of Indian scholarship, meanwhile, has conceptualised the state's blurred boundaries (Gupta, 1995 & Gupta et al., 2015). As shown in this chapter, there is significant scholarship concerned directly with real estate actors and processes from India. A notable pattern in the extensive scholarship from India is a tendency to focus solely on corporate real estate developers and large-scale projects. Although much of this work has nuanced accumulation by dispossession, in this, non-corporate developers, small landowners and other not-so-large players are considered only as intermediaries in corporate transactions and global capital flows. There is also a spectrum of analysis of the intertwining state and private sector in real estate development. Offering conceptualisations of the relationships and interests behind real estate development, some drew from urban power theories, many were instrumentalist in their leaning, and most have approached the state normatively. These conceptualisations of the relationship between the state and real estate are critical of a breached boundary between the state and society – focused on criminal networks, rent-seeking and corruption. Scholarship that has been instructively moved beyond this has emerged from a conscious decision to approach the state non-normatively and as non-unitary (Parikh, 2015). Yet this approach to the urban, drawing on a longer scholarly tradition on the Indian state, remains on the fringes of the hegemonic tendency of empirical analyses to moralise the blurring of the state/private sector.

An opportunity exists to engage the empirical opening offered by South Africa's recent wave of scholarship on real estate processes and actors. This can begin by contributing to hitherto understudied realms of real estate, and by adopting a lens that is open to a multiplicity of relationships and is not limited by a normative approach to the state. A strand of Indian scholarship offers a theoretical approach to guide the latter prerogative and to also expand such an approach in the Indian scholarship. This research thus aims to address the empirical gap of South African scholarship, and to expand the theoretical openings on the relationship between the state and real estate carved by some scholarship from India. To do so, I bring the two into conversation with one another theoretically and empirically. This conversation began in this chapter, contributing to an analytical lens which will guide this empirical research. In the next chapter, I outline the methodological approach. Elaborated below, the analytical lens has four theoretical layers: a non-normative approach to the state; an openness to the state as non-monolithic and non-unitary; approaching real estate as a process, and the adoption of a southern historical materialism.

At the base of this lens is the most elucidating contribution of Indian scholarship to theorising the relationship between the state and real estate, that of approaching the state *non-normatively.* That is, an approach that does not analyse the state based on a preconception of how it ought to be – but is rather concerned with understanding the state as it is. This emerges from a lineage of scholarship on the postcolonial and liberalising Indian state (see Gupta 1995 & 2012, Chatterjee, 2004, Fuller & Harriss, 2001; Bjorkman, 2015 & Kaviraj, 2005). Initially concerned with the blurred boundaries at the points where the state encounters society, this scholarship later moved to questioning intra-state spaces. Seminal theoretical contributions include the conceptualisation of "blurred boundaries" (Gupta, 1995) and the differentiation of civil society from political society (Chatterjee, 2004). Urban scholarship in this vein is freed from the normative impulse of dominant urban planning scholarship, critiqued as being conceptually myopic by some historical materialist scholars (Scott, 1980 & Foglesong, 2016), in that it does not seek to prescribe solutions for a better state, nor diagnose planning failures. Further, it is open to "blurred boundaries" between the state and the private sector in a way that does exceptionalise nor moralise these as deviations, as is often the case in scholarship that invokes urban power theories. Analyses of the state outside of North America and Western Europe is thus not hamstrung by the prescripts of Weberian ideas that are

"undeniably local in historical terms" (Kaviraj, 2005: 266). This theoretical approach can broaden the scope of the kinds of relationships researched between the state and real estate, and the ways in which they are conceptualised. It thus forms the primary layer of the lens proposed for this research.

The second layer of this analytical lens, an openness to a *non-monolithic* and *non-unitary* state, also finds expression in theory emerging from India (Gupta, 1995; Fuller & Harris, 2001; Parikh, 2015). The non-unitary and non-monolithic state is similarly present within Scott's (1980) historical materialist theorisation of the urban land nexus. While Gupta (1995) theorises through the lens of the postcolonial state that the unitary state should be interrogated, Scott (1980) theorises the non-unitary and non-monolithic state through the USA as a given characteristic of capitalist cities. According to the theory of the urban-land nexus, the state is multidimensional, "less than monolithic" and often contradictory at its different levels (Scott, 1990: 185). Even when not explicitly theorised, the non-monolithic state manifests across empirical analyses of cities and real estate. It is evoked in scholarship from China, which has illustrated the interplay between the central state and city governments (Feng et al. 2021; Wu, 2021). In Singapore, the property state is theorised as having multiple facets (Haila, 2015). In Parikh's (2015) work on Lavasa, the state encompasses high-level state-level politicians and local-level *panchayats.* In Ballard and Harrison's (2020) work on Modderfontein in Johannesburg, the Chinese real estate developer driving a development project is supported by provincial government but stalled by city bureaucracies and politicians. Thus, not only is the state shown to be non-monolithic in this empirical work, but it is also often shown to be contradictory. As the second layer of the theoretical lens of this research, an openness to a non-monolithic and non-unitary state also compels a multi-scalar sensibility (Brenner, 2019) beyond the often-studied relationship between urban planning and real estate developers.

The third layer of this analytical lens is informed considerably by scholarship on the state and real estate in China and Singapore. It offers an opportunity to go beyond the binary between the state and private sector, influenced by North American scholarship, that is often prescribed uncritically in global research to the relationship between the state and real estate. In Haila's (2016) conceptualisation of the Singaporean property state, the state is conceptualised as embedded in various ways within real estate development. Rather than being the purview of

the private sector, real estate is shown to be a process of capital accumulation in which the state is embedded and actively participates. Similar observations of the state emerge from scholarship on China (Zhang, 2014; Shatkin, 2018; Wu, 2021; Feng et al., 2021), as well as Hong Kong (Tang, 2008). Although often framed as a particularity of "strong states", this offers a perspective relevant to other urban contexts and empirical scholarship where the conceptual and material binary between the state and private sector in real estate has already been problematised or shown to be porous (Adam & Tiesdell, 2010; Fainstein, 1994; Parikh, 2015; Butcher, 2018). Analysing the relationship between the state and real estate *as a process* – rather than limiting this to real estate as "the private sector" or real estate as "developers" – unfetters research from the limits of these former binaries. This can also stretch analyses of the relationship between the state and real estate beyond private transgressions of the public – such as corruption or rent-seeking – which may reveal less conceptualised roles of the state in real estate.

The final layer to the theoretical lens of this research is the adoption of a historical materialist analytic of the urban, albeit one tempered by critiques. In contrast to scholars located within a positivist epistemology, for historical materialists of the urban, the state is not naturally occurring nor apolitical (Clark & Dear, 1981; Los, 1981; Scott, 1980). Rather, adopting a dialectical epistemology, it is approached as being historically and politically constructed. Most notably, historical materialists direct their attention to the social construction of the state in relation to the dominant capitalist economic system. Urban planning, and the broader state, are thus historicised and analysed by urban historical materialist scholars as having a dialectical relationship with capitalism (Harvey, 2017; Scott, 1970; Foglesong, 2016; Stein, 2019). In this analytic, the state and capitalism are treated dynamically.

Real estate is recognised as a form of accumulation within a world dominated by a dynamic capitalist mode of production. In this context, the state is analysed in dialectical relation to real estate. At the same time, this research is cognisant of critiques directed at historical materialist-influenced urban scholarship. Thus, the fourth layer of this theoretical lens is informed by a historical materialist analytic – but cognisant of its shortcomings. Critical scholarship on real estate from India, other parts of Asia, and recently South Africa, has pushed back on historical materialist propositions that processes of capitalist accumulation and

financialisation unfold unilaterally in cities across the globe (Searle, 2016; Ballard & Harrison, 2020; Todes & Robinson, 2020). Other scholars have illustrated non-corporate economic activities in cities that are not embedded within global flows of financialised capital (Benjamin, 1991, 1996 & 2004). In other instances, scholars engaging with real estate and urban politics have drawn attention to – or noted the absence in analysis – of political relations that are not primarily economic in nature such as caste and race (Sami, 2012; Butcher, 2020). In American scholarship, there have also been recent calls to visibilise race in analysis of urban power and real estate (Seamster, 2015; Taylor, 2019). There has also been a history of historical materialist scholarship by scholars that has done so, both in South Africa and the USA (Magubane & Yrchik, 1977 and Reed, 1988 & 1999). The historical materialist analytic that is attempted in this research is shaped by these contestations and counternarratives: A non-prescriptive historical materialist urban analytic that is critical of homogenising narratives of capitalist accumulation; encompasses gender, race, and caste; and is cognisant of economic relations that are not wholly capitalist.

As outlined in the introduction, this research is undergirded by an impulse to understand the multiplicity of the state, to explain amorphous boundaries, and to not be bound by what we think the state should be in analysing its relationship with real estate. To do begin to do so, the analytic lens adopted for this research is influenced significantly by urban scholarship from India that draws from seminal postcolonial theorising of the state. To move beyond a binary between the state and private sector, this analytical lens draws on scholarship from Singapore, China and Hong Kong. Finally, the relationship between the state and real estate is approached using an analytic influenced by historical materialist scholarship. The latter is not adopted uncritically, but rather with a reflexive awareness of the critiques levelled at these analyses and attendant theorisations. Using this lens in analyses of the relationship between the state and real estate can address an empirical gap of South African scholarship, and expand the conceptual openings on this relationship carved by some scholarship from India. Outlined in Chapter 4, to begin to explore the relationship between the state and real estate, this research brings two cities, Johannesburg and Bangalore, into empirical conversation with one other. This is a continuation of a conversation that was started by bringing India critical urban scholarship into conversation with South African critical urban scholarship in this chapter, which helped build the analytical lens proposed here.

Chapter 4:

A theoretical and empirical conversation between two contexts

4.1 Introduction

The conversation between Bangalore and Johannesburg pursued as a method in this research resonates with what is described as a relational comparative analysis (Ward, 2010; Hart, 2016; Robinson, 2016a & 2016b; Frazier, 2021). Rather than comparisons or cases, borrowing a term from Hart (2016), Johannesburg and Bangalore are treated as "vantage points" used to engage in a conversation on the relationship between the state and real estate. It is not cities, nor countries, which are being examined – but the relationship between ubiquitous, albeit socially-constructed, state and real estate from two vantage points. This research method can be explained as bringing empirical research from Bangalore into conversation with empirical research from Johannesburg on the topic of the state and real estate. In what follows, an explanation is first provided of this "conversation", a word often evoked by Robinson (2016 & 2019) in her work on comparative analyses of the urban. As will be shown, a theoretical "conversation" already began in the prior two chapters and shaped the adoption of the analytical lens for this research. Following this, I provide an overview of how it is this research was undertaken by outlining the research methods. Finally, this chapter ends with a discussion of the limitations of these methods and the ethical navigations of this research.

4.2 A conversation with elsewhere as methodology

In what has now become a keystone text theorising comparative analysis of the urban, Jennifer Robinson (2016a: 5) made the following proposition:

> "At a minimum, I suggest that we could reimagine comparisons as involving the broad practice of thinking cities/the urban through elsewhere (another case, a wider context, existing theoretical imaginations derived from other contexts, connections to other places), in order to better understand outcomes and to contribute to broader conceptualizations and conversations about (aspects of) the urban."

There are two key components of Robinson's (2016a) minimalist yet instructive definition of comparisons. The first is related to the multiple ways of comparing. Robinson (2016a) alludes to the breadth of the practice of "thinking cities through elsewhere". Included among these is an implicit and common practice of comparing in social science – of reading phenomena in relation to "existing theoretical imaginations derived from other contexts" (Robinson, 2016a: 5). The second key component of Robinson's (2016a) proposition relates to the *value* of "thinking cities through elsewhere". Thinking through elsewhere is proposed as a means to better understand outcomes and to broaden conceptualisations – enriching and expanding conversations about the urban. The latter relates to an overarching intellectual project that undergirds Robinson's (2016a, 2016b and 2019) work – and others located within a postcolonial paradigm – of decentering historically-dominant theory production. Notably, the project of theorising from alternative geographies is central to the relational comparative analysis undertaken and theorised by Robinson (2016a, 2016b & 2019), Hart (2016), Ward (2010) and Frazier (2021). As with these scholars, this research was also undergirded by an awareness of the structurally-defined lineages of the well-trodden theoretical pathways, like those described in Chapter 2, that are often used to make sense of the urban.

As illustrated in Chapter 1, this research was spurred by an interest in the relationship between the state and real estate. In order to explore this relationship, I chose to anchor my enquiry in Johannesburg. From the outset, there was an understanding that understanding this relationship, although from the base of Johannesburg, would be enriched and expanded by a theoretical and empirical conversation with another region. The nature of social science research means that it was instinctive to begin by reading this relationship between the state and real estate in Johannesburg in relation to elsewhere (Robinson, 2016). As shown in the previous chapter, a vast body of Indian critical scholarship on post-1990 liberalising and metamorphosising cities, with burgeoning real estate, emerged in this reading. Critical Indian urban scholarship adopted, nuanced, and contested the common theoretical strands often used to make sense of the relationship between the state and real estate (as discussed in Chapters 2 and 3). Insights from a strand of this scholarship that approached the postcolonial state non-normatively in turn shaped the theoretical lens adopted for this research. Building on this encounter with Indian scholarship, it was decided that an Indian city would be brought into conversation with Johannesburg. This resonates with Hart (2016: 5–6), who in her

discussion of how she revisited relational comparison as a method, explains that her work on unfolding processes of nationalism, popular discontent and local government struggles in South Africa, "was constantly rubbing up against a series of Indian debates". She explains that she was further compelled to pay greater attention to India due to "parallel and divergent processes" of nationalism, inequality, liberation party-driven neoliberal capitalism, and democracy that intertwined with gender, race, caste and communalism (Hart, 2016: 6).

At the outset, therefore, this methodological conversation differs to a common methodological approach to comparisons, which as Hart (2016: 4) notes, is based on "pre-given bounded units or 'cases'," and "includes Weberian ideal-types, but much else besides". The latter kind of comparisons trace their origins to Weber's work on "occidental" and "oriental" cities, and later post-World War II modernisation theorists (Lowe, 2005 and Frazier, 2021). Underpinning both is the idea of an ideal type to which "other" cases would be compared, while the latter explicitly located all cases in a trajectory toward Western "modernity" (Lowe, 2005 and Frazier, 2021). Related to this approach to comparisons is treating cities or countries as given, bounded units or cases – something which Ward (2010) characterises as being characteristic of "traditional comparative urban studies". Ward (2010: 479) suggests a particular weakness of the latter is the "ontological treatment of them [cities] as discrete, self-enclosed and analytically separate objects." Another weakness of this traditional approach, Ward (2010) argues, lies with its treatment of geographical scale in comparing cities. Different geographical scales tend to be treated as "fixed" rather than relationally and entangled (Ward, 2010). As discussed in the previous chapter – the theoretical lens which informs this research, however, is attuned to the social construction of phenomena, as well as the multiple scales of the state that make up the urban. "Weberian ideal-types" and "pre-given bounded units or 'cases'" are thus neither characteristic of this conversation.

The methodology seeks to expand the conversation beyond theory and the literature, to the fieldwork. Arguably, there is not only value in thinking through 'elsewhere' abstractedly but seeing through elsewhere concretely. The city that was brought into empirical conversation with Johannesburg on the relationship between the state and real estate was Bangalore. A city with which I had some familiarity after having worked as an intern there – Bangalore features in some noteworthy scholarly engagements with the urban in India (Benjamin, 2004 & 2008;

Goldman, 2011; Rouanet & Halbert, 2016; Halbert & Rouanet, 2014; Sami, 2012; Balakrishnan. & Pani, 2020), as evident in Chapter 3. Although Bangalore has been the site of both burgeoning scholarship and real estate development, it still somehow remains in the shadow of India's behemoth and overstudied metropolitans of Mumbai, Delhi and Kolkata in empirical research. Among the "handful" of cities that Frazier (2021: 12) shows dominate the growing literature on comparative urban analysis between India and China, Bangalore does not feature. Bangalore thus organically emerged as an ideal Indian city to bring into conversation with Johannesburg.

The empirical conversation is not intended to differentiate between Bangalore and Johannesburg, or India and South Africa, as bound territorial "cases". Rather, the focus is on exploring the relationship between the socially-constructed and non-normative state, and real estate as a process of capital accumulation, through the "vantage point" (Hart, 2016) of Johannesburg and Bangalore. The insights on this relationship from each city are developed by and through the other. Further, attention is paid to whether the relationship between the state and real estate that emerges from both contexts, analysed individually and together, can bring to the fore conceptual or theoretical contributions. This thus avoids the "territorializing trap" (Robinson, 2016: 5) of "variation-seeking" (Tilly, 1984) comparisons of cities as cases. Frazier (2021) notes that in China-India urban studies, this manifests itself in a tendency to focus on explanations of national scale differences – what Frazier calls (2021: 2) "methodological nationalism". This builds on what Ward (2010: 479) argues is a "methodological territorialism" in much of the literature comparing cities, treating cities as "self-enclosed and analytically separate" containers. This is critiqued by those advocating for a more relational approach to comparisons on two main fronts – for treating territories as disconnected and autonomous, and for not acknowledging the social construction of space (Robinson, 2005 & 2016; Ward, 2010; Hart, 2016; Frazier, 2021).

Ward (2010: 481) defines relational comparative urban studies as based on the ontological foundation of the "City as open and constituted in and through relations that stretch across space and that are territorialized in place; scale as constructed and politicized." Gillian Hart and Jennifer Robinson are identified by Ward (2010) as key authors within this approach. Although underpinned by different theoretical lineages and approaches to relationality, Hart

and Robinson both see territories as instructive to locate analysis of elements and processes but are averse to methodological territorialism. They premise their approach to relational comparison on the interconnectedness of different parts of the world. Robinson (2016: 5) argues that it is instructive to move beyond comparing cities to comparing, "specific elements or processes in cities, or the circulations and connections which shape cities." Hart (2016: 19) similarly argues for a process and practice-oriented analysis through Marxist postcolonial geographies:

> "…what the latter move means is starting with what seem to be important processes and practices rather than with any sort of bounded unit – be it nation, city, village, or whatever – and engaging in an initial round of abstraction or theorizing. What are typically seen as bounded 'units of analysis' are often more usefully understood as vantage points from which to try to begin to grasp the coming together and interconnections of what (at least initially) appear as key processes."

For Hart (2016: 19), Marxist postcolonial geographies are based on, "conceptions of different regions of the world as always already interconnected, both as an ontological position and as an epistemological procedure." Frazier (2019 & 2021) carries forward these critiques and a relational comparative approach in recent work on popular protest that traces the history of key elements and processes such as tenement housing and domestic migration in 20th century Mumbai and Shanghai. Frazier (2021: 11) identifies "temporal connections" across the two cities in the 20th century while purposefully avoiding the tendency toward "any national-level generalizations." Although emphasising global connections, those pursuing relational comparison are highly critical of what Tilly (1984) called "encompassing comparisons". Namely, they are critical of scholarship that presupposes universal and overarching processes or concepts and treats cases as mere "examples" of these or as "hybridising" them (Robinson, 2016). Rather, they emphasise understanding the ways in which processes or practices are constituted by and through locations or spatio-historical parts – rather than being implemented in them (Hart, 2016; Duara, 2020; Frazier, 2021).

The conversation between Bangalore and Johannesburg pursued in this research resonates in many ways with what are described above as key tenets of a relational comparative approach.

The relationship(s) between the state and real estate is not pre-supposed as existing in a universal way. Rather, this conversation seeks to understand *how* it manifests itself. The theoretical lens that informs this enquiry intends to be neither normative nor prescriptive. Thus, this theoretical lens intertwining with the methodological approach, a conversation between Bangalore and Johannesburg on the relationship between the state and real estate, falls under what Robinson (2016a) would call a "generative" urban comparative method. The idea of characterising this methodology as a conversation was itself influenced by Robinson's (2016a) regular invocation of the term in her discussion of comparative tactics for a more global-urban studies. Generative comparative tactics, as Robinson (2016a: 18) explains, are those "in which a virtual field of conceptualization can be provoked and enriched through bringing different singularities, or cases, into conversation, as inspired by the problems thrown up for/by us." Robinson (2016a) offers three tactics for framing comparisons: composing comparisons, tracing connections and launching concepts. Thus, drawing on Robinson (2016a) the theoretical and empirical conversation between Johannesburg and Bangalore adopted as a methodology for this research utilises what could be categorised as composing and launching tactics. First, an analysis of real estate and the state in Johannesburg and South Africa is intentionally "launched" into a wider theoretical conversation shaped considerably by literature from India; and secondly a bespoke conversation is "composed" on the relationship between the shared (but differentiated) feature and process of the state and real estate using Johannesburg and Bangalore as vantage points for empirical research.

A discussion follows on the research methods that were used to empirically investigate this relationship, informing the conversation between the two cities. The empirical conversation between Johannesburg and Bangalore would ideally have been a prolonged one – but it was truncated by geographical and material constraints. What became possible was a longer period of fieldwork in Johannesburg, followed by a condensed period of fieldwork in Bangalore. Fieldwork from Johannesburg thus began the empirical conversation on the relationship between the state and real estate. The intention was to use the time in Bangalore to extend the conversation on the relationship between the state and real estate, and, importantly, to engage with the emerging findings from Johannesburg through the materiality of elsewhere.

Figure 4.1 Map of Johannesburg including key areas noted in this research

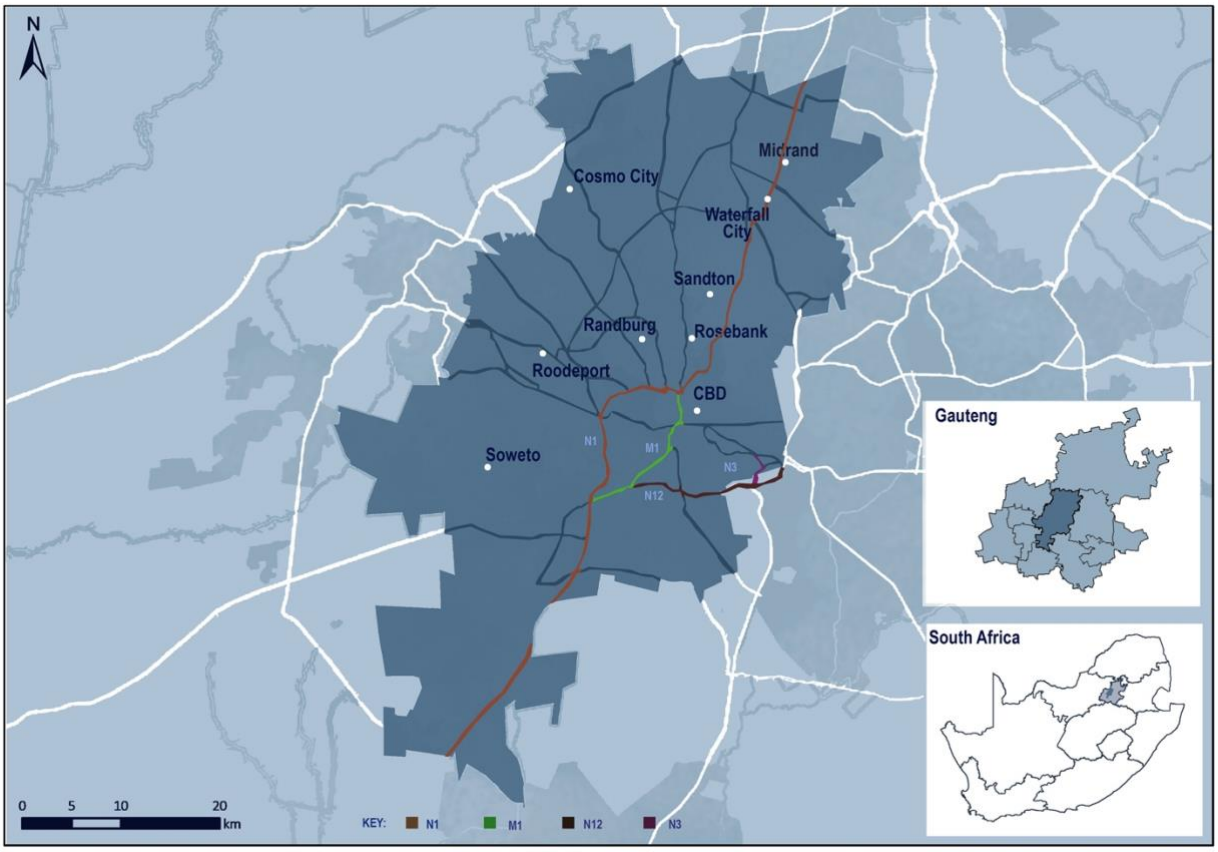
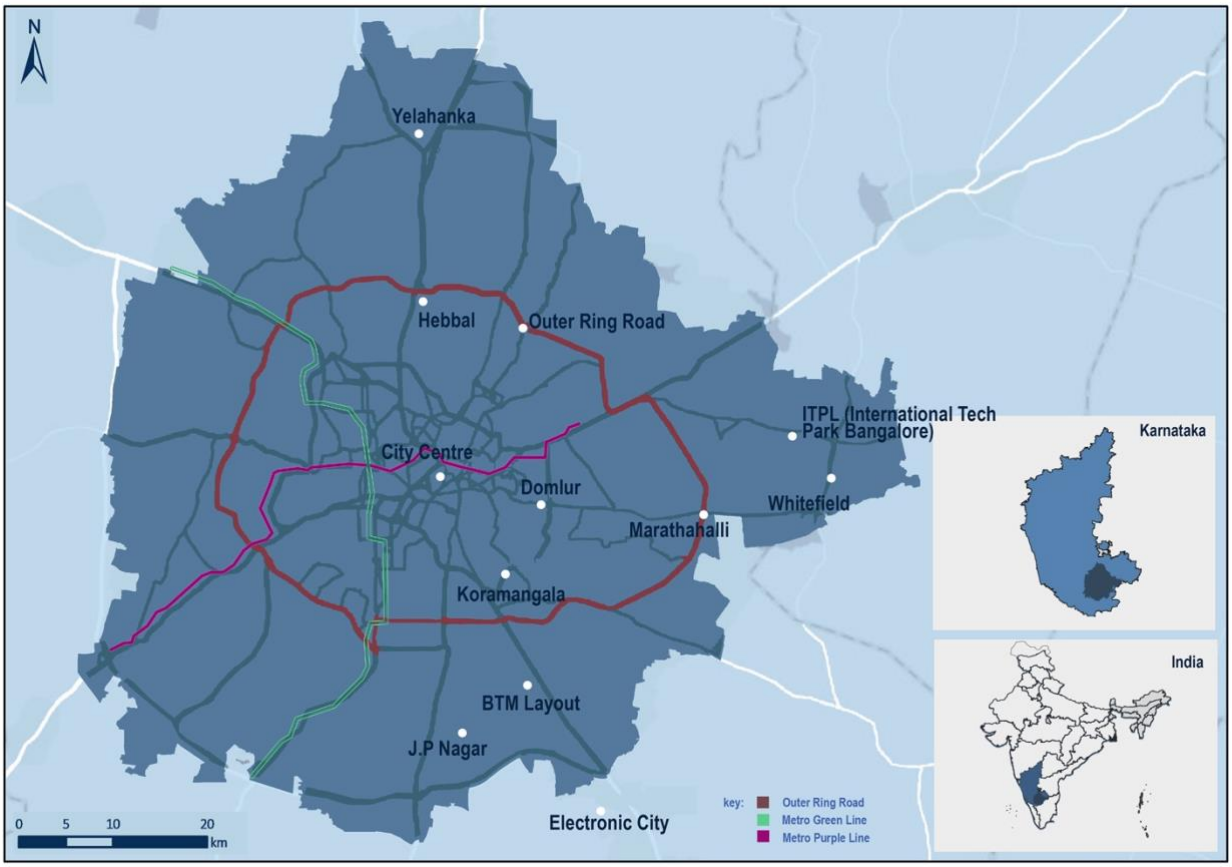


Figure 4.2 Map of Bangalore including key areas noted in this research



Authors: Kagiso Diale & Mncedisi Siteleki (2022)

4.3 Research methods: A reflexive approach

> "Dialogue is the unifying principle of reflexive science. It is dialogical in each of its four dimensions. It calls for intervention of the observer in the life of the participant; it demands an analysis of interaction within social situations; it uncovers local processes in a relation of mutual determination with external social forces; and it regards theory as emerging not only in dialogue between participant and observer, but also among observers now viewed as participants in a scientific community." (Burawoy, 1998: 16)

To explore relationship(s) between the state and real estate, this research invokes methods used in previous illuminating studies on real estate processes and actors (Fainstein, 1994; Searle, 2018; Parikh, 2015). In-depth interviews with key informants thus form the cornerstone of this research and are supported by ethnographically-inspired observational research. These are supplemented in turn by document analysis and some quantitative data analysis. Not located within positive social science, this research is located within a reflexive model of social science (Burawoy, 1998). However, it still adopts positive methods in its service (Burawoy, 1998). Research located within a positive social science is predicated on adopting methods that seek to "detach" the researcher from that which is being studied to ensure the most "objective" collection of data. "The premise that distinguishes positive from reflexive science is that there is an 'external' world that can be construed as separate from and incommensurable with those who study it" (Burawoy, 1998: 10). In contrast, what characterises reflexive science is that it "elevates dialogue as its defining principle and intersubjectivity between participant and observer as its premise. It enjoins what positive science separates: participant and observer, knowledge and social situation, situation and its field of location..." (Burawoy, 1998: 14)

In-depth interviews with key informants and participant observation are core methods for this research. These methods and how they were undertaken are discussed in detail in the next section. As will be shown, both clearly enjoin participant and observer. Furthermore, rather than unreflexively "collecting" data – there was an *a priori* understanding that that which was said in interviews, or observed in the field, would be shaped by the situation, dialogue, people and power relations. The insights that emerged through both methods were thus interpreted,

analysed, and located within structural context. To do this, literature analysis along with document and quantitative data analyses, were adopted. The approach to interviews and observational analysis aligns with what Burawoy (1998) calls reflexive science. Burawoy (1998) suggests that rather than seeing the findings from interviews as being tainted or undermined by subjective interpretations – which need to be controlled for – this interpretive subjectivity is inevitable and enriching. What is required, Burawoy (1998) suggests is that the researcher "moves" with the participant through space and time, and that their inevitably situated knowledge be "unpacked": located, interpreted, analysed and aggregated from multiple knowledges into social processes. Further, Burawoy (1998: 12) argues, there is a "wider field of relations" that exists "outside of the realm of investigation" of participant observation. Putting things into structural context – identifying "social forces" – thus requires further investigation that can often be serviced by positive methods (Burawoy, 1998). In what follows, the reflexive methods that underpin this research are outlined, as well as the positive methods that support them.

4.3.1 In-depth interviews with key informants

Face-to-face in-depth interviews with key informants are foundational to this research. Interviews were adopted not only to explore the nature of the relationship between the state and real estate, but to gain insider insight on the nature of real estate in both cities. This included an understanding of the shifts in real estate since 1990, the dominant entities, and the trends. Interviews were conducted with individuals located in state institutions, real estate companies, real estate services, financial services, and in industry and professional bodies. These included current and former senior urban planners in government, the heads of industry and professional associations, former employees in the Government Employees Pension Fund, real estate stalwarts, CEOs and directors of real estate companies, real estate consultants, senior financial service professionals, real estate entrepreneurs, and investors. There were a handful of individuals who had traversed private and public sector entities. Many interviewees who were involved in corporate real estate, particularly in South Africa, had worked across various corporate real estate companies and financial services companies.

My initial interviews were set up through referrals from three gateway informants: a senior employee in a South African investment bank based in Johannesburg; an entrepreneur

connected to corporate businesspeople in Johannesburg, and a senior academic who had worked in the City of Johannesburg and was connected to real estate consultancy research. These individuals were crucial to enabling my access to participants in Johannesburg and subsequent snowball sampling. These referrals crossed the Indian ocean and traversed cities – connecting me to a real estate consultant and a banking executive based in Bangalore. The former facilitated my six-week internship at a real estate consultancy based in Bangalore. Through this, I was able to meet an array of people who in turn connected me to additional participants. Most notable among these key informants was a politically connected Bangalorean entrepreneur who introduced me to government officials and businesspeople in non-corporate real estate. Additionally, in Bangalore, I was connected to other participants through the people I met in my personal interactions owing to the ubiquity of real estate or real estate-connected services. For instance, the owner of the house at which I rented a room had coincidentally worked in marketing for a small corporate real estate company. They also had a family friend who was a director in a large corporate real estate consulting firm. In total, I interviewed 62 people (Table 4.1 and Table 4.2). Except for one of these interviews, they were all conducted face-to-face. Most of these interviews were over an hour and a half in length.

Table 4.1 Table of In-Depth Interviews – Johannesburg

Interview	Date	Participant Details	Other relevant details	Location
1	10.01.2019	Urban Planner in the City of Joburg		JHB
2	16.01.2019	Partner in Johannesburg-Based Architecture Firm	Founding member of Planact	JHB
3	07.02.2019	Director in Infrastructure Planning in the City of Joburg	Urban Planner in the City of Joburg since 2005.	JHB
4	12.02.2019	Former Head of the Johannesburg Property Company in the City of Joburg	Headed planning in a Johannesburg Local Metropolitan Council in the 1990s.	JHB
5	14.02.2019	Former Urban Planner in the City of Joburg	Urban Planner in a Johannesburg Local Metropolitan Council in the 1990s, and later the Johannesburg Development Agency	JHB
6	19.02.2019	Programme Manager in the South African Cities Network		JHB
7	22.02.2019	Assistant Director in City Transformation & Spatial Planning in the City of Joburg	Formerly an Urban Planner in a Johannesburg Local Metropolitan Council in the 1990s.	JHB

8	05.03.2019	CEO of the Property Sector Charter Council		JHB
9	06.03.2019	Head of Private Law Firm		JHB
10	06.03.2019	Former Urban Planner in the City of Joburg	Former Fund Manager in PIC Property	JHB
11	07.03.2019	Former Urban Planner in the Johannesburg Development Agency in the City of Joburg	Current property development consultant.	JHB
12	09.03.2019	Entrepreneur in Residential Housing Development	Experience in investment banking at large South African financial institutions.	JHB
13	17.03.2019	Inner-City Property Entrepreneur		JHB
14	25.03.2019	CEO of Property Fund	Formerly worked on real estate projects in the development arm of a large bank.	JHB
15	08.04.2019	Property Asset Manager in Life Insurance Listed Real Estate Company	Experience in other property companies, including Growthpoint and Ampros.	JHB
16	09.04.2019	Senior Lecturer in Construction Economics	Formerly in Economic Development in the Gauteng Provincial Government, and commercial property finance in Nedbank and Standard Bank.	ONLINE
17	11.04.2019	Senior Urban Planner in the City of Joburg		JHB
18	10.04.2019	Head of Home Finance at a well-known Commercial Bank		JHB
19	16.04.2019	Associate Professor in Construction Economics	Co-founder of Real Estate Research Unit & director of small real estate consultancy firm.	CPT
20	25.04.2019	Partner in Investment Company	Non-Executive Director in Listed Residential Housing Development Company	JHB
21	24.04.2019	Owner of Property Investment Company	Former director of large unlisted Property Company & Former Division Head in Large Listed Property Company	JHB
22	29.04.2019	Property Investor & Former Asset Manager	Previous experience in real estate consulting	JHB
23	30.04.2019	CEO of Homeloans at First National Bank		JHB
24	07.05.2019	Former Head of Property Finance in Nedbank	Head of Property Finance in Gauteng since the early 2000s and now focuses on equity investment.	JHB
25	21.05.2019	CEO of South African Association of Black Property Practitioners		JHB
26	29.05.2019	Managing Director of Banking Association of South Africa		JHB

27	30.05.2019	Former Head of Land Development in Large Residential Property Development Company	Previously part of government-funded lending institution.	JHB
28	31.05.2019	CEO of Liberty Two Degrees	Previously in Old Mutual and Old Mutual Properties.	JHB
29	06.06.2019	Director of Unlisted Property Development Company	Formerly an urban planner in the City of Joburg and the Johannesburg Development Agency (JDA)	JHB
30	06.06.2019	Director of City Property		PTA
31	07.06.2019	Co-founder of Residential Property Development Company	Civil Engineer who worked on government infrastructure & construction projects in the 1980s. Formerly part of another property and construction company building housing in the early 1990s.	JHB
32	11.06.2019	Director of Residential Real Estate Fund	Former CEO of Residential Real Estate Property Fund, Former Commercial Director in Large Listed Property Fund and Former Director of Large Construction Company.	JHB
33	18.06.2019	Former Division Head in Growthpoint		CPT
34	19.06.2019	CEO of Excellerate		CPT
35	20.06.2019	Owner of Small Consulting Engineer Firm		CPT
36	24.06.2019	Former Manager in PIC Property	Current Director in Property Advisory Company	JHB
37	27.06.2019	Property Development Manager in Large Unlisted Property Company		JHB

*Key: JHB – Johannesburg, CPT – Cape Town, PTA - Pretoria

Table 4.2 Table of In-Depth Interviews – Bangalore

Interview	Date	Participant Details	Other relevant details	Location
38	21.11.2019	Senior Property Consultant	Global property consulting experience, including in Africa.	BLR
39	22.11.2019	Head of Corporate Research Consulting Firm	Worked as a property consultant for large corporate real estate companies	BLR
40	03.12.2019	Managing Director in division of Cushman & Wakefield India		BLR
41	06.12.2019	Senior Employee in Acquisitions in Co-living operator		BLR
42	20.12.2019	Executive in Co-living owner-operator		BLR
43	19.12.2019	Owner of Bangalorean Architecture Firm		BLR
44	21.12.2019	Director in Salarpuria Sattva		BLR

45	28.12.2019	Director of small corporate real estate company		BLR
46	30.12.2019 16.01.2020	Local School Principal, Landowner & Property Developer		BLR
47	02.01.2020	Former CEO of Embassy Property	Founder of Small Corporate Real Estate Company	BLR
48	02.01.2020	Land & Property Lawyer		BLR
49	04.01.2020	Senior Director in Bangalore Development Authority (BDA)	Worked in town planning in the State for over 20 years.	BLR
50	06.01.2020	Senior Urban Planning Official in Karnataka Government	Worked in town planning in the State for over 20 years.	BLR
51	06.01.2020	Landowner and Landlord of Small Apartment Building		BLR
52	06.01.2020	Founder of Local Development Company		BLR
53	09.01.2020	Senior Manager in public sector bank		BLR
54	13.01.2020	Founder of Local Land & Housing company		BLR
55	13.01.2020	Director of marketing in family-owned Land & Housing company		BLR
56	11.01.2020	Urban Planning Official in State Legislature		BLR
57	14.01.2020	Assistant Manager at Quotient Consulting		BLR
58	14.01.2020	Assistant Director in Global Real Estate Advisory Firm in India		BLR
59	16.01.2020	Director of Local Development Company		BLR
60	16.01.2020	Head of Retail Development in New Megadevelopment	Former CEO of Retail in Large Corporate Real Estate Company	BLR
61	17.01.2020	Associate Director at Quotient Consulting		BLR
62	17.01.2020	Sales Manager of Large Corporate Real Estate Developer		BLR

*Key: BLR - Bangalore

The interviews combined structure with flexibility (Yeo et al., 2014), a common method of the in-depth interview. The interviews were organised in two parts but adapted to the unfolding dialogue. The first part of the interview was focused on the occupational biography of the participant – namely how it is they came to be in the work that they were in. Following this, the interviews focused on the theme of the relationship between the state and real estate. The first part of the interview was anchored in participants' narratives of their career paths. This form of interviewing provided insight on the social world and history of real estate over the course of their careers (Yeo et al., 2014 & Mason, 2002 & 2018). This approach to qualitative research recognises the importance of people as active social agents and individual life stories

as data sources (Mason, 2002 & 2018). Participants' narratives of their individual professional lives provided a way of reading the political and economic history of post-1990 Johannesburg and Bangalore.

The second part of the interview sought to investigate participants' experiences, interpretations, and understandings of the state in relation to real estate. Undergirded by an interpretative approach to qualitative research, this part of the interview approached key informants, and their understandings, experiences, and interpretations of the relationship between the state and real estate, as an important primary data source (Mason 2002 & 2018). Key informants provided an "insider view" (Blaikie, 2000) on the relationship between the state and real estate, unlikely to be found in documents or deducible from observations (Mason 2002 & 2018; Yeo et al., 2014). This "situated knowledge" was in turn located, interpreted, analysed and "structurated" using other research methods (Burawoy, 1998).

All interviews were transcribed. They were analysed both in their transcribed form and through re-listening to interviews. Recurring and notable themes were identified from these transcriptions and the notes made from re-listening to interviews. Additionally, I regularly wrote down reflections on interviews and their themes in journal entries immediately following interview meetings. The data generated from the in-depth interviews is not interpreted in a positivist way, as able to represent "objective/accurate accounts of what is being explored," nor is it viewed "romantically and uncritically" as representing an authentic reality (Yeo et al., 2014: 479). At the same time not dismissed as "as ephemeral and merely a representation of that single interaction", data from the in-depth interview is still viewed as providing meaningful insight (Yeo et al., 2014: 475; Burawoy, 1998). Importantly, however, there is recognition that the data represents situated knowledge – generated through the dialogic process of the interview, and inevitably shaped by subjective interpretations, power relations and the very nature of the interview as an intervention (Burawoy, 1998; Yeo et al., 2014; Mason, 2002 & 2018). Rather than being interpreted in isolation, the situated knowledge relating to Johannesburg and Bangalore respectively were read and analysed collectively. The events, processes and relations derived from the interviews were contextualised, or located in space and time, by referring to newspaper articles, government statistics, annual reports, shareholder reports, company websites, academic texts, and biographies. Observation in

conferences, meetings, interview locations and the workplace were used to further contextualise and interpret what emerged in interviews. Relatedly, observations and analysis of literature, documents and data provided insight on that unsaid in in-depth interviews, or non-discursive data (Burawoy, 1998). Where relevant, emergent processes and relations were also related to broader political, social, and economic processes written about in other academic literature.

4.3.2 Observation & Participation

Alongside the in-depth interviews, this research adopted the ethnographic-inspired method of observation (Mason 2002 & 2018; McNaughton Nicolls *et al.*, 2014 & Creswell & Creswell, 2018). These observations were characterised by differing forms of participation. Participation is viewed as inevitable in immersive observations – there is no "external world" separate from those who study it (Burawoy, 1998; Mason, 2002 & 2018). This perspective differs to those who suggest that it is possible to be a "nonparticipant" (Creswell & Creswell, 2018). Observation was adopted as a method for this research to supplement the in-depth interviews, providing greater insight on practices, trends, and relations. Some of these observations were purposefully coordinated and immersive, while other observations happened through the process of interviewing (or attempting to interview). With both sets of observations I kept regular diary entries of what I witnessed, heard, felt, and wondered. Some excerpts of these diary entries can be found in the chapters that follow.

The primary planned observations for this research were through attending real estate conferences. Between 2019 and 2021 I attended three. The first was the three-day South African Property Association's (SAPOA) annual conference in Cape Town in 2019. This has historically been the largest real estate conference in the country. The second conference I attended was the one-day IHS Annual Affordable Housing Conference in Johannesburg in September 2019. In September 2021, I attended the same conference but this time online. In these conferences I set-up interviews, chatted to people I had already interviewed, saw interactions between participants, and attended panels with high-profile real estate industry leaders. Observations in the in-person conferences were thus not only of the curated panels, but of uncurated corridors and mealtime conversations. Notably, these conferences and my

diary entries of them provided invaluable insight on real estate actors and dynamics, and on discourse and perceptions of the state.

Another set of core observations I undertook in my research was as an intern in a real estate advisory firm, Quotient Consulting,[16] in Bangalore. This opportunity arose through a key informant who I had been referred to via an interview in Johannesburg. Between the 2nd of December 2019 and the 15th of January 2020, I provided assistance to Quotient Consulting in analysing the regulatory environment for co-living developments. This internship was unpaid and part-time, with two days a week dedicated to the organisation and the project itself. However, I ended up spending more time in the office and on the assigned task. The agreement with the organisation was that the project would provide general insight relevant to my PhD. Further, I would be able to job shadow staff in their daily work and interview them. This internship turned out to be instrumental to my research. Primarily, it allowed me to be *part* of the processes of corporate real estate development in Bangalore. I was involved in research, occasionally met with clients, and had the opportunity to accompany staff on site visits to potential land. I became aware of growing concerns that staff had about some real estate projects and heard about failed attempts at developer and landowner "matchmaking". The project to which I was assigned, enabled access to a range of people involved in different processes and forms of real estate development in the city. Through this, I was made aware of the role of economic reforms, and the invisibilised non-corporate 'localite'[17] landowners and developers.

Additionally, there were incidental observations that also provided enriching detail. The journey to my interviews, as well as the interview sites, became part of my observations. In-depth interviews were undertaken in places most convenient to participants – often their office buildings or nearby restaurants where they had meetings. In Johannesburg, I conducted an interview in the head office of one of South Africa's top five banks that was purchased for R2.5 billion (approximately $177 million USD) (JLL, 2019). I met city planners in a tired government building where someone in the elevator warned me that "sometimes the lifts

[16] This is a pseudonym for the organisation.
[17] The term 'localite' was used by a consultant in Quotient Consulting to refer to local landowners and developers who were not embedded within corporate financial flows.

don't work". In Bangalore, my numerous attempts at interviewing government urban planners – involving quite a bit of waiting and being shifted from room to room similar to the files I saw – led to observations on planning application processes. Meanwhile, the difference between the nondescript modestly-sized headquarters of a non-corporate developer, and the marble-lined floors of one of India's largest corporate developers, provided hints of differentiated real estate. All the above observations provided insight on discourse, relations, and processes. Importantly, some of these observations also began to unveil the unsaid in interviews, or "non-discursive data" (Burawoy, 1998). Additional analysis of documents, quantitative data and literature contextualised the said and unsaid from both interviews and observations. This analysis provided links to broader social phenomena and helped reveal unspoken and unobserved relations.

4.3.3 Literature, Document & Quantitative Data Analysis

Supplementing the interviews and observations was analyses of literature, documents, and quantitative data. Where available, existing literature was used to explore and contextualise the situated knowledge from interviews. This assisted in locating entities, events, and phenomena in relation to other studies, and in historical, economic, and political context. Much of this literature was academic literature, but also included two autobiographies of high-profile real estate doyens. An analysis was also undertaken of news articles, feature articles, annual reports, shareholder reports, company websites and government documents related to the events, actors and relations that emerged in observations and in-depth interviews.

News articles on the impact of economic reforms and lucrative investment deals in India abetted and expanded narratives and observations relating to non-corporate developers and co-living companies in Bangalore. Document analysis also began to reveal unsaid and invisibilised relationships between the state and real estate. Analysis of shareholder reports and company websites of corporate real estate companies in Johannesburg made visible the anchoring investment role of the Government Employees Pension Fund (GEPF) and the Public Investment Corporation (PIC). The history of the PIC's role, and the context of its investment further emerged through an analysis of academic literature. Similarly, an analysis of annual reports from the Indian Reserve Bank shed light on the unspoken role of public-sector banks in financing nonbanking financial institutions and relatedly high-end residential real estate.

Finally, quantitative data on approved and completed building applications released annually by Statistics South Africa (StatSA) was collated and compared over the past three decades. This analysis revealed periods of real estate boom and notable shifting trends in dominant development in Johannesburg.

These methods of data analysis that distanced the observer from the object of analysis were used in service of reflexive methods of in-depth interviews and immersive observations (Burawoy, 1998). In the words of proponents of mixed methods, the analysis of literature, documents and quantitative data helps "triangulate" data (Creswell & Creswell, 2018). From a more reflexive perspective, this analysis assists in unpacking situated knowledge and revealing the unsaid and unobservable from interviews and observations (Burawoy, 1998).

4.4 Limitations & Challenges of Research Methods: Facilitating Access

Along with the intrinsic limitations of the methods adopted, there were also specific challenges associated with these research methods in the context of this research topic. One notable and multi-faceted limitation and challenge is that of access. A limitation often assigned to in-depth interviews and observations is that they can be hindered by challenges of access to participants. Furthermore, by "studying up" and undertaking research on individuals involved in real estate and the state, one may encounter additional barriers to access (Nader, 1974). Accessing individuals in professional or elite circles, state institutions or private companies can encounter many obstacles: participants not wanting to be studied; tight schedules; dangers or threats associated with the study, and a tendency toward secrecy or an over-consciousness to sharing information (Nader, 1974; Halbert & Rouanet, 2014; Searle, 2018; Parikh, 2015). As Rice (2010: 72) explains, with regards to accessing professionals, planners and investors involved in a regeneration development in Glasgow, "power was already being practiced … before I interviewed them".

In my research, what became evident, as Searle (2018), Parikh (2015) and Butcher (2016) all discuss in their studies of real estate professionals and projects, is that access may not be easy to negotiate but it is not impossible. As these studies, and others based on interviewing elites have indicated, access can be facilitated with strategies, such as using personal or professional connections, immersion in certain spaces, and leveraging one's host academic institution and

position as a researcher (Rice, 2010; Harvey, 2010; Lancaster, 2017). The possibilities of some of these strategies are, however, obviously shaped by one's own positionality. As Parikh (2015) alluded to in her research on Lavasa, India – one's class background and schooling can provide grounds for greater relatability and access. The terrain for access has also shifted with the internet and digital communication. As Harvey (2010: 197) relates, access, "is being reworked in different ways through, for example, business social network websites such as LinkedIn."

As mentioned previously, I was fortunate to have access to three key informants, through professional and personal networks, who catalysed access. In contacting prospective interview participants, personal referrals from other participants proved most effective in facilitating access. However, I was also able to access individuals through contacting them directly on LinkedIn or e-mailing them after receiving their details from other researchers or people I met in academic seminars. A handful of interviews I conducted happened during the conferences I attended. I was also aided by connections to the University of the Witwatersrand, and my location in the discipline of Urban Planning.[18] As some researchers have shown, participation may be dissuaded or participants "bewildered" by unfamiliar social science disciplines that are seen as "unrelated" to the profession or subject matter being researched (Harvey, 2010: 200; Searle, 2018). Urban planning, however, was an arguably relatable and unthreatening discipline to professionals and state officials involved in some way with the built environment.

In Bangalore, my nationality and race proved facilitative in setting up interviews. Participants were often intrigued that a South African was conducting research on Bangalore and were interested in my name and its indications of Indian descent. This was often the entry point into discussions when I first met participants. In this case, I appeared to benefit from being an outsider, as well as from not being too unfamiliar. This research, did, however, encounter challenges of access. In Bangalore, prior to meeting a politically well-connected businessman, I struggled to access urban planners in government. Even when connections were facilitated and individuals agreed to be interviewed, I encountered regular hesitancy in the public sector to be recorded or to sign interview consent forms. The navigation of this is discussed further

[18] Searle (2018) notes that in her study of real-estate developers in Delhi, her location in a more social sciences-oriented discipline, anthropology, often led to scepticism or confusion by participants in her study.

in the next section. Further, even if one may gain access to individuals – this does not always translate to information or insight shared. As in other studies on real estate, some participants displayed hesitancy in discussing real estate strategies and finance, raising concerns about who else would have access to the research (Halbert & Rouanet, 2014; Searle, 2010; Rice, 2010). Interviews can sometimes be treated as public relations exercises for those involved in real estate firms, with controversial topics not always voluntarily raised (Searle, 2010; Parikh, 2015; Coiacetto, 2001). With this awareness, I attempted to undertake interviews in a way that centred individuals rather than the firms or institutions they worked for. I made it clear to participants that they would remain anonymous in their sharing of sensitive topics, and attempted to avoid talking about controversial or unlawful activities in moralising ways.

Relatedly, events or environments can also be inaccessible to observation due to requirements for membership, institutional or company approval, or high entry fees (Searle, 2010; Nader, 1972). One's background, race, gender, class, and nationality can itself be a barrier, or facilitator, of access to participants and environments. Gaining access to real estate conferences often require entry fees, association membership or invitations that often make it inhibitive to access and observation by outside researchers. I attended one paid conference in 2019 as a 'visiting' attendee. Conference fees for non-members are higher than those for members, with additional tickets purchased for golf days and dinners. My last-minute access to another free 'invite-only' conference in 2019 was facilitated by an interview with a participant in the host company. In 2021, the same conference was online and accessible to more people – although news of the conference and registration is shared on a closed mailing list. As noted previously, access to professional environments, companies or state institutions can also often prove a challenge in "studying up" or conducting private sector or government research. My internship at Quotient Consulting in Bangalore was facilitated by a key informant who took an interest in my work and was connected to South Africa. This access was negotiated on the basis that I would be assisting the company with its own research. Relatedly, I was required to protect the identity of the company as well as its employees. This is discussed further in the next section.

Outside of barriers to accessing participants, conferences and professional environments, another barrier to access is in documents and quantitative data. Reports and area-based data

generated by private real estate research firms are behind high paywalls and are often not subscribed to by universities (Butcher, 2016; Searle, 2018). Since 2021, the South African Property Owners Association (SAPOA) has restricted and charged for access to its previously freely accessible reports on vacancies and trends. There are therefore limitations to data analysis without unlimited access to such reports and quantitative data.

4.5 Ethical navigations & considerations

This research is bound by the University's code of ethics, including its policy on non-medical research involving human subjects. According to this policy, participants in interviews are required to consent to interviews by signing an interview consent form (Appendix 5). In this form they acknowledge understanding the purpose of the study; agree to being interviewed; and choose whether they agree or not to being recorded, having their names used, and allowing the interview to be used for other research purposes. Prior to interviews, it is required that participants are clearly made aware of the researcher's role and the purpose of the study. According to University policy, this is done through the prior sharing of a participation information sheet. Policy requires that participants be informed that they can pull out of the study at any time and will not receive any penalty or benefit from participating. This prioritises the protection of participants.

Central to the University's code and policies are ensuring informed consent and privacy, and negating harm and exploitation to the participant (Hammersley and Atkinson, 1995 cited by Cloke *et al*., 2000). In line with such principles and University policy, research on institutions and firms would require consent from such firms, and researchers are required to reveal their identities in the field. In line with such policies, consent was received from Quotient Consulting to undertake observations and interviews during my internship there. As noted previously, this access was facilitated by a well-connected key informant who took a personal interest in my work. Questions have been raised, however, about whether prior full disclosure of details of a study and gaining prior informed consent are always facilitative to gain access to people or institutions with power and affluence (Goduka, 1990; Galliher, 1973; Burawoy, 1998).

Quotient Consulting had initially requested that I sign a non-disclosure agreement (NDA) related to activities during my internship. However, this would have severely inhibited my

ability to undertake my own research. I proposed instead to not use real names or identifiable information about the consulting firm, nor its staff – to which the firm agreed. Across this research, participants in in-depth interviews were provided with the option to not be audio recorded or named in the study. In some interviews participants initially consented to their names being used but were reluctant to discuss sensitive information and undertook a form of "self-censoring" (Lancaster, 2017: 99). However, when told that they could be kept anonymous and that entities or people they mentioned would not be named, participants were often more willing to share. In Bangalore, many public sector participants, and one senior real estate consultant, willingly agreed to be interviewed but hesitated to sign a consent form that could potentially identify them. In most instances, these individuals signed the form using a pseudonym, while in other cases individuals chose not to sign the form – despite providing me with their verbal consent to be interviewed. In one case, a potential participant chose not to participate in the interview after showing initial interest. This raises questions about whether processes of providing signed consent are always conducive to access participants affiliated to powerful institutions or companies, or sharing sensitive information (Harvey, 2010: 196). In the interest of consistency, I have uniformly chosen not to use the names of any of the people I interviewed. For those who requested for their names to not be used, I have avoided using identifying information. For those who agreed to their names being used, I have provided more detail on their institutional affiliations. However, where key informants are quoted sharing sensitive information, or have requested that I do not refer to the companies or government departments they were a part of, I have not included institutional affiliations.

The principles of consent, privacy and negating harm and exploitation of participants – embedded in many university ethics policies and codes – emerge from a moral turn in the social sciences to protect vulnerable people from extractivist research (Galliher, 1973; Goduka, 1990). Some scholars, however, have questioned this presumed power dynamic – suggesting that there are instances where the researcher may be more at risk, or less powerful, than participants in their research (Galliher, 1973; Goduka, 1990; and Librett & Perrone, 2010). Other researchers, however, have noted that relatively affluent and educated participants "not ordinarily conceptualised as 'vulnerable'," may also face threats such as retaliation, job losses or damaged relationships (Lancaster, 2017: 99), which emphasises the importance of confidentiality and anonymity. As Lancaster (2017) notes, researchers are faced with a

dilemma of protecting participants' identities while not excluding descriptors that compromise important details in the findings. Navigating the challenges of "studying up" and interviewing participants who may be more powerfully located in terms of race, caste and/or gender comes with its own ethical considerations and conundrums for the researcher.

From their experience in interviews with people in powerful positions, Rice (2010) and Harvey (2010) argue, however, that there is still elasticity and dynamism in positionality. Most of the participants in this research were men, most of whom were older than me. In South Africa, the majority of the key informants I interviewed who were involved in real estate were white men. My gender, race, age and status as a PhD student in urban planning influenced my interviews with Johannesburg-based real estate professionals and financial service experts. I was by no means "the expert" but was rather treated as a "student". As McDowell (1998) relates in her interviews with London elite men, the gendered "unknowing" role proved conducive to interviews. At the same time, however, my university education, location within the built environment and accent presumably gave me some "insider" credibility. This was especially true of interviews with planning officials in Johannesburg, who treated me more as a peer. In Bangalore, as previously noted, gender, nationality and race intertwined differently to my Johannesburg interviews. Although I faced a similar gendered and age dynamic, my position as a South African, presumed NRI (non-resident Indian) with an unusual accent, and as a PhD student in urban planning, distilled these gendered power relations. Yet, unequal power relations shaped the process of undertaking interviews and came with their own ethical considerations. When meeting corporate participants in cafes or restaurants, they regularly insisted on paying. In order to avoid this, I learned to arrive early to pay beforehand for what I would be ordering. I was also hyperaware of interviews undertaken alone in offices, and would share details of my whereabouts with friends. On more than one occasion participants contacted me outside of office hours and attempted to engage in non-research related conversation. Although it is helpful to maintain a courteous rapport with participants, I was wary of the ethics of this communication considering the gendered power relations noted above.

4.6 Conclusion

This research is guided by a dialogical and reflexive methodology. Primarily, it is undertaken as a conversation between two cities – Johannesburg and Bangalore. Centred on the relationship between the state and real estate, the conversation starts with Johannesburg. Beginning this conversation was an engagement with literature, which raised the methodological utility of sustaining a conversation with an Indian city. Bangalore was chosen to engage with the empirical findings from Johannesburg. Certain research methods were adopted to facilitate this empirical conversation – in-depth interviews with key informants; observation and participation; and analysis of literature, documents, and quantitative data. Although grounded in interviews and observation – the analysis provided context and opened the conversation to the unsaid and unobserved. Finally, it is shown how the challenges and ethical considerations thrown up by these research methods contribute to discussions about "studying up" and related power relations in research.

Chapter 5:

In black and white:

The landscape of post-1990 real estate in Johannesburg and Bangalore

5.1 Introduction

As shown in Chapter 2, a strand of urban planning scholarship has called for recognition of different types of real estate to improve the practices of urban planners. Historical materialism and urban power theory-influenced scholarship, meanwhile, has tended to homogenise real estate accumulation. Through undertaking fieldwork in both Johannesburg and Bangalore, it becomes difficult to ignore that real estate is differentiated. In Johannesburg, access to finance and capital – intertwining with race – are defining differentiators in the real estate landscape. In Bangalore, a distinction can be drawn between the corporate and non-corporate – not only in the size and nature of developments, but in the cash flow that fund them. In the critical scholarship on both cities, however, this heterogeneity in real estate, and some of its most dominant players, is not always captured.

In this chapter, I provide an overview of the landscape of real estate in both cities and contribute to illustrating that there is a heterogenous landscape. Rather than an in-depth account of all players, I provide an overview of key factors that differentiate real estate in each city. I then direct attention to the emergence of listed corporate real estate in post-apartheid Johannesburg, and raise the role of non-corporate forms of real estate in post-liberalisation Bangalore. Both forms of real estate, brought to the fore in this research and dominant in the cityscape, have been lesser seen in critical scholarship in each context. Providing insight to the dominant forms and players of real estate in post-1990 Johannesburg and Bangalore, this chapter may also expand the realms in which the state is seen to relate to real estate.

5.2 Differentiated post-apartheid real estate in Johannesburg

Ballard and Butcher (2020: 274) recently called for "an exploded view of the developer" to disaggregate actors and differentiate dynamic roles and processes. A spate of South African scholarship emerged from, but also shaped, this call. Much of this scholarship, anchored in Johannesburg, has focused on 'affordable' housing (Mosselson, 2020; Todes & Robinson, 2020 & Butcher, 2016 & 2020). All authors explain that this 'affordable' housing is a nebulous

concept – generally referring to housing that serves those who cannot access government subsidised rental and ownership. This real estate has historically been 'outside' of commercial bank financing – reliant on state-backed financial institutions, and enabled by city and provincial policy. While expanding scholarship on housing in South Africa beyond the much-studied government housing, the recent turn has focused on a particular segment of residential real estate with particular patterns of finance and capital. It is useful, therefore, to begin to contextualise this latter real estate, and the real estate emergent in this research, in the broader landscape of real estate in Johannesburg.

Those involved in real estate in Johannesburg differentiate themselves. There are those who identify as part of the 'property sector' and those who position themselves as part of 'affordable' housing; those who separate themselves from corporate players by highlighting that they are 'unlisted'; those who are described as 'macro' (Butcher, 2020), and those who are self-described as 'small'; those who are developers, and those who are funds. And, across these groups, those who foreground their position as Black. It is worth noting that rarely do individuals identify themselves as white companies, developers, or funds – signalling the ubiquity and norm of this position in Johannesburg's real estate. In Johannesburg's affordable housing, the historically-dominant companies all have white men at the helm (Mosselson, 2019 & 2020; Butcher, 2016 & 2020). As one member of the South African Association of Affordable Residential Developers (SAARDA) reflected with dismay, "We look at the guys around the table and it's older white guys" (Interview 31, 2019). A similar pattern is discernible in the largest corporate commercial property companies and funds (mostly oriented toward malls, offices and industrial development) in South Africa, as well as the most successful suburban housing development companies in Johannesburg. Race has been tied to access to land, capital and finance and continues to differentiate the big from the small across the spectrum of Johannesburg's real estate.

As Butcher (2016 & 2020) explains with regards to Johannesburg's "macro developers" in greenfield affordable housing, they "acquired initial rights to land via personal and professional connections with white farmers, mining companies and other landowners who had acquired that land during rounds of racial dispossession and enclosure over the 20th century" (Butcher, 2020: 352). As Mosselson (2020: 291) illustrates in the Johannesburg inner-city, "[affordable

housing] companies that are owned by white people began with advantages in terms of the economic capital their founders came with, as well as the social capital and networks they possessed." In both greenfield and inner-city developments, Black affordable housing developers have entered the game owing to financing from state-backed non-banking financial institutions – but are mostly on the fringes of capital and finance (Interviews, 2019 & Mosselson, 2020). The white director of one of the largest inner-city housing companies admitted that they were only privy to banking finance from a commercial bank for their office-to-residential developments in the 1990s because they had a "head start" in the form of "a book with a balance" (Interview 30, 2019). Contrastingly, a Black entrepreneur entered into redlined inner-city real estate in 2000 by using his credit card to start incrementally buying residential apartments in a building, eventually purchasing the whole block (Interview 13, 2019). The same entrepreneur has subsequently repurposed numerous inner city buildings. He cannot help but compare his tedious journey to access finance for inner-city real estate to a young upstart white entrepreneur who was able to pursue an ambitious (although now-flailing) inner-city redevelopment project – Maboneng – thanks to being vouched for by a white billionaire.

Although no similar research has been undertaken yet in Johannesburg, a recent study by McGaffin et al. (2019) in Cape Town illustrated that 'micro-developers' building small residential and commercial buildings in predominantly black townships, drew on personal loans at high-interest rates to back their entrepreneurial projects. This historical racially-differentiated access to finance and capital extends to corporate commercial real estate. The former, Black CEO of one of the country's largest commercial real estate companies reflects that he was only able to access finance to start his own fund when backed by a "white blesser" – the founder and CEO of a behemoth listed real estate company (Interview 21, 2019). As is shown later in this chapter, however, there have been black-owned real estate funds and listed companies facilitated in the post-apartheid period thanks to access to pension fund capital, and government leases. This, however, echoing existing patterns, is itself a "black monopoly" shaped by access to existing networks, assets and capital (Interview 37, 2019).

What the above reveals is that race continues to characterise real estate in Johannesburg, and who dominates it. Relatedly, however, it illustrates that the landscape of real estate is also

differentiated by access to finance and capital. To date, forms of real estate analysed in South African critical scholarship have been mostly distinguished by purpose, typology, geography, and size. In affordable housing there are greenfield single-stand houses on the edge of townships (Butcher, 2016 & 2020), refurbished apartments and offices in the inner-city (Mosselson 2019 & 2020), and new-build apartments or refurbished houses on Transit-Oriented Development Corridors (Todes & Robinson, 2020). Butcher (2020) refers to "macro developers", while Todes & Robinson (2020: 305) distinguish between "small-scale, emergent neighbourhood-based developers as well as some larger-scale investors." In this latter size distinction, Todes and Robinson (2020) also point to distinctions in funding – a pair of developers are backed by an international private equity investor, while others are linked to investment from a local property company. Sharp distinctions are drawn among affordable housing developers themselves. The director in the residential real estate fund in the 'affordable' housing space, distances their work from the 'conservative' and 'traditional' greenfield developers who are part of SAARDA (Interview 32, 2019). Along with typologies, geographies and "mindset" (Interview 32, 2019) – there are differences in their capital and associated modes of operating. The residential real estate fund is backed by institutional investors with timelines for 'exiting' and seeking liquid revenue from spatial fixity (Gotham, 2006), with real estate clearly treated as a financial asset (Christophers, 2016). In contrast, a developer involved in 'traditional' greenfield affordable housing and land development explains that they are not pressured by shareholders to show "a pipeline of projects" and argues that the 'affordable' housing market makes it "too cyclical" to list:

> *"In our sector you don't list a company. It's not appropriate. It doesn't work ... Calgro[19] is really not looking good either…"* (Interview 31, 2019)

This differentiation, however, is not an 'affordable' housing particularity. The director of a "precinct-based" fund – partnering with developers in residential, office, industrial and retail in northern Johannesburg – drew a sharp distinction between their approach, and that of their large, listed counterparts headquartered nearby (Interview 29, 2019). Their typologies were

[19] Calgro M3 is a listed real estate company with 'affordable' housing, memorial parks and lifestyle estates. The company is also the primary developer in a City of Johannesburg integrated housing project (Calgro M3 Group, 2022).

more attuned to pedestrians and form-based planning – and their capital was not derived from shareholders. Similarly, a development manager in an encompassing construction-turned-development company described it as "not corporate. It's a small, family business".

> *"…And they're property developers and they're not listed. So they operate under the radar. They do their thing ... And they do proper, proper, proper development*." (Interview 37, 2019)

Having built some of the city's most well-known office parks, it also owns a property management company, residential development company and a private equity investment company. With operations comparable to expansive listed corporates, the development manager nonetheless differentiated them as "not corporate" "not listed", and a "family business" doing their own development. In one listed real estate company, meanwhile, the director took pains to distinguish their operations from listed counterparts who were too reliant on "smart merchant bankers" and "financial engineering" who "work out other ways of doing growth" (Interview 30, 2019).

Thus, although it may seem intuitive in South African scholarship to primarily distinguish between "residential", "commercial", and "industrial" real estate – or to focus on untangling increasingly enmeshed "developers" from "funds" – the boundaries drawn in interviews points to the usefulness of distinguishing real estate based on capital and finance. Differentiated finance and capital also makes visible race in post-apartheid real estate – but not in simplistic terms. As one upstart Black developer attempting to enter the affordable housing space noted:

> *"Between the big listed white-owned REITs, and then you've got the few black property players ... but besides that it's all rats and mice like us ... that run around looking for capital and looking for projects."* (Interview 12, 2019)

In what follows, I discuss listed real estate in post-apartheid Johannesburg as one form of real estate in the vast landscape. Listed real estate here refers to companies that are publicly-listed on the JSE, and have shareholders. This provides additional context to a segment of real estate that emerges in this research, but has not been afforded the explanatory context in scholarship as housing has. As is shown, listed real estate in post-apartheid South Africa has been

dominantly 'commercial' – rather than residential – in nature. This, however, is changing – extending gradually, as Butcher (2016) has shown, to 'affordable' housing.

5.3 The birth of South Africa's corporate listed real estate

The post-apartheid period ushered in the birth of most of South Africa's largest real estate companies listed on the stock exchange.[20] However, these companies' antecedents emerge decades prior to this, through the agglomeration of land and properties in Johannesburg by the city's largest capital investors tied to its mineral-energy complex and accompanying financial sector: mining companies, life insurance companies and pension funds. Real estate provided an outlet for large mining and insurance conglomerates such as Anglo American, Liberty and Old Mutual, whose excess capital was confined to the borders of South Africa by international sanctions during apartheid (Goga, 2003). Along with these conglomerates, state-owned entities emerged as important arms of the apartheid state during this period (Competition Tribunal, 2009). Concomitant to the conglomerates and state enterprises grew pension funds that themselves owned properties – among these the mining industry's Mines Pension Fund and the state power utility's Eskom Pension fund. The economy that was inherited by the post-apartheid state was thus a highly concentrated one (Competition Tribunal, 2009; Isaacs, 2018).

> "Under apartheid, a very small number of conglomerate groupings effectively dominated the economy, with estimates that companies controlled by the Anglo American Corporation accounted for 43 percent of the JSE's capitalisation in 1994." (Competition Tribunal, 2009: 2)

As Table 5.1 shows, in 1994, life insurance companies and Anglo American controlled over 60% of the Johannesburg Stock Exchange (JSE). By 2002, Anglo American's market capitalisation had halved, while life insurance companies continued to exercise considerable control over the JSE (Competition Tribunal, 2009). This reflected the lifting of apartheid sanctions and exchange control – concentrated local white-owned capital unbundled and moved overseas, and foreign

[20] Notable listed property companies that existed prior to 1994 and continue to exist under the same name today include Octodec, Hyprop & Growthpoint.

investors began to take tentative steps into South Africa (Isaacs, 2018; Competition Tribunal, 2009).

Table 5.1: Summary of control of JSE market capitalisation (% of total)

Group	1990	1994	1998	2002	2006	2009
Anglo American Corporation	44.2	43.3	17.4	20.2	21.0	10.6
Sanlam	13.2	10.5	11.1	6.3	2.3	1.2
SA Mutual/Old Mutual	10.2	9.7	8.8	12.0	5.5	2.8
Rembrandt/Remgro	13.6	13.0	9.0	10.0	7.8	3.8
Directors	6.7	7.0	14.4	7.4	6.7	7.7
Liberty Life/Standard Bank	2.6	7.2	9.5	6.0	3.5	4.3
Black controlled groups			9.6	3.5	5.1	7.0
Foreign (Other)	2.1	2.2	3.9	10.1	20.8	33.1
RMB/FirstRand		0.5	4.8	4.7	3.9	2.5
Sasol		1.7	2.2	3.8	4.6	4.6
Investec/Fedsure		0.4	3.3	1.9	1.2	0.8
Bidvest Group			1.0	1.0	1.0	0.8
SABMiller				4.0	5.7	5.9
State					2.0	1.5
Other/Institutions/Unallocated	7.4	4.5	5.0	9.1	8.9	13.4

Source: McGregors WhoOwnsWhom

Notes:

- Control is assessed by *McGregors* taking into account the various cross-holdings of shares that exist and may be associated with a relatively small direct shareholding in any given company. Once control has been allocated, the full market cap of that company is used in the calculation for comparative purposes.
- The drop in Anglo's share in 2009 is related to losing control of AngloGold Ashanti.
- The decline in Rembrandt/Remgro in 2009 is a result of unbundling British American Tobacco, whose separate listing on the JSE is linked to the rise in the Foreign percentage.
- The Black controlled companies and director controlled companies are defined by *WhoOwnsWhom* as those listed companies where an empowerment or directors' holding exceeds 26% with no other dominant shareholder. State controlled companies are identified on a similar basis.

Source: Competition Tribunal, 2009:2

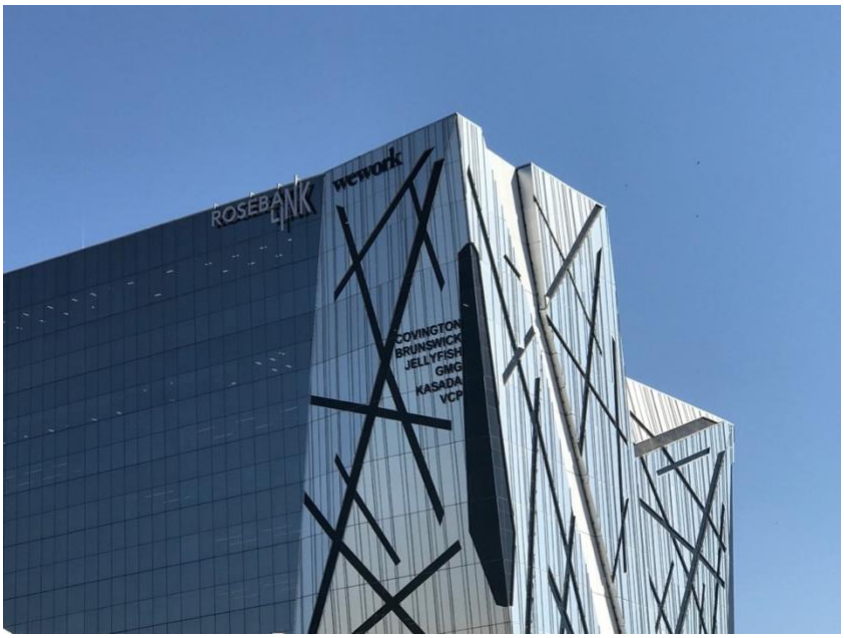
One of the offshoots of this period was the birth of a new generation of listed property players. With new and international opportunities for their capital investment, mining and life insurance conglomerates gradually dismembered their property portfolios post-1994. Among these companies was Anglo American, which counted The Carlton Centre, an iconic[21] Johannesburg shopping mall built in 1970, among its numerous assets. An asset manager who had worked in the accounting division of Anglo's property arm, Ampros, explained:

> *"...they didn't want to hold those assets directly and have it sitting on their balance sheet as lazy capital, they'd rather have it as an investment that they could get out of in a week if they needed to and have capital for the mining operations primarily."*
>
> (Interview 15, 2019)

[21] The building long held the title of Africa's tallest building.

Anglo, which owned listed property entities[22] and its own internal property management company,[23] pared down its property portfolio from 1997 by selling office buildings it owned in the inner cities of South Africa's largest cities, including Johannesburg (*Mail & Guardian*, 1997). In 1999, the company sold the Carlton Centre to the freight state-owned enterprise Transnet for R32 million (*Mail & Guardian,* 1999). The listed company Octodec, more commonly associated with the property management company City Property, was also among those who picked up Anglo's shed buildings in the late 1990s (Interview 30, 2019). Octodec chose, against the grain at the time, to retain and consolidate its property hold in the CBDs of Pretoria and Johannesburg – choosing unconventionally to convert office buildings to residential apartments.[24] By 2001, one of Anglo's last property funds, Apex-Hi, was listed on the JSE with "seven or eight assets on its books, mostly Johannesburg and Pretoria CBD properties that were let to the government" (Wainer, 2014: 94). Anglo's property exploits officially ended in 2009 when the fund was subsumed by Redefine, one of South Africa's consolidating listed property companies that would soon emerge as one of its largest.

Figure 5.1 Rosebank Link, a Redefine building in Rosebank, Johannesburg



Source: Author

[22] Apex Property Fund, Compass Property Holdings and Anglo-American Properties (Amaprop).
[23] Anglo's internal property management company was sold to Broll, a South African property management company that expanded overseas (Wainer, 2014).
[24] Today, Octodec has the largest residential portfolio of all listed property companies on the JSE.

The emergence of Redefine in the late 1990s and 2000s was emblematic of the change-of-guard in Johannesburg's corporate real estate – moving from the "life companies"[25] and Anglo-American to coalescing listed property companies. Redefine's Marc Wainer, a larger-than-life character who later had his own reality TV show, was an asset manager turned real estate doyen. At a time when the market was flooded with properties, professional asset managers who facilitated large property deals accrued hefty fees for the transactions they sealed. Wainer, who had previously worked for the bank Investec, had set up his own property consulting service in 1996 – which was later purchased by the financial company CorpCapital (Wainer, 2014). Soon after, he started Redefine which listed on the JSE in 2000 as a property fund and an asset management company. Among its clients, Redefine managed properties on behalf of the Johannesburg-based real estate company Hyprop[26]. Redefine and Wainer accrued a R130 million fee for facilitating Hyprop's R9 billion purchase of a portfolio of shopping centres owned by Attfund in 2011 (Wainer, 2014). From the 2000s, when many of the City's most valuable properties were being shed – well-connected professionals who had been embedded in Johannesburg's property scene for years prior, working for financial institutions or existing property-owning institutions, like Wainer, were cohering new funds.

The move from institutional ownership to this next generation of property funds and owners, most of whom did not have the balance sheets to fund the enormity of their purchases, necessitated the entry of banks to finance these transactions. Long-time industry experts note that the purchases of malls and office buildings in the 2000s were thus significantly aided by the entry and liberal lending of commercial banks (Interview 19 and 24, 2019) (Discussed further in Chapter 6). One of South Africa's largest banks, Standard Bank, lent Hyprop R960 million to purchase Canal Walk, a well-known shopping centre in Cape Town (Wainer, 2014: 19). The loan amounted to over 80% of the total price that the company paid for the property. The bank Investec also capitalised on the period as the asset management company agglomerating properties for a fund called Growthpoint. It later sold its asset management

[25] The term 'life companies' is used by those in the corporate real estate industry to refer to life insurance behemoths Sanlam, Liberty, and Old Mutual.

[26] Hyprop owed its origins and name to "the first fully enclosed decentralised shopping centre" in South Africa named Hyde Park Corner in 1969 (Cushman Wakefield, 2019: 3). Hyprop listed in 1988 on the JSE with its flagship high-end mall, another shopping centre and a few office buildings.

functions back to Growthpoint for just over R1 billion. A former division head in a large listed real estate company explained:

> *"There was a direct incentive for the likes of Investec or for whoever held the asset management agreement, to make the company as big as possible because you would sell it out later back to the company at a fantastic multiple and unrealistic multiple."*
>
> (Interview 33, 2019)

As one real estate advisory consultant who had worked in property development since the 1980s put it, rather than being constructed organically by a well-connected individual like other funds, Growthpoint emerged through transactions between financial institutions. "Growthpoint was institutionalized property. So, it came from banks and pension funds and was put and clubbed together"(Interview 38, 2020).

Growthpoint had initially listed on the stock exchange in 1987 with 19 properties (Growthpoint Properties, 2020). It was the large acquisition of properties off-loaded by the Mines Pension Fund in 2001 and 2002, which provided impetus for the company's subsequent growth (Interview 33, 2019). Growthpoint then merged with another company of a similar size, Primegro – built by a former employee of Octodec's City Property – effectively doubling the value of its property portfolio. In the years that followed, a former division head in Growthpoint explained, the company persistently bought out smaller listed property funds and portfolios of properties for the "the sake of growing" (Interview 33, 2019). Redefine undertook a similar strategy, ballooning its property portfolio from the mid-2000s. A 2007 news article titled "Wheeling and Dealing", described the company as undertaking an "aggressive growth trail over the past 12 months" (Fin24, 2007). As the article noted, "Hardly a month goes by without Redefine Income Fund announcing it's involved in yet another round of merger and acquisition talks" (Fin24, 2007). The article referred to Redefine's "coup" of Spearhead Property, a deal worth R1.3 billion (Fin24, 2007). Some of the funds Redefine subsumed had a few years prior been undertaking their own expansion to increase the number of buildings they owned to consolidate their position on the JSE (eProp, 2004; eProp 2005). As an asset manager who had worked in the Johannesburg financial and real estate industry since the 1990s noted:

"So the guys made massive money by that process of assembling a fund and then selling it into a larger fund with the likes of Growthpoint and Redefine wanting to gobble up a lot of the smaller funds, they [Growthpoint and Redefine] were only happy to pay a slight premium because it's harder to go and buy individual buildings than it is to buy a fund of 10 other buildings." (Interview 15, 2019)

Today, Growthpoint and Redefine Properties are the first and second-largest of South Africa's largest listed property companies, both in terms of their market capitalisation and the number of properties that they own (Ntuli & Akinsomi, 2017).

Figure 5.2 Discovery Place, a development by Growthpoint and Zenprop in Sandton



Source: Author

The role of mining capital in Johannesburg's property landscape had decisively shifted by the late 2000s. Along with the dissolution of Anglo American's property arm, another mining-cum-property company, Rand Mines Properties (RMP), reinvented itself and subsequently delisted from the stock exchange (Butcher, 2018). By the late 2000s, with the exception of Sanlam, South Africa's large life insurance companies, Liberty and Old Mutual, had chosen to maintain

property arms with their prized assets. Like mining companies, these "life companies" – mega-financial institutions with their focus on long-term financial services like life insurance and retirement funds – had for decades prior anchored investment in Johannesburg's malls and prime office-buildings (Goga, 2003). In the 1970s, Liberty Life Insurance purchased the property company Rapp & Meister, which had developed two of Johannesburg's flagship mall developments at the time – Sandton City and Eastgate. This later became Liberty Properties. With their excess capital and "long-dated balance sheets", property has historically been an ideally suited and stable investment option for life insurance investment (Interview 28, 2019). Like mining companies, their investment capital was channelled into South African and Johannesburg property investment not only because of its long-term suitability – but because of necessity (Goga, 2003). International sanctions hamstrung the mobility of their significant, and racialized, apartheid capital gains (Goga, 2003). At a time when white-capital flight was dominating headlines, the decision by most life insurance companies to keep their malls was a tactical one. In the late 1990s and early 2000s, along with letting go of many properties, Old Mutual invested a significant amount of money in redeveloping its largest malls and building unprecedented "shopatainment".

A real estate advisory consultant who worked on these projects at the time described these as the company's "price or their penance":

> *"That institution wanted to list abroad. And Mr. Mandela had personally told Mr. Mike de Wet of Old Mutual, "If you want to list abroad, I will allow it, but you have to give to my people. You have to invest in real estate, and you can't pussyfoot around. I don't want a little paint job like Sanlam."* (Interview 38, 2020)

However, rather than an altruistic act or compromise – these expanded malls capitalised on a consumer boom (Ashman and Fine, 2013) and desegregating South African towns and cities. An asset manager explained that Liberty chose to focus on its flagship malls and the once-insulated South African market was introduced to the likes of fast-food multinational companies like McDonald's (Interview 15, 2019). A former asset manager estimates that Liberty undertook "R3.5 billion worth" of development between 2008 and 2011 – with 1.7 billion of this focused on Sandton City alone (Interview 22, 2019).

As discussed further in Chapter 6, the late 1990s and 2000s was thus characterised by a mall boom in Johannesburg with developers and life insurance companies expanding, upgrading, or building malls, and retail-focused listed real estate funds aggregating them. A Bangalore executive involved in retail who first visited the country in the mid-2000s, was struck by the size and structure of malls in South Africa:

> *"We'd never seen scale like that in this country [India]. We saw how in a relatively small country how people could scale up."* (Interview 60, 2020)

A consultant recalls facilitating the development and redevelopment of a plethora of malls during this period, including a number[27] for the Allan Gray Property Trust in Johannesburg & Cape Town (Interview 38, 2020). This assembled portfolio[28] would later be tussled over by Growthpoint and Redefine before being taken over by the latter in 2016 (Fin24, 2012; Redefine, 2016). In the same year, Liberty launched its listed real estate arm – Liberty 2Degrees. Life insurance companies in search of more 'liquid' capital underwent a second phase of rejigging their property arms (Interview 28, 2019). Old Mutual sold some of its malls, while Liberty decided to create a listed REIT – the REIT revenues providing Liberty with capital that could be leveraged from its "illiquid" properties (Interview 28, 2019). Although a handful of listed real estate companies came to dominate the agglomeration of property developments, there were also a host of unlisted players who supplemented and paralleled their rise. Among these were wealthy individuals and families with expendable millions or a history of investing in Johannesburg properties. Prominent of these were the Georgiou family, and billionaire businessman Jonathan Beare. Industry insiders and media reports consider Michael Georgiou and Jonathan Beare as the owners of some of the largest private property portfolios in South Africa (eProp, 2021; van Rensburg, 2018; Interview 20, 2019). Both developed office and mall properties, which were either purchased by, or built for, the listed companies expanding their portfolios (Interview 38, 2020 & Interview 20, 2019). Zenprop, a company widely considered to have one of the largest unlisted property portfolios in Johannesburg, was established by recluse businessman Jonathan Beare, the son of the founder of South African furniture retail corporation, Beares (Hood, 1991; Interview 4, 2019). Beare

[27] These include the N1 City Mall and Kenilworth Centre in Cape Town, and Benmore Centre and Randburg Waterfront in Johannesburg.
[28] This portfolio became the listed-Fountainhead Property Trust.

returned to South Africa in the early 1990s after a "number of years living abroad" where he had "built up a huge property empire in the US and Europe from a current base in Los Angeles" (Hood, 1991).

ZenProp was key to assembling property portfolios and development partnerships that bulked up the emerging listed real estate players at the time, including Growthpoint and Redefine. Beare's capital also propped up some unconventional real estate exploits in post-apartheid Johannesburg avoided by traditional banks and investors – including Soweto's first mall, Maponya Mall[29], and a later attempt to fashion a trendy mixed-use inner-city enclave called Maboneng[30] (Interview 12, 13, and 38, 2019). Another notable unlisted player that coalesced at the time – echoing the expansionary patterns of listed companies – was Pareto Limited (discussed further in Chapter 9) an unlisted company established in 1998 from property assets of the Eskom[31] Pension and Provident Fund (EPPF) (Pareto, 2020). The Pension fund was the company's primary shareholder in a portfolio that consisted of its "prime regional retail investments" (Pareto, 2020) – including three of Johannesburg's largest malls.

Growthpoint had pursued a "a distinct size strategy" to grow its assets as much as possible in the mid-2000s – pursuing ratings and a market share that would make the fund "market size" and attractive to fund managers and institutional investors (Interview 33, 2019). To appease the appetite of growing listed property companies, partnerships with developers and private property investors became crucial. Growthpoint's partnership with the Investec Property Group was an example of the latter relationship (eProp, 2006). As the then executive director of Metboard Properties, Estienne De Klerk, later the CEO of Growthpoint, was quoted as saying in an article on a popular property news website in 2006:

> "The (listed) companies need to grow and the only place they can get stock is from private investors or private developers" (eProp, 2006)

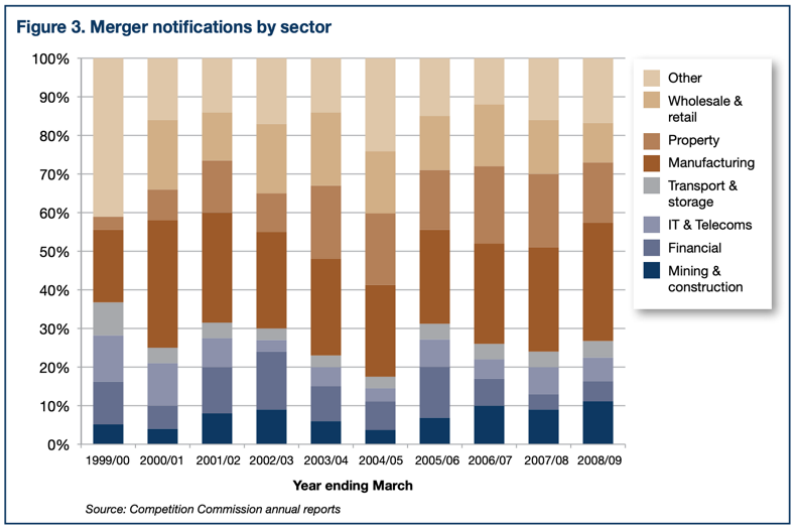
The development boom of the 2000s and early 2010s in offices and shopping centres was greatly facilitated by the expansionary mandates of listed property funds. Their expansion was

[29] Jonathan Beare purchased the land on which Maponya Mall was bought from Richard Maponya, and had initially jointly owned the mall with him before it was sold to Redefine (Interview 38, 2019).
[30] Jonathan Beare backed the entrepreneur Jonathan Liebmann in the redevelopment of a mixed-use precinct in inner-city Johannesburg (Maninjwa, 2019; Interview 12 and 13, 2019).
[31] Eskom is the state-owned enterprise behind the country's electricity supply.

aided by accessible and abundant capital and finance to fund their transactions (see Chapters 6 and 9).

The corporate companies that emerged with the largest portfolios in the early 2000s proceeded to consolidate themselves through mergers and acquisitions throughout the 2000s. The property sector was the second highest driver of all merger activity in the South African economy between 1999 and 2009, averaging 20% of all business merger activities over the decade (Figure 5.3) (Competition Tribunal, 2009: 18–20). Between 2003 and 2019, Growthpoint Ltd was a party to 23 large mergers that appeared before the Competition Tribunal and Redefine Properties was a party to 37 (Competition Tribunal, 2020).

Figure 5.3 Representation of merger notifications by sector in South Africa, 1999–2009



Source: Competition Tribunal, 2009: 19

In 2013, the ten largest listed property companies in South Africa made up 80% of the total value of the listed real estate market (De Klerk, 2013). As one professional facilitating mergers and acquisitions in the property sector noted:

"Where deals are done, it's the same players doing the same deals, all the time."

(Interview 9, 2019)

These companies are characterised by intertwining investment by banks, life insurance companies, property companies, investment funds and pension funds.

> *"It's incestuous. You'll find that the institutional shareholders are all the same."*
>
> (Interview 9, 2019)

Property had not historically been an anchor investment option for fund managers investing on the stock exchange, but this shifted decisively in the 2000s as listed property companies grew. Listed property became a 'mainstream' investment and an 'asset class'. As one property asset manager explained:

> *"It was not common for people to invest from the asset management houses into property in those days … it would probably have been quite a hard sell for them to convince their investment committees and that to invest in property. So that's changed significantly whereas now property investments are very mainstream ... from when Growthpoint started getting traction, from 2004, 2007, 2008 it started becoming more mainstream as the investment opportunity…but certainly from listing as REITs, then it just went into a different dimension."* (Interview 15, 2019)

This 'mainstreaming' of the South African property as an investment was aided by a legislative shift in 2013 – the establishment of a South African 'REIT' (real estate investment trust) structure, which was first adopted by listed property in the USA in 1960 (Naidoo, 2014) and is currently found in close to forty countries globally (NAREIT, 2019). The structure made South Africa's listed property sector more legible to international investors, and, what some in the industry consider to be the most significant shift (Interview 19 & Interview 33, 2019), it provided tax benefits to listed property companies (Naidoo, 2014; Kantilal, 2016). The REIT structure transfers the tax burden on to its shareholders – who are taxed for the distributions they receive from their shares (Kantilal, 2016: 66). Furthermore, when a REIT sells a property, it is not subject to capital gains tax for the profit it may gain from that sale (Naidoo, 2014). According to Professor in Construction Economics, the tax structure of REIT proved particularly

beneficial to life insurance companies & pension funds, who found themselves in a tax-free conduit for their investment (Interview 19, 2019).

In the period following the introduction of the REIT structure, commercial and industrial property experienced an upturn, "people were just going crazy and building everything everywhere" (Interview 15, 2019), undertaking office developments in Sandton even when there were minimal guarantees of tenants. South Africa's REITs were ranked only second to China in an emerging market index[32] and it was the 9th largest REIT market in the world (Ntuli & Akinsomi, 2017). In 2014 listed real estate in South Africa performed better than Asian and European REITs (Ntuli & Akinsomi, 2017). From 2013, the REIT structure reinforced the importance of size in listed real estate in South Africa – companies have to meet a size threshold to list as a REIT, and the large companies who were already listed got bigger.

The REIT legislation therefore solidified the new era of listed property as a financialised investment class that had begun in the 2000s. For those who had been in the corporate property sector from the late 1980s, they witnessed an increased presence of "finance-types" such as chartered accountants (Cas) and professionals with MBAs. The financialising of South African commercial real estate, with an emphasis on shareholder returns, has been associated with the adoption of intricate and often confounding financial instruments to facilitate greater revenues (Weiner, 2014). As one academic who runs a real estate consulting firm explained:

> *"Now I can tell you that once a week, a bank will call you up and say, "I've got this new scheme for you guys. Go and hedge the currency. Let's do a swap." They see this as an opportunity. In fact, I have been nervous over the years that that's where the REIT sector is going to have to watch. That some of the returns are not property-related returns but returns to financial structure. And I think we've got to be very careful that we keep the balance right, between property expertise and financial."* (Interview 19, 2019)

This financialising shift is described by stalwarts as an abandoning of the "fundamentals" of property investment being replaced by "financial structures" and "financial engineering" (Interview 30, Interview 33 & Interview 24, 2019). Financial engineering was brought starkly to

[32] By FTSE EPRA/NAREIT.

the fore in 2018, with the fall from grace of the listed property fund Resilient[33] (Anderson, 2019). Listed real estate funds, one former Director argued, were "led by a CA that doesn't look at the underlying property, just … the fact that 'Oh I am adding a retail property at a yield of 9% to 8% to my portfolio which will improve my ratings'" (Interview 33, 2019). The incentive to grow real estate funds in order to list and attract shareholder investment meant that properties were often developed and bought "almost indiscriminately" (Interview 33, 2019). The director of one of South Africa's oldest listed real estate companies related the story of firing a young employee with a background in finance because they did not know the location of a particular property that the company owned (Interview 30, 2019). For both directors, a financialising shift was crucial to the rapid oversupply of offices and malls. In October 2021, Johannesburg's post-apartheid office node of Sandton had a vacancy rates of 18.7% (SAPOA, 2021). The South African Property Association (SAPOA) report attributed high vacancies to a lack of economic growth and the impacts of COVID-19. However, the building boom that accompanied the rise of listed real estate can also be tied to this oversupply:

> "The construction boom of 2007 to 2017 saw more than 6 million sqm of office space added to the overall stock. So, while the current vacancy rate is now the same as it was in 2003, there is 1.3 million sqm more vacant." (SAPOA, 2021)

Listed real estate took on a highly-consolidated, albeit restructured, oligopolistic form continuing in the vein of its apartheid antecedents. Furthermore, those at the helm of the largest listed real estate companies that materialised in the 2000s are still overwhelmingly white men. Corporate real estate is regularly described as a "boys' club". For two Black women who had worked in teams facilitating some of Johannesburg's largest commercial real estate developments in the early 2000s, race, however, was a defining factor (Interview 22 & Interview 14, 2019). Both cited insidious racism, intertwining with sexism, that characterised their careers.

[33] Resilient was once the most profitable listed property company in South Africa, with its distributions far outstripping its competitors to the befuddlement of industry experts (Interview 19, 2019). Asset and hedge fund managers levelled allegations of manipulation and overvaluing of share prices which had inflated the distributions and profits of four companies with cross-shareholdings, Resilient, Fortress, Nepi Rockcastle and Lighthouse Capital (Anderson, 2019).

> *"And I … also sometimes have to separate a white woman from a black woman, because it's not the same thing … it is a man's world so there was few of us women on the table … However, I start off as a Black person."* (Interview 22, 2019)

In 2021 there was only one woman, notably white, CEO of a listed property company in South Africa. However, there have been a handful of Black men at the helm of property funds and companies since the early 2000s. The first generation of these were black executives who were handed the reigns of existing corporate property vehicles – including the Head of Old Mutual Property, Ben Kodisang, and the Head of Pareto, Alex Phakathi. From the 2010s, a new generation of black-headed and black-held property funds were listed on the JSE, most notably Rebosis, Dipula and Delta. These listed funds were in turn supplemented by portfolio assembling and development by unlisted black property companies such as Nthwese and Encha.[34] This generation of black-owned funds were bulked up by purchasing government-leased office buildings from larger listed property companies, as well as a wave of capital investment in the development of township malls.

The change-of-guard of Johannesburg's office properties was reminiscent of the late 1990s and early 2000s. The country's largest listed property companies underwent "not a downsizing, [but] a reconfiguring" (Interview 9, 2019) – selling off their "non-core" properties, particularly in the inner-city, to black-owned companies. The handover was precipitated by the Department of Public Works deciding that government would only enter into long-term leases with landlords that were at least 51% black-owned (Interview 8 & 9, 2019). It also aligned with large white-owned listed property companies looking to dispose of office buildings in the context of a glut and move to markets outside of the country (Interview 9, 2019). Under REIT legislation, listed property companies are not subject to Capital Gains Tax when they sell their property assets – allowing them to invest these untaxed gains to generate further returns (Naidoo, 2013). With excess capital, and favourable loans (See Chapter 6), the country's largest real estate companies expanded their investments and operations to overseas markets. Eastern Europe became a "new frontier" for investment, while Growthpoint and Investec

[34] Encha subsequently merged with listed fund, Vukile in 2013.

Property listed real estate companies on the Australian Stock Exchange. In two decades, South Africa's largest listed real estate players had become multinationals.

The listed real estate funds which are black-owned represent a new form of second-tier consolidation. These black-owned companies have entered into deals acquiring smaller funds and have intentionally pursued a sizing up strategy. Unlike their larger counterparts with portfolios that can mask underperforming properties, and because they entered real estate at the tail end of the boom, black-owned listed companies have been more susceptible to the impacts of indiscriminate property purchases. There were some shopping centres that were developed for the Rebosis portfolio that one former director involved in retail real estate argues, "should never have [been] developed":

> *"They were developed because there was a REIT that they could on-sell it to, so the developer made money out of it and they moved it on and now the shareholders sit with the baby…"* (Interview 33, 2019)

Relatedly, the reliance on leases with government, a notoriously unreliable tenant, and the ownership of under-performing malls, has been particularly detrimental to Rebosis - the first black-led and black-held listed real estate fund. The company's compounding financial woes were exacerbated by the mistimed purchase of a stake in a company owning UK-based shopping centres, undercut by Brexit (Mahlaka, 2021). In October 2021, Rebosis announced the sale of a government-tenanted portfolio of 32 properties for R6 billion in order to pay off its R9.4 billion debt to commercial banks (Naidoo, 2021; Mahlaka, 2021).

Along with patterns of consolidation, a defining characteristic of corporate, mostly commercial, real estate in South Africa from the 2000s was its financialisation and growth-orientation. This was characterised by an emphasis on sizeable properties and portfolios to attract shareholders, as well as a move toward revenue derived from financial instruments. Albeit restructured and with the presence of more black-owned listed property companies, the continued consolidation of corporate real estate in Johannesburg reflects oligopolistic tendencies inherited from a lineage of racialised mining and financial capital.

5.4 The visible and lesser-seen real estate in post-liberalisation Bangalore

In contrast to the housing focus of research coalescing in Johannesburg, much of the academic literature on real estate in Bangalore has reflected its glassy IT-parks and headquarters of multinational corporations. This literature has been enmeshed in untangling the relationships between foreign investors, local corporate developers, politicians, bureaucrats and brokers (Sami, 2012; Balakrishnan & Pani, 2019; Halbert & Rouanet, 2014). Yet alongside the landscapes of accumulation (Searle, 2016), Bangalore's cityscape is also made up of landscapes of living. Rows of brightly painted five-storey apartment buildings, paying guest (PG) accommodation, three-storey mixed-use buildings, small commercial buildings, store fronts and street-facing eateries are found across the city's neighbourhoods and alongside and in-between its IT, financial and industrial nodes. These are medium, small and tiny buildings. Although not as imposing or large as the IT-parks, hotels or glitzy shopping malls, this ubiquitous real estate development and those who fund and built it are invisibilised as mere intermediaries in corporate and global real estate flows (Searle, 2016; Goldman, 2011; Halbert & Rouanet, 2014; Sami, 2012; Sud, 2017).

Rouanet and Halbert (2016) highlight "local real estate developers" leveraging foreign investment who become political and economic agents – not just investment anchors – in Bangalore. Yet, like Searle (2016), they use "local" or Indian real estate developers to refer to corporate developers. In their earlier conceptualisation of transcalar territorial networks (TTNs), Halbert & Rouanet (2014) foreground local corporate property developers, real estate advisors and legal consultancy firms. The TTN "internalizes or filters away risk" to anchor investment and make Bangalore familiar to foreign investors (Halbert & Rouanet, 2014: 481). The "less visible" sub-actors, are the "middle-men" who consolidate land, circulate "black money", and circumvent bureaucratic red tape (Halbert & Rouanet, 2014: 480). Illustrating how TTNs simultaneously construct "a world-class city" and mask "other Bangalores" – the authors themselves undertake a form of constructing and masking. The landscape of real estate is depicted as primarily emerging from foreign investment, while local actors not-quite-embedded in these corporate networks are invisibilised or simplified as "non-legal" intermediaries (Rouanet & Halbert, 2016; Halbert & Rouanet, 2014). In contrast, Sami (2012) argues that the coalition of large corporate developers, with their network of local "sub-agents" – including "smaller developers" – "makes development in Bangalore possible" (2012:

165). Although acknowledged, these "sub-agents" and "smaller developers" are relegated as mere partners and facilitators to large scale corporate development. As discussed in Chapter 4, the processes of mediating land ownership, acquisitions and bureaucracy, and the people and entities who are part of them is the subject of extensive scholarship in India (Weinstein, Levien, 2020; Michelutti et al., 2019; Levien, 2015; Chattaraj & Walton, 2017; Doshi & Ranganathan, 2017; Auerbach et al., 2020; Balakrishnan & Pani, 2020). Much of this scholarship leans toward a characterisation of all non-corporate players in real estate not only as intermediaries, but as "non-legal" or deviant. However, this simplification extends beyond scholarship, to corporate real estate practice.

In interviews and my fieldwork, professionals within corporate real estate and institutional finance in Bangalore categorise all non-corporate developers into the category of "unorganised". A broad term with patronising undertones, "unorganised" encompasses real estate developers who are not corporate, not affiliated with an accredited body, and therefore unreliable. The "unorganised" developers are distinguished in corporate-circles from "high-quality" and "reputable" corporate developers. Searle (2016) makes similar observations in her research, noting the boundaries that are drawn first between international investors and "untransparent" Indian developers, and then locally between "disorganized" and "professional" property players.

> "The labels 'broker' and 'landowner' pin a competitor as merely a dealer, not a constructor. By using these labels, the marketing director questions his competitors' construction ability and thus their capacity for making good their promises; he questions their integrity as people, not just as competitors" (Searle, 2016: 154).

Figure 5.4 A street on the border of HSR Layout, Bangalore



Source: Author

Although not focused on real estate, scholarship by Benjamin (2000 & 2004) has elevated non-corporate economies and complicated the dominant depiction of Bangalore and its economy as the Silicon Valley of India. “Other Bangalores” are made visible as “spaces left over…” – spaces and economies not simplistically subjugated nor romanticised as autochthonous (Benjamin et al., 2008: 239). Here “small and tiny businesses” make up well-connected local neighbourhood economies that exist alongside corporate economies (Benjamin, 2000 & 2004). Although local, these economies are not parochial – they are part of “trade circuits” that are regional and national, and linked to flows of finance that are from non-financialised sources, such as savings schemes (Benjamin, 2000). Benjamin (2004: 181) explains how funds from local property economies contribute to these finance schemes as they are “perhaps the most fluid and dynamic source at the local level”. At the same time, these local economies, driven by alternative networks of finance, quietly yet decisively leverage a “porous bureaucracy”

(Benjamin, 2004) and complicate grand visions of master plans and forays of global capital. This points to a terrain of economic players and money flows hitherto simplified in urban scholarship. Fieldwork and interviews relatedly revealed that non-corporate developers are not mere intermediaries, but direct participants in real estate in Bangalore. Leveraging local and regional political, caste, linguistic and alternative financial networks (Interview 39, 46, 52, 57 and 58, 2019) they build small, they build medium-sized and sometimes facilitate large developments. In what follows, I contextualise Bangalore's corporate and non-corporate real estate players in a heterogenous landscape of real estate. Rather than approaching corporate real estate as given or emblematic, I seek to illustrate its emergence post-1990 Bangalore. Further, drawing on my fieldwork and interviews, I draw attention to the spectrum, and differentiating characteristics, of non-corporate real estate.

5.5 Contextualising heterogenous real estate in Bangalore

Bangalore's eminent corporate real estate developers who were raised in the city and are headquartered there, such as Prestige, Brigade, Embassy, Sobha and Salarpuria Sattva, are also amongst the largest in India. Their emergence is tied to the wave of reforms associated with central government's pursuit of Liberalisation, Privatisation and Globalisation (LPG) from 1991, intertwining with a host of localised state interventions dating back to the colonial period (Pani, 2009). Accelerated by LPG, the rise of corporate real estate in Bangalore is associated most directly with the City's "information technology phase" catalysed in the mid-1980s (Pani, 2009: 117). Rather than externally determined, the entry of IT into the City was enabled by a confluence of historical state investment in English-language and science education; the post-Independence development of strong public sector enterprises, and the establishment of the Karnataka Industrial Areas Board (KIADB) in the 1960s (Pani, 2009). The KIADB gave the Karnataka State power to acquire land and give it to private industry. Originally piecing together land for small-scale industry and garment manufacturers[35] – the KIADB became key to acquiring land for the IT industry.

1994 was a turning point in the City's corporate real estate, with the launch of International Technology Park Limited (ITPL) (Yeoh et al., 2004). Bangalore's first IT park, the ITPL – today

[35] The most notable of these is the Peenya Industrial Estate on the outskirts of the city, which became a hub for garment manufacturing (Pani, 2009: 117).

called International Tech Park – was driven by the Singapore state's economic regionalisation strategy within Asia[36] and considered a "flagship investment project" (Yahya, 2008: 26; Yeoh et al., 2004). A Singapore consortium, headed by the government-linked Ascendas and including entities with other state connections,[37] and the Indian conglomerate the Tata Group, were the project's prime partners (Yeoh et al., 2004: 5). The ITPL had its own privately-built and operated power, water treatment and telecommunications facilities and was positioned as providing "total business space solutions to multinationals and other conglomerates, within a state-of-the-art technology park" (Yeoh et al. 2004: 5). An initial 39 tenants moved in 1999, with this more than doubling as the park expanded in the following 5 years (Yeoh et al., 2004). The IT park kickstarted the now densely-populated tech industry node, Whitefield, east of the city centre. A former CEO of one of the City's large corporate developers noted that "it became a kind of a benchmark in quality". In the south east of the City, meanwhile, the State government provided infrastructure and incentives to develop the area coined Electronic City. The anchor tenant was Indian IT company-turned-multinational, Infosys – who moved their corporate headquarters into Electronic City in 1994 (Infosys, 2022). One small corporate developer began his career in his uncle's small construction business in the 1990s. They were mostly contracted for small to medium-sized government projects. Among these was a dispatch building in Electronic City for the public sector enterprise, BHEL (Bharat Heavy Electricals Limited). At the time, he recalls, "[Most] of the IT companies hadn't moved in yet" (Interview 45, 2019). A seminal moment for their small construction business was a World Bank-funded upgrade of State hospitals – exposing them to what they saw as "truly international" (Interview 45, 2019) requirements for bidding, financial reporting, and construction timelines. The lineage of real estate development in the City, although anchored in state-backed projects, intertwined with the entry of international corporations and institutions. Most of the City's largest corporate developers today began by building office developments that aimed to capitalise on the multinational migration.

[36] Put forward by the country's two prime ministers, Goh Chok Tong (Singapore) and P.V. Narasimha Rao (India) at the time, and purportedly facilitated by personal ties between the heads of the Tata Group and the Singapore Economic Development Board (Yeoh et al., 2004).

[37] Among the state entities linked to the project were the Jurong Town Corporation (JTC), an entity facilitating the development of Singaporean industrial estates and Temasek, a state investment company (Yeoh et al., 2004 & Yahya, 2008).

Prestige was founded by the sons of a Bangalore businessman who owned a fabric and tailoring shop in the city centre catering to an elite clientele (Babu, 2017). They started their careers as well-connected local brokers pairing buyers and sellers of land, before entering into property development themselves in the mid-1980s (Babu, 2017). The founder of Embassy Group, with its origins in a Sindhi[38] family business based in Mumbai, entered into property development in Bangalore as a breakaway catalysed by a family-feud. Salarpuria Sattva was started as a partnership between the founder of a Kolkata-based finance corporation and one of its employees involved in construction projects. Together they bought their first property in Bangalore in 1991 (Punia, 2013). The university-educated founder of the development corporation Brigade was from a family of Karnataka-based coffee plantation owners. Seeking better fortunes than those offered by chicory manufacturing, an "unprecedented" loan granted by a public sector bank enabled the construction of a 14-storey office building (Bajaj, 2018).

Whether backed by available capital from existing business exploits, "unprecedented" access to finance or connections to elite business or landed networks (intertwining with religion, caste and linguistic identities) – many of today's largest corporate property development companies in India made their first serious forays into property development in Bangalore. Many of these well-connected companies landed a "big break" in the early-2000s by securing tenancy with large multinational corporations (Interview 44, 2019). These ensured long-term lucrative partnerships and shifted the shape of real estate. Salarpuria Sattva, for instance, secured a deal with the multinational IT company Intel in 2000. Having already completed over 20 buildings in the City – mostly between 900 and 8 000m^2 – the 9 290 m^2 Intel partnership signified an upscaling in the size of their developments[39]. The size of Intel's development was enabled by the KIADB's allocation of 43 acres of land to the company in 2003[40] – this included disputed land that had already been sold (Alternative Law Forum, 2003).

[38] Sindhi is a South Asian ethnic group originally from what is today known as Pakistan.
[39] These figures were originally provided in square feet, and have been rounded to the nearest square metres.
[40] *Supreme Build Cap Pvt Ltd vs. State of Karnataka and KIADB* (Writ Petition No 28686/2003).

Following the Intel deal, the developer built a 140 000 m^2 IT park in Whitefield which counted the German multinational software company SAP and an arm of the Indian conglomerate Tata among its tenants. As one of the directors explained:

From there we started our journey – our exposure went to another level."

(Interview 44, 2019)

Figure 5.5 Walmart head office on outer ring road built by Salarpuria Sattva



Source: Author

The early 2000s was therefore an "inflection point"– when "the size of the IT companies started growing dramatically" (Interview 47, 2020). In 2002, Embassy secured a deal with IBM to take up 7 400 m^2 of office space. Over the next six years their partnership with the American IT company manifested in 279 000 m^2 (Interview 47, 2020). Deals with multinational companies Microsoft, Fidelity, Goldman Sachs and Yahoo followed suit. Notably, these deals necessitated the adoption of particular corporate practices and set certain expectations for buildings. Through their partnerships with international companies, facilitated by real estate consulting firms, corporate property developers emerged in Bangalore. This history has played a role in

making Bangalore-raised "South Indian" corporate developers internationally legible to international capital - perceived as "bona fide good developers" (Searle, 2016: 235).

Foreign investment in Indian real estate is commonly depicted as being "allowed" (Searle, 2016: 30) through facilitative legislation ousting "protectionist legislation" from the 2000s (Halbert & Rouanet, 2014: 476). The year 2005 is considered another notable turning point, with legislative changes allowing foreign investors in Special Economic Zones (SEZs) and easing prior government approval and minimum size requirements for FDI in a host of real estate projects (Halbert & Rouanet, 2014). However, there are flows of lesser-seen international capital that have played a role in fuelling the growth of Bangalore's real estate preceding, and superseding, this legislation. Between 2004 and 2014, companies based in India were in fact traced[41] as contributing 17% of 'foreign' direct investment in the country (Jaiswal, 2017: 19). Further, there are forms of off-shore investment, often cash-based, by Non-Resident Indian (NRI) communities and transnational caste and religion-linked networks that are difficult to quantify (Interview 39 & 47, 2019; Interview 59, 2020; Jaiswal, 2017). A former CEO recalls ample investment in Bangalore in 1993 being redirected from Hong Kong by investors of South Asian and Indian heritage. Buoyed by this "foreign" investment, the price per square feet of one of their office developments increased from 1 500 rupees (19 USD) per square feet[42] to 8 000 rupees (100 USD) in six months.

> *"Hong Kong was going through a bit of a crisis because the handover was pretty close, a lot of Sindhi[43] investors from Hong Kong they were very keen to spread their bags elsewhere, so they looked at Bangalore as a good town and they came and they invested in a big way, so property prices shot up dramatically…"* (Interview 47, 2020)

[41] A report by the Delhi-based Centre for Budget and Governance Accountability illustrated that India was the second largest contributing "home country" to India', behind the USA. Mauritius, Singapore, Cayman Islands and Cyprus, among other countries, have been used to divert investments from other countries to avoid tax (Jaiswal, 2017). Between 2004 and 2014, Mauritius was the highest reported provider of overall FDI in India, including real estate FDI in 2011 (Halbert & Rouanet, 2014; Jaiswal, 2017: 17).
[42] One square foot is equal to approximately 0.09 square metres.
[43] Sindhi is a South Asian ethnic group originally associated with the Sindh region in what is today known as Pakistan.

In the 1990s, many of Bangalore's corporate property developers were also subdividing properties and selling them in parts to individual investors – resulting in multinational corporations leasing buildings to multiple, faceless, landlords. Developers were pressured to change their funding model following concerns raised about the unknown "foreign" recipients of their rent by large American corporations after 9/11 (Interview 47, 2020). This influenced corporate developers turning to directly own their malls and offices, financing their construction through loans from banks and later non-banking financial companies (NBFCs) which were paid off through the rents they received. Others also turned to generating income by expanding to residential developments, taking out loans from financial institutions and undertaking pre-sales (Interview 40 and 47, 2019).

Although misrepresented as opening Indian real estate to all offshore interests, legislation in the 2000s did have a significant impact on foreign investment through corporate channels. One of the City's large corporate developers was able to expand its development of malls through a partnership with the Singapore-based, government-linked, Asian property investment and development behemoth, Capitaland (Interview 60, 2020). The entry of Capitaland was emblematic of the nature of the second wave of corporate foreign forays that impacted Bangalore's corporate real estate. No longer just partnering with multinational tenants, there was direct investment in real estate by foreign financial institutions (FFIs) and development companies (Halbert & Rouanet, 2014; Searle, 2016). In 2001, the South African life insurance corporation Old Mutual (see Section 5.2 and Chapter 9) was among these. Old Mutual entered into India and partnered with the Indian financial services company Mahindra Kotak to start Kotak Life Insurance. A few years later, Old Mutual purchased a stake in an Indian-based property management company, and invested $120 million to build three shopping centres across India through the now-maligned Triangle Real Estate Fund (eProp, 2010; FANews, 2008; Business Standard, 2013). A confluence of the entry of major multinational companies and international investment led to a property boom in Bangalore in the 2000s, "Fuelled by capital inflow, scale, demand being robust … everybody started planning larger-than-life projects" (Interview 47, 2020).

When the North Atlantic Financial Crisis hit in 2008/2009, the corporate developers with projects in the pipeline and multinational corporate leases weathered the storm of an investor

exodus (Interview 44, 2019). While the lack of capital and finance paused new developments and prevented new corporate developers from entering the fray – large corporate developers quietly consolidated their position with the land they had banked and the projects already underway (Interview 40 & 42, 2019 and Interview 47, 2020). Between 2008 and 2013, Embassy more than tripled its square feet of real estate space, Salarpuria Sattva expanded its IT developments in Hyderabad, and Prestige came to own one of the largest mall portfolios in India (Interview 40 & 42, 2019; Interview 60, 2020). Although many international companies and investors like Capitaland later ended their partnerships following unremarkable returns – the ground had been prepared for the entry of a new wave of financial sector multinationals seeking Indian premises and large institutional investors with deeper pockets. As the Head of Valuations of the Indian arm of a Global Real Estate Consulting Firm noted, "By 2013, '14 when markets started looking better … these players have become the big boys…" (Interview 40, 2019).

The square feet of typical office developments built by Bangalore's corporate developers have ballooned from the tens of thousands in the late 1990s to the millions in the 2010s. Although real estate in India, as in many places in the world, is characterised as a local game – the corporate developers who first made their mark in Bangalore have established a national footprint in many cities. They have worked to lobby for more favourable national policies for foreign investment in real estate and faster and "transparent"[44] approval processes (Rouanet & Halbert, 2016). Concentrating their property development in certain parts of Bangalore and sometimes pre-empting authorities' plans and infrastructure, these developers emerge as crucial shapers of space in the City (Rouanet & Halbert, 2016). The 'shaping' role, Rouanet and Halbert (2016) argue, extends beyond the physical to the symbolic: visualising and selling an ideal-type city through their marketing and media. As Searle (2016) shows in her anthropological research on real estate in India, this symbolic work of corporate developers and international consulting firms is crucial in "creating" a consumer and market for foreign investment.

[44] Searle (2016) writes about the power of the trope of calls for "transparency" as a means of introducing reforms required for global real estate capital to legitimise and speed up investments in the Indian market.

In what Halbert and Rouanet (2014) refer to as "transludication,"[45] a well-connected local landowner and businessman in Bangalore critically reflected that reports by corporate consultancy firms on the market and consumers overrepresent the middle-class and higher-caste Indian consumer (Interview 46, 2019 & 2020). This local landowner, who has developed a handful of buildings in Bangalore, is not a corporate real estate developer. He is a well-connected "localite landowner,"[46] a businessman from a local property-owning Gowda caste who was able to leverage the property boom in the city, constructing a few buildings and starting his own businesses.

> *"We own land, construction … culturally this [real estate] was directly to my mindset. If you are from some families you get directly into property."* (Interview 46, 2019)

Landowners like him tap into heterogenous networks of finance and capital – from direct investment, to loans in cash from formal finance and alternative lenders, they also juggle income streams from rent and other business-activities. He is not a corporate developer embedded in financialised capital referred to previously and analysed by Halbert and Rouanet (2014), but is rather closely aligned to local networks of finance and politics (Benjamin, 2000 & 2004). These *localites* are often caricatured, and invisibilised by those in corporate circles in Bangalore in spite of their interconnectedness within the real estate ecosystem. *Localite* developers are mostly well-connected businessman from agricultural families of a landed-caste, Gowda or Reddy, some from Karnataka and others with historical ties to Andhra Pradesh, and are Kannada-speaking (Interview 46, 52, 54 and 57, 2020). They include a spectrum of small to medium-sized landowners who lease their land parcels, package ready-to-build land for consumers on the edges of the city's IT-hubs, sell land to corporate developers, or develop themselves.

One founder of a medium-sized land development company in Bangalore, himself a Reddy, started working as a building contractor for the Public Works Department in 1970s, before

[45] As Halbert and Rouanet (2014: 481) explain: "By collecting and selecting data to inform investment decisions, translucidation can be interpreted as a simplification of the messy complexity of local commercial property markets into a limited number of apparently homogenous sub-markets."

[46] The term 'localite' was used by a property consultant in bespoke property consulting firm who interacted regularly with these local landowners in attempting to secure deals with corporate developers and investors.

moving on to private construction projects in the town of Hosur (Interview 52, 2020). He returned to Bangalore in 1987, capitalising on the boom by "buying lands and converting it to non-agriculture", providing "layouts" ready for development. Some of these were state-sanctioned and others were not. The unsanctioned "revenue layouts" were often joint initiatives of three or four landowners. They also bought land from farmers, selling it at "double, triple the rates" at which they'd been purchased to corporate developers (Interview 52, 2019 and Interview 59, 2020). His focus area was Bangalore South, an area where his family had lived for generations in Koramangala – owning agricultural land prior to state-based expropriation. Then, in 2000, he decided to become a developer himself.

> *"I sold some lands to several developers and gave land to Puravankara for joint venture…I used to convert the land and give it to some developers. Then after 2000 I myself become developer and started developing instead of giving to others, I thought it was better for myself to construct."* (Interview 52, 2019)

The company subsequently built two industrial buildings, some commercial buildings in Koramangala and recently apartments. They also own one Paying Guest (PG) accommodation building. His property business was built from the income stream from his construction business, cash from land sales, as well as finance from banks.

Localite landowners-cum-developers are themselves heterogenous and operate across the spectrum of property development in the City (Interview 52, 54, 55, 57 and 59, 2020). They enter into joint developments with a corporate real estate company; aggregate land to directly sell plots of land to Non-Resident Indians (NRIs) and young professionals; or construct Paying Guest[47] (PG) accommodation, outsourcing the running of the building to a local family. They benefit from flows of international financialised investment through their occasional work with Bangalore's corporate developers but they are also directly embedded within flows of cash-based capital through the Indian diaspora, non-financialised savings schemes, and localised small business economies (Interview 39 and 46, 2019 and Interview 59, 2020).

[47] Paying Guest accommodation, known as 'PGs' are accommodation with shared ablution facilities and food provided, where single, young professionals rent rooms and/or beds.

Although a simplification of their role, they have been conceptualised as necessary alliance partners for homegrown corporate developers (Sami, 2012 & Searle, 2016). Prestige has partnered with *localite* landowners in many of its flagship developments (Sami, 2012; Interview 60, 2020). Through its joint developments, the company has succeeded in building well-located developments while insulating itself from purchasing land – a common stumbling-block to corporate real estate development in India (Searle, 2016).

> *"You're not worried about the valuation of land, and how to get it. The partner comes with land, clean title and says, 'Here'. So, the model is real simple. The landowner brings his share [which] is land. Prestige share is to do complete construction and the cost is to Prestige."* (Interview 60, 2020)

The vast majority of the company's malls were built through this model, with the landowner given an ownership share of the development. The model was also adopted in Prestige's megadevelopment complex Shantiniketan, as Sami explains (2012):

> "Prestige does not own the land on which Shantiniketan is built. It belongs to a local liquor baron, Mr. Adikesalu, who also owns several other properties in the area. Prestige has entered into a joint venture with Mr. Adikesalu to develop the 105-acre parcel. Under this agreement, Prestige is responsible for the construction of the apartment buildings, the office and commercial space. The five-star hotel will be built independently (not by Prestige) although it will form a part of the same complex. A pre-arranged percentage of the 3000 apartments will be handed over to Mr Adikesalu in return for the land…" (Sami, 2012: 161)

As a *localite* landowner and real estate developer posits, to leverage their investment in a complex Indian tenure-system "Big players have to play at a big scale – 10 acres of land" (Interview 46, 2019). In contrast, non-corporate property developers are not burdened with the pressure to build large or fast.

Across Bangalore, a host of non-corporate developers have built on the parcels of land between and beyond large developments. They are not directly tied to financialised capital

flows from international investors, not reliant on formal finance, and do not feature on the list of 258 registered members of the professional real estate body, CREDAI (Confederation of Real Estate Developers' Association of India) Bengaluru (CREDAI, 2020). In Domlur, a mixed-use neighbourhood on the edge of the upmarket suburb and shopping node of Indiranagar, a host of buildings sit cheek-by-jowl along its narrow streets. It is made up of small multi-storied residential buildings, small-businesses and eateries, and on its edges larger apartment blocks. The property development in the neighbourhood represents a range of property development players in the City. One of the owners of one of the three-storey buildings is a man who migrated from rural Karnataka to Bangalore (Interview 51, 2020). His father applied for and received state-allocated land in one of the City's new layouts, paying for it through a loan from a private cooperative bank. Incrementally, he and his partner built three floors from their savings, living on the first for many years. Today they rent out the rooms in the building and he is involved with a group of other small landowners who share news and advice on their small developments via Whatsapp. One of his friends is building an office-building, which he occasionally checks up on, travelling by bus from the outlying small town where he lives. He is part of the myriad of actors who contribute to the mosaic of building development in Bangalore in incremental yet cumulative ways that make their mark on the cityscape. He is neither a corporate developer, nor a well-connected *localite* landowner.

The non-corporate real estate sector in Bangalore is driven primarily by cash-based forms of capital and lending. Because of this, it is often conflated with fraud and "black money" by those within corporate real estate circles. However cash from organised crime, often intertwining with politics, has been linked to both corporate and non-corporate property development in India (Weinstein; Searle, 2016; Michelutti et al, 2019; Interview 39, 2019). Between 2004 and 2007, a founder of a *localite* land development company explained, flows of "politicians' money" from Andhra Pradesh was "dumped in Bangalore", "They used to bring money in gunny bags in cars" (Interview 52, 2020). In a period where there was a property boom, and cash was flowing into real estate, the banks also provided favourable loans. The opportunity to make money from real estate attracted well-organised syndicates of front development companies.

"...they collected money from customers. They had good offices with good furnishing, good staff ... They came here and they collected money [then] … they vanish. So, people started suspecting everybody, every real-estate people they started suspecting in the way that they're doing business." (Interview 52, 2019)

Figure 5.6 The street in Domlur with the three-story apartment building built by a family on state-allocated land.



Source: Author

The boundaries between "black" and "white" money are not clear-cut in India. Local corporate property developers are simultaneously benefactors of "black money", while operating as "clean" listed property companies with international investors (Interview 38, 2019). As Searle (2016) writes of local corporate developers in North India, they are "vital to the internationalization of Indian real estate" and need "both 'white' and 'black' efficacy". Not all

cash is tied to criminal networks; corporate real estate also intertwines with the cash-based economy; and non-corporate real estate is not insulated from global financial investment. However, compared to corporate real estate – non-corporate real estate is primarily embedded in India's cash-based economy and its forms of non-financialised capital and unbanked finance.

Another distinction that can be drawn between corporate real estate and *localite* real estate is in their navigating of bureaucracy and politics. Both corporate developers and *localite* landowners face a host of bureaucratic processes for licenses and approvals. For *localite* landowners-cum-developers these may be navigated deftly "in-house" or, like their corporate counterparts, "outsourced" to professionals who acquire licenses and approvals through "facilitation fees" and bureaucratic connections (Interview 46, 2019 & 2020). In corporate circles – these outsourced "facilitation fees" will appear as differently-named line items in the glossy financial reports required for shareholders (Interview 38, 2019; Halbert & Rouanet, 2014). For small and medium-sized developers, particularly *localite* developers, the cost of these facilitation fees have to be carefully budgeted for and can sometimes prove inhibitive (Interview 46, 2019 & 2020; Interview 57, 2020). For the more prolific of corporate and non-corporate players, the terrain of negotiating land and licenses necessitates political connections. As a *localite* landowner noted wryly in reference to difference in the ways in which bureaucracy is politically navigated, large developers have "big problems" while small developers have "small problems" (Interview 46, 2019 & 2020). While *localite* landowners-cum-developers often have connections with local politicians, corporate developers are connected to the political elite at higher levels. As the director of one local development company explains, his father who founded the company has connections with farmers and "is very well connected politically as well". While in their company they "spend a lot of money every election", he says, "the big, big developers are funded by politicians. I don't want to take names but…" (Interview 59, 2020).

Although not exempt from the processes and 'facilitation fees' of local bureaucracies – large corporate real estate developers' size, economic clout and high-level political connections affords them a degree of certainty when their applications arrive on the desks of local bureaucrats.

> *"They go through the same process; they just know how to do it. So subtly. There's a subtlety to this, because there are big property owners…The people with whom they are involved know that they can't indulge in too much license Raj…there's a particular standard for them. Because they're so quick. And because they have such political clout, and because they have such a great connections, and frankly speaking, they do a damn good job. So in actual fact, it's a paradox - the bigger and the more powerful you become, the less of a problem it is. But for the average Joe Schmo on the street the license Raj is a huge problem."* (Interview 38, 2019)

These differentiated connections with the state to facilitate claims to land, and non-corporate players' connections to local politicians reinforces the continued relevance of conceptions of occupancy urbanism (Benjamin, 2004), and a porous bureaucracy (Benjamin, 2008). When not confronted with the discourse of corruption in interviews – corporate and non-corporate players in the City acknowledge the ubiquity and normality of the intersection of politics with real estate. What differs, rather, is the scale and nature of political relationships of large corporate developers versus smaller corporate developers, and non-corporate developers of various sizes. This is a distinguishing factor in their "non-corporateness", along with the size of the developments they undertake, and the flows of capital and finance in which they are primarily embedded.

5.6 Conclusion: Heterogenous real estate and the state

Both Johannesburg and Bangalore are characterised by a heterogenous real estate landscape. Conventional factors delineating this heterogeneity include the purpose, typology, geography and scale of developments. In Johannesburg, being Black becomes a defining differentiator – delineating how it is land, capital, and finance has been historically enclosed, accumulated and meted out. With similarities not sought in the conversation between the two cities, it is notable that finance and capital emerge in both as distinguishing factors. In Johannesburg, differences in access to commercial bank finance and investment capital distinguish the big from the small, the corporations from the companies, the struggling from the successful. A line is drawn between companies who are listed, and those who are not – related to their autonomy, size-strategy and sources of capital. Associated with listed real estate are confounding financial

instruments, a flood of 'finance-types', and a growing gap between the physical property and the revenue it generates.

In Bangalore, there is a distinction between corporate and non-corporate real estate. Non-corporate real estate development is embedded within local flows of cash-based capital and finance. Simplified in corporate circles as "unorganised" and enmeshed in black money; and by academic scholars as "sub-agents" (Sami, 2012) – they are made visible as shaping Bangalore in varied but ubiquitous ways, more than mere mediators for foreign investment. In Bangalore, differences also arise between how the big and small, corporate and non-corporate, navigate bureaucracy and politics. Although not emerging as key to distinguishing players in the landscape of real estate in Johannesburg, Chapter 6 also makes reference to different ways in which listed and unlisted players in the City attempt to facilitate their developments through different kinds of state connections. What this, and a heterogenous landscape of real estate point to, therefore, is that the relationship between the state and real estate can be shaded by the various forms of real estate.

Chapter 6

"Our local governments have become completely dysfunctional"

The construct(ion) of (dys)functional local government in Johannesburg

There's a giant panoramic screen at the front of the room, the visuals crisp. The guest speakers are set up TED-talk style, with wire mics clipped to their shirts and the screen as their backdrop. Iman Rapetti, a well-known South African journalist, is the MC. This is not a Mickey Mouse conference. I keep wondering how much money goes into making it happen – considering the venue, the sushi that we receive at dinner, and the faux-leather bag given as a welcome gift when we register. "I can't tell you how [many] fewer people there are here this year..." The head of the Property Sector Charter Council,[48] *is one of a handful of people I recognise in the room and I make an effort to greet her when I see her walking in. "I've been coming to this conference since 2011, and this is by far the smallest turnout I've ever seen," she says. "There was a stage when there were 3 000 people attending!" I see a similar reaction from people who walk in to the exhibition room in the morning, "It's so empty," I hear them mutter under their breath, "it's usually full of people". Times are tough. It's a sentiment that underpins this entire conference. "If we carry on this way, this industry is f#%@*#," I overhear the person next to me relate in the evening, glass of wine in hand, next to a table full of sushi.*

Diary entry by author, 19.06.2019. Cape Town, Western Cape, South Africa

6.1 Introduction

In 2019, a year prior to the onset of the COVID-19 pandemic, much of South African real estate was already going through what those in the industry labelled a 'correction'. After more than 20 years in which property development had experienced an upward turn – things were looking more muted. The slowdown was not experienced uniformly. Those within commercial real estate (malls and offices) were feeling this correction most acutely. The South African

[48] The Property Sector Charter Council is a legislated council that oversees the implementation of South Africa's Property Charter. The Charter emerges from the Broad-Based Black Economic Empowerment Act (B-BBEE Act) and sets targets for transformation in the sector to include previously disadvantaged groups (encompassing disadvantage according to race, gender and disabilities).

Property Owners Association (SAPOA) conference annually attracts the country's listed and prominent commercial property players. Usually a glitzy and bustling annual affair, in 2019 it was the smallest and most modest it had been in recent history. Office vacancies in South Africa and Johannesburg were at an all-time high, and rental revenue in malls were a shadow of what they had been in the golden era of the 2000s (Rode, 2020 and 2021). Meanwhile, dynamics in the residential property industry were shifting in Johannesburg. The days were gone when newly developed mortgaged houses used to sell "like *vetkoeks*,"[49] as one former city planner put it (Interview 10, 2019). The housing developers who had dominated low-density 'affordable' housing development on the city's peripheries for years were feeling the pinch (CAHF, 2021). Less pessimistic about development prospects were those funding and building high-density rental apartments and mixed-use residential areas in and around existing suburban nodes, some backed by large institutional investors. In 2019, this group of housing players also gathered at the International Housing Solutions (IHS) South African Affordable Housing Conference in Houghton, Johannesburg, with attendance at their conference slightly larger than the year before. What the attendees and panels in both conferences shared unambiguously, however, was a shared dismay with the state.

"Our local governments have become completely dysfunctional," related Roelf Meyer. Somewhere in the room someone shouts in agreement, "Lost the plot!" Meyer is the keynote speaker at the IHS conference in 2019. He is a well-known figure in South African politics for leading transition talks by the apartheid ruling party, the National Party, in its negotiations with the African National Congress (ANC). Meyer's presentation meanders through South Africa's post-1994 history of adopting a progressive constitution and what he calls a "wonderful" period of economic policies under former President Thabo Mbeki (Meyer, 2019). The talk ends with a list of the government's biggest post-apartheid mistakes. Second on that list is an indictment of the functionality of local government. There are murmurs of agreement from the crowd. Later in the day, Mark Corbett, the CEO of one the city's largest residential property companies, Century Properties, appeared on a panel addressing the conference. The company was key to the expansion of the gated townhouse and estate developments catering to middle-

[49] Vetkoeks are a South African fried dough snack.

class buyers in Johannesburg's north, including Midrand. The CEO complained that "it's never been as hard to get approvals" (Corbett, 2019).

The trope of state dysfunctionality not only permeated the conferences, but also my interviews with real estate developers and investors in Johannesburg. Common refrains were that that the local government bureaucracy is unpredictable, political and overarchingly inhibitive. Local government, as the coalface of development processes, was made synonymous with the state.

Considering the material evidence of the expansion of real estate post-1990 in Johannesburg (Beavon, 2000; Gotz & Todes, 2014; StatSA 2001–2020), however, it is useful to consider this trope and its associated themes within historical and material context. This chapter begins by discussing the current characterisations of dysfunctionality. Following this, the construction of the post-apartheid City of Johannesburg local government is traced alongside how it is real estate unfolded post-1994. What emerges is that local government's institutional restructuring in the years following apartheid was not inhibitive to real estate development. This suggests that the symbolic construction of local government as dysfunctional – with the nexus of blame on bureaucracy and politics – is shaped significantly by the contemporary material downturn of real estate. More pertinently however, it reveals a lesser-seen relationship between the state and real estate, in which local government was enabling to real estate in Johannesburg for at least two decades following the end of apartheid. This enabling, however, does not fit neatly into a growth machine, rent-seeking coalition, or a policy regime. Rather, a set of intertwining factors, constituting local government but extending beyond the local scale, contributed to the expansion of real estate in the city. This foregrounds a lesser-seen institutional facet of the relationship between local government and real estate, as well as the role of political and economic trends beyond the local.

6.2 The current characterisations of dysfunctionality

> *"So they shouldn't hamper us. You know? We're not ... we're often not asking for anything, we're bringing money. So the state should want to help us. So you talk to any developer, the big issues at the moment are just the simple stuff. Getting plans*

approved, getting service agreements signed, getting the zonings done…"

(Interview 32, 2019)

One of the most regularly invoked characterisations of local government dysfunctionality in Johannesburg is the uncertainty of bureaucratic processes, most notably in processing development applications. As one director of a residential real estate fund lamented, speedy approvals were warranted because "we're bringing money" (Interview 32, 2019). The frustration with what is referred to as "delays in getting approvals" (rather than the time taken to review applications) is echoed by a co-founder of a land development company (Interview 31, 2019). In the mid-2000s, the company had been a development partner in one of the country's largest new-build, government-subsided and initiated, mixed-income housing developments in Johannesburg called Cosmo City. In 2019, the co-director reflected that bureaucratic processes combined with stringent financing requirements were restrictive, especially for smaller and newer players (Interview 31, 2019). Intertwining closely with lamentations of the bureaucratic processes was the 'politics' that imbued development processes.

The Weberian ideal of a state bureaucracy insulated from outside politics is implicit in the discussions by panelists at SAPOA's conference in 2019, as it is in the IHS conference in the same year. The theme of corruption permeates the events, with the economic downturn blamed on disinvestment due to the 'Zuma years' and the associated 'looting' of state entities for private accumulation. In a context where the insulated state is an omnipresent normative trope, there is cautiousness in interviews to talk about the relationships that real estate developers build with bureaucrats. What emerges hesitantly is that facilitating applications necessitates developers "build relationships with people and keep things moving" (Interview 20, 2019). Some refer to other real estate players in their orbit who "crossed the line" in their attempts to gain approvals in municipalities (Interview 20, 21, 27 and 31, 2019).

"Another very prominent developer that ... um … met with Council, with somebody … with senior … senior people in council and said, 'Well, ok, your daughter wanted a

service station on that stand over there. If you give us this, then we'll give her that service station site over there'." (Interview 31, 2019)

Some argue that small favours, like lunches, are common practice and within the boundaries of appropriate interaction (Interview 20, 27 and 31, 2019).

> *"So the biggest question is that line: where is that line? How many of the people both in private and in public are cautious not to step over that line? In other words, they know where the line is. So, I'm not one of those that says having a good rapport with government people is necessarily bad…some people say you mustn't do that, I'm saying, every businessperson does that…"*(Interview 21, 2019)

However, there is a reputational risk that exists for publicly-listed real estate companies in building (or admitting that they build) local bureaucratic relationships to facilitate applications (Interview 21, 2019; Interview 28, 2019). It is clear, however, that those in listed corporate real estate companies have high-level meetings with city mayors and provincial premiers, often facilitated through professional associations (Interview 5, 17, 21 and 32, 2019). Some further argue that it is not uncommon for large corporate real estate companies to contribute to political party funding – as a common practice in corporate South Africa (Interview 20 and 21, 2019). While the politics of the state is derided as emblematic of dysfunctionality, it is also played – albeit in different ways by different types of real estate players (Benjamin, 2008).

One board member of a listed residential real estate company bemoaned that high-level political support for their projects had not expedited development projects:

> *"When you get to the guy who is pushing the paper, he actually doesn't give a stuff about what you're doing. He's doing his job. If he does it in one day, one month, there's no impact on him."* (Interview 20, 2019)

A director of residential real estate fund says they are also unable to get assistance to speed up their projects because "you can't get access to them [bureaucrats]" and "it's very political" (Interview 32, 2019). Although suggesting that "the state is a very political thing, which it

shouldn't be" (Interview 20, 2019), both invoke high-level political support to attempt to facilitate projects. For large corporate developers, it is not guaranteed that these interactions will guarantee faster developments – they could be undermined by individual bureaucrats or derailed by a change in political party leadership (Interview 5, 17 and 32, 2019). One planner recalls a meeting facilitated by the previous Mayor Herman Mashaba[50] between planners and a corporation, which the mayor disclosed being a previous board member of, that wanted to build a "big office development" (Interview 17, 2019). As the planner recalls:

> *"…We said no, or [rather] we said yes with lots of provisos which eventually meant a no, because they need to do so much road upgrades…"* (Interview 17, 2019).

Overarchingly, local government's bureaucratic processes and 'politicised' environment is characterised as inhibitive to real estate development. This, in turn, is framed in the 2019 conferences as contributing to slow economic growth. For those behind malls and office buildings, the state is explained as being part of the reason there is a move by many corporate listed real estate companies to Eastern European markets (Ackerman, 2019; Interview 19, 2019). Local government becomes the nexus of blame for current real estate woes.

6.3 The construction of local government & the materialisation of real estate development

The transition of Johannesburg to a reshaped local government began from the 1980s as the apartheid state encountered mounting internal opposition and exernal pressure. In 1990, the same year Nelson Mandela was released from prison, the seminal 'Soweto Accord' was signed in Johannesburg (Beall et al., 2002). This began the post-apartheid construction of a unified local government. In the decade that followed, Johannesburg was characterised by nebulous governance structures and fragmented urban planning (Table 6.1; Figure 6.1, Figure 6.2 and Figure 6.3). Only from 2001 was the City governed by a central Metropolitan Council and with a single urban planning authority. In the following fractious period of cohering, the Johannesburg local government adopted a stance of fiscal restraint and launched a legal battle to assert its bureaucratic authority. By the 2010s, local government had the legal authority to back up its spatial policies, and continued its pursuit of the evasive dual imperatives of

[50] Herman Mashaba's term was from 2016, ending in 2019.

economic growth and social transformation. Drawing on Beall et. al (2002), I broadly categorise this post-apartheid construction of Johannesburg's local government into three periods: a period of restructuring in the 1990s; a period of cohering between 2000 and 2009, and a period of consolidation between 2010 and 2019 (Table 6.1). Although with ebbs and flows, real estate development expanded dramatically in Johannesburg for much of these three decades. Drawing on interviews with city planners, and real estate developers, financiers and investors, supported by supplementary literature and data, this section pieces together a story of real estate relationally to local government in these periods.

6.3.1 The 1990s: Restructuring Government & Galvanising Real Estate

Johannesburg was stitched together through an interim structure during the country's transition to a democracy between 1990 and 1994, a "metropolitan chamber" which later became the Greater Johannesburg Local Negotiation Forum (Table 6.1 and Figure 6.1) (Tomlinson, 1999; Beall et al., 2002; Tomlinson et al., 2003). This chamber brought together key stakeholders in the city's governance including civic organisations, white resident and ratepayers' associations, the ANC and other political parties, fragmented white and black government structures, the provincial administration and even a mining company with significant landholdings (Tomlinson et al., 2003; Butcher, 2018). According to Tomlinson et al., (2003: 9), "Its membership eventually expanded to fifty-three organisations". This was dissolved with the adoption of the Greater Johannesburg Metropolitan Council structure and four local Metropolitan Local Councils (Tomlinson et al., 2003 & Beall et al., 2002). The latter governed separate parts of Johannesburg: the Eastern, Western, Southern and Northern metropolitan local councils (Figure 6.2). Each had their own urban planning authorities. As Maina (2020: 205) points out, in this period of restructuring, "the separate areas had different identities, with various groups pursuing varied agendas. Institutional relations were fraught…" Contestations existed between the different local councils (Pernegger, cited in Maina, 2020). Urban planners interviewed recall being part of the young, recently-graduated black and white urban planners that entered the bureaucracy (Interview 4, 5, 7 and 10, 2019).

Table 6.1 Periods of post-apartheid local government in Johannesburg, 1990–2019

Year	Local Government Structure	Periods of local government	Key Events & Documents
1990	13 racially defined & separate local government bodies	Restructuring	Soweto Accord
1991	Central Witwatersrand Metropolitan Chamber		First residential golf estate, Dainfern, built
1992			
1993	Greater Johannesburg Negotiation Forum		
1994	Greater Johannesburg Metropolitan Council		South Africa's first national democratic election
1995	Greater Johannesburg Metropolitan Council with		Sandton Rates Boycott
1996	4 Local Metropolitan Councils		South African Constitution comes into effect
1997	The Transformation Lekogtla		First Land Development Objectives (LDOs)
1998			First Integrated Development Plan (IDP)
1999			Plans to the value of R1.2 billion passed in EMLC
2000	City of Johannesburg Metropolitan Council	Cohering	iGoli 2002 adopted
2001			
2002			Joburg 2030 strategic planning document adopted
2003			
2004			42 shopping space plans completed in Joburg
2005			National Credit Act passed
2006			City litigates against Gauteng Provincial Tribunal
2007			President Mbeki calls for 9% growth in Joburg.
2008			City adopts Growth Management Strategy (GMS).
2009			Global Financial Crisis
			Gauteng experiences largest percentage decrease in building plans completed of all provinces
2010		Consolidation	DFA ruled defunct by Constitutional Court
2011			41 shopping space plans completed in Joburg
2012			Spatial Land Use Management Act (SPLUMA)
2013			Corridors of Freedom project initiated by City of Joburg
2014			
2015			South African Listed Property returns are 26.64%,
2016			Office vacancies begin to rise in Sandton
2017			
2018			Inclusionary Housing bill proposed and passed
2019			Highest no. of flats built in Joburg in two decades
			337,000m^2 of vacant office space in Sandton

Compiled from:
Beall et al. (2002: 74); Tomlinson (1999); Jürgens & Landman (2006); Harrison (2001); Mabin (2002); StatsSA (2000 & 2020); Todes (2014); Van Wyk (2010); Rode (2020 & 2021); Parnell & Robinson (2006).

They explain that government was undergoing a shift in demographics, and ways of thinking. As one former urban planner in one of the four Johannesburg local authorities recalled:

> *"So it was like absolute madness. And the restructuring was also pretty crazy. It was just a lot of chaos, a lot of the time. But at least we were trying to get on top of things … I think what was very interesting at that time, both at provincial government and local government, it was at a time where it was very Mandela-era, where there was a home for old bureaucrats. And it had a double-edged sword. Sometimes you had people that were really difficult to get around and they had a professional trajectory that was now being cut short. A lot of animosity, obviously. But at the same time there was an enormous amount of knowledge from legislation, of ordinances, of procedures, of systems…"* (Interview 4, 2019)

Another former City of Johannesburg urban planner started her career in a neighbouring municipality during this time as one of three Black staff members in the urban planning unit. She described the race and gender dynamics that she had to contend with daily:

> *"I remember getting into a lift [elevator] … and people that I worked with regularly literally wouldn't see me. So, at some point I thought maybe it's because I'm short, and they're like Afrikaner, so they're tall and big. But I'd walk past this guy, that I work with every single day, on a Saturday in the mall and he would walk right past me. So I think when I'm not in my desk interacting them, I don't exist. And it's just ... just strange."*
>
> (Interview 10, 2019)

Urban planners in the nascent metropolitan local councils explained that they often found themselves understaffed and overworked (Interview 4, 6 and 10, 2019). Development and use-right applications piled up as the appetite for property development increased in the late 1990s (Interview 4, 2019; StatSA, 1999). The experience of young black bureaucrats who were put into local governments across the country with very little support warrants its own research. As one former city planner reflected:

> *"I watched two women have strokes, have heart attacks. Young women. Because they didn't have the coping mechanisms. They were put into positions that they just could not cope…"* (Interview 6, 2019)

Along with tumultuous bureaucratic transitions, the institutional shifts in the mid to late 1990s were also characterised by policy and legislative transitions. The country's new Constitution came into effect in 1996 and outlined a new framework for inter-governmental coordination and socioeconomic rights (Constitution of South Africa, 1996). It assigned greater authority to local government in the mechanics of urban planning. However, the policies and legislation to give effect to this authority were undrafted or in their nascent form (Harrison, 2001). Urban planning was still dictated at a local government level by town-planning legislation from 1984, and Johannesburg had multiple and racially fragmented land-use schemes. To ensure that new mandates for "reconstruction and development" were not hamstrung by apartheid-era legislative regimes, the Development Facilitation Act (DFA) was passed in 1995. The DFA sought to address apartheid spatial patterns that could not "await the crafting of a complete overhaul of the country's forward planning systems" (Budlender et al., cited in *City of Johannesburg Metropolitan Municipality v Gauteng Development Tribunal*, 2008: 17). The DFA ushered in land development objectives (LDOs) to guide municipalities; and a provincial development tribunal as a decision-making body over land development (Development Facilitation Act 67, 1995; Harrison 2001; Beall et al., 2002; Parnell & Pieterse, 1999). Intending to fill a legislative lacuna to pursue land development for socioeconomic redress, the Act ended up creating a "recipe for chaos" (*City of Johannesburg Metropolitan Municipality v Gauteng Development Tribunal*, 2009: 8; Van Wyk, 2010). This legislating of parallel authority over land use decisions was utilised for real estate development.

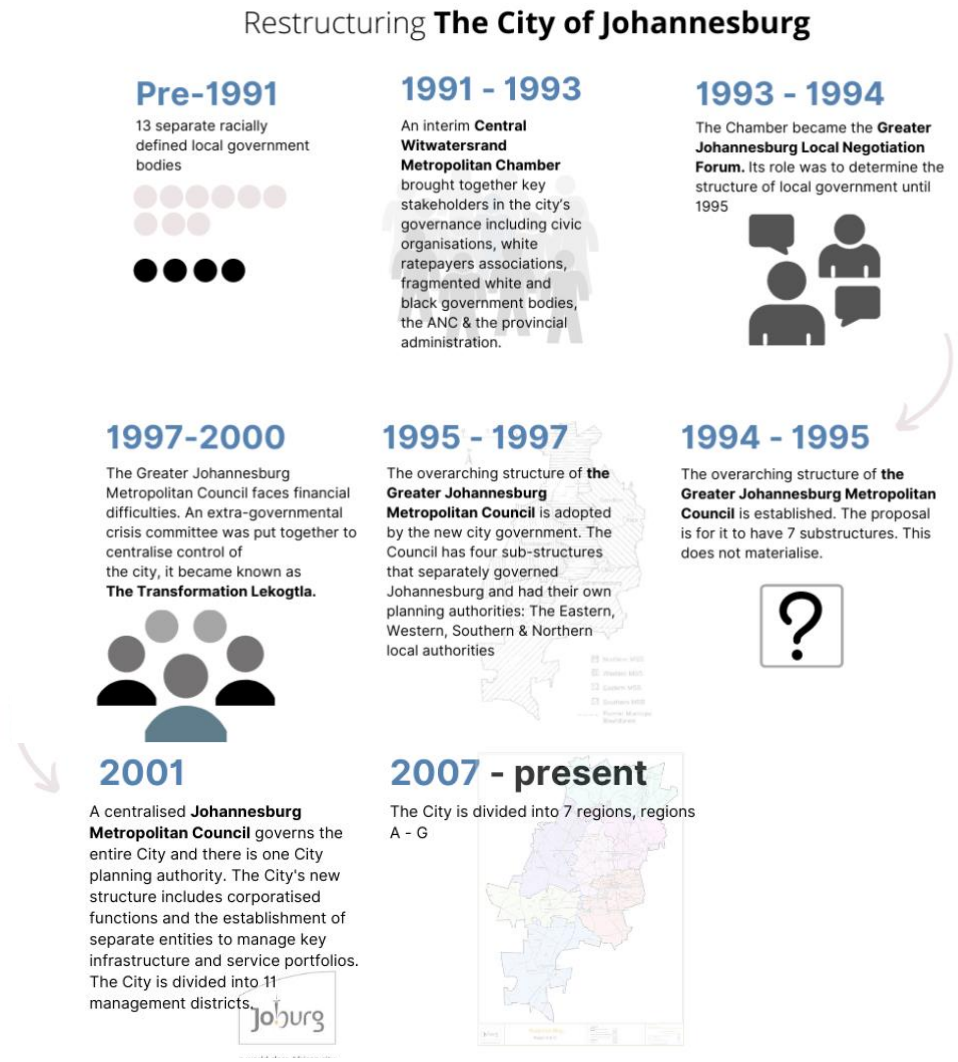
Planners and policymakers put together the first land development objectives (LDOs) for Johannesburg in 1997 (*City of Johannesburg Metropolitan Municipality v Gauteng Development Tribunal*, 2008: 48). In the same period, local government was also required to put together an Integrated Development Plan (IDP) according to a national directive from the Department of Constitutional Development in 1998 (Harrison, 2001; Beall et al., 2002; Mabin, 2002). As Harrison (2001: 89) outlined:

> "The first round of IDPs was prepared in a very difficult context: there was a lack of clarity as to the nature and purpose of IDPs; the newly-elected councils were inexperienced in matters relating to planning, and governance more generally; a confusing array of demands was placed on municipalities by national and provincial government; and the resources to implement IDPs were very limited."

As Beall et al. (2002: 81–82) explain, local government soon had a slew of strategic planning documents – LDOs, the IDP and the Strategic Metropolitan Development Framework (SMDF):

> "…the fact that there is more than one version is indicative of the chaotic state of Johannesburg during the interim phase of local government transition."

Figure 6.1 Key phases of the City of Johannesburg's post-apartheid municipal structure



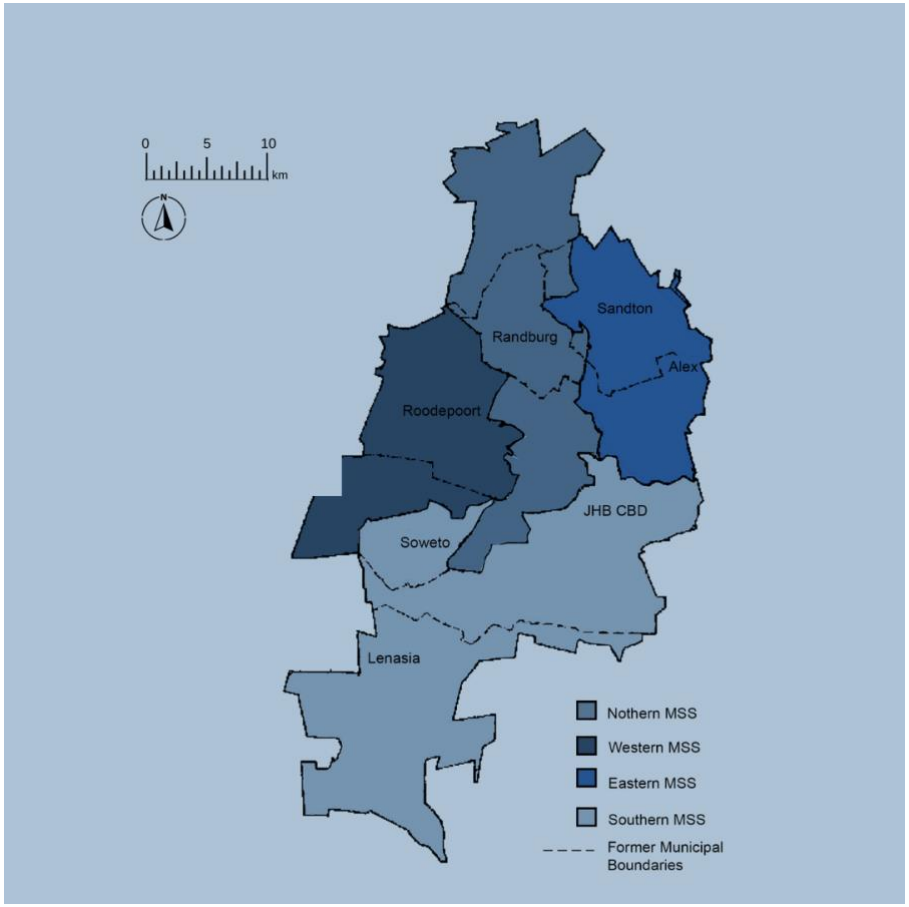
Compiled from:
Beall et al. (2002: 74); Tomlinson (1999); Tomlinson et al., (2003); Beavon (1997) and City of Joburg (2012).

The overlapping documents and directives not only reflected the period of bureacratic institutional restructuring but also political tussles (Harrison, 2001: 89). There was discontent within some quarters of the African National Congress about the 'compromise' to adopt a provincial government structure alongside local government in South Africa's newly formulated inter-governmental system (Harrison, 2001).

In an already intractable period of restructuring, Johannesburg also faced "the most serious and enduring of all municipal funding crises" (Beall et al, 2002: 89) (See also Tomlinson, 1999). Inherited debt from white local authorities, new spending on infrastructure needs in underserviced black townships, and an inflated payroll of multiple layers of government (Beall et al., 2002; Pieterse, 2019), were among the factors that led to what one former City of Johannesburg planner called an "unravelling" (Interview 4, 2019). The newly unified City was indebted to the national electricity utility, had a negative cash flow of R130 million a month, and faced projected deficits of R2 billion by 1997/1998 (Tomlinson, 1999; Sekele, 2000: 31). The budget for capital programmes was slashed by more than 50% and property rates were raised in wealthier suburbs of the city (Sekele, 2000).

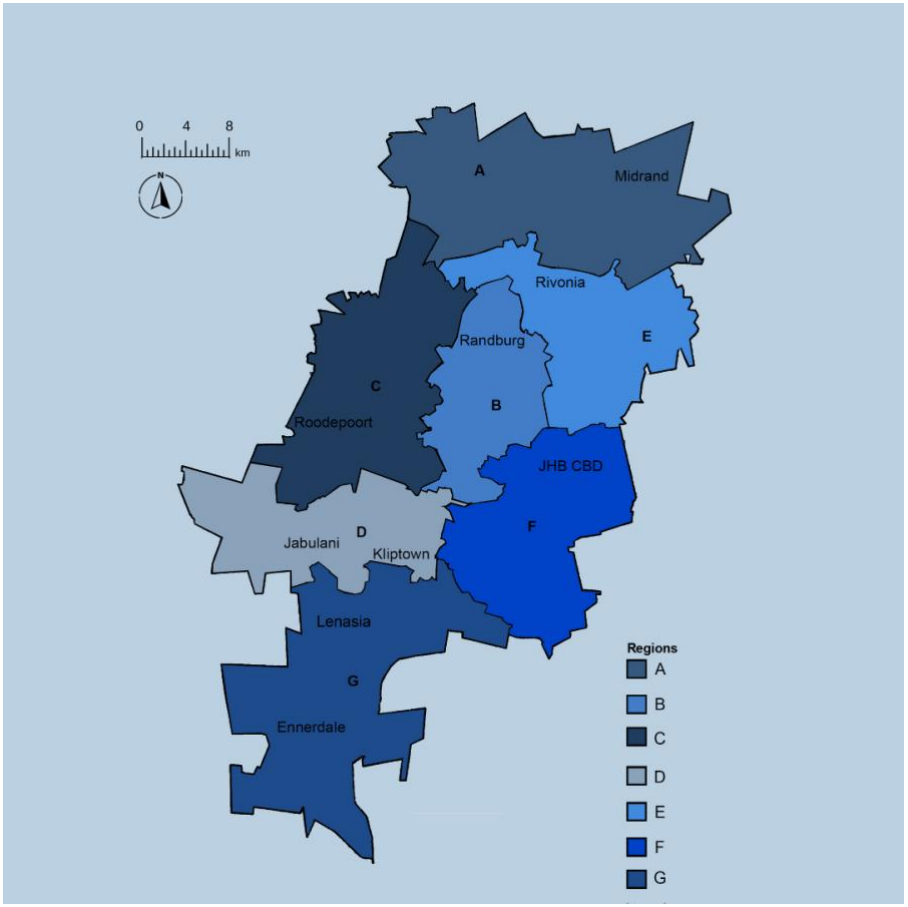
In response to differentially raised and consolidated rates in a newly unified city, the Sandton Federation of Ratepayers Association undertook a protracted rates boycott from 1996 to 1998 (Camay & Gordon, 2000, cited in Maina, 2020). Ten Sandton-based property-owning big businesses, among which were property investors and financiers such as Liberty Life, Investec and Momentum, took the Greater Transitional Metropolitan Council to court to challenge the system of rates and budgeting (Camay & Gordon, 2000 in Maina, 2020). Pressure piled on the City government, particularly its political leadership, from various quarters: poor and working-class ANC constituencies, wealthy residents, national government, media and business (Sekele, 2000). In response, national and provincial ANC leadership instigated an emergency intervention to save the party's flagship city (Sekele, 2000). A special crisis committee of councillors and consultants was created to "address various financial, institutional and service delivery difficulties that led to the crisis" (Sekele, 2000: 25).

Figure 6.2 Map of Greater Johannesburg Metropolitan Council
In 1995, with four metropolitan local councils



Adapted from: Transitional Metropolitan Council (1995), cited in Beavon (1997). Author: Kagiso Diale

Figure 6.3 Map of current Johannesburg Metropolitan
Municipality, with seven regions



Adapted from: City of Joburg (2012). Author: Kagiso Diale

This crisis committee evolved to the Transformation Lekogtla, a "multi-party entity, decision-making body" (Interview 4, 2019) that from 1997 coordinated above the Metro Council and across the four metropolitan authorities (See Figure 6.1) (Beall et al, 2002; Todes, 2014). The Lekogtla's strategic decisions extended from speeding up development application backlogs in the Eastern Metropolitan Local Council (Interview 4, 2019), to the adoption of a controversial plan to corporatise key services, reduce debt and raise capital called iGoli 2002 (Tomlinson et al., 2003; Beall et al, 2002; Parnell & Robinson, 2006). Although spurred by a local fiscal crisis, the latter aligned with a broader ideological turn within the African National Congress under Thabo Mbeki's presidency – a turn toward neoliberal economic orthodoxy (Beall et al., 2002).

Amid local government's bureaucratic upheaval, overlapping government directives, and fiscal restraint – the 1990s was a period of contrastingly galvanising real estate development in Johannesburg. Shopping malls, offices, and middle-class and elite housing expanded and embedded the northward and decentralising trend of the previous decade (Goga, 2003; Beavon, 2000; Tomlinson et al, 2003; Tomlinson & Larsen, 2003). Meanwhile, on the edges of townships and the extremities of Johannesburg, land-banking private developers tentatively built new 'low-cost' freehold houses and construction companies were procured by the state to build public housing (Butcher, 2016; Charlton & Kihato, 2006). There was a spectrum of residential real estate development that began to shape the post-apartheid city. Gated community developments included gated townhouse complexes[51] as well as gated lifestyle estates, such as golf estates. The first of the latter, Dainfern, was built in the north of Johannesburg in 1991 (Jürgens & Landman, 2006: 117). While lifestyle estates were built on the urban periphery on sizeable tracts of land, townhouse complexes were more numerous and built near existing historically-white suburbs (Jürgens & Gnad, 2001). Statistics on building plans in Randburg, an area newly integrated into the Greater Johannesburg Metropolitan Council, illustrates this residential expansion. In 1998, building plans passed in Randburg constituted 52% of the total value of building plans in the area (StatsSA, 1998). Six hundred and ninety of these plans were passed for houses, while 586 of these plans were passed for townhouse complexes (StatsSA, 1998). Mushrooming gated townhouse complexes

[51] Townhouse complexes or 'cluster housing' is often built close to existing residential areas, and comprised of relatively dense duplex and simplex-style housing, multi-storey or single-storey, usually with shared public facilities (Jurgens & Gnad, 2001).

transformed white suburban areas into multi-racial middle-class residential nodes (Chipkin, 2016). On the other end of the residential spectrum, for most of the 1990s private sector white-owned construction companies had been procured by national government to build housing for the poorest on its urban peripheries (Charlton & Kihato, 2006; Tomlinson, 1999). Becoming an "accumulation strategy" (Butcher, 2016: 80) for the companies who landed these public projects, many expanded into other real estate exploits following this (Butcher, 2016; Interview 31 and 32, 2019). At the same time, when commercial banks had retreated from providing finance to housing in black townships, "white entrepreneurs with power to bank land" built "black suburbs on township edges" backed by state-backed, niche financing mechanisms (Butcher, 2016: 81 & 80).

Figure 6.4 Townhouse Complex in Midrand, Johannesburg



Source: Author

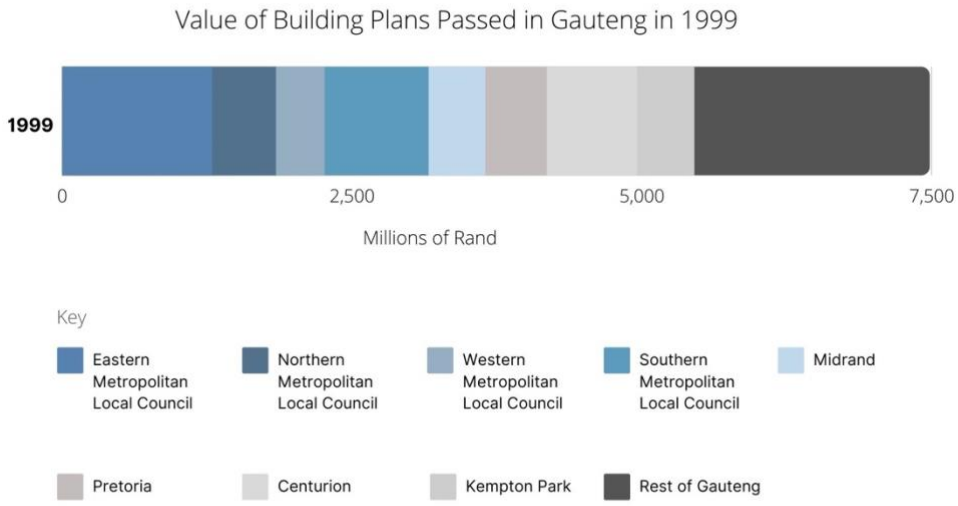
Meanwhile, Beavon (2000) describes the 1990s as a "shopping explosion" in Johannesburg. Continuing a well-established pattern of retail decentralisation, eight new malls of 10 000 m^2 or more were built outside of the Johannesburg CBD between 1993 and 1995. Existing malls[52] outside of the CBD also expanded their existing retail space. Much of this "suburban retailing", Beavon (2000: n.p) shows, was located in the north of Johannesburg – while a "glaring 'open

[52] Of 10 000 m^2 or more.

space' is to the southwest, [in] the area that contains Soweto." Similarly expanding a pre-1990 spatial trend, new offices were built in the northern parts of Johannesburg, such as Sandton, Sunninghill, Woodmead and Midrand (Goga, 2003). Between 1990 and 1999, A- and B-grade office space in the Sandton business node had risen by 87% (SAPOA, 1999, cited in Beavon, 2000). In this market of malls and offices, a new breed of real estate companies coalesced. The lifting of investment sanctions and exchange controls in the late 1990s opened overseas investment opportunities for South Africa's large mining and life insurance conglomerates – who had previously sunk their excess capital in land and property holdings in Johannesburg (Goga, 2003). As shown in Chapter 5, their off-loading of local property assets was capitalised on by existing property companies, as well as individuals who operated within the banking sector or had managed their properties. This opened the commercial playing field and provided the platform for the expansion of listed real estate corporations in the 2000s.

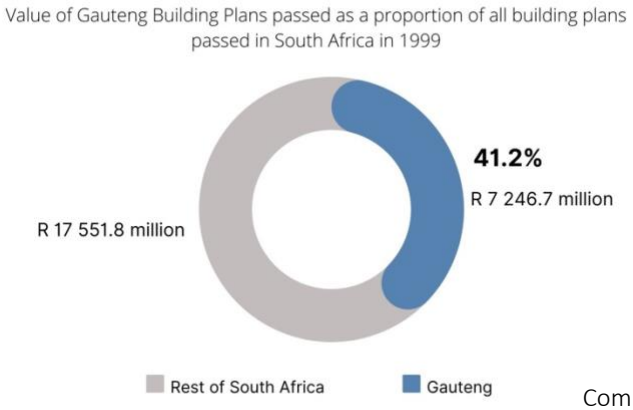
In 1999, private sector building plans approved within the boundaries of the Greater Metropolitan Council of Johannesburg contributed to the lion's share of the value of building plans in the province of Gauteng, and South Africa (Figure 6.5 and Figure 6.6) (StatsSA, 2001). However, there was a racial divide in the geography of private sector-led real estate. In 1997, and 1998, before the boundaries of municipalities were redrawn, the top ten areas with the highest value of buildings plans passed were all historically-white (StatsSA 1998 & 1999). As the 1990s drew to a close, the Eastern Metropolitan Local Council, which included Sandton, dominated the total value of building plans passed in Gauteng, totalling R1.2 billion (Figure 6.5) (StatsSA, 2001). The galvanising period of real estate development in the 1990s belied a local government that was in bureaucratic transition, debt and authoritative ambiguity. As local government in Johannesburg began to institutionally cohere from 2000, with priorities influenced by fiscal restraint and land use decisions undermined by Provincial government, real estate buoyantly entered a period of unprecedented growth.

Figure 6.5 Value of building plans passed in Gauteng, 1999



Compiled from: StatsSA (2001)

Figure 6.6 Value of building plans passed in Gauteng and South Africa, 1999



Compiled from: StatsSA (2001)

6.3.2 The rocky and roaring 2000s: Cohering local government and a property boom

For those in the business of investing in and developing malls and offices, the beginning of a new decade came with unprecedented growth. The former division head of one of South Africa's largest listed companies reflected:

> *"... all of a sudden you had international money coming into the country and interest rates came down, which was the big mover in terms of property, and you had massive growth in the property sector as a whole."* (Interview 33, 2019)

Domestic private sector credit expanded dramatically in the 2000s (Ashman et al., 2011). This credit was consumption-oriented and dominated by mortgage loans (Ashman et al., 2011).

Household credit and residential mortgages increased significantly – with the latter increasing by 125% between 2000 and 2005 (Freybote & Karoly, 2008: 185, cited in Butcher, 2016). This "mortgage lending frenzy" (Butcher, 2016) was accompanied by a "huge property bubble" with a 389% increase in property prices from 1997 to 2008 (Ashman et al., 2011: 185). This lending was not ubiquitous, however. Driven by 'racialised risk' it was largely directed to middle-class households making suburban property purchases (Butcher, 2016) or buying in new-build developments. Reduced tax rates at the time were also favourable to the buying-power of a newly-mainstreamed market of a black-middle class**.** As an academic in construction economics put it, "the pool from which home-buyers were coming from suddenly expanded significantly" (Interview 16, 2019).

Liberal lending by South Africa's commercial banks was also key to expanding retail and office real estate development (Wainer, 2014; Interview 24, 2019). As discussed in Chapter 5, of Johannesburg's offices and malls, long-term financial institutions and mining conglomerates had been the dominant owners and investors. Insurance companies and pension funds also expanded to take on a role as short-term financiers in real estate (Goga, 2003). However, the pool of players in commercial real estate expanded from the late 1990s as consortiums of individuals and newly-formed entities gathered off-loaded properties (Wainer, 2014, Interview 24, 2019). Not privy to the capital of long-term financial institutions and mining conglomerates – this necessitated finance, and a high proportion of it relative to cash. A long-time executive in commercial property finance reflects that the unfettered lending of banks into the commercial property in South Africa changed the nature of real estate:

> *"Without banks the property sector would move a lot slower...a helluva lot slower. Because imagine if you couldn't borrow money to do a development and you need a billion rand. Where are you going to find a billion rand as a developer? You're not going to find it...In the glory days of the developers, that's the early 2000s, they used to borrow 100% from the banks. They didn't actually put their own money into it. Fortunately, the market carried on going up, but if it didn't there would've been a huge bloodbath…"*
>
> (Interview 24, 2019)

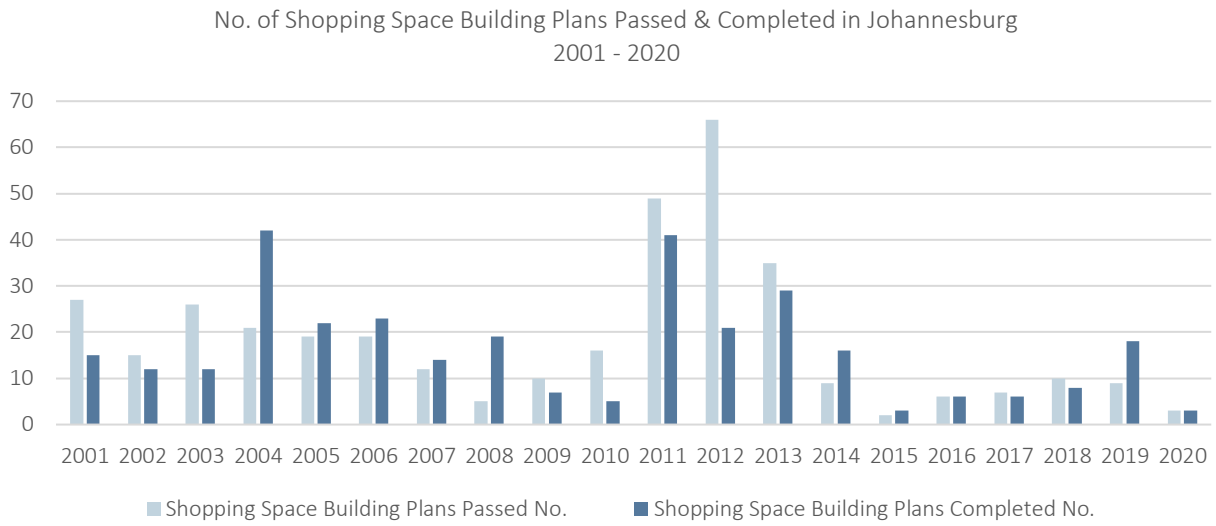
The long-time senior banking executive quoted above reflected that those developing commercial properties in the country were being financed almost entirely by the banks, and making significant profits. Reflecting on the "glory days" of the early 2000s, he said:

> *"…the guys that really made money were the guys doing developments over that period. Because I remember when we did Clearwater Shopping Centre… Guys were managing to borrow almost 100% of the 12% yield, and then liquidate their position at 8.5%. They made a lot of money. All the guys that were active in that time in the marketplace made a lot of money."* (Interview 24, 2019)

Intertwining with this favourable lending was a consumer boom, "fuelled by high commodity and asset prices, and increased household borrowing" (Ashman & Fine, 2013: 169). Between 2001 and 2010, 171 building plans for shopping space were completed in the City (Figure 6.7) (Gotz & Todes, 2014). This peaked in 2004, where 42 building plans for shopping space were completed (Gotz & Todes, 2014). This tapered after the 2008 financial crisis, with single-digit figures for building plans completed for shopping space in 2009 and 2010 – the first time in the decade. Those involved in the investment and building of malls and shopping centres reflect that certain parts of the city became oversaturated in the 2000s, setting the foundation for contemporary oversupply (Interview 15, 24 and 33, 2019). As one asset manager noted:

> *"So you've now got literally a Woolies [Woolworths] on every street corner just about… and the retailers are to blame as well. Hardly any retailers said no and they cannibalised their own market, instead of pushing back, they were too scared to say no. If you didn't put them in, they were worried someone else would go in and they would lose part of their market, so as an industry we are to blame for an oversupply of retail - whereas it was needed in the under-serviced communities, mainly in the townships. And that oversupply is biting all of us now."*(Interview 15, 2019)

Figure 6.7 Number of shopping space building plans passed and completed in Johannesburg



Compiled from Gotz & Todes (2014), StatSA (2000–2021)

Between 2001 and 2016, in the province of Gauteng, shopping malls more than doubled and there was an increase by 43% in shopping centres (Khanyile & Ballard, 2018). This captures two periods of proliferation of shopping development – the first of which occurred in the mid-2000s and the second in the early-2010s (Figure 6.7). In Johannesburg, this mall real estate development was concentrated in low-density suburban areas with higher household incomes, which were historically white (Khanyile & Ballard, 2018). The concentration of malls and shopping centres in Johannesburg's middle-class and predominantly-white suburbs rather than black townships[53] in the early 2000s was also influenced by white investors' misgivings about 'the unknown'. As the white fund manager of a Life Insurance company with experience in shopping mall investment and development noted "...a lot of us didn't know and understand those markets" (Interview 15, 2019).

Racially-biased perceptions of risk delineated the frontiers of booming residential real estate development for much of 2000s (Interview, 15 and 32, 2019; Butcher, 2016; Butcher, 2020). Government-backed financial institutions played an important role in mainstreaming certain

[53] From the mid-2000s, however, there were increased investments in township malls in Johannesburg, influenced in part by the investments of the Government Employees Pension Fund, discussed further in Chapter 8 (PIC, 2016: 28; IOL, 2005).

real estate landscapes "when the banks weren't lending to developers" (Hartmann, 2019). These financial institutions financed housing in historically-black areas and inner-city apartments (Butcher, 2020; Mosselson, 2019 & 2020; Interview 13, 24, 26 and 27, 2019). 'Affordable' developments made up of single-stand houses on vacant land on the borders of townships experienced considerable growth and uptake from the mid-2000s when luxury real estate waned (Butcher, 2020). As these kinds of developments and homebuyers established a reputation as a 'reliable' market, they later became clients of South Africa's mainstream banks (Butcher, 2016; Interview 23, 27 and 31, 2019). Finance for new homebuyers was intricately intertwined with lending for developments, with a pipeline for bank-financing that favoured purchases in new developments (Interview 7 and 10, 2019; Hartmann, 2019). This kind of finance benefited not only 'affordable' housing megadevelopments as they became more mainstream (Butcher, 2020) but the middle-income cookie-cutter model housing developments burgeoning on the suburban edges of the north and west of Johannesburg. In the latter, one former urban planner notes, houses were "sold out on Thursday or Friday night, before they were publicly launched" (Interview 10, 2019).

> *"Those things were easy to finance… I used to call them vetkoeks. You went on a Sunday and you came and you bought three units…off-plan. R10,000 deposit secures this thing. The funding machinery was geared for that kind of stuff."* (Interview 10, 2019)

Local government, tentatively cohering after a period of restructuring, encountered a boom in development applications (Ahmad & Pienaar, 2014; Todes & Gotz, 2014) (Figure 6.7, 6.8 and 6.10). The four formerly separate municipal authorities had physically moved out of their old offices to a new city headquarters. Urban planners recall how, in the process, staff, functions and town planning records were lost (Interview 4 and 7, 2019). One urban planner recalls:

> *"…there were people that really had a lot of information on property...feasibility studies informing new developments, specifically for things like offices and retail...and when applications came in, you really had to submit your feasibility studies and convince us that [we should say] yes…so Joburg had a very strong one…but when we amalgamated a lot of that got lost."* (Interview 7, 2019)

The City's land assets also had to be collated from all the previous fragmented government authorities. The previous head of the Johannesburg Property Company (JPC) remembers the administrative challenge of undertaking this task:

> *"…I also think you've got to recognise we didn't even know what assets we had. Literally. We had no idea of what property assets we had, so how do you raise capital on the market with no clue? No clue of the value of a lot of the infrastructure? I don't think people realise what a shambles it was. Because you're not only just taking over white local authorities which has a semblance of that kind of asset register, you're taking over areas that have no clue of those register books…"*. (Interview 4, 2019)

The JPC emerged as a city government entity through a process of restructuring key infrastructure and services in the City, brought upon by iGoli 2002. Its aim was to consolidate the management, use and sale of all the city's land. Following a visit by some staff members to the Greater London Authority (GLA), witnessing the centralised management of all land and property, initiated under Thatcher's reign, proved a "major influence" for those involved the establishment of the City of Johannesburg's property company in 2000 (Interview 4, 2019). Although staff in the entity soon realised the value of holding onto land instead of selling – decisions like leasing city-owned land for commercial purposes in Sandton, instead of using it for government housing, were justified as providing a needed revenue stream for the City (Interview 4, 2019).

The restructuring of the City of Johannesburg echoed New Public Management approaches, "lean and mean" (Chipkin & Lipietz, 2012: 3) bureaucracies focused on measurable results performance-related principles and financial management (Harrison, 2001; Chipkin & Lipietz, 2012). Underpinning this was the introduction of market-based principles to 'modernise' what were considered burly government processes and structures (Chipkin & Lipietz, 2012). The concept of 'value-driven public management' resonated with parts of the ANC as a way to restructure the apartheid state in a post-Cold War period – adopting neo-liberal prescripts to achieve state-driven developmentalist obligations (Chipkin & Lipietz, 2012: 11). Relatedly, iGoli 2002 emphasised generating revenue and cutting costs (Parnell & Robinson, 2006; Beall et al., 2002). The challenge that was levelled at the City by SAMWU (South African Municipal

Workers' Union) and activists under the coalition of the Anti-Privatisation Forum (APF) was that this reneged on commitments to public sector-driven service-delivery – with the poor and working-class being disproportionately made to pay (Parnell & Robinson, 2006; Beall et al, 2002).

In the shadow of iGoli 2002, the new City government's first attempt at creating a visioning document, a process dubbed iGoli 2010, was floored by boycotts of participation processes (Parnell & Robinson, 2006). The document that eventually cohered in 2002 as the first visioning document for the City, Joburg 2030, therefore emerged insulated from public input (Parnell & Robinson, 2006).[54] The document centred economic growth as the means towards addressing the City's social inequalities, and to fund it going forward (Parnell & Robinson, 2006). More socially-oriented clauses were incorporated into the document at the behest of some City councillors, but, as Parnell and Robinson (2006: 346) note: "These issues appear, though, very much as add-ons to the pro-growth policy and were negotiated only once the document had been prepared in some detail." Among these were expanding priority economic projects to include historically-black township areas, encouraging urban densification, and urging the pro-growth paradigm toward "a more balanced approach" regarding social development (Parnell & Robinson, 2006: 347).

The first official post-apartheid vision document for the City therefore reflected a clear leaning in emphasis and ideology that was "synergistic with national ANC policies, in terms of the broad environment of neo-liberalism and the attention to microeconomic concerns around investment and economic growth, after the successful imposition of macro-structural adjustment" (Parnell & Robinson, 2006: 346). Associated with this vision for Johannesburg was the City's rebranding as a 'World-Class African City'. With antecedents in the early 1990s, it aimed to market the City as an African business capital and investment destination (Rogerson, 1996; Sihlongonyane, 2016). The pro-growth leaning, although contested, was omnipresent in local government policy and discourse (Sihlongonyane, 2016). Urban policy and urban planners were located at the nexus of this pro-growth mandate, and attempts to 'balance' it with social considerations (Pieterse, 2019).

[54] The document drew from some of the groundwork done for eGoli 2010, and reports undertaken by Harvard-based consultants and was written by an ANC-linked economist (Parnell & Robinson, 2006).

Following the Sandton rates boycott, in the early 2000s there was a recognition by local government that "while the City was under pressure to invest in formerly marginalised areas, it also could not neglect a significant node like Sandton" (Maina, 2020: 206). Urban planners also made "concessions" to peripheral developments when developers agreed to foot the bill for infrastructure (Interview 10, 2019). A senior urban planner in the City argued that the rates derived from these developments provided the revenue to finance infrastructure needs in historically disadvantaged ones:

> *"I mean, if government had said, 'No'…especially post-1994, you know, the increasing population, increasing growth etcetera [then] the City would have come to a standstill. You cannot stem economic growth and development because of a weakness that we have internally – internally as in government – that we need to work on ... So yes, of course we've said yes … Okay, go ahead. You're going to give us the infrastructure that we would never have been able to put in in the next 20 years. You're going to give it to us now. We're going to get rateable properties. It's revenue that can then go to the basic service delivery issues. And that's kind of the cycle of it in my view."* (Interview 3, 2019)

One urban planner recalls that there appeared to be a perception among developers in the City at the time was that if they pushed hard enough, it was likely they would eventually be granted the development rights they sought:

> *"…There was a sense that government should stay out of this, government must just do what it needs to do. It must just approve the applications, provide the bulk infrastructure, and the market's got this thing on lock – they'll sort this thing out. And the idea that, actually, the final arbiter in the granting of rights is the state, was not a notion...that the state could actually say no. The sense was that if you pushed long and hard enough, eventually they will say yes."* (Interview 10, 2019)

The unfolding spatial patterns in Johannesburg became a cause for concern for planners: "by the mid 2000s, concerns were growing that post-2000 development was not sufficiently

achieving the transformative outcomes envisaged by the SDF" (Ahmad & Pienaar, 2014). Along with local government's proclivities toward fiscal restraint, revenue-generation and growth – the traversing of the City's compaction and township investment priorities was actively enabled by overlapping institutional authority. By taking land use applications to the Tribunal using the Development Facilitation Act (DFA), developers were able to leapfrog the City's urban boundary and local government approval (Todes, 2006; Van Wyk, 2010; *City of Johannesburg v Gauteng Development Tribunal and others*, 2010). As outlined earlier, intended to expedite housing and land to address apartheid's racialised socio-spatial inequality, the DFA was being leveraged for "run of the mill applications to amend town planning schemes or to start new township developments that are not designed for reconstruction and development purposes" (*City of Johannesburg v Gauteng Development Tribunal and others*, 2009: 38).

When the City's planners refused two large developments outside of its western urban boundary, to only have this overturned by the province in 2004, the City of Johannesburg's local government filed legal papers against the Gauteng Provincial Tribunal *(City of Johannesburg v Gauteng Development Tribunal and others,* 2009*).* The two spheres of government entered into a prolonged court battle which was heard in the High Court in 2005. It journeyed the full course of South Africa's court system, testing the interpretation of the country's nascent constitution and the role of interim legislation. In 2010, The Constitutional Court ruled in favour of the City – deciding that the City of Johannesburg, as local government, was primarily responsible for land use and planning decisions within its boundaries *(City of Johannesburg v Gauteng Development Tribunal and others,* 2010). However, the approval of the two developments outside of the City's urban edge, along with numerous others granted prior to the ruling, were not overturned (*City of Johannesburg v Gauteng Development Tribunal and others,* 2010). Among these developments was the exclusive gated community in northern Johannesburg on the urban boundary, Steyn City, which had received incremental prior approvals by Province through the DFA (Brill & Reboredo, 2019; Busser, 2011).

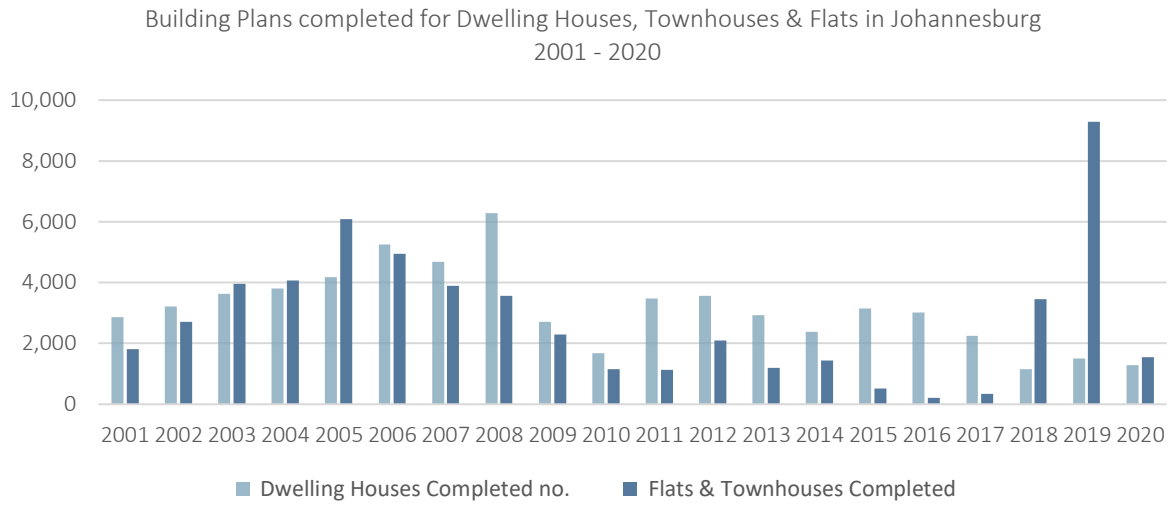
Outside this court action, there were other attempts within the City to direct real estate development. Amongst these, a team was put together whose task it was to develop non-financial incentives to redirect private sector property development and address, as one of the staff explained, "the clear mismatch between where the City wanted development to be, and

where development was located" (Interview 10, 2019). This was tied to the City of Johannesburg's Growth Management Strategy (GMS) adopted by Council in 2008. This followed a *lekgotla*[55] at the Sun City Resort [56] in 2007, where senior officials and bureaucrats from the City of Johannesburg grappled with President Thabo Mbeki's call for 6–8% GDP economic growth in South Africa (Pieterse, 2019). What emerged was Johannesburg's strategic position in this call, and the necessity for the City to pursue 9% growth to realise it (Pieterse, 2019). They attempted to accommodate this target by stretching interpretations of growth and strategically targeting capital investment, in the ever-present paradigm of fiscal restraint (Pieterse, 2019). The GMS made development in former white areas in the north, and new undeveloped areas, contingent on developers being able to cover costs if there was no infrastructure (Todes, 2014: 90). The strategy also prioritised government infrastructure development in historically-black townships, areas close to public transport nodes, and associated corridors (Todes, 2014). In pursuit of "high-growth, high-inclusivity" – "the GMS argued for a package of incentives that would allow the City of Joburg to work more collaboratively and purposefully with the private sector" (Pieterse, 2019: 28).

Yet as local government moved to pursue and actively direct real estate growth, the apex of Johannesburg's 2000s property boom had already been reached (Figure 6.7, 6.8 and 6.10). Further, from 2008, South African began to feel some aftereffects of the North Atlantic Crisis – including the adoption of Basel II, a set of global financial regulations that tightened criteria for bank lending to what were deemed risky sectors (Interview 26, 2019). Prior to this, the National Credit Act had been passed in 2005, placing more stringent controls on consumers' access to credit. Banks increasingly moved away from pre-sales for houses that drove the purchase-finance pipeline in the mid-2000s (Hartmann, 2019). By the end of the first decade of the 2000s there had been a reduction in the number of mortgage loans approved by banks and fewer homes were being built (see Figure 3) (van Rooyen et al, 2010; Pillay, 2009; Butcher, 2020).

[55] A Sesotho/Setswana word commonly used in South Africa to refer to an important gathering.
[56] Sun City is a resort and casino in the Northwest Province in South Africa.

Figure 6.8 Building plans completed for dwelling houses, flats, and townhouses, 2001–2020



Compiled from StatSA data (2001–2020)

The number of building plans passed in the country's largest municipalities had decreased from 2008 to 2009 by 20.2% (StatsSA, 2009). Gauteng experienced the largest percentage decrease of all provinces in the number of buildings completed (StatSA, 2009: v). In Johannesburg, this pattern was also evident in the decline in the number of building plans completed between 2008 and 2010 (StatSA, 2009). Thus, as the City sought to direct real estate, the roaring 2000s had an end. Most of the growth which a cohering local government sought to manage in Johannesburg had seemingly already happened.

6.3.3 Where things stand: Consolidating & correcting

As the CEO of one of the City's most prolific greenfield housing development companies joked at the IHS Conference in 2019, "Affordable housing developers used to book out Sun City, now we fit in a Polo"[57] (Crouse, 2019). The analogy appeared to capture two trends: the new period of restraint compared to the preceding years of excess, and the outcome of decades of market domination consolidating a few players in 'affordable' largescale residential real estate (Interview 27 and 31, 2019; Butcher, 2020). Arguing that there was continued opportunity in affordable housing, he said, "If you have some capital and access to finance from the banks, secure your pipeline!" The caveat in this statement is *who* has capital and access to finance,

[57] Referring to the small Volkswagen hatchback vehicle.

and who does not. The large greenfield housing development company which he is at the helm of, and which has access to finance and assets today, was the direct beneficiary of state-subsidised favourable lending, and, like his counterparts, likely land-banked during the 2000s (Interview 27, 2019; Butcher 2016 and 2020).

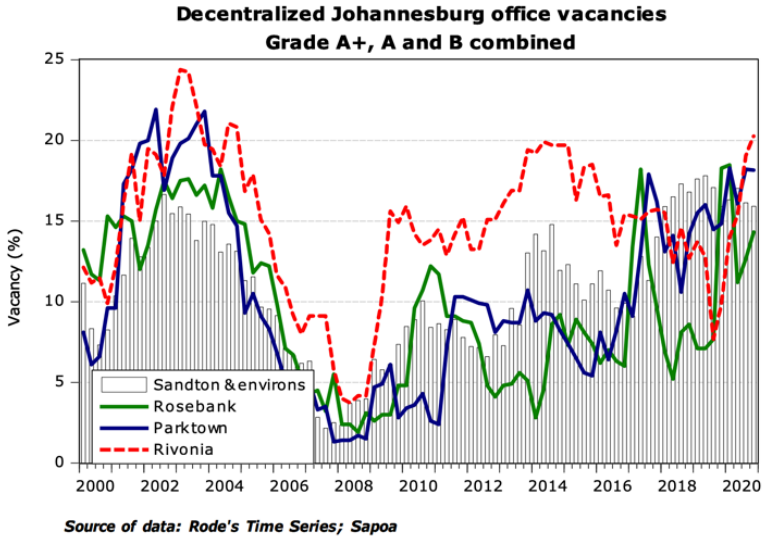
There is evidence that new residential development has tapered since the 2000s. In 2008 there were over 70,000 new residential transactions[58] in South Africa, in 2019 this had decreased to 56 610 (CAHG, 2021: 6). For greenfield housing developers who built on the City's peripheries and near its townships, the first half of the 2010s showed subdued growth (Butcher, 2020). In the 'affordable'[59] market in which most of them operate, the number of new transactions had decreased by 60% between 2008 and 2019 (CAHF, 2021: 6). The same CEO of the prolific 'affordable' housing development company reflected that "affordable property" was "too expensive", and "it's going to correct by 30–40%" (Crouse, 2019). In closing his presentation for the IHS panel, the CEO shows pictures of the company's recently built rental apartments. This was a contrast to their ownership-based greenfield single-stand housing for which they had become known. In the same IHS conference, the CEO of another real estate company that built housing and mixed-use development in the former-white suburb of Midrand asserts, in an environment where purchasers of homes are becoming more conservative, "it's the ideal time to build a rental portfolio" (Corbett, 2019). Their recent moves reflect an attempt to ride the wave of a broader shift in residential real estate development. The growth in high-density residential housing in South Africa and Johannesburg – notably flats – is one of the notable characteristics of the 2010s, especially toward the end of the decade (Rode, 2021: 31; StatSA, 2020; FNB, 2019). Although the total number of new build residential developments had significantly decreased (CAHG, 2021), the proportion and number of these that were flats had increased (FNB, 2019; De Villiers, 2019; StatSA, 2019; Rode, 2021:31). In the first quarter of 2019, 59.2% of residential properties constructed in South Africa were flats and townhouses (FNB, 2019; de Villiers, 2019). This had risen from 29% in 2015 (FNB, 2019; De Villiers, 2019).

[58] New residential transactions serves as a proxy for new build residential developments.
[59] This according to the Centre for Housing Finance in Africa (CAHF) is for housing between R300 000 and R600 000.

First National Bank property experts attributed this to "the increasingly urbanising population, rising densification in the metros, as well as the changing consumer preferences" (Mkhwanazi, cited in De Villiers, 2019). However, there are likely to be other contributing factors. The rise in rental residential real estate has been linked to the change in access to home loans (Pillay, 2009) and may also be attributed to the entry of institutional investors to fund, finance and mainstream 'affordable' rental housing developments at scale (discussed further in Chapter 8). Echoing the national trend, Figure 6.8 shows the trend in the square meterage of flats and townhouses developed in Johannesburg between 2010 and 2020. Development in 2019 was almost four times what it was in 2010. Along with the impact of the COVID-19 pandemic, the increase in high-density rental accommodation has been linked to a rising flat vacancy rate (Rode, 2021: 130). In 2021, South African property consultants Rode reported that there was an oversupply of flats in South Africa "linked to huge increases in new rental stock in 2018 and especially in 2019 and weakening demand as the weak economy hit tenant finances" (Rode, 2021: 130). In Johannesburg, there was a 13.4% vacancy rate for flats in the first quarter of 2021 (Rode, 2021: 131).

The evidence of consolidation in the 2000s and contemporary constraints is not evident in residential real estate. A consolidation of players is also manifest in today's commercial real estate sector, dominated by listed real estate corporations and funds. As discussed in Chapters 5 and 8, building on historical antecedents in capital accumulation, the mid-2000s saw significant investment and lending that bolstered the size, cash flow and balance sheets of listed property companies. As discussed in Chapter 5, the consolidation and growth of the listed property sector in the country was further enabled by the adoption of legislation to enable a REIT (Real Estate Investment Trust) structure in 2013, which made listed property in South Africa legible to international and institutional investors, and offered an attractive tax-free vehicle. One long-time asset manager recalls the early 2010s as a period where South Africa's listed property sector regularly experienced some of the highest rates of growth in share price and distributions globally (Interview 15, 2019). In 2014, South Africa's listed property returns were 26.64% – the highest of all asset classes on the stock exchange (Nurick et al., 2017). Discussed further in Chapter 8, also emblematic of this consolidation of commercial real estate corporations, are international exploits by the largest companies.

Figure 6.9 Office vacancies in the Northern nodes of Johannesburg, 2000–2020

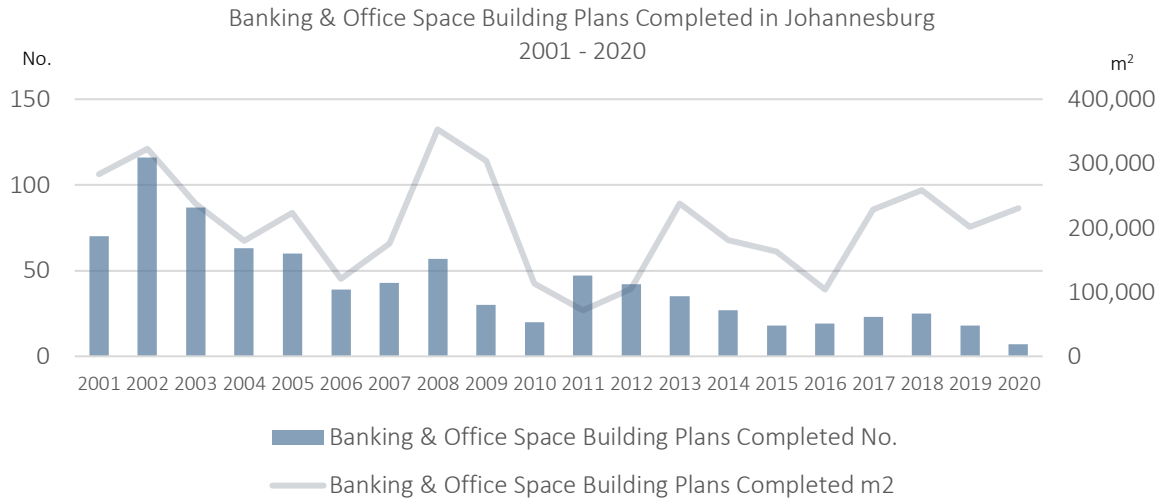


Source: Rode (2021:58)

However, today, office and retail real estate – the purview of these listed players – is undergoing what those in commercial real estate circles are calling 'a correction'. The slowdown is indicative of, in their view, the market 'self-regulating' after a period of high growth. In Johannesburg's decentralised northern nodes – vacancies in high-end and mid-range office space were 14.8% at the end of 2020 (Figure 6.9) (Rode, 2021:58). This was the highest vacancy rate since 2000. In Sandton, the anchor of office-space in the northern parts of the city, this vacancy sharply rose from 2016. This rise in vacancies followed closely after a boom in new office construction in Johannesburg (Figure 6.10). Prior to the COVID-19 inspired shift in corporates' use of offices, there were already high vacancies in "perfectly good" (Interview 24, 2019) office space on the eastern side of Sandton. In 2019, there was 337 000 m^2 of vacant office space in Sandton (SAPOA, 2019; Van Heerden, 2019). The close relationship between new office construction and vacancy rates points to what real estate insiders, including a long-time property finance doyen, suspect – that office space was not built due to new economic activity entering the node, but precipitated by certain corporations wanting new, larger offices and moving out of their old headquarters (Interview 4, 12 and 24, 2019). Described by some as a 'recycling' of tenants, this contemporary phenomena echoes Goga's

(2003) findings of the expansion of commercial real estate developments not always correlating with economic growth.

Figure 6.10 Banking and office building plans completed in Johannesburg, 2001–2020



Compiled from: StatSA (2001–2020)

Facing similar challenges of oversupply is retail real estate (Rode, 2020: 8). In 2016, trading densities in South African malls had reached their lowest figures since 2006 (Rode, 2020: 5). Prior to the COVID-19 pandemic, the vacancies in South African malls (of all sizes) was high at 4.6%, with neighbourhood shopping centres with a vacancy rate of 5.9% (Rode, 2020). After a boom in the 2000s and the early 2010s, those in shopping centre development and investment are now facing up to subdued sales and an oversupply of space (Rode, 2020: 4). At the 2019 SAPOA Conference held in Cape Town, there was widespread acknowledgment that the mall was on the decline. The collapse of one of South Africa's largest retailers, Edcon, along with the closing down of the branches of one of the country's largest banks, Standard Bank – both considered "anchor tenants" – heightened concerns in commercial property circles.

Grappling with this oversupply, it is not uncommon to hear investors and executives in commercial real estate blame local government for the contemporary malaise. Ironically, local government is critiqued today for not approving enough developments, and retrospectively critiqued for approving too many in the 2000s.

"So, our number of shopping centres, retail developments in South Africa, over the last 15 years has pushed us on a purchase parity level to be the second highest in the world, just behind America … All of that has been made possible by poor urban planning and no thought." (Interview 33, 2019)

"I mean, there has been an inordinate demand of new plans passed - with not very good control over the rights that have been afforded. Therefore, we set up an oversupply of retail, probably a very [big] oversupply of offices." (Interview 28, 2019)

"…Well look at the end of the day they've given the planning permissions to do things like shopping centres and that but and that's my criticism I guess, I think the planning has been very poor, which is why we are now in an over-supply situation now." (Interview 15, 2019)

While consolidated real estate development purportedly underwent a 'correction' of oversupply – the City of Johannesburg went through its own institutional consolidation and attempts at spatial 'correction'. In 2013, the City initiated a project called the Corridors of Freedom which sought to concentrate high-density commercial and residential development along the mains lines of its Bus Rapid Transit (BRT) system. This was a materialisation of the compaction principles and guidelines of the late-2000s Growth Management Strategy (Pieterse, 2019). With the backdrop of the Constitutionally mandated authority over land use decisions (*City of Johannesburg v Gauteng Development Tribunal and others*, 2010), and the introduction of integrated post-apartheid national planning legislation,[60] in the late 2010s the City consolidated a set of urban policies and frameworks guiding urban compaction, and spatial restructuring. A triad of policies were passed by the City Council between 2018 and 2020: a Land Use Scheme, an Inclusionary Housing Policy and the Nodal Review. Urban planners in the City believe that with their legal capabilities and new policies they can now direct real estate development: "to try and influence them more than them just coming and influencing our planning retrospectively, which has happened in the past…" (Interview 1, 2019). As one former

[60] This Act is the Spatial Land Use Management Act, introduced following the repeal of the DFA and other transitionary and apartheid-era planning related legislation (South African Cities Network, 2015) .

urban planner in the City put it, the policy tools move local government's powers for "inclusionary decisions" from being "loose" to "tangible" (Interview 11, 2019).

Together, these policies seek to achieve the long-held priorities of clustering high-density residential and 'affordable' accommodation along strategic transport corridors; increasing development densities in well-located and well-serviced low-density and historically white suburbs; and focusing infrastructure development in strategic historically black townships. Residential real estate developers who benefitted from expansive and abundant development in areas that are now considered low-priority for residential accommodation have responded with incredulity and anger to these new policies (Interview 62, 2019). The director of a residential real estate fund is one of those critical of the City's new policy turn. When first approached by a local city planner to re-direct their fund's high-density residential rental development to one of the City's Corridors of Freedom in 2016/2017, "They were like, no, we don't need to listen to you" (Interview 62, 2019). Today, the director's critique continues: "…this inclusionary housing programme, it's not practical you know? It's just not thought through..." (Interview 32, 2019). What is not said is that their investment model is linked to rental accommodation at scale. They are alike to the listed large-scale commercial development corporations whose form of a development, a director in the City's urban planning unit noted, are not aligned with infill developments in the City's priority areas (Interview 7, 2019). Developers who have built single-stand housing abetting townships are also unaligned with local government's new policies:

> *"…Joburg is not really interested in developers like ourselves developing stands. Because they're going to encouragement inner-city development around…what did they call their routes? …. Corridors of Freedom. Corridors of Freedom, that's where they're going to encourage developers and he said, in as many words, "Really you guys who are developing stands – that's not where we want to be".* (Interview 27, 2019).

Local government is struggling to re-direct developments by largescale residential developers who expanded and densified the City's suburbs and peripheries, and the commercial real estate corporations and funders who built up its northern office nodes and malls. It is smaller developers, student housing companies, and historical inner-city developers who have taken

gradually to the City's directives for high-density rental accommodation along transport corridors close to the inner-city (Todes & Robinson, 2020; Interview 62, 2019).

At the same time, real estate developments continued to be approved in the late 2010s in the office nodes in the north of Johannesburg, solidifying the area's position, as a senior land use planner put it, as the City's "the cash cow" (Interview 17, 2019).

> *"So, we've now approved the highest building in South Africa … It's 55 storeys. So that's the highest building now. So they came to us and we said, 'Listen here, I will make it work'. 55 storeys on Maude Street? Why say no to that? Because it's in a delineated area! It's in Sandton where we want development to happen. So we're always open to developers in areas where we allow for it. In areas where we don't allow for is when you're just a speculator – that's what you do…you just want to get it for a cheap price, and you want your cake and you want to eat it as well."* (Interview 17, 2019)

In 2019, of all new office development across the country, 56% of this was concentrated in the privileged Johannesburg nodes of Waterfall, Sandton and Rosebank (SAPOA, 2019; Viruly, 2019). Similarly, urban planners acknowledge that low-density greenfield residential developments that stretch the city's services and infrastructure networks, but increase local government's rates base, are still approved when developers pay for infrastructure (Interview 1, 3, 7 and 17, 2019). This, in spite of the fact that the self-construction of infrastructure is not unencumbered. As recently as 2019, a well-known residential property development company was seeking a waiver of its capital contributions to the City of Joburg as 'repayment' for the infrastructure they had built for a large greenfield development.

Senior Planning Officials in the City of Johannesburg are acutely aware of the dysfunctional tag levelled at them by real estate developers (Interview 1, 3, 7 and 17, 2019). One director in the City's planning department is wary that rejecting development applications that do not fit with their vision of the City will embed existing perceptions and lead to a loss of rates revenue: "I think the perception would just get reinforced that you can't get anything done in government or with government" (Interview 3, 2019). Mayor Herman Mashaba, who served as mayor from 2016 to 2019, in a drive to increase private-sector investment in the City, had called for

planners to shorten the timeframes taken to approve developments (Interview 3 and 17, 2019). Related to this call, the World Bank's 'Doing Business' ratings[61] are invoked by urban planners as an index that they are aware of and were under pressure to improve. In 2019 and 2020 Johannesburg was rated 68.2 and 68.3 out of 100 in the category "Dealing with Construction Permits" (World Bank, 2020).

6.4 Conclusion: Constructing dysfunctionality

As real estate in South Africa and Johannesburg undergoes a period of recalibrating and muted growth, the dysfunctionality of government becomes a much-used trope to anchor critiques of the current material conditions. In particular, dysfunctionality is invoked with reference to bureaucratic uncertainty and politics. By examining the relationship between real estate development and local government over the past three decades, it is evident how this characterisation has been constructed. Real estate in Johannesburg was unfettered and enabled by a newly liberalised and deracialised economy, and national government's macroeconomic and fiscal policies. An ensuing period of liberal bank lending and capital investment (discussed further in Chapter 8) in the late 1990s and early 2000s catapulted real estate development – especially offices, malls, and bank-financed residential housing. At a local level, an institutionally cohering local government bureaucracy did not hinder real estate development. Far from apolitical, bureaucratic decision-making during the boom was imbued by a dominant political party paradigm of intertwining growth, fiscal restraint and revenue-generation – justified as a means toward socioeconomic redress. Conflicting land use decisions, facilitative to real estate development, were enabled by overlapping institutional authority and tensions between provincial and local government.

In the 2010s, following national credit policy tightening and with oversupply mounting, many forms of real estate development slowed and some of its biggest players had to reconfigure themselves. Meanwhile, local government consolidated institutionally. Yet in a time where the impact of party politics on bureaucracy does not benefit real estate development the same

[61] According to the World Bank (2022), "The Doing Business project provides objective measures of business regulations and their enforcement across 190 economies and selected cities at the subnational and regional level."

way it did before – processes become 'too political'. The timelines associated with development applications become the nexus of blame in a period when finance is tighter and projects are fewer. Policies, now with legislative backing, aimed at redirecting historically-dominant developers have been objected to. It is not uncommon to hear real estate investors and developers attribute today's oversupply and vacancies to local government dysfunctionality. However, what is not said is how, layered by economic decisions and a political paradigm beyond the local scale, real estate's golden years in Johannesburg was when local government was institutionally restructuring. Dysfunctionality, tied to bureaucratic uncertainty and a 'too political' state, therefore appears to be invoked subjectively. The symbolic construction of local government as dysfunctional – with the nexus of blame on bureaucracy and politics – cannot be separated from the contemporary material downturn of real estate.

By adopting the lens outlined in Chapter 3, this Chapter does not instinctively make sense of the burgeoning real estate in Johannesburg from the premise of a coalition or machine – which is then contextualised as "a key expression and embodiment of the peculiar formation of national state space and territorial regulation" (Brenner, 2019: 46) or interrogated to show complex and layered coalitions of actors and logics (Olver, 2019 and Bradlow, 2021). As such, what is revealed is a lesser-seen relationship between the state and real estate, in which local government was enabling to real estate in Johannesburg for at least two decades following the end of apartheid. This enabling does not fit neatly into a growth machine, rent-seeking coalition, or a coherent policy regime. Although growth was a present 'ideological prop', it extended beyond the local scale to a national political paradigm, and was justified as a means towards socioeconomic redress (Houghton, 2011). Influenced by the paradigm of growth, but in the midst of institutional restructuring, the City of Johannesburg did not have a coherent policy or planning 'regime' that was actively mobilised to facilitate real estate expansion. Relationships between bureaucrats and developers, and high-level politicians are present in pursuing real estate development in Johannesburg, but the expansion post-1990 cannot be reduced to outside influence on bureaucracy through a "rent-seeking coalition" (Olver, 2019) or a growth coalition (Freund, 2002).

Rather, a set of intertwining factors, constituting local government but extending beyond the local scale, contributed to the expansion of real estate in Johannesburg. This builds on empirical work that has shown that with the backdrop of a newly liberalising and deracialising economy, that real estate development burgeoned in the post-apartheid City (Beavon, 2000 and 2006). Although this may resonate with those who argue from a scalar perspective that cities are grasped by "being positioned analytically within broader, supraurban political-economic configurations" (Brenner, 2019: 234), this analysis shows that grasping real estate development in Johannesburg still requires considered attention be directed to the particular *institutional* dynamics of the local municipality[62]. What this foregrounds is a lesser-seen institutional facet of the relationship between local government and real estate. An institutionally cohering local government, intertwining with politics and economic reforms beyond the City's borders, enabled real estate development in Johannesburg. This can expand conceptualisations of an enabling and facilitative relationship between local government and real estate beyond a growth coalition, manipulated city or a facilitative policy regime.

[62] As noted in Chapter 2, although Brenner (2019) has argued for a multiscalar approach to analysing the urban, in seeking to move away from the "fetish of a city", this has also led to scalar analysis and theorization which have been criticised for obscuring many forms of sociospatial relations (See Peake *et al.,* 2018; Ruddick & Peake, 2018). By Brenner's (2019: 291) own admission, his focus on the scale relativization of urban processes has resulted in his work being "concentrated less on illuminating the polymorphic character of contemporary urban sociospatial restructuring". Further, Brenner (2019: 291) notes, a scalar perspective "is likely to be one-sided unless it is reflexively combined with other key analytical categories that illuminate the polymorphic nature of urban space and the multiple dimensions of urban sociospatial restructuring".

Chapter 7

"The small and medium developers [of] today are dying"

The effect of central government's reforms to the cash economy in Bangalore

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Through the closed windows, as the sky begins to turn dark, I hear a woman's voice over a loudhailer; she shouts something, and the crowd responds – she shouts it again, and they respond the same way. The tone was not unfamiliar. If I were back home, she could have been shouting "Amandla," and the crowd would have responded "Awethu". If the last few months in India are anything to go by, people are resisting. There is a crowd sitting outside the townhall, waving flags and banners. Meanwhile, I'm sitting in the headquarters of a public sector bank, in the office of a senior manager. It is one of the largest of the over 20 public sector banks in India, many of which are being merged. The merger is one of the gripes of the thousands of union protestors across India who downed their tools and pens the day before, 8 January 2020. They were joined in solidarity by students, many of whom were protesting the recent politically-motivated attack by masked men with batons on a Jawaharlal Nehru University (JNU) residence, wrecking the building and bloodying the students. My housemate tells me that these kind of protests are unprecedented in India. He seems to think that what we're witnessing across the country is emblematic of everyone reaching their boiling point. It's all piling up … People are being squeezed. Even biscuit and shampoo sales are going down. The sign of a nation unable to afford even its cheapest luxuries.

Diary Entry by author, 10.01.2020. Bangalore, Karnataka, India.

Figure 7.1 A protest outside Bangalore Townhall in January 2020.



Source: Author

7.1 Introduction

In late 2019, a banking executive in one of India's largest state-owned banks reflected on real estate in the Bangalore. "There's been a correction and real estate has been muted." I had heard the term 'correction' months earlier, from real estate executives and industry experts in Johannesburg. Bangalore was experiencing a slow-down in its run of gung-ho property finance and real estate investment that followed the liberalising of property to foreign investment from the mid-2000s. As in Johannesburg, however, this 'correction' was not uniformly experienced across all forms of real estate. In Bangalore, it was the high-end apartments built by corporate real estate developers that stood empty reaching into the sky as indicators of oversupply. Yet, rather than floundering, large corporate developers were in fact consolidating their position in the market. The so-called real estate 'kingpins' were returning to commercial and industrial development, repurposing their residential oversupply and rejigging their apartment prices. In contrast, smaller and medium corporate developers were selling their empty residential

inventory or entering into partnerships with their larger peers to pay their debts and stay afloat. The number of registered developers with the city's membership-based association of real estate developers, had decreased from over 600 developers in its heyday to just over 250 (Interview 47, 2020; CREDAI, 2020). According to those involved in corporate real estate in the city, the introduction of the central government regulation, the Real Estate Regulatory Act (RERA), positioned to protect residential property buyers, accelerated this "cleaning up" (Interview 62, 2020). The introduction of RERA in 2016 was not anomalous to the central government's steady march toward 'incorporating' India's economy. In a context where the Reserve Bank had tightened bank lending, RERA intertwined with demonetisation policy and changes to tax legislation a few years prior to regulate India's cash-based economy. In January 2020, these reforms appeared to be taking a strain on the city's non-corporate real estate and small corporate developers. A corollary of these central government actions was the consolidation of large corporate real estate players.

In Bangalore, I was told by those I interviewed within corporate real estate circles that the reforms were necessary and indeed welcomed. This was particularly the case for the industry's "big boys" (Interview 40, 2019), as a managing director in the Indian arm of a global real estate advisory firm put it. The effect of this legislation extended beyond the corporate domain to the other actors who had built post-1990 Bangalore. A *localite* landowner and business owner argued that the reforms were out of touch with what he termed "ground zero" – the everyday experience of small businesses in India (Interview 46, 2019). He used an analogy: a small business is usually able to use various branches to climb a tree, deftly moving between different sources of cash in-flows and expenses. What the central government's recent economic and property reforms have done, he argues, is remove the branches – leaving the small and medium-sized non-corporate player with nothing to navigate the tree. Meanwhile, a long-time corporate research consultant, who has his own firm based in Bangalore, says that in his work he's seen that "almost 90 to 100% [of] small developers have closed shop, a handful of the medium-sized developers remain in the game, while the big ones survive" (Interview 39, 2019). The central government's regulating of India's cash economy is therefore having an impact on who can shape Bangalore, and how.

For a senior employee of a public sector bank, however, who survived was a form of natural selection:

> *"This is the new way of doing things. People adapt. They can resist, or adapt."*
>
> (Interview 53, 2020)

As illustrated in Chapter 5, not seen as peers and caricatured as criminal by the corporate real estate sector, non-corporate developers are referred to as 'unorganised'. The 'unorganised' in real estate encompass an array of actors unincorporated or not fully incorporated into the flows of capital and lending of the corporate economy. Operating in the space where real estate generates revenue from rent but is not a financial asset, they contribute to the mosaic of small and medium-sized paying-guest (PG) accommodation, apartment buildings, and shops that is Bangalore's norm rather than its exception.

As shown in Chapters 3 and 5, in spite of this ubiquity and diversity, 'unorganised' actors have been simplified in critical academic scholarship on Bangalore and Indian real estate. Tethered as part of the amorphous land mafia (Weinstein, 2008); part of rent-seeking networks (Shatkin, 2018; Chattaraj & Walton, 2017; Levien, 2020 and 2015; Balakrishnan & Pani, 2020), or as mediators for corporate and global capital accumulation (Searle, 2016; Sami, 2012 & 2013; Halbert & Rouanet; 2014; Rouanet & Halbert, 2016; Sud, 2017). Caught between the scholarly binary of the slum and the spaces of globalised accumulation, 'unorganised' real estate is lesser seen in academic literature. Through an empirical conversation with Johannesburg, however, the heterogeneity in the built environment and the omnipresence of small- and medium-sized non-corporate development in Bangalore becomes highly visible. In Johannesburg, commercial bank finance (Chapter 5 and Chapter 6), as well as pension fund capital (Chapter 7), are closely tied to expansive and dominant real estate development post-1990. Relatively unambiguous land acquisition and titling, although underpinned and facilitated by historical racialised dispossession (Butcher, 2020), provided mostly uncontested terrain for the dominance of formally-financed and corporate-capital invested real estate development.

In contrast, Bangalore's post-1990 experience of real estate development has been chequered by a spectrum of corporate and non-corporate players of varying sizes, funded by various flows

of finance and capital and built on various (often contested) claims to land ownership. Engagements with the state's relationship with the country's burgeoning real estate, has furthermore centred on the role of the state in land. On the one hand, the focus has been on state acquisition of land (Weinstein, 2013; Goldman, 2011; Levien, 2013; Sud, 2017); and state-sanctioned zones and corridors for expedited development and infrastructure (Williams et al., 2020; Sood & Kennedy, 2020; Kennedy, 2017; Jenkins et al., 2014; Balakrishnan, 2020). On the other hand, attention has been directed to the role of high-level politicians (Weinstein, 2014), local politicians (Balakrishnan & Pani, 2019), low-level bureaucrats (Chattaraj & Walton, 2017; Benjamin, 2004), or all three (Levien, 2020; Levien, 2015; Parikh, 2015; Benjamin, 2008) in facilitating land acquisitions and development approvals. Relatedly, there are those who conceptualise the relationship between the state and real estate through "urban coalitions" – showing how private-public task teams, and personal relations between elites, shape the city (Sami, 2012). As noted in Chapter 3, these processes and relationships are mostly characterised as transgressing a normative boundary between the state and society.[63]

Capital, however, has been the covert abettor to land – particularly in the relationship between the state and real estate. Where it has been explicitly noted is in the role of the central government in liberalising corporate real estate to foreign direct investment (FDI) since the 2000s (Halbert & Rouanet, 2014; Searle, 2016). Elsewhere, Weinstein (2008) touched on the role of cash flows from the criminal underworld intertwining with politics in funding Mumbai real estate;[64] while Parikh (2015) pointed to links between capital investments in the Lavasa development and high-profile Maharashtra politicians.

In what follows, this chapter expands on the realms in which the state is shown to relate to real estate. It seeks to contribute to scholarship from and on India by illustrating a lesser-seen relationship of the state – central government's economic regulations that impact India's cash-based economy. In revealing this, I expand analysis to a lesser-seen form of real estate in Indian scholarship, non-corporate real estate. Building on Chapter 5, it is illustrated that not all Indian

[63] An exception is scholarship on how processes at a lower-level of bureaucracy form part of a "porous bureaucracy" and "politics by stealth" that characterises "occupancy urbanism" (Benjamin, 2004 & 2008).
[64] However, this implicitly adopts a distinction between criminal "black" and clean "white" money in real estate, which Searle (2016) argues is less clear.

real estate is tied to corporate capital investment flows, and that the landscape of real estate post-1990 has been hitherto more heterogenous than commonly depicted. Rather than merely "filtering away risk" (Halbert & Rouanet, 2014) for corporate real estate, this masked non-corporate real estate has shaped the urban form in a spectrum of ways (see Chapter 5). However, in this chapter, I show how non-corporate real estate has faced a set of intertwining challenges since 2014. Precipitated by central government reforms, non-corporate real estate has been increasingly restrained. The consolidation of large corporate real estate developers in Bangalore, I argue, is tied to these reforms and its impact on small corporate companies and non-corporate players. What this raises, I argue, is a process of government-led incorporation. Central government reforms to the cash-based economy, attempting to 'include' India's whole economy in a system of formalised finance and services tax, appear to be favouring corporate real estate players – especially its largest and most financialised.

To illustrate this argument, I begin by first providing a window into the current state of real estate through the example of the growth in Bangalore of corporate 'co-living' real estate – shared housing for students and young professionals. Once the realm of upstart entrepreneurs with corporate links, who both utilised and aimed to capture a non-corporate dominated market, 'co-living' today is being aggressively pursued by large corporate developers and international investors. Although the scaling up of 'co-living' is funded by large international asset management companies and institutional investors, consolidating large corporate real estate companies are also capitalising on their smaller counterparts floundering, to aid their expansion. The latter appears to be enabled by central government reforms. Following the discussion of co-living, I direct attention to how it is government reforms have impacted cash flows, property development and tax since 2014. This government-led incorporation, I illustrate, has been to the detriment of non-corporate and smaller corporate real estate players.

7.2 Where things stand: Compelled 'Co-living' and consolidating corporate real estate

In the mosaic that is Bangalore real estate, is a ubiquitous building type, paying guest accommodation, commonly known as PGs. A hostel-type accommodation, the defining feature of a PG is that they provide lodging and food. Split by gender, they house many students and recent graduates that come to the city from across Karnataka and the sub-continent (Bowan,

2015). One young professional now working in a property advisory company moved to Bangalore from North India looking for work as an IT-graduate, but soon found himself selling apartments to first-time homebuyers who were IT professionals (Interview 57, 2020). He, like many young people studying or working in Bangalore who could afford basic accommodation, had lived in a PG. Where he first lived was one of the cheapest options where beds were placed in the corridors at night, "Everywhere bed, bed, bed, bed" (Interview 57, 2020).

Figure 7.2 A street with PGs in Electronic City, Bangalore.



Source: Author

Bowan (2015) undertook research on the experience of young women, all migrants to the city, living in a PG in South Bangalore. Some were affluent, others were the first to be educated in their families and breadwinners, or tenuously maintaining a precarious middle-class position (Bowan, 2015). The living arrangements she describes are typical of many PGs: shared rooms of varying sizes, a kitchen, bathrooms, some common areas, and the provision of two meals a

day (Bowan, 2015). Where she stayed and conducted her ethnography, two sisters, distant relatives of the building owner, ran the PG.

> "The Akkas[65] felt that the house was more like a paying guest than a working-women's hostel because the house was more homely and because of the emotional investment they made in the residents." (Bowan, 2015: 174)

In Bangalore, the ownership and management of PGs encompasses a variety of players. The founder of a family-run development company that counts an industrial estate and numerous commercial buildings among its projects – a successful *localite* landowner-cum-developer in Bangalore – owns one PG and outsources its daily management (Interview 52, 2020). For others, PGs are a primary source of income. The PG where Bowan (2015) focused her research belonged to a family who had been allocated residential land by the state in the 1960s. In the area, several families had converted part of their homes into PGs following the opening of a private college in the late 1990s (Bowan, 2014: 36). One of the neighbours owned two PGs. Also within the PG ecosystem are small companies which own and run a handful of them across the city, some marketed as luxury PGs (Interview 57, 2020). There is, however, a dominant PG aesthetic of compact three to five-storey buildings that look like small apartment buildings, with 'PG' emblazoned on a signage board (Figure 7.2). As the assistant manager in Quotient Consulting explains: "You can see any PG in Bangalore you will feeling like another PG – it's almost same design" (Interview 57, 2020). PGs are an unmistakable feature of the built environment, and real estate, in post-1990 Bangalore.

From 2015–2017, a host of start-ups headed by entrepreneurs with corporate-connections made forays into a market historically served solely by PGs. Explaining the need for an 'organised' product, these 'co-living' entrepreneurs, and those who write about them, adopt a familiar caricaturing of the 'unorganised' sector that dominated prior to their entry. As one online feature on co-living illustrates:

[65] Akka means "older sister" in the South Indian languages of Tamil and Kannada

> "The paying guest market in India is largely unorganised, with a huge gap in affordable living space. With dirty rooms, and no focus on food, Zolo[66] saw a potential in the market to make it more organised." (Ranjan, 2018)

ZoloStay was one of a handful of 'co-living' companies bred in Bangalore that soon established a presence across India. Depicting themselves as nimble proptech start-ups in the media – Zolostay, CoLive and StayAbode were all started in the city by young, degreed entrepreneurs with a corporate background and some access to capital (Thomas & Bhattacharya, 2018; Goswami, 2020; Ranjan, 2018). Rather than developing buildings themselves, 'co-living operators'[67] partnered with owners of small residential buildings, including PGs, and listed them on easy-to-use online web platforms (Kashyaap, 2017). This resonated with young, tech-savvy newcomers to a city who would usually rely on posters, word-of-mouth recommendations and motorbike-riding brokers at bus stands. In their partnerships with building owners, the co-living operators would brand the building with a logo; and outsource third-parties to furnish, clean and provide other services (Interview 57, 2020; Kashyaap, 2017). Branding themselves as more efficient or more 'premium' than a PG, some offered perks such as a 65'' TV in the common area. A director at Quotient Consulting described co-living as "glorified PGs" (Interview 61, 2020). The co-living operators' ownership and operating model, the building owner gets a percentage of the revenues, or leases the building for a fixed-period. The model is therefore reliant on landowners-cum-developers providing a 'warm-shell' building. A 'warm shell' is a fully-constructed building that is unfurnished:

> *"…all your wall painting is done, ceiling work is done, all doors, latches, you know that bathroom fittings, everything is done. But there is no furniture inside, that it is called warm shell."* (Interview 57, 2020)

In June 2017, only a year after launching, the co-living operator StayAbode had 300 beds across five properties in Bangalore (Kashyaap, 2017). At Quotient Consulting, it became evident that *localite* landowners-cum-developers, with small well-located parcels of land, the capacity to build, and deftly navigating the bureaucratic processes, were crucial to this expansion of co-

[66] ZoloStay is a co-living start-up.
[67] Term used in Quotient Consulting Firm.

living. They, rather than the co-living operators, carried the liability of construction and the official and unofficial approval fees (Interview 46, 2020). They provided access to opportune spaces and built beyond height restrictions. One senior employee in acquisitions in a well-known co-living operator estimates that between 80–90% of the buildings they run do not have occupancy certificates, signalling that they were built a floor or two higher than what is permitted. If these buildings were to be shut down, he says, "it would impact us all" (Interview 41, 2019). In December 2019, in the year it was launched, he says the company's co-living properties in Bangalore are at 85% capacity, with waiting lists for beds in the well-located neighbourhoods of Domlur, Indiranagar, Koramangala and HSR Layout. Tenants are paying 10 000 rupees (134 USD) per bed, and 20 000 (268 USD) per room – with an extra 2 500 (34 USD) for meals (Interview 41, 2019). Its mother-company is backed by investors including Goldman Sachs and it aims to increase to 50 000 beds across India by 2021. In the midst of the COVID-19 pandemic, news reports indicated that the company had gone on to acquire one of the original Bangalore-based co-living start-ups.

The most recent wave of international investment into real estate in India is associated with an increase in the scale of institutional investment (Interview 40, 2019; Interview 58, 2020; Anonymous, 2021). Following the decisive opening up of Indian real estate to foreign investors in 2005, many Indian corporate developers initially attracted private equity investment from the likes of financial services firms such as Citibank, Morgan Stanley, and Lehman Brothers (Searle, 2016: 141). This was accompanied by a spate of listings on the Bombay Stock Exchange in 2006 and 2007 (Searle, 2016). As a managing director in a global consulting firm explained, however, many of these firms retreated in the wake of the North Atlantic Financial Crisis (Interview 40, 2019). From the 2010s, the private equity that forayed into India was of a different form: pension funds, mutual funds and the large investment management companies that invested on their behalf (Interview 40, 2019; Interview 48, 2019). Much of this investment has been directed at Bangalore-based large corporate developers and their commercial real estate, particularly offices (Interview 40, 2019). In a recent opinion piece, the MD for the Bangalore market at Cushman & Wakefield traced the genealogy of institutional investment in the city, which, as shown in Chapter 5, began earlier than most with the involvement of the Singapore state-owned Ascendas in the ITPL:

> "Bengaluru was an early starter, with Ascendas showing the way with their investment in ITPL even before the start of the new millennium. While Blackstone made a splash with their tie-up with Embassy Office Parks early, at the beginning of the last decade, others such as Mapletree Investments, GIC, Qatar Investment Authority, Godrej Fund Management and Mitsui Fudosan have all come calling over the last five to seven years. Large developers with singly-owned asset portfolios and high occupancy levels coupled with the strong demand from global occupiers have been big catalysts for Bengaluru's enhanced prominence on the global office map. Progressive FDI regulations have also given a big push to the institutional money flowing into the city's commercial sector."
>
> (Anonymous, 2021)

For those in corporate real estate, this latest period of institutional investment is emblematised by the decisive entry of the American investment management company Blackstone after 2010 (Interview 38, 2019; Interview 60, 2020). For one executive in corporate real estate, the entry of Blackstone represented "the single biggest change" in real estate post-liberalisation (Interview 60, 2020). He recalls the large Bangalore-based real estate corporation he worked for first being approached by Blackstone in 2005. The capital investment proposed was at a scale and timeframe unfamiliar to corporate developers in India – providing largescale "patient capital" (Interview 60, 2020):

> *"These guys will come and write a check of 100 million USD without thinking. How many people have the [ability] to do that?"* (Interview 60, 2020).

At the time, however, the owners of the corporate developer were unwilling to cede to the outside directives that would come with the Blackstone deal. A property consultant who was on the team tasked with directing Blackstone's initial capital investment in retail real estate in India explained the company had "$2 billion to spend" and a three month deadline (Interview 38, 2020). In 2013/2014, Blackstone entered its first significant partnership with a single Indian corporate developer, purchasing and funding the development of office buildings with the Bangalore-based company Embassy in 2013/2014. Blackstone's investment was then accompanied by the entry of other large investment management companies and funds. These include sovereign pension and wealth funds that choose to invest directly, rather than through

companies like Blackstone, such as the Canada Pension Plan Investment Board (CPPIB) and Singapore's GIC Private Limited. As a director in Quotient Consulting explained, these investments have been directed at India's largest corporate developers:

> *"Prestige is with Red Fort Capital, Shriram is with ASK,*[68] *Puravankara is with Keppel, Shobha was behind multiple, Salarpuria is with Blackstone, Brigade is with GIC, Prestige also recently has got money from GIC … A lot of deals have happened, obviously the top ten developers of Bangalore. And so equity comes with its own mandate, either commercial or residential, and that's how development happens. So, it is restricted to the big developers only and this has happened despite the market having their own ups and down."*
>
> (Interview 61, 2020)

Much of the investment happens through joint ventures using Special Purpose Vehicles (SPVs). With SPVs, investment companies and funds are able to ring fence their funding to particular projects – rather than investing wholesale in a developer (Interview 48, 2019; Interview 58, 2020). A lawyer who drew up contracts for SPVs noted that a common strategy embedded in large institutional investors' joint ventures is to accrue value and then "exit" (Interview 48, 2019). A financial instrument and investment structure that enables this liquidity is the listing of a Real Estate Investment Trust (REIT) (Chapter 6).

Blackstone's investment in office developments in Embassy from 2013/2014 built a property portfolio large enough to establish India's first REIT, Embassy REIT, in 2019. This was followed by a similar partnership and subsequent REIT-listing with another Indian corporate developer, K Raheja Group. In 2021, Blackstone purchased an 85% stake in Prestige's key retail properties – suggesting that a retail REIT may be on the cards in the future (*Business Today*, 2021). After funding the bulking-up of the property portfolios of some of India's largest real estate corporations through SPVs, Blackstone has gone on to become a key shareholder in the listed REIT it helps create. As its recent sales of its stakes in Embassy REIT illustrate (Babar, 2021),

[68] ASK Group is a financial services group in India that manages funds on behalf of high-networth individuals in India.

after value accrues through the share price, they exit with significant capital.[69] Blackstone's investments have grown and consolidated the Bangalore-based Prestige & Embassy. Its investment strategy enables it to leverage the value of physical assets without being bound to their spatial fixity (Gotham, 2009), while partnering with large Indian corporate developers in a way that insulates them from anything outside of its joint projects.

Co-living real estate is the latest foray of these consolidating corporate development companies, and the institutional funders that back them. Reflecting the intent to rapidly raise revenue and exit, one executive in a co-living company that has backing from one of the world's largest private equity firms says their plan is to "leave the game in five years" (Interview 42, 2019). The Bangalore-based corporate real estate companies Salarpuria Sattva and Embassy, both who have partnerships with Blackstone, moved into co-living real estate between 2019–2020. Embassy started a co-living brand which aimed to "roll out 10,000 beds," by 2021 (Khan, 2020). Salarpuria Sattva teamed up with CoLive – one of Bangalore's co-living start-ups – with the goal of countrywide expansion (Khan, 2019). In 2019, the private equity firm Warburg Pincus had partnered with the Indian hotel-chain Lemon Tree Hotels to launch a multimillion-dollar funded co-living company called Hamstede[70] (Tiwari, 2019). Another of Bangalore's first co-living operators, StayAbode was purchased by a company called Helloworld, a subsidiary of NestAway. NestAway, an Indian rental and property management company, has raised close to $100 million (USD) of capital from outside investors including the UC-RNT Fund[71] and Goldman Sachs (Press Trust of India, 2020). The entry of these large corporations and investors into co-living is notably coinciding with a period in which small developers in the city are facing increased constraints.

> *"We joke that for a private equity firm, the best time is now – if things are going well, we may as well pack up our bags and go on holiday."* (Interview 42, 2019)

[69] The Canadian investment company Brookfield Asset Management, that counts the Qatari government among its investors, appears to be undertaking a similar strategy (Vandevelde, 2020; Babar, 2022; Priolker, 2020).
[70] In mid-2021 this partnership ended, with Warburg Pincus apparently unhappy with the joint venture (Kamath & Mohile, 2021).
[71] The UC-RNT Fund is an investment fund partnership between the University of California and Indian-based RNT Associates, the investment fund of the former chairman of the Tata Group.

In 2019, the executive quoted above says that their company is "cannibalising the market". "Eight to ten properties" are received on the company's desk daily, mostly from corporate developers with vacant residential properties (Interview 42, 2019). In choosing who to partner with as they expand their co-living reach, he says, "It's better to look at people with stressed assets" (Interview 42, 2019). In December 2019, they're encountering many developers with such "stressed assets" seeking a way to be unencumbered from them. The lower expectations of smaller developers with debt and vacant stock makes them more favourable partners (Interview 42, 2019). However, once partnered with, some are struggling to complete the construction requirements of the co-living buildings without finance to do so. This, however, is not a liability the co-living company has to carry. They do not build themselves, but rebrand buildings and take care of the interior and services. Their goal is one of scale, to reach 1.85 million square meters of co-living real estate in five years (Interview 42, 2019). Undertaking the work of converting residential developments, one well-known architect in Bangalore is working on two large co-living real estate developments of 600 rooms (Interview 43, 2019). What he observes is that for the largest corporate developers co-living is a side-project. For the rest in corporate real estate, with unsold apartments who "want to pay back their bank debt," co-living becomes a last lifeline (Interview 43, 2019).

Not all of the corporate players entering into co-living are seeking scale via large developments. One of the institutional investor-backed co-living companies is choosing to scale-up through many small buildings of between 40–50 beds in well-located neighbourhoods (Interview 41, 2019). Rather than small corporate real estate developers with stressed assets, they partner with *localite* landlord-cum-developers. In a period where non-corporate developers are increasingly hamstrung from building residential apartments, and cut-off from cash-based finance - co-living offers an option for revenue. However, localite landowners-cum-developers still carry the cost burden of constructing the developments and navigating approvals (Interview 46, 2019). Some co-living companies are now expecting *localite* landowners to produce occupation certificates (OC) for their developments before they are paid their revenue share. As a consultant at Quotient consulting who is attempting to find a partner for one of these co-living companies explains, "the people we're dealing with, they're MNCs [Multinational Corporations], they want to see an occupation certificates." In 2019, without an

OC, buildings would not be easily connected to the State electricity supply[72] (Interview 41, 2019). In Marathahalli, near Whitefield, one *localite* landlord-cum-developer with party political connections and ideally located land, decides against entering into a partnership with a co-living company. The building that the landlord is willing to construct to fit the specs of the co-living company necessitates a flouting of zoning laws. Although he can construct the higher-than-permitted building and pay the fees to facilitate this – it will not be eligible for an occupation certificate because it flouts these rules. For a cash-strapped *localite* landowner, an OC becomes an unnavigable request in an environment where they are already being squeezed. One consultant from Quotient Consulting, when attempting to convince a *localite* landowner to partner with a co-living company, is told flatly that co-living is a "scam" (Interview 57, 2020).

The expansion of Bangalore's largest corporate real estate companies into co-living real estate occurs in a period of unprecedented forays by international largescale investment in corporate real estate. Yet these corporate real estate companies' "cannibalizing the market" is not just made possible by a wave of institutional investment. As shown above, the consolidation of the largest corporate real estate players is linked to struggling smaller corporate developers and *localite* landowners-cum-developers. A director in one of India's large corporate real estate developers has noticed a trend, the development volumes of the "top line" developers are all rising (Interview 44, 2019). Reflecting on this, he noted:

> *"Especially as unorganised people move out, organised goes up."*
>
> (Interview 44, 2019)

The expansion of co-living real estate in 2019/2020 revealed not only the forays of institutional investment in India, but the fact that smaller corporate developers and non-corporate developers were facing strain. Many struggled to access bank finance and faced constraints on their previously relied on cash flows. At the same time, however, the largest corporate real

[72] In 2021, the courts ordered all of government to recognise all of these forms of development, making them liable for property tax, as well as unambiguously eligible for access to water, electricity, and basic upgrading (The Hindu, 2021; Rao, 2017).

estate players, embedded in networks of institutional investment and bank finance, were consolidating their position in the landscape of real estate. The next sections shows how this favouring of the corporate economy, and its largest players, was precipitated by a host of central government reforms since 2014.

Figure 7.3 A street with co-living developments in Marathahalli, Bangalore.



Source: Author

7.3 Squeezing out the small and cleaning the cash economy: NBFCs, Demonetisation, GST & RERA

In January 2020, news of the merger public sector banks in India was met by protests by unions over the anticipated culling of jobs. The merger of these banks, who constitute the largest share of India's banking sector, had been on the cards since the early 2000s (Bandyopadhyay, 2017). This was the latest of significant moves to 'modernise' India's economy under the ruling BJP (Bharatiya Janata Party) since 2014, building on the liberalising antecedents of the Congress (Indian National Congress) government. The BJP and Prime Minister Narendra Modi's administration rallied behind a political and economic vision of "financial inclusion" and "nation building" (Modi, 2016; Modi, 2017; Ladwa, 2019). The intent was to bank India's unbanked population, regulate the cash economy and unify taxes on businesses to "clean" and "digitise" India's economy (Modi, 2016; Modi, 2017). Associated with this vision were significant central government policies and legislation including demonetisation, the General Services Tax (GST) and Real Estate Regulatory Act (RERA).

In 2019, a year prior to the global COVID-19 pandemic, these reforms were already showing widespread effects on real estate. The reforms interlaced with a decision by the Reserve Bank of India (RBI) to further tighten already scant formal finance to real estate. This, following a period of expansive lending by non-banking financial companies (NBFCs), which had led to residential oversupply, the defaulting of real estate developers who borrowed, and the demise of some NBFCs. One property consultant reflected on the oversupply:

> *"You know, what is the overhang of unsold property, residential property in this country? 36 months. If all developers stopped building today across the whole country, there'd be 36 months of supply ... All mostly unsubstantiated in some form or another."*
>
> (Interview 38, 2019)

A study published by Knight Frank India in July of 2019 had estimated that Bangalore had 85,387 unsold residential units, the third highest of India's key metropolitan areas (Knight Frank, 2019: 56; Arun, 2019). In November 2019, the Central Government proposed a bailout plan that would inject the residential real estate sector with cash to complete unfinished projects. The response from those at the helm of the country's largest corporate real estate

companies was positive. As Niranjan Hiranandani, managing director of the high-end residential developer Hiranandani Group told *India Today*:

> "This will be a win-win for home buyers and real estate developers, as it will help alleviate financial stress faced by home buyers who have invested their hard-earned money, while also releasing funds stuck in such delayed/ stalled projects for productive purposes." (Arun, 2019)

Figure 7.4 A luxury residential development by a large corporate developer in Hebbal, Bangalore.



Source: Author

The cash injection was a favourable boost to corporate developers sitting with an oversupply in residential units. In contrast to a loan, their accruing "non-performing assets" would not be scrutinised (Arun, 2019). Others were sceptical of the declaration of a government bailout both in its motivations, and who stood to gain from it. One property consultant in Bangalore saw the decision as political grandstanding by the ruling party, returning a favour to the now-struggling large corporate real estate developers who had contributed to its campaign in the national elections (Interview 38, 2019). For a family-run land development company in Bangalore focusing on "survival", not eligible for bank loans and not within the purview of this central government capital boost, "band aid policies are not going to help" (Interview 55, 2020).

The Central Government's Rs 25 crore[73] fund, although framed as an attempt to revive all residential real estate, was directed at a segment of corporate real estate developers, like Hiranandani. The same corporate developers who, a director in Quotient Consulting says, were "aiming it too high" in the previous five years (Interview 61, 2020). Bangalore's oversupply was of high-end apartment buildings, built mainly by corporate property developers (Interview 46, 55, 59 and 61, 2020). A head of marketing of a family-run *localite* land development company explained that this oversupply was not a challenge they faced in the apartments and plotted land they were selling for Rs 5 000 000–6 000 000 (60 000 – 75 000 USD) (Interview 55, 2020). Instead, it was the residential apartments with a "fancy price" that stood unsold across Bangalore in some of its prime locations (Interview 55, 2020). For another *localite* developer, this oversupply in high-end real estate is unsurprising, emblematic of the shortcomings of corporate real estate developers and their consultancy firms. Their market research shaded by corporate, caste and class biases, he argues, means that they do not understand the city's less affluent majority – including its workers – despite the fact that "you want them at six o'clock in your house". For most of the city's residents, he argues, "definitely there is demand" (Interview 44, 2020).

[73] A crore is equivalent to 10 million.

> *"It's not the real-time data, because guys don't run on the ground. There are all sitting in the office, trying to collect the information over the phone and trying to understand as if this is real."* (Interview 44, 2020)

For a director in one of the corporate advisory firms engaged in this kind of market research, the oversupply reflected a misreading of a different kind. Developers built mass luxury apartments that were not exclusive enough for the high net worth individual (HNI) and were simultaneously outside of the budget of the white-collar corporate worker (Interview 61, 2020). The Head of Sales in a large corporate residential developer, meanwhile, suggested oversupply was indicative of decision-making driven by sentiment:

> *"Most builders don't do market research … most … the majority of builders, 90% of building – they just follow their gut feeling. Oh Whitefield's good, let me do a project in Whitefield! It's almost like the stock market, no?"* (Interview 62, 2020)

Building this oversupply, whether miscalculated or uncalculated, still required money. Notably, the finance that enabled this oversupply of high-end residential developments intertwined with the state. Corporate residential developers were provided with loans by financial institutions that acted as intermediaries in the state-dominated Indian banking system – called Non-banking Financial Companies (NBFCs). Conceived of as 'alternate' lending institutions within the formal financial lending system to reach lenders considered too-risky by banks, according to the Reserve Bank of India (2019), "NBFCs are government/public/private limited companies, which specialise in delivering credit to a wide variety of niche segments, ranging from infrastructure to consumer durables". NBFCs encompass an array of formal institutions regulated by the Reserve Bank covering 'niche' and 'risky' sectors that fall outside of the ambit of the country's banks. They include Micro-Finance Institutions (MFIs), one of the first attempts at "financial inclusion". MFIs were exposed for their high rates and high margins on small loans to farmers and households[74] and thus became highly-regulated by the Reserve Bank from 2010. Other NBFCs include Housing Finance companies that issue homeloans, and those that

[74] This saw largest MFIs registering as banks and led to a spate of suicides by defaulters in the state of Andhra Pradesh (Bandyopadhyay, 2017).

provide infrastructure loans. Banks, which are predominantly Public Sector Banks, lend directly to NBFCs and invest in the financial instruments that NBFCs use to issue loans (Reserve Bank of India, 2020).

When it came to real estate, from the mid-2000s NBFCs came to fill a lending void left by banks after stricter regulations from the Reserve Bank of India (PWC, 2020). In 2005 and 2006, following the first wave of foreign investment into real estate and sensing a "real estate bubble," the Reserve Bank of India made it more costly for banks to lend to real estate (Searle, 2016). Indian banks were also barred from lending to developers to purchase land (Searle, 2016). In explaining this tightening of bank lending in his weekly business column in October 2008, the well-known journalist Tamal Bandyopadhyay (2017: 26) explained: "The idea was to discourage them from aggressively disbursing real estate loans". Considered to be "speculative, rather than productive in nature" the percentage of public sector bank's capital that could be allocated to real estate was also reduced[75] by the Reserve Bank (Interview 53, 2020). NBFCs, in contrast, had fallen outside of these stringent controls placed on banks since the mid-2000s. As a result, they became the main provider of formal finance to real estate developers. According to a director in Quotient Consulting, NBFCs' terms for lending were flexible and decision-making less regulated and highly centralised:

> *"…They're a lot faster than the conventional banks … The decision making there is not too bureaucratic. The decision makers, it's more of the central-driven decision, not like you have to follow the process and all that. Their risk-taking capability is higher than the banks."* (Interview 61, 2020)

A senior manager in a public sector bank argued that this led to loans being directed preferentially by NBFCs to connected companies and people.

> *"Everywhere they have diverted money to their own companies, they purchased real estate. They wanted to make money."* (Interview 53, 2020)

[75] In 2019, only 5% of these bank's loans could be allocated to real estate (Interview 53, 2020).

After initial signs of investor returns on their loans, NBFCs liberally financed residential developments in the 2010s (Kumar, 2019). In Bangalore, they lent to corporate developers, and the larger of non-corporate developers, for multiple residential projects. This, irrespective of whether they had been granted approvals or whether sales were guaranteed. A director in Quotient consulting explained:

> *"NBFCs started raising a lot of capital. I think in the first year, the return they would have given to the investor must [have been] promising. They came here as debt money … but then they started taking up a few of projects. One project which has approval and one project which doesn't have approval. One is at an advanced stage. They started clubbing a few projects and giving their money…"* (Interview 61, 2020)

This was not only a Bangalore phenomenon. A report by Ambit Capital (2019) detailed how NBFCs across India were engaging in "risky developer financing" (Kumar, 2019). Corporate residential developers racked up "non-performing assets" and struggled to pay back NBFCs as cities across the country experienced a real estate bubble (Kumar, 2019). The unchecked lending by NBFCs was brought to a head in 2018 when the "systemically important" NFBC, Infrastructure Leasing & Financial Services (IL&FS) went "belly up" (Interview 40, 2019). The IL&FS was a "financing behemoth" (Mulye, 2019) that directed its loans primarily to infrastructure projects and some real estate projects. In 2019, a host of other real estate and housing NBFCs defaulted on their debts and even shut down (Mulye, 2019; Reserve Bank of India, 2020). As a result, banks increased the cost of their loans, and along with mutual funds, divested from NBFCs (Reserve Bank of India, 2020; Mulye, 2019; Interview 40, 2019; Interview 61, 2020). The Reserve Bank categorised real estate among "sensitive sectors" that are "prone to fluctuations that may pose a risk to financial stability" (Reserve Bank of India, 2020). In its report on banking in India in 2019, the Reserve Bank (2019: 124) outlined that it would "maintain constant vigil over NBFCs".

Although large corporate real estate developers still have access to capital that can fund their developments and cushion loans – the same cannot be said for small and medium-sized corporate developers. A consultant who has worked with an array of corporate developers explained:

"…if you're bank-funded, you're dead. You're gone." (Interview 38, 2019)

Consultants have seen that since the NBFC crisis and regulations by banks, even corporate developers who have completed 90 000 m^2 of developments are not eligible for loans (Interview 61, 2020). For the head of marketing in a medium-sized, family-run land development company in Bangalore there is "not a single NBFC that I know of that are lending" (Interview 55, 2020). Medium-sized non-corporate businesses like theirs are not privy to the capital investment behind their large corporate counterparts, and they now face both an NBFC freeze and continued scepticism from banks.

"A lot of banks now can't differentiate between fraudulent real estate players and a real *real estate player. They treat everyone the same."* (Interview 55, 2020)

Echoing this view, a director in a large corporate real estate company believes that only "high-end" developers, like theirs, are still able access bank finance (Interview 44, 2019). Those *localite* landowners and developers, meanwhile, who may previously have utilised some formal finance as one of many "branches" to climb up a tree – are now decisively side-lined from formal financial institutions (Interview 46, 2019). Combining with the central government's aggressive pursuit of "financial inclusion" associated with the 'cleaning' of black money and related 'unorganised' real estate, small and medium-sized developers, both corporate and non-corporate, are restrained.

Indian businesses, of all sizes, have historically relied on flows of cash through a host of differently-sized financial lenders and schemes. A long-time corporate research consultant, whose company was contracted to conduct an analysis of these systems, argues that they are the lifeblood of India's economy: sustaining individual households, small businesses and localised economies, as well as larger businesses, entire industries and regional economies (Interview 39, 2019). They operate outside of commercial banks and other Reserve Bank-regulated financiers - what are ostensibly considered 'formal' forms of finance in India. The consultant posits that it is only the largest corporate players that are entirely reliant on commercial banks and other formal finance (Interview 39, 2019). They supplement medium-

sized corporate businesses and are the primary source of funding in localised economies and small businesses in rural and urban economies (Benjamin 2000 and 2004).

Tsai (2004) outlines a host of lending mechanisms that operate in India in their comparative analysis of informal finance and microfinance in rural China and India. These include 'informal' lenders, interpersonal lending, indigenous banks and rotating savings and credit organisations (ROSCAs) (Tsai, 2004). Others who have undertaken research on this 'alternative' finance argue that these lending mechanisms have also played an important role in India's urban lending landscape for households and businesses (Interview 39, 2019). Data from the All India Debt and Investments Survey (AIDIS) of Indian households categorises 'non-institutional credit agencies' as comprising "landlord, agricultural moneylender, professional moneylender, input supplier, relatives and friends, Chit fund, Market commission agent/traders, Others" (NSSO, 2019). Although the National Sample Survey Organisation's (NSSO) data collection has raised scrutiny (Kaushal, 2019), the NSSO 2013 survey nonetheless estimated that these lenders had extended credit to 19% of rural households and 10% of urban households.[76] This was not far off from the credit provided by 'institutional agencies'[77] who had provided credit to 17% of rural households surveyed, and 15% of urban households (NSSO, 2014). For businesses and traders, notable lending mechanisms include "indigenous banks" who act as financial intermediaries between formal financial institutions and lenders by providing short-term loans (Tsai, 2004). Some cash-based lenders also operate within certain industries, focusing on seasonal or time-specific loans based on the patterns and needs of that industry (Interview 39, 2019).

Chit funds, which operate to similar to a South African *stokvel*,[78] are collective rotating saving schemes that operate at various scales (Tsai, 2004; Interview 39, 2019). Not all forms of these schemes are outside of state regulation – there have been attempts at integrating a rotating savings model, and other forms of flexible, small lending under the Reserve Bank's regulatory

[76] This survey is based on sampling from 4,529 villages and 3,507 urban blocks, the survey collected data from 62,135 households in rural India and 48,665 households in urban India (NSS, 2013).
[77] According to the NSS (2019: 29): "Institutional credit agencies include Banks, Co-operative Societies, Insurance companies, PFs, Employer, Financial cooperation/Institution, Non-banking Financial companies, Bank linked and non-bank linked Self-Help groups/Joint Liability groups, other institutional agencies".
[78] In these funds, participants deposit funds monthly and have designated periods where they receive their share – with the opportunity existing for them to take out their funds prior to their turn, with a fee.

regime (Tsai, 2004). Some certainly operate as predatory lenders, whether regulated or unregulated by the state, as was proven by some microfinance institutions in the 2000s, which were quasi-private and funded by public sector banks (Bandyopadhyay, 2017). However, most of these cash-based lending systems, although operating outside of state oversight and regulations, are still governed by sets of norms and systems of accountability (Interview 39, 2019). Despite this, the term 'chits' is often used simplistically and disparagingly by those operating within corporate economies to refer to all alternative and non-institutional forms of finance, akin to Ponzi schemes (Interview 39, 2019). As a senior manager in one of the country's largest public sector banks responds when asked about lending systems that operate outside of formal finance, "Chit funds? In the olden days it used to happen … [they're] not as big as they used to be" (Interview 53, 2020). On the contrary, however, these alternative systems of finance have continued to sustain the economy. Yet, in a context where the central government is pushing toward 'banking the unbanked' and 'cleaning cash' – flows of money associated to these systems of lending which have historically sustained India's non-corporate economy are being stemmed. As a consultant who has undertaken research on the spectrum of businesses in India puts it:

> *"The economy is in deep haemorrhagic shock. It's what happens when you lose a lot of blood … it has crippled this informal finance, the demonetisation…"* (Interview 39, 2019).

The aim to 'modernise' India's 'unorganised' economy has formed a cornerstone of the political and economic vision of the BJP, and its Prime Minister Narendra Modi, since coming to office in 2014. A 2008 study undertaken by the National Commission for Enterprises in the Unorganised Sector (NCEUS) estimated the that the 'unorganised' sector contributed to over 50% of India's Net Domestic Product & over 91.2% of its employment (Srinivasan, 2016). Framed as both a developmentalist and nationalist project – bringing India's economy under a banking system and unified tax system has been justified as a means towards alleviating poverty and bolstering India's global economic clout (Modi, 2016 and 2017; Ladwa, 2019). Also underpinning these reforms are the populist tropes of anti-corruption and anti-terrorism, where unbanked and untaxed cash is conflated with 'black money' and foreign terrorists. In his

speech on November 8, 2016, where he announced the country's new demonetisation policy, Modi said:

> "There comes a time in the history of a country's development when a need is felt for a strong and decisive step. For years, this country has felt that corruption, black money and terrorism are festering sores, holding us back in the race towards development.
>
> Terrorism is a frightening threat. So many have lost their lives because of it. But have you ever thought about how these terrorists get their money? Enemies from across the border run their operations using fake currency notes." (Modi, 2016)

Following the speech, the entire country was given 50 days to deposit all 500 and 1000 Rs notes. Although demonetisation appeared drastic, it followed the trajectory of reforms undertaken since 2014. This included the drive toward 'financial inclusion' of India's largely 'unbanked' population within the formal banking sector (Modi, 2016; Ladwa, 2019). Following a challenge levelled by the Prime Minister in 2014 to banks across the country to enrol 75 million households with bank accounts, by the following year, 278.4 million new bank accounts were recorded (Bandyopadhyay, 2017). The process of depositing cash into bank accounts, one *localite* landowner-cum-developer put it, was seen as a form of "cleaning" money to ensure it was "white", rather than "black" (Interview 46, 2019).

Alongside this, tax reforms were introduced that both digitised tax collection and made India into "one tax union" (Ladwa, 2019; Modi, 2017). Echoing the tropes used to justify demonetisation, the adoption of the General Service Tax (GST) was associated with a "process of nation building" (Modi, 2017) – modernising and cleaning India's economy:

> "The country is moving a step forward towards a modern taxation system. This is a system that is simpler, more transparent. It will help us curbing black money and corruption and reward honesty. It will generate interest and enthusiasm to do business honestly. It will bring in a new culture of governance. We have all lived tax terrorism and inspector raj. Today, due to the transparency of GST, due to technologically proven trial, grey areas are ending." (Modi, 2017)

Under the newly-adopted GST system, businesses have to pay tax upfront for their purchase of materials, goods or services. A part of this tax is effectively claimed back through the charges that the business later applies once it sells goods or provides a service. For small businesses with already-limited capital this proved detrimental. As a newspaper report in the *Hindustan Times* on the impact of GST a year after its implementation noted:

> "'The government failed to recognise when it introduced a tax slab as high as 28% that smaller players were not so far paying excise duties so high. These businesses have gone from paying VAT in the range of 5–12.5% to a GST of 18%, a rate which is highly disproportionate with the revenue these businesses have,' said Hardeep Malhotra, a New Delhi- based chartered accountant." (Sachdev, 2018)

Under the system, if a registered businesses uses services from businesses that are not registered, they have to pay tax on their behalf (Chandran, 2017). Although they can claim this tax back, the cost proves difficult for smaller businesses. In supply-chains characterised by a web of interactions between corporate and non-corporate players – the system effectively serves to dissuade businesses from partnering with non-corporate or smaller players who find the tax burdensome and do not register (Chandran, 2017). The Head of Sales of a large residential real estate corporation explained that with the GST there is now a system to vet and monitor the tax-status of the non-corporate businesses they engage with.

> *"In fact, I am following up with some of the brokers. They've charged us GST and they've not submitted. So my accounts guys have stopped their next payment, saying that it needs to be cleared. The [tax] department sent us a notice saying since so-and-so hasn't paid the GST, please hold back the payment until they've paid. They're that efficient, and it's all computerized there's no human interaction at all."*
> (Interview 62, 2020)

The founder of a medium-sized family-owned land development company explained that the GST has placed a burden on their business and its working capital, "I have to pay you tax before I collect [money] from a customer" (Interview 52, 2020). For large corporate businesses, however, the cost of providing goods and services becomes cheaper (Sachdev, 2018;

Chandran, 2017; Interview 53, 2020). A senior manager in a public sector bank argued that 'unorganised' players had to incorporate into the new system, or "die":

> *"…Either they [the unorganized sector] have to become organized, pay the income tax credit, or they will die. So in India, the businesses will die. Bigger players are taking over the market from smaller – we are in a transition."* (Interview 53, 2019)

Concomitant with the reforms to cash and tax, the central government passed the Real Estate Regulatory Act (RERA) in 2016. Introduced as an Act which would protect homebuyers from fly-by-night developers (Chatterjee, 2021) – the legislation also severely restricted how money could be moved between projects. A central government mandate enforced by State-based Real Estate Regulatory Authorities, residential real estate developers have to register on a database that is monitored and made publicly available. In addition to registration, the act enforces the ring-fencing and banking of funds used in residential projects. Residential developers are required to deposit 70% of the money they collect from buyers in a monitored and annually-audited bank account (Chatterjee, 2021). The proportion of funds that can be withdrawn from the account by the developer has to correspond to stages of the project's completion (Chatterjee, 2021). If the developer is deemed to be 'non-compliant', the Authority has the power to freeze the account. While authorities intended to ensure that money "would remain in the project to ensure the project gets completed" (Chatterjee, 2021), the requirements are stymieing the relied-upon cash flow of small and medium-sized residential developers. Subject to the requirement to open audited accounts, and deposit 70% of all funds they receive from pre-sales, real estate developers no longer have full access to capital that they would have used to work on the project or juggle between projects (interview 46, 2019; Interview 52, 2020). As the director in one of India's largest real estate corporations reflects, the "top line" developers remain largely unscathed by the reforms, while "the small and medium developers today are dying" (Interview 44, 2019).

Following the restrictions on formal lending, demonetisation, GST and the introduction of RERA, many non-corporate developers are left with little leverage. Some have "stopped their projects for a couple of months. They are buying time for the customers…" (Interview 59, 2020). Others may be compelled to enter into unideal partnerships with corporates to ensure

some cash flow – such as co-living. As one director, whose company derives revenues from commercial developments, and joint developments with corporate developers explains, they are in a better position to finish one of their housing projects than most of their counterparts:

> *"…the money market is very, very bad. As of now, it is you can't even imagine…You generate funds through other sources, other means, and that's how we're able to finish the project. But if you don't have other income, then … builders have stopped projects and have left Bangalore for some time, because you can't answer customers, you can't answer investors, you can't – the bankers have [become] really tight now."*
>
> (Interview 59, 2020).

The impact extends to small and medium-sized corporate real estate developers. Previously at the helm of one of the city's largest corporate developers, one executive started his own corporate real estate venture in Bangalore. Recently, the newly-formed company chose to part with their first completed building of 156 apartments. As the CEO explained, the looming regulatory requirements of RERA necessitated a decision to hand over the building to one of the country's largest corporate developers, Sobha.

> *"A lot of people have given to a bigger developer and say it's not our cup of tea."*
>
> (Interview 47, 2019)

The confluence of tightened lending, regulations on cash and the expansion of taxation appear to be creating an environment that is disproportionately favourable to Bangalore's large corporate real estate companies – with their diverse portfolios hotels, offices, apartments, malls, co-working spaces, co-living spaces, and even schools. One large corporate real estate company, Godrej Properties Limited, has entered into several partnerships with corporate developers in Bangalore who have "projects that have been stuck" (Interview 62, 2020). Godrej lends these smaller corporate developers their brand name in order to assist them in gaining access to finance. If the project gets completed, the projects are marketed as one of their branded apartments. However, should the project fail, the developer with the "stuck projects" is still liable for its debts, while the large corporate developer is guaranteed a proportion of

profits should the project succeed (Interview 62, 2020). A director at Quotient Consulting confirms this trend:

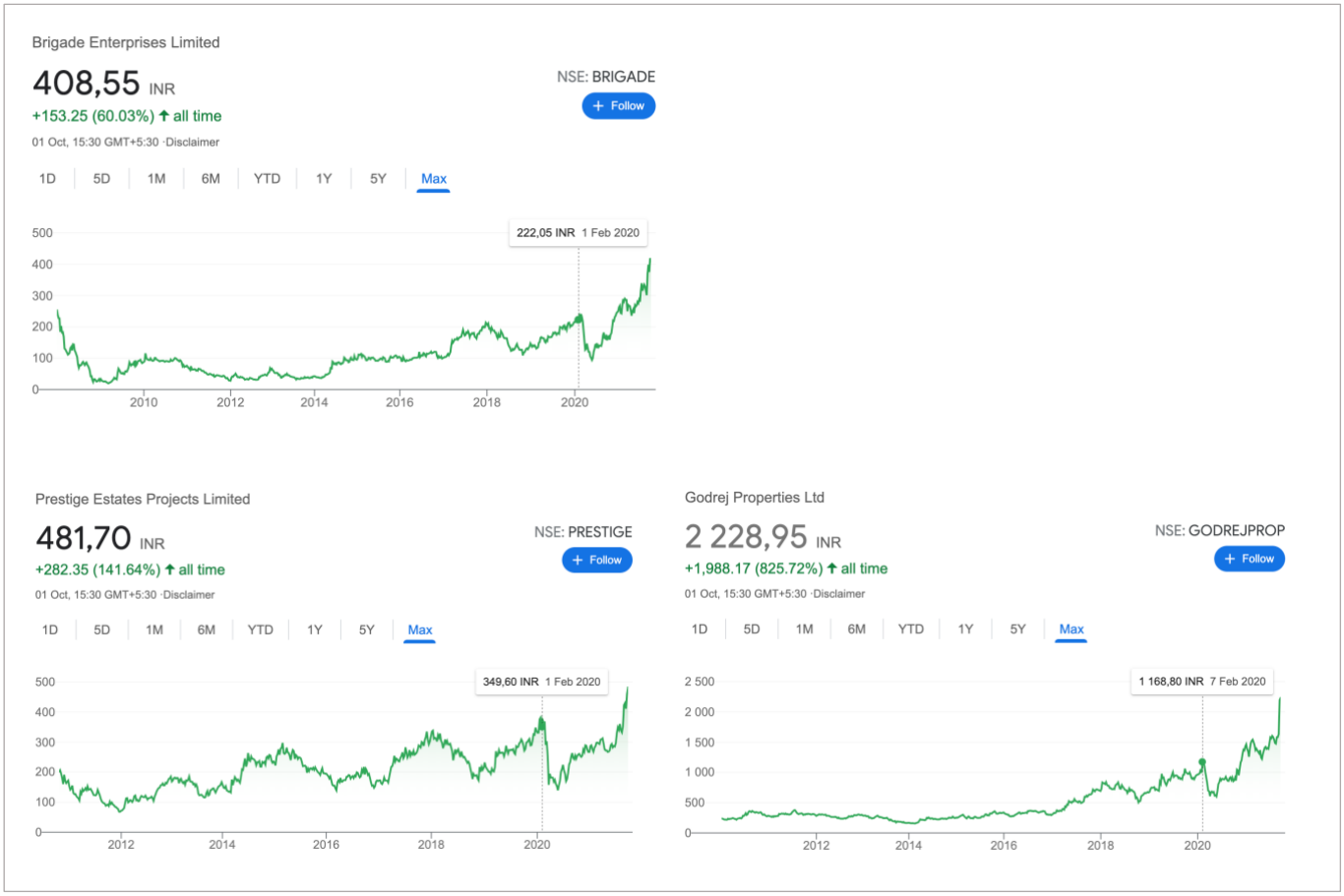
> *"Yeah, so if there's a smaller developer and they have land, they are either partnering with larger developer or selling it. They're trying to monetise it. If there are projects which are not selling, they're partnering on marketing with the larger developers. There is consolidation happening, which we're still expecting that it will happen. Lending definitely will be restricted to either very good developers, or extremely good projects."*
>
> (Interview 61, 2020)

Although large corporate developers were equally responsible for the oversupply in "fancy-price," residential developments, their continued access to finance and capital – along with their diversified real estate portfolios - means they were able to emerge relatively unscathed. The head of sales in a large corporate real estate company says they are sitting on unsold residential inventory worth $200 million in Bangalore (Interview 62, 2020). In spite of this, as one of India's behemoth corporate real estate companies, the company remains resilient. The head of sales says he's been given the go-ahead to lower the prices of apartments, and sales are already picking up (Interview 62, 2020).

As large corporate players consolidate, they also appear to be growing their revenues. The share price of Godrej has tripled since 2017, the year after the introduction of RERA. Despite a dip following the onset of the COVID-19 pandemic and global lockdowns, the share prices of some of India's largest real estate companies all show significant gains (Figure 7.5). This reflects further consolidation by large, listed developers following the pandemic-associated lockdowns that likely placed significant pressure on smaller corporate developers.[79] As the media reported that homebuyers were increasingly turning to large developers, the top nine listed real estate companies had increased their percentage of all sales from 9% in 2017 to over 16% in 2021 (Kamath, 2021). In 2021, buoyed by this trend, the chairman of Prestige said the company was aiming to increase its market share of residential real estate "by 50 to 100 per cent in its main market of Bengaluru in the next three-four years" (Kamath, 2021).

[79] The effects of the COVID-19 pandemic and lockdowns on these noted processes warrants further research.

Figure 7.5 The rising share price of listed real estate developers Brigade, Prestige and Godrej.



*1 USD is equal to approximately 75 INR (Indian Rupees)

Source: Google Finance (2021)

7.4 Conclusion: The death knell of the small?

Although not often seen in existing literature on Indian cities, between the polemic of the slum and the towering high-rise development are a host of small and medium-sized structures: the PGs, small-scale multistorey apartments, the neighbourhood street side shops and the nondescript three-storey office buildings. Those who build them, furthermore, have mostly been seen as mediators of global flows of capital, as brokers or aggregators of corporate real estate developers or as the 'unorganised'. However, as shown in Chapter 5 and elaborated in this Chapter – non-corporate players have contributed to the mosaic of Bangalore's real estate and a heterogenous urban form. This heterogeneity has been enabled in part by heterogeneity in flows of capital and finance. Yet, cash and finance has received less attention than land and

contestations over its occupancy in Indian scholarship. This has also manifest itself in the empirical engagements on the role of the state in real estate. To date, the focus has been on the state's role in land acquisition, allotment and clearances - whether through policies, relationships or both. Capital has received some attention in political relationships, while others have illustrated how central government's FDI policies from the 2000s opened corporate real estate to unprecedented investment.

Through an analysis of the rise of corporate 'co-living' real estate in Bangalore, this Chapter brought to the fore the differentiated experience of large corporate real estate companies and their smaller corporate and non-corporate counterparts. Scaled-up international institutional investment in corporate real estate is shown to be aiding the consolidation of Bangalore's largest corporate real estate companies, as well as their entry into co-living real estate. However, investment by international asset management companies and sovereign funds does not explain struggling corporate and non-corporate real estate. The squeezed state of smaller corporate and non-corporate players, it is shown, is influenced considerably by indebtedness and a lack of formal finance for the former, and reduced access to cash flows for the latter. This, it is illustrated, is precipitated by the intertwining of tightened lending to real estate by the Reserve Bank of India (RBI), and a host of central government reforms in the past seven years. The central government reforms include a move toward demonetisation, increased regulation of the cash flows of residential real estate, and tax reforms that impact small businesses.

Premised on economic modernisation and a 'cleaning' of the economy, these economic reforms have intertwined with a nationalist political agenda. These reforms appear to be contributing to the consolidation of large corporate real estate developers, and are showing signs of restraining smaller corporate developers and their non-corporate counterparts. This central government process of attempting to 'include' and make 'transparent' all of India's economy through a single banking and tax system, favouring those embedded in a corporate economy, can be characterised as government-led incorporation. This incorporation, it is shown, also indirectly favours the financialised forms of Indian real estate, associated with the largest corporations listed on the stock exchange.

This adds an additional dimension to scholarship on the financialisation of real estate in India influenced by historical materialism. The role of government is brought to the fore beyond enabling financialisation through FDI regulations (Searle, 2016; Halbert & Rouanet, 2014; Rouanet & Halbert, 2016). Central government is instead shown to be indirectly enabling the consolidation of the largest, and most financialised, corporate real estate developers through what are primarily incorporating reforms that restrain the non-corporate and small business economy.

That is not to say, however, that the financialisation of all real estate is inevitable (Christophers, 2015), that what those in corporate circles refer to as the 'dying' of the 'unorganised' will transpire (Interview 44, 2019) or that large corporate real estate companies will come to dominate Bangalore's real estate landscape. The decision by some *localite* landowners-cum-developers, in spite of being cash-strapped, to not cede to the demands of co-living companies shows there are limits to financialised forms of real estate. The landownership and building capabilities of these non-corporate players enabled the expansion of co-living when it was driven by small entrepreneurs, and remains essential to the models of expansion of the new generation of co-living companies funded by institutional investors. There may also be alternative systems and avenues of finance and cash flows that have emerged as a response to government-led incorporation. In 2022, a system to recognise the legitimacy of unapproved or not fully-approved developments, formerly assigned 'B Khata' rather than 'A Khata' status, is on the brink of being adopted in Bangalore (Special Correspondent, 2022; Moudgal, 2022; Bangalore Mirror Bureau, 2021). Becoming a political rallying point, it asserts the claims of those living in sites often built by non-corporate real estate to receive occupancy certificates in order to gain access to electricity, water and basic upgrading. A corollary of this regularising of land, however, is that these buildings would be integrated into tax system of the Bruhat Bengaluru Mahanagara Palike, Bangalore's administrative authority responsible for civic amenities (Prakash, 2021; Express News Service, 2021). Whether, or how, central government reforms and incorporating imperatives are traversed or contested, therefore, opens up avenues for further exploration.

Chapter 8

"…You've got to wake up and do the large transactions"

A state pension fund as investor in Johannesburg

8.1 Introduction

In May 2021, the still-new, high-rise tower that serves as the African headquarters of the multinational auditing firm Deloitte was acquired by new owners. The building is an unmissable landmark in Waterfall City. Located in Midrand, in northern Johannesburg, Waterfall City is a mixed-use mega development that encompasses an array of gated housing developments, a hospital, offices, shopping centres, and the continent's largest mall. The tall glass windows of the Deloitte building reflect the streams of cars on the N1 highway, the major transit route connecting Johannesburg to Pretoria. The new purchaser of the rights to the building was the Government Employees Pension Fund (GEPF), through its asset manager the Public Investment Corporation (PIC) (Fin24, 2021). The sellers were the Atterbury Group, and their listed REIT Attacq, the real estate corporation behind the office and retail development that mushroomed in Waterfall City. This was not, however, the first transaction between the GEPF and Atterbury. The PIC, the asset manager with the portfolio dominated by GEPF investments, is the second largest shareholder on the Johannesburg Stock Exchange-listed Attacq REIT. Through its property company Pareto, the GEPF is also an investment partner in the Atterbury Group's European subsidiary based in the Netherlands. Rather than the first, the Deloitte transaction reflects the latest of a stream of capital investment by the GEPF.

In Johannesburg and Bangalore there is evidence that national government-led economic liberalisation and financialising policy has an impact on the availability and nature of finance and capital. Both cities are testament to a national government that adopted economic reforms that created an environment conducive to real estate expansion and consolidation post-1990 (as illustrated in Chapters 6 and 7). Chapter 6 illustrates that in Johannesburg, a liberalised post-apartheid economy, alongside a coalescing post-apartheid local government, enabled expansive and rapid property development. Chapter 7 shows that in Bangalore, the central government's regulation of the cash economy since 2014 appears to be aiding the consolidation of its largest real estate corporations. Chapter 7 also hinted that the state does

not only *govern* lending and capital but can also be *part* of it. India's public sector banks contributed to the funding of non-banking financial companies (NBFCs) that financed the oversupply of Bangalore's high-end apartments. International state-linked capital and companies have also been instrumental in catalysing and coalescing Bangalore's corporate real estate, from the Singaporean state's investment in Bangalore's first IT park, to the contemporary role of Singapore's GIC and Canada's CPPIB as institutional investors in India's real estate. By continuing to adopt the analytical lens outlined in Chapter 4, a lesser-seen form of the state as *embedded in* capital flows becomes visible when analysing South Africa's real estate corporations. This chapter therefore builds on the previous two chapters by contributing an additional form of the state, and visibilising a lesser-seen relationship between the state and real estate. An analysis of South Africa's listed commercial real estate illustrates how real estate intertwines with state investment capital. Revealing a blurry boundary between the state and private sector, this raises a latent, non-governing, form of the contemporary state in real estate: the investor state.

Public pension funds and sovereign wealth funds (SWFs) are amongst the world's largest asset owners and institutional investors (Willis Towers Watson, 2020). In 2021, assets owned by these funds reached a record high (Strohecker, 2021). Of the globe's pension funds, both private and public, state-owned pension funds make up 60% of the top ten – with Japan, Norway and South Korea's government pension funds ranked first, second and third respectively (Willis Towers Watson, 2020). In 2020, an unlikely fund was ranked number nine of all public pension funds: the Government Employees Pension Fund (GEPF) of South Africa, its total assets amounting to $129 914 000 000 (USD) (Willis Towers Watson, 2020). The assets owned by South Africa's government workers' pensions saw the fund ranked between the public pension funds of global economic powerhouses, such as India and Russia – ranked 8th and 10th respectively (Willis Towers Watson, 2020). There is a cap on how much the GEPF can invest outside of its borders – at least 90% of the fund's investments have to be made in South Africa (Rundell, 2013; Moleko, 2019). When it comes to property investment, public pension funds are the world's largest institutional investors in real estate – contributing more capital to real estate than private pension funds, asset managers and insurance companies[80] (Preqin,

[80] Data is based on Preqin's tracking of online data of "1,005 private sector pension funds and 772 public pension funds" (Preqin, 2016:1).

2016). The GEPF allocates 5% of its investment directly into South African property and is one of the largest shareholders in the country's listed real estate[81] (Table 8.1).

As shown in Chapter 5, the corporate property sector in South Africa (concentrated in Johannesburg), is the metaphorical grandchild of South Africa's mining and financial sector oligopolies. It is the indirect product of the minerals-energy complex and a highly financialised South African economy that intertwines inextricably with the colonial and apartheid state (Fine and Rustomjee, 1996; Ashman and Fine, 2013; Isaacs, 2018). In what follows, the role of the post-apartheid state, through the GEPF and its fund manager the Public Investment Corporation (PIC), is shown to have entrenched historically concentrated corporate capital through real estate, while also creating new forms of concentration. This chapter begins by providing context to the emergence of the GEPF at the tail end of apartheid. Next, I illustrate how the fund's PIC-channelled investment has supported, consolidated, and concentrated, corporate, mostly listed, real estate. Finally, I argue that this investment appears to have had spatial implications for Johannesburg, which warrants further research. The role of the GEPF and PIC makes visible a lesser-seen form of the state, and its relationship with real estate, that is arguably relevant beyond Johannesburg and South Africa. Rather than being a particularity of 'strong states' – the global ubiquity of sovereign wealth funds and public pension funds as investors in corporate real estate – as equally evident in Bangalore – raises the relevance of what I term the 'investor state' and this lesser-seen relationship to other contexts.

8.2 The apartheid origins and post-apartheid pathway of the GEPF & PIC

The Government Employees Pension Fund (GEPF) regularly ranks among the globe's largest pension funds, private or public, in terms of its assets under management (Willis Towers Watson, 2020). The fund's total assets amount to close to 130 billion USD – and just over two trillion South African rands (ZAR) (Willis Towers Watson, 2020). The vast majority of its investments are made in South Africa, with only 7% of its investments directed outside of the country's borders in 2019 (GEPF, 2020). In a country where pension funds play a crucial role in the stock market, and have an effect on the country's GDP, the GEPF is the country's single most influential pension fund (Moleko, 2019).

[81] 5% is the direct allocation of the GEPF into property investment. The GEPF's investment is also allocated to investing in shares on the South African stock exchange known as "equities"; listed property companies fall under the category of equities (Table 8.1).

Like most genealogies of excess capital, the size of the Government Employees Pension Fund is not an accident. In his paper for the United Nations Research Institute for Social Development (UNRISD), Hendricks (2008) traces the influence of pension fund reforms at the tail end of apartheid, which sought to secure the future of the apartheid state's bureaucrats. The adoption of a fully-funded scheme (FFS) ensured that the pensions of the apartheid state's government employees would be fully paid should the entire South African government 'close shop' overnight. In a country in which the transition to a new democratic, and Black, government appeared inevitable – the movement to a fully-funded scheme was a protectionist strategy for white bureaucrats and an ending to the apartheid regime (Hendricks, 2008). Justified in countries with an ageing population – the adoption of an FFS scheme in the South African context diverged from the rationale for similar pension reforms happening globally (Hendricks, 2008; Moleko, 2019). However, similar to countries elsewhere in the globe, the adoption of a fully funded scheme necessitated the full availability of funds to provide for an entire workforce's pension, leading to enormous debt incurred to fund the new pension structure. This debt, as Hendricks (2008) shows, fell on the new South African government. Unlike many other governments in a period of global structural adjustment that were servicing debts to international financial institutions and foreign countries – the South African government was indebted to itself. As Hendricks (2008: iii) notes:

> "In 1989 the total debt of the South African government stood at 68 billion rand (R), of which R66 billion was domestic debt and only R2 billion was foreign. By 1996 it had grown phenomenally to R308 billion, of which R297 billion was domestic and R11 billion was foreign debt. The servicing costs for these debts rose from about R12 billion in 1989 to more than R30 billion per annum in 1996. During the same period, the assets of the Government Employees Pension Fund (GEPF) grew from R31 billion to R136 billion."

In a recent thesis, Moleko (2019) confirms Hendricks' (2008) findings, showing how national debt increased after the shift to a new pension fund scheme structure in South Africa. Making reference to a National Treasury Report in 1999, Moleko (2019:111) notes:

> "The Annual Report (1999) stated that more than a fifth of the fiscus at 21.4 percent went towards debt repayment in 1998. This cost is due to domestic debt, of which 98 percent was incurred after 1994 or agreed to during the negotiated Convention for a Democratic South Africa talks. This debt is domestic debt, both inherited and acquired, and the holders of 40 percent of the domestic debt were the Public Investment Commissioners, which held the assets of the GEPF."

The Government Employees Pension Fund was formerly legislated in 1996 – amalgamating fractured and racialised apartheid government workers' pension structures[82] (Hendricks, 2008). Along with this, there was a decisive post-apartheid shift in the role that public pensions were to play in the state, moving toward greater corporatisation of investments. Firstly, there was a shift in the role that public pension funds had historically played in SOEs, local governments and provincial governments. Mandatory prescribed assets allocations, which included investments in public entities and even loans to local and provincial governments, were lifted (Moleko, 2019). Up until the 1994 democratic elections, public pensions had also continued to fulfil their historical mandate to provide debt to government (Hendricks, 2008). Another clear shift occurred in 2004, when the Public Investment Corporation (PIC) was legislated as an asset manager for the Government Employees Pension Fund, as "an institution outside of the public sector" (Public Investment Corporation Act, 2004 *in* Hendricks, 2008). The legislation was widely opposed by civil society, particularly the Congress of South African Trade Unions (COSATU) (Hendricks, 2008). According to the proposed bill, the PIC's investment decisions and the Minister's board appointments were not up for parliamentary or public input or scrutiny. Further, a corporatised public pension scheme, COSATU argued, would not prioritise social investment or the country's developmental needs. In spite of these concerns and debates, the legislation was passed. In 2007, the GEPF signed an Investment Management Agreement (IMA) with the PIC, "in which the PIC was appointed as an investment manager of the GEPF and is required to act within the investment policy of the GEPF" (Commission of Inquiry, 2020: 139). Hendricks (2008: 20) argues that the outcome of the fully-funded GEPF and the corporatised PIC is that, "it has safeguarded the pension of apartheid era public

[82]As Hendricks (2008) explains, different pension funds existed for self-governing homelands and so-called independent states that had been established for Black people by the apartheid government.

workers and has enhanced the opportunities for substantial benefits for a very small black bourgeoisie." As the asset manager of government worker's pension funds, Hendricks writes that the PIC has operated "very much like a privately-owned asset management firm" (Hendricks, 2008: 12) providing capital to support the deals of black-owned companies and consortiums, and black business elites (including the current President Cyril Ramaphosa) under a state-wide policy of Broad-Based Black Economic Empowerment (B-BBEE).

The PIC has come under intense public scrutiny in the past four years, with a Commission of Inquiry appointed by President Ramaphosa in 2018 into, "allegations of impropriety" regarding the entity (Commission of Inquiry, 2020: 794). This formed part of a host of inquiries initiated by President Ramaphosa to shed light on the use of state entities and the allocation of state assets by Ramaphosa's predecessor, Jacob Zuma, and affiliated acquaintances or political allies. The PIC inquiry focused on a handful of deals, which were the subject of media attention and leaked internal e-mails in the organisation (Commission of Inquiry, 2020). Among the most publicised of these were investments and debt-financing provided to Ayo Technology Solutions and Independent Media made by the PIC on behalf of the GEPF (*amaBhungane*, 2022). In the former deal, the PIC backed the JSE-listing of IT company Ayo Technology Solutions, investing R 4.3 billion (approximately 323 million USD[83]) and paying an inflated price for shares which overvalued the company (*Mail & Guardian*, 2018). The other deal, meanwhile, involved debt-financing and investment to the value of approximately R 1.27 billion (approximately 95 million USD[84]) to a consortium acquiring the struggling (and now severely indebted) Independent Media, a South African newspaper-owning media company (Planting, 2019). These deals were undertaken with minimal scrutiny and facilitated directly by the PIC's then-CEO (Commission of Inquiry, 2020). The latter allegedly had a personal friendship with the businessman whose company had a significant shareholding in both Ayo Technology and Independent Media (Commission of Inquiry, 2020; Nicolson, 2019). These and other investments were undertaken through the PIC's Isibaya fund, the primary arm of unlisted investment by the PIC, with a focus on "impact" or socially oriented investing (Table 8.1).

[83] This is based on an exchange rate of R13.30 to the dollar, the average exchange rate in 2017, the year in which the company was listed.
[84] Ibid.

The Commission made a host of recommendations to improve the governance of investment decisions at the PIC. These included decentralised decision-making processes, greater oversight, and limits on investments to single parties. Poor governance and oversight were used to explain the previous CEO's "insufficient commitment to the prudence requirement" (Commission of Inquiry, 2020: 141). Not mentioned by the Commission, however, were the structural conditions and history that precipitated an overabundance of pension fund capital that required investment. The Commission has also added weight to the argument that the PIC's post-apartheid investment benefits "a very small black bourgeoisie" (Hendricks, 2008: 20) or a "black capitalist class" (Brown, 2019). Less pronounced in this public discourse and scholarship, but evident through an analysis of the PIC's capital investment in corporate real estate, however, is that this select few includes historically-dominant, white-owned corporate businesses – including listed real estate companies. The next section aims to add an additional layer to academic and media arguments about who benefits from investments from government workers' pensions and how it is this that impacts the socioeconomic, and physical, landscape (Hendricks, 2008; Brown, 2019; Moleko, 2019; Luvhengo, 2012; Pither, 2012).

Table 8.1 PIC assets split by asset class and as a percentage of total assets

Listed	ZAR bn	%	Unlisted		ZAR bn	%
Equities (Internal)*	832	39.94	Isibaya	Private equity	21	1.02
Bonds (Internal)	692	33.20		Impact investing	49	2.35
Listed funds (External)	194	9.32		Rest of Africa	6	0.30
Cash	112	5.38	Property		47	2.26
Global equities	91	4.38				
Global bonds	21	0.99				
Rest of Africa	18	0.86				
Total	**1959**	**94.07**			**123**	**5.93**

*includes listed properties

Adapted from *PIC Inquiry Workshop Report* (Wahome, 2019: 26 & 33), Source: PIC (2018)

8.3 The GEPF and the PIC : Consolidation through Pareto and shareholding in listed real estate

The Public Investment Corporation manages a handful of public funds, but the Government Employees Pension Fund is by far its largest client (Figure 8.1). Close to 87% of assets managed

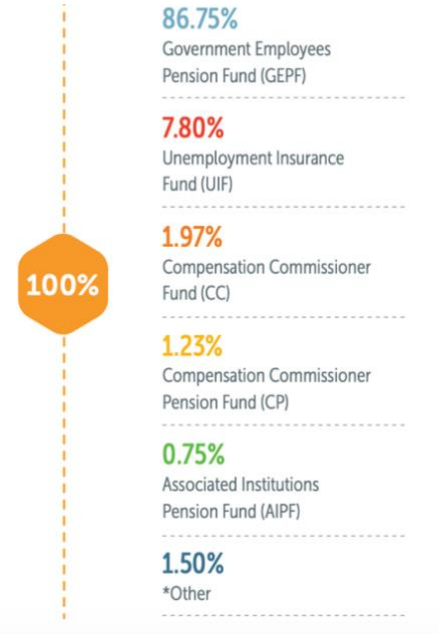
by the PIC come from the GEPF (PIC, 2019). On behalf of the GEPF and its other clients, the PIC invests in both listed and unlisted assets (Table 8.1). Listed real estate investments are made through its internally managed investment in equities, while property is allocated a significant proportion of unlisted investment. In addition to its unlisted property investments, however, are 'impact' investments in alternative real estate made through the Isibaya fund (PIC, 2017). The PIC's allocations correlate with the GEPF's strategic targets for investment. In 2007, the GEPF set a strategic target to direct 5% of its investments to unlisted property (Commission of Inquiry, 2020: 660). Listed investment in equities, which would include listed real estate, were targeted for 41% of its investment.

Outside of the PIC-managed investment, the GEPF directly owns property and a property company called Pareto. As one former PIC employee explained, when first established, the GEPF's property investments were made up of the properties that it inherited from the pension funds of self-governing territories and Bantustans (Interview 36, 2019). Following its establishment, one of the first significant allocations to the corporate property sector by the nascent GEPF was its 40% shareholding in the unlisted property company Pareto from 2001 (Pareto, 2020). As mentioned in Chapter 5, Pareto is one of South Africa's largest property corporations, concentrating its investment, and recent development, in retail real estate. The company's origins stem from another state arm, Eskom, South Africa's state-owned power utility, and its own pension fund, the Eskom Pension and Provident Fund (EPPF). The EPPF is the second largest pension fund in South Africa behind the GEPF (EPPF, 2020). The EPPF's current structure was also adopted in the transition to a post-apartheid state (EPPF, 2020). The prime properties owned by the EPPF, which included three of Johannesburg's prime shopping malls, were used to establish Pareto as a property company in 1998, with Eskom's pension fund as its main shareholder (Pareto, 2020).

In a few years, Pareto consolidated itself as one of South Africa's largest property corporations. From 1999, Pareto grew its portfolio by entering into the joint ownership of some of the country's most prominent urban malls (Pareto, 2020). From 2004, these acquisitions occurred under the leadership of the only Black CEO in the retail property sector at the time – himself a former employee of Eskom. In what was dubbed one of the biggest property deals in post-apartheid South Africa, in 2009 the company acquired a 50% stake in a prominent Cape Town

and Pretoria mall[85], the "crown jewels" of life insurance company Old Mutual (Interview 21, 2019). The deal unsettled the usual players in South Africa's mall ownership – many of whom felt spited by their exclusion from the closed deal, which was occurring in the same way deals always happened in the industry – but between two Black executives (Interview 21, 2019). This placed the merger under considerable scrutiny in a still lily-white led sector. South Africa's Competition Tribunal had to rule on the acquisition to establish whether Pareto was gaining an unfair advantage in retail real estate. In its ruling, the Tribunal noted that Pareto would have a 20.1% market share of regional shopping centres in Gauteng, and 16.3% in the Western Cape following the merger (Competition Tribunal of South Africa, 2009b). The Commission ruled that this was above board. In Gauteng, Pareto's share of the market would equal that of Growthpoint and would be higher than that of Liberty. Together, the three companies owned 55.8% of regional malls in Gauteng, the country's most prosperous province (Competition Tribunal of South Africa, 2009b). From the mid-2000s, the company moved beyond its focus on large regional shopping centres to community shopping centres, including township malls (*IOL*, 2005).

Figure 8.1 The percentage allocation of PIC clients to its total assets managed



Source: PIC (2019)

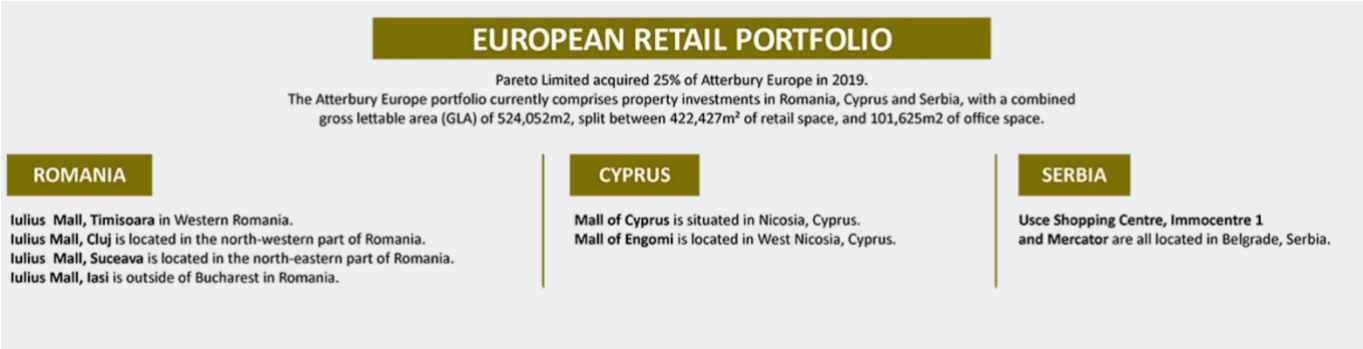
[85] Menlyn and Cavendish Mall, located in Pretoria and Cape Town respectively.

Figure 8.2 Core shopping centres owned by Pareto in South Africa



Source: Pareto (2022)

Figure 8.3 European retail portfolio co-owned by Pareto through Atterbury Europe



Source: Pareto (2022)

Following these notable acquisitions in the 2000s, the company's value ballooned – forcing the Eskom Pension & Provident Fund to opt out of its shareholding. The value of their stake in Pareto exceeded the legal 5% limit placed on pension's fund's allocations to property investment in South Africa (Interview 21, 2019). The Government Employees Pension Fund, with much deeper pockets, took over the company in 2012 and became the sole-shareholder (Interview 21, 2019). Today, Pareto is 76% owned by the GEPF. The company is positioned as one of South Africa's largest unlisted property corporations, owning a wide portfolio of shopping malls (Figure 8.2) and its own property management company, Mowana (Pareto, 2022). In 2019, Pareto became a 25% shareholder in Atterbury Europe, a European

development endeavour of one of South Africa's largest local property corporations, Atterbury Group (Atterbury Group, 2015; Pareto, 2020). In June 2020, the opening of Beo Mall in Belgrade, Serbia, "a new generation of shopping experience … with over 43 000 sqm of GLA and a total built-up area of 130 000 sqm" (Pareto, 2020) was thus aided by capital derived from the state pension fund (Figure 8.3) (Atterbury Group, 2015). Aside from its European endeavours, the Atterbury Group also has a local listed property company – Attacq – in which the Public Investment Corporation is the second largest shareholder. Attacq has driven the commercial property development in the enclave mixed-use mega development in Midrand, Waterfall City.

Figure 8.4 The PwC Tower in Waterfall City owned by Attacq and developed by the Atterbury Group



Source: Author

Beyond Pareto, through investments managed by the Public Investment Corporation, the GEPF is also one of the largest institutional investors in listed property companies in South Africa. The bulk of the GEPF's investment is in shareholding – equities – both in listed and unlisted companies (Table 8.1). As one asset manager noted, South Africa's large, listed property corporations are beneficiaries of the PIC's institutional investment, which is pegged to size and performance indices (Interview 20, 2019). The PIC makes investment decisions on the JSE the same way as other asset managers would (Luvhengo, 2012). However, unlike other asset managers, the PIC, with its large institutional shareholdings and power to shape the market, is stoic in its investment – positioning it as a large, consistent and steadfast shareholder unlikely to easily divest (Luvhengo, 2012). The PIC invests government workers' pensions as a main shareholder in South Africa's largest listed property corporations, as well as in the financial services corporations that are intertwined with them. As shown in Table 8.2, the PIC is the largest shareholder in the two largest property corporations in South Africa, Growthpoint and Redefine, as well as a significant shareholder in black-owned property funds, such as Dipula.

Table 8.2 Shareholding of the PIC in listed real estate in South Africa

Listed Property Company	PIC Shareholding (% of total)	PIC Shareholder Rank
Growthpoint	15%	1st
Redefine	14.6%	1st
Hyprop	12.9%	1st
Vukile	13.4%	1st
SA Corporate Real Estate	20%	1st
Liberty Two Degrees	13.8%	2nd
Dipula	15%	2nd
Resilient REIT	10.1%	2nd
Attacq	9.14%	2nd
Investec Property	7.23%	2nd
Octodec (CityProp)	3.76%	3rd
Balwin	3.63%	5th

Source: Compiled by Author (2020)

As a former division head in Growthpoint noted, the PIC is significant in the corporate property sector because of its "sheer size" (Interview 33, 2019). Those within the listed real estate companies that are privy to PIC investment view its shareholding as passive and unobtrusive, providing capital "like any of the other asset managers who are the large asset managers" (Interview 28, 2019).

> *"They are big shareholders everywhere just by their sheer size. So they, I think they're fine shareholders, they're not overly involved, they would want board representation, but they're not kind of micro managers."* (Interview 33, 2019)

In two of these large, listed property corporations, Liberty Two Degrees and Growthpoint, the GEPF is a shareholder through the PIC, and also co-owns properties. Sandton City (Figure 8.5) and the Waterfront development, in Johannesburg and Cape Town, are co-owned respectively by the GEPF with Liberty and Growthpoint.[86] With Growthpoint, in 2011, the PIC bought a 50% stake in the Waterfront development in Cape Town for R9.7 billion (Johns, 2011) The purchase was described in the *Cape Argus* newspaper as, "South Africa's most expensive single property transaction to date" (Johns, 2011). The sellers were a Dubai-based investment firm, who had in turn bought the property from the pension fund of a state-owned company, Transnet. It is purported to be South Africa's most valuable real estate asset, valued at R20 billion (Green, 2019). When the GEPF and Growthpoint purchased the Waterfront, concerns were raised by the Competition Tribunal about the GEPF's co-ownership of other competing malls in Cape Town through Pareto – including Cavendish and Tygervalley Mall (Competition Tribunal, 2011).

According to a former asset manager in the PIC, the multiple facets and scale of the GEPF's involvement in property corporations as shareholder and property owner facilitated a "Chinese wall" (Interview 36, 2019) being instituted in the PIC in the 2000s between those making decisions regarding direct investments in property, and those investing on property companies on the stock exchange. As the former PIC asset manager explained:

> *"I'll give you an example; I'm coinvesting with Growthpoint in a transaction, now we're insiders in Growthpoint, so what ends up happening is...knowing that inside*

[86] Pareto co-owns Sandton City, while the GEPF is a joint owner in the company that owns the Waterfront Development.

information, kind of, stops us buying and selling Growthpoint shares – but you can't trade once you're an insider. What we found is that we were creating too much conflict within our own division..." (Interview 36, 2019)

The asset manager argues that their investments played a pivotal role in growing and injecting capital into a still-nascent corporate property sector in the country in the 2000s. In the asset manager's view, the PIC's subscription for shares and contribution of capital assisted corporate real estate companies in expanding their presence on the Johannesburg Stock Exchange. Growthpoint, SA Corporate, CBS, Texton and Spearhead were all listed South African real estate players that benefitted from the PIC subscribing to its shares in crucial moments of merger or new listings (Interview 36, 2019).

Figure 8.5 Skyline of Sandton including the Sandton City development



Source: Author

> *"So, when a fund was looking for capital to invest, the PIC would generally support or subscribe for the shares – I think the PIC, at the time, then, was probably instrumental in growing the listed property sector, because they needed it to invest, and they kind of supported most of the listed funds. Growthpoint was one of the bigger beneficiaries – just because they were the biggest of them all, the fastest growing at the time. It wasn't only Growthpoint, the PIC invested into most of the listed funds that were raising capital at the time, the PIC subscribed. And that really allowed the sector to grow, by finding acquisitions and become what it is today. I wouldn't say it was only the PIC, but I think the PIC was a large component of it, a significant component of it."* (Interview 36, 2019)

One example of this was the PIC's purchase of a 5% shareholding in the white-owned listed property fund, Spearhead, in 2005. The R25 million investment was viewed as a negligible amount of capital by the PIC's property investors but had far-reaching impacts for the emergent fund (Interview 36, 2019). This 'support' for the establishment of the listed real estate sector also aided the PIC by establishing an avenue to direct GEPF investment. The Spearhead deal occurred in a period where listed property funds were seeking to increase their number of black-shareholders, following the adoption of B-BBEE legislation in 2003. This legislation set minimum mandates and a point-system for black-ownership and employment in South African businesses. Those that entered these B-BBEE-invoked deals were a handful of black-owned investment companies. Among these were now-president Cyril Ramaphosa's MCI Properties, later Shanduka Properties (Butler, 2007; Catalyst, 2004; Wilson, 2004; Creamer Media's *Engineering News*, 2003). The property investment holding company Phatsima Properties, which was headed by businessman Herman Mashaba,[87] who subsequently became the Mayor of Johannesburg in 2016, entered into a B-BBEE partnership with Growthpoint in 2005 (Growthpoint Properties, 2021: 13). The PIC was also counted as a B-BBEE partner. In its deal with Spearhead, the PIC was one of three "empowerment partners" – black-held capital investors – who increased Spearhead's black-shareholding to 25% (eProp, 2005). At the time of the PIC's investment, Spearhead was in the process of undertaking large retail and industrial

[87] Herman Mashaba "held a 40% indirect beneficial interest in Phatsima" and became a non-executive director of Growthpoint before, and then Deputy Chairman, prior to his political career (Growthpoint Properties, 2021: 13).

projects in the Western Cape (eProp, 2004). Two years later, Spearhead's bolstered property portfolio was subsumed by Redefine. As the former asset manager in the PIC explained:

> *"We invested R20 million into Spearhead at the time, which doesn't sound like a lot of money, but for Spearhead, you know, they were doing hula hoops when we subscribed for those shares because that underpinned a series of transactions which then took them to … where they wanted to be" (*Interview 36, 2019).

As the GEPF's mandated allocation to property investment in South Africa increased, the PIC entered into an expansive purchasing spree of property. In 2007, the company bought out the listed property company CBS,[88] and delisted the company. The PIC's lucrative offer for CBS outmanoeuvred the listed real estate behemoth Redefine, who had also pursued the purchase of the mostly high-end office portfolio. The PIC had been a shareholder in CBS from when it listed in 2005 (eProp, 2007). Acting on behalf of the GEPF, the PIC's purchase of CBS raised the public investment fund's property holdings to be on par with that of South Africa's dominant life insurance companies at the time (Muller, 2007). In an article in July 2007 entitled "PIC's Property Play" in the well-known financial magazine *FinWeek* (refer to Appendix 1), the head of PIC's property investments explained the CBS-purchase as part of an intentional strategy to significantly increase the fund's property ownership and investment (Muller, 2007). The PIC aimed to "grow its property portfolio at least six-fold over the next five years," and aimed to increase its ownership of South Africa's listed property sector by 10% in a year and a half (Muller, 2007). Along with the CBS deal, the company began to make significant moves in that direction in 2007, effecting deals that led to a 30% stake in SA Corporate Real Estate Fund and increasing its shareholding in listed property companies by R800 million (Muller, 2007). The PIC's expansive investment was also articulated as an attempt to "shake-up" South Africa's property sector to "outmanoeuvre many of the traditional players" (Muller, 2007).

Although framed as an 'empowerment' coup, the PIC appeared to be consolidating existing real estate oligopolies and creating new ones. In addition to its empowerment deals with white-owned listed real estate companies, the PIC took on "a substantial shareholding in black-

[88] CBS was co-founded by Gary Fisher, a property investor who was implicated for his involvement in commercializing a property that had been set-aside for social housing in Cape Town while working as an advisee for the Western Cape Provincial Government.

owned and black-managed listed property companies, such as Rebosis, Dipula and Delta" (PIC, 2016: 28). Either as a primary shareholder, or through its direct investment, GEPF capital was thus embedded in numerous new listings, mergers and acquisitions in the late 2000s.

Driven both by its "empowerment imperatives" and acting "like any other asset manager", the PIC pegged its investments on the stock exchange based on company size and revenue-generation. As a result, the PIC's shareholding on the stock exchange benefited large-listed real estate companies, with their lineages of historically white-owned capital and finance (as shown in Chapter 5), such as Growthpoint. In 2016, the PIC had to reduce its "overweight position in Growthpoint" of a 24% shareholding (PIC, 2016: 28). The PIC's expansionary mandate also provided a cash injection for the "traditional", historically white-owned insurance companies, and private developers that sold it sizeable portfolios (Interviews 21 and 33, 2019). Thus, rather than merely benefitting black capital in the post-apartheid period, as argued by Hendricks (2008), the PIC contributed to the expansion and consolidation of existing white-owned listed funds, with their lineages in racialised mining and financial capital accumulation (as discussed in Chapter 5), and the private, mostly white-owned, development companies that built for them. The unlisted property company Zenprop (discussed in Chapter 5) sold 50 office and light industrial properties to the GEPF for R5 billion in 2008 (Competition Tribunal, 2008). The sale was followed by Zenprop expanding its operations to the UK and Germany (Interview 36, 2019). With these purchases from Zenprop in 2008, the GEPF expanded its ownership of office buildings in Johannesburg. It owned 20% of recently built office space in Midrand, and 16.2% of the newest office buildings in Sandton[89] (Competition Tribunal, 2008; SAPOA, 2009). As shown in Chapter 6, property players involved in corporate real estate, whether developers or funds – or both, therefore benefited greatly from a liberalising economy and consolidating corporate real estate. In this environment, the GEPF was an instrumental capital investor:

> *"...the PIC's investment into property had a fundamental impact on capital leaving the country. So, what I found was when large private portfolios were bought – the sellers of those assets took their money off-shore."* (Interview 36, 2019)

[89] The Midrand office space was categorised as 'A-grade' and the Sandton office space as P-grade. According to SAPOA (2009), A-grade office space includes offices not older than 15 years, while P-grade is 'top-quality, modern space'.

Two former asset managers admit that driven by the GEPF's investment mandates, they had to prioritise time and energy on large transactions to meet their investment targets and to save operating and management costs (Interviews 10 and 36, 2019). As they reached for GEPF's 5% target for direct investment in property, those in the PIC soon realised, "we were running into ourselves in the market" (Interview 10, 2019). The GEPF's shareholding in the dominant property company Pareto, and its direct investments in numerous properties, increasingly raised concerns with the Competition Commission (Interview 10, 2019). The extent of GEPF capital meant that for those managing its investments, 5 percent was still too large an allocation to invest directly in property in South Africa.

> *"…So 5% of the GEPF money that the PIC managed was meant to be in properties. And I think we were around 3% and we had to grow the portfolio to get to 5%. The issue is that even that 3% was so massive that we were running into ourselves in the market. So we were hitting a lot of the Competition Commission triggers for any transaction that we do...there are clearly things like not dominating a certain node because then you become the rent setter, you know? So we needed to find new investment channels that can absorb that kinda 2% delta."* (Interview 10, 2019)

As a result, the PIC's property team attempted to diversify the GEPF's investment by putting together funds that would support black property developers, inner-city regeneration, and green property deals in the 2000s (Interviews 4, 10 and 36, 2019). However, as a former employee explained, these did not get off the ground after a change in leadership and a shift in investment priorities (Interview 10, 2019). The PIC's property investments have thus largely operated similarly to other asset managers – buying shares in listed and unlisted property companies and funds and owning its own property assets. After 2008, the GEPF outlined an approach toward social objectives through its investments using its development-oriented Isibaya Fund (Luvhengo, 2012). The fund constitutes less than 2% of the GEPF's total assets and is delineated as separate to its property investments (Figure 8.1). Through this fund, the GEPF has invested in companies and individuals in the business of building 'affordable' inner-city housing, social housing and student accommodation, and continued investment in black-owned property funds. This has developed alongside its historical investment in the

Community Property Fund, which supported the development of township malls. As discussed in Section 8.3, even in its alternative and socially oriented investments, however, the GEPF has directed its capital to large undertakings with the prospect of impact at scale.

The GEPF's role in consolidating the corporate property sector in Johannesburg, and South Africa, has thus been manifold. Through the PIC, the GEPF subscribes to shares in property companies when the sector was growing; consolidates and stabilises property corporates through its shareholding on the JSE; owns one of the country's largest commercial property companies, and co-owns two of South Africa's largest property assets. The PIC acts, largely, as any asset manager for a large institutional investor would. As this section has shown, the elite and select few that have benefited from the PIC's post-apartheid investment extends beyond black businesses and B-BBEE-consortiums to the large property corporations, overwhelmingly white-owned, which were founded on the legacy of South Africa's consolidated finance and mining capital.

8.4 The Spatial Patterns of State Pensions & Consolidated Real Estate Investment

In 2019, industry experts estimated that close to 90% of the capital raised by the listed real estate sector in South Africa was directed overseas (Viruly, 2019). In their overseas forays, a third of listed property companies had established a presence in Eastern Europe (Zondo, 2019). Dirk Ackerman, the CEO of a South African corporate consulting firm, sought to explain the phenomenon in a panel on listed real estate at the SAPOA Conference in 2019: "We are forced to look elsewhere in light of policy uncertainty". The term 'policy uncertainty' was echoed across the panels of the 2019 SAPOA conference. The argument put forward was that the South African government's ambiguous economic policies and political woes were to blame for listed companies' retreat offshore. South Africa, many argued, had become a difficult environment to work in. Tired of bureaucratic delays and politics, the refrain was, as one academic in real estate put it: "…we get to a point where the developer will say to the local council, 'Look, guys, if you don't want me it's fine'" (Interview 19, 2019). The argument resonated in a room where the listed property sector and corporate real estate was under significant pressure – facing vacancies, more stringent bank-lending and a consumer with less disposable income (as discussed in Chapter 6). A more functional state, it was argued, would make the current environment more conducive to investment. A point made by one of the

panellists suggested, however, that there was a slightly more complex set of factors that had contributed to listed real estate's moves overseas. "The gearing levels of offshore investment are over 60%," noted Bandile Zondo, the head of finance at Standard Bank. What he was referring to was that South Africa listed real estate companies were financing their European developments at favourable rates. As a well-known real estate academic in South Africa explained:

> *"There's [a] funding argument that you can borrow cheap in Europe. You can borrow up to 3% and you've got a yield on your property leads to 8%, 9%."* (Interview 19, 2019)

With their significant capital gains, large listed real estate companies were able to make Euro-based transactions. Capitalising on the depreciated rand, their European leases contributed significantly to their listed companies' revenues and enabled them to access more Euro-based finance (Interview 19, 2019). A division head of a large listed real estate company, which itself had a presence in Eastern Europe, echoed that there was an attractiveness to leveraging the Euro: "from a financial engineering point of view it makes sense to go into Eastern Europe" (Interview 33, 2019). A later panel reinforced that the move was facilitated by more than a "dysfunctional" South African state. A portfolio manager for Old Mutual admitted that Eastern European countries were conducive to South African capital investment because they had underdeveloped pension funds and little local capital. Another panellist on overseas investments argued that entering into markets where things are cheap, and the business environment is "not sophisticated" presented opportunities for revenue – "taking on higher risk, for higher returns" (Mendenhall, 2019). The risk profile of Eastern European countries, an expert posited, may make them less attractive to Swiss or German investors, but not unnavigable to South African ones. As the eminent real estate academic reflected: "...the lack of governance in these places is something South African investors are used to" (Interview 19, 2019). As shown in Chapter 6, the workability of a dysfunctional state, therefore, appeared to be a subjective construction. What was certain was that the South African corporate commercial real estate market was saturated, and it was beginning to show through the rising vacancies in malls and office buildings. The move overseas also opened terrain for investment by corporate real estate companies beyond oversubscribed nodes in Johannesburg, such as Waterfall City and Sandton.

Real estate oligopolies that had been reinforced by GEPF capital investment expanded overseas in the 2010s. Among these, Growthpoint opened an Australian arm, and Redefine invested expansively in Poland.[90] In 2019, the GEPF-owned Pareto purchased a 25% stake in Atterbury Europe, the European arm of the Atterbury Group – opening malls in Cyprus, Romania and Serbia. Overseas investments by the GEPF were inevitable, as one former employee of the PIC explained, due to the sheer size of the capital available at its disposal (Interview 36, 2019). As noted previously, the fund was beginning to raise the flags of the Competition Commission for its dominance of the South African market.

The size of the capital investment available to the PIC through the GEPF has also meant that the fund has had to prioritise large transactions. "Short-term reporting objectives" (Luvhengo, 2012) with pressures to reach investment targets have made it more appealing for its fund managers to channel property investment into large transactions and corporate endeavours (Interview 10 and 36, 2019). Large and high-value properties are prioritised to streamline investments, offering less onerous and quicker opportunities to reach the pension fund's investment targets. As a former PIC employee explained:

> *"… if we are going to do transactions, you've got to wake up and do the large transactions. You can't waste your time. [The] effort and energy to do a R50 million transaction [is the] same as doing a R1 billion transaction ... When the V&A came up for sale, we took it with both hands. Eskom's share in Pareto. That's what we focused on. Obviously if there were some smaller assets that made sense we would look at them, but we really would look at anything over R1 billion worth of assets. Generally, what's made up [our] portfolio is all single large assets. The challenge, I think for now at the PIC is that this problem has probably gotten even worse. So ... you know if I was at the PIC now I wouldn't be worrying about doing small little transactions, I would be thinking of the bigger picture in mind, globally. You know?"* (Interview 36, 2019).

[90] In March 2022, Redefine was due to takeover and delist "Poland's largest retail landlord" (Redefine, 2022)

Relatedly, small or less valuable developments are side-lined. This, in turn, has spatial implications by sustaining unequal flows of capital investment that reinforce existing economic nodes, and real estate oligopolies. A former employee in the PIC's property division explained:

> *"We had conversations about why do we not put money into the old small business development centre, where you put small little factories in townships because those have the potential. The problem with that is the management … The cost of managing that was just too high ... So there was an investment threshold, I think, if I'm not mistaken, nothing below R150 million. It's not worth your while to look at. And that is the downside of being too big."* (Interview 10, 2019)

The minimum criteria for investments by the PIC into unlisted properties (Table 8.3) illustrates clear size prerogatives (Wahome, 2019: 36). Relatedly, there are guidelines to "avoid multi-tenanted buildings" for office and industrial development – except in instances when these are state tenancies. Although preference is given to township-based shopping centre investments, mandates to invest in single-tenanted, large office and industrial buildings, discount investments in township-based "small business development centre[s]" or "small little factories" (Interview 10, 2019).

Table 8.3 Minimum criteria for investments into unlisted properties by the PIC

Retail centres	▪ Assets measuring a minimum of 10 000 m^2 ▪ At least 70% national tenants' representation ▪ Preference given to townships and other under-developed areas
Office buildings	▪ Assets measuring 5 000m^2 and more ▪ Avoid multi-tenanted buildings unless it is government department or agencies ▪ Preference given to government and SOCs ▪ 60% pre-let
Industrial buildings	▪ Assets measuring at least 3 000 m^2 or more in developing nodes and/or industrial parks ▪ Avoid multi-tenanted buildings ▪ 100% pre-let
Specialised buildings	▪ Minimum investment size of approximately R 100 million ▪ Direct investment or into a fund

Adapted from *PIC Inquiry Workshop Report* (Wahome, 2019: 36), Source: PIC (n.d)

The lean toward large buildings, and large portfolios of properties is not only a characteristic of the PIC's unlisted investment. Over 90% of the PIC's investments are made in listed investments or equities (Table 8.1) (PIC, 2018). As noted previously, most of these listed

investments are managed internally within the PIC and are done "passively" via an index tracking strategy (Wahome, 2019: 28). A common strategy tagged to "tracker funds" adopted by large asset managers globally (Wahome, 2019: 28), PIC listed property investments are therefore uniformly directed at well-performing REITs on the stock exchange. As one fund manager explained:

> *"…so if you have a good portfolio, and you're on the [Johannesburg Stock Exchange Share] index and you're raising money – the PIC will have to follow because they're an index-tracker...It would just be a normal process. For the REITs [Listed Real Estate Investment Trusts], it's an even playing field…"* (Interview 20, 2019).

As shown in Chapter 5, listed corporate real estate companies upscaled to establish themselves as viable for institutional investors as a REIT investment from 2013. Prior to the REIT legislation in 2013, there was a boom in large-scale office development in Johannesburg (Figure 6.10). This was followed by another spike in the square meterage of banking and office space completed in Johannesburg from 2016 to 2018 (Figure 6.10). In 2019, it was estimated that 56% of new office development in the country was concentrated in three areas in Johannesburg: Sandton, Waterfall City and Rosebank (Zondo, 2019). As discussed in Chapter 6, in the same period, the City of Johannesburg had initiated a project to facilitate infill development along its Bus Rapid Transit (BRT) route in the inner-city and surrounding neighbourhoods. The listed real estate companies who were facilitating a boom in the City's wealthier suburban nodes across the highway and further north of these corridors were not rushing to take advantage of the favourable zoning conditions along the bus transit corridors. By not offering the opportunities for scale, certain areas and forms of development appear unfeasible for most listed real estate companies. As an assistant director in Spatial Planning in the City of Johannesburg explained:

> *"…a lot of the infill developments in the City, is actually about… smaller projects…smaller yields... Does that interest Growthpoint? No. Not their space. They would rather wait it out and buy some land in the node, or just outside it. But that's the space of the small players, the small-er players… So, for me, a lot of our City ... a lot of our changes needs to be implemented by the smaller players, and more of them."* (Interview 7, 2019)

Outside of its investment in unlisted real estate and listed real estate, the PIC makes investments in 'affordable' housing and student accommodation through the Isibaya Fund. As shown previously (Figure 8.1), the fund accounts for the bulk of the PIC's unlisted investments but less than 10% of all its investments. The Isibaya Fund's investment in what are labelled "impact investments" – investments focused on generating returns while ostensibly addressing social or environmental interests – has proven significant. The PIC has acted as a catalytic 'first' and largest investor in unestablished or alternative investment spaces, encouraging further investment (Wahome, 2019: 32). However, even in these alternative 'impact' investments, the PIC has consolidated certain players and those who operate at scale.

The Isibaya fund directed debt financing and equity investment to Southpoint, a private student accommodation company that dominates high-density student accommodation in the inner-city of Johannesburg, and other cities in South Africa (PIC, 2017). In the 'affordable' housing space, the PIC has directed debt-financing and GEFP equity investment to the country's largest affordable housing investment funds, the prominent alternative-lending institution TUHF (Trust for Urban Housing Finance), and the fifth-largest home loan provider in South Africa, SA Homeloans (Table 8.4) (PIC, 2017). The SA Homeloans' deal was among those under scrutiny by the Commission of Inquiry (Commission of Inquiry, 2020: 24). One of those associated with the deal was businessman Matome Maponya – who was linked to many Isibaya projects, including GEPF equity investment in an affordable housing company (PIC, 2017). This led the Commission to recommend that limits be placed on the investments that can be associated with a single party "to ensure that PIC funds are available to as many South Africans as possible" (Commission of Inquiry: 2020: 24).

Thus, in spite of purported transformation imperatives, rather than being available to all black entrepreneurs, PIC direct property investments favoured certain black businesspeople who knew "how to get in front of the right people" (Interview 12, 2019). As one property development manager in a large unlisted real estate company explained:

> *"...You do get, like, black monopoly ... You get like your elite guys that go to the PIC ever so often and they are known and they get the funds and facilities..."*
>
> (Interview 37, 2019)

For a Black inner-city property entrepreneur and upstart Black social housing developer, the PIC was thus "disappointing" (Interview 12, 2019) and an unlikely direct funder (Interview 13, 2019). These developers are undertaking piecemeal and smaller projects that would fill the development gaps targeted by the City of Johannesburg's "spatial transformation" policies – but they are too small, and too unconnected, to be targets of GEPF investment capital (Interview 12 and 13, 2019). Although they, and their smaller developments, may be indirect beneficiaries of PIC-directed financing through loans from TUHF, they would not be privy to direct capital investment. Furthermore, as indicated in Table 8.4, the scale of GEPF investment in the niche-financing institution TUHF – which funds smaller inner-city projects and developers – is overshadowed by its equity investment in HIFSA and SA Homeloans (PIC, 2017). HIFSA, although investing in student housing, focuses on housing development projects at scale (Old Mutual, 2022).

Two significant 'affordable' housing investments by the GEPF directed by the PIC were in two affordable housing investment funds. The International Housing Solutions (IHS) initiated South African Workforce Housing Fund (SAWHF) and the Old Mutual-driven Housing Impact Fund of South Africa (HIFSA). As a result, the pension fund has assisted in mainstreaming the residential housing terrain for investment as a financial asset (Christophers, 2016) from which to derive "liquidity from spatial fixity" (Gotham, 2009). IHS, an unlisted affordable housing company with American-roots, benefited from a significant investment from the GEPF through the PIC in 2008. This proved to be their "most important" (Butcher, 2016: 156) local investment at the time. The PIC capital investment was a vote of confidence in a model focused on high-density greenfield rental development – initially facing considerable scepticism from local banks (Interview 32, 2019). The bulk of the company's international funding came from the US's Overseas Public Investment Company (OPIC) – another state investment entity (Butcher, 2016). Following the success of the SAWHF, launched in 2008, the company subsequently initiated three more funds, and listed a REIT with some of its flagship greenfield rental developments – hitherto unprecedented in the local property scene (Butcher, 2016). IHS has emerged one of the dominant players in developing high-density, gated, rental housing at scale and precipitated the listing of a residential rental real estate company on the JSE. Concentrating their high-density development in and around suburban Johannesburg, mostly

in the north, those at the helm of the company have been largely unresponsive to the City's new policies, which have sought to prioritise infill affordable housing in and around the inner-City. Their model was not made for small and chequered development.

There is therefore emerging evidence of the impact that GEPF investment has had, and is having, on Johannesburg's spatial patterns, by favouring large corporate players and large transactions. Although the GEPF's impact investment through the Isibaya Fund has been undertaken in the more alternative 'affordable' housing space, this needs to be contextualised. As shown above, there are certain 'affordable' developments and players that have benefited from investment, either operating at scale or within existing funding networks. Further, Isibaya fund investments are a small proportion of the pension fund's overall investment through the PIC (Table 8.1).

Table 8.4 Excerpt of investments undertaken by the PIC's Isibaya Fund in Housing

Investment name	Sector	Transaction Description	Instrument Type	Committed Amount (USD)	Investment Year
SA Homeloans	Housing	Fifth largest home loan provider in South Africa and the largest non-bank provider.	Equity	456 758 383	2014
			Debt	480 241 617	
TUHF	Housing	Debt funding to TUHF for on lending purposes to its clients for purpose of inner-city residential building developments and refurbishments.	Debt	300 000 000	2012
			Equity	25 000 000	
HIFSA	Housing	Investment in a fund that finances the acquisition and construction of affordable housing, as well as providing housing loans and rental accommodation for families and students.	Indirect Equity	1 000 000 000	2010
SAWHF	Housing	Investment in a fund that focuses on investing in affordable housing	Indirect Equity	150 000 000	2010

Source: PIC, 2017

The GEPF's investment patterns can begin to be contextualised in a body of scholarship analysing the spatial impacts of institutional investors, and more recently, pension funds. An array of studies, mostly European-based, have illustrated how institutional investors have favoured larger cities and prime assets. Some attribute this to the indices and benchmarking used (Henneberry & Roberts, 2008; Roberts & Henneberry, 2007 & Byrne et al., 2013), while others suggest that the people behind institutional investment turn to what is perceived as least risky, shaped by their own social, cultural and institutional backgrounds (Henneberry & Mouzakis, 2013). In Brazil, Sanfelici and Halbert (2019) argued that REIT policy has consolidated investment – not only in large cities and prime offices and malls – but also buildings with large corporate tenants. Recently, this analysis of Brazil was expanded through a focus on pension fund investment in commercial real estate (Sanfelici & Maignani, 2021). They argue that the investments by Brazilian pension funds – the largest of which are public – have increasingly "become more open to financial techniques and rationalities" (Sanfelici & Maignani, 2021: 8) operating akin to asset management firms. Their findings confirm shifting approaches to pension fund investment in the 21st century, with property treated as a financial asset and dwindling significance attached to social objectives (Theurillat *et al.*, 2010; Van Loon & Aalbers, 2017; Hebb & Sharma, 2014). However, Sanfelici and Maignani (2021) argue that despite this, Brazilian pension fund investment still continues to be long-term focused, and reliant on internal-expertise – thus maintaining a degree of distance from the short-term focus on rates of return that characterise other financialised institutional investors.

There is still, however, a scaled and spatial dimension associated with financialised actors tied to this long-term horizon. Brazilian pension funds "strongly favour majority control of complex, large-scale projects such as shopping centres and office blocks…" (Sanfelici & Maignani, 2021: 14). In the USA, Hebb and Sharma (2014) also showed that large state public pension funds had shifted toward more return-driven investment in property. In spite of this, many funds still maintained a socially-driven prerogative toward 'impact investing' – whether through investing in "underserved capital markets" or "diversity" (Hebb & Sharma, 2014: 490). What Hebb and Sharma (2014: 492) argue, however, is that risk-mitigation strategies adopted for this "impact investment" – to "insulate" it from politics and mitigate financial risk – means that projects are "cherry picked". Through the example of the California Public Employees Retirement System

(CalPERS), Hebb and Sharma (2014) show how its targeted real estate investments are clustered within the metropolitan boundaries of Los Angeles and the San Francisco Bay Area.

The property investment practices by the GEPF contribute to this emerging literature on the spatial implications of pension fund investments. Through the PIC, the GEPF's assets are managed largely in line with the financial management principles and practices "like any of the other asset managers who are the large asset managers" (Interview 28, 2019). However, unlike other asset managers, but consistent with the horizons of pension funds – these investments are stoic and long-term. As is shown above, the GEPF's mainstream investment is mostly channelled toward large property transactions, and large or well-performing listed players – which in turn have spatial implications. Although the fund has social imperatives, channelled via the PIC's 'impact investing' via the Isibaya fund, this is also shown to benefit large-scale affordable housing initiatives or well-connected businesspeople. A prerogative to racially transform South Africa are a notable characteristic of PIC and GEPF investment. This has facilitated greater black-shareholding of historically white-owned listed corporate real estate, backed the development of township malls, and catalysed the mainstreaming of 'affordable' rental real estate as an investment class. However, the transactions and deals associated with these are not inconsistent with patterns associated with other large institutional investors. The dominant spatial patterns of investment and size imperatives are consistent with literature elsewhere on financialised institutional investors and emerging work on pension funds. Investments by the GEPF in real estate have thus largely supported the concentration of developments in Johannesburg's northern nodes; and when outside of these nodes there is still a preference for large, prime and commercial developments. Relatedly, this has served to consolidate large and well-connected real estate players – whether black or white. Additionally, is the pension fund's external investment in the built environment outside of South Africa, namely in Eastern European cities and towns. The spatiality of GEPF investment therefore warrants further, and future, research.

8.5 Conclusion: The investor state, corporate consolidation and financialisation

As shown in Chapter 5, the post-1990 consolidation of listed real estate companies in South Africa was built on the colonial and apartheid foundations of Johannesburg's mineral-energy

complex and its financial sector. From the 2000s, there was a change of guard in the ownership of the City's largest malls and offices, with a new generation of commercial property companies coalescing and listing on the Johannesburg stock exchange. The companies that rose as the largest of the lot, notably Redefine, Growthpoint and Pareto, had acquired sizeable portfolios through Anglo-American, the Mines Pension Fund and the Eskom Pension Fund. By the mid-2000s, these companies were actively subsuming smaller companies, purchasing existing property portfolios and partnering with developers to bolster their size.

In this chapter, it is shown how GEPF investment capital, channelled through the PIC, was directly or indirectly present in many of the deals from the mid-2000s that shaped corporate and commercial real estate in South Africa. Whether increasing their stable shareholding of consolidating large, listed companies, subscribing to the shares of emergent listed players, or purchasing properties directly from developers and funds – GEPF capital, largely directed through the PIC, was a persistent abettor to commercial corporate real estate. Additionally, from 2001, the GEPF had acquired a 40% stake in the Eskom Pension Fund's unlisted property company Pareto. In 2012, the GEPF ousted the EPPF as the largest shareholder in the company. In the same decade, a handful of black-owned companies emerged as empowerment partners to large, listed companies, and as a second tier of consolidated players to the large historically white-owned listed property companies (As discussed in Chapter 5). This chapter illustrates that the GEPF was an anchor in the emergence of black corporate real estate players through "empowerment" deals. Through the PIC, the GEPF funded and facilitated deals for B-BBEE-consortiums and took on substantial shareholdings in black-owned listed, or to-be-listed, property companies (PIC, 2016: 28). Many of these companies capitalised on the sale of government-leased office buildings from the largest white-owned companies, precipitated by new mandates for black-ownership of buildings leased by government (Chapter 5). From the mid-2010s, the largest white-owned companies refocused their REIT portfolios on sizeable and lucrative properties, and also began to move overseas. What was solidified by the 2010s was thus an oligopolistic landscape of real estate. Omnipresent in this landscape was capital investment from the GEPF.

What this chapter has illustrated is that the GEPF and PIC did not only facilitate a corporate black elite or deal with black politically connected businessmen, as outlined in literature

(Hendricks, 2008) and focused on in the Commission of Inquiry (Commission of Inquiry, 2020). Expanding on academic and popular discourse, the GEPF and PIC are shown to have consolidated existing corporate oligopolies that included white-owned listed real estate corporate companies with their genealogy in mining and the financial services industry. The size of GEPF investment as well as a financialised approach to real estate investment has had spatial implications by concentrating on large deals, large players and impact at scale. This, it can be argued, serves to entrench particular spatial patterns in Johannesburg – and influences spatial patterns beyond South African shores.

Through a non-normative stance on the state, an openness to its non-monolithic form, and the recognition of real estate as a process of accumulation rather than a private sector endeavour – corporate real estate in South Africa reveals a lesser-seen capital investor, what I term the 'investor state'. Among the various forms of economic management revealed in Wang's (2015) conceptualisation of a Chinese "shareholding state" is the country's sovereign wealth fund, the China Investment Corporation (CIC). Similarly, in Haila's (2016) conceptualisation of the Singapore "Property State", she includes reference to property investment and ownership by Temasek and the Government Investment Corporation (GIC) – the Singaporean state's investment company and sovereign wealth fund. The 'investor state' represents a particular state form and relationship that is found in these broad characterisations. That is, a state-affiliated fund or asset-management body that is concerned primarily with generating revenue through market-based investment. Like the GEPF is present in Johannesburg and Eastern Europe, the CPPIB expands its reach beyond Canada to Bangalore. This raises the utility of identifying the investor state and unfettering it from a country-specific characterisation.

The role of the GEPF as investment capital reveals that the state does not only govern finance and capital flows but is also part of it. With capital investment by large-scale institutional investors crucial to the expansion of real estate as a financial asset, the GEPF illuminates the role that investment capital derived from the state can play. By revealing a lesser-seen but increasingly prevalent form of the state as large-scale capital investor – the GEPF invokes a rethinking of the way in which the relationship between the state and real estate is often conceptualised. This, in turn, unseats the binarised relation between the "public sector" and "private sector" in real estate influenced by North American scholarship noted in Chapters 2

and 3. This illustrates that instances of a more amorphous boundary in real estate are not just an exceptional trait of a Chinese or Singaporean “strong state” (Haila, 2015; Shatkin, 2017).

Chapter 9:

Concluding Analysis: The Polymorphic State and Real Estate

9.1 Introduction

Witnessing buildings rise rapidly to reshape the spaces around me as I grew up, and later in life, experiencing the multiplicity of the state in struggles for land justice – this research began through wanting to explore the relationship between the state and real estate. The initial vantage point was Johannesburg, the city I call home and whose official local government boundaries transitioned to encompass Midrand in post-apartheid South Africa. Driven by an instinctive inclination in urban research to see a city from another vantage point, my research was shaped by three influences: a historical materialist analytic of the urban emanating from scholarship, mostly from North America; non-normative approaches to a postcolonial state theorised in India; and insights on the amorphous boundary between the state and private sector in real estate. An expansive spectrum of Indian scholarship emerged in reading the relationship between the state and real estate – combining growth machines and urban regimes; nuancing accounts of accumulation by dispossession; offering permutations of rent-seeking networks, and taking a non-normative stance to analysing the state in the urban. This raised the methodological utility of bringing Johannesburg into empirical conversation with an Indian city.

Emerging as an organic choice was Bangalore, a city where I had once spent three months as an Urban Planning student, and which had itself experienced burgeoning real estate growth post-1990. This empirical conversation was intended to rethink how the relationship between the state and real estate was constituted by, and through, the vantage point of two cities. The three, lesser-seen relationships that became the focus of this research emerged through a dialectical process of analysis and interpretation of observations and interviews from Johannesburg and Bangalore. Although the findings from each city were considered on their own terms, and have their own chapters, they were developed by and through each other.

Through this analytical lens and methodology, this research offers some insight for existing conceptualisations of the relationship between the state and real estate, and proposes some new dimensions to this relationship. To urban planning and urban power influenced scholarship, through Johannesburg it is shown that an enabling relationship between local government and real estate need not be coordinated by coalitions of elites or explained solely by urban planning policy – but rather unfolds in periods of institutional restructuring and is also influenced by economic and political shifts at a national scale. Although growth was a powerful 'ideological prop', the expansive real estate in Johannesburg post-1990 cannot be confined to a growth machine.

Supporting historical materialism influenced financialisation scholarship, this research revealed that the state – through central government's economic incorporation, and a public pension fund's investment in corporate commercial real estate in Johannesburg – is part of financialising processes. The history and landscape of capital and finance in each context is shown to layer the processes and nature of this financialisation. However, as a challenge to much of the financialisation literature, it is shown that the state is part of processes outside of financialising real estate, and cannot be easily generalised as overarchingly aiding the financialisation of the city.

Empirically, this research opens Indian scholarship to a more sustained engagement with non-corporate real estate, and South African scholarship to critical analysis of corporate and listed real estate. By visibilising real estate beyond its large, corporate and financialised expressions – and highlighting non-corporate developers as real estate players – this research also stretches historical materialism-influenced scholarship on urban India to acknowledge the heterogeneity of the urban real estate landscape.

Conceptually this research proposes two new dimensions by which to understand the relationship between the state and real estate. First, a non-governing form of the state is highlighted. The relationship between the GEPF and real estate as representative of the 'investor state' in Johannesburg is shaped by a particular history, but is not necessarily a South African anomaly. The pre-eminence of sovereign wealth funds and public pension funds as

investors in global real estate suggests that the relationship between the state and real estate warrants further attention.

The second, and overarching conceptual contribution offered by this research is that there is a polymorphic state and real estate. In both Johannesburg and Bangalore, the state is shown to take on multiple, dynamic, and sometimes contradictory forms and relationships with real estate. In a spectrum of real estate, the state in one form and in one realm can also have quite varied relations with different forms of real estate. To capture this conceptually, I argue that there is a polymorphic state that relates to real estate. The lens and method adopted in this research may offer opportunities to unveil lesser seen forms, realms, and facets of this relationship beyond those revealed here. More importantly, however, it is hoped that this can expand the sites of action in material struggles for housing, land and home.

In what follows I reinforce some key points from this research. To do this, I revisit the findings of this work in relation to the research questions and key objectives outlined in Chapter 1. First, I return to the analytical lens that was used to frame this research. Second, I revisit my research findings about the nature of real estate and its dominant forms and players in post-1990 Johannesburg and Bangalore. Third, I discuss in detail the three lesser-seen ways in which the state relates to real estate that were made visible by this research. Following this, I argue that these lesser-seen relationships, along with other state-real estate relations implicit in the research, reveal that there is a relationship between a polymorphic state and real estate. In ending, I consider the limitations of this research, and the opportunities it may offer for future scholarship.

9.2 Adopting a lens to see multiplicity, a nebulous binary, and beyond corruption

In order to explore the relationship between the state and real estate, this research was guided by the impulse, derived from experience in urban land justice activism, to acknowledge multiplicity in the state, to contextualise the often-nebulous boundary between the private sector and the state, and to see the latter beyond corruption. As discussed in Chapter 2 and Chapter 3, adopting common conceptualisations from critical scholarship – which I delineate into three theoretical strands of urban power, urban planning and historical materialism – did not offer a means to do this. Drawing from how they had been used, stretched and refuted in

critical scholarship, an analytical lens was thus assembled for this research comprising four layers: a non-normative approach to the state; an openness to a non-monolithic and non-unitary state; approaching real estate as a process; and finally, adopting a historical materialist analytic.

9.3 Lesser-seen differentiated landscapes of real estate

Another of the objectives guiding this research was to establish the nature of real estate and its dominant forms and players in post-1990 Johannesburg and Bangalore. In Chapter 5, the landscape of real estate was shown to be vast and differentiated in both cities.

In Johannesburg, access to finance and capital – intertwining with race – distinguished the successful from the struggling in real estate. Attention was directed to corporate, mostly commercial, listed real estate in Johannesburg, historically embedded in racialised networks of finance and capital investment. Through this account of corporate listed real estate, this research contributes a lesser-seen form of real estate to the recent wave in critical urban scholarship on real estate actors and processes in South Africa.

In Bangalore, the landscape of real estate was also shown to be differentiated. A reading of historical materialism-infused critical scholarship on real estate in Bangalore, however, would suggest that the landscape is dominated by large corporate-driven development projects. However, seeing Bangalore after Johannesburg foregrounded the omnipresence of small and medium-sized incremental developments. Various flows of cash and finance in India's economy translated to heterogeneity in the built environment. Furthermore, non-corporate and corporate real estate players had different relations with bureaucracy and politicians to facilitate developments. This opens lesser-seen real estate landscapes and non-corporate players to more considered attention in critical scholarship on urban India. Beyond Bangalore, it surfaces the possibility of state-real estate relationships varying by forms of real estate.

9.4 Three lesser-seen relationships between the state and real estate

When I arrived in Bangalore, the context of Johannesburg and the relationships witnessed there were carried with me. I was attuned to how banking finance abetted periods of real estate boom and distinguished the dominant real estate players and forms. Johannesburg

helped foreground not only the ubiquity of small- and medium-sized real estate developments in Bangalore, but the less-important role of banks, and an interest in the money behind Bangalore's real estate.

A moment in Bangalore, meanwhile, proved important in crystallising a relationship between the state and real estate that I was beginning to think through in Johannesburg. Sitting in a cramped corner office in a BDA building, a long-time urban planner newly posted to a senior position explained to me that she was among the first cohort of trained urban planners in the city government. They were sent to planning school to complete their Masters in the early 2000s, she explained, through a department-backed programme for staff. Although she did not say it, it was notable that in a period when Bangalore's planning department was being reinforced, real estate was long-engrained. A flagship IT park had been developed, multinational corporations were setting up local offices, and residential areas were delineated by enterprising landowners for those who flocked to work in the city's small and big industries. Reflecting on what I had heard about the 2000s in Johannesburg, it became evident that real estate could thrive when local government institutions were being built and a national economy was being liberalised.

Although I first recognised the embeddedness of state capital investment in corporate and financialised real estate in Johannesburg, it was when I was in Bangalore that I realised the GEPF represented a more ubiquitous form of the state. Sovereign funds from Singapore and Canada emerged persistently in the narratives of corporate real estate expansion.

Through this process of interpreting and analysing relationships witnessed in one place through the vantage point of another, three lesser-seen relationships were revealed and conceptualised. These are discussed in turn in Chapters 6–8. First, in Johannesburg, is an enabling relationship between local government and real estate development. Not cohered in a clear coalition of interests, but shaped by the mechanics of post-apartheid institution-building and broader political and economic shifts. Second, in Bangalore, is the central government's simultaneous restraining and enabling of different facets of real estate through its regulation of the cash-based economy. Third, is the Government Employees Pension Fund's (GEPF) embeddedness in real estate as a shareholder, company co-owner and property asset

owner in Johannesburg. The first two relationships, albeit lesser seen, involve familiar forms of the state as government. In the last relationship, a lesser-seen, non-governing form of the state is revealed.

In the first lesser-seen relationship, local government is shown to have had an enabling relationship with real estate for much of the first two decades of post-apartheid Johannesburg. However, this relationship is not best characterised as an instrumentalisation of the state by a set of interests through a coherent growth, rent-seeking or elite coalition. It was not clearly reducible to a regime combining local government and private sector partnerships, ideological congruencies, and personal relationships. Neither could it be attributed to coherent urban planning policies or urban planners' decisions. Further, although local government had leased, and sometimes sold, public land to private companies, real estate development was not buoyed by public land being treated as a financial asset.

Rather, it appears to be the culmination of a set of intertwining factors, extending beyond the local scale. In particular, post-1990 Johannesburg foregrounds the influence of the institutional mechanics of a transitioning local government. This institutional facet of bureaucracy is lesser-seen in instrumentalist descriptions of the relationship between local government bureaucracy and real estate, especially in India and recently in South Africa. While the enabling relationship also shows the persistent relevance of the 'ideological prop' of growth – mobilised politically in the South African context as a means toward socioeconomic redress – what unfolded in Johannesburg is illustrated as a confluence of dynamics and scales that does not fit into a growth machine. This enabling relationship in turn destabilises the assertion by real estate professionals that local government has been inhibitive to real estate. In a contemporary period in Johannesburg where the trope of a dysfunctional state dominates discussions among real estate developers and financiers – a lesser-seen and rarely articulated facet of how local government aided buoyant real estate accumulation is revealed by revisiting contemporary history. However, the role that politics and bureaucracy played in real estate accumulation following the end of apartheid is not acknowledged by those involved in real estate in the City. However, in the current period of downturn the two become highly visible, and the nexus of blame. Thus, the sub-argument is made that the symbolic construction of local government as dysfunctional is shaped significantly by the contemporary material downturn of real estate.

A second lesser-seen relationship is shown to exist in Bangalore between central government's reforms to the cash economy, and real estate. In what can be described as government-led incorporation, the central government's attempts to mainstream India's entire economy into a system of tax and banking appears to be benefiting those already embedded in its corporate economy – especially its largest players. Under the auspices of 'financial inclusion', modernisation, and nation-building, the reforms are showing signs of having exclusionary impacts in a historically heterogeneous landscape of real estate. This is also shown to benefit financialised forms of real estate, backed by investment from large institutional investors and asset management firms. Although not enabling financialisation directly, central government's restraining of small and non-corporate real estate benefits the consolidation of the largest corporate players, many of whom are listed on the stock exchange – increasingly as REITs. This builds on some scholarship which is beginning to show that financialisation by the state can be a by-product of other processes.

This contributes a lesser-seen realm of economic reforms to state-real estate relationships in Indian critical urban scholarship, challenges the large and corporate emphasis of the latter, and adds nuance to a growing body of work on the state in the financialisation of real estate. Incorporation supports scholarship that has shown how the state, through government, can enable the financialisation of real estate. Rather than being merely collapsed into financialisation, however, this incorporation warrants its own recognition within real estate as a process of accumulation.

In the last lesser-seen relationship, the Government Employees Pension Fund (GEPF), through its public asset manager the Public Investment Corporation (PIC) is shown to be firmly embedded in post-apartheid corporate, mostly commercial, real estate. The GEPF supported the growth and consolidation of corporate real estate players, co-owns one of the country's largest corporate commercial property companies, and has a property portfolio that includes some of the country's most valuable property assets. GEPF investment in real estate has concentrated on large deals, large players and impact at scale. This investment has followed the lineages of racialised capital accumulation in South Africa, and attempted to 'transform' it. In both instances, corporate capital consolidation is the outcome. Small, incremental or infill

real estate development, driven by small scale developers – many of whom are black – does not appear to be within the ambit of the investments made by the public pension fund.

Although characterised by a particular history, the embeddedness of the GEPF in real estate is not unique. Existing empirical work emanating from Singapore and China has illustrated that the often-mobilised binary between the private sector and state in real estate – undergirded by urban power, urban planning and historical materialist theories – does not always hold. The relationship of the GEPF to real estate, however, provides both conceptual and empirical insights for financialisation scholarship. Conceptually, what I term the 'investor state' represents a particular non-governing form and relationship that features in both the encompassing Chinese "shareholding state" and the Singaporean "Property State". Not a country-specific conceptualisation, the investor state describes a particular relationship between the state and real estate and, more broadly, financialisation. That is, a state-affiliated fund or asset-management body that is concerned primarily with generating revenue through market-based listed and unlisted investment. It is a relationship not only present in South Africa with the GEPF, but also in China, Singapore, and elsewhere, with investment funds such as the CIC and GIC. Although adopting investment practices that are widespread among institutional investors, the GEPF's investment patterns are contoured by race and the history of corporate capital accumulation in South Africa. The forays of the GEPF and South African listed corporate real estate into Europe, meanwhile, reroutes the often-illustrated direction of North-South 'quasi-imperialist' investment flows. The GEPF relationship to real estate contributes to deepening institutional understanding and to widening the optics of financialisation.

It would be misguided, however, to suggest that the GEPF in Johannesburg is emblematic of a state that, although multifaceted, has an overarching financialising relationship with real estate. While illustrating that there is a present and expanding process of turning real estate into a financial asset, with revenue derived from financial instruments, this research shows how this occurs alongside other processes and forms of real estate accumulation. Further, while illustrating that the state is part of financialising real estate – other state-real estate relationships are also shown to exist. This, perhaps, may offer some perspective for financialisation scholarship. While financialisation of real estate is shown to be present and impactful, it is not everything.

Relatedly, although it is a crucial and lesser-seen form of the state, this research does not characterise the South African state as 'the investor state'. Implicitly and explicitly in this research, the South African state is instead shown to relate to real estate in various forms, in multiple realms, with varying outcomes and dynamically over time. The South African state regulates and enables real estate development as local government through urban planning, and has in the post-apartheid period opened and closed avenues for lending to real estate through national government's monetary policy. Although representing a particular form of the state – government is splintered by different spheres at different scales, and inherently imbued by political contestations. This was illustrated in this research in tensions between the Gauteng Provincial Government and the City of Johannesburg that proved conducive to real estate development. At the same time, outside of governing but in its form as government, the state is also a landlord and tenant. Notably, national government wielded its long-term tenancy to pursue its Broad-Based Black Economic Empowerment (B-BBEE) policy. This slightly tinkered the racialised profile of the ownership of office-buildings in Johannesburg. In this multiplicity of forms and relationships, there are bound to be contradictions. In contemporary Johannesburg, local government is pursuing a spatial policy that appears to be undercut by the investment strategies of the investor state via the Public Investment Corporation (PIC). Concretised in institutions yet operationalised by individuals – the state and all its relationships are also shown to be shaped by relations between people. This relational facet can define or imbue forms of the state and the processes that characterise the state's relationship with real estate. The South Africa state is thus more than just the investor state in its relationship to real estate.

9.5 The Polymorphic State & Real Estate

The three lesser-seen relationships revealed between the state and real estate, therefore, are not, by any means, an exhaustive nor all-encompassing representation of the state's forms and relations with real estate in both cities. Throughout this research, state forms and relations were alluded to, which were not the subject of analysis. In Johannesburg and South Africa, the state is a significant landowner and tenant through the National Department of Public Works. In Bangalore and in India, the government of India holds the largest stake in the country's biggest commercial banks. In South Africa, the national government allocated funds to

Development Finance Institutions (DFIs) that financed certain housing developments when banks would not. In Bangalore, the State of Karnataka historically played a crucial role in acquiring and allotting land for real estate development associated with the IT industry. In Johannesburg, the provincial government facilitated land for 'mixed-use' housing projects, which contracted private developers. In both cities, government subsidies contributed to residential real estate development (often under the auspices of 'affordable' housing) through finance-linked subsidies or capital grants. Government-provided infrastructure – roads, water and sanitation services, and electricity – meanwhile are the *sin qua non* 'collective goods' necessary for the viability of real estate development in both cities. However, in Johannesburg, large residential real estate developers often paid for and built their own bulk infrastructure. In Bangalore, non-masterplanned land subdivisions and developments – that were later 'regularised' with state roads, water, and sanitation – were facilitated by local bureaucrats and politicians.

Across both contexts, there were references to relations between politicians, bureaucrats, and real estate players that were facilitative to – or aimed to facilitate – real estate development. However, although not the focus of this research, this research indicated these relationships were differentiated by real estate players and the layers of the state to which they had access. This observed differentiated relationships with the state to facilitate different forms of land development echoes ideas of occupancy urbanism. In Johannesburg, the former mayor was once the Chairman and non-executive director of the listed property behemoth, Growthpoint, and was known to be amicable to corporate developers during his tenure. Indirect references were made in interviews to listed real estate players donating to political parties, and their directors and CEOs occasionally meeting with high-profile politicians. However, it was also shown how high-level political support could be undermined by shifting political dynamics, or stoic bureaucratic processes. Those in unlisted real estate in Johannesburg, meanwhile, were more candid on direct interactions with bureaucrats than their listed counterparts. There were references to larger companies oiling the cogs of bureaucratic development approvals with gifts, while others acknowledged the small benefits of 'lunches' and building a repertoire with bureaucrats. In Bangalore, a system of paying 'facilitation fees' for bureaucratic approvals was an entrenched part of real estate development – applying equally to big and small, non-corporate and corporate. Some non-corporate developers acknowledged that they could

attribute their success to established personal relationships with local *panchayat* politicians, or their voting constituencies. A non-corporate developer spent a great deal of money over the election period to aid local politicians. When a bailout was proposed to assist corporate developers with their oversupply in residential apartments – a consultant dismissed this as central government reciprocating the financial support the same real estate behemoths had provided during the elections.

This research, through explicitly unveiling lesser-seen relationships, and implicitly referring to a host of other state-real estate relationships, shows that the state takes on multiple, dynamic, and sometimes contradictory relationships with real estate. These relationships are constituted by multiple state forms, multiple state realms, and can be analysed based on different facets of the state. Further, considering that real estate is differentiated, a single state form can have variegated relationships with different forms of real estate. To capture this relationship between the state and real estate, I argue that there is a polymorphic state that relates to real estate. Rather than a South African and Johannesburg idiosyncrasy, however, this polymorphic state also rose to the surface through bringing Johannesburg into conversation with Bangalore.

Beyond the central government, a notable form of the state that surfaced in Bangalore were public sector banks. Public sector banks were among those that directed finance and investment to non-banking financial companies (NBFCs) whose loans led to the oversupply of high-end housing in Bangalore. Another facet of the state, the Reserve Bank of India, then tightened bank lending following this oversupply. This subsequently intertwined with central government reforms to the economy to particularly restrain small corporate real estate players. At a State level, the Karnataka Industrial Area Development Board (KIADB) provided infrastructure and land on subsidised or incentivised terms to the IT companies that were the anchor tenants that catalysed corporate developers. The KIADB was at the same time an investment partner to Bangalore's first IT Park, ITPL, which spurred the development of the urban node of Whitefield. At the metropolitan level, bureaucrats in the municipal authority, Bruhat Bengaluru Mahanagara Palike (BBMP), have overlooked zoning laws to benefit the expansion of both corporate and non-corporate real estate. Local level bureaucrats have also been leveraged by smaller non-corporate players to facilitate access to state-provided water

and electricity – this, despite the Bangalore Electricity Supply Company, and the Karnataka Regulatory Commission (KERC) previously seeking to clamp down on 'unauthorised construction'.

The concept of a polymorphic state, I argue, encapsulates the state in its relationship with real estate. It is characterised by five observable characteristics. First, and most obviously, it is a state that is made up of different forms. These include overarching forms, and different institutions or agencies associated with them, some with different tiers. The most prominent of the overarching forms of the state is government. However, it also includes forms outside of (albeit peripherally related to) government and governing – such as the investor state. Secondly, the state relates to real estate not only in particular forms, and at different tiers, but in different realms. For instance, national government can relate to real estate in the realm of finance and capital, or in the realm of land. Thirdly, there appear to be different facets to the relationships of the state to real estate. Some of the facets identified in this research include relational facets, institutional facets, and political facets. They can, of course, intertwine. Fourthly, the form and relationships associated with the state are not static but shift over time. Lastly, the relationships that the polymorphic state has with real estate at a point in time are not always coordinated, can contradict each other, and can have variegated impacts on different forms of real estate.

The state's relationship with real estate, therefore, is not the all-encompassing Real Estate State, nor the particularistic Property State. It is not the moralised rent-seeking state, an overarching financialising state or a rescaled state regime. The peculiarising of the "Property State" (Haila, 2015) in Singapore limits the relationships and forms identified from being considered elsewhere. The universalising Real Estate State (Stein, 2020) prescribes a particular relationship based on a particular way in which urban planning and real estate have been socially constructed in the USA. Abstracting regimes of scaled state spatiality (Brenner, 2004 & 2019) in the capitalist urban fabric, meanwhile, inadvertently conceals the differentiation within this fabric and its outside. I argue, therefore, that rather than attempting to conceptualise the relationship between the state and real estate through an all-encompassing state or a particularistic context-specific state – there is utility in acknowledging a polymorphic state and real estate.

Instead of attempting to name *the* state-real estate relationship, what is perhaps more instructive is identifying the various forms of the state, and related realms and facets, in this relationship.

9.6 Future Research

As a function of its focus, this study has its blind spots. Most notably, although recognising that the landscape of real estate is heterogeneous and characterised by a spectrum of players in both Bangalore and Johannesburg – not all players are given equal attention in this study or considered in-depth. In Johannesburg, based on the boundaries of this research narrowing focus to the 'dominant' and the intent to make visible lesser-seen listed, corporate and commercial real estate – the array of developers and entrepreneurs behind backrooms and small infill residential and commercial developments are not seen at all in this study. Although there is some emerging work to this effect, these forms of real estate continue be understudied across critical South African scholarship on real estate to-date. Thus, echoing the critique levelled at Indian scholarship and its focus on large developments and corporate developers – the in-between and the small developers in Johannesburg, although, arguably, not as dominant or spatially ubiquitous as in Bangalore – are alluded to but are not the subject of analysis of this research. This limitation, however, also offers an opportunity for future research in Johannesburg. This links to the opportunities that exist for more sector-specific or suburb or township specific analysis using this research's analytical lens. For instance, an opportunity exists to conduct more in-depth analysis of the relationship between residential suburban real estate, or 'affordable' housing real estate, and the state. This can engage more directly with scholarship on residential and 'affordable' housing real estate in Johannesburg to reveal additional relationships and forms of the polymorphic state and real estate. Similarly, although this research made visible non-corporate real estate in Bangalore to analysis in critical scholarship, an opportunity exists to undertake further analysis of specific sub-groups in the spectrum of non-corporate real estate (for instance, *localite* landowners-cum-developers) and the state.

There were also areas of enquiry opened by this research that could not be explored further at this stage, but that necessitate additional research. This includes analysing spatial patterns associated with investments by the GEPF in Johannesburg and other cities in towns in South

Africa, and across the world. Pertaining to the latter, further research should be directed to understanding the foreign expansion and capital investments in real estate associated with the GEPF. Additionally, there are emerging patterns identified in this research that can be analysed longitudinally. More research needs to be directed to the consolidation of large corporate real estate in Bangalore, and whether what some corporate developers there predicted as the 'death' of small corporate and non-corporate real estate is in fact unfolding. Are the cash-strapped conditions of non-corporate developers leading to new or alternative forms of capital and finance? Are there new non-corporate real estate developments that are arising to circumvent regulation of residential real estate? Relatedly, are *localite* landowners-cum-developers able to leverage their ownership of land or compelled to enter partnerships with large corporate developers? Further, it remains to be seen whether or not large corporate developers are in fact now usurping non-corporate developers in the real estate spaces – such as affordable housing or housing for young professionals and students – which the latter have dominated.

Finally, there may be opportunities for further research offered by the analytical lens, the methodology, or the conceptual contributions of the polymorphic state and real estate, and the investor state. Drawing on this lens, and bringing other cities into conversation on the relationship between the polymorphic state and real estate, may unveil other lesser-seen forms and relationships beyond those seen here. Once visible, the hope is that this can fortify action in struggles for land, housing and home.

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11. Appendices

Appendix 1: Magazine article in *Finweek,* 19 July 2007

finweek

PIC's property play

Vying for 10% of sector by end-2008

Investing · Business

19 Jul 2007 JOAN MULLER

THE

Public Investment Corporation (PIC) has its sights set on becoming a major player in the R100bn listed property sector – which will no doubt prompt plenty of corporate action from the Government-owned pension fund manager over the coming months.

That follows PIC's takeover bid for Cape-based property fund CBS Property Portfolio earlier this year, which now seems little more than a formality. PIC surprised the market by offering a generous 1200c/share in cash per linked unit to CBS shareholders in March, outbidding other suitors, including Madison-managed Redefine, that were also vying for control of CBS. Redefine's offer was clearly no match for the cash-flush PIC.

The Competition Commission approved the PIC/CBS deal earlier this month and the Competition Tribunal is expected to rubber stamp the application by 17 July. That will allow PIC to exercise its mandatory offer to CBS minorities.

PIC property boss and ex director of Futuregrowth Asset Management Wayne van der Vent says just over 90% of CBS shareholders have already indicated that they'll accept PIC's offer, paving the way for a delisting.

PIC already owns what's believed to be the largest portfolio of township and rural shopping centres in SA. It also has stakes in a number of superregional malls in upmarket, urban areas including Sandton City and Cresta (Randburg).

A successful acquisition of the R2,3bn portfolio of CBS will push the value of PIC's property holdings to a hefty R11bn, placing it in the company of SA's largest commercial property owners (non-listed) – the likes of Old Mutual Property Group, Liberty Properties and RMB Properties.

PIC will not only acquire the underlying property assets of CBS but also the group's asset and management team, a staff of 61. CBS director and co-founder Gary Fisher will head the fund in its new



Taking on the sector's big guns. Wayne van der Vent

(unlisted) guise under PIC's banner.

Van der Vent says the CBS deal is part of a much broader expansion plan. PIC is determined to grow its property portfolio at least six-fold over the next five years. Van der Vent is aiming for a R70bn portfolio by 2012, which should see property as a percentage of the more than R600bn in total assets under PIC management surge from around 2% to between 8% and 10%.

> PIC already owns what's believed to be the largest portfolio of township and
>
> Rural shopping centres in SA.

While CBS will be used as a platform to expand PIC's directly held property portfolio – with the focus on premium grade offices – much of the growth will come via the listed sector.

Van der Vent says that's currently the easiest route through which to grow a portfolio. PIC has already built up sizeable stakes in a number of listed property stocks. Earlier this year, it bought Hyprop's 46% stake in SA Retail for R1,135bn. The deal will see PIC effectively owning 30% of Old Mutual-managed SA Corporate Real Estate Fund once the latter's proposed merger with sister fund SA Retail is finalised. Van der Vent will join the board of the merged entity.

When the market dipped end-May/early June, Van der Vent also upped PIC's stake in other property counters in an R800m buying spree. PIC now owns 5% of sector heavyweight Growthpoint, 10% of Acucap and 4% of Emira. It's also taken small positions in Diversified and Resilient.

Van der Vent says PIC wants to own 8% to 10% of SA's entire listed property sector within 12 to 18 months. And he'll go the takeover route if necessary, as was the case with CBS. He believes there are still a few smaller funds, such as Ambit, Acucap and Atlas, that are "ripe for the picking".

Van der Vent is clearly not averse to ruffling the feathers of the sector's big guns, a handful of players that control more than 60% of the sector by market cap. These include Marc Wainer and Wolf Cesman's Madison Property Fund Managers (via ApexHi, Hyprop, Redefine), Investec Property Group (Growthpoint), Des de Beer's Resilient group (Resilient, Diversified and Capital) and the Pangbourne stable (Pangbourne, iFour, Siyathenga and Calulo).

Says Van der Vent: "SA's property sector needs a bit of a shake-up, and we have the skills, competence and financial muscle to outmanoeuvre many of the traditional players." However, he stresses that PIC's expansion drive needs to be conducted in a measured way. "PIC favours a friendly approach and would like to avoid hostile action. We're mindful of the fact that institutions are loath for us to take more property funds out of the market, as they already have a limited pool of investment opportunities."

Write a comment...

Listen Page View Share Save More



Finweek English Edition
19 Jul 2007 (34)

Source: *Finweek,* 19 July 2007

Appendix 2:

Faculty of Engineering and the Built Environment

Private Bag 3, Wits 2050, South Africa * Telephone (011) 717 – 7007 * Fax: (011) 717 7009 * Email: febe.pg@wits.ac.za

PLAGIARISM DECLARATION TO BE SIGNED BY ALL HIGHER DEGREE STUDENTS

SENATE PLAGIARISM POLICY: APPENDIX ONE

I Sarita Pillay (Student number: 387139) am a student registered for the degree of D.Phil (PhD) in the academic year 2022.

I hereby declare the following:

- I am aware that plagiarism (the use of someone else's work without their permission and/or without acknowledging the original source) is wrong.
- I confirm that the work submitted for assessment for the above degree is my own unaided work except where I have explicitly indicated otherwise.
- I have followed the required conventions in referencing the thoughts and ideas of others.
- I understand that the University of the Witwatersrand may take disciplinary action against me if there is a belief that this in not my own unaided work or that I have failed to acknowledge the source of the ideas or words in my writing.

Signature: _____ Date: 28.03.2022

Appendix 3:

Research Office

HUMAN RESEARCH ETHICS COMMITTEE (NON-MEDICAL)
R14/49 Pillay

CLEARANCE CERTIFICATE	**PROTOCOL NUMBER: H18/11/52**
PROJECT TITLE	Building urban real estate: Actors and their roles
INVESTIGATOR(S)	Miss S Pillay
SCHOOL/DEPARTMENT	Architecture and Planning/
DATE CONSIDERED	23 November 2018
DECISION OF THE COMMITTEE	Approved
EXPIRY DATE	12 December 2021

DATE 13 December 2018 **CHAIRPERSON** _____
(Professor J Knight)

cc: Supervisor : Prof A Todes and Prof P Harrison

DECLARATION OF INVESTIGATOR(S)

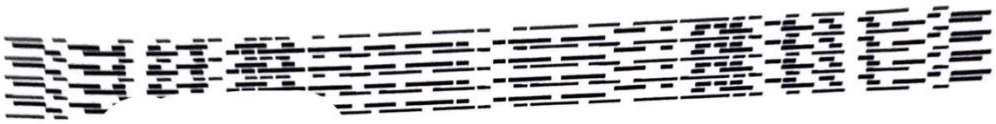
To be completed in duplicate and **ONE COPY** returned to the Secretary at Room 10004, 10th Floor, Senate House, University. Unreported changes to the application may invalidate the clearance given by the HREC (Non-Medical)

I/We fully understand the conditions under which I am/we are authorized to carry out the abovementioned research and I/we guarantee to ensure compliance with these conditions. Should any departure to be contemplated from the research procedure as approved I/we undertake to resubmit the protocol to the Committee. **I agree to completion of a yearly progress report.**

_____ _____/_____/_____
Signature Date

PLEASE QUOTE THE PROTOCOL NUMBER ON ALL ENQUIRIES

Appendix 4:



Dear

PhD research project: Building Urban Real Estate – Participant Information Sheet

SCHOOL OF ARCHITECTURE & PLANNING

My name is Sarita Pillay Gonzalez and I am a PhD student in **the School of Architecture and Planning** at the **University of the Witwatersrand in Johannesburg, South Africa**. I am based at the NRF Research Chair in Spatial Analysis and City Planning.

I am doing research on urban real estate development in Johannesburg & Bangalore. This research focuses on the different actors involved in urban real estate, their roles and the ways in which actors in the sector relate to each other. The aim of this research is to deepen an understanding of how urban real estate development is realised.

At this stage of the research, I am conducting interviews with individuals and entities who have been directly involved in real estate development, or worked alongside actors in the real estate sector. The aim is to understand the broad sector and the actors within the sector better. I'd like to invite you to participate in an interview. The interview should take approximately an hour and a half. If you consent to it, I will record the interviews with a digital recording device. In some instances, I may ask for a follow-up interview for the next stage of my research. Your participation in this study is completely voluntary and you can choose not to participate at any time. There are no direct risks or benefits of participating, and you will not face any disadvantage or penalties if you choose not to participate. Relatedly, there is no fee or cost for participating, all that is required is your time. Interviews will be conducted in a time and venue convenient to you.

The interview will be confidential. Should you choose to remain anonymous this will be respected by referring to you in generic terms and by not revealing any identifying information in my writing. All full interviews will be securely stored, and will not be shared with anyone else.

Should you want to get hold of me to ask any questions, please find my contact details below. The findings of this study will be written up as a thesis that will be available publicly on the WITS website, and in academic journal articles which are also available publicly. If you have any further questions or concerns, please feel free to get hold of my supervisors, Prof. Alison Todes (alison.todes@wits.ac.za & +27 11 717 7702) or Prof. Philip Harrison (philip.harrison@wits.ac.za & +27 11 717 7624).

[redacted]

Furthermore, if you have any queries, concerns or complaints regarding the ethical procedures of this study, you are welcome to contact the University Human Research Ethics Committee (non-medical), telephone + 27(0)11 717 1408, email Shaun.Schoeman@wits.ac.za

Sincerely,

Sarita Pillay Gonzalez

Contact: saritapillaygonzalez@gmail.com or +27 11 717 7624

SCHOOL OF ARCHITECTURE & PLANNING



Appendix 5:

PhD Project: Building Urban Real Estate

FORMAL CONSENT FORM

I, _____ consent to being interviewed for this PhD study. I confirm that I have been informed of the purpose of the study and understand the nature of my participation. I have received, read and understood the written participant information sheet.

I have been informed that:

- My participation in this interview is voluntary
- I can refuse to answer
- I can withdraw from the study at any time
- The results of the study will be reported in the form of a publicly available PhD thesis and other academic texts.

Additionally:

Please indicate whether the interview can be audio-recorded:

I agree to the interview being audio-recorded:
YES ☐ NO ☐

Please indicate whether your name can be used in the report:

I agree to the use of my name in the reporting of the data:
YES ☐ NO ☐

Please indicate whether the information you provide can be used by other researchers following this study, in keeping with your decision regarding anonymity:

I agree to the use of this information by other researchers
YES ☐ NO ☐

Signed: _____

Date: _____