

Financialization of urban production: how financial institutions and instruments support urban production

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Issue/research problem and its relevance

The research reported in this thesis presents the theoretical framework, the hypothesis and main issues concerning the financialization of urban production.

It is herein postulated the hypothesis that urban production is ruled by three levels of planning: the first one represents the national and local government and real estate developers; the second figures out the influence exerted by international property consultants; and the third level conveys the role of public asset management companies.

This is a topical issue literature hasn't cast enough light on, as the scarce existent debates mostly focus on the first level, leaving behind the other macro levels that are able to explain decisions on property markets and how they are shaped by economic and political pressures. Besides, the increasing shrinking of public finance requires a deep reflection on the means and instruments able to foster real estate sustainability, especially from the planning perspective of public goods, infrastructure and equipment.

Background

Large-scale projects increasingly found on property markets and capital finance. Capital (re)intermediation characteristics stress the concern expressed by most economic activities for portfolio diversification, which includes the trade of commercial estates as 'tradable income-yielding assets' (TIYA). Thus financial tools are increasingly perceived as influencing property markets, in their search for capital investors. However, both free market characteristics of urban projects and urban governance has been changing stakeholders' networks, in order to reach higher sustainability levels during real estate project, implementation and trade. These inter-relations between large-scale projects and capital investors - within the scope of financial product portfolios - is emerging as a new path for further academic research.

Methodology

The methodology pursued in this thesis intends to discuss – both from theoretical and from practical perspectives – if these TIYA can be dealt with as hidden financial instruments at the different levels of

decision making on urban products, how to measure the impact that contemporary financial instruments, and how to apply multicriteria methodologies for decision aiding.

Key results

As this research is still under development there will be presented some theoretical and practical discoveries underlying further research this thesis is intended to deepen.

Keywords: Urban production; tradable income-yielding assets; real estate product mix; public goods; decision-support systems; international property consultants; public asset management companies