Urban Expansion and Real Estate Dynamics: Comparing Real Estate Agent Land Strategies in medium-sized cities

Bruno Leonardo Silva Barcella
Everaldo Santos Melazzo

Abstract
This article analyzes the recent urban territorial expansion in two medium-sized Brazilian cities (Ribeirão Preto/SP and São Carlos/SP) and discusses the close relationship between the interests and strategies of specific real estate and land agents and the selective direction, rhythm, scope, and magnitude of the cities’ expansion. To this end, data on land transactions (purchase and sale) between 1995 and 2015, are mapped for both cities, showing the prices, information on the production of gated communities, and the main agents involved. Their permanent quest to amplify the reproduction of capital is the backdrop for the debate, through a logic that places the city as the "locus" of the accumulation strategies. This is articulated in the economic dimension by the transformation of land income into incorporated profits and spatially by the differentiated, exclusive housing.

Keywords: Urban space production. Urban real estate market. Medium-sized cities. Ribeirão Preto. São Carlos.

Introduction
This article aimed to advance the understanding of the processes responsible for the production of urban space in medium-sized cities in recent times. To this end, the study investigates two concrete examples, the Brazilian cities of Ribeirão Preto and São Carlos, both in the state of São Paulo. The analysis emphasizes the growing centrality of the two-way relationship between urban territorial expansion and real estate agents, to observe the “essence” of how land markets function, to understand their roles in the production, structuring, and restructuring of cities.

Prominence is given to unveiling the logic behind the structuring actions of specific real estate agents (LOGAN; MOLOTCH, 1987; FIX, 2007), who represent a logic of added value intrinsic to the reproduction of development capital (SMOLKA, 1987; ABRAMO, 1989; MELAZZO, 1993). These agents have increasingly played a vital role in the structuring of city spaces (SMOLKA, 1987; MELAZZO, 1993), which have become the locus for their valorization through the production and capture of real estate revenue.

The article begins with a brief description of the recent processes of urban territorial expansion of both cities under analysis, the origin, direction, and planning of which is directly associated with the strategic interests of particular real estate agents that result in what Barcella (2018) defines...
as “real estate expansion and valorization vectors.” This description examines the urban perimeter’s expansion processes from the late 1980s and early 1990s to the present, highlighting specific areas and neighborhoods in each city, which are linked to certain types of housing, intended for determined socio-economic groups, given the land prices and the resulting selectivity and differentiation within the urban fabric.

The final considerations synthesize and list the main conclusions resulting from the debate, understanding the production of urban space as the result of an economic and spatial logic that has strengthened over the last years. The result is the imposition of substantial changes in the structuring/restructuring processes in the two cities studied. The conclusion raises whether or not these characteristics are observable in other cities of the same stratum of the urban network.

**Real estate agents, land strategies and the production of space: the composition of the “real estate expansion and valorization vectors” in the cities of Ribeirão Preto / SP and São Carlos / SP.**

Lately, urban territorial expansion processes in the cities of Ribeirão Preto and São Carlos have indicated profound changes in how the forms and contents of urban space are produced. By identifying the intentionality and economic and spatial strategies of the economic groups that command these processes, the objective is to highlight the operating logic that shapes and results in the “real estate expansion and valorization vectors”. We selected the term “vector” because these processes evidence a clear and strategically determined sense and direction. The construction and incorporation of individual enterprises make it possible to observe the expansion of the cities’ urban perimeters, with differentiated and strategically thought-out content in specific directions.

These agents’ strategies result in a selective and intentional "valorization" of some areas of the city, which is not spontaneous but produced. In both cities, it has a clear direction, as well as incorporating large tracts of land into the urban fabric, which have differentiated and exclusive content when compared to other areas and neighborhoods.

The idea of the vector is used to underline that these recent processes of expansion of the urban fabric are directly conceived and originated from the interests of particular real estate agents, who invest their earnings from land sales by creating new real estate developments, which go beyond mere housing production. They seek synergies with other forms of land use, acting in an integrated manner to modify entire areas, generating externalities, and creating substantial differences between these spaces and the city as a whole. These new urban areas exhibit profound changes in the patterns of urban land use and occupation compared with the city in the past. New typologies are observed in these new areas that perceptibly combine the residential and commercial to target a public from restricted economic segments, which guarantees the maintenance and boosting of price increases.

In this sense, these ventures are nuclei that ultimately condition the future pattern of use and
occupation of the surrounding areas. Therefore, it involves the expansion of real estate businesses that create new areas that are “valuable” from the start, with a high price per square meter.

The timeframe adopted in this study highlights the processes of the expansion of the urban fabric that were directly related to the formation of the vectors identified and which can be dated, albeit incipiently, from the 1980s onwards.

According to Figueira (2013), as early as the 1980s, the city of Ribeirão Preto was experiencing a unique moment in its urban conjuncture, because of the increase in per capita income, capital flows, and employment, especially in the commercial and urban services sectors. It should also be considered a wide-ranging and dynamic insertion in the productive circuits linked to sugar and alcohol, fundamental in the local and regional economy. According to the author, the unfolding of that moment of economic growth within the circumstances of the national economy impacted on the structure of the city itself. There was a process of displacement of the high-income population groups towards the South-Southwest axis, in a spatial counterpoint to the social housing estates that were built in the north and northwest of the city (FIGUEIRA, 2013).

Therefore, during this decade, the beginning of the process of “valorization” of the southern axis or vector of the city (Figure 1) is evident. Over the following decades, it would define a profound structural change, the result of a joint action involving the main local real estate agents, the municipal government, and some landowners.

These multiparty actions generated significant results in the local real estate dynamics in the 2000s, intensifying the real estate business, articulating verticalization, horizontal gated communities, and shopping malls, in the spheres of real estate production and consumption (BARCELLA, 2018; ABREU, 2019).

São Carlos, renowned for its higher education institutions, is a city that articulates a dense and dynamic urban network. It is possible to identify the emergence and intensification of a process similar to that described in Ribeirão Preto.

However, given that these processes are altered and differentiated by enduring local conditioners, it has a distinct temporality from Ribeirão Preto. Although the quantitative scope is narrower, the effects on the city are striking, with the “increased approval and launch of gated residential communities, catering mainly to segments with medium to high purchasing power” (DAL POZZO, 2011, p. 63), principally from the mid-1990s.

Thus, regarding the increasingly systematic action of specific economic agents, this expansion process of the real estate business was “timid” at first, intensifying later (BARCELLA, 2018).
**Figure 1.** Ribeirão Preto. Areas that induce real estate expansion and valorization vectors.

Hence, São Carlos’ urban territorial expansion, directly linked to the composition of a particular valorization vector, occurred more intensely from the 2000s, spreading in the northwest of the urban network and later towards the north. Its principal feature was the construction of gated residential spaces (DALPOZZO, 2011).

Both cities have recent, but not synchronous, processes of urban territorial expansion, which are similar but not identical. In both cases, there are direct links with the interests of certain real estate agents who are capable of directly impacting and altering the cities’ structures (BARCELLA, 2018).

In Ribeirão Preto, the turning point was the emergence of a logic of action by individual real estate agents, who based on their strategies on the urban interventions planned by the Urban Development Group (UDG), in partnership with some local real estate companies, the municipal authorities, and landowners.

The members of the UDG are the real estate companies Habiahte Barc, Copema, Pereira Alvim, and Stéfani Nogueira, all originally from Ribeirão Preto and already active in the local and regional real estate market. They constituted a new urban planning consulting company, which was created
to provide specialized urban planning services to the municipal government. From the 1990s onwards, they began to take responsibility for the planning of various areas of the city, acting directly with other local real estate companies.

To reconstruct the urban planning process in the significant post-1990 period and analyze the relationship of specific agents with these processes, we conducted interviews with professionals linked to some of these companies. It is important to highlight that all the interviews were recorded with the interviewees' knowledge and they consented to the use of the material. The resulting information base has a significant number of authorized interviews with different agents, such as real estate managers and directors, real estate brokers, executive directors of major development companies, representatives of the public planning sector, and real estate entrepreneurs. Furthermore, university professors residing and researching on the theme in these cities contributed with interviews. The interviews were based on a script of “key” questions to support the analysis. Notably, all the interviews were done within the framework of the thematic research project “Economic Logic and Contemporary Spatial Practices: Middle-sized Cities and Consumption,” funded by FAPESP.

Once transcribed, the interviews formed a database of information to enable more complex analyzes regarding the strategies of those real estate agents that are considered central when explaining and understanding the trajectory of real estate dynamics in the cities in question.

A detailed analysis of the interviews indicates a close relationship between the agents, the Urban Development Group (UDG-RP), and the municipal government. According to Interviewee I (Executive Director of Habiarte Barc) the group was created in the early 1990s to work with the municipal authorities in the "urban development" of the city of Ribeirão Preto. The meticulous choice of new areas of the city and the strategic planning to implement particular projects began with the design and launch of Jardim Santa Ângela in 1996, located south of the downtown area. In the words of the interviewee,

“Like other cities in the interior of São Paulo, in Ribeirão Preto the high-end market was in the center of the city, with traditional families and a high-income public. In the 1990s a project was conceived, which was actually an urban intervention, called Jardim Santa Ângela here in the south of Ribeirão Preto” (INTERVIEWEE I, 2015).

According to the same interviewee, Jardim Santa Ângela was designed as an “anchor” neighborhood to introduce a new dynamic of incorporation in the southern part of Ribeirão Preto. Land was incorporated and divided into different typologies, uses, and densities, which targeted those socioeconomic groups capable of paying land and real estate prices higher than those found in the rest of the city. The interviewee insisted that the intention of this group of companies was “urban operation,” adding that

“So the Urban Development Group, which is the company president’s (Founder and President of Habiarte Barc and one of the founders of GDU-RP.) partnership with other companies, set up the group and made the urban operation feasible. They divided up this (southern) region by creating plots for high residential buildings, commercial buildings and houses, and high-end condominiums.
These lots were planned, designed to cater to the wealthy. They adopted urban parameters that did not exist in Ribeirão Preto [...] this operation, this project, even won the Master Real Estate Award in 2007” (INTERVIEWEE I, 2015).

This was, therefore, an “urban operation” in the broadest sense, affecting a large area of the city. Faced with these transformations, the areas located to the south of the city gradually gained importance and became the focus of the real estate agents who served the city's wealthiest classes. Developers built upscale residential buildings with different sizes and contents from those in the city center, as “once [the project] was launched, the high-end market left the downtown and migrated to the south” (Interviewee I).

At the heart of this “urban operation” and a crucial element for its viability were these companies’ gradual acquisitions of large tracts of land. The anticipated control of property became the key mechanism in controlling later real estate production.

According to Interviewee II (Commercial Manager of COPEMA), one of the significant differentials of these local real estate companies, which still focus their operations in the southern zone, is precisely these pre-acquired land banks. Their dominant ownership of property deeds gives them a competitive advantage over other companies.

“One differential regarding your question is this: Ribeirão’s construction companies already had a good stock of land, in very well located areas, that is, when the outside companies arrived, not entirely, but the strategic areas were already owned by Ribeirão Preto’s developers and that was a differential” (INTERVIEWEE II, COPEMA, 2015).

The importance that the companies place on the creation of their land banks is evident. It is an economic and spatial condition, which plays a central role in the inter-capitalist competition, in how they carry out their strategic business expansion planning, in the real estate launches and their anticipated control of the production of the city.

From the planning rooted in the pre-acquisition and control of vast land banks in areas of interest to these agents, which eventually formed the sectors located south of Ribeirão Preto city, these local real estate companies were able to strategically produce urban territorial expansion. This was done through the UDG-RP and with the endorsement/action of the municipal government, resulting in the real estate expansion and valorization vector towards the south of the city.

Figure 1 shows the polygons numbered sequentially in the order they were produced/implemented, representing the location and size of the areas that were planned and that are being gradually produced by the GDU-RP. The details of each one are beyond this work (BARCELLA, 2018; ZAMBONI, 2018; ABREU, 2019), but it is possible to observe a spatial concentration to the south and their dimensions in the city’s context. The first is the aforementioned Jardim Santa Angela, where the Prof. João Fiúza Avenue is located.

In summary, a coalition of interests between the local real estate companies mentioned above, organized in the GDU-RP, has played a central role in coordinating investments in the built
environment in Ribeirão Preto in recent decades. Therefore, these agents were and continue to be fundamental players structuring and restructurering the city, and it is possible to debate their crucial importance in the comprehension of this capital’s spatial and economic logic. Nonetheless, their direct joint action with the municipal government is still relevant (BARCELLA, 2018; ZAMBONI, 2018; ABREU, 2019).

The most recent urban expansion process in São Carlos, which resulted in the production of differentiated spaces in some peripheral areas, dates back to the 1990s. One of its main milestones was the approval of Parque Faber I in 1990, which was built in the northwest of the urban network (DAL POZZO, 2011).

Dal Pozzo (2011) states that this process began when some businesspeople outside of the real estate sector started to invest their capital in the production of the built environment, developing urbanistic projects in a particular peripheral zone of the city.

Thus, this was the beginning of an urban territorial expansion targeting the northwest sector of the city. It is directly associated with the interests of a specific company whose profits have become linked to the production of the city’s built environment. At this point, it is possible to identify the first, incipient indications of a new process of expansion of the urban perimeter.

Faber Castell, a traditional manufacturer of writing, drawing and painting materials established in the city of São Carlos for over 70 years, owned large areas located in the far north [northwest sector] of the city, where it planted pine trees (...). In the early 1980s, Sobloco proposed an association with Faber Castell to carry out an urban development plan that would absorb commercial, residential and service growth in São Carlos in the long term and an organized manner. This was how the FABER PARK URBANISTIC PLAN project was born (DAL POZZO, 2011, p. 121).

It is worth drawing attention to this partnership between an industrial company manufacturing writing, drawing and painting materials (Faber Castell) and Sobloco Construtora, a construction company from the city of São Carlos.

The incorporation of the former company's land led to the creation of a plan “that included large, high-quality gated residential developments”. In the words of the project’s publicity material, the aim was to act in an “organized way to absorb the long-term commercial, residential and services growth of São Carlos” (DAL POZZO, 2011, p. 121). However, it is noteworthy that this took place in a differentiated way and was directed exclusively to the high-income socioeconomic groups.

Although the Faber Park developments began to create a real estate expansion and appreciation vector, its consolidation would only occur in the 2000s. The change was mainly because of the systematic action of the Encalso Damha Group, a new agent from outside the municipality, which became chiefly responsible for the consolidation of the vector in question. Therefore, from the 2000s there was an intensification of real estate business, and a gradual and constant process of expansion of the urban fabric, strategically planned towards the north and northwest regions (DAL POZZO, 2011;
BARCELLA, 2018).

In the northern sector, twelve gated residential spaces were formed, of which three were small, and eight were medium to large. More explicitly, Figure 2 highlights those projects that induce the expansion and real estate appreciation vector. These are four gated residential spaces, the Damha Residential Park I, II and III and the Village Damha São Carlos I and II. They are all adjacent to the Damha Eco-sports Park, which covers 1,200 hectares and has a set of sports and leisure areas (including golf courses and an equestrian center), as well as the Damha Ecotechnological Park business complex (DAL POZZO, 2011).

An analysis of Figure 2 shows the prominence of the Encalso Damha Group, which was created in 1964 in the city of Presidente Prudente / SP. According to information obtained on its website, the group currently works on the production of Civil Engineering works, Agribusiness, Highway Concessions, Shopping Mall Management, Energy Concessions, and Real Estate Developments.

In 1995, the Encalso Damha Group acquired the vast expanse of land where it began to deploy its projects from the second half of the 2000s onwards, taking on a leading role in the expansion of the urban perimeter towards the north of São Carlos (BIZZIO, 2015). Although they resemble the Faber Park projects, the Encalso Damha Group developments have had a much more strikingly impact on the city, leading to a profound change in the land use and occupation patterns on the outskirts of the city.

The enterprises have not only determined a new differentiated axis of expansion and valorization. They also act as important inducers of future urban land use and occupation patterns in the surrounding areas, consolidating the vector for two main reasons: First, Parque Faber I was the first large, gated community located in the city that was developed in a non-central area, integrating residential, commercial and services use (DAL POZZO, 2011). It led to the construction of a second development by the same construction company (Parque Faber II) and the Residencial Swiss Park, which are side-by-side and continuous to the Iguatemi Shopping Mall. Other enclosed residential spaces were built in nearby areas during the 2000s. Second, in the northern sector of the city, the central role of the Damha group’s projects are notable for acting as powerful drivers of the “real estate expansion and valorization vectors.” According to Dal Pozzo (2011, p. 126), the Encalso Group is one of the leading agents “inducing the formation of a new axis of expansion and segmentation of urban space in the Northern Sector.”

In this sense, the most recent urban territorial expansion in São Carlos, towards the north and northwest of the city, was not a spontaneous or neutral process. Instead, it was a premeditated process resulting from the strategies and planning of particular agents, who differentiated their products and triggered their actions based on their prior ownership of enormous expanses of land.
With strategies very similar to the companies from Ribeirão Preto, in São Carlos there are also clear and direct relationships with local government (BIZZIO, 2015; BARCELLA, 2018).

**Development capital and the “real estate expansion and valorization vectors”: the logic behind the reproduction of capital through the production of the built environment**

The previous item identified the agents and the spatial results of their strategic and selective activities, which have led to the expansion of the urban perimeters of both cities in recent decades. Their actions must be interpreted in terms of their permanent search for mechanisms to guarantee the appropriation of ever-growing urban land revenue, the basis of their real estate gains in urban areas with high availability of land that can also be incorporated into urban use.

The *modus operandi* is directly associated with the actions of the agents who represent development capital. This capital coordinates the production bases of urban land revenue, by modifying the land's status (through...
incorporation) and by extracting the maximum income from the built environment (SMOLKA, 1987).

In this sense, the incorporated capital introduces the concept of differentiated spaces in both cities, which is relevant for the understanding of the production of these cities’ urban spaces, which has two main aspects.

The first is the size / territorial extension of the incorporations and alterations of the spaces involved. In Ribeirão Preto the total size of the projects in question exceeds 1,632,900 m², according to the real estate agents interviewed, since this is the sum of the dimensions of the Jardim Botânico, Nova Aliança and Nova Aliança Sul projects. In the city of São Carlos, the Encalso Damha Group has produced over 1,479,974 m² of urbanized lots in gated residential spaces, according to the information provided on the company’s official website. That is to say, from a quantitative point of view, there have been extensive changes in the city’s spaces under the guidance of this capital, which has amassed considerable amounts of urban land under its control/ownership by incorporating vast areas into the city’s urban space.

From a qualitative point of view, the second aspect involves the new content produced by the developers that has resulted in spatial differentiation and new vectors of expansion in the real estate business, which will play a crucial role in the patterns of future use and occupation of large areas of the two cities.

Thus, it is possible to put forward the hypothesis that this set of changes, orchestrated by incorporated capital, plays a determining role in the structuring and restructuring of city spaces.

Such an interpretation indicates that the role of the agents who represent this capital is central to how the expansion and real estate enhancement vectors are conceived and conducted, based on a logic that acquires urban land revenue by transforming rural land into urban property or by changing the content of the built environment. Furthermore, it generates income through anticipated and coordinated actions in the organization of the built environment (SMOLKA, 1987; ABRAMO, 1989), a process that is undoubtedly ongoing in the two cities.

This interpretation shows that the real estate agents investigated here act as structuring agents (LOGAN; MOLOTCH, 1987; FIX, 2007), as [...] not only seek to predict the future when making decisions but also intervene to change it, altering the conditions that structure the market. Their strategy is to create differential incomes by influencing the decision-making arena to confer advantages on one region over another, through public works, subsidies, zoning changes, planning, etc. (FIX, 2007, p.25).

This is an opportune moment to analyze the relationship between the urban land market and the action of incorporating capital, which, according to Smolka (1987), leads the process of creating and capturing land revenues; this capital is indispensable for the functioning of the land market.

Melazzo (2015) calls for a greater understanding of the set of changes taking place in the production of Brazilian cities, which
requires a more accurate analysis of the strategies of real estate agents who currently produce the city (and the capital they represent), since their stratagems are increasingly selective and complex, and progressively give rise to differentiated spaces.

Based on this warning, several elements can be highlighted that corroborate the strategies and logic behind these agents' actions since they are directly linked to the formation of expansion and real estate valuation vectors, through the control of extensive land stocks in the cities and the close relationships forged with the local governments.

In both of the case studies, the control of large land banks and the close associations with the public authorities enable these capitals to draw up strategies that have guaranteed the production and attainment of urban land income over the years, resulting in ever more differentiated spaces in each of the two cities, which ends up significantly changing their structures.

According to Smolka (1987, pp.41), incorporating capital manipulates the bases of land income, taking on a central and potentially structuring role in the production and planning of the built environment. Abramo (1989) states that it has the function of coordinating the other capitals in the urban real estate circuit, which is composed of different agents representing different capitals and that are part of the real estate production process.

From a logic that involves the whole urban real estate circuit, The role of incorporating capital is understood to be that which values and expands by taking control of the process by which land rents are created and appropriated. Therefore, incorporating capital is the fraction of capital that operated by controlling the bases in which land income is altered (SMOLKA, 1987).

This articulation, which ensures the highest possible urban land values, is evidenced in the strategies that form and consolidate the expansion and real estate appreciation vectors as the axes of areas/neighborhoods that have the highest prices per square meter in both cities. This trend of consolidation of real estate expansion and valorization vectors can be observed in the historical series from 1995 to 2015, as shown in Figures 3 and 4.

The analysis of the historical series represented by the set of price maps shows a clear tendency of “valorization” of some “less” central locations from the dramatic rise in the price per square meter in these areas. It also demonstrates their insertion within the local real estate dynamic, shaping specific axes towards specific peripheral areas in both cities.

The data in Figures 3 and 4 show the advertised price per square meter of urban land in both cities, in the time frame from 1995 to 2015. The methodological procedure used to collect and systematize the data involved collating the real estate prices offered in newspaper advertisements in both cities. This method for setting up a real estate price database is used by researchers studying real estate dynamics in medium-sized cities, and has been related in Melazzo (1993), Abreu and Amorim (2014), Abreu (2014) and Barcella (2017; 2018), among others.
Figure 3. Ribeirão Preto. The average prices offered for urban land. 1995 - 2015

Source: Barcella (2018)
Figure 4. São Carlos. The average prices offered for urban land. 1995 - 2015

Source: Barcella (2018)
Comparative land prices taken across different areas/neighborhoods, signal the differences that shape the possibilities of access and consumption of each land parcel in each location, to the precise extent that land prices express their potential income.

Accordingly, Graph 1 presents the comparison between the average urban land prices in the neighborhoods that make up the expansion and real estate appreciation vectors and the average prices advertised for the rest of the city, in the years 2010 and 2015, for both cities. Thus, for both cities, Graph 1 shows the marked difference between the prices per square meter in neighborhoods located in the expansion and valorization vectors and outside them. This variance is materialized concretely in the locations, typologies, and the distinct standards of production and consumption of the built urban environment. In the vectors, prices are systematically higher than the average prices of the city.

Also, there was a widening of these differences between 2010 and 2015. Even when the average land prices rose in the city, including prices per square meter in properties not in the axis, the prices asked for access to these differentiated vectors in each city went up even more. Selectively, therefore, they are consolidating as exclusive spaces.

Graph 1. Ribeirão Preto and São Carlos. Average urban land prices offered in the expansion and real estate enhancement vectors and in the rest of the city. 2010 - 2015


Final considerations

The analysis of the empirical examples of Ribeirão Preto and São Carlos identified and recognized the operating logic of agents whose gains are directly linked to real estate developments, which have led to the emergence and consolidation of real estate expansion and valorization vectors. Two players are prominent and emblematic of this logic. In Ribeirão Preto, the GDU-RP is the articulation of the city’s leading real estate companies, and in the city of São Carlos, the Encalso Damha Group,
representing capital from outside the city, is the frontrunner.

In this study, incorporating capital is defined as capital that is employed in the development of urban space, organizing private investments in the built environment, to ensure its continuous and expanded reproduction (SMOLKA, 1987). This concept contributes pertinently to the explanation of how these companies act in both of the cities studied here.

The investigation of these agents’ strategies indicates that they induce a trend that incorporates new urban areas that are conceived in the interest of the real estate market, denominated here as real estate expansion and valorization vectors.

The theoretical discussion outlined above indicates four main characteristics of the logic of action of the agents who represent the development capital in both cities. The first is their quest for control of immense urban areas, to promote their development and profitability strategies to extract land revenue (SMOLKA, 1987), based on the widespread availability of land to be incorporated in these cities. Second is their goal to coordinate the entire urban real estate circuit (ABRAMO, 1989), thus positioning themselves as the fraction of capital that drives the transformation strategies of the built environment (SMOLKA, 1987; ABRAMO, 1989). The analysis of the GDU-RP’s activities in Ribeirão Preto and the actions of the Encalso Damha Group in São Carlos evidences these agents’ overt role in the coordination of strategies that result in private investments and the production of the built environment in both cities.

The third feature is their close involvement with the public sector (SMOLKA, 1987; ABRAMO, 1989), which aim to achieve better conditions for the reproduction of capital, based on legal and institutional frameworks that permit the execution of their production strategies in the built environment. This characteristic was discernible in both the interviews conducted with the agents and with representatives of the public sector. Last, when the land price increases produced by these capitals are compared to land values in the cities, they indicate the success of their strategies to control and expand the value of their own urban land, the basis of the sector’s profitability in the capitalist accumulation processes of the agents involved.

The processes analyzed in this article help to explain the widening socio-spatial inequalities in these cities, which appear to be reproduced with intensity in several other municipalities of the same stratum of the Brazilian urban network. Therefore, the authors hope that the arguments and the empirical evidence presented here may contribute to the essential debate about the challenges, limits, and potential for the production of less exclusionary and more democratic cities.

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