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*63<sup>rd</sup> ERSA Congress 2024*

**Special and thematic sessions :**

“G04 : Segregation, Social and Spatial Inequalities” or “Ordinary Session”

**Title of the proposal:**

Financialization of Real Estate: Towards a Meso Scale of Urban Segregation? The Case of Private Mixed-Use Complexes in Mexico

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**Key words:**

Financialization, major urban projects, real estate production, urban development

**Extended Abstract :**

The financing system for real estate production and property is evolving. In addition to public funds (state aid for the construction or acquisition of property) and private funds (investors), securitization of real estate involves a new type of financing that participates in several phases, from land transactions to construction and property management.

In the first decade of the 21st century, Mexico underwent institutional reforms that led to the creation of financial entities aimed at raising institutional funds for the real estate market, a rapidly growing sector.

These economic changes are accompanied by spatial changes, which sometimes directly influence them. Many authors have highlighted the growing importance of financial vehicles in the proliferation of large-scale urban projects in Mexico (David 2013; Peynichou 2018; Delgadillo 2021; Gasca Zamora and Castro Martínez 2021; Cordero Gómez del Campo and Salinas 2022) and elsewhere (Theurillat et al. 2010; Kaika and Ruggiero 2016). One of the most representative is the production of a new type of urban project, private mixed-use complexes. These projects go beyond the scale of the neighborhood, concentrating residential and commercial buildings, offices and leisure activities, all within a delimited and secure perimeter aimed at the affluent classes. Private mixed-use complexes are not just enclosed residential areas, but spatial entities in their own right. These urban projects represent a significant shift

in the logic of the enclosure of the city, now at the meso level, accentuating the spatial inequalities of the territories.

In order to understand the relationships between the actors, the resources mobilized and the resulting urban forms, this thesis is based on a qualitative and quantitative methodology. The study of a database of 77 mixed-use complexes reveals a continuity in the production logic of gated communities, but a break in the scale and urban form they imply and in their location. Built in the most affluent areas of Mexico's cities, these financial investments benefit the economic centers of the country's metropolises. The study also focuses on the level of individuals who are involved in major projects on a daily basis: managers of investment funds and large companies, elected representatives and local residents. Mixed-use complexes are emerging as a tool and support for financial development, reinforcing the socio-spatial polarity of metropolises.

The paper explores these questions with a focus on San Pedro Garza Garcia, Mexico's richest municipality, located in the Monterrey metropolitan area in the north-east of the country. The municipality has been inhabited by the elite since the 1950s, and is now being transformed by large-scale urban projects that embrace the production methods of the global city. Economic growth and elite consolidation have shaped the city's production for more than a century. The study of the production of the elite's territory allows us to understand a highly socially aggregated area. By analyzing the urban development projects initiated by these wealthy families since 2010, we can observe how the resources and financial instruments they mobilize through the creation of investment funds become levers of power that reinforce their control over local urban governance. The planning of projects that consider land as a financial asset and the ownership of projects by investment funds lead to the privatization of urban management. In this way, multiple urban objects are created at different levels of enclosure, from skyscrapers and districts to large-scale urban developments. This case study shows how elites are able to continue building the city by and for themselves through the financialization of foundations, now on a new scale of privatizing.

The results show the changing production of Mexico's cities and how it affects its socio-spatial organization. The mixed-use complexes, used as a legal tool to privatize the management of the city and to select the users, illustrates the evolution of segregation at the meso-level, which also crystallizes the challenges of producing the city of the future.

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