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Urbanisation by expulsion:
The political economy of landed property in Asunción, Paraguay

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Abstract

Although much research has been conducted regarding the uneven distribution of land in developing countries, such work tends to focus on rural land dispossession. In turn, land inequality in urban property markets of vulnerable economies remains somewhat understudied. Based on a case-study of Asunción, Paraguay, this thesis employs a Marxian political economy framework to investigate the development of the city's built environment, in a country where wealth and property have historically been unevenly distributed. Cities across the world have seen drastic changes to their physical configuration as the construction of principally high-end real estate has become a profitable activity for international investors, with projects that tend to be decoupled from the demographic reality of urban populations, resulting in a lack of adequate local infrastructure and housing being provided. Asunción is a case in point, as it boasts a booming high-rise construction sector, a decaying historic center, densely populated slums, and a vast metropolitan area with great infrastructural shortcomings. Despite the apparent urgency of this complex geography, very little has been written regarding the prospects for and consequences of developing real estate in Asunción, where access to the land market is highly unequal. Interviews with local real estate developers, politicians and urbanist scholars were used to conduct such an analysis. The main results indicate that the current trajectory of Asunción's land market contributes directly and indirectly to the expulsion of many urban dwellers. A small group of large-scale landowners exert monopoly control over land in the historic center, leading to the abandonment of properties and exclusion of new construction projects, while high-rise developments in peri-central neighborhoods have contributed to increasing real estate prices within city limits. Moreover, national and municipal governments provide very few guidelines or resources for urban planning. The logic driving change in Asunción's built environment is primarily determined by the investment strategies of a few powerful economic actors, rather than by coherent political incentives for city-making. As such, although this is a case-study, it exemplifies how an analysis using Marxian political economy may shed light on the disruptive effects of property accumulation in cities of developing economies.

Key words: *Paraguay, real estate development, land inequality, urban development, Marxian political economy*

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LIST OF ABBREVIATIONS

HCA: The historic center of Asunción

LA: Latin America(n)

MA: The metropolitan area of Asunción

RED: Real estate development

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1. INTRODUCTION

"It would have been all too easy for foreigners visiting Paraguay at the turn of the 21st century to dismiss the landlocked country as little more than a languid backwater, scarred by a history of war, dictatorship and corruption and with dim prospects. If they were to return for the first time now, they would hardly recognise the place. Gleaming skyscrapers have sprouted up across the capital, Asunción, over the past decade, testament to national rates of economic growth that are the envy of the rest of Latin America." (Financial Times, 2019a)

Although I had not myself witnessed the changes referred to in these opening lines, it seemed evident when I first visited Asunción and saw the remarkable contrasts between neighborhoods, that here was a city where urban facilities were widely out of pace with each other. Asunción today boasts a dizzying array of unpaved roads, glistening malls, whole streets with abandoned houses, gated communities, inundable shantytowns in the front yard of the national parliament, and a vast metropolitan area stretching some 20 kilometers beyond the city's administrative borders. As such,

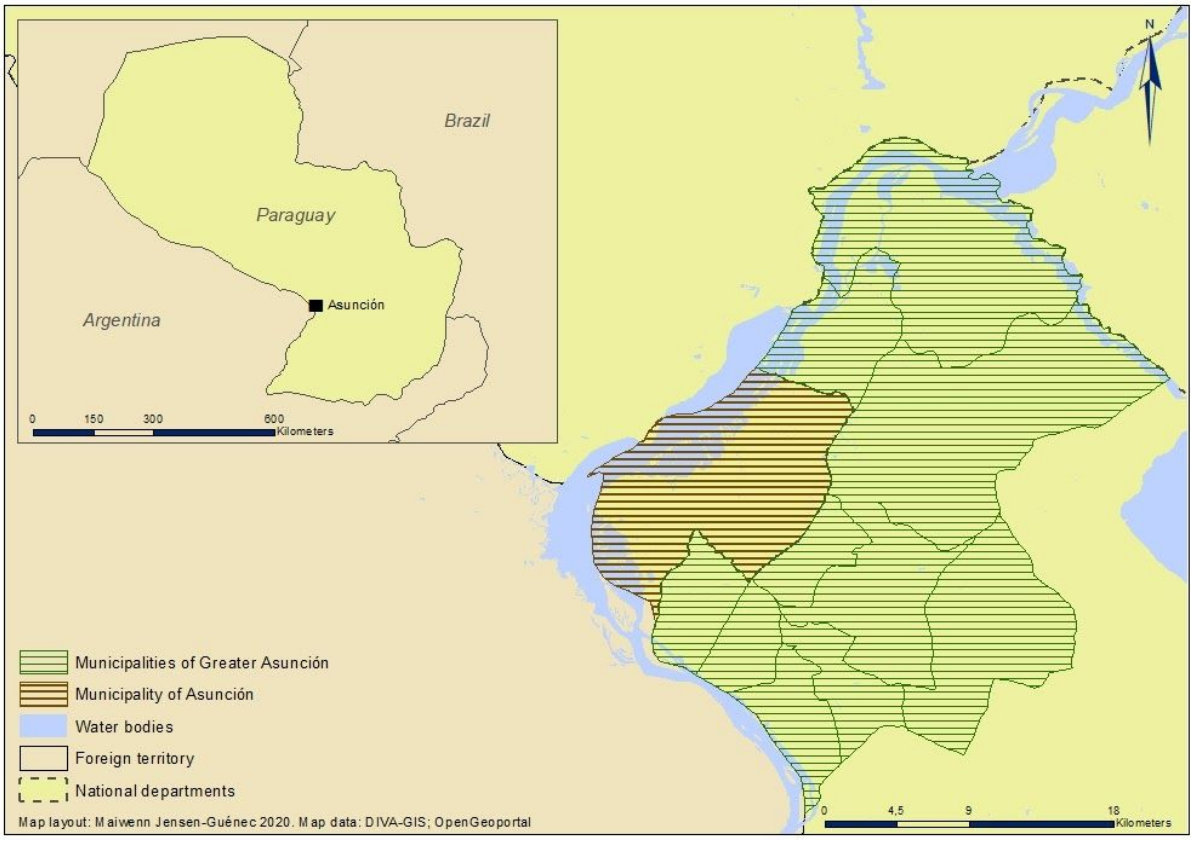

Figure 1. Map of Paraguay and Greater Asunción. Own elaboration.

Asunción reflects the path of Latin American urbanisation, which has in recent decades tended towards increasing depopulation of inner-city neighborhoods due to rising real estate values, resulting in scattered cities consisting of multiple often incoherent and differentiated centres (De Mattos, 2010).

A similar process of migration from the center has occurred here. The rapidity of population growth, which had Asunción almost double its population from 1962 to 512.000 in 1992, has turned into a decrease of around 1,000 inhabitants per year (DGEEC, 2018). The historic center has perhaps experienced this loss most forcefully. Between 2002 and 2012, it lost approximately half its population (PlanCHA, 2016). What is by day a center bustling with public officials and merchants, at night appears more like a ghost-town. Much of the building mass has visual signs of degradation: 8% of plots are empty; 15% of buildings are in bad condition; 7% are not in use; and 10% are used for parking space (PlanCHA, 2017). The majority of these buildings are owned by a handful of wealthy landowners associated with Paraguay's economic elite (López, 2017a). Due to this static landmarket, the historic center has not seen the kind of capital-intensive development characteristic of other areas of the city. It remains the administrative center of Asunción, but has come to share its position as the main pole of commerce and financial activity with two new neighborhoods: the *peri-centers*[1] of Villa Morra and Ycua Sati. These centers were consolidated when principally foreign-based capital surged into Asunción after the global financial crisis of 2008, leading to a construction boom of high-rise buildings and establishment of a new corporate district in Ycua Sati, which includes a four-towered World Trade Center, two shopping malls, and a range of conference centers and high-end hotels (ABC Color, 2015).

A few kilometers east of this scenery, squeezing the historic center between them, are the informal settlements of the *bañados*. These poor settlements, on the inundable banks of the Paraguay River, are today home to one fifth of the capital's population in just 2% of its territory (Cañete-Estigarribia et al., 2019). Urban precarity is a consequence of five decades of intensive deagrarianisation of the countryside, whereby mechanised agriculture and megaranches - the main sources of recent macroeconomic growth - have widely substituted smallholder farming (Villagra, 2014). Land concentration in Paraguay has received much attention from scholars and NGOs working with issues such as deforestation and peasant land rights (Coreia, 2019; Oxfam, 2016;

[1] Borrowed from López Morales' (2009) terminology for urban centers that are geographically peripheral in comparison to the historic and/or inner-city center

Pereira, 2018b). As such, the discussion is centred on land concentration as a strictly rural issue, despite the evidence that Asunción's land market also shows tendencies of accumulation and expulsion.

Based on data collected during early 2020, this thesis aims to highlight the existence of land concentration in Asunción by examining the particularities of its land market, in the light of historic legacies of landed inequality, and of new forms of dispossession related to real estate development. A Marxian political economy framework is used, as it provides a useful conceptualisation of capital's role in the generation of the built environment. In late capitalism, buildings are no longer just containers for productive activity such as industry or housing: rather, they have become assets productive of value themselves (López Morales, 2009). As a consequence, urban construction and reconstruction are industries increasingly being integrated into global markets, often resulting in the evacuation of local planning incentives in favour of initiatives attracting international capital (Harvey, 1989). The recent high-rise boom in the peri-centers indicates that Asunción is no exception to this tendency. At the same time, Asunción is capital of a country where the state largely serves the interests of agro-exporters, financiers and large scale landowners (Ezquerro-Cañete & Fogel, 2017; Rojas Villagra, 2011). Thus, the city's uneven development is also the product of a political culture that hardly provides any guidelines for spatial planning other than those favorable to the rentier class.

1.2. PROBLEM STATEMENT

As the opening quote of the introduction states, Asunción's skyline has changed drastically during the last decade of stable growth. However, the political circumstances hindering socio-economically sensitive planning have not. Given the lack of attention to landed property concentration in Asunción, and in the light of the recent changes in its built environment, this thesis focuses on real estate development as a driver of urban spatial development. It analyses the prospects for developing real estate in the current political economic trajectory of Paraguay, as well as the effect of real estate development projects on the socio-spatial configuration of Asunción's main centers. To launch this investigation, I pose the following sub-questions:

- Why has the historic center of Asunción been unable to accomodate real estate development projects, and contrastingly, why have real estate development projects become concentrated in Asunción's peri-centers?
- How does urban governance affect the establishment and distribution of real estate development projects in different neighborhoods of Asunción and the metropolitan area?

1.3. THESIS OUTLINE

To answer the research questions, the thesis is structured as follows: chapter two lays out the tendencies of contemporary urban construction according to a Marxian political economic framework; chapter three describes and justifies the epistemological basis of and the methods used for conducting the analysis; chapter four starts with an introduction to the case by providing a brief analysis of the political economy of Paraguay (4.1); it then goes on to present and analyse the data via the two overarching themes of landed property accumulation (4.2) and territorial governance (4.3); chapter five discusses the results of the analysis and outlines the answers to the research questions, followed by my concluding remarks in chapter six.

2. CONCEPTUAL FRAMEWORK

Before accounting for the characteristics of contemporary urban construction, it will be clarified what is understood by "the urban", the analytical unit of this investigation. I then visit a Marxian interpretation of what characterises landed urban property, in order to describe the political economic building blocks of contemporary city-making. Finally, I sketch out these tendencies in a Latin American context.

2.1. THE POLITICAL ECONOMY OF URBANISATION

2.1.1. IMPLOSION-EXPLOSION OF URBAN AREAS

As Henri Lefebvre declared already 50 years ago, the city as a clearly delimited unit has ceased to exist. Tracing the transition between different modes of production, from agrarian society to industrialisation and ultimately our present "urban reality", Lefebvre holds that the inner logic of urbanisation is the absorption of all other landscapes of production, expanding the "urban fabric" endlessly:

> "Absorbed or obliterated by larger units, [the village] has become an integral part of industrial production and consumption ... The urban fabric grows, extends its borders, corrodes the residue of agrarian life. This expression, "urban fabric", does not narrowly define the built world of cities but all manifestations of the dominance of the city over the country. In this sense, a vacation home, a highway, a supermarket in the countryside are all part of the urban fabric" (Lefebvre, 2003: 3-4).

Socio-spatial development under capitalism tends towards complete urbanisation (ibid: 4) or what others have called "planetary urbanisation" (Brenner & Schmid, 2014). There is no longer such a thing as a finite city, only urban agglomerations of smaller or larger scale being made and remade. Lefebvre calls this spatial expression an "implosion-explosion": on the one hand, the urban is a concentration of economic, social, and cultural activities, while on the other hand it serves as a nest for the multiplication and projection of such activities into peripheral spaces (Lefebvre, 2003: 14). The nature of the urban is processual: it centralises the elements (people, goods, ideas) that in their encounter drive forward the development of urban space (ibid: 118; 127). But the transition from agriculture to industry and lastly urbanisation has not everywhere been characterised by ruptures with former modes of production. Rather,

"so-called underdeveloped countries are now characterized by the fact that they undergo the rural, the industrial, and the urban simultaneously. They accumulate problems without accumulating wealth" (ibid: 32).

In developing economies, the coexistence of different phases of development demands that extra sensitivity be shown to the accompanying overlap of "modes of thought, action and life" (ibid), along with a sensitivity towards the implosion-explosion of urban activities at different spatial scales. In a region such as Latin America (LA), where many countries have seen intensifying migration to urban areas due to rural land dispossession (Davis, 2007), considering these tendencies in conjunction is key to understand the sporadic and often chaotic configuration of urban space.

2.1.2. LANDED PROPERTY AS FICTITIOUS CAPITAL

The process of planetary urbanisation has been accompanied by major changes in the functioning of the landmarket. From being merely a host for productive activities like manufacturing, the urban built environment has become a profitable commodity in itself (López Morales, 2009). Before explaining this more in detail, a few words must be said about the political economic events that have enabled this. Overall, it is reflected in what Harvey terms "accumulation by dispossession" (Harvey, 2006b), that is the tendency in late capitalism to redistribute wealth among monetised classes rather than generate wealth for other classes, a process initiated during the shift that the global economy underwent from the early 1970s. Expansion of the industrial frontier from the Western world to cheaper labor markets, primarily in Asia and LA, entailed a global downward pressure on wages and increasing profit margins (Harvey, 2010: 28). However, by the 1980s, the industrial colonisation of the world had reduced the options for minimising production expenses, so profit margins had fallen, and capitalists had to find new outlets for their surplus capital (ibid: 29). That is when

"[t]he trend towards investment in asset values became widespread. From the 1980s onwards reports have periodically surfaced suggesting that many large non-financial corporations were making more money out of their financial operations than they were out of making things." (ibid: 23).

Of these assets, landed property[2] has played a leading role as the catalyst of several financial crises, most recently in 2008. The characteristic of land as an asset or "fictitious capital" is, according to Harvey (2006a), that it appropriates future profit made from land, that is *ground rent*. Ground rent determines the value of land and is in principle extracted from the total surplus value created in capital production, appropriated from the revenue of either labourers or capitalists (ibid: 367). This potentially pits landowners against these classes in the struggle over value distribution (ibid: 363). The "trinity formula" of land, labour and capital, as Lefebvre (1991: 325) names it, is essentially the foundation of the capitalist mode of production. In this inter-class dynamic, landowners may either appropriate an excessive slice of the total surplus, "monopoly rents", which impair competition from other land actors, or they extract "differential rents" from the surplus revenue of tenants that gain some competitive advantage from using the land[3] (Ward & Aalbers, 2016: 1763). Monopoly rents represent

> "a totally negative influence over the proper allocation of capital to the land and, hence, to the formation of valid market prices and the sustenance of accumulation. For this reason it is plainly in the interest of capital in general to keep absolute and monopoly rents strictly within bounds, to ensure that they remain ... of sporadic occurrence" (Harvey, 2006a: 360-361).

In contrast, differential rents facilitate rather than inhibit the movement of capital, and so the relation between landowner and capitalist is beneficial. This is characteristic of rent under financialised capitalism, where the acquisition of land is principally about securing the circulation of interest-bearing capital throughout landed property (ibid: 366). With the extraction of differential rents, the productivity of land increases due to either inherent characteristics of the land (e.g. distance of the land to relevant locations) or due to investments on the land (e.g. building a mall) (Ward & Aalbers, 2016: 1763). Regardless of whether land generates monopoly rents or differential rents, the modern land market is dominated by economic actors with a tendency to speculate (Harvey, 2006a: 347). Since the ground rent system guides the physical construction of

[2] Landed property can, in short, be defined as the monopoly power over land and consequently over the appropriation of the surplus that derives specifically from land (rent). Landed property is a particularly powerful tool in the creation of surplus value, as rent is a barrier to the circulation of other types capital (interest-bearing and production profit): "The landowner can exact a tribute - appropriate a portion of the surplus value - in return for the use of the land as a condition or means of production" (Harvey, 2006a: 73)

[3] The different categories of rent in Marx are: monopoly (1), absolute (2) and two forms of differential rent (3) (Harvey, 2006a: 349-358). As I do not make a rent analysis as such, I use "monopoly rents" as an overarching term for (1) and (2), referring to the forms of rent "in which the impairment [of competition] is attributable to the existence of the class of rentiers themselves" (Ward & Aalbers, 2016: 1763-1764)

space, speculative rent extraction is critical because it separates this system from its ability to control development according to rational planning incentives (Smith, 2010: 184-185).

2.1.3. THE SPATIAL FIX

As evident when observing the landscape of mostly any urban area, rent is not distributed evenly: some places (neighborhoods, cities, whole regions) prosper, and others do not. To understand why, it is necessary to visit one of the central contradictions of capitalism, namely the process whereby surplus capital allocated to the built environment is perpetually searching for new places to be "fixed" in order to create new surplus (Harvey, 2014). When new fixes are located, the place of origin is left devalued, often with socio-material signs of abandonment. This uneven development is the overall geographical expression of capitalism (Smith, 2010; Harvey, 2006a).

Fixed capital is a central feature of the circulation of capital because it provides the physical infrastructure needed for the production of value. We can distinguish between movable fixed capital, such as machines and trucks, and immovable fixed capital such as roads, sewers, and buildings (Harvey, 2018: 149). It is the last category that interests me here, so when referring to *the built environment* and *fixed capital*, I refer specifically to immovable fixed capital in the shape of landed property. Fixed capital is indispensable as a use-value, for instance when it serves as housing, industry, and space for commercial and corporate activities. But as described before, landed property also increasingly serves as an outlet for the injection of surplus capital rather than as a use-value. In Harvey's interpretation of Marx, this is illustrated in a division of the circulation of capital into three circuits (Figure 2).

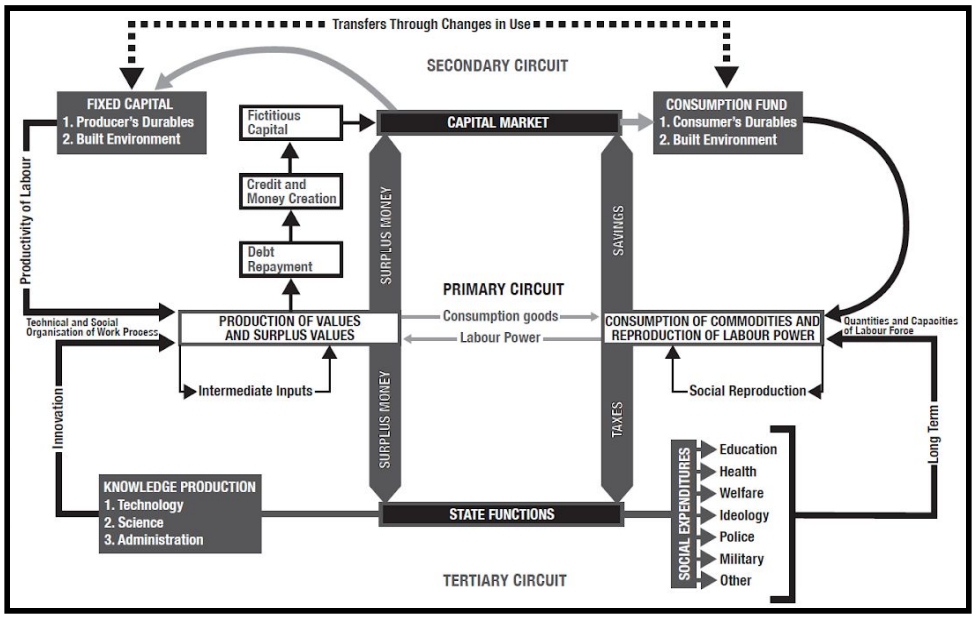

Figure 2. The three circuits of capital. Source: Harvey, 2018: 151

When an excessive surplus is created in production (primary circuit), a crisis of overaccumulation can be avoided by allocating this surplus into the secondary circuit, e.g. in real estate. The construction of fixed capital is characterised by a long turnover period of capital. City space is particularly inflexible in terms of making capital circulate, because it "resists frequent modification" (Lopez-Morales, 2009: 44). Since the time for capital to be "redeemed through use" is longer in the case of, for instance, the construction of an apartment building than in the case of producing electronic goods, fixed capital investment implies a higher risk (Harvey, 2018: 152). Consequently, as we will see in following sections, the task of building physical infrastructure is often undertaken by the state (Smith, 2010: 169).

The fixing down of capital, in the shape of houses, shops, and offices, is both necessary for and an obstacle to the continued circulation of capital. This is why we see an increasing amount of places left behind in degradation, alongside an increasing amount of places booming with large-scale construction projects. The co-existence of degradation and accumulation in the built environment results from the inherent contradiction in the spatial development of capitalism:

"The history of capital is rife with stories of localised booms and crashes in which the contradiction between fixed and circulating capital, between fixity and motion, is strongly implicated ... The balance between creativity and destruction is often hard to discern, but the costs imposed on whole populations through

deindustrialisation, gyrations in property values and land rents, disinvestment and speculative building all emanate from the underlying and perpetual tension between fixity and motion" (Harvey, 2014: 78).

Devaluation of whole areas is systematic rather than accidental, because the need for constant growth requires sacrificing those places that no longer spur innovation in surplus creation (Harvey, 2006b; Barandiarán & Walsh, 2017). Therefore, land ownership and control largely determines the pattern of development and underdevelopment in the urban fabric.

2.2. NEOLIBERALISING SPACE: URBAN REGENERATION

2.2.1. BUILDING THE NEOLIBERAL CITY

The global shift in production from manufacturing to finance was accompanied by neoliberalisation of economic and social policy, whereby national and regional economies were integrated into the global economy (Robinson, 2004). This economic transition represented an overall "shift in emphasis from collective consumption to capital accumulation" (Knox & Pinch, 2006: 15). Countries of LA, which had until then served as nodes of value extraction for the capitalist core in the global north (Betancur, 2014: 3), were hit by massive debt during the 1970s and 1980s when the shift towards financialisation was taking place (Kingstone, 2018: 55-56). In order to integrate developing economies into the new economic order, the structural adjustment programmes were superimposed by the World Bank and IMF to cut back on public spending and strengthen the connection to markets, forcing countries across the developing world to implement austerity measures including privatisation, trade liberalisation and deregulation of labour markets (ibid; Harvey, 2010). In LA, these reforms were based on the ideological framework put forward in the so-called Washington Consensus, which identified the neoliberal policies with which to overcome the region's crises (Rojas Villagra, 2011).

Neoliberalisation entailed drastic spatial reshaping around the world, with urban agglomerations experiencing this change strongest. In Betancur's words (2014: 2), "manufacturing production moved to the side and city building and rebuilding around high services took its place". The boom in urban real estate was not just led by the construction of new buildings, but increasingly also by the upgrading of older urban areas like degraded historic centers and poor neighborhoods (Soja & Kanai, 2014). In the social sciences, this development has been theorised under the term

"gentrification", describing the displacement of urban populations throughout land privatisations, and the rising rent gap between neglected inner-city neighborhoods and new urban centers (Slater, 2017; Smith, 2002). These processes of urban regeneration epitomise the effect of financialisation on the urban landscape:

"Central urban reconstruction increasingly integrates residential with all other kinds of land uses - offices, retail, recreation, transport - and is also increasingly integrated into not just the overall urban economy but into the global economy. A highly mobile global capital increasingly descends to and aspires to the remake of urban centers" (Smith, 2003: xxi).

Facing policies shrinking public welfare and bloating the presence of global capital, city space has become increasingly divided according to socio-economic divisions within populations. Metropolitan areas of our age boast great spatial dualities, not least between slums and skyscraper strewn commercial districts. With one in three urban citizens globally living in slums according to the United Nations (Soja & Kanai, 2014), we are now perhaps living on what Davis (2007) calls a "planet of slums". However, this extreme socio-spatial divide should not be turned into an overemphasis of a simplistic rich-versus-poor-antagonism. That would mean ignoring important differences between, for example, inner-city gentrifiers and gated community residents at one end of the scale; slum occupants and social housing residents at the other; and the influence on spatial (re)generation of the great middle segment in between (Soja & Kanai, 153-154).

2.2.2. URBAN ENTREPRENEURIALISM

Urban regeneration schemes have contributed to the reduction of inner-city population density in cities around the world. In the governance of urban space, this has given rise to what Harvey (1989) calls "urban entrepreneurialism". It describes the shift in urban policy from struggles over distribution of public resources among different sectors, to a more narrow focus on economic growth (Wood & Brock, 2015). Furthermore, it is characterised by greater collaboration between the state on one hand and corporations on the other, so that "investment increasingly takes the form of a negotiation between international finance capital and local powers doing the best they can to maximise the attractiveness of the local site as a lure for capitalist development" (Harvey, 1989: 5). Although this involves a reduction of the public sector, the state remains the most suited entity for managing the consumption of collective goods because of the sheer scale of this task:

"To maintain the conditions for an orderly development of urban space, the state (at local or national level) generally steps in since it is able to circumvent the land market. The rationality of the land market is exchanged for the direct political logic of urban planning" (Smith, 2010: 185).

The willingness of governments to assume greater risk in the provision of infrastructure has made capital more geographically flexible, as the risk of major devaluation is no longer mainly borne by capital itself (Harvey, 1989: 11; Smith, 2010: 191). Capital moves more easily between different (urban) markets, which are in internal competition to attract projects of international scope. This results in the production of very similar urban landscapes across regions, boasting familiar franchises and corporate facilities (Harvey, 1989: 10-11). However, with urban entrepreneurialism, "[t]he power to organise space" pertains not only to the local state, but rather "derives from a whole complex of forces mobilised by diverse social agents" (ibid: 6), such as real estate developers and agents, financiers, as well as civil society actors, unions, etc. Collaborations between these diverse actors tend to focus less on projects solving locational socio-economic problems and more on the commercial reconfiguration of urban space (ibid: 7). Through public-private partnerships, cities are increasingly driven to fit into an international standard model, competing in "urban wars for investment, jobs, visitors and global image" (Soja & Kanai, 2014: 155). By focussing investment efforts in high-end activities, from malls to festivals, or in large-scale development projects, attention is often directed away from local social issues, especially adequate housing provision (Harvey, 1989: 9).

2.3. URBAN REGENERATION IN LATIN AMERICA

2.3.1. REGENERATING INFORMAL SPACE(S)

It has been debated whether gentrification and urban regeneration can be applied as concepts to the particular geographies of LA cities (i.e. Lees, 2012; Janoschka & Sequera, 2016; López-Morales et al., 2016). While critics hold that "introducing the term[s] to different social and urban contexts outside the Anglophone world implies an excessive stretching that uncritically assumes that, elsewhere in the world, similar outcomes are a result of the same processes" (Janoschka & Sequera, 2016: 1176), proponents argue that applying them in a LA context should be a "'comparative gesture' ... transcending earlier cases in order to properly contextualize the rise of gentrification in Latin America—in tandem with other urban processes, and attuned to local specificities" (López

Morales et al., 2016: 1093). I maintain that they may be used as overarching and spatially sensitive concepts in the face of privatisation of and displacement from urban land in LA.

Of particular importance to these processes in LA is urban informality: that is, the presence of informal economic activity and settlements. Nearly 25% of all urban dwellers in the region live in poverty, and correspondingly, 25% of the population lives in slum conditions (UN Habitat, 2012: 65). The increasing informality of urban populations is, above all, product of the "semi-proletarianization" of rural dwellers throughout the 20th century, when mechanised agriculture dissolved the foundation for millions of peasant livelihoods, turning them into underemployed "surplus populations" in cities (Davis, 2007: 174-175). Informality represents a major challenge to the governance of city space, because in LA "there is a strong correlation between income inequality and spatial fragmentation" (UN Habitat, 2012: 50).

2.3.2. URBAN ENTREPRENEURIALISM IN LATIN AMERICA

In this highly unequal region, the encounter between capitalo-centric development schemes and vulnerable popular classes has clear implications for the organisation of urban space:

> "[W]e are seeing in Latin America unprecedented levels of dislocation and displacement from urban space as a consequence of (often foreign) speculation in, and capitalization on, land. This speculative capitalization takes many forms: mega-events, large construction projects, urban "regeneration" schemes, assorted "growth machine" agendas and local/global economic crises of accumulation of landed investment." (López Morales et al., 2016: 1101)

This development is tied to the turn towards urban entrepreneurialism in LA, associated especially with megaprojects such as the Olympic Stadium in Rio de Janeiro and Puerto Madero in Buenos Aires (Castro Coma, 2011; Vannuchi & Van Crikingen, 2015). Less attention has been given to the existence of this phenomenon outside the megapolises of LA. Prada-Trigo (2017: 125) finds that rapid urban development in middle-sized Ecuadorian cities has resulted in a "transition from an absence of management to urban entrepreneurialism that has hindered the resolution of the most pressing urban problems (lack of services, housing, green areas, etc.)". Rather, "islands of investment" have been created, pocketing local and international capital in exclusive areas of the city, while others completely lack basic infrastructure (ibid: 136). The transition from no

management to entrepreneurialism has resulted in the transfer of a range of infrastructural issues from the recent past to the present, which he suggests to be a regional tendency:

"[D]espite the time that has passed, many of the tenets of critical geography are still valid today and visible in the process of urban regeneration in many Latin American cities. Today these postulates should, however, be combined with consideration of global capital flow, local elements, and specific trajectories in order to be accurately read." (ibid).

The transition of LA cities into economies building on development schemes imported from the capitalist core deserves particular attention, as these changes take place in highly differentiated spaces.

2.3.3. SCATTERED URBANISATION AND EXPULSION FROM THE INNER-CITY

As nations industrialised or populations grew, suburbanisation took hold in many cities across the region. LA metropolitan areas have thus become characterised by

"an endless pattern of settlements organised around a large number of differentiated nodal points in vast multi-polar regions, whose ideal model may be defined as a city without center or as urban regions structured around the scattered fragments of the explosion of the center" (Dematteis & Governa, 2001: 38, in De Mattos, 2010: 96[4]).

This entailed widespread abandonment of central neighborhoods by more affluent residents and gradual degradation of these areas (Davis, 2007; Stubbs et al., 2011). Therefore, inner-city regeneration and transition of neighborhoods into land use with higher potential ground rent is increasingly tied to the renewal of historic centers built in (post-)colonial times. With the conservation schemes of UNESCO towards the end of the 20th century came the first major attempts at this (UN Habitat, 2012: 73-74). Conservation has in some cases been criticised as a political pretence to socially "sanitise" central areas to encourage tourism, for example by criminalising street vending and promoting rent-increasing renovations that push out low-income dwellers (Cabrera-Becerra, 2008). The proliferation of facilities aimed at classes with higher purchase capacity are recurrent themes in contemporary LA urban regeneration, whether for instance exemplified by "social replacement" in Santiago de Chile's historic center by young urban professionals (Inzulza-Contardo, 2016) or slum-clearings in Asunción (Pereira, 2018a).

[4] Own translation

Importantly though, not all processes of gentrification entail direct displacement of residents. Development of new commercial neighborhoods and gated communities outside central and less densely inhabited areas can be characterized as gentrification without expulsion: although no residents are expelled, these projects cater to high value land use, often with the resulting rise of ground rent and thereby excluding lower income groups (Slater, 2012; Sabatini et al., 2009).

2.3.4. LANDED ACCUMULATION AND DISPOSSESSION

At the heart of these diverse cases of urban regeneration - whether they entail (direct) displacement or not, and whether taking place in historic centers or in peripheral urban areas - is the role of landed property as a financial asset. The power of land tenancy is of course not a phenomenon pertaining strictly to the neoliberal economy. As Lefebvre (1991: 325) posits, "capitalism, and more generally development, have demonstrated that their survival depends on their being able to extend their reach to space in its entirety". This is as true for orthodox capitalist landlordism as for modern forms of speculative urban construction. If developing countries are today seeing both tendencies, then the legacies of land inequality must be considered in analyses of contemporary land disputes.

In LA, European colonisation established the agricultural "hacienda" system to extract resources from the colonies to the imperial economies, and after independence this system was kept largely intact throughout large estates that were overtaken by private (often foreign) owners (Gabbert, 2012: 264). Hacienda agriculture, which entailed systematic "divorce of the peasantry from its access to the means of production" (Kay, 1980: 9), accounted for more than one third of agricultural land in LA countries until as late as the 1960s (ibid: 5). Political changes and social pressure from the landless classes resulted in a wave of land reforms in many South American countries throughout the 20th century, including Paraguay (Chonchol, 2003). Most of these reforms, however, had little effect on the actual redistribution of land among smallholders, as they often favored large-scale and industrial agriculture. The majority of land across LA today remains in hands of large individual estates or business consortia (ibid). This heritage of land concentration was not only consolidated with the introduction of neoliberal reforms: landed property also became ever more valuable to possess as it entered global capital circuits. However, countries with powerful landed elites, as in many LA countries, have in Harvey's words "been extraordinarily slow

to adapt to the dictates of purely capitalist relations of production" (Harvey, 2006a: 346). Hence, the orthodoxy of monopolist landownership and late capitalist forms of land concentration are difficult factors to reconcile, and this antagonism has important consequences for the organisation of city space.

Although land inequality in LA is often framed as a problem pertaining to peasant livelihoods (Borras et al., 2012), the effect it has on migration towards urban areas indicates an important correlation between rural land tenancy and urbanisation. Due to the absence of a rupture with colonial productive systems, monopolist land tenure continues to exert an influence on the generation of the built environment. Adding thereto the appearance of entrepreneurialist development, LA urbanisation has become a highly segregatory process. Paraguay is a case in point, since - as we will see in chapter 4 - historic forms of landed dispossession today meet new forms of capital-intensive land development in the capital city, to the extent that urbanisation far from responds to the needs of the majority of urban dwellers. I use the concepts introduced in this chapter to understand the global and regional political economic context of real estate development in which the construction of Asunción's built environment is situated, as well as to illustrate the particularities arising from the case. Under the headings of scattered urbanisation, financialisation of property and uneven development, I analyse the effect of and prospects for developing real estate in a city with an abandoned historic center surrounded by pockets of poverty, and a tendency of spatial expansion towards peripheral areas.

3. METHODOLOGY

As will be presented in this chapter, the thesis combines qualitative data collected during field work in early 2020, and a mix of secondary qualitative and quantitative data sources, to provide an interpretation of the socio-spatial implications of real estate development (RED) in Asunción and its greater metropolitan area. After a brief introduction to the epistemological foundation of this work, I review the methods applied in the data analysis.

3.1. EPISTEMOLOGY

The spatial development of capitalism is, according to Harvey (2010), not a purely economic question, since capital moves in and between societies with distinct geographies, labour laws, and cultural rites. Therefore, studying the co-evolution of what he calls the "seven activity spheres" can be a framework for investigating capitalist development itself. These activity spheres are: technologies and organisational forms; social relations; institutional and administrative arrangements: production and labour processes; relations to nature: reproduction of daily life and of the species; mental conceptions of the world (ibid: 123). Together, these spheres make up society, and so "[c]apital cannot circulate or accumulate without touching upon each and all of these activity spheres in some way", and when it fails to enter a certain sphere, crisis emerges (ibid: 124). For the present thesis, this framework is used as a conceptual backdrop to explore how real estate investments in Asunción develop in contingency with events occurring within other societal sectors, such as the historical consolidation of a landed elite (social relations); the debility of the public sector (institutional and administrative arrangements); and the lack of a stable middle-income group (production and labour processes), to mention a few examples.

The epistemological foundation of this framework is structuralist, meaning that the representation of phenomena on one hand and their essence on the other are understood as not directly corresponding (Nielsen, 2004: 186). The main role of structuralist sciences is to "reach behind the spontaneous world of representation in order to identify deeper structures, relations and mechanisms" (ibid: 201-202[5]) and subsequently "study them through processes of abstract reasoning by constructing theories" (Knox & Pinch, 2006: 2). This separation of representation and essence attests to the *realist* roots of the Marxian tradition. It distinguishes between the

[5] Own translation

material and/or social phenomena being studied, and the theories through which these are studied (Sayer, 2000: 10). Critical realists believe that not all social events may be observable, although systematic observation through scientific inquiry makes it possible to construct realistic theories (Westra, 2019: 369). The economy as an object of study is telling, precisely because it is not a neatly bounded entity that can be observed in its entirety. However, it can be studied as part of human life, where it has, under capitalism, come to appear almost as a "separate social sphere" (ibid: 373).

3.2. METHODS

3.2.1. RESEARCH DESIGN

The present work is an explorative case-study, insofar as it investigates RED in a particular city where this has not yet been widely studied (Lund, 2014). Conducting context dependent research is necessary, as Flyvbjerg (2010) argues, since in social science there is no such thing as predictive theory. However, as has become characteristic of urban research in recent decades, the objective of doing case-studies is not so much to provide models of the particular, but to view cases in the context of increasingly similar urbanisation tendencies (Schmid, 2014). Therefore, I use the case-study approach as a way to situate Asunción's spatial development in the wider political economy of urban regeneration.

Table 1 shows the research design according to a critical realist case-study project structure (Jespersen, 2014: 149). In short, based on an initial study of the evolution of Paraguayan urbanism, recent economic history, and social stratification (Step 2); interviews with scholars of relevant disciplines (Step 2); and a conceptual discussion of possible theories (Step 3), semi-structured interviews were conducted with developers and politicians to collect information about the evolution of RED and urban planning in Asunción (Step 4).

PROJECT STRUCTURE BASED ON CRITICAL REALISM	**CASE-STUDY**
Step 1. Research questions →	➢ Why has HCA been unable to accomodate real estate development projects, and contrastingly, why have real estate development projects become concentrated in Asunción's peri-centers?

	➢ How does urban governance affect the establishment and distribution of real estate projects in different neighborhoods of Asunción and its metropolitan area?
Step 2. Underlying ontology of the field of investigation ← →	Economic ontology: ➢ Foreignisation and concentration of land ➢ Boom of the soy industry (1970s forward) ➢ Macroeconomic stability facilitates foreign investments (2000s) Political-administrative ontology: ➢ Neoliberal turn of the state (1990s) ➢ Debil municipal government ➢ Corruption and clientelism Socio-spatial ontology: ➢ Expansion of metropolitan area ➢ Spatial stratification: slum development and "resort urbanism"
Step 3. Epistemological discussion of possible theories ← →	Implosion-explosion of urbanisation Urban regeneration Urban entrepreneurialism Uneven development/circulation of capital
Step 4. Realist method of analysis ← →	Semi-structured interviews Observation Secondary sources for cross-reference

Table 1. Case-study design. Source: Jespersen (2004), with adaptation in Step 3

3.2.2. FIELD WORK

Most of the field work was carried out in a five week period during January and February 2020, immediately after a four month internship position in Asunción, while two interviews were conducted over the phone upon departure. Parts of the initial work (steps 1-3, Table 1) was commenced during the internship period, while most was done in the first weeks after completing my internship. That left approximately three weeks for the primary data collection, which

consisted of interviews, observations, gathering of information at libraries, research institutes, and conversations with scholars both on and off the record.

3.2.3. INTERVIEWS

Semi-structured interviewing (SSI) is conducted conversationally with open-ended questions that allow for unexpected topics to come up within a predefined theme, distinguished from the close-ended nature of survey questions. As SSIs are more time consuming than surveys, it can be argued that surveys are a more efficient way of reaching saturation of information (Adams, 2015: 493). However, I found that a method providing in-depth answers was the "safest" option in my case. Firstly, as there was not enough time to run a pilot survey during field work, there was a risk that the survey would come back with information gaps that were then too late to fill out with follow-up interviews. Secondly, SSIs are a valuable tool in situations where the researcher is "examining uncharted territory with unknown but potential momentous issues and ... interviewers need maximum latitude to spot useful leads and pursue them" (Adams, 2015: 494). Conducting interviews with relevant actors was a way to circumvent the fact that there is very little data relating to urban real estate issues in Paraguay, and as such talking to actors directly involved in real estate and governance of the built environment was the most direct way to access information.

14 SSIs were conducted in Spanish, lasting between 30 to 90 minutes. Four were approached as key or expert informants, being researchers and/or professionals working with the historic center or wider urban development issues. The remaining were primary informants, what I consider stakeholders, in that they, throughout their profession, co-influence urban development, namely realtors, developers and local politicians (Appendix 8.1).

Key informants were identified with the help of Paraguayan colleagues with contacts in the world of social science research. In this way, specialists in topics relating to the historic center and, more generally, the spatial development of Asunción were narrowed down and interviews were set up. As for identifying primary informants, the conceptual framework pointed to actors within the real estate sector and local government as being particularly relevant: developers for their position as mediators between investors and other land market stakeholders; and realtors for their knowledge of general fluctuations in the land market. I recruited these informants by contacting as many developing firms and real estate agencies as I could find via the web, news and personal contacts.

Although only 8 of these led to interviews, around 20 interview requests were made in total in this category, communicated telephonically, via e-mail or by showing up to offices in person. After formal and informal conversations with local contacts and doing initial investigations, it became clear that it would be quite difficult to set up interviews with another potential group of informants, large scale landowners, because they are associated with the country's economic elite (López, 2017). Relevant stakeholders within the political-administrative sphere were also identified with the help of local contacts. Fewer informants were deliberately sought out in this category than the former, as political ordinances, masterplans, and detailed information from key informants made up a more saturated tapestry of background information than was the case for the real estate topic.

The SSIs were focused on illustrating the actions of informants as economic agents in the construction of the built environment, rather than on their perspectives and opinions on this (Kvale & Brinkmann, 2009: 171). As such, interview guides (Appendix 8.2) included questions about concrete projects and events in the landmarket. I forwarded questions to informants before the interview, so that they had the chance to do some initial preparations and research on concrete facts and numbers when necessary. I content that there is "no view from nowhere" (Haraway, 1988), especially not in an interview situation, and therefore that this method does not claim neutrality. As Harvey (1984: 7) states, although "there are many windows from which to view the same world ... scientific integrity demands that we faithfully record and analyze what we see from any of them".

Interviews were held at informants' offices, in cafés, at their place of residence, and over the phone. Interview guides were thematically structured around one or several of the three main themes of the analysis, depending on the informant's background. All informants had been informed of the purpose of their participation prior to the interview, and all interviews were recorded with their consent. Names have been changed to a generic alias for the sake of discretion.

3.2.4. PARTICIPANT OBSERVATION

As an additional method, participant observation was used to engage actively in the environments studied in order to increase the chance of discovering something that did not appear from interviews and other sources. Participant observation is an ethnographic method used to take part

in communities or environments to approach an understanding of them (Laurier, 2010). What is important in observation is to "notice things that otherwise escape attention and that you observe carefully and patiently" (ibid: 117).

Observations were done on multiple occasions in three parts of Asunción: the historical center, and what I call the peri-centers, Villa Morra and Ycua Sati. The activity consisted of photographing, taking note of emerging activities, thoughts and impressions, as well as striking up informal conversations with passers-by about related issues, and noting this in a field journal. This was made somewhat difficult, but all the more necessary, by the fact that I had lived in the city for a while and so knew these places fairly well. As such, it was not like a typical ethnographic experience of exploring a foreign community or territory for the first time. However, as indicated by Herbert (2000), "[e]thnography requires an intimate familiarity with the studied group(s) that develops only after sustained exposure" (Herbert, 2000: 560). I had thus had a head start at that. However, I also used observations as a way to move beyond the familiarity and increase the potential of including unforeseen facts and events.

3.2.5. RESEARCHER POSITIONALITY

If the social world and our theories about it are indeed separate, as implied in section 3.1, then any researcher must consider themselves a mediator between these. The researcher's background, both in terms of professionality and personality is co-determining for what findings specific research projects will lead to. This stance radiates especially from feminist and post-colonial studies from the theories of "situated knowledge" or "strong objectivity", where the bias of the researcher's lived experience is seen to be inseparable from the research itself (Haraway, 1988; Harding, 1992). It is particularly sensible to verbalise such notions in social science research with severe social gaps between researchers and informants (Sundberg, 2005).

In my case, this gap was a question of gender, nationality and academic background: a young European female social science student interviewing mostly male Paraguayan professionals and scholars aged between 30 and 75. Even though I had, to some extent, familiarised myself with Paraguayan culture, I was still an alien in appearance, language and mentality. Interviews were held in Spanish, the native language of participants, which did not pose significant problems besides the occasional awkward formulation of unforeseen questions and clarifications on my part. My

nationality was perhaps a benefit in the sense that it seemed to increase interest from potential informants that a foreign master's student was studying their field.

The greatest challenge was to approach the difference between myself as a researcher and informants from the real estate sector, a difference that was evident in two ways. Firstly, it was the first time in my academic life that I was working with this topic - or any topic relating to Paraguay for that matter - so I had to assume that I was less knowledgeable about RED in Asunción than any of my informants. Secondly, as the thesis is founded on notions of uneven development, a consideration was how to avoid the misconception, throughout the analysis, that real estate actors are deliberate contributors to this development. However, contrary to how it is sometimes portrayed, the Marxian critique is not a value judgment of class-based actions. As Harvey says, "Marx for the most part refrains from viewing [the individual profit motive] as a moral defect. It is socially necessary if we are to produce the use values required to live" (Harvey, 2018: 21). Accordingly, the identification of different stakeholders in this case-study - landowners, developers, citizens, etc. - is not an attempt to denounce or endorse certain social positions, but rather to point out the political economic structures that enable the uneven distribution of resources and capital in Asunción's built environment.

3.2.6. ISSUES WITH DATA COLLECTION

This thesis covers a topic with little written or numeric information available. As such, the initial motivation came from conversations with local scholars of urban studies, combined with my own observations of the differentiated development of central and peri-central neighborhoods, rather than from literature or diagnostics. Apart from one study of population displacement along the newly built esplanade, the *costanera*, (Pereira, 2016), I found no academic work studying the impact of real estate sector growth on the territorial development of Asunción in neither Spanish, English or Portuguese. Only news articles, primarily from national media outlets, showed any results in searches for a real estate boom in Asunción, although this was an event described by many informants. As for numeric data, it has only been possible to find the odd analysis of land prices, but not enough to make systematic quantitative documentation. Other studies of similar issues in Latin American cities use a mixed methods approach, e.g. combining inner-city rent gap analysis with focus groups or stakeholder interviews (López Morales, 2009), or comparing income distribution data with tendencies of land tenancy (Inzulza-Contardo, 2012). Such analyses rely on

the existence of adequate census data or data collected by supranational agencies and NGOs. My challenge here has been the lack of neighborhood level census data, which is neither provided by the national Paraguayan statistics bureau (DGEEC), the Inter-American Development Bank or other likely sources. Hence, this work relies primarily on interviews for documentation, and whenever possible this is supplemented with secondary data, namely literature and urban level census data, for elaborated argumentation.

3.2.7. DATA ANALYSIS

Interviews were analysed in two ways. Firstly, inspired by Loubere's (2017) Systematic and Reflexive Interviewing and Reporting (SRIR) method, after interviewing I wrote short preliminary reports, thus "begin[ning] the process of coding and analysis in situ" (Loubere, 2017). Secondly, interviews were transcribed to Spanish and analysed in NVivo coding software for meaning condensation, a method used to discover explanatory patterns in extensive text material (Kvale & Brinkmann, 2009). This was done in two rounds, separating primary and key informant interviews, which led the analysis to be structured around two main themes (section 4.2. and 4.3. of the analysis); namely land ownership and governance issues. The SRIR reports and the coded quotes were then combined to write up the analysis. Because of the mentioned data deficiency, triangulation of interview data and secondary sources is an important feature of the analysis.

4. ANALYSIS

This chapter initiates with an introduction of the wider political economic and geographic context of Paraguay and Asunción (4.1). In the two following sections I analyse the case, based on notions from chapter 2, under the headings of landed property accumulation (4.2) and governance of urban space (4.3).

4.1. SITUATING THE CASE

4.1.1. PARAGUAY AT A GLANCE

Paraguay is a landlocked country in central South America bordering Argentina, Bolivia and Brazil. The Paraguay River splits the country into an Eastern and a Western half, known as the *Orient* and the *Occident*. The former is home to 92% of the population and the largest urban areas, including the capital Asunción (Mereles & Rodas, 2014). Soy is the principal national commodity, and Paraguay is the sixth largest exporter of soy to the global market (OEC, 2017), although it contributes to less than 15% of GDP (Villagra, 2014). Most notably cultivated in the South and Eastern part of the country, especially on large scale "Braziguayan" farms, soy covers more than half the country's arable land (Blanc, 2015). Agro-exporters enjoy the lowest tax rates in the region, making the country a favored destination for international investors (Elgert, 2016).

4.1.2. THE LEGACY OF DISPOSSESSION

The seeds for Paraguay's current political and economic model are generally considered to have been sown with the War of the Triple Alliance (1864-1870), where the country was invaded by Argentina, Brazil and Uruguay. The war devastated Paraguay in both human and economic terms, and forced the state to sell the majority of public land to foreign agriculturalists to cover its debt (Pereira, 2018b). According to Villagra (2014: 42[6]), the war "established an economy and a state subordinate to the dictates of international capital lasting until our days".

An important consequence of the sale of public land was the occurrence of large agricultural estates producing single commodities for export, initially tannin, wood and yerba mate (Fogel,

[6] Own translation

2016). By 1921, 74% of all agricultural land in Paraguay was held by just 1,64% of the total number of estates (Pereira, 2018b: 70). This pattern was consolidated under the General Stroessner dictatorship (1954-1989), during which new agrarian land reforms were exploited to benefit land appropriation by Stroessner and his associates, as well as by foreigners introducing mechanised soy production from the 1970s (Pereira, 2018b). It is estimated that 13-20% of Paraguayan land was distributed among approximately 1000 individuals of the political and economic elite (Guereña & Villagra, 2016; Pereira, 2018b). This "gave rise to Paraguay's distinctive rentier class, a ruling class of landowners whose capacity to extract surplus relied on extra-economic means of enforcement and extraction" (Ezquerro-Cañete & Fogel, 2017: 282). Concentration of land has persisted even after the transition to democracy from 1989 onwards[7], primarily due to the state's direct and indirect support of large scale landowners, minimising taxes, ignoring the displacement of smallholders from traditional lands, refraining from fully reappropriating "ill-gotten" lands and from facilitating new land reforms (ibid; Cardozo et al., 2016). Landowners' interest groups, especially those representing soy farmers and cattle ranchers, "comprise some of the wealthiest and most influential elites in the country, and exert a strong lobbying presence inside Congress, with representation in all major political parties" (Ezquerro-Cañete & Fogel, 2017: 289). Concurrently, Coreia (2016: 321) holds that "sojización ["soyfication"], particularly its influence on all levels of government, is eroding the authority of the Paraguayan state while transnational agribusinesses exert increased influence over the political process". Because of this strong influence, the Paraguayan state can be said to exercise an intentional discontrol over the foreignisation and concentration of land (Pereira, 2018b: 82).

4.1.3. SPORADIC INDUSTRIALISATION

One of the most significant effects of the latter has been the dispossession of land from rural populations, provoking extensive migration from rural to urban areas (Galeano Monti, 2017; Villagra, 2014). In Asunción, most of these migrants end up in the *bañados*, where only 1 in 10 have formal employment, and most live off recycling garbage and irregular service jobs (Zibechi, 2008; Galeano Monti et al., 2014). As these territories filled up with inhabitants during the 1990s, new settlements started appearing in the metropolitan area (MA). This coincides with the halt and

[7] Paraguay ranks as one of the most unequal countries in land tenancy today with a gini-coefficient of 0,93 - almost perfect inequality (World Bank, 2018).

later decrease of Asunción's population growth, while that of MA has increased exponentially (Figure 3-4).

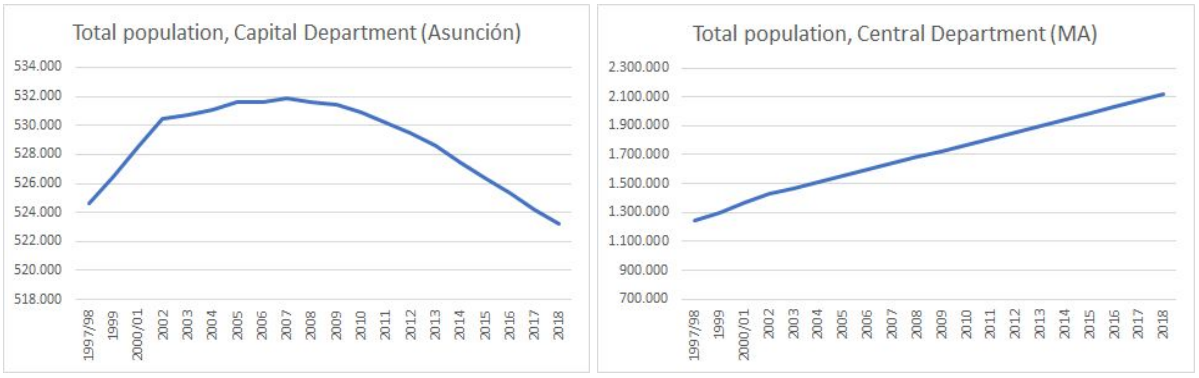

Figure 3-4. Total population, Asunción and Metropolitan Area. Own elaboration based on DGEEC, EPH (1997/98-2018)

Because settlements are, for the most part, located in occupied public territory, where just 15% have legal tenancy over their home, they receive little public support in terms of infrastructure provision (Cañete-Estigarribia et al., 2019: 42). This disinvestment can also be witnessed in the housing deficit - the amount of households either completely lacking housing, or housing requiring improvement/expansion - which is 41.856 in Asunción and 170.847 in MA[8] (ibid: 36).

Rural dispossession and the subsequent search for livelihood opportunities in cities has transformed the Paraguayan population from a 65,4% rural one in 1950 to a 61,3% urban one in 2017 (Pereira, 2018a: 98). Paraguay simultaneously succeeded in a drastic reduction of poverty rates, from 60% (2002) to 30% (2016) (CEPAL, 2019: 22). However, the country never had an industrial sector large enough to continuously absorb the large amount of surplus labour created with the spread of mechanised agriculture (Elgert, 2016). The adoption of neoliberal reforms during the transition to democracy - e.g. the reduction of tariffs on imports/exports; establishment of a floating exchange rate and policies incentivising foreign direct investments; and privatisations of public companies (Rojas Villagra, 2011: 22-32) - amplified the economic primacy of the primary sector, which is increasingly becoming an "agriculture without agriculturalists" due to mechanisation (Villagra, 2014: 87).

[8] Numbers date from the latest housing census in 2011

An exception to the lack of industry was the economic boom surrounding the construction of the Itaipú hydro-electric dam (1974-1982), based on a binational project between Paraguay and Brazil. Although the Itaipú project generated the highest growth rates in the Southern hemisphere during its construction (Setrini, 2011: 23); created employment especially for engineers and manual labour in construction; and increased internal consumption (Nikolajczuk, 2018: 37), Paraguay ultimately did not turn this into long term industrialisation (Zevaco & Kretschmer, 2011). GDP growth plummeted from 11,7% in 1980 to -1,3% in 1982 by the end of construction (Arce et al., 2011). As such, the most significant effect of the Itaipú project was perhaps the creation of a "local bourgeoisie linked to the regime that saw in Itaipú their source of enrichment: the so-called Barons of Itaipú" (Nikolajczuk, 2018: 37[9]). However, during the decade of construction, and in conjunction with a favorable environment for foreign capital during the 1970s soy boom (Palau et al., 2007), the growth of the construction sector also amplified the urban labour market (Pereira, 2018a: 98). Furthermore, the Itaipú boom created a small urban middle class that became indispensable for the Stroessner regime to maintain its clientelist state apparatus (Setrini, 2011: 23). Nonetheless, the process of urbanisation in Paraguay is rather the result of displacement from rural areas than of systematic industrialisation of the economy (Zavatierro & Ortiz Sandoval, 2019: 9).

4.1.4. GEOGRAPHY OF ASUNCIÓN

Asunción today covers a large metropolitan area, which has continuously expanded eastward from the 1960s into a first, second and third populated ring around Asunción itself. According to Ortiz et al. (2017: 41), this is the result of rising prices of real estate and ground taxes inside the city that over the last decades expelled part of the inner-city population towards MA. Asunción today holds a population density of a mere 4.400 inhabitants/km2[10], a number that increases with each Metropolitan ring (Zavattiero & Ortiz Sandoval, 2019: 9). Many of those residing in MA work inside Asunción in the service sector, which employs the great majority of the population of the greater metropolitan area, including Asunción.

[9]Own translation

[10] In comparison, the number is 6526/km2 in Montevideo and 14.307/km2 in Buenos Aires (PlanCHA, 2017: 62)

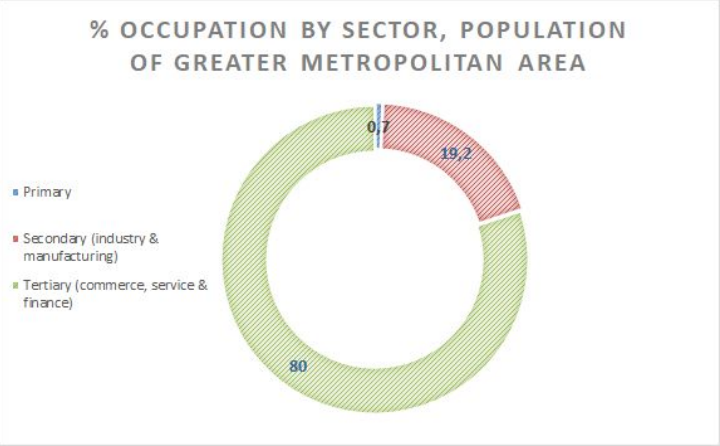

Figure 5: Occupation by sector, economically active population of Asunción and MA (excluding informal labour). Own elaboration based on DGEEC, ECE (2017)

Although these numbers suggest a high number of middle-income citizens in the capital area, a precise social stratification based on income groups does not exist at urban level. At national level, it is estimated that 10% of the population belongs to a high income group; 20% to a middle income group; 30% to a low-middle income group; and the remaining 40% to a low or poor income group (Villagra, 2014: 98). Add hereto that 70,7% of Paraguayans employed in the non-agricultural sector are informal labourers, with salaries that scarcely reach the minimum wage (ILO, 2018: 87). If we accept this as a tentative model of metropolitan residents' income status - although with the important difference that urban poverty rates are significantly lower than rural poverty rates (DGEEC, 2019) - it appears that the majority belong to middle-low and low earning groups. In general terms, high and middle income groups live inside Asunción, while the middle-low and low income groups live in the "dormitory" towns of MA, and finally the poor live in the *bañados* of Asunción or settlements of MA (Galeano Monti, 2017; Ortiz et al., 2019). Since most jobs are located in Asunción, at least 1 million people and 600.000 vehicles daily enter the crowded streets of the capital (ABC Color, 2016). This traffic is principally directed at the main centers of employment: the historic center of Asunción, HCA, which is today located at the Western extreme of the urban agglomeration, and the peri-centers of Villa Morra and Ycua Sati, the latter which holds a new corporate district, the Corporate Axis (Figure 6).

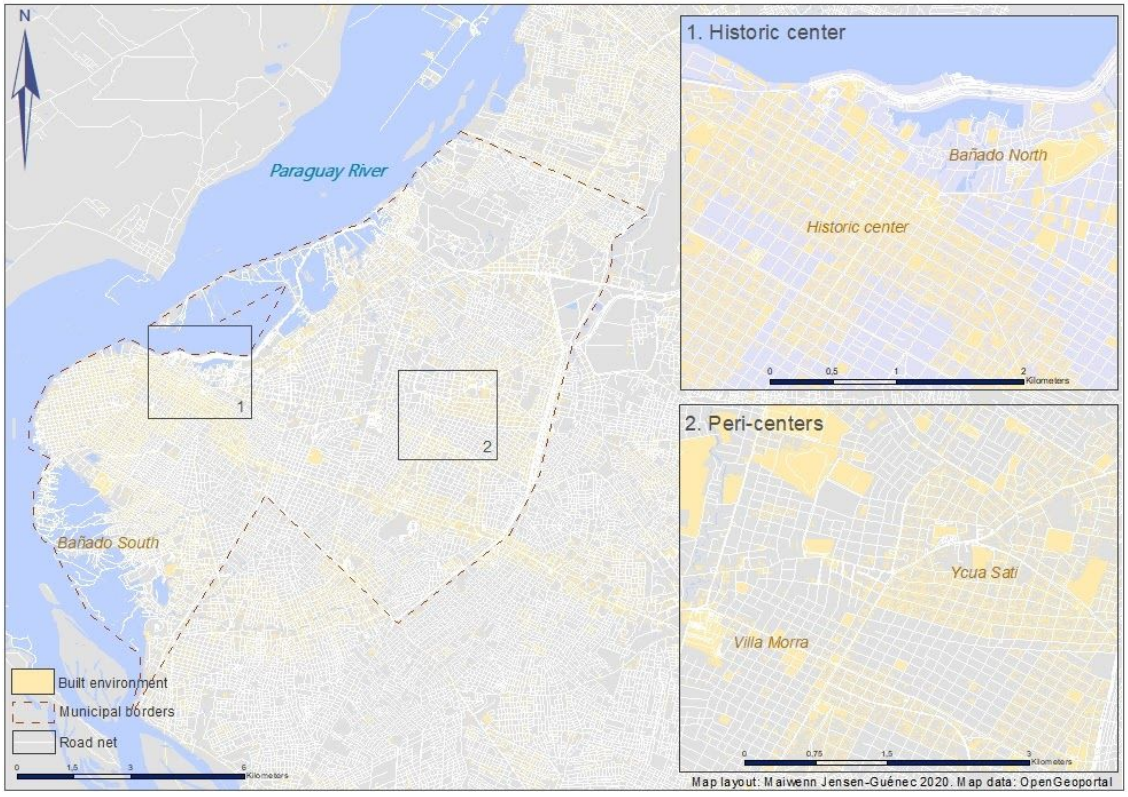

Figure 6: Map of Asunción and selected neighborhoods. Own elaboration.

4.2. LANDED PROPERTY ACCUMULATION

In this section I investigate the different cycles of investment and disinvestment in Asunción's built environment, starting with the expulsion of residents and commerce from HCA as a result of mal-maintenance of properties and monopolist land ownership, with the subsequent concentration of high-end RED projects in the peri-centers. Lastly, I analyse how these cycles have exacerbated social inequality in housing access, and in turn how inequality restricts the diversification of RED to cater to a broader income group.

4.2.1. THE RISE AND FALL OF THE HISTORIC CENTER

It is well known among residents of Asunción that a handful of people own a large portion of HCA properties, and that this is an important reason for why so many houses and buildings are not in use. According to López (2017a), the top five individuals and business groups owning most land in HCA together possess approximately 9,4 out of the total 300 hectares, which comprises 10% of all properties in HCA. These numbers are likely higher: one key informant, an architect

and former public official, suggested the number is closer to 50%, while a municipal politician working with territorial development said the majority of properties are owned by these five individuals. As one developer posited, the owners often cannot be identified as not all are registered in the public cadastral registry. In fact, a former liberal government (2008-2012) attempted to establish "an urgently needed cadastral survey to establish land value and ownership" but failed to do so because of "perennial foot-dragging within Congress" by the agricultural lobby (Ezquerro-Cañete & Fogel: 288). Although poor data access inhibits a complete examination of the distribution of land in HCA, the fact that just 5 individual owners claim at least 10% of properties is a strong indication that the high gini-coefficient in rural land ownership also exists in Asunción.

HCA saw the appearance of many high-rise buildings throughout the 1970s and 1980s, while adjacent neighborhoods flooded with luxury housing during what one developer called "the epoch of mansions". According to Nickson (1982), this construction boom was tied to the accumulation of wealth among a new monetised class associated with the construction of Itaipú, whose members "made enormous fortunes through their involvement in construction companies associated with the [Itaipú] project and these profits have fuelled a real estate boom in Asunción" (Nickson, 1982: 15). During this time of rapid urban change, HCA was the heart of Asunción:

"Chronologically, HCA was what Villa Morra is today. Living in the center was the most 'top' you could get. But like with any law of supply and demand, people went buying and buying here, land was scarce, prices were rising, until people could no longer pay [for land] in HCA. Ground taxes were increasing, so people started looking for other neighborhoods" (Developer-1).

Businesses and people were starting to move away from HCA starting from the early 1990s. Houses no longer produced rent and so were abandoned because of the costs involved in restoration (López, 2017b). Property-owners in HCA left their properties crumbling due to the reduced ground rent and high property taxes that rather matched those of a prospering neighborhood. These were the forces initially driving HCA residents towards other urban areas. Upon this situation, a new type of opportunistic land ownership appeared, where land was appropriated by a handful of wealthy individuals, which informants referred to as "families" or

Figure 7-8. Left-right: Entire vacated block in HCA; Abandoned house. Sources: Fotociclo@Instagram; the author.

influential "communities". This property accumulation appears to be related to Paraguay's landed elite. In López's (2017a) study of the five principal landowners in HCA, at least two of these (or their parents) are shown to have been associates of General Stroessner and to have taken part in the illegal land acquisition in the reform era, while a third landowner represents one of Paraguay's largest business dynasties[11]. These actors started buying land in large quantities "in a center that was already in a process of degradation", as an urban geographer noted. The strategy behind this land acquisition was to anticipate future rises in land prices to sell properties with substantial profits once rises would occur. The majority of consulted developers mentioned this speculation as one of the major obstacles to starting real estate development projects in HCA today. As one of them explained:

"The HCA still cannot be developed as other areas are being developed, because the majority of properties are not for sale. They belong to important families. You ask them if they will sell, and they come up with a very high price, precisely because they do not want to sell"

As another developer stated, the "5-10 families that own the properties of HCA must be involved in the process" if any systematic (re-)construction is to be advanced. Currently the opposite is true: the amount of land held by a small group of landowners indicates a monopoly in HCA blocking for RED. The behavior of large-scale landowners is somewhat antagonistic to that of other

[11] The two owners with links to Stroessner are Gustavo Saba and the Bendlin family, while the third mentioned party is the Zuccolillo Group

economic actors, in this case developers and their investors, who must move capital around to create profit. Because of this inherent difference, large-scale landowners may be "reluctant to sell at all unless they need to raise capital" (Knox and Pinch, 2006: 135). HCA's large-scale landowners, by all available evidence, belong to the landed economic elite of Paraguay. The extent of their economic power is likely why they do not need to raise capital, and as such why they act in opposition to other actors on the land market. Their monopoly control allows them to sell at high prices once interest in HCA as an object of investment increases. This interest has not yet materialised, however, which is why so many properties are left in a limbo between not being maintained but neither sold for new purposes. According to a consulted realtor, only 10-15% of all 2019 property sales in Asunción were properties in HCA, and "there is little demand to live in the center". As can be observed in Figure 9, the lack of demand results in low price levels in HCA, where the square meter prices are US$ 450 and 400 respectively (Barrio Catedral and Gral. Diaz), while in the peri-centers (Barrio Villa Morra and Ycua Sati) they are US$ 1000 and 1100.

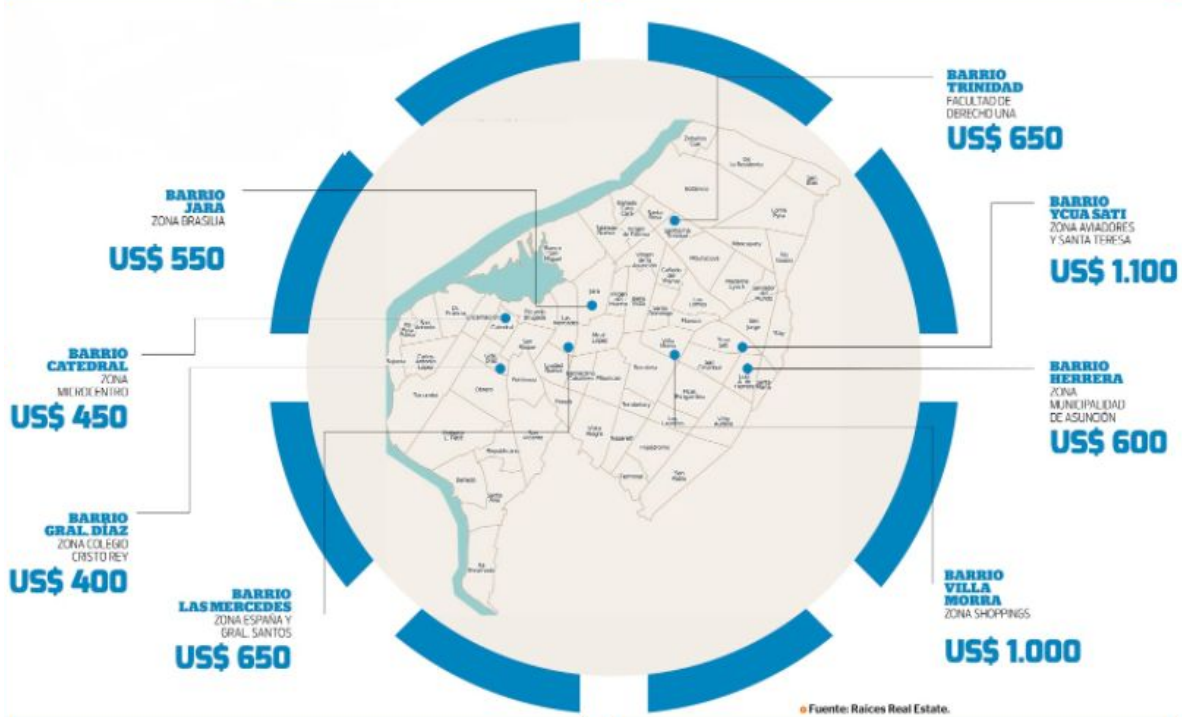

Figure 9. Square meter prices across neighborhoods of Asunción. Source: Raíces Real Estate in 5días (2019).

Although this may indicate a future rent gap in HCA, large scale re-appropriation by developers is nowhere in sight. The land monopoly by actors that do not maintain their property is one of the primary reasons for the lack of dynamism in HCA's real estate market. The contradictory result is

that, although there remains a significant amount of unused property[12], it is a scarce resource due to the landed monopoly.

4.2.2. "FIRST COMES DEVELOPMENT, THEN COMES INFRASTRUCTURE"

HCA's "demise" coincides with the post-dictatorial period in Paraguay, and the ascent to power of a political class with the primary goal of liberalising the economy. The fall of Stroessner did not, however, entail the fall of the "capitalist elite driving its interests from within the state" (Zevaco & Kretschmer, 2011: 147[13]). During this reform era, changing governments, presidented by some of the wealthiest businessmen in Paraguay, adopted economic measures conforming to the Washington Consensus. The principal beneficiaries of this model were

> "companies of agro-export, finance and foreign commerce, concentrating each year the majority of profits, employing a tiny fraction of the population and generating very few taxes as a result of the regressive fiscal reforms approved in this period" (Rojas Villagra, 2011: 45[14]).

Privatisations of water distribution, health institutions and road networks furthermore meant that from the 1990s, the state increasingly refrained from providing territorial services. Tax regressions led to a scarcity of public works throughout the decade, and the ones that did materialise did so without attending to coherent planning schemes, but rather complied with electoral promises to serve the clientelist system (ibid: 34). In this political climate, HCA saw little changes as to public infrastructure, and the gradual abandonment of the neighborhood turned into sustained deterioration of its buildings. This created a movement towards peripheral lands where, according to a developer, rural and lower land prices were initially offered. Rural land prices also meant rural facilities, however, and in the words of the former, Villa Morra and Ycua Sati were initially comprised of "dirt roads, cobbled streets, with no sewers or running water. It was far away".

Even with these infrastructural shortcomings, private entrepreneurs eyed potential in what was to become the peri-centers. As another developer commented, in Paraguay, private investment tends to come before public provision of accompanying services, and as such the lack of infrastructure outside HCA was not an obstacle per se. In contrast to HCA, the peri-centers offered opportunities to build from scratch. Thus, they eventually came under the radar of developers,

[12] As described in chapter 1, the total amount of unused, under-used, and degrading properties is 40% (PlanCHA, 2017)
[13] Own translation
[14] Own translation

business venturers, and individual landowners. The establishment of the malls of Shopping del Sol (Ycua Sati) and Shopping Mariscal (Villa Morra) became the great attraction of these areas. They were constructed in 1995 and 1996 respectively, by two of the large-scale landowners in HCA[15] (Miranda, 2000; Ultima Hora, 2009). The backgrounds of the mall entrepreneurs further attest to the existence of a landed urban elite, as well as to the great influence it exerts on the structuring of Asunción's built environment. This has largely been rendered possible by the continued fulfilment of elitist interests first consolidated during the dictatorship, as this proved compatible with a neoliberal state model (Ezquerro-Cañete, 2016). With the malls constructed, the peri-centers began to attract new land uses in the commercial and housing category (Ortiz et al., 2017: 60). Neighborhoods were appearing around these new urban poles, and gradually infrastructure followed people here until "improvements for the commercialisation of plots expelled the poor population ... converting these urban spaces into sources of financial speculation" (Pereira, 2018a: 99[16]).

4.2.3. A PERI-CENTRAL REAL ESTATE BOOM

In the years following the global financial crisis in 2008, Asunción's real estate sector saw an important investment increase:

"From 2010 to 2015 there was a strong immigration of foreigners looking for new investment opportunities, and Asunción was one of the principal destinations, while Paraguay as such received investments in agricultural land. In the face of this great wave of international capital, we saw the opportunity to commence real estate development" (Developer-1)

A study of Paraguay's economic development since 1960 concurrently finds that the recent tendencies of capital accumulation in Paraguay can be attributed partly to the increase in real estate investments, especially in corporate real estate (Rodríguez & Rosario Cañisá, 2020: 68). In response to this development, the Chamber of Paraguayan Real Estate Developers (CAPADEI) was established in 2013 with the proclaimed objective of coordinating the supply of RED projects

[15] The Zuccolillo Group own Shopping Mariscal and a share of Shopping del Sol (Ultima Hora, 2009); the Saba family have a joint venture in Shopping del Sol (Miranda, 2000). The former is owner of the largest real estate company in Paraguay (Inmobiliarios del Este), as well as one of the most important news stations (ABC); the latter is e.g. owner of a TV station (Canal 9/SNT), a real estate company (Elias A. Saba Inmobiliaria), and a company trading alcohol and tobacco (Miranda, 2000)

[16] Own translation

with local market demands in order to avoid a situation like the boom-and-bust of the property market abroad around the 2008 financial crisis (Ultima Hora, 2013). CAPADEI represents the majority of Paraguayan developers, namely 36 firms today. Individual projects executed by the latter range between investments of approximately 1 and 200 million US$[17], while between 2014 and 2019, investments totalled more than 1 billion US$ (Infobae, 2019). In some 10 years, the Corporate Axis shot up from the ground around Shopping del Sol as a result of these activities.

Figure 10-11. Left-right: The Corporate Axis skyline (Aviadores del Chaco/Santa Teresa); Sidewalk on Santa Teresa Avenue. Sources: Eydisa (2019); the author.

According to the founding firm of the Corporate Axis, the district was established to accommodate those businesses that had moved out of HCA in recent years and installed themselves in residential neighborhoods with insufficient infrastructure:

"The new corporate district has created spaces similar to Puerto Madero in Buenos Aires, Las Condes in Santiago de Chile or Faria Lima in Sao Paulo. This global project presents corporate buildings in order to face an unsatisfied demand for high-rise office space in the *Asuncenan* market. The Corporate Axis has converted the area into the one with the highest rent return increase in Asunción" (Capitalis[18])

As this quote indicates, Asunción aspires to enter the competition for landing international capital throughout the services offered in the Corporate Axis. According to informants, those that buy apartments or office space in the Corporate Axis and the peri-centers more generally are

[17] This was gathered by looking into the prices of individual projects of each of CAPADEI's associate firms, where numbers are available (http://capadei.org.py/tiposocio/activo/)
[18] Own translation

overwhelmingly foreigners from other South American countries, as well as the US and Spain. Local buyers are less frequent, because

"Paraguay does not have a big enough client base for that many high-income housing units. The majority of those buildings have foreigners as their client base. If you go to Santa Teresa [Corporate Axis], you're not going to sell to a Paraguayan, but to Chileans, Argentinians, Uruguayans. They buy a floor or an apartment with the promise that they can guard their capital in a real estate asset and put it up for rent" (Developer-1).

The result has been a significant increase in the price of square meters. In Villa Morra, it was on average US$ 200 in 2008 (ABC Color, 2015), while today it oscillates between US$ 1.000 and US$ 2.400 depending on the product and location (Infobae, 2019; Raíces Real Estate, 2019). According to an analysis of the average square meter price in Asunción, an average Paraguayan salary can only buy 0,26 square meters of property here, making it the third most expensive city for domestic buyers when comparing eight cities of the region (InfoCasas, 2017: 6).

4.2.4. "CONCRETE IS THERE, WITH OR WITHOUT RAIN…"

As several developers pointed out, the developer profession did not exist before the real estate boom. Construction was until then overseen either by construction firms in the case of larger projects, or directly by those landowners investing in property for their own residency. Head of one of Asunción's longest operating developing firms explained the appearance of this new sector:

"It has only been 10 years since a group of developers appeared who *constructed to sell* … [W]e saw the immigration of foreign investors, above all from Argentina because of the political situation that made them come and invest here … Before, there was no real estate development as such." (Developer-3, own emphasis).

As such, the proliferance of the real estate sector is closely tied to the appearance of the foreign investor-speculator. This may illustrate an overall shift in the economy, where capital from other economic sectors moved into real estate because of the prospects for finding high(er) rates of return. Paraguay has experienced relatively steady growth since before the financial crisis, with an average of 4,5% GDP growth since 2005 and peaks of 11,1% and 8,4% in 2010 and 2013 respectively (World Bank, 2020), causing the Financial Times to name it South America's "new star economy" (2019b). Paraguay has had relatively low inflation rates in the same period, most notably in comparison with Argentina, as well as low external debt (IMF, 2017). In terms of real estate investments, several of the consulted developers and realtors mentioned the stable

macroeconomy of Paraguay as an explanation of the sector's recent success. In offering very low taxes, cheap energy, natural resources and labour power, costs associated with investments in construction are relatively low (IMF, 2019). Furthermore, the average square meter price in Asunción is the second lowest out of 8 important cities in the region (Figure 12).

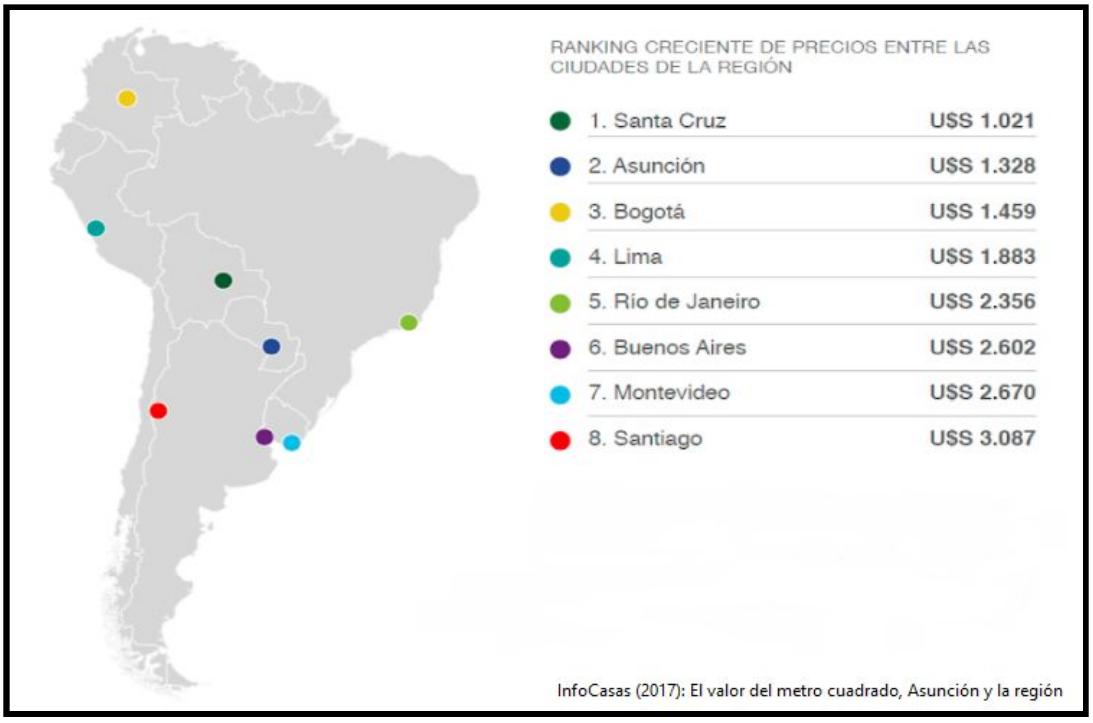

Figure 12. Map ranking average square meter prices in cities of Latin America. Source: InfoCasas (2017).

Most importantly is the relatively high rate of return in the *Asuncenan* real estate market which is, according to developers, between 7% and 12% annually (Eydisa, 2019; Infobae, 2019). These conditions have put Asunción on the map, especially during the time of post-crisis financial insecurity, where investors were increasingly taking money out of "fiscal paradises, foreign banks and institutes that went bankrupt" and putting it into "concrete", according to one developer. As phrased by a realtor, "[i]n a region with that many ups and downs, the real estate sector is always tangible and secure for an investment". This capital inflow has been a largely speculative process. Crises abroad led this capital to Asunción, especially from Argentina that has long been experiencing financial instability (FAS, 2020). The burst of the housing bubble after the financial crisis made "European constructors and Spanish investors search for alternatives in South America" and part of this investment "came to Paraguay, as much to high-rise buildings in Asunción as in other parts of the country" (Petra Urbana, 2019: 118-119[19]). *Asuncenan* real estate

[19] Own translation

became, said a developer, "an escape route for more advanced economies". This seems to be especially true in the Corporate Axis, where

"[t]here was so much supply in a short period of time, destined for a very specific segment ... that they [investors] were confronted with the problem that they couldn't rent out these units. Much of the invested capital was meant to withdraw dollars from other countries and be put into a more stable market. They weren't too worried about securing this post, because the goal was to secure their investment in bricks in the long run" (Realtor).

Part of the new housing units were, as indicated here, not inhabited because their owners were principally using them as financial assets. Overall then, the relative benefits Asunción offers in terms of costs and return is a big part of the explanation for the surge of capital into peri-central real estate (ABC Color, 2015). Another important factor is the flow of capital from the agricultural sector into real estate:

"After 10 years of economic growth people finally started investing - cattle ranchers, soy producers, industrialists, they started to let it flow and invest in real estate, buying apartments for their sons, their family, themselves." (Developer-3)

Accordingly, other developers indicated that the wave of investments after the crisis in 2008 stemmed specifically from the sale of agricultural land at an estimated value of 3-5 billion dollars which went into construction in Asunción. Paraguay's macroeconomic leap forward is especially attributed to the expansion of soy production from the 1970s until today (Ezquerro-Cañete, 2016). This activity had favorable conditions under the global commodity price boom from 2004, which ended in 2014 (IMF, 2019). Then, the "10 years of economic growth" previously mentioned came to an end, entailing a need to diversify the economy beyond agriculture due to the territorial limitations of expansion. Thus, as agriculture is a highly volatile business, real estate has emerged in response:

"Concrete is there, with or without rain, with or without sun ... Many investors come from other industries. When they want to diversify their investments, their first choice is the real estate sector. Because of the stability and the accumulating demand, they know that what is constructed will be sold or rented out later, and they know that the macroeconomic conditions will stay the same in the future" (Developer-3).

Because of its stability, urban real estate has globally become a safe and profitable option for storing surplus capital (López-Morales, 2009: 44). The inflow of foreign capital into peri-central real estate, and the subsequent consolidation of RED as a business, coincided with the beginning

of the end of a long growth period in agriculture. Thus, agricultural surpluses went into the new profitable real estate sector in Asunción's peri-centers.

4.2.5. THE SOCIAL STRATIFICATION OF HOUSING

The fact that RED projects have almost exclusively been destined for a niche of high(er) income-groups can be ascribed to the absence of a stable middle income-group in Paraguay, and, in turn, the presence of a large poor population (cf. section 4.1.4.). Inside Asunción, the latter principally reside in the *bañados*, which lie outside the operation of commercial housing development since it is both legally and territorially unsuited for construction.

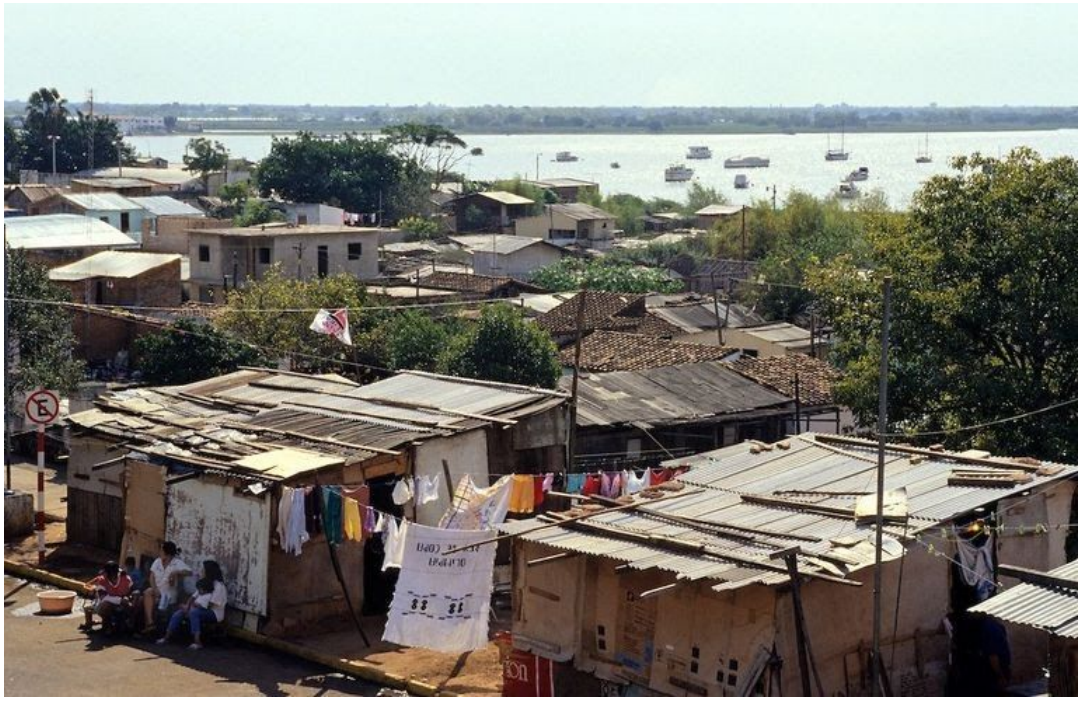

Figure 13. La Chacarita, Northern *bañado*, and the Paraguay River in the background. Source: ABC Color (2017)

The proximity of the *bañados* to HCA seems to have an effect on the perception of the latter as a place to live. One of the major challenges is the recurrent inundations and subsequent occupation of public space in HCA by flood victims (Rojas et al., 2018). Combined with the physical deterioration of much of the built environment, this makes HCA a widely unattractive place for developing commercial housing projects. As one developer illustrates, it is "impossible to sell an apartment if in front you have an empty plot with knee-high grass, full of mosquitos and trash". In

more general terms, the issue of deterioration in HCA is overcast by the severe precarity in the next-door settlements:

"... the occupation of the *bañados* is a threat in the sense that its populations are living under still worsening conditions. It's difficult to bring forth policies of territorial development without attending to the associated problems ... If we don't, all that could be done in HCA to recover it will be very difficult to carry out, because these people are living at the limit of their possibilities, without basic amenities or very precariously with salaries that are insufficient for living a dignified life" (Politician-3).

The issues pertaining to informal livelihoods are not restricted to the territories of the *bañados*, but have consequences for the socio-spatial division of Asunción in its entirety. Being home to a majority poor population, above all due to the immigration of landless rural Paraguayans, the *bañados* absorb the bulk of the population that is excluded from accessing housing anywhere else. So, other neighborhoods are designed according to the needs of higher income-groups almost exclusively. In Villa Morra, Ycua Sati and some adjoining areas, as one informant states,

"in terms of high-rise buildings, we are in a permanent growth of new square meters under construction. The developer constructs where demand exists today. And today, people [sic] don't want to live in the center, they prefer living here [the peri-centers] because you have the nicest malls, bigger avenues, green space. In the center, you don't" (Realtor).

Apart from the boom in construction of high-rise condos in the peri-centers, the rising popularity of gated communities attests to the privileging of higher segments of society:

"People like this product because it creates a sort of micro climate. You have subterranean electricity, paved roads, nicely kept gardens, homogenous houses. Because in Asunción there really are no nice neighborhoods. There are nice streets. In super expensive neighborhoods you will see a precarious house next door, or a kiosk ... In Carmelitas[20], for example, you still see residents who keep chicken ... So, the gated community product creates a totally controlled and secure environment." (Developer-4)

These products cater primarily to middle-high and higher income groups. However, the social stratification in the built environment does not just appear in the extreme division between gated communities and shantytowns. The Paraguayan middle class is growing, and there is a potentially booming demand from this segment (Infobae, 2019; La Nación, 2018). But, the potential of this market has not significantly materialised in real estate because of the difficulty for lower and

[20]Wealthy neighborhood located between Villa Morra and Ycua Sati

middle income-groups of accessing mortgage credit. As a realtor stated, "the rates of interest [on mortgages]..., in comparison with other countries where the real estate sector really generated significant movement, are relatively high, as are the requirements to access it". In Paraguay, a developer concurred, "banks or financial institutes are more interested in generating consumption and offering credit for a vehicle, for goods, not for housing". This means that a relatively small amount of *Asuncenans* are capable of buying their own property. Further, as employment is largely informal, many people do not have employment papers and so cannot aspire to get any kind of loan. For developers then, the risk involved in supplying housing for lower income-groups is significant:

"Entering the middle sector wasn't so simple. [T]he high-income class, for us, is easier in the sense that - you sell an apartment, and the investor buys with their own funds, their savings, capital from a company. In the middle sector ... we receive a bit from savings, but 80-90% we receive when construction is completed" (Developer-1).

Because of this risk, developers have largely focused on constructing housing for buyers that can forward payments, resulting in the concentration of projects for medium-high and high income buyers in the corporate district and Villa Morra (MCS Grupo Consultor, 2017). This leaves the "great medium segment - the manager, the public official, the independent professional - who is living in rented housing far from Asunción, stuck with the daily transport drama", said a developer. Although property prices vary across different neighborhoods, informants indicate that *Asuncenan* real estate has generally become unattainable for anyone but those with high purchase capacity. Given the indicated income conditions, it is mostly investor-speculators or local top earners that have been able to raise sufficient capital for such investments. Followingly, as these housing products are primarily treated as financial assets, their most important task is to generate return:

"If being a homeowner is not a possibility ... I must rent. And where is the offer? Where there are people who *buy in order to rent*, and they do so in the neighborhoods where they expect their investment to rise in value ... " (Developer-2, own emphasis).

Investments are principally fixed in neighborhoods that live up to the promise of high rent returns, namely Villa Morra and Ycua Sati, and therefore these areas have become the city's primary focus points of RED. And, as one developer said, the investor is "not the state seeking to provide a roof for a family as a social intervention. The investor invests in real estate, like others invest in a

supermarket, agriculture, a restaurant, in a place where they think they'll receive return". The result appears to be that residents who cannot provide sufficient capital for property purchase must rent their housing, if not move into informal territories or beyond city limits. But as the offer of housing relies on rent-seeking landowners, it appears that lower and middle income-groups have largely been excluded from both renting and buying in inner-city areas due to increased ground rent (Pereira, 2018a: 99).

4.3. GOVERNING THE BUILT ENVIRONMENT

The ability to centralise essential urban activities is key to understand how the peri-centers became the most important commercial centers in Asunción. Concurrently, one developer explains about the construction of the Corporate Axis:

"We said, 'Asunción needs a centrality where complementary activities exist'. I go to the office, I have a foreign visitor, so we need a hotel. Then came the hotel. The same goes for the malls, the restaurants. It's a complementarity of functions that generates an urban centrality. But it was the result of a private initiative ... It should have been the result of a general plan of city-making, not of a private dream" (Developer-3).

The Corporate Axis was created by entrepreneurs that saw business potential in such a project, rather than by way of any public entity eyeing a potential to fulfill specific urban needs. Issues of urban governance are essential to understand how and why value has been unevenly distributed in Asunción's built environment across neighborhoods. The state, local as national, is largely absent in the territorial governance of Asunción (Ortiz et al., 2017: 60). This can be observed in two ways, which will be the focus of the remainder of the analysis: firstly, the lack of regulation has enabled entrepreneurs to construct almost uninhibitedly in neighborhoods offering the highest rent return. Secondly, the failure to make specific regulations for HCA has made it difficult to incentivise investments and thus reverse the deterioration of its buildings. Overall, the absence or inefficiency of political intervention has contributed to exacerbate the differentiation of neighborhoods through the (de)valorisation of the built environment.

4.3.1. THE "RESORT" CITY MODEL

The first and perhaps most fundamental issue is the scope of the municipal budget, which makes up a mere 336 US$/capita annually[21]. Of the total budget, public expenditures - such as investments in public transit and maintenance of roads and green space - take up half the budget, and hereof an astounding 33% is spent on cleaning public space and trash collection. The other half of the total budget is spent on administration. It is a popularly accepted fact that the municipality's employment of revenues is highly inefficient because of the large amount of public employees (ABC color, 2019a). Regardless, as one politician stated, the tasks of the municipality are much more extensive than "the resources it has to attend to all the problems that present themselves within the urban territory today".

Several informants highlighted the size of the city's tax base, meaning the relatively small amount of taxpayers, as the main reason for the budgetary deficit. They ascribed this to the low population density of Asunción, and the pressure exercised on the municipality's resources by non-tax-payers daily commuting into Asunción. Thus, the proclaimed objective of some developers is to repopulate the city:

"We have, as developers, received much criticism for transforming the city from a flat one to one in altitude, because people have been accustomed to having a large property with a pool ... But the city is not sustainable with few inhabitants, because we need the taxes that each citizen generates". (Developer-2)

Not least because of municipal resource scarcity, private sector actors have been the only ones driving major changes in the built environment. As urban master plans are not followed, these ventures have been directed almost exclusively at creating property for a (foreign) client base with high purchase capacity, instead of attending to the increasing housing needs of the lower income classes. In the peri-centers, the result is what an urban anthropologist called a "resort" city model:

"The economic model we have does not require a city that is well-equipped with services. It's not a model that calls for the city to be organised as a hub, where the concentration of capitals from Uruguay and Argentina is generated within an elaborate service and entertainment market. Foreigners who buy or rent apartments in Carmelitas go from their apartment to the mall, restaurant, country club. It's kind of a resort model in disguise. In Carmelitas, for example, there are no sidewalks" (Key Informant-2).

[21] Numbers date from the latest available budget of 2017 (Municipality of Asunción, 2017)

As entrepreneurs seek to generate "complementarity" between their services, and the public sector is largely absent, public space in between these focal points is neglected, as for example in the case of lacking sidewalks. Economic and social activity that is not directly associated with activities pertaining to hotels, malls, etc., is largely excluded in these neighborhoods. Rather, the latter become drive-in places or "resorts" for those that can afford to live there, and for those that come from the outside to work or shop. This also contributes to the problem of private vehicle congestion. According to one developer, the municipality only gives construction permits for apartment buildings if more parking spots than housing units are offered. As long as enough creditary possibilities exist for people to acquire a vehicle of their own, then public expenditures on infrastructure can be kept at a minimum, even though the consequence is a daily traffic chaos across the city with around 1,5 million commuters entering from the Metropolitan area (PEMA, 2014: 35).

4.3.2. GOVERNING THE TERRITORY BEYOND ASUNCIÓN

As was identified in the defunct master plan of HCA, PlanCHA - which was cast aside for lack of political support in 2017 (Velázquez Moreira, 2017) - a particular national law exists which makes the process of plotting peripheral land into smaller parts, that are then sold and developed, a very profitable business for private landowners[22]. This law also largely exempts *land plotters* (vendors) of the responsibility of assuring that the land offers adequate facilities:

"Splitting up the process of creating urban land from the process of creating infrastructure, the existing legislation generates an enormous business potential. It is very easy parcelling land and selling it, with high rentability and hardly any risk or cost. In this way, the business of real estate in Paraguay has turned into the business of selling plots, not the much more complex and socially useful business of incorporating capitals, work and urbanized land into city-making" (PlanCHA, 2016: 4-5[23])

Land in MA has been experiencing land plotting for at least 30 years, according to a consulted architect. More specifically, this has involved the division of land into small plots "that didn't have paved roads, amenities, water, and people had to walk far to reach a bus to take them to Asunción". As such, it is one of the primary reasons for the gradual expansion of the metropolitan area to towns up to 25 km from Asunción's limits. The map below (Figure 14) shows the locations of

[22] Law 1909, "Ley 1909 de loteamientos", regarding the partitioning and sale of (unconstructed) land
[23] Own translation

plotted land in the Metropolitan area sold by Paraguay's biggest real estate agency, Inmobiliaria del Este S.A. Evidently, this is a phenomenon occurring around Asunción rather than in it.

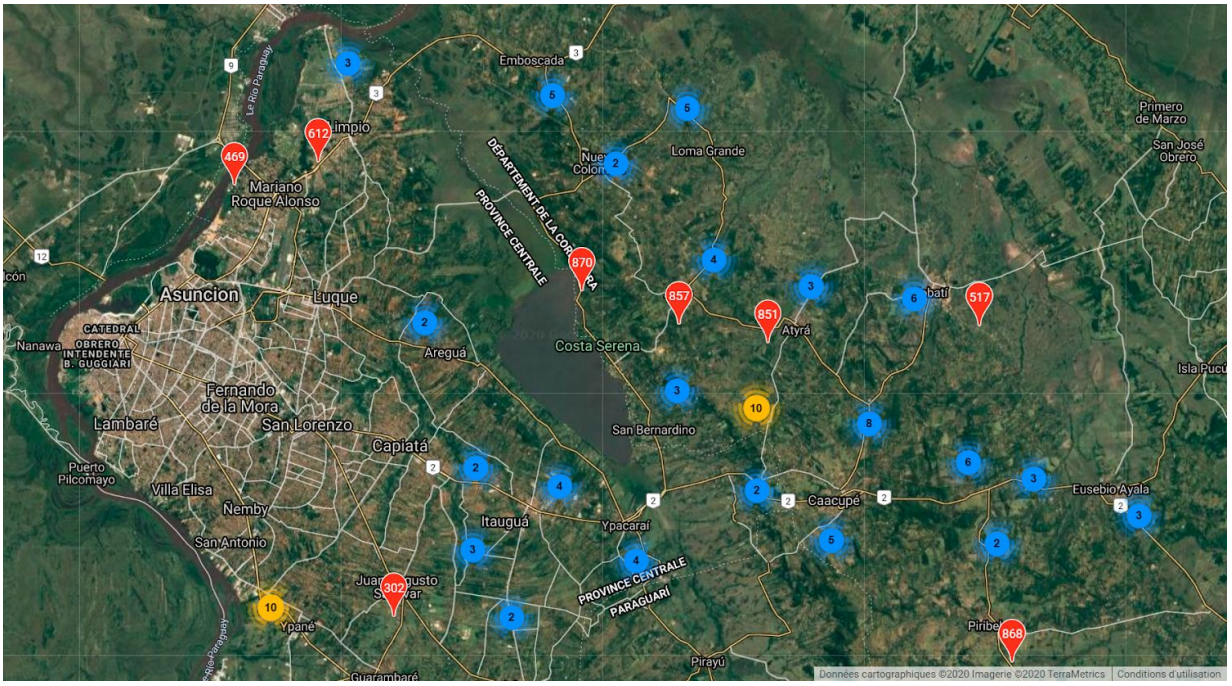

Figure 14: Map of Asunción and MA. Colored points indicate land for sale for "plotting". Source: Inmobiliaria del Este S.A. (2020).

The access to land in metropolitan towns has been "a magnet of investment, of a ton of energies that can't be concentrated in a place like HCA", as one of the PlanCHA architects stated. The tendency to expand away from Asunción is by itself no mystery, given the possibility of acquiring land at lower prices, as it happened in the peri-centers from the 1990. What is perhaps more puzzling is the accompanying loosening of government control over urban planning, when the responsibility hereof is transferred onto the citizen:

"The one that buys [plotted land], that is the majority of the population ... These people spend their lives making *polladas* [community fundraising] to pay for the chapel, the pavement, the police station, etc. The responsibility of delivering this infrastructure is transferred from the investor selling all of this without services, onto the municipal government who is not responding, and in practice it ends up on the shoulders of the people once more" (Key Informant-1).

Land plotting is valuable to the municipalities of MA since, according to one of the consulted politicians, the potential tax to gain from transforming rural into urban land is ten times higher. Thus, uncontrolled development is incentivised rather than limited by law, because, in the words

of the latter, "there is no law that establishes the limits to habilitating zones for urbanisation". The prevalence of land plotting, and the resulting infrastructural issues, underscores how shortly the capacity of government stretches. The dormitory towns are not part of the municipality of Asunción, and as such their infrastructural issues neither. But the fact that these areas were established because of the gradual population expulsion from Asunción, due especially to high land prices, attests to the importance of considering such issues as inter-municipal. However, according to another politician, no alliances in the field of urban planning exist between municipalities in MA today. As real estate in Asunción has become largely unattainable for the vast majority, who however still need to come there for employment, neighboring towns have grown. Asunción relies on the existence of its dormitories to house the people performing vital economic functions within its boundaries. This division of tasks (labour and housing) ties Asunción to MA, at the same time as it leads to geographical deconcentration of urban activities.

4.3.3. INTENTIONAL DISCONTROL

With investments concentrated in peri-central areas, the abandonment of HCA is arguably irreversible without political intervention. A few points must then be made about the governance strategies pertaining specifically to the territory of and around HCA. Firstly, no significant public projects, neither municipal nor national, have been initiated in HCA since part of the road net was paved or cobbled in the 1990s. However, the state has invested in megaprojects in close proximity to HCA. The ministry of public works funded a multi-million dollar riverside freeway and esplanade, the *costanera* inaugurated in 2011, giving access to HCA via the northern bay area. This process involved the displacement of thousands of *bañado* families (Galeano et al., 2017; Pereira, 2016). Furthermore, a project is being developed by the port of Asunción, where seven ministries - most of them currently located in HCA - will be relocated to five new corporate towers by 2021, with the goal of "developing a new urban pole, uniting Asunción with its emblematic Paraguay River" (MOPC, 2019[24]). A third mega project is under way some three kilometers from the *costanera*, where a bridge will connect Asunción with the area opposite the river. This project will, by estimation, give access to 10.000 hectares of land for RED in housing and industry, as well as generate a 700 million dollar surplus over 20 years from rent returns (ABC Color, 2019b). These projects were mentioned by informants as potential distractions from solving the current planning

[24] Own translation

issues in Asunción, especially in HCA. As an urban geographer told me, "the impacts that this can have on the degradation of HCA have not been sufficiently taken into account". As for the municipality, the budget deficit has impeded any contribution apart from arranging cultural events, conserving landmarks and upgrading public squares. Accordingly, a representative of the municipality stated that "there has been a strict focus on patrimonial conservation. Not on repopulating or fostering investments in HCA".

In HCA, property taxes are up to eight times higher than in other neighborhoods of the city, and even more compared to those of dormitory towns. Tax zoning regulation, dividing the city into zones with distinct tax levels, was established in 1991, when HCA was still the most expensive neighborhood to buy property in (Ultima Hora, 2012). As several developers noted, the high taxes in HCA stand in contrast to its overall attraction, while other neighborhoods, Villa Morra and Ycua Sati in particular, have higher square meter prices and lower ground taxes. Thus, for real estate investors, locating projects in the peri-centers yields higher returns than in HCA due to lower tax expenditures for landowners. A municipal politician stated that, since tax zoning is ordered by national law, the municipality cannot change HCA's tax rate to regain its competitiveness. The latter also highlighted the state's preference for funding big infrastructure projects that are visible to the voters, rather than projects with less physical impact, which partly explains the lack of state involvement in restoration of HCA's buildings as well as in modifying fiscal policies. This was one of the main objections in the PlanCHA report, which suggested that

"public institutions must adopt management mechanisms that make it possible to block negative development. Patrimonial buildings left to deteriorate for years, high-rise buildings that are without use for prolonged periods of time, to cite just two examples, should be subject to mechanisms such as incremental progression of taxes that serve as mechanisms of deterrence" (PlanCHA, 2016: 7[25]).

Incentivising measures were also highlighted by informants as necessary for reversing abandonment of HCA, e.g. tax exemption for construction of middle-income housing, and for individual house owners who maintain colonial house facades; sanctioning owners of unused properties; and ultimately confiscation of unused properties which are then put back on the market, in this way combatting speculation.

[25] Own translation

Figure 15-16: Abandoned and ill-maintained buildings in HCA. Source: the author

Lastly, as indicated in section 4.1.6, the precarity characterising livelihoods in the neighboring *bañados* makes the prospects for transforming HCA unlikely if these social issues are not simultaneously attended to. But governments have so far proven unable to engage seriously with this question. In fact, there are indications that political corruption serves to maintain status quo in the *bañados*:

"90% of *bañado* residents live under the poverty line [sic]. This has certain social spillover effects and stimulates political abuse. The poverty installed there is a poverty exploited by politicians to gain votes. This is an important conditioning factor for the development of HCA" (Politician-3).

It is not uncommon that politicians, at all governance levels, buy votes in poor neighborhoods (Galeano Monti, 2014: 46-47). As a former public official said, politicians are generally not interested in risking their "reputation" by approaching questions of poverty alleviation: it is much easier bribing people with 200-300.000 guaraníes[26]. The former also said there is a failure to acknowledge that "poverty is not just a problem for the *bañadenses*. Poverty ends up affecting the whole population". The *bañados* are strategic electoral pockets, as poor residents are easy targets of this sort of political abuse, which contributes to sustain the power of corrupt governments with little intention of adopting pro-poor policies in urban planning.

[26] 15-30 US$

In sum, continuous political passivity has deepened the crisis of HCA and contributed to the normalisation of urban poverty. This in turn has driven real estate investments towards the peri-centers, while the state is focused on developing new territory for the megaprojects appearing by the riverfront. Asunción has become a very uneven city in terms of the highly differing prospects for real estate investments it boasts. This has created a mismatch between the changes seen in the built environment since the 1990s, and the changes demanded in terms of lacking infrastructure and housing (Arquitectos, 2019). During this period, Paraguay has seen rapid urbanisation and significant poverty reduction, but land inequality has risen from a 0,91 gini-index in 1991 to 0,93 by 2008 (Galeano Monti et al, 2014: 30). Ultimately, the unregulated insertion of Asunción into international circuits of urban real estate capital is aggravating landed inequality, as it has favored the construction of high-end facilities that do not fit the income division of the local population.

5. DISCUSSION OF RESULTS

In the following chapter I outline my answers to the research questions:

- Why has HCA been unable to accomodate real estate development projects, and contrastingly, why have real estate development projects become concentrated in Asunción's peri-centers? (Section 5.1)
- How does urban governance affect the establishment and distribution of RED projects in different neighborhoods of Asunción and in MA? (Section 5.2)

I provide my responses by discussing the results of the analysis in conversation with notions from the conceptual framework. The objective is to situate the case within the wider context of accumulation by dispossession in the urban built environment.

5.1. (RE)GENERATING ASUNCIÓN'S BUILT ENVIRONMENT

5.1.1. THE MONOPOLY CONTINUUM

While HCA is today visibly degrading and has seen no additions to its building mass since the 1990s, the peri-centers have sprouted up as islands of high-rise buildings and, in the words of a realtor, "are in a permanent growth of new square meters under construction". Several findings emerged from the investigation of these two trajectories. In other cities of LA, abandoned central neighborhoods have in many cases been repopulated, either by lower income working populations benefitting from lowered rent conditions, or when processes of gentrification took place, by tourists and higher income populations (De Mattos, 2010; Inzulza-Contardo, 2016). The historic center of Asunción has yet to see such transitions. One issue is the vicinity of HCA and the informal settlements, which adds to the difficulty of locating RED projects here:

"As we [developers] saw that HCA was being abandoned, and that there were many properties with potential, we worked with the municipality and the government discussing how to transform public space, how to regain security, control of street vending and occupation of the squares, getting the state to intervene

in the restoration of facades ... It's necessary to incentivise people to live in HCA, but this hasn't been attained, and so the situation remains unchanged" (Developer-2).

Even if HCA has seen physical degradation and depopulation, it overflows in informal activity. As an urban geographer declared, "the offer of informal employment opportunities means that there will be continuing interest in settling down close to HCA, in places ever closer to the river where land is available". For planners, politicians and developers alike, informality in and around HCA inhibits the transition to higher value land use, while to many residents of the *bañados*, the "relentless microcapitalism" (Davis, 2007: 181) of informal employment is what generates livelihood opportunities. Thus, "the occupation of the *bañados* is a threat", as a politician stated, to the revival of HCA, at the same time as HCA in its present condition contributes to preserve the *bañados* as the only viable housing option for poor migrants arriving to Asunción. In the 1990s, when the Paraguayan population was for the first time majoritarily urban based, the *bañado* territory was already becoming saturated with rural migrants. As the gross value of smallholder agricultural production was reduced drastically from the 1990s and land dispossession increased, migration to the Asuncenan area has persisted and led to the establishment of new informal settlements in MA[27] (Galeano Monti et al., 2014). The socio-spatial disintegration of Asunción, into neighborhoods of highly differing formality, is inextricably linked with the socio-spatial disintegration of rural livelihoods by the expansion of mechanised agriculture, in this way adding Paraguay's rural immigrants to the legion of surplus populations that characterises late capitalist development globally (Davis, 2007).

A second obstacle to urban regeneration is the prevalence of property speculation by a handful of individual landowners, who account for at least 10% of HCA properties, and likely much more (López, 2017a). Developers say that HCA cannot be developed because landowners are unwilling to sell their properties at market prices. Thus, HCA's land market appears to be affected by monopoly control. Paraguay has a long history of landed inequality, where land in many cases has been transferred from generations of a few influential business people to the next, often extra-legally (Guereña & Villagra, 2016). In this way, the practice of monopoly rent extraction has been transferred to the contemporary land economy, where it does not sit well with differential

[27] A. From 70% to 32% of the total value of agricultural production between 1991 and 2008 (Galeano Monti et al., 2014: 30)
B. The gini-coefficient of land inequality rose from 0,91 to 0,93 in the same period (ibid)

rent extraction that relies on the free flow of capital (Harvey, 2006a: 360-361). In general terms, the clash of monopoly rent and interest-bearing capital has even more drastic consequences for the urban built environment than in the case of landed rural property, since urban space is characterised by a close concentration of immovable building mass that cannot be frequently modified (López Morales, 2009: 44). In Asunción, this clash can be witnessed in the static land market of HCA, where many buildings as a consequence have been left abandoned for decades. Property abandonment produced a negative domino effect on property values generally, as "the exchange value of housing ... is captive to externality effects since investment or disinvestment in one house in a neighbourhood has an effect (either positive or negative) on the value of houses in the immediate vicinity" (Harvey, 2014: 43), explaining the continuation of deterioration and, simultaneously, the conditions for speculation. The crisis of informality and inner-city speculation in Asunción perfectly embodies Lefebvre's (2003: 32) point that developing economies tend to undergo the rural, the industrial and the urban modes of production at once, and that it is the overlap of these different economic trajectories that makes places "accumulate problems without accumulating wealth".

5.1.2. THE BOOM OF FICTITIOUS CAPITAL

The consolidation of the peri-centers as bustling urban poles kick-started in the last 12 years. Before 2008, there was no market for investing in property to rent out to third parties, while this has today become the most common investment model in new construction projects. Because Paraguay has experienced economic stability since the beginning of the agricultural commodity boom in 2004, urban RED became what a developer called a periodic "escape route for more advanced economies" during times of financial crises in primarily Argentina, Spain and the US. In that regard, Asunción's real estate sector offered stable returns and less volatility than namely soy production, which suffered from the global fall in commodity prices from 2014 (IMF, 2019). The latter provoked a shift from the primary circuit of capital (agriculture) into the second (real estate), due to the increase of peri-central property prices since 2008.

This led to an emphasis on developing high-end real estate, which has added to the uneven development of the urban landscape. The profit motive of RED leads investments to the peri-centers which offer high returns, while problematic neighborhoods like HCA do not qualify for such investments. The short life span of an organised real estate industry in Asunción implies

that in the prosperous days of HCA, during the Itaipú construction boom, such a business did not exist. It may be suggested then that degradation was already too progressed in HCA for it to be considered an adequate location for this relatively new phenomenon in the land market. As such, the lack of systematic urban regeneration in HCA should also be conceived as a product of Paraguay's overall development path during the post-dictatorial reform period, where public sector investments were drastically reduced and private entrepreneurship saw little restrictions (Villagra, 2011). These preconditions made the peri-centers the main foci of RED in Asunción in terms of commercial and housing facilities. However, these facilities are also exclusive in both senses of the word:

"We started [the boom era] offering expensive products, and that's how Ycua Sati was developed. That area was not destined for the middle class, but high-income classes ... From 2015 there was a market slow-down, as we'd seen an overproduction of high-end products, while the middle class was largely overlooked because of the lack of credit funding" (Developer-1).

There has been no significant supply within the price range of middle-income groups, in spite of the fact that "in a country with the social structure of Paraguay's, the middle segment is the greatest population group demanding housing", as one developer commented. Supplies do not match the demand from the population, because the boom was centred mainly around developing properties as assets. This is essentially speculation, because the "best use" of properties is determined as much by the present function they carry, as by the anticipation of the surplus value these properties can produce in the future (Harvey, 2006a: 368). To the benefit of many investors, real estate in peri-central neighborhoods of Asunción offers high rates of return (Infobae, 2019). But this has little value to the great majority:

"Only people with high purchase capacity can buy housing in residential neighborhoods. In other cities of the world it's usually the opposite: the city houses people of the middle class, the people that move the city, and suburbia is where people with higher monetary power live" (Developer-5).

The remaining housing options are located either in the dormitory towns beyond city limits or in informal areas and settlements (Zavattiero & Ortiz Sandoval, 2019). In this way, the absence of commercial and political development initiatives in HCA, and the accumulation of high-end land

use in the peri-centers, has contributed to a peculiar process the latter call "urbanisation by expulsion" (ibid), where inner-city areas are slowly vacated. With its own socio-spatial particularities, Asunción then provides yet another example of the disruptive forces of property speculation in LA (Sabatini et al., 2009).

5.2. A SPACE OF POLITICAL DISCONTROL

5.2.1. "THE POLITICS OF NO POLITICS"

Neither the municipality nor the state have contributed in any systematic way to urban planning. This has rendered possible an environment where RED responds solely to market incentives rather than incentives founded on rational - to say nothing of sustainable - planning schemes. An architect associated with the PlanCHA project told me this must be seen in the context of a political culture where "private property knows very little restrictions", a legacy of the devastating war of the late 19th century, which laid the ground for the prevailing land inequality (Villagra, 2014). The effect of following such a logic is critical in a city with 20% of its inhabitants living in informal settlements that lack basic amenities, and with 41.856 households affected by a housing deficit (Cañete-Estigarribia et al., 2019: 36). The rationale behind development plays out not on a flat, empty plane, but in a complex urban geography of unequal opportunities. In general terms, the state, local or national, holds a privileged position as to securing the organisation of this complex reality, and therefore, as Smith says, "[t]he rationality of the land market is exchanged for the direct political logic of urban planning" (Smith, 2010: 185). When this exchange does not take place, as in this case, there is nothing regulating the actions of powerful landowners in an already skewed land market.

The combination of political discontrol and the apparition of the RED industry has exacerbated the problems of urban sprawl, as lower and middle income-groups are excluded from inner-city areas. This is feeding the practice of "land plotting" in municipalities of MA. As a result, MA is expanding uncontrollably without adequate public investment in infrastructure:

"Asunción ejected its young population in 20 years ... because in any neighborhood of Asunción, the price of land starts at 200,000 dollars. This led to the sustained migration towards the outskirts of the city, with all

the consequences this has for the quality of life: spending two hours in a car or on a bus, aggravating the issue of traffic congestion" (Developer-3).

In this way, (sub)urban expansion has mainly served to increase the distance between housing and urban facilities like employment and commerce, adding to the disintegration of the urban fabric. In the absence of intermunicipal collaboration on such issues, the lack of state intervention is striking. In terms of urban development, the state is focused on constructing major infrastructure, as it prioritises investing in projects that are visible and demonstrate its power more clearly than projects of smaller scope. In HCA, governments have largely turned a blind eye to degradation and depopulation, processes which have been consolidated by years of speculation, high property taxes and finally the lack of incentivising restoration and property development. The logic driving change in Asunción's built environment, as in Paraguay in general, is a profit logic decoupled from the social reality of the city's population structure:

"[T]he administration of the country has not distinguished itself from the world's predominant growth model, entailing the same situations of resource and wealth concentration ... The lack of explicit political willingness - as well as of social policies of short and long term duration that define relevant actors, resources and goals - is reflective of a longstanding politics of no politics and of a never-ending starting over" (Flores, 2012: 164[28]).

Apart from practicing the "politics of no politics", the Paraguayan state has proven unwilling to restrict the power of the economic elite, especially of the agro-export industry, illustrated primarily in the failure to establish an agrarian reform and taxing soy production (Cardozo et al., 2016). As such, the fact that the negative spatial externalities of this model - disintegration and underdevelopment of the urban territory - have not been addressed perhaps indicates a deliberate political strategy rather than debil governance.

5.2.2. SPONTANEOUS ENTREPRENEURIALISM?

Looking at the city in its entirety, the urban area appears highly fragmented. This restricts both the movement of capital, residents and government services. In the words of a developer, Asunción "is so scattered that there is no way to deliver quality service to the people. The rest is consequence - if there is no clear vision for the city, development is shapeless, spontaneous". What the different

[28] Own translation

trajectories of HCA, the peri-centers and MA have in common is the failure to plan urban development around notions of social use-value - that is, according to the needs of different groups of citizens in terms of housing and public services. As can be observed in cities across the world, entrepreneurialist governments promote a kind of urbanism that does not entail a "less but more active state engaged in real estate business, as well as more open involvement of business elites and other groups of interests in strategic spheres of the state" (López Morales, 2009: 72). The entrepreneurialist government acts as the base structure of the business sector. This hardly applies to the actions of neither the state nor the municipality. On the contrary, developers demand more governmental intervention to facilitate a better investment climate:

"If the state provides sewer systems, water services, electricity, public transportation, then there will be real estate development. But in Paraguay it always goes the other way around: first comes the development, then the infrastructure. With the appearance of high-rise housing, I told the municipality that family housing requires recreative space, public space for the kids, but Asunción is not equipped. HCA has very few squares, and the ones that exist are occupied" (Developer-2).

Ideally then, public service provision and RED is, to a certain degree, complementary. But when the public sector refrains from participating in urban planning, RED attracts towards markets with lesser investment obstacles and higher rates of return. In the absence of socially responsible governance, more equitable investment strategies in real estate will continuously fail to materialise. The spatial development of Asunción and its metropolitan area will continue uninhibitedly along the same lines: with continued abandonment of inner-city areas due to land scarcity; with high-end RED in the surplus producing peri-centers; and with land plotting in and expansion of MA.

6. CONCLUDING REMARKS

"The struggle for land is more prevalent than ever in Paraguay, given that this strategic factor for the sustenance of livelihoods and production is demanded as much by the peasant and indigenous population, as by real estate speculators, mechanised agriculture, ranchers, mining and petrol companies, which are widely driven by foreign capital" (Villagra, 2014: 81[29]).

The entrance of a range of new commercial actors in the Paraguayan land market has set the scene for enhancement of land inequality, the seeds of which were planted already more than a century ago with the post-war privatisation of public lands. Land struggle is, probably, the single-most influential process on the spatial development of Paraguay, as agrarian dispossession has turned the population into a majority urban-based one in a few decades (Galeano Monti, 2017). Despite the rapid and chaotic pace of urbanisation, and despite the linkages of the former with land inequality, urban land concentration in Paraguay is a scarcely researched subject. Due to the severity of agrarian dispossession, land concentration is mostly treated as a problem occurring in rural areas (Ezquerro-Cañete & Fogel, 2017). However, given the country's political economic climate favorable to private property accumulation, and given the on-going global tendency to generate profit throughout constructions in the urban built environment, the question arises whether land concentration is also occurring in Paraguay's urban areas, particularly the capital city. This thesis emerged as an attempt to address that question, building on the assumption that financialisation of the property economy has aggravated urban land inequality.

This was confirmed throughout the analysis of real estate development in Asunción, which was mainly based on interviews with actors working in the property market. Real estate development has created new forms of landed inequality that act in conjunction with and contradiction to traditional property regimes. This is most evident in the largely abandoned historic center, where a small elite exert monopoly control over properties, in this way hindering new investors from accessing land. In turn, the peri-centers have emerged as havens for real estate development, especially led by the surge of foreign capital after the global financial crisis of 2008. Peri-central real estate proved a profitable investment opportunity due to its macroeconomic stability, principally in relation to the decreasing return rate of soy from 2014. Asunción's real estate boom is an exemplification of the changes the world economy has undergone since the 1980s, which entailed a

[29] Own translation

shift from the production of commodities to the production of assets as a temporary spatial fix for crises of overaccumulation (Harvey, 2010). In this way, Paraguay's development path largely corresponds with the world's predominant model of growth (Flores, 2012). But, as the analysis also shows, it differs in one important matter, namely the reluctance of the public sector in governing this process. This may be deemed an intentional discontrol on the part of the state, which rules very much according to corporate interests, while the municipality of Asunción is largely paralysed by budgetary deficits and clientelism. Because the state is missing in action, as developers also pointed out, real estate development has become an exclusive and spontaneous activity, with little eye for the overall configuration of the urban fabric. In contrast to tendencies in cities with greater political intervention in urban planning, Asunción is seeing a kind of entrepreneurialism without government intervention, leaving citizens at the mercy of a skewed property market that caters mainly to higher-income residents and speculators, while pockets of poverty around the center and in peripheral settlements are left to their own devices, and the Metropolitan area expands uncontrollably in response to the growing housing demand from middle-income segments.

Although this research is a case-study, the political economy framework applied is reflective of a general process happening in cities across the globe (Schmid, 2014). As such, the study may be replicable in other contexts, and given the lack of attention in urban research to the socio-spatial development of middle-sized cities in emerging economies, this would be welcomed (Prada-Trigo, 2017). Due to the limited scope of the present work, there are also prospects for elaborating the case-study itself. Further investigation is required to identify the extent of the housing demand from the growing middle-income groups in private property and rented homes respectively, as the implication of repopulating inner-city areas with middle-income residents may imply new forms of exclusionary urban regeneration worthy of scrutiny (López Morales et al., 2016; World Bank, 2012).

The urbanisation of Asunción has evolved into a double process of "urbanisation by expulsion" (Zavattiero & Ortiz Sandoval, 2019), firstly in that the city is a magnet for the rurally expelled population; and secondly in that the current mode of urban (re)generation displaces the majority of the population from inner-city areas. It is, however, predominantly the former that has received attention in academic as well as activist literature (e.g. Galeano, 2012; Oxfam, 2016). Therefore, the main contribution of this thesis is to cast an initial, tentative light on the existence of land concentration in Asunción, and its relation to property regimes reminiscent of the dictatorial

oligarchy, as well as to global tendencies of accumulation by dispossession in the built environment.

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8. APPENDIX

8.1. LIST OF INFORMANTS BY CATEGORY AND PROFESSION

Alias	**Type of informant**	**Profession**
Developer-1	Primary informant	Real estate developer
Developer-2	Primary informant	CEO of real estate development firm; member of the Chamber of Paraguayan Real Estate Developers (lobby)
Realtor	Primary informant	Realtor and CEO of real estate agency
Developer-3	Primary informant	CEO of real estate development firm
Developer-4	Primary informant	Real estate developer
Developer-5	Primary informant	CEO of real estate development firm
Developer-6	Primary informant	Real estate developer
Politician-1	Primary informant	Head of the board of urbanism and territorial planning, Municipality of Asunción
Politician-2	Primary informant	Municipal councillor, Municipality of Asunción
Politician-3	Primary informant	Municipal councillor, Municipality of Asunción
Key informant-1	Key informant	Architect; formerly part of the team designing the masterplan of HCA (PlanCHA)
Key informant-2	Key informant	Anthropologist; formerly part of the

		team designing the masterplan of HCA (PlanCHA)
Key informant-3	Key informant	Architect; specialising in built cultural heritage in Paraguay; former public official
Key informant-4	Key informant	Geographer; specialising in processes of urbanisation in Paraguay

8.2. INTERVIEW GUIDE, PRIMARY INFORMANTS

ABSTRACT THEMES	SEMIABSTRACT THEMES	EMPIRICAL/CONCRETE THEMES	INTERVIEW QUESTIONS
1. Demography and housing in Asunción	- Expulsion of lower income groups from the city center (urban to peri-urban migration) - Rural to urban migration, consolidation of slum areas	- Lower income groups leaving the center because of rising real estate prices - Precarious neighbourhoods in and around the center are growing in population terms	What does income group demography look like in HCA, peri-centers, the metropolitan area (MA) respectively? How has it developed in the last 20-30 years? - How is the distribution of housing for different income groups (lower/low-middle/middle/high) in HCA, peri-centers and MA respectively? - What caused the gradual population flight from central neighborhoods? - Does the proximity of precarity/poverty affect the development/underdevelopment of HCA as a place of residency?
2. (Unequal) land ownership	- Speculation - Fluctuation(s) of the property market and of the Paraguayan economy in other sectors since the boom of Itaipú	- Properties of the center are largely owned by a handful of wealthy families - The rise of new commercial centres around Asunción and boom of high-rise construction	- What is the distribution of different kinds of ownership (owner-occupant, non-residing investor) in HCA, peri-centers and MA respectively? - Where is/are the most attractive part(s) of town to invest in real estate? - What kind of product attracts investments (housing, corporate, retail, industrial)? How has demand for these products evolved in the last few decades? - What are the most determining factors when deciding to develop new projects in Asunción (in

			terms of: location, urban facilities, type of product, etc.)? - When/how did the boom in high-rise construction occur in the peri-centers? - How does the state of deterioration (40% of the building mass) in HCA affect potential real estate investments in this neighborhood? - Please explain the history/cycles of the real estate industry in Paraguay (from the boom of Itaipu until today)
3. Governance of urban space	- Discontrol over land ownership - Corruption and clientelism	- No sanctions for under-used land (HCA) and speculation (HCA and peri-centers) - No master plan for urban planning in Asunción nor metropolitan area - Poor governance of urban space: The neoliberal state on one hand and the municipality with very little resources on the other	- What is the role of the municipal government/the state in the maintenance/construction of the built environment and infrastructure of HCA? - What are the challenges in living up to this role? - Are there any actors in particular inhibiting the municipality/state in living up to this role? - Does the regulation(s) and/or maintenance of the built environment and infrastructure of HCA differ from ditto in other parts of the city? In what way(s)?