

Urban Speculations: Cities, Technologies, Futures

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Real-Estate Speculation in Athens:
Housing Financialization and
Different Waves of Gentrification
in a Tertiary Growth Model

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Presentation structure

Theoretical remarks

- Gentrification Theory within the context of urban speculation

Gentrification in Athens

Broader transitions in the Greek economy

- A context within which real estate speculation unfolds

Concluding discussion

Urban Speculation in Gentrification Research

- **Financialization of Housing:** Housing is treated as a financial asset rather than a place for social reproduction (Harvey, 1989; Aalbers, 2016).
- **Anticipatory Investment:** Investors buy land based on expected future value generating rent gaps (Smith, 1982)
- **Neoliberal Urban Policy:** Governments facilitate speculation through regulated deregulation of housing and land markets (eg. enclosure of public assets and land, fiscal policies and public private partnerships (Aalbers, 2016)
- **Gentrification & Displacement:** Rising property values lead to the displacement of lower-income social groups (Slater, 2008)

Capital Switching and capital's spatial fixes

Capital switching: a rechanneling of capital

- *from the primary circuit (industrial production)*
- *to the secondary circuit (the built environment)*

Leads to **spatial fixes**: capital crystallizing in physical space

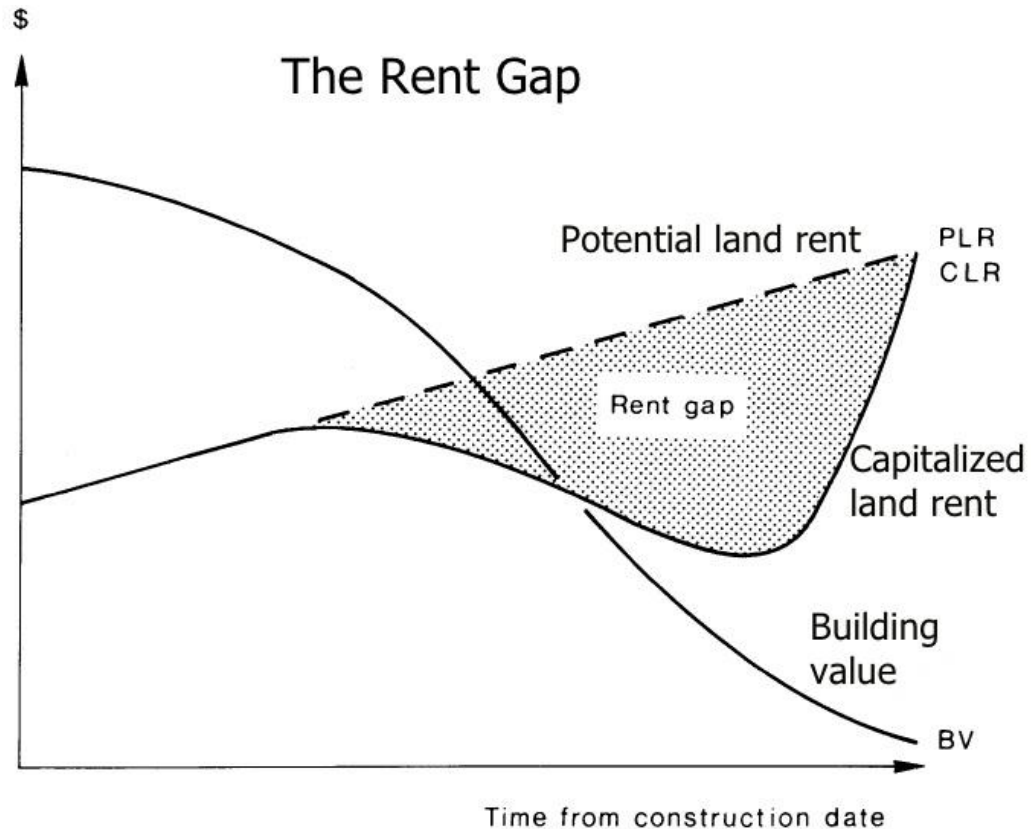
Historically occurs after overaccumulation of capital in manufacturing

- *Alternatively, a logical market response to investment opportunities (due to uneven development)*

But spatial fixes represent a “double-edged sword” for capital

- i. An outlet for capital idle in the primary circuit (an answer to crises of overaccumulation)*
- ii. But capital bound locally for extended periods of time creates the conditions for future crises*

Why the theory of gentrification is concerning



- Gentrification and uneven spatial development
- Devalorisation: a precondition for new rounds of valorisation (rent gap)
 - Creative destruction & locational seesaw

- Gentrification as a form of spatial fix
- Immobilised capital in the built environment
 - Creates the conditions for new rounds of crises

Smith, 1982; 1990; 1996

Waves of gentrification

Wave	Geography	Role of the State	Involved actors
1st wave (1970s): piecemeal gentrification	Only in certain global cities	State support through zoning and policies	Few gentrifiers buy property, capital switches from industrial activity to real estate
2nd wave (1980s): the anchoring phase of gentrification	Expands to central neighbourhoods of many cities of the Global North, incl. smaller ones	Lessaiz-faire, passive support through subsidies	More institutional and local actors involved (incl. developers and global capital)
3rd wave (1990s): post-recession gentrification, a global urban strategy	Expands to more remote areas and beyond the Anglophone world, intensifies in central areas of global cities (super-gentrification)	Austerity urbanism becomes more interventionist in favour of gentrification	Corporate developers become prime actors
4th wave (2000s): financialized gentrification	Private loans traded in global capital markets funnel vast amounts of capital into local housing markets of many cities worldwide	Pro-gentrification policies go hand-in-hand with the dismantling of the welfare state	Financial actors push housing financialisation (indicatively, mortgage-backed securities, same-day house resales)
5th wave (2010s-today): platform-mediated gentrification and touristification	Accommodation platforms become embedded within the housing markets of most cities worldwide	Monetary Easing drives massive capital switching into real estate preceding the Global Financial Crisis	Corporate developers become corporate landlords, individual investors buy prime real estate as a store of value

Touristification vis-a-vis Gentrification: theoretical remarks

A long symbiotic relationship between the two, but:

Some argue that no temporal overlapping or causal relationship is necessary

- A crucial difference in the user group: a recycling multitude of short-term visitors vs a coherent group of gentrifiers

Others point to the common mechanisms

- Both result from the exploitation of rent gaps through capital investment in land uses to maximise rent extraction
- Both rely on state interventions, although these depend on geographical and historical timing (e.g. rezoning on the basis of historic preservation, investment de-risking, etc.)
- Both see an inflow of people of higher disposable income displacing the permanent population



Gentrification in Athens *Local characteristics pre-crisis* *(1990-2010)*

1. State-led restructuring during the early 1990s, aiming for historic preservation
 - *Rezoning as a main tool*
 - *Industrial land uses replaced by high-status housing and recreational uses*
 - *Plaka: at the foot of the Acropolis*
2. Olympic Games-related urban redevelopment from the late 1990s to mid-2000s
 - *Aggressive planning and fast-track procedures*
 - *Rezoning, metro system, beautification projects, and large-scale pedestrianizations targeting the historic center*
 - *A series of central neighborhoods start exhibiting gentrification tendencies (Kerameikos/Metaxourgeio, Gazi, Psirri)*

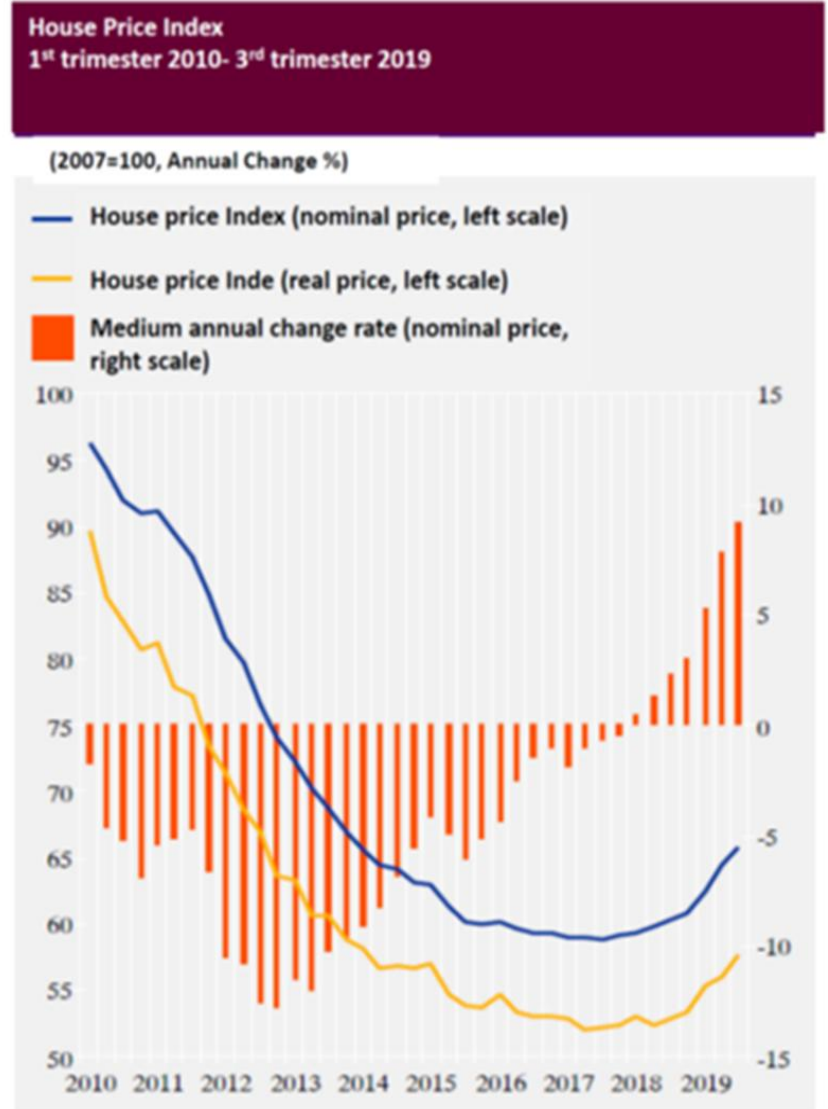
Debt crisis: root of Greek housing market's financialisation

Memoranda policies facilitating a debt-driven urban speculation

- *Bank recapitalisations*
- *Privatisation of public assets*
- *Reduction of capital taxation*
- *Direct and indirect taxes*
- *New property taxes*
- *Liberalisation of labour rights*
- *Wage contraction by 1/3*
- *Pension cuts 20-60%*

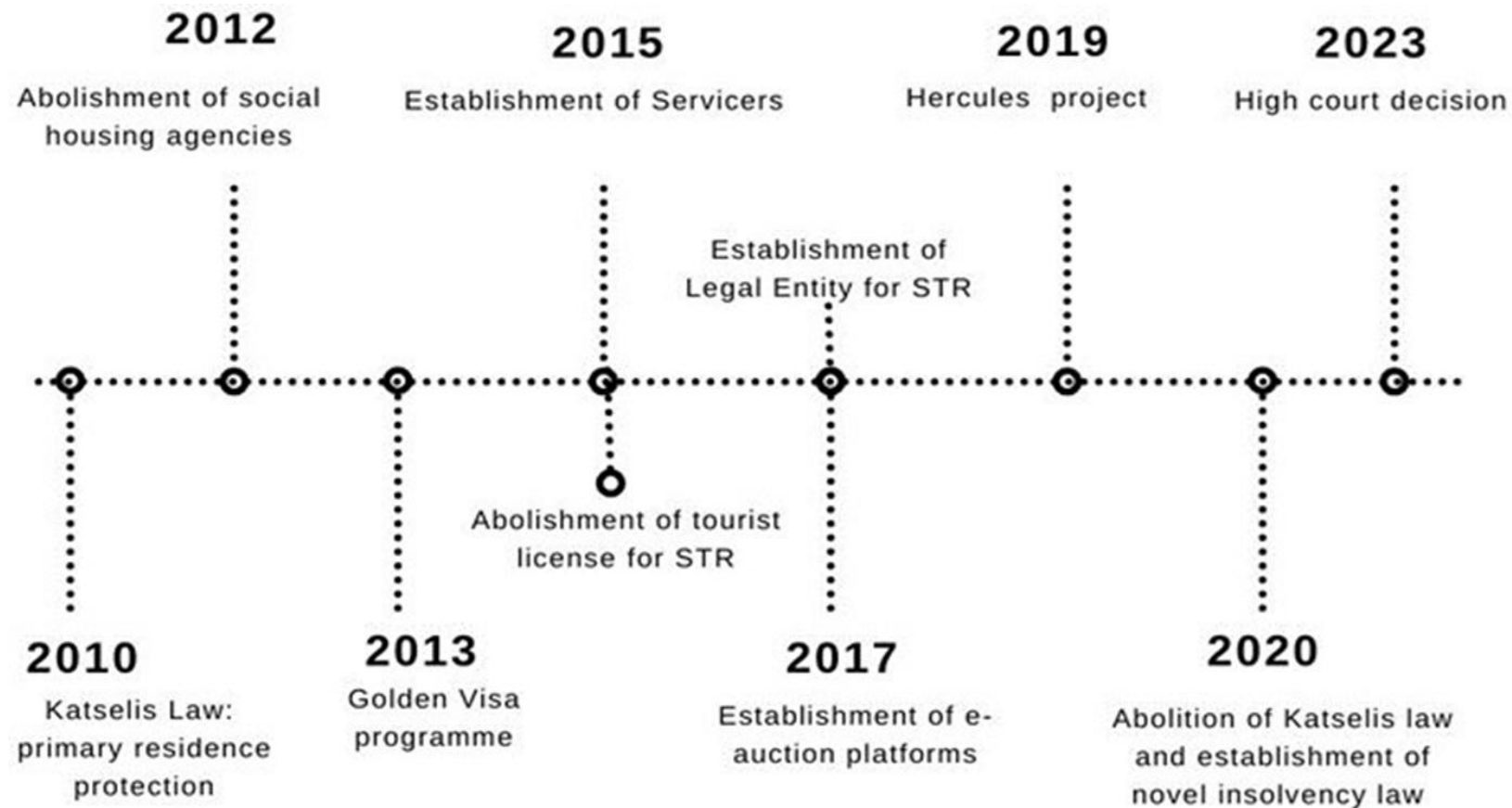
	2010	2011	2012	2013	2014	2015	2016	2017
Greece	-6,9	-8.86	-10,92	-16.39	-13,81	-15,47	-17,00	-16,21
Eurozone	6,45	5,97	5,62	5,68	5,92	5,49	5,33	4,93

Household expenditure as a % of household disposable income



House values changes – a loss of household wealth

Housing policies in Greece



High levels of home ownership (2006: around 75% (61% without a mortgage loan)/ rent 20%: rent-for-hire system)

Housing policies that facilitated speculation

A post-recession third wave of Athenian touristification/gentrification

An idiosyncratic type of restructuring

Rent Gaps widening as an outcome of:

- *Deep recession plummeting land values*
- *Tenants' decreasing rent capacity*
- *STR market expansion boosting potential gains for landlords*
- *A mosaic of "underutilized" downtown areas*

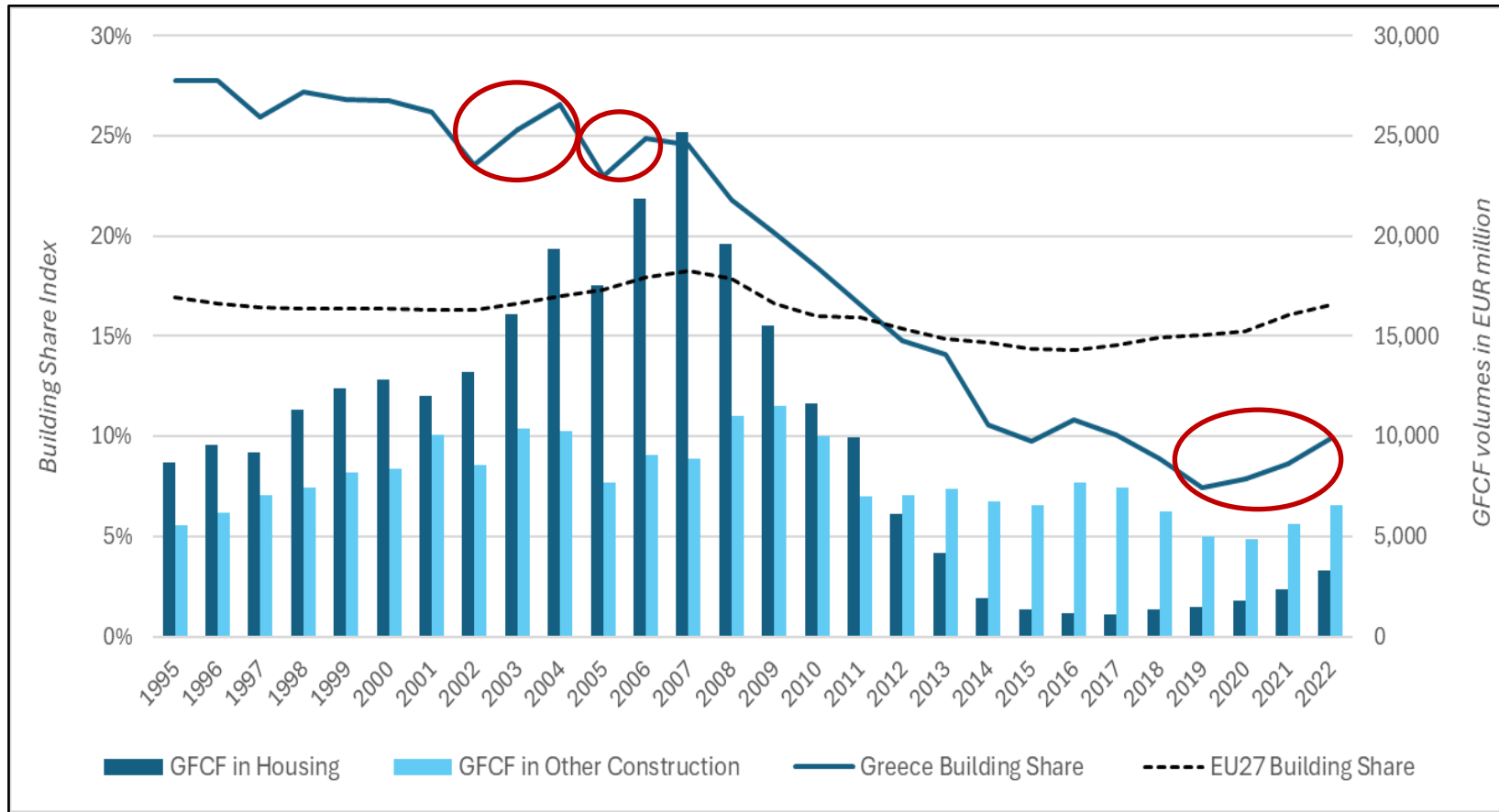
Construction-driven growth models are dismantled

- *Replaced by tourism-dependent models even before the rise of the STR market*

2015 onwards: Rampant touristification fueling gentrification tendencies

- *Profound impact of platform capitalism*
- *Central role of transnational capital*

Instances of capital switching in the Greek economy



2002-04: capital switching associated with the 2004 Olympic Games

- *But investment in housing surpassed investment in critical infrastructure (e.g. stadiums)*

2005-07: a housing bubble builds up after the Games

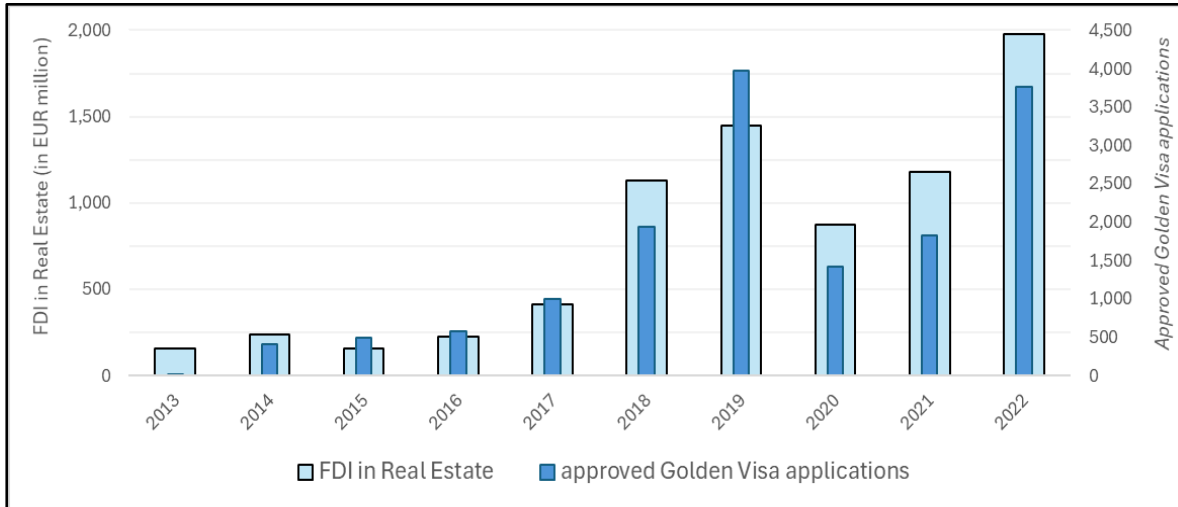
- *Investment in housing explodes but the bubble bursts already before the crisis (2007)*

2019-2022: signs of a renewed capital switching

- *Investment in short-term rentals subverts diminishing land value trends*
- *Previous phases of STR expansion (2015-2019) revealed to be mostly informal*

$$\text{Building Share index} = \frac{\text{GFCF in built environment (housing+constructions)}}{(\text{total GFCF} - \text{GFCF in agriculture, forestry and fisheries}) + \text{labour expenditure}}$$

Touristification trends at the national level



FDI in real estate and Golden Visa applications

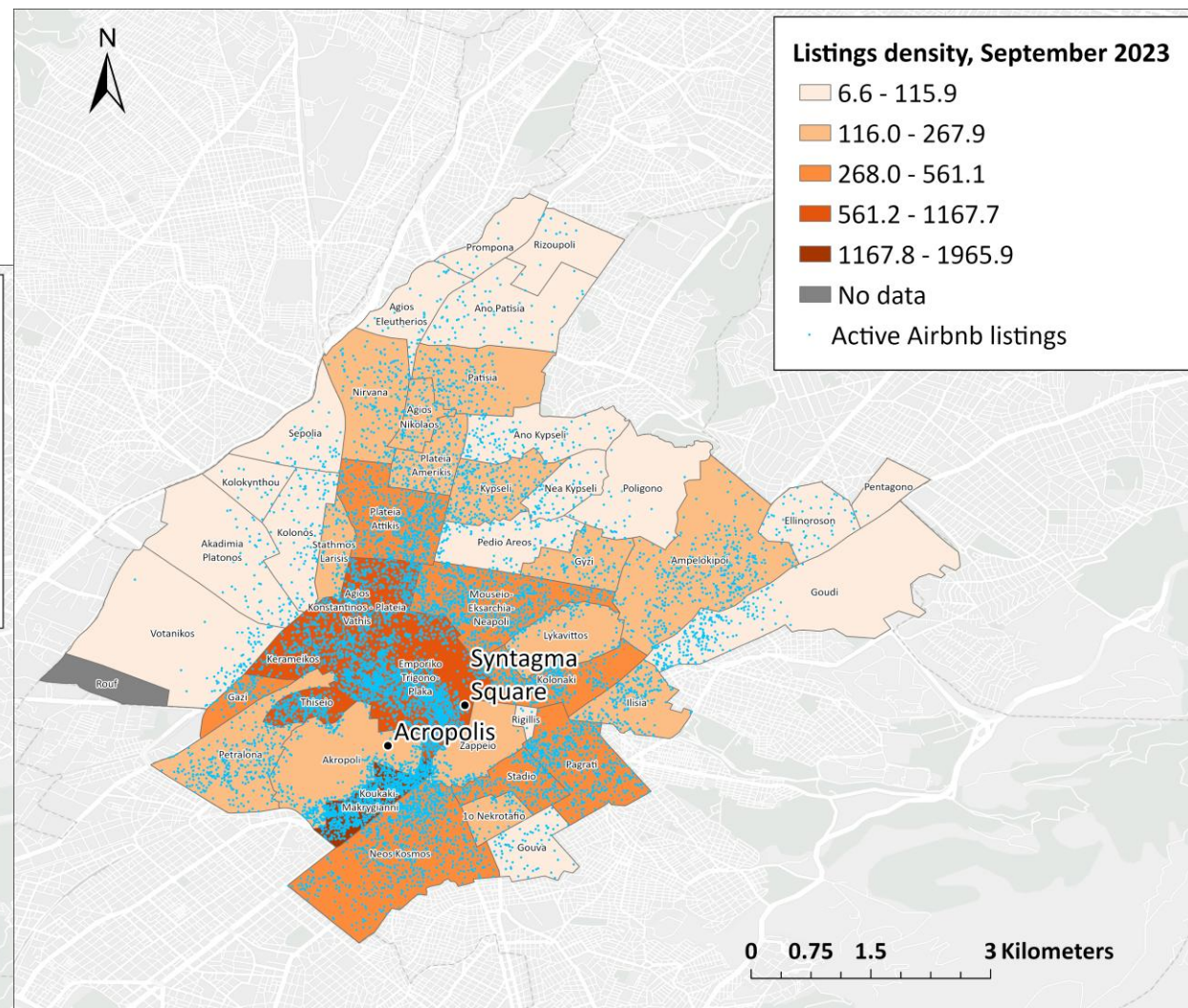
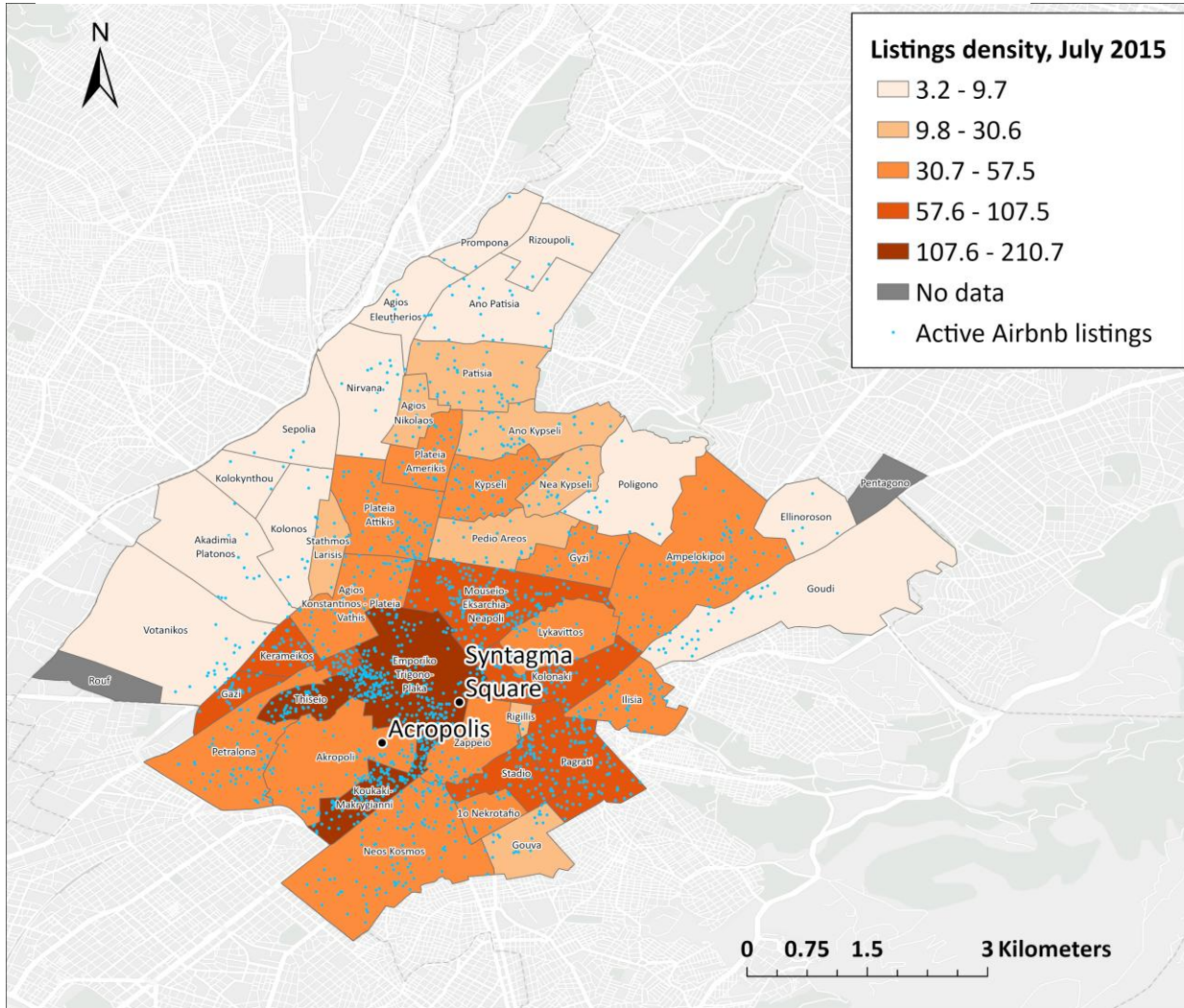
- *In 2012-13 Greece initiated a Golden Visa program*
- *FDI in real estate became almost synonymous with an application for a Golden Visa*
- *Applications mounted only after 2017, when rating agencies waived the possibility of default*



Tourism's share in GDP and employment: significant growth in three phases

- *2009-2015: the Greek State's actively protects tourism providing cheap (youth) labour and funding*
- *2016-2019: tourism dependence, investment, and STR activity skyrocket*
- *600% increment from 2013 until 2017*
- *2021-today: tourism recuperates shortly after COVID-19, preexisting trends extend, 2023 marks pre-pandemic figures*

The STR market's expansion in Athens



Timidly started in 2013

- *Gentrified areas around the Acropolis (e.g. Plaka, Psirri, Metaxourgio)*

2015 change in legislation leads to explosive expansion

- *Koukaki quickly becomes one of the epicenters of this expansion*

COVID-19 halts but does not subvert preexisting trends

- *Post-pandemic market expands even in devalued neighborhoods (e.g. Kipseli)*

Position and density (at the neighbourhood level) of active STR listings, 2015 (left), 2023 (right)

Discussing the speculative nature of gentrification

Urban transitions intertwine with changes in the economic base

- *Real estate speculation is reflected in space through gentrification*
- *Touristification emerges as economies exhibit heavy dependence on urban tourism*

Recent efforts to regulate STR

- *Towards new markets and new speculations: the rise of mid-term leases?*

Gentrification within the context of uneven development

- *An inherent contradiction of capitalism: capital circulates in space to produce surpluses and flows*
- *Landscapes are produced only to be subsequently destroyed (Harvey, 1978).*

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Greece 2.0
NATIONAL RECOVERY AND RESILIENCE PLAN



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