

Financialization of urban space and platform capitalism: real estate production in Porto Alegre, state of Rio Grande do Sul

Financeirização do espaço urbano e capitalismo de plataforma: produção imobiliária em Porto Alegre-RS

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Abstract

This article analyzes real estate production in Porto Alegre focusing on studios and compact apartments, primarily conceived as financial assets aimed at generating income. The study examines how local real estate developers adapt their projects to the logic of financialization and speculation. The concentration of these developments in central areas reinforces real estate appreciation and, at the same time, excludes peripheral regions and exacerbates socio-spatial segregation. The study shows that the local real estate market is strongly shaped by financial rationality, which creates challenges for urban planning.

Keywords: financialization; platform capitalism; urban space; real estate production; Porto Alegre – Rio Grande do Sul.

Resumo

Este artigo analisa a produção imobiliária em Porto Alegre, com foco na tipologia de studios e apartamentos compactos, concebidos principalmente como ativos financeiros voltados à captação de renda. A pesquisa examina como incorporadoras que atuam no mercado local adaptam seus empreendimentos às lógicas de financeirização e especulação. A concentração desses empreendimentos em áreas centrais reforça a valorização imobiliária, ao mesmo tempo que exclui regiões periféricas e agrava a segregação socioespacial. Verifica-se que o mercado imobiliário local é fortemente moldado pela racionalidade financeira, gerando desafios ao planejamento urbano.

Palavras-chave: financeirização; capitalismo de plataforma; espaço urbano; produção imobiliária; Porto Alegre-RS.



Introduction

The neoliberal society, developed over the last forty years, does not concern only the power of financial capital but also the way society behaves, transforms, and governs itself based on this rationality, affecting institutions (Laval, 2017). In this context, the rise of conservative tendencies points to the neoliberal shift, characterized by the rupture of socio-spatial dynamics which, since the early 2000s, sought to reduce social inequalities through policies geared toward urban justice and the right to the city (Ribeiro, 2020). The beginning of the 21st century in Brazil was characterized by the strengthening of instruments such as the City Statute (2001), which stimulated the social use of land through regulation of Special Zones of Social Interest (Zonas Especiais de Interesse Social, ZEIS), progressive Tax on Urban Property and Land (Imposto sobre a Propriedade Predial e Territorial Urbana, IPTU), and the preemption right.

However, these dynamics were notably interrupted after the impeachment of Dilma Rousseff in 2016, a mark in the consolidation of an ultraliberal model in Brazil. This scenario favored the expansion of financial rationality in the urban space, strengthening the logic of financialization and rentierism. A redefinition of objectives and instruments of the state action and the formulation of new regulatory instruments that bring the state and market closer together happened as a consequence (Pereira and Palladina, 2020). Meanwhile, private agents' actions in urban space production intensified, resulting in the reconfiguration of socio-spatial dynamics and the hegemony of the financialized real estate market (Ribeiro, 2020). In this context, real estate production became increasingly subordinated to financial capital,

particularly during the economic and political crisis that began in 2014. This process prioritized the construction of real estate products geared toward rental platforms, qualified investors, and saver-investors, to the detriment of housing policies with a social focus.

From 2022, three trends gained ground and are becoming established in the Brazilian real estate market: PropCo, short-stay, and off-site construction. The PropCo strategy, in development, gained visibility by separating real estate assets from the operations and development of the project. The short-stay model was driven by the growth of real estate developers in Brazil, in response to the popularization of platforms such as Airbnb. Between 2020 and 2022, short-term rentals grew by 69% in Brazil, while the demand for Airbnb increased by 31% in 2022. At the same time, the average price of real estate rose by 12.98% and tourism expanded by 9% in 2023. These factors leveraged the establishment of companies such as Housi, Seazone, and Charlie in the sector, prompted by venture capital investment, which enabled the expansion of their operations and consolidated new practices in the Brazilian market (Terracotta Ventures, 2024).

In light of this, this article aims to analyze the increase in production of typologies linked to short-term rental platforms. We argue this production is directly related to the urban space financialization and profit maximization from real estate products marketed as investment and with high socio-spatial impact. To that end, the methodology adopted in this study combines qualitative and quantitative approaches to analyze the real estate production of Porto Alegre, considering its evolution over the last two decades. The research used secondary data from the Real Estate Census (2024) conducted by the

Civil Construction Industry Union of Rio Grande do Sul (Sindicato da Indústria da Construção Civil do Rio Grande do Sul, Sinduscon-RS), Real Estate Market Overview (Sinduscon, 2025), Demographic Census (2022) conducted by the Brazilian Institute of Geography and Statistics (Instituto Brasileiro de Geografia e Estatística, IBGE), as well as market reports and academic publications.

The quantitative analysis included the systematization of information on the number of units launched, predominant typologies, geographic distribution, and economic indicators, such as Gross Development Value (GDV). In addition, the qualitative approach allowed the interpretation of the urban space transformations in light of concepts such as financialization and platform capitalism. The research also drew on document analysis of laws and regulatory frameworks, such as Law n. 13.777/18, seeking to understand real estate production and commercialization practices in the contemporary context.

The article was structured in five sections, including the introduction and conclusion. The theoretical framework, the second section, will have as its main guideline the concepts of platform capitalism, flexible accumulation, and neoliberalism in a context of technological innovations. The third section will present the real estate production and pro-market changes of Porto Alegre between 2007 and 2018. This section includes a subsection to address the real estate production after the Covid-19 pandemic. The fourth section discusses the financialization and profit maximization through the recent real estate developments, focusing on the one-bedroom and studio typologies, often marketed as investment opportunities. This section is followed by the final remarks.

Technological innovations and platform capitalism

With the expansion of digital culture, platform companies emerged, which are promoting structural transformations in 21st-century capitalism through Information and Communication Technologies (ICTs). These companies operate by connecting consumers, service providers, and suppliers in low-cost transactions using digital platforms that reduce the need for physical assets such as property, inventories, or industrial facilities. This economic model allowed companies such as Uber and Airbnb to position themselves among the most valuable globally, without the need to hold significant assets (Abramovay, 2017).

These digital platforms play a substantial role in the territorial organization and the promotion of new territorial fragmentation processes. Operating online, mainly through smartphone applications, these platforms are presented as innovative solutions to facilitate consumers' lives, offering affordable services, flexible work, and greater efficiency in urban mobility (Slee, 2017; Figueiras and Antunes, 2020). However, such companies often evade state control and local obligations, claiming to be only "software developers that connect people", such as Uber, which defines itself as an electronic services company and not an urban transport provider (Uber, 2024).

Furthermore, the integration of these platforms into the dynamics of society deeply impacts the quality and lifestyle of the population. In the case of "Uberization", we have the increase in the number of vehicles commuting, affecting both traffic and carbon emissions in the air. For Abílio (2020, p. 113), this process is "an unfolding

of processes ongoing and under development in the labor market for decades". These phenomena are strongly associated with neoliberalism and the flexible accumulation regime described by David Harvey (1992). For him, after the collapse of Fordism in the 1970s, capitalism shifted from mass production to the flexibility of labor processes, markets, and consumer production, which resulted in swift changes in productive sectors and the intensification of technological and organizational innovation. According to Harvey (1992, p. 147), flexible accumulation:

[...] rests on flexibility with respect to labour processes, labour markets, products, and patterns of consumption. It is characterized by the emergence of entirely new sectors of production, new ways of providing financial services, new markets, and, above all, greatly intensified rates of commercial, technological, and organizational innovation. It has entrained rapid shifts in the patterning of uneven development, both between sectors and between geographical regions, giving rise, for example, to a vast surge in so-called 'service-sector' employment as well as to entirely new industrial ensembles in hitherto underdeveloped regions [...].

This capitalist logic manifests in the contemporary real estate market, especially with the integration of platforms, such as Airbnb, for example, into the urban space production. Lee et al. (2020), address the rise of platform economies and capitalism through a technical ideology and value of data accumulation, indicating the interruption of service models in favor of using platforms such as Airbnb and Uber. In this sense, the platforms increase social inequalities and indicate the

need for a critical view on the part of planners, taking into account social impacts and the local context in the inclusion of these platforms' indicators in the development process of cities. It is understood that the expansion of digital services platforms causes socio-territorial impacts, since responses to the demands of the population regarding access to housing are diminished, prioritizing market interests over basic needs of the people.

In Brazil, platforms such as Airbnb are directly linked to financialization and rentierism, phenomena that turn real estate into assets aimed at income extraction. According to Brettas (2020), there is no detachment between production and finance, since profitability is directly associated with the expansion of accumulation frontiers, which depends on the value generated in the production sphere. Therefore, we understand that recent real estate developments, such as studios and compact apartments, designed to attract investors, exemplify how housing production is increasingly subordinate to speculators' interests, often at the cost of local housing needs. In this accumulation regime, characterized by rapid changes and growing uncertainty, analyzing the contemporary urban space requires understanding the logic imposed by large companies, which redefine the strategies for land occupation and use.

For Fix and Paulani (2019), new configurations that have been acting in urban space production and reproduction intensify land dealings purely as a financial asset, with the profitability capacity taking precedence over its effective use value. Such configurations

are interconnected with financialization and relationships that form in this context. The integration of digital platforms into urban dynamics represents a structural transformation in contemporary capitalism. Urban space begins to be redefined based on a financial and market logic, intensifying inequalities and focusing on market interests instead of the needs of the population. In this regard, the case study based on the metropolis of Porto Alegre, capital of Rio Grande do Sul, in southern Brazil, can provide insights into the urban transformations promoted by platform capitalism.

Real estate production and pro-market changes

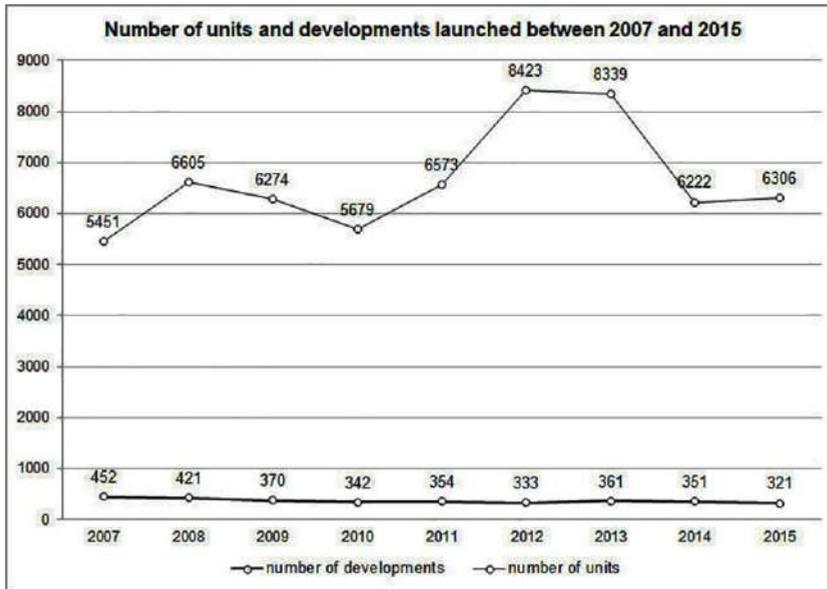
In Porto Alegre, the expansion of real estate developments focused on short-term rentals reflects the logic of platform capitalism and its influences on socio-spatial dynamics. Such developments are promoted as investment solutions, directly connecting to the dynamics of digital platforms that intensify the commodified use of the territory. To better understand the impacts of these processes, it is essential to analyze how these practices are organizing urban space, frequently deepening inequalities and reshaping urban planning in light of financial interests.

The dynamics of the real estate market in metropolises, which directly reflects on urban space shaping, has been gradually transforming due to economic stimulation through the real

estate sector. These changes are reinforced by the flexibility of legislation and the incentive for pro-market projects. In Porto Alegre, the real estate production distribution over the last three decades revealed distinct urban sprawl processes leveraged by real estate expansion. An example is the appreciation of the central-east axis, fostered by the implementation of the Iguatemi Shopping Mall in 1993. This development contributed to the transformation of the region, which until then had rural characteristics, and, over the years, established itself as one of the most valued areas of the city (Maraschin, Campos, and Piccinini, 2012). On the other hand, projects aimed at the middle- and low-income brackets followed another production logic, since they are not linked to real estate appreciation, but to the incorporation of cheap land with poor infrastructure in less dense and structured areas.

The My House My Life Program (Programa Minha Casa Minha Vida, PMCMV) also played a central role in urban sprawl in recent years, as widely discussed in academic literature (Fix, 2011; Shimbo, 2010). This program influenced the production of urban space and continues to reverberate in developers' decisions to this day. Based on secondary data collected and released by Sinduscon-RS between 2007 and 2015, we can verify which trends and patterns of the real estate boom have impacted Porto Alegre (Graph 1). With this, we seek not only clues to understand the manifestation of this process in the city but also indicators of the crisis of this production model, caused by economic and political factors.

Graph 1 – Overview of real estate production in Porto Alegre between 2007 and 2015



Source: prepared by the authors in 2024, based on the Real Estate Census (Sinduscon-RS, from 2007 to 2015).

The initial growth presented between 2007 and 2008, of 21%, reflects the national scenario of the real estate market of speculation and enthusiasm around arrangements and regulations that were fundamental for the PMCMV development. But it also points to local events that prompted this growth, such as the package of "World Cup Works" ([Obras para a Copa] 2007-2014), in which R\$83 million were invested over the years, also affecting areas of real estate speculation and where Special Projects of Urban Impact (Projetos Especiais de Impacto Urbano, PE) were approved. In the period from

2008 to 2011, a relative stability with slight variation can be observed. However, between 2012 and 2013, the number of units launched reached its peak (8,423 units). The years 2014 and 2015 show a sharp drop compared to 2013, around 25%, reverting to the same levels of 2008.

However, the number of developments remained stable between 2007 and 2015, suggesting a change in the profile of developments launched during the period. Developments launched to meet the demands of the economic segment and the PMCMV are of a significantly larger scale, which may

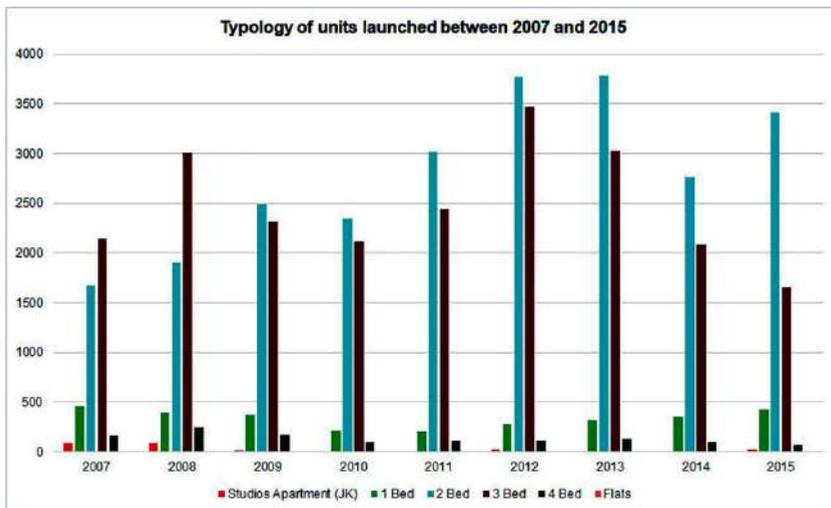
explain the low variation in the number of developments, even when the number of units increases notably – which occurred between 2012 and 2013. Companies focused exclusively on the market niche of the middle- and low-income segment tend to launch developments with, on average, 400 units, located in areas of real estate and urban expansion.

On the other hand, companies focused on the middle- and high-income segment do not find significant space for large-scale developments and with larger family units (more than two bedrooms). This is due to the shortage of land located in well-established areas and urban planning legislation that tends

to be less flexible in central areas. This issue reflects on the typologies produced by the real estate market and how they follow a trend of appreciation and the possibility of Gross Development Value (GDV) – an estimate of the development revenue potential – increase. Graph 2 presents an overview of the evolution of the typologies developed over the analyzed period.

The data analyzed in Graph 2 highlight certain aspects. The first aspect is that most of the units launched belong to the two-bedroom category, with peaks in 2012 and 2013, aligned with the general increase in the number of units during the period. In the second place,

Graph 2 – Overview of real estate production in Porto Alegre between 2007 and 2015



Source: prepared by the authors in 2024, based on the Real Estate Census (Sinduscon-RS, from 2007 to 2015).

there is the three-bedroom typology, although it kept ahead at the beginning of the period, pointing to a change in the profile of typologies and families. Lastly, it is noticed that, between 2007 and 2015, a low representativeness of the typologies¹ "JK apartments",² "one-bedroom", "four-bedroom", and "flats"³ was identified, with significantly lower launch numbers compared to two-bedroom and three-bedroom units. Although still in the minority, one-bedroom units and flats showed a slight increase in 2014 and 2015.

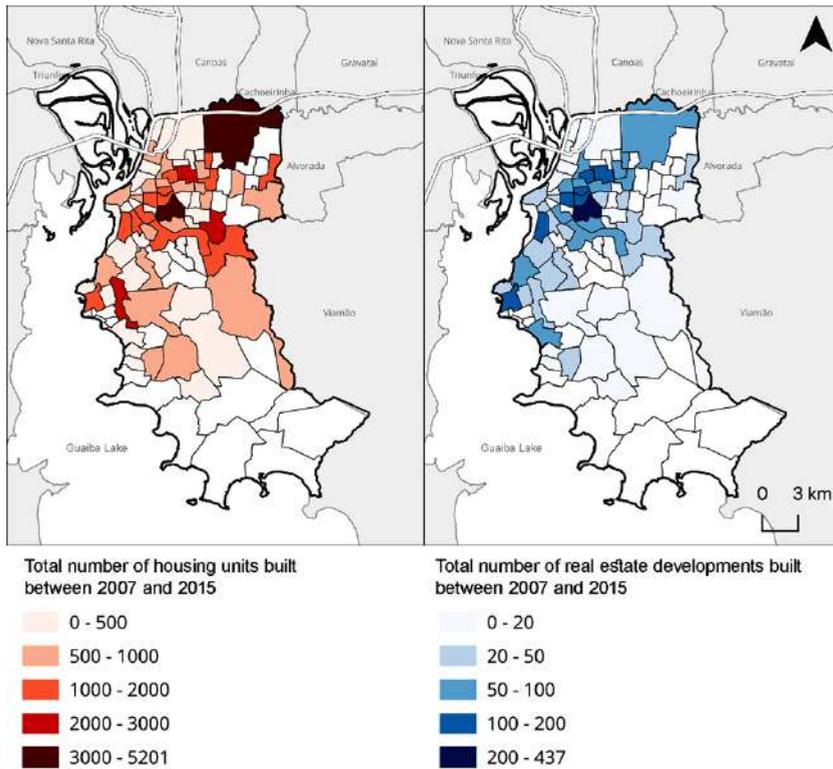
In addition to these trends, Graph 2 relates to Graph 1 by showing the predominance of two-bedroom units, with a peak in 2013, which reinforces the market sought to meet a broader demand, accessible to lower-income groups that year. The fluctuations highlighted throughout the period, from the peak in 2012 and 2013, to the subsequent fall in 2014, especially in two-bedroom and three-bedroom units, indicate the general cooling of the real estate market, particularly affecting large-scale launches.

In the national context, the specificities of the analyzed period reflect the housing credit expansion, the PMCMV establishment, the IPOs of real estate developers in the stock market, and the foreign capital inflow into these companies, among other factors (Fix, 2011; Shimbo, 2010; Penha Filho, 2020). Even before the broadening promoted by the PMCMV, real estate production had a substantial increase, between 2006 and 2008, coinciding with the period of the companies' IPOs (Cardoso and Aragão, 2011; Penha Filho, 2020). Particularly regarding Porto Alegre, the Graph 1 data

show no distinction between the developers' corporate profile, however, the strong presence of publicly listed companies of national scope in Porto Alegre suggests the data presented are aligned with the national trend. Moreover, although the data are linked to the production of, on average, 188 different companies per year, a temporal analysis (2002–2016) reveals that 50.5% of offered units are concentrated in 17 companies (Sinduscon-RS, 2025).

The maps presented in Figure 1 highlight the concentration of real estate production in Porto Alegre between 2007 and 2015, showing distinct patterns among the total number of units and developments built. The central and northern regions of the city concentrate the majority of launches. With emphasis on the central area that has good urban infrastructure and road connectivity, reflecting the preference of developers for more established territories, where the potential for the absorption of new developments and differential rent extraction is higher. However, an important difference between the number of units and developments can be observed: while regions with a greater number of developments tend to house buildings with fewer units, neighborhoods with higher number of units indicate a predominance of large-scale developments, that is, developments with a larger number of units, such as the vertical residential condominiums intended for the PMCMV demands. On the other hand, peripheral areas, especially to the south and southeast of the city, present a low participation in the period, reinforcing the exclusion of these territories from the formal real estate market.

Figure 1 – Overview of real estate production in Porto Alegre between 2007 and 2015



Source: prepared by the authors in 2024, based on the Real Estate Census (Sinduscon-RS, from 2007 to 2015).

Penha Filho (2020, p. 64) points out that the change in the real estate production level can be seen, in a national analysis, from 2012, "with a 30% reduction in units launched compared to 2011". This movement was intensified by the recessionary scenario from 2015, associated with the national political crisis, resulting in the cooling of production between 2015 and 2016 (Rufino, Borges, Colpani, 2022). Although the financial sector has always been fundamental to the real estate, the slowdown in the expansion cycle reflected

in a fiscal adjustment model supported by austerity, strengthening the role of banks in the real estate sector, which took advantage of the context to acquire undervalued assets and consolidate their relevance in the market (Rufino, Borges, Colpani, 2022).

From 2017, a new expansion cycle begins, driven by the drop in the Selic rate and by the incentive to housing finance and investments in real estate assets. This movement drove the restructuring of large developers, particularly the publicly listed ones focused on high-end

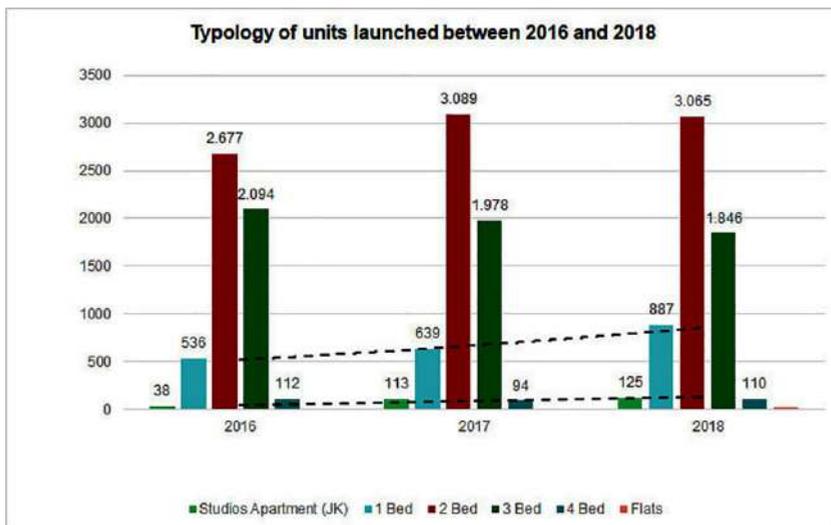
developments, which began to adopt a more prominent financial rationality, with the introduction of financialized indicators in their management (Rufino, Borges, Colpani, 2022; Shimbo et al., 2022). The resumption of housing production aimed at middle- and high-income segments, observed from this period, is directly related to the adoption of this financial rationality (Shimbo et al., 2022).

From the infiltration of financial rationality in the companies, a series of new business practices in the real estate sector begin to be implemented, such as the introduction of real estate consulting and financial indicators in management. In summary, real estate consultancies play a crucial role in the definition of the typology to be produced, by interfering in the product standardization and its nature, aiming to make it easily comparable and marketable as

any other financial asset (Shimbo et al., 2022; Shimbo, Sanfelici, and Martinez-Gonzalez, 2021). Graph 3 presents how the recovery process of the companies impacted real estate production, revealing production strategies and market positioning.

Between 2016 and 2018, the two-bedroom and three-bedroom typologies still dominate the market in absolute terms, while the one-bedroom, JK, and flat categories demonstrate more significant proportional growth over the period, which may indicate changes in demand or a diversification of the real estate offering. The percentage growth of one-bedroom units launched reached 65.5%, indicating a greater focus on compact units, possibly aimed at rental or smaller family composition profiles. While the percentage growth of three-bedroom typologies varied by -11.9%, the two-bedroom typology

Graph 3 – Overview of real estate production in Porto Alegre between 2016 and 2018



Source: prepared by the authors in 2024, based on the Real Estate Census (Sinduscon-RS, from 2016 to 2018).

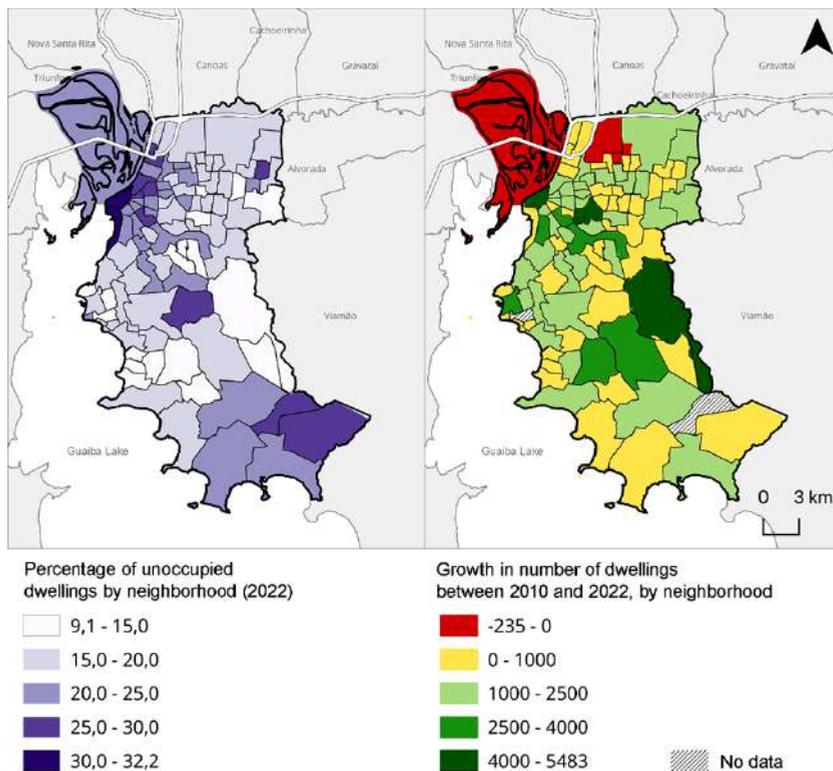
increased by +14.5%, remaining the predominant typology in the period. Despite maintaining low absolute numbers, the JK and flat typologies had relevant proportional growth: JKs increased by 228% and flats by 130%.

In the last five years, there has been highly symptomatic growth in the supply of high-end compact properties, such as studios, marketed as a possibility of investments both in the long term, considering future appreciation, and in the short term, from rental in the short-stay model. According to secondary data released by Sinduscon-RS, the sale of this type of property increased by almost 25% between

September 2020 and March 2023. In general, these developments are located in central areas, have a small area, but a high average value per square meter, and do not offer parking spaces. Such a configuration becomes an advantage for the developer by enabling a greater constructive densification and rent extraction higher than the construction of family-oriented typologies, that is, with more than one room.

The maps in Figure 2 demonstrate two aspects related to the housing dynamics of Porto Alegre: the percentage of unoccupied housing units by neighborhood and the growth in the number of households between 2010 and 2022.

Figure 2 – Neighborhoods with the highest growth of housing units between the 2010 and 2022 Censuses



Source: prepared by the authors in 2024, based on IBGE (2010; 2022).

The map on the left (percentage of housing units by neighborhoods) shows that the neighborhoods with the highest percentage of unoccupied real estate (greater than 30%) are concentrated in the south, southeast, and central zones of the city. The map on the right reveals that the growth in the number of housing units was more significant in the central area and peripheral neighborhoods. Especially in the eastern zone, where the increase exceeded 4,000 units and may be directly related to the real estate boom and real estate production aimed at low-income segments.

The data released by the 2022 Census reinforce the need to assess the misalignment of the real estate production and demographic

dynamics of the city. Table 1 shows the city has 686,491 units of private housing units, of which 18.68% are unoccupied (between vacant and for occasional use), representing 128,239 units. This implies a high vacancy rate, indicating a significant supply of properties that are not being used for regular housing. Another data that stands out is the recent population decline. Between 2010 and 2022, the resident population of Porto Alegre decreased by 6.16%, contrasting with the positive, albeit discreet, growth of previous decades. In the same period (2010–2022), the number of unoccupied housing units significantly increased, reaching 128,263 units (18.6% of the total), with 101,013 vacant units and 27,250 for occasional use.

Table 1 – Population growth and the relationship between total housing units and unoccupied units (vacant or for occasional use)

Year	Resident Pop.	Total housing units	Occupied private housing units	Permanent private housing units – unoccupied		
				Total	Vacant	Occasional use
2022	1,322,584	687,602	528,151	128,263	101,013	27,250
2010	1,409,351	574,831	508,813	65,226	48,934	16,292
2000	1,360,590	503,536	441,828	57,559	42,736	14,823

Source: prepared by the authors in 2024, based on IBGE (2000; 2010; 2022).

These data reinforce the existence of a misalignment between the production of housing units and the needs of the population. The expansion of the number of housing units in a population decline context suggests the real estate market is more driven by the logic of financial appreciation and investments rather than by the relationship to the demand for housing. This trend also explains the high vacancy rate and number of properties geared to occasional use.

The overlay of this information suggests a mismatch between the real estate supply and effective occupation, revealing challenges in the coordination between urban planning and housing demands. The priority given to the high-value market can reinforce socio-spatial inequalities and drive the most vulnerable population to peripheral areas, with poor infrastructure and far from employment and service centers. This emphasizes the need for public policies that promote the effective use of existing properties while ensuring affordable and well-located housing for the population.

The recent real estate production in Porto Alegre triggers discussions, especially considering the high property vacancy rate, reinforcing the idea that a large part of recent developments was designed to meet the investment logic, instead of responding to a concrete housing demand (Fagundes, 2022). This dynamic is associated with the process of financialization of urban space production, as argued by Fix (2007). In this process, real estate production is disconnected from real needs, resulting in high idle inventories.

The post-pandemic real estate market

After the Covid-19 pandemic, new developments were launched with typologies predominantly of compact apartments and studios. Between December 2021 and December 2022, 1,635 units of studios were launched in Porto Alegre, leading as the most offered typology. Confirming the market trend directed to compact properties with high sale price, with an average square meter price of R\$16,510 (Sinduscon-RS, 2025).

Studios' sales remained high between March 2022 and February 2023, when they had proportional growth of 136% (1,724 units), representing 34% of sales. The pandemic may have had an initial impact on this phenomenon, contributing to the transformation of individuals' preferences and the real estate market dynamics. During the pandemic, many people sought properties that offered a strategic location, in addition to the demand for second homes, even if with a smaller floor area, as long as they facilitated the remote workers' logistics. With the reopening and increase in business and tourism trips, studios benefited from the use of platforms such as Airbnb. Changes in investors' behavior also stimulated the production of this type of development, which has come to be seen as one of the most resilient assets, due to the possibility of high liquidity and the potential for quick return in the rental market. We note that this change in market behavior may be due to a combination of factors, such as economic pressures imposed

by the pandemic scenario and behavioral adaptations. Established through developers' adjustments to new market demands, including compact launches in their portfolios (Urban, 2023; Monitor Mercantil, 2021; Cofeci, 2022).

In an urban and social context, the construction of studios and compact apartments, typologies that share characteristics with one-bedroom apartments, JKs, and flats, emerges as a growing trend. Certain factors help to understand this phenomenon: the increase in one-person households consisting of people who prefer central urban areas; the presence of couples without children (DINKS – Dual Income, No Kids); the promotion of compact typologies as an alternative for lower-income groups, although the square meter of these units is higher than the others; and, lastly, the possibility of using these properties for short-term rentals or temporary housing (IBGE, 2022; Kreisberg, 2024).

The last factor is strongly related to the growth of short-term rental platforms, such as Airbnb, and the popularization of affordable investment models, such as the sale of real estate fractions. Airbnb and other platforms boost the search for compact properties, well-located, and aimed at the high-income segment, particularly in central areas or near tourist attractions and business centers, with the main target audience being tourists, freelancers, and digital nomads. In addition to these, another recent audience is the individual investors or saver-investors. With the decline in traditional interest rates such as savings and government bonds, the search for alternatives in real estate investments has become an option, seen – and publicized – as a possibility of high liquidity and financial return via rental income (Cavalcanti, 2024; Lima, 2024).

Among the adjustments that regulated the expansion of property as a profitable investment is Law n. 13.777/18. Although the law was enacted before the pandemic, it helped the organization of strategies during and after the pandemic. Internationally known as Time Sharing, the law provides for the legal regime of timeshare ownership and its registration, opening doors to new business models, such as short-term rental platforms and fractional sales. The law was created to facilitate the management and process of real estate transactions, particularly regarding fractional ownership and multiple property registrations. Through it, it is possible to divide the property into multiple units and sell these fractions safely, based on a legal mechanism that allows the individual registration of these fractions and their legal compliance. In addition, the law addresses the regulation of real estate registration for foreigners in Brazil, which may signal an effort to attract foreign investors (Santiago, 2024; Brasil, 2018).

Financialization and profit maximization

The evolution of the real estate market in Porto Alegre reflects transformations driven by economic, political, and social changes throughout the analyzed period. The recent predominance of compact typologies, such as studios and compact apartments, is often associated with platform capitalism and financialization. The articulation between the productive sector of civil construction and the financial sector in the city favors speculation,

while the affordable housing segment and Social Interest Housing are implemented in peripheral areas and far from the center, deepening segregation. The location of these developments limits the access of low-income populations to employment opportunities, education, and urban services, perpetuating a cycle of social and economic exclusion that should be addressed with more inclusive and integrated urban policies.

The recent real estate production dynamics in Porto Alegre can also be understood in the light of the "growth machine" hypothesis, as taken up by Lahorgue, Soares, and Campos (2022), who analyze how the state and market coordinate around the continuous urban land appreciation. According to the authors, the growth of housing production in the metropolis does not necessarily respond to existing social demands, but rather to the accumulation logic through land value appreciation. This perspective contributes to understanding the permanence and expansion of standardized real estate strategies, even in popular segments, revealing the hegemony of economic agents that, supported by institutional frameworks and permissive urban policies, operate relatively autonomously in the face of demographic and territorial constraints.

Developments launched in Porto Alegre, particularly from 2020, stand out for using in the marketing of their launches the possibilities of income generation through compact units, reinforcing a pattern that has transformed over the years. The change in the predominance of typologies was modified over the years, and with it, the idea of housing as crystallized capital. Built from the homeownership culture, real estate as an investment and a guaranteed income has been

transforming according to the mentioned factors, reflecting on urban space transformation, both in its infrastructure and socio-spatial dynamics of established areas.

In 2024, the expansion of compact typologies' production became even more evident in a balance sheet released in September by Sinduscon-RS in partnership with Alphaplan. The analysis, which considers the vertical residential launches, indicates that of the 2,417 units launched in the period, 42% were classified as studios and 14% were one-bedroom typologies. It must be considered that, not infrequently, both typologies are differentiated by the construction of internal partitions, with no significant differences in unit area. Another aspect, which reflects changes, is the relatively high proportion of three-bedroom typologies.

Although this is no longer the dominant typology, it maintains relevance in the market, presenting a higher number of launches than the traditional two-bedroom typology. This data also signals the recovery strategy of the real estate market after the slowdown: studios, compact (one-bedroom) units, and three-bedroom units, which meet a solid and limited demand of a segment with increased solvency.

Table 2 presents the distribution of launched units by typology and their share in the Gross Development Value (GDV) in vertical residential launches (PMCMV not considered) over twelve months. Studios and one-bedroom compacts have a GDV of 27%, indicating lower market value per unit, but still with a significant share. However, it is noted the relevance of three-bedroom properties, which, although they do not represent the majority, dominate the market in terms of GDV (51%). This indicates a strong

Table 2 – Vertical residential launches, by number of bedrooms
(last 12 months to Sep 2024)

Number of Bedrooms	Share (%) and Units		Share (%) and GDV	
	Quantity	Percentage (%)	Total value (R\$)	Percentage (%)
<i>Studio</i>	1,169	42	555 million	19
1 Bedroom	394	14	225 million	8
2 Bedrooms	400	14	349 million	12
3 Bedrooms	748	27	1,457 billion	51
4 Bedrooms	50	2	261 million	9

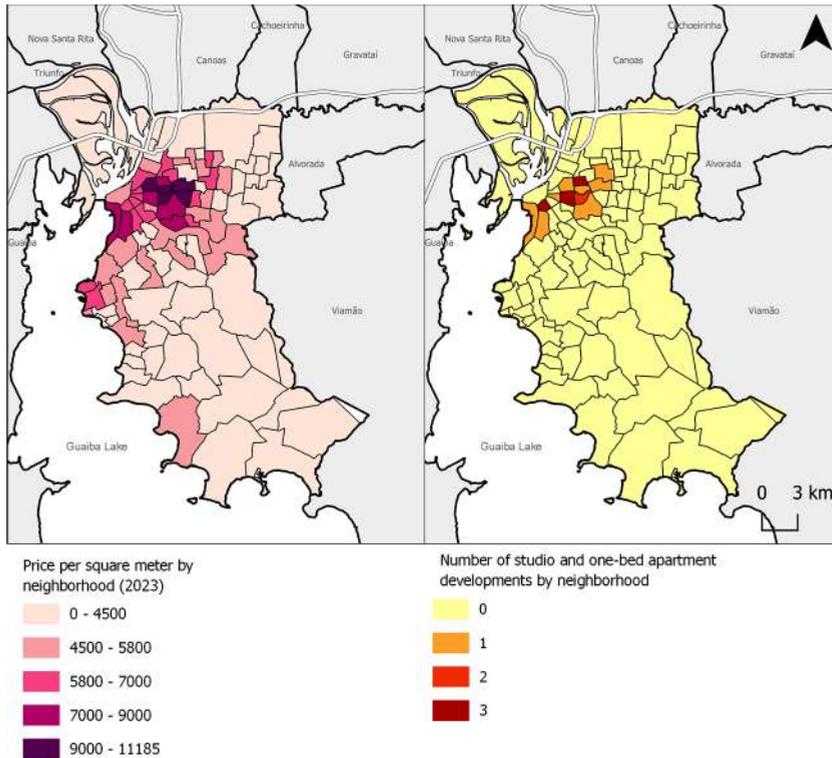
Source: prepared by the authors in 2024, based on the Real Estate Market Overview (Sinduscon-RS, 2025).

demand for middle- and high-end properties, aimed at families and consumers with higher purchasing power.

The maps in Figure 3 show a relationship between the price per square meter and the concentration of studio and compact apartment developments in the neighborhoods of Porto Alegre. In the first map (left), it is possible to note that the highest values per square meter (above R\$9,000) are concentrated in the most central areas and close to the upscale neighborhoods of the city, while peripheral regions present values below R\$4,000. For the second map (right), we analyzed the launches released between 2020 and 2024 on the institutional websites of two developers operating in the local market, pointing to the concentration of one-bedroom apartments and studios in central and adjacent areas.

The analyzed maps demonstrate the concentration of studios and compact apartments in central regions, areas associated with high values per square meter, reinforcing real estate appreciation at the cost of housing affordability. This distribution reflects a market dynamic geared toward meeting the demand of saver-investors who often make their properties available on rental and travel platforms, and who have also begun offering units in this format and seek more highly valued areas with greater availability of infrastructure and services. On the other hand, the low presence of these typologies in peripheral areas suggests the non-inclusion of these territories in the real estate market geared toward compact housing, indicating a direct relationship between the real estate production of studios and compact apartments with their profitability capacity.

Figure 3 – Price per square meter (2022–2023) and number of studio and one-bedroom apartment developments, by neighborhood (2020–2024)



Source: prepared by the authors in 2024, based on Agente Imóvel and institutional websites of Melnick and Cyrela Goldsztein.

Two developers stand out in the high-end studios production in Porto Alegre: Melnick S/A and Cyrela Goldsztein. Melnick is currently the main company in Porto Alegre. It went public in 2020 and has been considerably increasing the production of developments and units since then. In 2020, Melnick created a specific line for the segment, the Linha GO, described as suitable for "living, working or investing" (Melnick, 2024). It launched six developments

and approximately 1,300 units of compact apartments and studios through the line. All developments are located in well-established areas, designed with similar infrastructure: laundry room, gym, pet place, event space, mini sports court, among others.

Some of the company's projects present the possibility of expanding the floor plan by combining two or more units, offering the possibility of optimization of floor plans as

an advantage to the investor. With this, the developer can offer various typologies, which can vary from 25 to 151 square meters, reaching up to four bedrooms. The scale of the Linha GO developments reaches 190 units per launch, with an average private area of 49 square meters per unit, considering the expansion possibilities, and an average square meter price of R\$14,000.

Cyrela Goldsztejn, the branch of Cyrela that operates exclusively in the southern region, is the result of the merger between Cyrela, founded in 1962 and publicly traded since 2005, and Goldsztejn, a company from Rio Grande do Sul. The company operates in the city in the high-end residential segment with a focus on studios; between 2018 and 2019, there were 912 units, and between 2020 and 2024, there were 2,561 units. The developments of the company have a scale of approximately 300 units and an average private area of 34 square meters, with an average square meter value similar to the developments of Melnick. However, two Cyrela Goldsztejn developments stand out among those recently launched in the local market: 24/Se7te, launched in 2023, and Vista Praia de Belas, launched in 2024.

The company classifies the 24/Se7te Live & Stay development as "residential with services," sharing characteristics with the other developments launched in the city in the typology studied: it is well-located and offers various services such as the pay-per-use, which provides cleaning, housekeeping, and courier services 24 hours a day, seven days a week. The average unit value in this development stands out: R\$660,000 per unit—R\$26,000

per square meter. The developer adopted for the development the co-ownership system of Autonomous Units Apartments, which can be sold in share fractions of $\frac{1}{4}$, 25% of the unit. Given that these are properties intended exclusively for rental in a rental pool system,⁴ the management of the development is solely the responsibility of Stay Charlie, a PropTech specialized in short-term rental developments, which manages approximately one billion reais in assets (CVM, 2023).

In addition to this development model, the company launched in July 2024 the Vista Praia de Belas development, with 419 units of 18 to 21 square meters distributed across 17 floors, with an average square meter price of R\$17,000. The development is located in one of the neighborhoods hardest hit during the May 2024 flood, but this fact did not prevent all the units from being sold in 14 days. Rodrigo Putinato, CEO of Cyrela Goldsztejn, considers that the development was designed to meet the demands and interests of investors and points out that 70% of units were acquired by "saver-investors" (Sousa, 2024).

The market logic that prioritizes developments aimed at maximizing profitability at the expense of housing affordability, urban sustainability, and meeting real housing demands highlights issues that should be discussed and problematized. In this sense, two topics stand out, real estate appreciation and inclusive housing, particularly when we observe the concentration of developments in central areas that favor investors and high-income users, reinforcing a socio-spatial segregation pattern. The lack of economic housing

developments and the neglect of the state in building public housing policies in central areas perpetuates the lack of access to urban infrastructure and services for the low-income population.

In the case of the co-ownership model adopted in the 24/Se7te development, the housing unit becomes a financial asset, aligned with the interests of investors seeking passive income. This process deepens the disconnect between production and real demand and reinforces the financialization of the real estate market. In addition, it positions the development as a highly upscale and exclusive product, given its high average price. The same development highlights the profit maximization through the concentration of services and the exclusive corporate control by the PropTech Stay Charlie, prioritizing service to short-term users at the expense of permanent residents.

The launch and rapid commercialization in areas severely affected by the May 2024 flood expose a market indifference to the socio-environmental vulnerabilities, prioritizing opportunities for speculation over the risks associated with building densification in susceptible areas. On the other hand, since the beginning of the floods, the real estate market in Porto Alegre has registered significant changes in the demand for properties in neighborhoods not directly affected by the disaster, especially middle- and high-income neighborhoods.

Therefore, future studies should observe the assessment of real estate appreciation to note possible new trends in relocation of higher-income residents, who will hardly tolerate evacuating their homes again due to flooding. In this context, there may be a significant demand

for the sale of properties located in the affected neighborhoods, followed by the demand for property acquisition in places not affected by the flood.

However, as discussed throughout this study, the preference for studios and compact apartments demonstrates a segmentation in the housing market that seeks to meet a specific demand. This practice ignores resilient urban planning needs and also increases future risks, contributing to a more exclusionary urban space and the perpetuation of housing deficits in the most vulnerable segments of the population.

Final remarks

The analysis developed throughout this study revealed how real estate production in Porto Alegre reflects the urban space financialization logic, given that companies' investment decisions are shaped by the demands of investors concerned with the profitability of these developments linked to the rental market. Hence, the concentration of developments in the central areas, aimed at investors and rentals, especially short-term, highlights the disconnect between the real estate production and real housing demand, indicating that the real estate market functions as a capital accumulation instrument.

The analyzed cases of the Melnick S/A and Cyrela Goldsztein developers exemplify this phenomenon, demonstrating the mass production of studios and compact apartments designed to cater to investors and rental

platforms. The Linha GO line creation by Melnick indicates how real estate production is shaped by financial flexibility. The possibility of merging floor plans and the concentration of these developments in well-established areas reveal a logic that aims to extract the highest value from the most valued land.

In addition, the use of co-ownership and PropTech-led management models, as in the 24/Se7te Live & Stay, shows the transformation of units into financial assets, disconnected from the local reality. Demonstrated by the market logic that remains indifferent to socio-environmental vulnerabilities and urban planning, which must consider not only the areas affected by the May 2024 floods, but also what strategies

and measures will be adopted to prevent the population from being vulnerable to new disasters.

These results show the urgency of reevaluating the role of the real estate market in urban space production and its relationship with public policies geared toward social and environmental justice. To that end, it is necessary to create stricter regulatory frameworks and implement policies that ensure affordable housing in well-located and safe areas, mitigating the impacts of real estate speculation. This work aims to contribute to understanding real estate dynamics in Porto Alegre, its socio-spatial impacts, and the influence of production trends leveraged by digital platforms and financial investors.

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Notes

- (1) The typology terms were used as defined by the data collection source. When the same source begins to refer to the typologies with new terms, the text changes.
- (2) Common terminology for studio apartments in Brazil.
- (3) Common terminology for serviced apartments in Brazil.
- (4) Model in which the owner of the unit or fractional share signs a contract with the property management company, forming a Silent Partnership (Sociedade em Conta de Participação, SCP).

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