

STRATEGIC PLANNING, THE REAL ESTATE ECONOMY, AND THE PRODUCTION OF NEW SPACES OF CENTRALITY. THE CASE OF MEXICO CITY

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With 2 figures

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Summary: Taking Mexico City as a case study, this paper deals with the production of new economic centralities caused by global city formation. After sketching out the emergence of delimitable global city zones as the new downtown in Mexico City, the role the massive influx of foreign direct investment into the real estate economy and the growth of Mexico City's producer service sector have played in the making of the new downtown is analysed. In the fourth section, I will argue that for the production of these new spaces of centrality urban policies and, in particular, planning mechanisms have been changed, in order to permit a faster, more flexible and site-specific handling of building projects. In that respect, strategic urban planning with its focus on key economic areas within the city and with its commitment to large urban projects has been critical. Finally, the paper shows that global circuits of knowledge and local pressures by the real estate economy have been the main mechanisms which have induced the changes in urban politics in Mexico City.

Zusammenfassung: Diese Studie untersucht am Beispiel von Mexico City die Produktion neuer ökonomischer Zentralitäten, die durch die Herausbildung von global city Funktionen bedingt werden. Nachdem das Entstehen eines neuen CBDs und räumlich deutlich abgrenzbarer global city Gebiete innerhalb von Mexico City skizziert werden, untersucht der Beitrag die Bedeutung des massiven Zustroms ADI in die Immobilienwirtschaft und des Wachstums des produktionsbezogenen Dienstleistungssektors für die Produktion des neuen CBDs. Im vierten Abschnitt wird argumentiert, dass, um die Produktion der neuen Räume wirtschaftlicher Zentralität zu begünstigen, die städtische Politik und v.a. Planungsmechanismen derart verändert wurden, um eine schnellere, flexiblere und ortsspezifische Behandlung von Immobilienprojekten zu ermöglichen. In diesem Zusammenhang war die Einführung von Instrumenten strategischer Stadtplanung mit ihrem Fokus auf zentrale wirtschaftliche Gebiete innerhalb der Stadt und auf große städtische Projekte entscheidend. Die Studie zeigt schlussendlich, dass globale Wissenskreisläufe und lokaler Druck durch die Immobilienwirtschaft die wesentlichen Mechanismen waren, durch welche die stadtpolitischen Veränderungen in Mexico City herbeigeführt wurden.

Keywords: Urban planning, real estate economy, global cities, Mexico City

1 Introduction

As many other cities, Mexico City has seen the production of new downtowns, which provide the physical infrastructure for a new type of centrality in the last two decades. Different to the wider notion of new centralities in a world society advanced by HELBRECHT and DIRKSMEIER (2012), I deal here with new *economic* centralities that have emerged with global cities (SASSEN 1991). This is a geographically dispersed centrality, which takes the form of a cross-border network of global cities. This network cuts across the traditional North-South power divide by integrating cities in the 'First' as well as in the 'Third' world (for an empirical account see TAYLOR et al. 2011). Becoming part of this global network of economic centrality triggers profound urban transformations in the respective cities, of which a strong growth of the

producer service sector is the most salient one. This growth tends to deepen existing inequalities of urban economies and societies, and it has caused massive interventions into the built environment. Global city formation has brought about 'a new architecture of centrality that represented and housed new forms of economic power – that is, the hyperspace of international business; witness the corporate towers, corporate hotels, and world-class airports that have constituted a new geography of the built environment of centrality' (SASSEN 1996, 208f). In cities in poorer countries, the restructuring of the urban form is particularly salient because they have so far not counted with economic activities that are core on a worldwide scale. Yet, because all the financial institutions, legal and accountancy firms and business consultancies that have followed their clients to Latin American, African or Asian cities require high quality office

spaces, and because existing inventory in these cities could neither quantitatively nor qualitatively accommodate this demand, the need to literally house the global city led to the production of new downtowns.

In this paper I briefly review this development in Mexico City, to then elaborate on two (interrelated) forces driving this process: While on the supply side, the massive influx of (foreign) capital in the real estate economy has nourished an unprecedented construction boom, on the demand side, the growth of the producer service sector in the course of global city formation has spurred the demand for prime office space. In the fourth section, I will sketch out some major changes in urban planning in Mexico City, to then show that they have been instrumental for the production of the new downtowns. Finally, I will discuss global circuits of knowledge and local pressures by the real estate economy as main mechanisms that have induced the changes in urban politics in Mexico City.¹⁾ The research was conducted using a mixed method approach. For the first two sections I collected and analyzed quantitative data on real estate economy, on foreign direct investment, on the performance of Mexico City's producer service sector and on the locational patterns of Mexico's biggest firms. Data sources were a) quarterly and annual reports of real estate firms (namely CB Richard Ellis, Colliers International, Cushman & Wakefield and Jones Lang LaSalle); b) data banks of the Mexican Statistical Institute (INEGI) and of the Mexican Department of Commerce (SECRETARÍA DE ECONOMÍA); c) the CNN/Expansión data bank on the 500 biggest companies in Mexico; d) secondary literature. In the third and fourth sections on urban planning in Mexico City I used a qualitative approach. Information was gathered through an analysis of laws, decrees, official releases and other publications of the city government, of the media coverage of real estate developments, of websites and other publications of firms involved in the construction and leasing of office towers, of

¹⁾ As a political entity, Mexico City does not exist. The Metropolitan Area of Mexico City is formed by the Federal District, and (in 2010) by 59 municipalities in the surrounding State of Mexico and one in Hidalgo. The Federal District is the country's capital. While slightly less than half of the city's population lives there, the lion's share of the city gross regional product is produced in the Federal District. If I refer to urban politics in Mexico City or to the city government I mean the government of the Federal District. Until 1997 the Federal District was governed by a *regente* appointed by the president. Since then all mayors came from the left-wing party PRD (Partido de la Revolución Democrática, Party of the Democratic Revolution).

information distributed by urban NGOs and political parties in Mexico City. Furthermore, I conducted six semi-structured expert interviews with architects, urban planners and ex-officials of the Secretaría de Desarrollo Urbano y Vivienda (SEDUVI), all of whom are or have been involved in planning in Mexico City. The interviews, which were carried out in Mexico City in February and in November 2012 and lasted between 60 and 90 minutes each, focused on three broad subject areas. Firstly, interviewees were asked to describe and assess major changes in planning policies and procedures as well as their results (which included, for example, detailed exemplifications of specific instruments). Secondly, the experts should trace influences on planning policies in Mexico City with a specific focus on actors and their geographies. Thirdly, the respondents were asked to give information about and assess relations between the city's planning department and the private sector, namely developers and other real estate firms. Interviews were held in Spanish and were recorded and transcribed. All quotes here were translated by the author.

2 A new downtown in Mexico City

Since the late 1980s, the corporate geography²⁾ in Mexico City has been transformed profoundly. In 2010, the traditional Central Business District (CBD), made up by the corridor *Centro Histórico–Paseo de la Reforma*, the *Polanco* area and *Avendida Insurgentes*, accounted for only 30% of the volume of the sales of the Big 500 companies in Mexico, while the new CBD, built since the late 1980s west of the center (Lomas Palmas, Bosque de Lomas and Santa Fe), already made up 26% (Fig. 1; for a more detailed analysis see PARNREITER et al. 2013). This decentralization happened in the course of a construction boom since the enactment of NAFTA. Between 1997 and 2011 total inventory of office space grew by 3.7 million square meters, doubling to 7.1 million. Further 800,000 square meters were under construction by the end of 2012. In addition to its strong expansion, the office market changed in two noteworthy ways. Firstly, there is a marked tendency towards upgrading. Recent construction supplied offices mainly for the prime segment of the market (A and A+), which increased its share in the total inventory to two thirds.

²⁾ Following GRANT and NIJMAN (2002) I use the term 'corporate geography' to denote the spatial distribution of the offices of large companies.

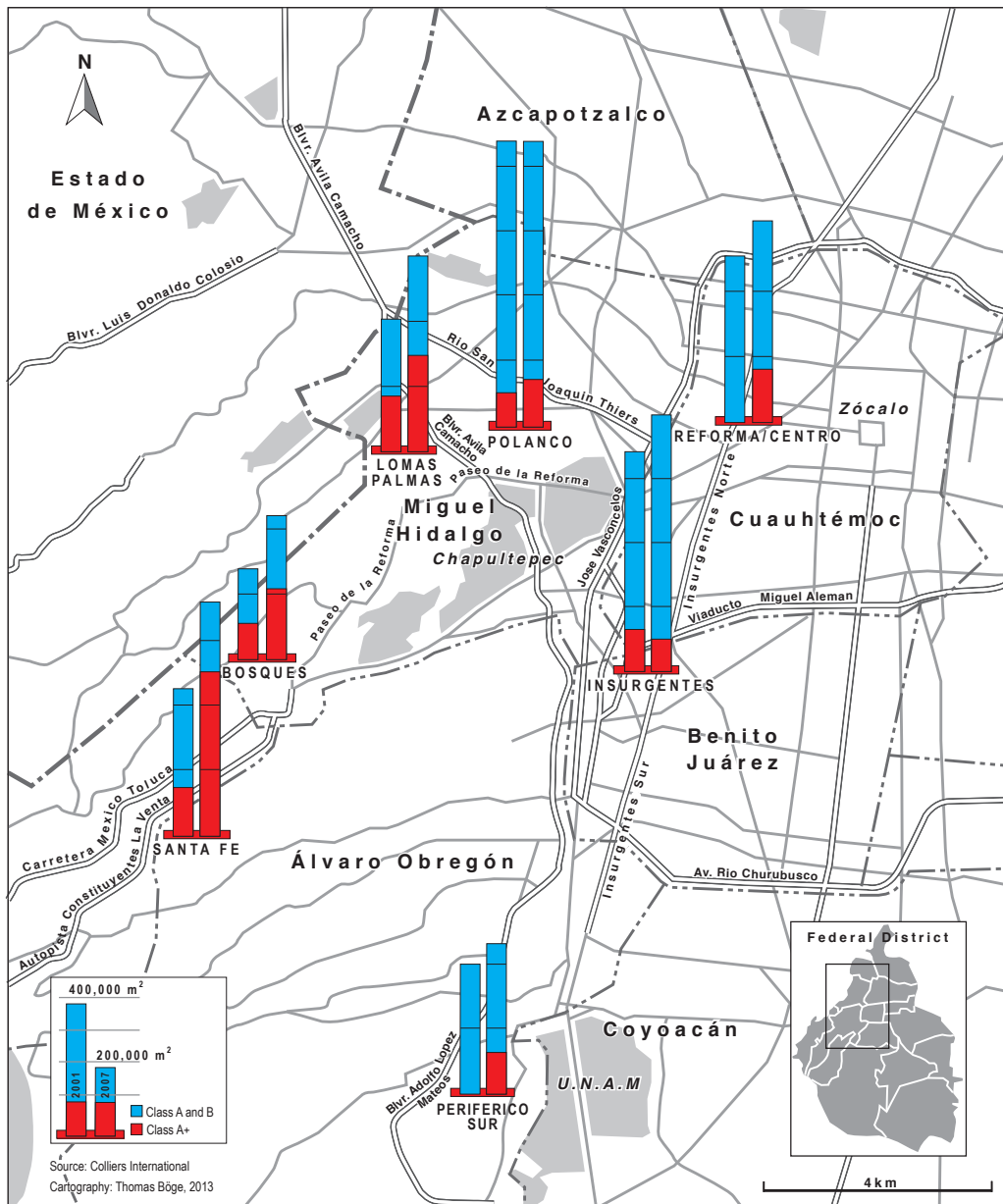


Fig. 1: Office space in Mexico City’s real estate submarkets, total floor space in 2001 and 2007

Secondly, the geography of office space changed considerably. During the few first years of the construction boom, new offices were added mainly in the new CBD, which in 2007 comprised slightly more than half of the inventory. Santa Fe stood particularly out as Mexico City’s new downtown, with 16% of all office space. However, since then the traditional CBD has recovered, mainly due to a massive construction boom along *Paseo de la Reforma*. For long one of the city’s principal boulevards, *Reforma*

lost importance in the 1980s due to the demise of import substitution³⁾ and the damages caused by the

³⁾ Mexico followed an inward oriented and import substituting strategy of catching-up industrialization from the 1930s onwards. Though this strategy yielded substantial economic and social results, it reached its limits in the late 1970s and broke down in 1982 with the debt crisis. After some years of muddling through, since 1986 Mexico opted for a strategy of radical liberalization and globalization.

earthquake in 1985. Yet, with the construction of the *Torre Mayor* in the 1990s began a recovery that is currently leading to a ‘reappropriation’ of the spaces of traditional centrality. While between 2001 and 2009, the construction of several office and mix-used towers have added some 277,000 square meters of office space in *Reforma* (MÁRQUEZ LÓPEZ 2012), projects currently under way such as *Torre Bancomer* (due to summer 2015) will supply further 180,000 square meters. Nevertheless, prime office space is still concentrated in the new CBD (accounting for 61% of all A+ office space), with *Santa Fe* (26%) being the most important submarket.

3 Foreign direct investment in real estate and the growth of the producer service sector

The merging of financial and real estate markets is a characteristic feature of globalization processes. Properties have become ‘mobile’ insofar as they are increasingly used as financial assets, creating a global real estate market located mainly in global cities with a rapidly expanding producer service sector (SASSEN 1991; FAINSTEIN 2001). LIZIERI (most recently in 2012) pointed out that in global cities such as London, global ownership of offices has increased drastically since the 1980s, mainly because the distinction between the funding of real estate development, ownership of real estate as an investment and occupation of property has become blurred. Moreover, in times of decreasing returns to investment, the real estate economy constitutes ‘a kind of last-ditch hope for finding productive uses for rapidly overaccumulating capital’ (HARVEY 1985, 20) – at least until the bubble bursts. Cross-border real estate investment grew strongly until 2007, to make 47% of all transactions (\$357 bn). As a result of the crisis, the volume and the share dropped to \$112 bn and 41%, respectively (JLL 2008, 2012a).

Mexico City is a favoured destination for global real estate investment. Foreign direct investment in real estate services grew (though with fluctuations) significantly until the crisis of 2007/8, and it has increased its share in all FDI going to the Federal District. After the crisis, FDI in real estate services grew again, only to decrease again in 2013 (see footnote 1) (Fig. 2). Though both the volume of cross-border investment and its share in Mexico City’s commercial real estate transactions have fallen significantly in the course of the crisis, between 2007 and 2012 foreign capital accounted for 59% of all transactions (5.2 bn US-\$) (JLL 2012b). Structural

links between the financial and real estate sectors are also revealed by a report of Grupo Financiero BBVA-Bancomer (BBVA 2012). Between 2000 and 2011, the share of Mexico’s construction sector in the total credit volume grew fourfold, up to 21.3%. The construction industry also stands out as the sector with the highest share of indebted firms – 53% of all companies use external financing, as compared to some 30% in the rest of the economy. This, however, seems to be profitable: Real estate firms with loans have significantly higher incomes than firms relying on internal financing.

There are, however, many indications that the construction boom has also been demand driven. Vacancy rate dropped from 23% in 1998 to 5% in 2007. After a crisis-induced increase, it began to fall again to 10% at the end of 2012. Sales and leasing activities picked up, too, so that for JLL (2012, 2) Mexico City is a ‘star market’. Global city formation has been a decisive factor for this increasing demand for office space, because it has caused a strong growth of the producer service sector. In 2008 producer services⁴⁾ accounted for 46.5% of the total value added in the Federal District and for 17.7% of the formally employed. What is important here is, firstly, the strong centralization of producer services in the Federal District, which accounts for 75.8% of the sector’s total value added in Mexico and for 44.5% of all employment in this sector. Secondly, the producer service sector is rapidly growing⁵⁾. In the last decade, financial and real estate services together increased their participation in the product of the Federal District by 65.9% (from 21.4 to 35.5%) and in urban employment by 47.7% (from 7.7 to 11.5%) (INEGI 1999, 2009). This growth has been pushed by the massive influx of global firms. In 2010, of the 175 global producer firms analyzed by GaWC (Globalization and World Cities Research Network), 89 had offices in Mexico City (TAYLOR et al. 2013).

The strong growth of the producer service sector has spurred and changed demand for office space and thereby promoted the production of a new CBD. It is striking that there is, firstly, a clear time dimension to

⁴⁾ Financial and insurance services, real estate services, professional, scientific and technical services, and headquarter services.

⁵⁾ Because the Mexican statistical institute INEGI has modified the classification of economic subsectors, a comparison is possible only for the financial and real estate services. These, however, account together for two thirds of employment and for three fourths of the value added in this sector.

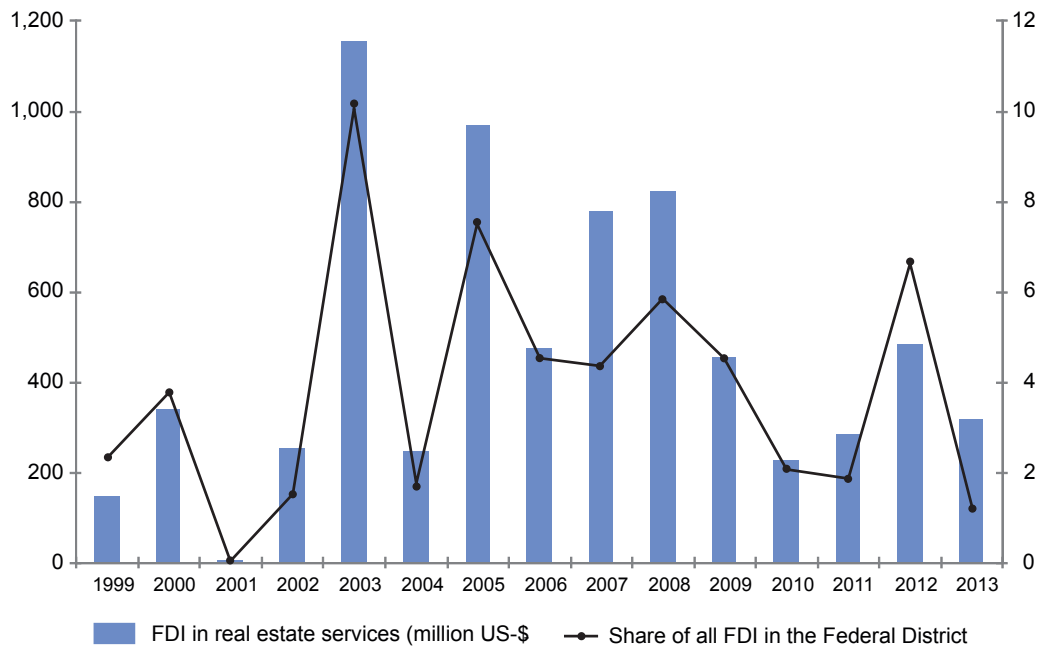


Fig. 2: Foreign direct investment in real estate services in the Federal District, absolute and share, 1999–2013 (million US \$; %) Source: SECRETARÍA DE ECONOMÍA 2015

the geographical differentiation between the old and new CBDs. Firms that already played an important role during import substitution tend to be headquartered in the traditional CBD, while companies which have installed themselves in Mexico since NAFTA has come into effect show a clear preference for the new CBD. There is, secondly, a specific geography to the locations of the headquarters of foreign-owned firms, with the new CBD accounting for 48% of the sales of the foreign-owned firms figuring in the list of the Top 500 companies (as compared to 27% of the traditional CBD). Thirdly, there is also a sectorial dimension to the geographical shift towards the new CBD, though this is not obvious at a first glance. Producer service firms are located equally frequently in the old (43% of the sales of Top 500 producer service firms) and in the new CBD (42%) (Expansión, various years). However, the old CBD concentrates nationally owned financial institutions catering to the domestic market (e.g. Infonavit, FOVISSSTE or Nafin). Moreover, Grupo Financiero BBVA-Bancomer, a now Spanish owned Mexican bank and the ‘top dog’ at the market, which for historical reasons is still located in the old CBD, is about to relocate to *Reforma* once its office tower there has been completed. There are, in sum, spatially delimitable ‘global city zones’ (PARNREITER et al. 2013), whose production in the last two decades has been facilitated by the flexibilization, specification and centralization of urban planning.

4 Flexibilization, specification and centralization of urban planning in Mexico City

Urban planning in Mexico City has been dependent on particularistic decision making by politicians or officials for a long time (WARD 1998). In the 1970s, however, in the heydays of import substituting industrialization, steps towards a democratization of planning were taken so that in 1980 the ‘General Plan of Urban Development of the Federal District’ came into effect. However, the demise of import substitution in the early 1980s and the shift to neoliberal policies at a national and, until 1997, when the first elected mayor of Mexico City (the official title of the mayor is “Head of Government”), Cuauhtémoc Cárdenas from the rather left-wing party PRD, took office, also at the urban scale, implied the end of attempts to further develop democratic and inclusive planning (PRADILLA COBOS 2009). Notwithstanding the fundamental political reform of the 1990s, which brought democratically elected mayors, and although the political left has governed the Federal District since 1997, reforms in urban planning in the last 25 years sought to facilitate urban interventions by making planning more flexible and site-specific, and by re-centralizing decision-making in the hands of the city’s planning Department SEDUVI and the governor. To achieve this goal, one of the first new instruments to be introduced was the ‘Specific Zones for Controlled Development’

(ZEDEC in the Spanish acronym; renamed ‘Partial Programs of Urban Development’ in 1997), established in 1987 under a *regente* (see footnote 1) nominated by president Miguel de la Madrid from the party PRI, which in that time began to prepare negotiations for a free-trade agreement with the United States. Focusing on a geographical scale below the boroughs and entailing fewer rules than the master or borough plans, the ZEDECs were initially designed to control land use in areas where pressure to convert land use from housing to commercial was high (e.g. the upper-income Polanco). However, permitting a more detailed and ‘ad-hoc’ planning, as JORGE GAMBOA DE BUEN put it (2006, 5), who served as the head of the city’s planning department when Camacho Solís was *regente* (1988–1994), and who today directs Grupo Danhos, a major property developer, the ZEDEC quickly has been turned into an instrument of big property development. It became essential for the development of the new CBD in Santa Fe since the late 1980s, because it allowed changing land use in the former sand mine and then garbage dump, which opened the door for the construction of offices, luxury housing and malls.

GAMBOA DE BUEN (1994, 130) is clear in relating the use made of the ZEDEC, namely ‘to adjust the land prices to their potential for development’ to the globalization of the Mexican economy: ‘Suddenly appeared those guys (Salinas Gortari, Camacho Solís, who in 1988 was appointed *regente* of the Federal District by the former, and others; C. P.) with the free trade, and they began to notice that the market also needed good (real estate) projects. ... Santa Fe came right on cue, it has been a terrain of the Federal District’s government, in the West of the city, where (urban) development traditionally wanted to go. ... All of a sudden we noticed that we had terrain with specific elements and which had potential. For that reason we decided to establish a ZEDEC ... We did Santa Fe. ... Santa Fe gave the city much confidence, it engendered much money, new schemes of real estate development and it made that a new generation of real estate developers could well grow’ (GAMBOA DE BUEN, quoted in MÁRQUEZ LÓPEZ 2012, 281–283)

A next step to increase freedom for urban interventions was taken by Camacho Solís from the PRI, who introduced the ‘Transfer System of the Urban Development Potential’. This instrument permits transferring the right to build up to a certain level from one area (basically the Historic Center) to another, as long as compensation is paid and the receiving neighborhood assigned as an area with potential for (economic) development or of metropolitan inte-

gration. While the instrument’s original purpose was to generate means for the conservation of buildings in the Historical Centre and to densify parts of the city with growth potential, the ‘Transfer System of the Urban Development Potential’ has been used ‘only for properties with a front to *Paseo de la Reforma*’. ... The application of this norm played a fundamental role in initiating the proliferation of huge buildings that have a front to *Paseo de la Reforma*’ (MÁRQUEZ LÓPEZ 2012, 231, 158). The first application was the *Torre Mayor* with its 55 floors whose delayed but in the end successful construction (1999–2003) and leasing out was and is discursively constructed as a model-case for the advantages of flexible urban planning. ARTURO AISPURU (2007, 18), then head of SEDUVI and before and after that who had worked for Reichmann International, the developer of the *Torre Mayor*, accompanied his promise for the ‘simplification of procedures for the authorization of a project’, given to a Mexican association of architects and consultants, with a slide of the *Torre Mayor*. Of the projects recently finished or currently under way at *Reforma*, at least ten will exceed the height limit of 25 floors set by the Master Plan.

A second goal of reforming urban planning has been a more detailed specification of areas for urban planning. While the ZEDECs have already been important in that respect because they allowed for site-specific interventions, the city governments of López Obrador (2000–2005) and Ebrard Casaubon (2006–2012), both from the PRD, further enhanced opportunities for site-specific planning through the establishment of ‘Corridors of Investment and Development’ and ‘Corridors of Integration and Development’, respectively (CIDs). In the CIDs, but particularly in *Reforma*, economic development should be spurred, and that is why urban interventions should focus primarily on them. Thus, the geographical orientation of planning shifted scales, from ‘planning for all’ (the whole city) to ‘planning for the exceptions’, the so-called strategic projects. This shift facilitated, according to SEDUVI, agile mechanisms of planning, regulation and management, and it allowed for concerted and efficient action (AISPURU 2007). Downscaling of urban interventions has become compulsory because the city government began to rely on public-private partnerships. Along *Reforma*, public investment has been used to upgrade the infrastructure since 2001 and to thereby ‘improve conditions for real estate investment’ (ROMERO CASTILLO 2011, 62). Moreover, Ebrard Casaubon established direct financial incentives and fiscal stimuli to attract developers to the CIDs and, in particular,

to *Reforma*, where fiscal benefits amounted to some 460 million Mexican Peso between 2002 and 2009 (MÁRQUEZ LÓPEZ 2012). Víctor Lachica, general director of the real estate firm Cushman & Wakefield, summarized that the support of the government has ‘increased the value of the zone (*Reforma*, C. P.) and stimulated investment’ (quoted in *El Universal*, 2008-07-22).

The third leitmotif of the reforms has been the centralization of decision making. By the end of the 1980s, the city’s planning department had all the power to push through its projects (such as Santa Fe) ‘because it did not share (power) with *La Asamblea* (the legislative assembly of the Federal District, C. P.), with the boroughs or other city councilors’ (GAMBOA DE BUEN, quoted in MÁRTINEZ LÓPEZ 2012, 278). When the PRD won the first democratic mayoral elections in 1997, processes of democratization and decentralization were set in motion. Yet, at the latest with the government of Ebrard Casaubon, a re-centralization of decision-making began, returning the authority to approve development projects to SEDUVI alone (GDF 2008). This facilitated Ebrard Casaubon’s policy of fiscal stimuli to the real estate sector, a simplification of regulations (e.g. one-stop shopping for construction and/or renovation project licenses), and their flexibilization (e.g. that decisions on land use or on building heights should be handled accommodatively). The clearest step towards the centralization of decision-making was the approval of a new ‘Urban Development Law’ in 2010, which institutionalized the central role of the planning department. The new law decrees that the city parliament has 60 working days to (dis)agree with changes in the land use proposed by the mayor or the planning authority. If this period passes by without feedback, the proposition is regarded as approved. Secondly, so called ‘Areas of Strategic Management’ were introduced, which are defined as zones or urban corridors of key economic importance. There, changes in the land use and/or interventions in the built environment are being made possible without the otherwise mandatory consultation of neighbors and the endorsement in the legislative assembly of the Federal District. Regarding the ‘Areas of Strategic Management’ decisions will be made by a newly created ‘Technical Committee for the Modification of the Urban Development Programs’, which is composed of five representatives of the city government (amongst others the heads of SEDUVI and the Department of Economic Development), nine deputies of the city parliament, the head of the respective borough, and four representatives of the neighbors, who have voice, but no vote.

5 Planning and the ‘needs’ of the real estate market

In sum, reforms since the late 1980s have introduced planning instruments that permit a faster, more flexible and site-specific handling of building projects. Urban policies today are characterized by a pro-active role of the city’s government, which uses direct (e.g. fiscal stimuli) and indirect (e.g. investment in infrastructure) incentives to attract investors in real estate development. Given these priorities, one can conclude that the governments of the Federal District have, irrespective of their political orientation, joined the ‘universal’ (BURGESS and CARMONA 2009, 12) shift to strategic urban planning, which characterizes the production of new downtowns in general (HELBRECHT and DIRKSMEIER 2012, 5). Strategic planning relies, in short, on proactive and adaptable strategies, aiming neither at the city as a whole nor at its boroughs, but at flexibly created spatial entities which are defined by their economic potential. Moreover, strategic urban planning is universal not only because it is deployed in cities around the world, but also because this approach is being developed transnationally, within cross-border city networks and international organizations such as UN-Habitat (PARNREITER 2011).

Now, how has this global standard been brought to Mexico City? ‘(U)rban policy mobilities and global circuits of knowledge’ (McCANN 2011) play, as suggested by an emerging literature on transnational flows of planning ideas and practices, an important role (e.g. HEALEY 2012; FAULCONBRIDGE and GRUBBAUER 2015). UN-Habitat’s agenda is, for example, ‘designed to influence planning in the region’ (Latin America and the Caribbean; IRAZÁBAL 2009, 57). In Mexico, however, the organization’s impact is assessed diversely. While at the national level its policy suggestions are, according to several architects and urban planners interviewed in Mexico City in 2012, influential, at the city level, UN-Habitat has so far not developed any project of technical cooperation with the government. Nevertheless, policy mobilities are critical to the changes in urban planning. Respondents agree that ideas were copied first mainly from France (from where, for example, the ‘Transfer System of the Urban Development Potential’ has been imported, though this instrument was first created in the United States), and then mainly from Spain. In particular, the idea of ‘planning through projects’ (BURGESS and CARMONA 2009) as put into practice in Barcelona, Bilbao or Zaragoza has been influential, and was brought to Mexico

(City) by Spanish firms and, above all, by Jordi Borja Urban Technology Consulting S. L. Borja, who played a critical role in Barcelona's transformation since the late 1980s, fostered the setting-up of strategic plans in Mexico City and other Latin American cities (GONZÁLEZ 2011). 'Borja comes every year', says one interviewee, an architect at the National Autonomous University of Mexico (UNAM), '(and the) Spanish (planning) firms, all of them are here'. In a similar vein, a former head of SEDUVI affirms in the interview that 'Jordi comes frequently, and he is a good friend of many of us'. The respondents also indicate that Spain is, because of the shared language, a preferred destination for Mexican students of architecture, urbanism or geography, who study abroad, which makes the Spanish examples trickle into local training.

Studying abroad also changed the attitudes of students belonging to the urban elite and, in particular, to its real estate fraction. 'Suddenly appeared a generation of very young guys ... who have studied abroad, some of them came from real estate families, while others simply have studied finance. Suddenly they were attracted by what was happening in London, New York: in the world there was a boom of regenerating cities. ... (we said), it's not only an issue of money, ... it's an issue of getting on to the ball' (GAMBOA DE BUEN, quoted in MÁRTINEZ LÓPEZ 2012, 280f). This growing self-awareness of the real-estate community, its zest for action, leads to the issue of the relationships between the urban government and the real estate economy, which is decisive for answering the question of how the changes in urban planning and management in Mexico City have been achieved.

All respondents to my interviews agree on the strong influence real estate firms have had in modifying both legislation and practices of urban planning – irrespective of the political party in charge (the PRI until 1997 and the PRD since then). An ex-official of SEDUVI underlines in the interview that 'the big channels are the relations which I would say appear to be informal between the governors (of the city; C. P.) and the entrepreneurial sectors, the famous work breakfasts which are usual, etc. And also the relations which develop at official events to which the entrepreneurs are invited. These are big elements of transmitting information'. It is important to note that the interviewee speaks of relations that 'appear to be informal'. In reality, they are structural, and that not only in a theoretical analysis of the 'The Urbanization of Capital' (HARVEY 1985), but also on its practical side. A number of very influential persons

in Mexico City have developed their careers with one leg in urban policies and the other in real estate businesses. When Camacho Solís left office as *regente* in 1994, many of the people surrounding him immediately turned to the real estate sector. Outstanding are GAMBOA DE BUEN and ARTURO AISPURU, who have already been mentioned as being instrumental in the development of Santa Fe and the *Torre Mayor*. The latter's career is particularly marked by seesaw changes from the city's planning authority to the real estate industry and vice versa. AISPURU served in the times when GAMBOA DE BUEN headed the department for urban planning as its General Director, to change to Reichmann International in 1994, where he became vice-president of development and 'it was him to push the *Torre Mayor*' (GAMBOA DE BUEN, quoted in MÁRQUEZ LÓPEZ 2012, 285). In 2006, when the office tower was finished, AISPURU returned to SEDUVI as its head. In this function, he announced that the *Torre Diana*, developed by his former company Reichmann International, will count on all fiscal benefits the city government offers to projects at *Reforma*, though the *Torre Diana* is located two blocks away (El Universal 2009-03-02).⁶ Shortly after the announcement, AISPURU left SEDUVI to open up his own architecture and consultancy firm.

Ebrard Casaubon, mayor from 2006 to 2012, developed his whole political life under the patronage of Camacho Solís and has thus been intimately linked to this group and to the real estate sector, though he never worked directly there. When Ebrard Casaubon took office in 2006, the relationship between the city's government and the real estate sector became stronger than ever. While during López Obrador's regency, the influence of real estate firms on urban politics developed somewhat 'timidly', as an ex-collaborator at SEDUVI says in the interview, driven also by the governor's effort to create employment and tax revenues for the city, 'the case of Ebrard is different. In this case, a structural relationship to the real estate sector surged. ... Politics of Ebrard are openly inclined towards the real estate capital'. Even the right-wing opposition party PAN accused Ebrard's government to have fallen down on its knees before the interests of the real estate economy (VILLANUEVA 2008).

GAMBOA DE BUEN (quoted in MÁRQUEZ LÓPEZ 2012, 284) describes how these relationships worked in the case of *Torre Mayor*: 'One day Camacho (Solís)

⁶ Due to the crisis the construction of *Torre Diana* started delayed. The completion of the work is scheduled by the end of 2015.

said to me: Listen, have you heard about *un* señor called Reichmann? I said yes ... and the president told me that Isaac Saba (a Mexican business man, who was one of the richest people in the world; C. P.) has presented Reichmann to him and that Reichmann wanted to see me. Thus, Reichmann came. Juan Enríquez (then head of Mexico City's Urban Development Corporation, which began to develop Santa Fe; C. P.) and I took him to the city. ... Finally he (Reichmann, C. P.) said that he wanted to build the tallest building in Mexico in *Reforma*, but we told him that there were no land parcels. And he said: There are no land parcels? How that? It came into his mind that at the entrance of *Reforma* there should be two towers. What's this? A cinema? Who is the owner? The (urban) government. I buy it. And what is this on its side? A *kindergarten* of Social Security. We have to get it. And at the other side? Some old buildings. We have to tear them down. At the end ... we helped him to buy *Cine Chapultepec*, it was complicated. ... And then with the *kindergarten*. ... We put the land parcels together, that has not happened before in Mexico, now we are experts (in this)'

What sounds caricature in the interview is perceived by the interviewed architects and planners as strong pressures: 'There are the interests (of real estate entrepreneurs, C. P.), they insist, there is this request for support', says an architect who in several occasions did environmental auditing for the construction projects. Another respondent, who has worked on urban and regional planning issues for the national and the city government and who has also been chief executive in private sector architectural firms, asserts that 'the real estate sector seeks the highest profitability, and that the law does not limit the capacities of the investment'. And then he goes on to outline the consequences for urban politics: 'I would say in the first place that the real estate sector seeks that the plans would have no effect – and they have success in this. The plans are made but not respected. Thus, the pressures of the real estate sector are very effective'. Asked whether the new instruments discussed above that were introduced have yielded to the pressure, he answered: 'Yes. ... But things have not been politicized by political parties, what would have avoided that they are in the law. But no, approved, without this politicization, approved rather as a useful instrument, and now it's there in the law'. Though other interviewees differ insofar as they concede that the instruments have not necessarily been created in order to serve the real estate sector, there is agreement that under Ebrard Casaubon these instruments were used to 'arm politics absolutely in-

clined towards the real estate capital', as the above quoted ex-official of SEDUVI says. He also affirms that plans are not respected: 'The General Urban Development Programs have very little implication; they are in reality not tools for politics. The governors (of the Federal District) decide what they make in the city irrespective of what the program says, and then the only thing they do is to try to legalize it in the program once things are done'. A former head of SEDUVI concurs: 'I would say this has increased, the nearly unrestricted support of whatever thing that implies real estate investment, practically in any place and to any condition, adjusting the planes ...', *Torre Mayor* and all the projects in *Reforma* are not discussed with the people, there it is discussed with the investors. ... Legality is a very flexible thing, it's about interpretations, and the private sector is ready to do any thing to obtain its goals. And clearly, at the end they have their license, yes, but many of these things have been obtained through corruption, so that it is legal, but it is a very debatable legality'.

6 Conclusions

The purpose of this paper has been to contribute to the project of unraveling 'the relation between the temporal dynamics of accumulation of capital and the production of new spatial configurations' (HARVEY 1985, 33). Departing from SASSEN'S (1991) notion that globalization has brought along a new form of centrality, and taking Mexico City as a case study, I have shown that this new centrality materializes in new, spatially delimitable global city zones. Moreover, I have argued that for the production of these new downtowns urban policies and, in particular, planning mechanisms have been changed, in order to permit a faster, more flexible and site-specific handling of building projects. Since the late 1980s, it has become the leitmotif of urban policies that 'the needs of the real estate market determine the projects to be carried out and the required land use' (GARZA 1999, 165f.).

One conclusion that can be drawn from this paper is that there is an intimate relationship between the transnationalization of business, of urban planning, and of architecture. While corporations operating on a global scale demand, wherever they settle down, high quality office and other spaces for global businesses, these new downtowns are increasingly being produced according to organizational logics that are themselves transnational. Strategic urban planning with its focus on only those 'aspects or

areas that are strategic or important' (UN-Habitat 2009, xxiv) and with its commitment to large urban projects has emerged as a cross-border standard on how to plan and to develop spaces of centrality (PARNREITER 2011). The result is the high-rise office tower as a global type, 'as a socially classifying device' (GRUBBAUER 2014) – the production of architecture has become an important field of cross-border standardization.

As regards urban politics, the changing in planning and its decision-making processes obviously relate to what BRENNER and THEODORE (2002, 353) have called the 'worldwide imposition of neoliberalism'. The case study has shown that, a left-wing and to certain extent indeed pro-poor urban government notwithstanding, planning has been harnessed by developers and by officials alike in order to re-make the city according to a specific type of economic development. That the neoliberal political project has been critical in directing the shift to strategic planning is even acknowledged by UN-Habitat (2004, 181, 173f.), which unfailingly advertises strategic planning as a means to build better cities: 'As globalization obliges cities to re-imagine themselves', the relationship of urban planning to market forces has to be redefined – 'away from planning conceived as a *restraint* on market forces (for example, through zoning legislation) to a kind of *entrepreneurial planning* that seeks to facilitate economic development through the market'. Elsewhere UN-HABITAT (2009, 212f.) resigns that '(u)nless the planning system can be seen to provide an efficient and useful service for the private sector (...), it will always be subjected to attempts to bypass, subvert or corrupt it'. In its dominant contemporary form, strategic planning is, therefore, not a neutral, content-free mode of planning. Rather, it is embedded in the "priority given to competitive advantage, the creation of attractive cityscapes, the pursuit of efficiency and productivity and the need to restructure or develop the city in a global context," as BURGESS and CARMONA (2009, 22) conclude from their review of strategic planning experiences in forty-three cities around the world.

A final possible conclusion drawn from the Mexican experience is that the production of spaces of new *economic* centrality does not necessarily go along with the making of new forms of urbanity (cf. HELBRECHT and DIRKSMEIER 2012). The case of Santa Fe clearly shows that *urbanity* is much more difficult to plan and to produce than new CBDs. Its urban quality has frequently been described as 'mean', for which reason in can be hypothesized that the current 're-appropriation' of *Paseo de la Reforma* by the real

estate sector is, at least to some extent, driven by the recognition that the 'transnational capitalist class' (SKLAIR 2001) inhabiting the spaces of new economic centrality also searches the qualities of urbanity.

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