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# Unpacking the complex role of the state in housing financialization, comparing Athens and Barcelona

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## Abstract
Academic discourses on housing financialization view the state as playing a pivotal facilitation role, primarily through establishing institutional arrangements conducive to global financial interests. Drawing on a Poulantzian-inspired reading of capital and the state as a social relation, this paper evidences a more complex and dialectical state-investor nexus in housing financialization, shaped by contingent and path-dependent dynamics. By juxtaposing Athens and Barcelona – two cities profoundly impacted by the global financial crisis (GFC) and socio-spatially reshaped by consequential debt management politics – we identify a variety of state interventions that pertain to different kinds of structural or strategic selectivities across spatial scales that both facilitate and constrain the financialization of housing at different points in time. In Athens, the central state initially protected local financial interests from debt securitization and indebted households from home repossessions, while simultaneously preparing the ground for future financialization that has recently taken off amid economic recovery and a major touristification drive. In Barcelona, the central state's restructuring of the banking system and its facilitation of mass mortgage repossessions that enabled international investors to decisively enter the city's housing market, generated powerful urban social movements at the regional and city scale that won new local policies for affordable housing provision. In both cities, financial actors were able to recalibrate their investment strategies in fluctuating institutional and market settings. We conclude that the trajectory of housing financialization and state-investor relations is far more variegated and open to alternative pathways than generally understood, reinforcing the need for more nuanced understandings of the path-dependency of the process.

## Keywords
Athens, Barcelona, comparative studies, housing financialization, state

## Introduction

Over recent decades, housing has been increasingly treated and exploited as a rent-extracting financial

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asset class by individual, corporate and institutional investors, spearheaded by innovations that have created financial liquidity out of the spatial fixity of home. Existing scholarship points to five main financialization waves across different spatio-temporal moments. First came mortgage securitisation in North America and parts of Western and Southern Europe linked to financial deregulation in the 1980s and 1990s that transformed home purchase loans into complex financial products speculatively circulating in global financial markets (Aalbers, 2016b; Gotham, 2009). A second wave saw private equity firms opportunistically exploit regulatory loopholes or debt-driven privatisation programmes to emerge as corporate landlords in specific cities like Berlin and New York (Fields and Uffer, 2016). A third wave took hold in the aftermath of the 2008 global financial crisis (GFC) with institutional investors using their enormous financial leverage to acquire devalued mortgage books and property at a fraction of previous values and establish themselves as landlords (Beswick et al., 2016). During these first waves, the state is considered to have facilitated investors in developing *debt-driven practices of asset accumulation*. The post 2015 waves exhibit a new mode of *patient rentierism* amid the exhaustion of mortgage markets with a focus on new housing submarkets, like 'build-to-rent' (BTR) developments (Holm et al., 2023). Investors prioritise de-risking investments, efficiency, and valuation gains (Holm et al., 2023), while also capitalising on global rent gaps through the short-term rental (STR) revolution facilitated by Airbnb in touristified urban spaces (Cocola-Gant et al., 2020). Within this current framework, policies are fostering *wealth driven processes of asset accumulation* for the expansion of financial activities in housing markets (Holm et al., 2023).

In the burgeoning academic literature on this process, the state is typically positioned as a facilitator and market-maker at different spatial scales (Çelik, 2023). While states have undoubtedly facilitated financialization in certain contexts, existing research has left a somewhat misleading portrayal of the 'state-investor nexus' as one in which the state is captured by global finance and merely acts as a transmission belt for its interests. Yet, under the influence of the specific dynamics that define the local context, we also find evidence of conflicting processes, with the state proactively and directly engaging in financializing practices (Çelik, 2023), or, where popular discontent is strong, initiating policies aimed at curbing the process (Norris and Lawson, 2022), or even reducing international investor presence in local housing markets (Berfelde and Heeg, 2024). This supports Aalbers' (2017: 544) contention that far from being all-pervasive, financialization is 'rife with contradictions and tensions', making it 'inherently variegated, contingent, fragmented, incomplete and uneven'.

Responding to Fernandez and Aalbers' (2016) call for an open debate on the path dependencies in the financialization of housing, our paper seeks to further illuminate this variegated understanding of the 'state-investor nexus' through a comparative analysis of Athens and Barcelona. Inspired by Marxian state theory (Jessop, 1990; Poulantzas, 1968, 1978), we start from the assumption that capital and the state are *social relations* imbued with fundamental internal contradictions and caught between conflicting external constraints and social forces. In particular, we utilise the Poulantzian-inspired concept of 'strategic selectivity' (Jessop, 1999), wherein financial and social actors navigate the state's structural predispositions to advance their goals, to further argue that the 'state-investor nexus' is a contingent and dialectical relation shaped by the unique path-dependencies in which different state actors engage with different financial and/or social interests across state scales, while being influenced by local events in potentially contradictory ways. We explore two interrelated research questions: how do geographically and temporally specific political, social and economic events influence the role of the state in the financialization of housing; and how do these contextual conjunctures (re)shape the 'state-investor nexus' to open up novel pathways in the financialization of housing?

Our analysis identifies state interventions within the same national context yet at different spatial scales that both *facilitate* and *constrain* the financialization of housing at different points in time responding to context-driven contradictions. In Athens, we highlight the Janus-faced role of the highly centralised Greek state: amid the state's broader implementation of debt restructuring and austerity measures, local financial elites and ordinary households were intentionally shielded from debt securitization and home repossessions, thereby preventing the entry of financial landlords. However, this protection has recently been removed due to economic recovery and a significant push for tourism by the Athens' Mayor (2019–2023), facilitated by pro-investor policies implemented by the central state. In Barcelona, we reveal the dialectical interplay between central and local state political dynamics: the central state restructuring of the banking system and state-facilitated mortgage repossessions, along with regional and city policies encouraging touristification, enabled international investors to decisively enter the city's housing market as corporate landlords. This generated powerful local urban social movements that took advantage of devolved state power to usher in new local and regional policies aimed at curtailing financialization that brought a rupture in the established 'state-investor nexus'. We also show how in both cities, financial actors were able to recalibrate their investment strategies in fluctuating institutional and market settings. In conclusion, the trajectory of housing financialization is far more contingent upon specific local dynamics than generally understood, reinforcing the need for more nuanced understandings of the path-dependency of this process.

The paper is structured as follows: the first section briefly discusses the 'state-investor nexus' in housing financialization literature before setting out a more dialectical and variegated approach to capital and the state. The second section outlines our methodology and the rationale for comparing Athens and Barcelona while contextualising these case study settings. The third and fourth sections explore the policies launched respectively in each city to facilitate and temper the impact of housing financialization and how institutional investors reshaped their investment strategies as a result. The concluding section argues that the state does not inevitably facilitate financialization, but in specific contexts and moments, it can act contrary to financializing logics. We further consider the state as a dynamic social relation, in continuous restructuring under the influence of local social, economic and political dynamics. From this vantage point, we conclude that the 'state-investor nexus' is contingent on the way state and non-state actors constantly define power relations and shape the path-dependency of the housing financialization process.

## Rethinking the state-investor nexus in housing financialization

In an insightful analysis of the Turkish national state's complex relationship with the financialization of housing, Çelik (2023) contrasts conventional understandings of state's role in financialization–as both a 'facilitator' and 'market-maker' of a largely exogenous process–with a third, direct role present in the Turkish context–that of 'deliberate and direct developer' in which the state itself treats land and property as financial assets to extract value and thus becomes a financializing actor in its own right. We briefly review these different conceptualizations, before advancing a more dialectical, scalar and variegated approach to capital and the state that emphasises the contradictory social relations at stake.

### *State-led housing financialization*

According to Çelik (2023), academic research on housing financialization adopting a more structuralist perspective has tended to view the primary role of the state as *facilitator*, pertaining to longer-term neoliberalization processes that have rolled back state provision and rolled out marketisation and commodification in housing and land in ways conducive to their treatment as pure financial assets. Key to this has been the near-ubiquitous political drive to expand home ownership in capitalist economies, accompanied by the privatisation and marketisation of housing supply, and spatial planning liberalisation geared towards encouraging private investment in urban regeneration and housing growth (Rolnik, 2019). More recently, within the contours of the GFC defined by unsustainable forms of private debt that challenged the viability of financial institutions, the state's facilitating role involved the bailout of the financial sector, fiscal retrenchment and austerity measures, discounted sales of banks' non-performing mortgage portfolios and their underlying housing assets to institutional investors, and state-facilitated dispossession of property rights (Lapavitsas, 2014). The pursuit of quantitative easing as a monetary policy based on low interest rates and central banks pushing large amounts of liquidity into financial markets to rekindle economic growth (Adkins et al., 2021) catalysed a search for higher-yielding, safer investments such as residential real estate in major cities (Fernandez and Aalbers, 2016). This generated rental inflation, driving housing affordability pressures while increasing potential returns to investors (Ryan-Collins, 2021). These interventions have enabled the generation of new housing submarkets and the emergence of corporate landlords as novel actors in local real estate (Beswick et al., 2016; Waldron, 2018).

Çelik (2023: 1009) identifies a second role for the state in housing financialization literature as a 'market maker' referring to its more proactive role in 'reshaping regulation and intervening in markets in order to create the conditions for financialization to occur'. Gabor and Kohl (2022) suggest that following the GFC, states viewed institutional investors as unique market actors able to help overcome the crisis through their financial capacity to absorb these public costs (for social housing) and private debts (for Non-Performing Loans (NPLs)). Simultaneous amendments in legislative frameworks that offered corporate tax exemptions for real estate activities allowed financial investors to emerge in the form of real-estate investment trusts (REITs) or listed companies to operate in local housing markets (Holm et al., 2023). In addition, the establishment of quasi-autonomous state bodies in the form of asset management companies, that is, bad banks, that manage or sell repossessed assets (Alexandri and Janoschka, 2018; Byrne, 2016), were illustrative of the range of governance arrangements designed to make the emerging housing submarkets of repossessed assets attractive for investors. Meanwhile, state policies setting stricter mortgage lending criteria and down-payment requirements for house purchases (Stellinga, 2022) stirred demand in privately rented housing submarkets (Holm et al., 2023). This has been accompanied by policies aimed at liberalising rental markets through abolishing rent-control mechanisms and limiting tenure security. By creating new forms of privately rented housing submarkets out of the destruction of homeownership and social housing tenures, financial investors can now target the housing needs of specific social groups to support their market expansion strategies. For example, build-to-rent (BTR) developments are promoted for families or professionals, as investments in student accommodation or retirement homes, as serviced apartments for mobile highly-paid employees, or co-living/shared accommodation for early stage employees, students and single households (Holm et al., 2023).

For Çelik (2023: 1021), however, this conventional reading of the state's supportive and enabling yet *indirect* role in housing financialization – conceptually anchored in 'global northern' contexts (p. 1007) – does not fully capture the state's involvement in fundamentally different global south contexts often characterised by emerging economies with an authoritarian state, a far less developed financial system and a significant degree of informality. Rather, as in the Turkish context, a third role of the state can be detected, as a *deliberate and direct developer* of housing financialization that contributes 'actively, directly, and forcefully to the treatment of land and housing as financial assets for the extraction of value' (Çelik, 2023: 1021). This has taken the form of a highly centralised state creating and owning a REIT that 'plays a critical role in enabling a state-led strategy of expropriation, in which the state behaves as a national developer, enclosing public land and intervening directly in the regeneration of neighbourhoods' (Çelik, 2023: 1020). While not taking such a direct development role, the literature has identified how, post-GFC, local state actors in the Global North, responding to national budget cuts and austerity, became more active as speculative real-estate developers in their own right, often in partnership with financial market actors (Peck, 2010). As municipal budgets increasingly rely on financial engineering, such as monetizing future tax income from ongoing planning projects, cities have been incentivized to financialize public assets, including housing and land (Weber, 2015). The more municipalities rely on revenues generated from public assets, the more they operate in partnership with local business interests (Belotti and Arbaci, 2021), with some local states undertaking more speculative and risk-taking management for facilitating

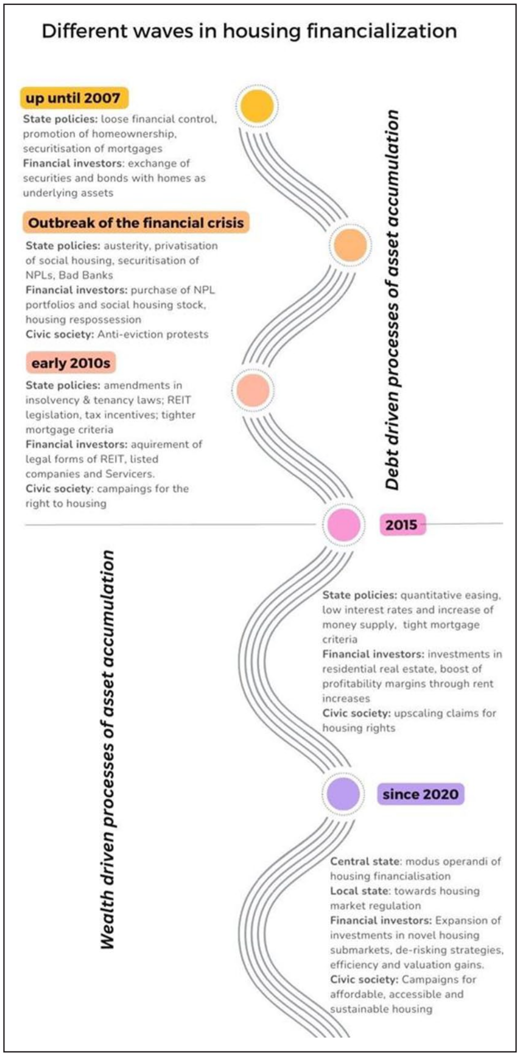


**Figure 1.** The different waves in the financialization of housing.
Source: Author's own elaboration.

financialized forms of real estate development (Beswick and Penny, 2018).

### *Variegated financialization and resistance: the state as a social relation*

Following Çelik, there is little doubt that, irrespective of context, nation states have broadly speaking facilitated and enabled housing financialization, and in certain contexts, have also supported the entry of institutional investors into housing markets. What Çelik also shows, however, in contrast to conventional understandings of the financialization process, is that deterministic and unidirectional portrayals of the 'state-investor nexus', in which the state appears to be led, ordered and gamed by finance, break down when subjected to empirically grounded accounts outside of finance's traditional heartlands in North America and Western Europe. As well as Çelik's example of Turkey, we also see in the cases of China (Wu et al., 2020) and India (Goldman, 2020), how authoritarian states and state actors can influence and even drive housing financialization in far more direct ways. This suggests that the state's role is not identical but adopts different forms in various political and development contexts.

Literature taking a more agency-oriented perspective offers an additional nuance to the conventional narrative in the shape of policy innovation aimed at curbing and even halting the housing financialization process under the influence of national or local conditions (Norris and Lawson, 2022), especially where popular discontent and social movement mobilisation is strong. Research highlights the crucial role of housing movements in claiming the right to housing against the predatory practices of financial investors, often triggering policies to counteract housing financialization (Gustafsson et al., 2024; Wijburg and Waldron, 2024). In some contexts, collective action has empowered individuals facing eviction to see their problems as part of a broader systemic crisis, transforming them into new political subjects (García-Lamarca, 2022). Through everyday activism and often their own research, tenant campaigns expose code violations, harassment and evictions, constructing a critical narrative that exposes the exploitative management practices of global landlords (Wijburg and Waldron, 2024). Moreover, scaling up evidence and networking with legal experts (Kusiak, 2021) enables campaigns to exert significant pressure on policymakers to address the housing crisis, effectively challenging speculative market practices (Reynolds, 2024). In many cases, collective efforts have directly influenced policy-making processes, leading to reforms that attain tenants' rights, rent controls and increases in public housing supply (Janoschka and Mota, 2021; Kadi et al., 2021). This is meticulously exemplified by the Berlin tenant movement's successful referendum to socialise international investor assets in local housing markets (Berfelde and Heeg, 2024). Although active engagement in policy-making in many cases leads to the institutionalisation of campaigns, shifting their focus from social action to social policy legitimization, it nevertheless develops cracks (as per Holloway, 2010) within the structural domain of neoliberal housing policy that prioritises housing as a financial asset. However, as Saaristo and Silva (2024: 1472) suggest, housing campaigns are more likely to be echoed by 'political actors within the state . . . [or] . . . certain political parties that belong to a spectrum closer to the defence of social rights or allegedly have social rights as their priorities and might be concerned with their image and reputation to their constituency'. This is particularly true for the local state that is more directly attuned and responsive to social claims.

The existence of state-led processes that both enable and constrain financialization supports Aalbers (2017: 544) contention that financialization is not 'an all-pervasive process but one rife with contradictions and tensions. . . fundamentally fragmented, path-dependent and variegated'. This view chimes with a Poulantzas-inspired reading of the state as a constellation of social forces and powers to which class struggle is immanent (Poulantzas, 1978). In this approach, rather than seeing the state as either a tool of domination by the ruling class, or as a neutral subject possessing its own powers independent of broader social, economic and political circumstances (Jessop, 1990), it is better understood as a 'material condensation of a relation of forces between classes and fractions of classes' that develops as an ensemble of contradictory processes (Poulantzas, 1978: 307–308). In other words, policies and state strategies are conditional on how concurrent social and political claims influence and/or impact different state actors (Jessop, 1990; Peck et al., 2018). This leads to a kind of 'strategic selectivity' in pursued policies as 'particular forms of state privilege some strategies over others, some interests over others, and some coalition possibilities over others', suggesting that the state is open to the 'pursuit of different interests' and that 'temporary coalitions could well lead to different outcomes' (Jessop, 1999: 54–55). At the same time, state institutions channel the dynamics of class struggle from the micro processes of subject formation to the macro processes of economic development and international affairs (Khachaturian, 2021). Within this frame, state rescaling is indicative of the way state institutions rearticulate hierarchies to facilitate capital accumulation and (re)gain political legitimacy (Brenner and Theodore, 2002). The powers of the nation-state are constantly reconfigured across multiple scales: upwards to supranational entities that increasingly assume functional responsibilities in areas beyond monetary and trade regulation; downwards to local states, which steadily adopt more proactive roles in urban governance, planning and economic regeneration; and outwards to transnational networks encompassing both state and non-state actors (Jessop, 1990). In this scalar redistribution of power, the various state bodies engage in processing available information, decision making and determining priorities (Peck et al., 2018) which are shaped by inherent biases that facilitate the systemic requirements of capital accumulation – what Jessop (1990) conceptualises as structural selectivity. However, by virtue of this structural selectivity, state strategies are conditional on the way non-state actors take the differential privileging into account. Therefore, a dialectical relationship is developed between the forms of strategic and structural selectivity, as structural biases constrain policy innovation, while strategic coalitions, interests and actions have the capacity, over time, to reshape existing structural frameworks. This dynamic interaction highlights the nature of the state not as a monolithic entity but as a contested and contingent site of power relations (Jessop, 1990).

This interplay of power relations is spatially articulated through the geographical privileging of specific locations via tailored state policies and emblematic projects (Jones, 1997). Reflecting on the above discussion, the capacity of these places to 'hold down' or further attract investment is not solely dependent on economic factors but also shaped by cultural, social and institutional dynamics that reinforce the position of these places within global capital flows. Simultaneously, as capital continuously shifts its focus from one place to another in pursuit of higher profitability or new spatial fixes to elude the crisis of overaccumulation (Harvey, 1981), it tends to penetrate localities that are institutionally, politically and economically vulnerable. This capital seesaw, which perpetuates patterns of uneven development through cycles of investment, disinvestment and reinvestment in specific localities, is shaped by the varying responsiveness of state actors to hierarchical power dynamics (Smith, [1984] 2008).

Therefore, reflecting on the state as a *social relation* helps to explain why certain state scales serve as power centres for class interests adhering to the existing power bloc (currently global finance), while other scales act as centres that voice the claims of opposing social forces. Political struggles and the changing balance of forces within and beyond the state apparatus constantly redefine the state as a social relation (Jessop, 1990). This element of contingency, as highlighted in Poulantzas' analytical framework, underlines the fact that the state acts within an unstable equilibrium of compromises between the dominant classes and the dominated. Both the constitutive makeup of the state and the policies that it produces are thus susceptible to shifts, interventions and transformations, albeit their specific nature will vary depending on the specific conjuncture (Khachaturian, 2021).

We argue that adopting this understanding of the state as a *social relation* influenced by different social forces at different spatial scales and temporalities offers a more nuanced framework for assessing the role of the state in financialization. Rather than simply conceptualising what kinds of activities and interventions different states undertake, our framework allows us to better explain why the state acts in the way it does at any given moment and geography. The remainder of the paper adopts this framework to explore the way the financialization of housing has played out in Athens and Barcelona.

## Housing financialization in Athens and Barcelona: a comparative contextualisation

Athens and Barcelona offer important comparative insights regarding a more complex, dialectical and variegated understanding of the state and its nexus with financial investors in housing financialization. We base our comparative approach on the notion that while cities are interconnected nodes within global financial networks and arenas for the implementation of state policies (see Ward, 2010), they do not represent variations of a presumed global process but are instead shaped by local dynamics and structural tendencies that interact with and filter global forces in unique ways that shape path-dependencies in space production (Robinson, 2016). Comparing state policies and investor strategies at different scales and temporalities allows us to better identify how locally specific political, social and economic events influence, shape and disrupt the 'state-investor nexus' and open different pathways in the financialization of housing.

In the fallout from the GFC, both Greece and Spain required the intervention of the so-called Troika Institutions – scaling up of state powers to the European Union (EU), the European Central Bank (ECB) and the International Monetary Fund (IMF) – to rescue their banking systems and lower public deficit levels in return for adopting austerity programmes. Athens and Barcelona were badly hit by the resulting economic shocks, and subsequent state-led market restoration policies have facilitated powerful financialization logics in both cities. Yet, the very different nature of these countries respective debt crises – predominantly private in Spain related to the enormous growth in mortgaged homeownership fuelling a housing market bubble, and public in Greece stemming from longer-term sovereign debt growth linked to the economic disadvantages of EU membership and the massively over-budget 2004 Olympic Games in Athens – have resulted in different debt management policies being rolled out by their respective central states.

The origins of these different debt crises strongly relate to the path-dependent housing models in play that have uniquely shaped housing market access to post-crisis financial investment flows. While Greece and Spain share the broad hallmarks of a Southern European housing system with 'familistic' traditions in housing provision based on patrimony (Arbaci, 2019), strong and similar levels of home ownership – 68 and 64 per cent, respectively (Emmanuel, 2014; Observatori Metropolita de l'Habitatge de Barcelona, 2018)–and limited social or public housing, they

**Table 1.** Methodological approach in a snapshot.

Methods implemented
(a) Policy analysis
(b) Real-estate market and companies' annual reports review
(c) Non-participant observation in real-estate fairs
(d) Expert interviews

| Interviewee profiles | In Athens (Number) | In Barcelona (Number) |
|---|---|---|
| Policy makers and civic actors | Policy-makers (3)<br>Lawyers on household insolvency (2)<br>Homeowners' association of Greece (1)<br>Campaigners (3)<br>Academics (2)<br>Notary (1) | Policy makers (2)<br>Campaigners (5)<br>Academics (2)<br>Social Enterprises (2)<br>Notary (1) |
| Real-estate and Finance industry | International investors (2)<br>Real estate asset manager (1)<br>Real estate investment trust (1)<br>Real-estate agents (4)<br>Bank officers (6) | Real Estate Investment Trusts (2)<br>Servicers (2)<br>Real-estate agents (3)<br>Bank specialists (3) |
| Journalists | Real-Estate journalist (1) | Real-estate journalists (2) |
| **Coding of interviewees in text** | | |
| **FAI or FBI** | Interviews in Athens (FAI) (date of interview and profile of interviewee mentioned in text) | Interviews in Barcelona (FBI) (date of interview and profile of interviewee mentioned in text) |

have fundamentally diverged with respect to housing finance. Owner occupation in Greece has traditionally been far less dependent on, and thus exposed to, mortgage credit and the securitisation model that fuelled the housing market boom and bust in Spain. However, the scalar politics of housing have played a key role in shaping diverging pathways in housing financialization. In Greece, housing is predominantly a central state affair, alongside other fiscal, financial and insolvency policies that directly relate to housing, while local and regional governments' housing jurisdiction solely relates to planning policy implementation (FAI-academic2-Jul2019). Within this context of centralised state power, we assume that efforts aimed at influencing policy will be subordinated to these structural selectivities that inherently prioritise economic over social interests, unless shifting financial contingencies create openings for alternative policy priorities.

In contrast, housing policies in Spain operate across state scales. Central government retains significant cross-cutting competencies that influence housing, such as state plans for access to housing, fiscal policy and allocation of public budgets. However, regional and local governments possess legislative and policy-making authorities and are primarily responsible for implementing their own housing strategies. This autonomy often allows them to establish distinct priorities, as demonstrated in the case of Catalonia (FBI-policy-maker2-Oct19). Within this re-scaled state framework, we consider that the strong housing activism in Barcelona, combined with a supportive institutional environment at the regional level and progressive political leadership within the municipality, holds significant potential to influence a strategic selectivity for progressive housing policies that favours social interests.

This brief background introduces the contextual peculiarities shaping central and local state policies and the 'state-investor nexus' in both cities. In the rest of the paper, we analyse how financialization has proceeded in these two contexts. Our evidence primarily stems from 51 in-depth interviews conducted between 2019 and 2021 with experts from real estate and financial markets, policy makers, academics and activists in Athens and Barcelona (see Table 1). Interviews were subsequently anonymised, transcribed and analysed via qualitative analysis software. We also engaged in non-participant observation in real estate fairs (like AREXPO (2019) and DDC (2021) in Athens; Inmaforum Barcelona (2020) and SIMAPRO Madrid (2020)) and housing campaign meetings in both cities (such as the Unitary Initiative against Auctions in Athens, and the Tenants' Union in Barcelona). These steps helped identify key informants who were subsequently approached for interview. We supplemented and contextualised these interviews with desk-based analysis of housing policies and related grey literature, including from housing campaigns' websites, as well as data compiled from real estate companies' annual reports and journalism regarding institutional housing investments in both cities.

## Housing financialization in Athens: the contradictory role of the central state

In Greece, sovereign debt restructuring imposed by the supranational powers of the Troika in return for loans led to twelve austerity packages between 2010 and 2015. These levied deep cuts to public and private salaries and welfare provision (healthcare, social security and pensions), sweeping privatisations and state shrinkage, the abolition of public bodies responsible for social housing provision, labour market deregulation, and new direct and indirect taxes on basic goods and property ownership (Alexandri and Janoschka, 2018; Hadjimichalis, 2017). These debt-reduction measures produced a sustained period of economic stagnation and collective impoverishment: between 2010 and 2020, Greece experienced a 28 per cent decrease in GDP and a 42 per cent drop in household disposable income (Alexandri, 2022). This gradually transformed the national public debt into a crisis of domestic indebtedness as households increasingly resorted to savings depletion and loans to cover basic expenses, in turn driving a rising volume of non-performing loans (NPLs) within bank portfolios, reaching a peak of 49 per cent in March 2016, that challenged the financial stability of the country (Bank of Greece, 2023).

Although bank restructuring led to institutional investors becoming majority shareholders, the central state – unlike in Spain and other crisis-affected contexts – consistently exercised strategic selectivity by resisting pressure from the Troika and international investors to facilitate the sale or securitization of banks' NPLs. It also refused to dismantle legal protections on debtors' primary residences, established in 2010, which effectively prevented mass home repossessions and served as a significant barrier to institutional investors seeking to penetrate the local housing market as corporate landlords.

However, this position has recently changed amid economic recovery with new laws *de facto* facilitating the transfer of indebted households' primary residences to investors, further driven by a major touristification drive by the 2019–2023 Mayor of Athens. In what follows, we offer a dialectical understanding of this apparently contradictory role of the Greek state.

### *Resisting or suspending financialization? The politics behind the Katselis Law*

In 2010, Greece's PASOK national government enacted Law L.3860/2010 – commonly known as the Katselis Law after the Minister of Economics who introduced the legislation. As a regulatory framework outlining property liquidation procedures for personal insolvency and debt settlement (FAI-lawyer2-Jul21), this was an anticipatory move to the enormous challenges posed by the GFC to the Greek economy and financial system. Significantly, in contrast to other crisis-hit contexts where state-backed mass mortgage repossessions were underway, the Katselis Law stipulated that debt servicing could not proceed unless a debtor's primary residence remained in its ownership, thus '*setting clear criteria*' against repossession (FAI-lawyer 1-May19).

A major driver behind the Katselis insolvency framework was the state's intention to incentivize and enable household debt repayment to prevent mass foreclosures and evictions. This rationale was both an ideological and pragmatic response to the '*social consensus around homeownership and the limited availability of alternative housing options* [such as social or public housing]' (FAI-lawyer2-July21). As post-WWII economic restructuring in the country centred around homeownership, a strong social consensus developed regarding housing as a private matter. Property rights were clearly defined by the constitution and civic law, ensuring that homeownership was shielded from the political and economic instability that existed before joining the Eurozone (FAI-lawyer2-July21). However, post-GFC political proceedings were directly challenging this consensus. Greek politicians closely followed the political reverberations in Spain from the repossession wave that had generated powerful urban social movements resisting evictions, occupying banks and fuelling the rise of progressive political formations such as *Podemos* that were gaining electoral ground, and were acutely conscious about the potential for social uprisings posed by mass home loss within an already painful, volatile and strongly contested austerity context. As one housing activist told us, '*Under our pressure, several ministers have called bankers to stop primary residence repossessions. There was political pressure from within but also from outside the system*' (FAI-campaigner1-May19).

But the central state's determination to protect primary residences was also strategically shaped by concerns about the fragility of Greece's financial system from the rescaling of sovereign debt to individual households and firms. Our interviews revealed that the very survival of the Greek banking sector hinged on maintaining low NPL 'provisions', namely, book values that indicate the bank's expectation of recovering a portion or the entirety of a loan, tethered to the debtor's creditworthiness (FAI-bankofficer5-Jun19; bankofficer2-Jun19). With each credit issued, the loan's value is recorded as an asset in the bank's books, while the related provision is recorded as a liability. Should debts go unpaid or asset values diminish, provisions increase. At year-end accounting, when banks report balance sheets, the sum of provisions must be subtracted from total revenues, and the higher the provision values, the greater the financial losses. Moreover, when the values of collateral properties decline and their share in NPLs rises, the values of the loans can surpass the property's value, creating negative equity and the potential for bank insolvency. Bank losses trigger cascading effects, including recession and the need for further recapitalization (FAI-bankofficer5-Sep19).

By 2016, real estate assets in Athens had lost almost 40 per cent of their value and banks were confronted with major losses in book values. The Katselis Law thus helped to mitigate risks for creditors by lowering the likelihood of payment default (FAI-lawyer2-July21) and was effectively keeping the banking sector afloat (FAI-activist-May19). Despite publicly abhorring the Katselis Law because the legislation allowed bankruptcy judges to meddle with their mortgage portfolios, banks preferred '*mortgage negotiations*' and systematically avoided housing repossessions, as '*any form of debt servicing was preferable to prevent mortgages from being reclassified as non-performing*' (FAI-bankofficer6-Sep19). Moreover, '*the unattractive (low) offers'* made by international investors for the acquisition of NPL portfolios, '*would have resulted in an adverse impact on asset valuations with raised NPL provision values'*, thus jeopardising financial stability (FAI-bankofficer1-Jun19). Consequently, securitization was deliberately avoided and the state maintained the Katselis framework on primary residences as an act of strategic selectivity aiming at safeguarding national financial interests amid economic instability and social discontent, despite structural opposition from the Troika and financial investors.

## *The pro-investor shift: embedding financialization in Athens*

The election of the left-wing Syriza coalition (2015–2019) on the back of an increasingly militant anti-austerity movement raised concerns over the ability to implement Troika-led measures for financialization. However, from 2010, the central state under successive governments of the centre, left and right was simultaneously preparing the legal and market conditions for future financialization, which would have particularly dramatic effects at the Athens city scale. Key to this approach was to stimulate international investment in real estate and touristification as a strategy for economic recovery (Pettas et al., 2024). This was kickstarted by the Golden Visa programme, introduced at the height of the 2013 crisis, that incentivised investments over €250,000 in residential real estate by non-EU nationals in return for residency permits and even citizenship (Alexandri, 2022). It was followed in 2015 and 2017 by a form of 'regulated deregulation' (Aalbers, 2016a) of the STR market: L.4336/2015 abolished the need for STR licences from the National Tourism Organisation while L.4472/2017 removed the restriction of two STR listings per individual, opening the door to professionalisation of the STR market (Gourzis and Alexandri, under review). Alongside this, the state began to tighten the personal insolvency law and create new arrangements for debt recovery. In 2015, the government established a new legal framework for Servicers (L.4354/2015) – specialised firms responsible for managing and collecting debt from households; followed in 2017 by the introduction of an online auctions platform to expedite the disposal of repossessed assets previously delayed by public protests at notary offices and '*notary strikes that interrupted auctions of residences*' (FAI-notary-Jun19).

By 2018, Greece was showing signs of economic recovery and investment risks were officially receding, marked by positive upgrades by credit rating agencies. Around this time, the specific features of Athens' real estate market – particularly the relatively low cost of property (€1470/m$^2$) compared to other Southern European cities like Barcelona (€4232/m$^2$) – became very enticing to international investors as potential rent gaps (see Christophers, 2022). With new housing construction effectively frozen, these profitable opportunities were channelled primarily through acquiring properties forcibly sold by Greek households to settle their debt obligations (Alexandri, 2022). For investors, the chief strategy to maximise returns was to reintroduce these former residences as STRs to tourists through platforms such as Airbnb (FAI-investor-Jun19). For instance, in Athens, some 94 per cent of the housing assets acquired through the Golden Visa programme have since been transformed into tourist flats (Mpakas, 2024). The attraction of Athens real estate to international investors was further bolstered at the municipal scale by the Mayor's boosterist promotion of a tourist-friendly city through local planning interventions that encouraged regeneration projects aimed at urban beautification, connecting archaeological sites and a tourist consumer economy. Other investors recognised the potential of a longer-term gentrification process through partial renovation and rent increases offered in return for long leases (FAI-investor-Sept19). Minimal planning regulations for land use change, including the conversion of office buildings and small industries to apart-hotels and STRs, and the investor-friendly regulation of the STR market, have facilitated investors to unilaterally impose rent increases and gentrify entire neighbourhoods (Pettas et al., 2022), particularly in the city centre, with recent rent increases reaching more than 60 per cent in specific areas. These inflationary values – averaging a 47.9 per cent increase for the whole of Athens between 2015 and 2020 (Spitogatos index, 2021) – are endorsed by the municipality as an indicator of economic growth.

This general recovery in real estate values in turn impacted the central state's debt restructuring policy. As property prices increased, the value of NPL provisions (expected losses) decreased, meaning that securitization of NPLs was no longer seen as detrimental to Greece's financial stability. This economic shift further signified that the financial interests of both national and international actors were now in favour of housing dispossessions. Indeed, in 2019, the newly elected conservative government, New Democracy, aligned with the institutional biases of structural selectivity by prioritising financial imperatives over social and housing needs. It launched a state-guaranteed securitization project named Hercules that sold €30 billion worth of NPLs – 40 per cent of the total in banks portfolios – to financial investors. This was followed in 2020 by the replacement of the Katselis framework with a new insolvency law, L.4738/2020, that now permitted the liquidation of primary residences, and established personal bankruptcy as equivalent to corporate insolvency, effectively dismantling state protection for households facing financial hardship. This shift exemplifies the structural re-alignment of state policy with market-driven priorities, reinforcing patterns of uneven development and deepening socioeconomic vulnerability.

At the time of writing, Servicers, now mostly mediated by institutional funds, are pursuing a 'sale-and-lease-back' version of housing financialization, which involves providing mediation services for negotiations with debtors, besides resorting to evictions. As many assets in Athens are burdened with planning informalities (e.g. lack of planning permission) which need to be regularised, this lease-back option also serves to facilitate these operations until the assets are ready to

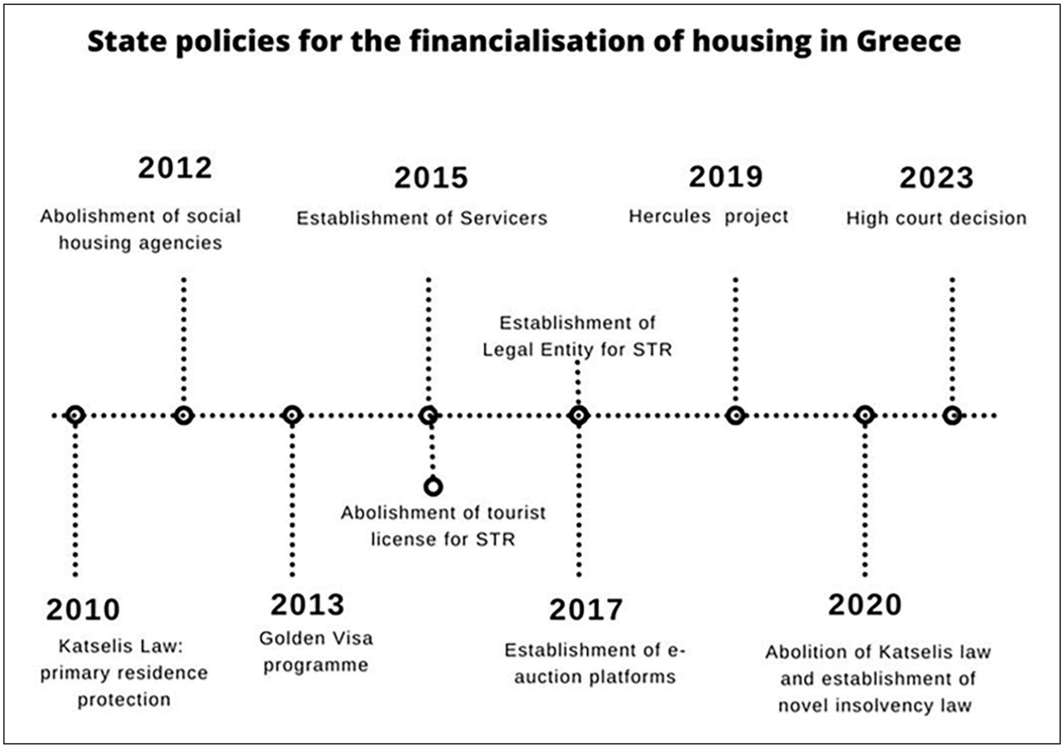


**Figure 2.** Timeline of states policies financializing housing in Greece.
Source: Authors' own elaboration.

re-join the market (FAI-bankofficer1-Jun19; memo from DDC summit 2021). This also underscores the fact that financial investors are flexible, adapting their strategies to specific local circumstances.

Against this background, housing financialization has been slowly progressing. Land use change and planning projects are transforming Athens into a monofunctional park of tourist entertainment, converting housing for the local population into financially unaffordable and spatially inaccessible assets. These events have recently triggered social movements to pose the housing question as a focal point of struggle, quite uniquely in comparison to previous contestations that focused on neighbourhood social solidarity initiatives and care against austerity (see Arampatzi, 2017). Whether these campaigns will successfully provoke shifts in the social relations that penetrate the state and shape future socially responsible housing policies, remains a matter of interrogation.

## Financialization from above, definancialisation from below: the role of the devolved state and social movements in Barcelona

The 2008 GFC devastated the Spanish real estate sector, leading to chain defaults among developers and households that caused a significant accumulation of NPLs in the balance sheets of savings banks, placing the banking and real estate sectors on the brink of collapse. The central state played a crucial role in managing this debt crisis through the creation of a new financial structure that structurally privileged financial interests (Vives-Miró, 2018). In 2009, it established the Fund for Orderly Bank Restructuring (FROB) to stabilise the banking sector (Gutiérrez and Domènech, 2017), followed in 2012 by the formation of state-led asset management company, SAREB, (a 'bad bank') to acquire distressed assets (like housing, parking slots, retail and land),

and support their gradual reintroduction into the housing market as new rental housing products through discounted sales to institutional investors. Socially protected housing units (Vivienda de Protección Oficial-VPO) and non-performing mortgage portfolios were also directly sold to financial investors or intermediaries (e.g. Servicers). Furthermore, specific reforms targeted financial investors, including the 2012 amendment of the Law on Real Estate Investment Trusts (SOCIMIs) to grant zero corporate taxation (Janoschka et al., 2020). Entering the property market via SOCIMIs or Servicers, financial investors acquired devalued assets, NPL portfolios and social housing (Janoschka et al., 2020). Another significant reform was the 2013 amendment to the Urban Rent Law, which reduced controls on rent increases and the minimum duration of rental leases from 5 to 3 years (Janoschka et al., 2020). Although this law was subsequently amended in 2019 to re-establish a minimum 5-year tenancy period, it had already created a system with differential levels of tenant protection. The entry of institutional financial investors into the Barcelona housing market was marked by the purchase of the NPL portfolio of the regional bank (*Catalunya Caixa*) and resulted in either evictions for defaulting mortgaged homeowners or unaffordable rent increases for tenants (Charnock et al., 2014). While Spain was experiencing the highest rate of repossessions in Europe (Colau and Alemany, 2014), Barcelona's rent levels increased by 62.5% between 2015 and 2023 (Idealista, 2023). However, as we will now detail, in Barcelona, this housing crisis generated powerful local urban social movements at the regional and city scale who, within a devolved political system, managed to strategically shift political priorities and push back against housing financialization.

## *The move against financialization*

Across Spain, the housing fallout from the post-GFC restructuring triggered a powerful and ongoing social movement response marked by demands for re-housing of evicted people in socially protected housing, the squatting of inactive and foreclosed assets owned by transnational investors and rent negotiations to prevent evictions, housing precariousness and homelessness (Blanco et al., 2020). In Barcelona, housing movements further exposed the speculative rent increases resulting from the conversion of housing assets into Airbnb rentals and related tourist industry activities (Cocola-Gant et al., 2020). The Platform of Mortgage Affected People (PAH), (in Spanish: *Plataforma de Afectados por la Hipoteca*) was able to transform evictions into emancipatory struggles (García-Lamarca, 2022), while the Barcelona Tenant's Union (in Catalan: *Sindicat de Llogateres*) developed into an effective negotiator between tenants and financial landlords to halt evictions and renegotiate rent increases (Ill-Raga, 2024). As demands from housing struggles moved up the political agenda to the forefront of anti-austerity mobilizations, municipal progressive coalitions formed around these claims and helped bring them into political office in Barcelona from 2016 to 2023. Led by former housing campaigner turned Mayor, Ada Colau, the electoral platform *Barcelona en Comú* offered an alternative vision to speculation by placing the social function of housing as the focal point of policy action.

Key objectives of the municipal government were to address housing vulnerability and enlarge the social housing stock, which in 2016 comprised just 7500 units out of a stock of around 811,106 family homes. Pushing forward the social function of housing, the city council proactively utilised policy tools to establish an inclusive housing system. To ensure that property owners served the common good and prevented practices like speculation and abandonment, a '*dedicated task force'* was established to impose fines for tenant harassment by landlords, vacant properties, or the misuse of socially protected housing (FBI-policy-maker1-Nov19). Strategic plans were developed to '*expand the available affordable housing stock*' and activate the '*right of first refusal*' which granted the municipality preferred buyer status for land and housing in real estate transactions. In 2019 alone, this initiative *'facilitated the acquisition of over 700 properties, which were subsequently reintroduced into the market as affordable social housing for rent*' (FBI-policy-maker1-Nov19). Concurrently, '*rent subsidies aided vulnerable families in meeting their rent*

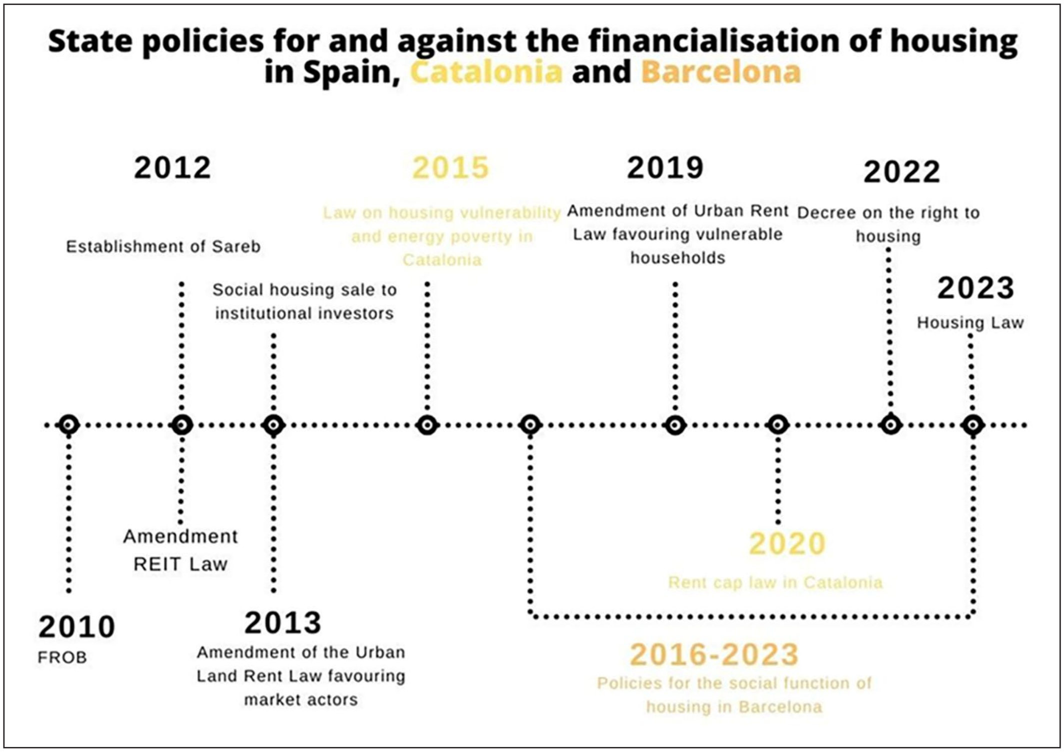


**Figure 3.** Timeline of policies for and against housing financialization in Spain, Catalonia and Barcelona.
Source: Author's own elaboration.

*obligations*' without accumulating arrears (FBI-policy-maker1-Nov19). Furthermore, the '*inclusionary planning principle* was introduced, *requiring 30% of new housing construction to be for affordable rent*' (FBI-policy-maker1-Nov19).

The city council's efforts '*were supported by the Catalan Law on the Right to Housing (Law 18/2007), which had already placed a legal framework against housing market discrimination of vulnerable households who were excluded from the private housing market'* (FBI-policy-maker2-Oct19). This became more concrete with the Regional Law 24/2015, introducing urgent measures to address the unaffordable housing and energy crisis in Catalonia, which mandated '*big property owners'* – those possessing more than 10 assets with a surface area exceeding 1500 m$^2$ – to provide social rental agreements to tenants who met predetermined vulnerability criteria and were unable to meet rental obligations (FBI-policy-maker2-Oct19). In September 2020, the Regional Government of Catalonia enacted the Rent Freeze Law, which mandated that new leases could not exceed the price index set by the regional government. This legislation emerged from negotiations with housing activists and residents' associations, reflecting a calculated instance of strategic selectivity by the state. By engaging with social movements and incorporating their demands into formal policy, the government strategically aimed to mitigate real-estate speculation and relevant housing affordability pressures, while gaining control over housing market dynamics. The law was adopted by several Catalan municipalities, including Barcelona, to contain rental increases and further certify that privately rented housing is offered at affordable rents. Although the law was overturned by the Constitutional court in 2021, leading to a partial implementation, recent political efforts strive to reinstate the rent cap in 140 Catalan municipalities from 2024 onwards. However, housing struggles and municipal efforts, with Barcelona as epicentre, have culminated in the national enactment of Royal Decree

42/2022, which recognises the right to housing as a central pillar of the welfare state.

Moreover, the municipality of Barcelona further collaborated with third parties *to 'support housing cooperatives and affordable housing*' units on public land (FBI-policy-maker1-Nov19). Over the 8 years of Barcelona's new municipalism, the socially protected housing stock grew by 4600 units of which 1500 were newly constructed, 1600 were acquired through the right of first refusal, including 1000 which were rented from individuals and 500 scheduled for completion by the end of 2023. In addition, another 1900 units are under construction, and 2100 in planning stages. As a result, Barcelona significantly expanded its public housing stock to become the largest provider of social housing among Spanish cities (Alexandri and Janoschka, 2024).

Finally, the municipality '*further established special units to support vulnerable households facing challenges such as rent increases or eviction procedures'* (FBI-policy-maker1-Nov19). The Service for Intervention in Situations of Loss of Housing and Occupation (SIPHO) provides dedicated services of negotiation between tenants and landlords. The objective is to facilitate mediation between both parties and identify mutually beneficial resolutions that ensure that property owners sustain the social function of housing and households are enabled to stay put (FBI-policy-maker1-Nov19). Since its establishment in 2016, this service has assisted 13,438 families, successfully preventing 90 per cent of eviction orders. This series of measures, often co-designed with civil society actors, exemplifies a form of strategic selectivity that actively prioritises social interests over market-driven imperatives. By deliberately aligning municipal governance with grassroot demands, these policies seek to address critical issues like housing affordability, social equity and urban sustainability, while, at the same time, they represent an effort of policy innovation to strategically manage, or even potentially restrain, the influence of real-estate and financial actors in the local housing market.

## *Shifting investor strategies in Barcelona*

Local state policies aimed at curbing housing financialization initially met with a lukewarm reception from real estate investors and market stakeholders:

> The market was very afraid of the strong political change. What the market first tried to do was to discredit the politicians who were in the new positions claiming that they were incompetent and so on [. . .] Eventually, a good part [realised that] they had to put up with her [referring to Ada Colau] . . . they have no choice. (FBI-policy-maker1-Nov19)

Financial investors' initial scepticism eventually adjusted to accepting and working with the evolving political landscape. The continuous changes in the policies launched on housing vulnerability in Barcelona, including the protection of households resorting to squatting, '*introduced an economic risk, as occupied assets fail to generate rental income*' (FBI-REIT2-July20).

To mitigate investment risks, key financial investors endorsed the principles of corporate social responsibility (FBI-REIT1-Oct19). Besides dedicated social responsibility teams that are in constant and direct communication with campaigners and the public administration (FBI-policy-maker1-Nov19; REIT1-Oct19; campaigner-Nov19), investors have developed '*socio-labour programmes*' with third-sector companies that aim at helping vulnerable tenants in rent arrears get back into employment (FBI-REIT2-July20; third-sector-company1-Nov20). Upon enrolling in job placement schemes, these households receive '*tailored support for their reintegration in the labour market'* (FBI-third-sector-company1-Nov20; third-sector-company2-Dec20). When securing employment, '*tenants' rental agreements are automatically updated and the new rents are calculated as 30% of their newly earned income'* (FBI-third-sector-company2-Dec20). Interviews revealed that such corporate responsibility projects have been strategically important for investors for three main reasons:

> . . . first, a substantial portion of assets recovers financially as previously non-income-generating assets become revenue sources; second, confrontation with housing campaigners and the municipality is eluded as investors, through mediation practices, reduce reputational risks and improve their public image; and, third, the investor attains profitability as they achieve rent increases. (FBI-third-sector-company1-Nov20).

These findings highlight how institutional investors can manoeuvre and adapt to new institutional settings, indicating that the ‘state-investor nexus’ is continuously reworked under the influence of social and policy innovation.

## Discussion: the state as a social relation in the financialization of housing

Our comparative analysis has revealed the complex, variegated and contradictory role of the state in the financialization of housing. Following the theoretical framework developed by Poulantzas and further enriched by Jessop, rather than the state de facto acting as a monolithic bloc in the interests of financial investors, we see in both cases how the state is a condensation of forces that reproduce themselves within political contradictions and social struggles. Consequently, Athens and Barcelona exemplify how state policies, in different scales and temporalities and for concrete local socioeconomic and political reasons, both facilitate and constrain financial market interests. This is further exemplified by the dialectical forces that develop the strategic and the structural selectivity within state policies and reflect the continuous interaction between institutional constraints and the capacity of state actors to leverage this structural bias to echo and pursue social interests.

As we have shown, how in both cases state policies have constrained and also contested financial market interests. In the period between 2010 and 2019, the central state’s strategic selectivity in Greece was to openly oppose requests from the Troika and financial markets to liberalise the insolvency framework and proceed with the securitisation of NPL portfolios. The state preferred to safeguard the local financial and real estate equilibrium against global financial interests and respect the social consensus surrounding homeownership that underpinned political stability. Moving to the other side of the Mediterranean, in Barcelona, the flip side of the national state policies procured in favour of financial and real estate interests was marked by housing repossessions, evictions and rent increases. This sparked escalating housing campaigns that were able to translate social mobilisation into electoral victories of new municipalism. Here, we see a strategic combination of an electoral participation of a unified progressive coalition within the framework of the state, alongside housing struggles outside of it continuously exerting pressure across state scales in relation to housing rights. The new municipal government in Barcelona has promoted legislation to ensure housing serves a social function, particularly benefitting vulnerable households. In essence, this state strategic selectivity was shaped by housing struggles, which subsequently crystallised in local policies that not only challenged the interests of financial real estate actors, but also upscaled into transforming central state policies for the right to housing.

These findings challenge common assumptions that the political and economic capacities of the state are constrained by a mode of structural selectivity to promote dominant capitalist interests. Instead, we highlight the state’s capacity to resist pressures for special measures on behalf of particular social interests. Our analysis has further encouraged a more relational approach on the dynamics that define the financialization of housing by revealing that financial investors respond to the kind of policies that do not necessarily support market interests by scrutinising and adjusting on concurrent local dynamics, thereby guaranteeing future activities in local real estate markets. For instance, in Athens, investors are endorsing a lease-back option for repossessed households, at least temporarily, due to the financial risks that relate to the volume of NPL provisions and planning informalities of assets; while in Barcelona, the establishment of corporate social responsibility projects by financial investors elude social confrontation and transform previously non-income generating assets into novel revenue resources. This further demonstrates that the ‘state-investor nexus’ is contingent on the way these peculiar local dynamics filter global trends, continuously redefining power relations in the financialization of housing.

## Conclusion

By comparing the ‘state-investor nexus’ vis-à-vis local dynamics and peculiarities in Athens and Barcelona, we have offered rich insights on the path dependency of the housing financialization process. These path dependencies cannot be solely attributed to the positioning of cities within global economies or relevant financial relations, but should also consider the local context, that is the contingencies in the social dynamics that penetrate the state and its relation to non-state actors, and how these dynamics further define the 'state-investor nexus'. We have shown how the state policies evolve under the influence of local economic, political and social dynamics, and how the 'state-investor nexus' is conditional on this complex web of interdependencies that evolve at the local context between state and non-state actors. What is at stake in each case is the changing balance of forces and power relations within and outside the state regarding the financialization of housing. Moreover, by considering that the state is a social relation shaped by class struggle, where power relations among the interests of different class fractions become solidified, we further suggest that the 'state-investor nexus' becomes contingent on the relevant policy shifts and social changes each time at place. Finally, driving attention to the 'comparative gesture' of this research, we argue that empirical findings derived from 'elsewhere' on the role of the state and the relevance of the 'state-investor nexus' have been instrumental in revealing how different stakeholders redefine power relations in dynamic ways that reflect the local specificities in the financialization of housing. This underscores the need for further research on the local circumstances and peculiarities, which are prone to challenge the process of housing financialization.

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