

Graduation Plan

Master of Science Architecture, Urbanism & Building Sciences



Graduation Plan: All tracks

Submit your Graduation Plan to the Board of Examiners (Examencommissie-BK@tudelft.nl), Mentors and Delegate of the Board of Examiners one week before P2 at the latest.

The graduation plan consists of at least the following data/segments:

Personal information	
Name	Pablo Miguel Maal Abello
Student number	5137489

Studio		
Name / Theme	Financialization of Housing, REITs and Housing Rights	
Main mentor	Yawei Chen	Urban (Re)development Management
Second mentor	Ellen Geurts	Real Estate Management
Argumentation of choice of the studio	Case study	

Graduation project	
Title of the graduation project	REITs as an instrument to Housing Rights implementation in Barcelona
Goal	
Location:	Barcelona
The posed problem,	<p>The housing production regime in Barcelona is strongly reliant on private market and corporate landlords, financialization of non-financial firms may imply a shift away from maximization of supply and toward maximization of return on investment. (Aalbers et al, 2017). Currently, financial actors, such as listened companies, have grown more engaged in the housing market of big cities, as have social housing providers and even private households that have changed their minds about buying additional units for pure investment purposes (Wilberg et al., 2018; Fields and Uffer, 2014). This type of behavior increases the tension of private rental housing. One of the most relevant behaviors is the commodification of housing, which consists of the transformation of the Housing concept from a social security factor to a commodity or asset. When treating a home as an asset or a share, interest in housing rights of tenant can be affected and only its appreciation in the market is sought. In this way, cities such as Barcelona have experienced growing discontent on the part of the population. This type of movement requires greater regulation of income and guarantees of compliance with Housing Rights. In the case of Barcelona, Law 11 of 2020 and the right to housing plan (2016-2025). Although the intention of these regulations is focused on improving tenant conditions, there are risks to the market that must be considered. The strong rent control measures in the Catalonia and Barcelona region do not consider that the Housing system depends entirely on private rent. The local government is not accompanying this type of measure with an expansion of the Social-housing stock and potentially there may be a decrease in the availability of housing due to the loss of interest</p>

	on the part of the landlords. As a result, governments frequently face a conflict between the investment they desire to preserve, and the well-being and rights demanded by citizens. REITs are at the center of this challenge, being that they are the stakeholder that might potentially be the solution and negotiate a balance between the two sides of the coin.
Research questions and	How to improve REIT (SOCIMI) business strategy to contribute to the housing right for low-income tenants in Barcelona?
Design assignment in which this result.	The main goal of this research is providing insight into the relation between financialization of Housing and its effects to Housing Rights and its value Real Estate Investment trust and communities who are in search for improve the social conditions in the urban areas of Spain. To fulfil this goal, a few objectives are stated. The first objective is generating a deeper understanding of Financialization of Housing in the Spanish housing system in relation to the Housing Rights. To do so, it is required to know what the effects of REITs business models are and how the social, economic, and institutional context wherein they take place do influence them. The second objective is drawing lessons for REITs who want to incorporate Housing Rights in their Business Model. These lessons should deal with the way of housing systems and markets are treated, the role of SOCIMIs and their influence on Housing rights.
<p>The possibility of understanding how to improve REIT (SOCIMI) business strategy to contribute to the housing right in Barcelona raises the research question that will drive this thesis. This shows the main question that will guide this thesis:</p> <p>How to improve REIT (SOCIMI) business strategy to contribute to the housing right for low-income tenants in Barcelona?</p> <p>To define this question, the thesis divides into three parts, which present three themes that allow solving the question posed: the Spanish Housing system, the REITs regime, and the study cases. All these will be analysed from two main topics: Financialization and Housing Rights. Next, the sub-questions that will guide each of the parts will be presented.</p> <p>The research question, as stated in the introduction, will be addressed step by step by having to respond the sub-questions defined below. Some sub-questions have been developed for each component of the conceptual model (Figure x). The purpose, outcome, and method of data collection will be briefly discussed for each question.</p> <ol style="list-style-type: none"> 1. Who REITs contribute to the financialization of the rental housing of low incomes? Purpose: As can be understood in the literature review, REITs have a strong link with the financialization of housing. The type of behavior that they have within the market can increase or limit the negative effects of this economic phenomenon on the inhabitants of a city. That is why the purpose of this question is to establish this link. Outcome: This question will provide an overview of what relationship exists between the negative effects of financialization of housing, presented by the review literature, and the existence of real estate investment trusts in the market of a city. If you want to be more specific, you want to understand the type of effects that these companies, through their portfolio, may have the low-income tenants that inhabit their dwellings. Data collection: This question can be answered by interviews to academic and studying literature. 2. How do REITs affect the implementation of Housing Rights for low-income populations? Purpose: The first function of this question is to recognize the relevance of the adequacy of housing of low-income tenants. As previously established in the literature review, the commodification of housing reduced the conception of a house from a social security point to an asset. Recognizing the importance of tenant Housing Rights principles marks a return to the community's vision of safety. This question will give insight into the factors that people take into account when choosing a location, prices, and conditions that houses of 	

REIT's portfolio have. Additionally, it establishes the type of responsibilities that REITs have in complying with the housing rights of their tenants.

Outcome: This question will result in an overview of factors within the business model and the operational structure of REITs that can affect or strengthen the housing rights conditions of a city's rental system. This question seeks to identify the conditions that currently represent the challenges in the implementation of housing rights in REITs by studying the asset management and property management culture of the company.

Data collection: This question can be answered by surveys to tenants, internal data of corporations, municipalities and studying literature.

3. How can REITs incorporate Housing rights in their business strategies?

Purpose: A possible mismatch between the business strategy of REITs and the implementation of housing rights can be found. This question will help establish challenges and solutions in the adoption of housing rights in the business model and operational structure of rights.

Outcome: This serves the purpose of creating a more sustainable built environment for low-income tenants. Throughout the framework proposed in the dynamic capabilities, it is going to be possible to give advice to REITs in the implementation of this new behaviour.

Data collection: This question can be answered by interviews to high managers, surveys to tenants, internal data of corporations, municipalities and studying literature.

Process

Method description

To be able to advise Real Estate Investment Trusts in the implementation of Housing Rights to their business models and operational structure, first insight to be gained is the current conditions of the context, their business model, the operational structure, and the type of tenants. The research presents an initial phase of implementation that analyses the existing mismatches of the REIT with the Housing Rights. Subsequently, the strategy structuring stage defines which aspects of the REITs are to be maintained and which must anticipate the change towards Housing rights implementation. Finally, the research objective presents the results of the strategy in which it is stated that aspects of the REITs' capacities must be aligned and/or added to implement the rights of low-income tenants.

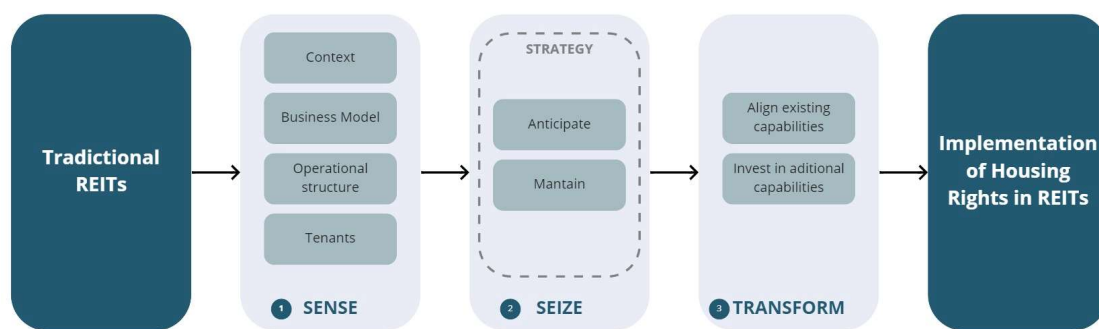


Figure: Research objective scheme

In point one, it is necessary to understand the types of inputs that will carry out the initial analysis of the conditions in which the REIT research begins. That is why a breakdown of the information that is expected to be gathered is shown in figure below.

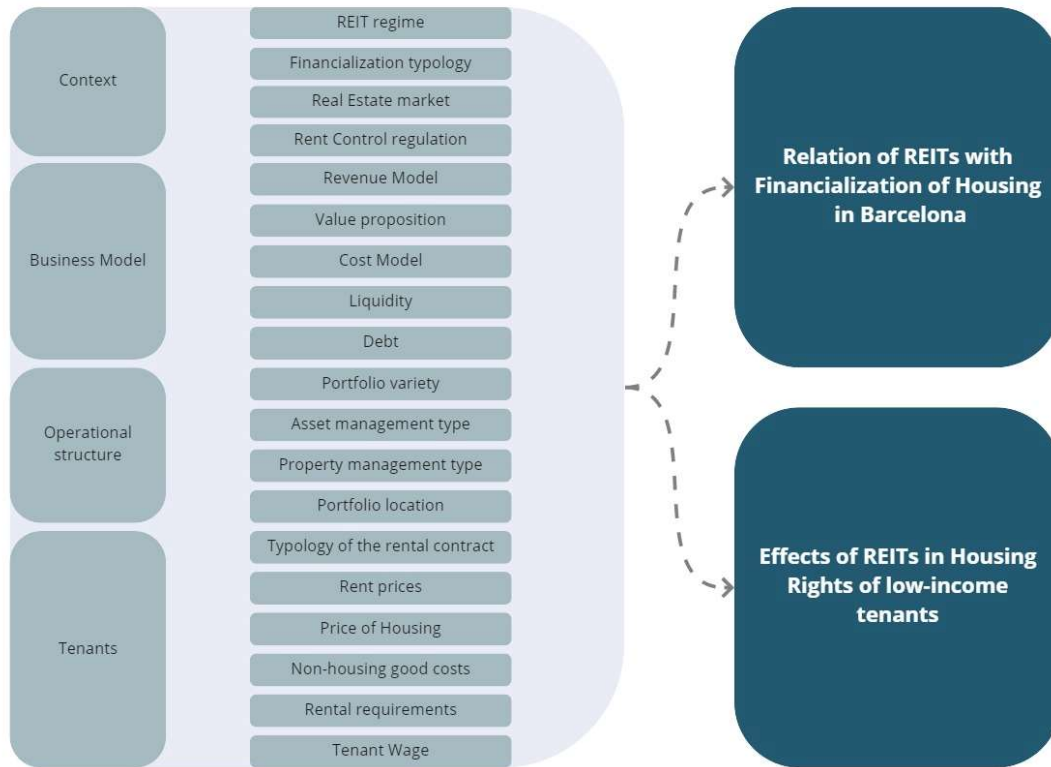


Figure: Inputs to the research objective (own illustration)

RESEARCH PLANNING

The process of the research is in line with the three phases of the conceptual model (Figure 13). In the first phase (P1-P2), a stakeholder analysis will be made based on literature. In the firsts weeks after P2 the study case will be selected. During the phase between P2 and P4, the overview of the REITs (study case) business model and operation structure will be made, by means of conducting surveys to tenants in their portfolio and collecting data directly from there files. The overview of strategies and tools used in asset and property management, and strategies regarding housing adequacy will be made in this period as well, by interviewing real estate investors, property managers, advocates, academics, and policy makers. During the final phase (P3-P5), the results from the earlier stages will be analysed and compared to the literature review, and some advice to the REITs organization will be documented as a result. Figure depicts an overview of the research process planning.

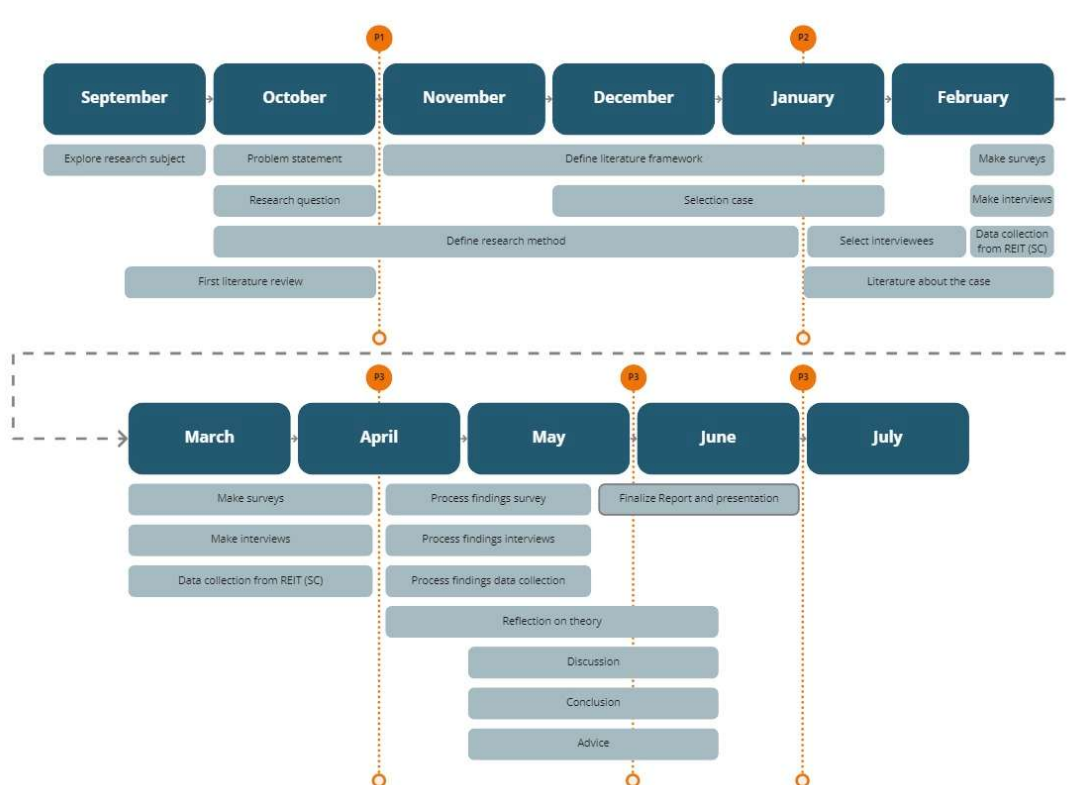


Figure: Research planning (own illustration)

Literature and general practical preference

A research strategy is a general approach to conducting quantitative or qualitative social research (Bryman, 2012, p.35). This is a mixed study between qualitative study because it is primarily concerned with the needs, behaviour, and perceptions of tenants in relation to their Housing Rights and quantitative because its main objective is to present a viable strategy for REIT to implement Housing Rights, KPI and quantitative data will be used. An inductive approach to the relationship between theory and research is emphasized in qualitative research, so emphasis is placed on the generation of theories (Bryman, 2012, p.36). This is consistent with the previously discussed gap in literature, because by conducting case studies, theories can be added to the existing literature.

A research design establishes a framework for data collection and analysis. The selection of a research design reflects decisions about the importance of specific aspects of the research process (Bryman, 2012, p.46).

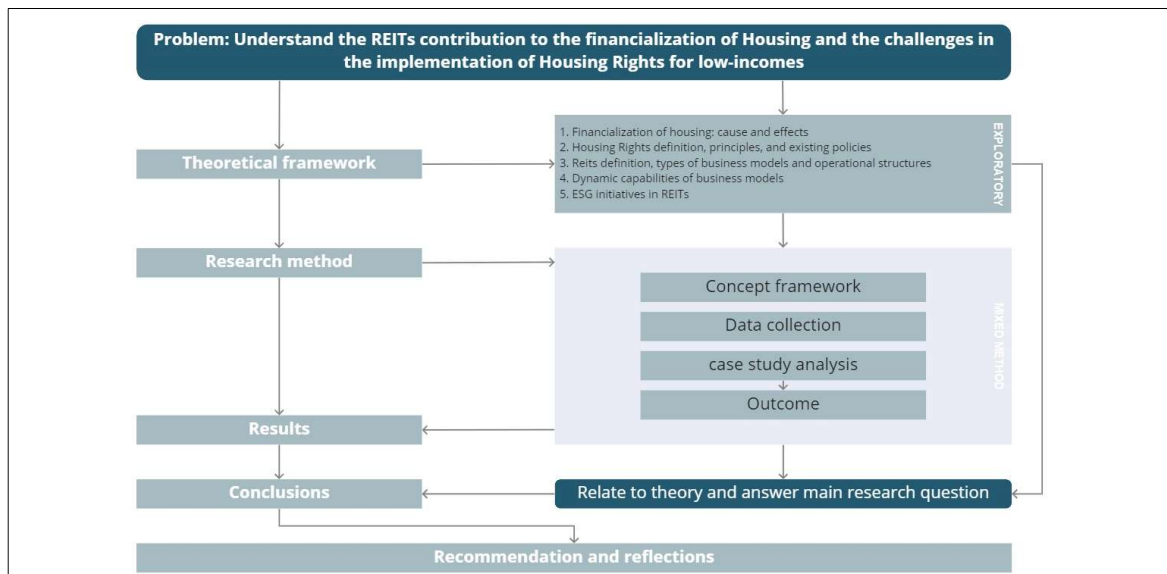


Figure: Research design (own illustration)

Reflection

1. What is the relation between your graduation (project) topic, the studio topic (if applicable), your master track (A,U,BT,LA,MBE), and your master programme (MSc AUBS)?

Having had the opportunity to study at TUDelft, allowed me to study the conditions of a developed country, such as the Netherlands, which has historically been seen as a positive example around the world. That is why when studying the effects of Financialization of Housing. I was surprised to find the kind of challenges they face. I have come to see in the literature studied so far that the approaches to this type of problem, such as the financialization of housing and the effects in the adequacy of housing, always seek regulatory solutions: implementation of laws or development plans by the local and national governments, but a solution is never sought through private initiatives. The opportunity to speak with REITs and with municipalities showed me that responsibility is only being placed on the legal tools that are available. The debate is always governed by the type of limitations or freedoms that the country offers. One of the biggest examples worldwide at the moment is Barcelona. A city with a strong influence from the international market, either due to its port or the tourism it attracts, has been one of the focuses of the financialization of Housing and whose municipality has taken strong measures to regulate this phenomenon. In this case, there is the political will, there is the implementation of new laws and plans, but there is not necessarily a drastic change in the solution of said problem.

With my thesis, I seek to fill an existing gap in the literature where an approach is made from the business models of REITs to the challenges of the financialization of housing and the implementation of tenant rights.

2. What is the relevance of your graduation work in the larger social, professional and scientific framework.

This research provides lessons for REITs who want to steer to more conscious business models regarding the implementation the Housing Rights of their tenants. The current behaviour of the housing system and the financialization effects are affecting the social, economic, and cultural context of cities. The need for more socially sustainable approaches is necessary to find a balance in the built environment. Hence, it is relevant to investigate the way financialization of housing is affecting the citizenship of the population, in this specific case, the seeks to identify responsibilities

of REITs in this phenomenon and how to contribute to their business models from a housing right strategy. The results of this study could be beneficial for the current and future tenants of areas where REITs have invested. As well, as it aims to contribute positively to the housing system, with a focus on social interaction and generating understanding of Housing rights among them.