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Speculation(s) on land: The land and housing crisis in the 21st century

Abstract

Land and housing are in crisis. Rising rents and land prices have triggered severe housing problems, particularly for low-income and average-income households. In addition to residential apartment distribution, land speculation has become increasingly relevant. Since affordable housing is dependent on the availability of land, this reinforces existing housing difficulties. To understand some basic implications of the crisis, it is necessary to examine the political-economic entanglements of land and housing within the capitalist economic system. Two crucial questions are who owns the land and how it is distributed. Accordingly, landownership plays a crucial role in urban political economy as ownership influences who can and cannot live in central areas of a city.

Based on these assumptions, this article aims to reveal some of the basic entanglements of land and housing and explains why one can speak of a crisis. It situates the topic in a broader context to raise fundamental questions about property. It will also provide insights into how property dynamics affect residents and their access to urban spaces by taking a closer look at the Italian city of Venice.

Keywords: landownership, spatial exclusion, speculation, urban political economy, spatial and economic inequality

Introduction: Land and housing as political spheres

The housing crisis has become more relevant over the past few years, as more and more people struggle to find affordable housing. This is especially true in rental-oriented housing markets like Germany (ZEIT online, 2019). Rising rents and the commodification of housing are just two reasons for the re-emerging of the "housing issue" (Engels, 1989). Sociologist David Madden and urban planner Peter Marcuse argue that housing should be seen as a "conflict between housing as lived, social space and housing as an instrument for profitmaking – a conflict between housing as *home* and as *real estate*" (Marcuse & Madden, 2016, 4, emphasis in original). They imply that housing has become a speculative asset thereby has lost its original purpose to serve as accommodation for reproduction, and as private space.

Madden and Marcuse draw two conclusions from this insight. First, "[t]he residential is political" (Marcuse & Madden, 2016, 4). Housing is not just about construction, relevant only to urban planners or architects; it is a matter of political importance. Housing debates are inherently political because the housing issue crosses both the private and public spheres. Second, the growing significance of

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the housing issue has solidified the idea of a "housing crisis" (Marcuse & Madden, 2016, 9–11). There is a growing recognition that land and housing are in a multi-layered crisis: rents affect housing politics, and the current energy crisis and inflation caused by Russia's invasion of Ukraine are influencing the affordability of housing (The Governing Mayor of Berlin – Senate Chancellery, 2023). Finally, the climate crisis affects how existing housing complexes are improved and how new urban housing districts are built (Rajagopal & UN Human Rights Council Special Rapporteur on Adequate Housing as a Component of the Right to an Adequate Standard of Living, 2022). In short, this multi-layered crisis impacts more than just housing. Housing depends on (urban) land, such that rising land prices exacerbate existing housing difficulties. Therefore, it is essential to consider housing and land politics in relation to each other.

One of the main consequences of the crisis is the rising pressure on urban governments and political actors. How can communal governments provide affordable housing for the population while preventing the exploitation of urban land? In part, the answer lies in the relationship between land use and land governance. Consequently, the core questions are: Who owns land and how is it distributed among the population? Is it based on wealth, by social status or by (political) power? Marxist urban researchers would argue that capital dominates the distribution of land (Harvey, 1982a). Additionally, land itself possesses several qualities that make landownership profitable (Ryan-Collins et al., 2017, 4). Thus, the issue of land ownership is highly relevant to the urban economy and the housing crisis.

In addition, property relations reveal that land is one of the most contested fields in the city: It belongs to no one and everyone at the same time. It is a factor of production, and the basis of the city and housing. It is dug up, exploited, rutted, cultivated, fenced in, and managed. Appropriation of land and the speculation with land and housing raise fundamental aspects about who owns land and housing. Thus, land and housing play an important part in urban policymaking. The ownership of land assumes an active role in the production of space because it intervenes visibly and invisibly in the structure of space (Trapp, 2018, 34). At the same time, individual ownership of a piece of land inherently excludes others from using it; essentially, ownership is synonymous with what is known as spatial exclusion (Fregolent, 2023, 247). In an urban context, this means that those who own land possess a commodity that others cannot access. Furthermore, while the physical availability of land is limited, land ownership itself is unlimited in scope. There are no legal restrictions on the amount of land one can own; only the availability of the land itself (in terms of its geographical area) is finite.

Another special quality of land ownership is that it can be disposed of and dealt with in accordance with individual preferences. Just as possessing land as private property is associated with freedom, it can also be viewed as theft (Ryan-Collins et

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al., 2017, 20–24). Once a person has taken possession of a piece of land, others are excluded from owning that exact same piece.

For the context of this article, "land" is defined as the proverbial basis for agriculture, green space, cultural amenities, housing complexes and social and technical infrastructures. "Housing" is more than built space, a materialised infrastructure or a social relationship. Therefore, the term "housing" will be used throughout the article to refer to these various uses and political implications.

To illustrate how land and housing politics influence urban agglomerations, this article will take a closer look at the Italian city of Venice. The city helps to understand the significance of land ownership and demonstrates how land ownership affects the urban population. Its position, history and urban structure make Venice an extraordinary city within the Venetian lagoon. These unique qualities attract numerous capitalist interests. Intensive real estate investments and the conversion of old *palazzi* into hotels threaten the Venetian population with displacement (Settis, 2014, 9–10), leading directly to their spatial exclusion (Doujak & Barker, 2023, 120). In most cases, residents move from the historical town centre (*centro storico)* to the mainland (*Venezia-Mestre*) or to outlying regions. The city reveals the effects of the current land and housing crisis on its population as if observed through a magnifying glass, making it an ideal illustration of the consequences of speculative land and housing politics.

In conclusion, this article will focus on the crisis of land and housing, which particularly negotiate urban conflicts over the proverbial foundation of the city. The article aims at revealing abstract but also very concrete property relations and their meanings for the city. To raise fundamental questions relevant to property, the article will serve to situate the topic in a broader context and will help to answer the more general question in which way property relations affect the accessibility of a city. The following guiding thesis will help to connect the theoretical framework to the example of Venice: Land and housing are revealing signs of a profound crisis, which is significantly impacting residents, causing them to be displaced; Venice serves as a striking example of this issue.

Links between land and housing politics

To understand the current crisis of land and housing, we need to better understand the reasons behind the crisis and the strong role played by land ownership. This requires a closer look at some of the links between land and housing politics. According to the economists Josh Ryan-Collins, Toby Lloyd and Laurie Macfarlane, the role of land in political economy is mostly underrated:

> *"Land plays a central role in the economy but one that is often overlooked and poorly understood. This lack of understanding is a major weakness in much orthodox economic thinking, and helps to explain many of the policy failures and problems that bedevil modern societies. These include the crisis in the affordability*

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of housing […], rising inequality, financial instability, excessive household debt and falling investment and productivity levels, despite increasing paper wealth." (Ryan-Collins et al., 2017, 7)

This assertion highlights the economic relevance of land and underscores the significant relationship between land, housing, and social inequality. It implies that there are several connections between land and housing, which will be taken into consideration in the following discussion. First, it seems necessary to address land and housing on equal terms. Since every housing complex is dependent on land, land is a prerequisite for housing. Hence, the availability of urban land plays a crucial role in the expansion of affordable housing. The current situation seems like a self-reinforcing dynamic: urgently needed affordable housing cannot be built, because local governments are unable to buy land and build apartments due to the high land prices and politics of urban austerity (Davies & Blanco, 2017). Regarding private developers, rising land prices create a dynamic that inhibits affordable housing. As Luft notes, "The more expensive the land, the more developers want to build luxury apartments instead of social housing" (Luft, 2019, 4, translated by the author), leading to the "displacement of social housing" (Luft, 2019, 4, translated by the author). Furthermore, building new luxury apartments in central urban areas also pushes people out of the city centre, thereby increasing segregation (Musterd, 2020) between city centres and peripheral areas (Holm, 2014, 58–76). This process of displacement affects people who are dependent on affordable housing the most. Thus, if rent prices rise in central areas, people with low incomes are forced to seek affordable housing in the outskirts of the city (Häußermann, 2003; Doujak & Barker, 2023, 120; Fregolent, 2023, 247).

One can conclude that socio-spatial inequalities are closely related to land and housing. Consequently, recent German debates refer to "the housing question" (*Wohnungsfrage*) (Engels, 1989; Schönig, 2018) and the "the property question" (*Bodenfrage*) (Belina & Heinz, 2019; Brandelhuber, Grawert, & Ngo, 2020) to address several aspects of social and urban inequality. It is important to emphasise that the term "property" itself directly stresses the relevance of property structures. The precise use of the word highlights the fact that the use and distribution of land is a matter of ownership. Thus, one can conclude that both the housing issue and the property issue address not only questions of social inequality, but also aspects of distribution, focusing on ownership but at the same time questioning common principles of economic politics.

The term "housing question" dates back to Friedrich Engels, who examined the housing conditions in working class England in the 19th century (Engels, 1947, 1989). In his investigation, Engels identified the capitalist mode of production as the central element responsible for the poor housing conditions of proletarians. In his article *The Housing Question* (1988, 317–391) Engels pointed out that housing becomes a topic of widespread attention when it starts affecting not only the

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working class, but also other social groups. "The so-called housing shortage," he noted,

> *"which plays such a great role in the press nowadays, does not consist in the fact that the working class generally lives in bad, overcrowded or unhealthy dwellings.* This *shortage is not something peculiar to the present; it is not even one of the sufferings peculiar to the modern proletariat in contradistinction to all earlier oppressed classes. On the contrary, all oppressed classes in all periods suffered more or less uniformly from it. […] And* this *housing shortage gets talked of so much only because it does not limit itself to the working class but has affected the petty bourgeoisie also." (Marx & Engels, 1988, 317–318, emphasis in original)*

Engel's remark underscores that the housing issue is a social problem, one that affects broad sectors of society. This is especially true in the 21st century, as more and more middle-income households encounter major difficulties when searching for affordable housing (Belina & Heinz, 2019, 8). Consequently, the term of the "housing crisis" has re-emerged in recent years (Marcuse & Madden, 2016; Ryan-Collins, 2018). Dave Madden and Peter Marcuse explain the re-emergence of the term "housing crisis" in the 21st century in relation to middle-income households and their economic instability as resulting from the 2008 financial crisis (Marcuse & Madden, 2016, 10). In particular, they "use the concept of crisis to highlight the ways that the contemporary housing system is unsustainable by its very nature" (Marcuse & Madden, 2026, 11), highlighting the systemic quality of many housing problems.

This section aimed to highlight some of the basic links between land and housing politics. Based on these explanations one can arrive at two conclusions: Firstly, land and housing are interrelated in several ways; secondly, the section indicated, that the uniqueness of land and housing determines the special economic function of both.

Land as commodity and fictious capital

To grasp the political-economic relations between land and housing more precisely, we need to take a closer look at some of the basic principles of urban political economy. Land and housing are immobile and cannot be transferred within space (Claus & Sommer, 2021, 104–105). This immobility makes landed property unique, implying that the geographical quality of land is highly asymmetrical: a plot of land in the mountains has different qualities from one in the city centre. The Marxist economic geographer David Harvey describes this unique quality in *The Limits to Capital* as follows:

> *"The ownership of private property in land confers exclusive power on private persons over certain portions of the globe. This entails an* absolute *conception of space, one of the most-important properties of which is a principle of individuation established through exclusivity of occupation of a certain portion of space – no two people can occupy exactly the same location in this space and be considered two separate people." (Harvey, 1982b, 338–339, emphasis in original)*

Here, Harvey describes the exclusive character of land and ascribes to it an exclusive power over others, one that is particularly decisive regarding the relevance of land

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ownership. In addition, land cannot be produced; it is finite. This distinguishes land from classical commodities. Consequently, market economy mechanisms such as supply and demand are only partly applicable. According to economic theory, land cannot be produced on an as- need basis (Ryan-Collins et al., 2017, 4) and, in the case of housing, demand regulates supply on the housing market. This is not the case with the land market: a high demand for land in cities and attractive locations causes land prices to rise and can only be regulated to a limited extent by designating new building land. Housing, on the other hand, can be produced in accordance with demand, but time and financial resources are needed to build new housing complexes (Claus & Sommer, 2021, 104–105). One of the most important aspects of the land and housing market is that neither housing nor land is replaceable. Everyone needs a home; there is no other commodity that can satisfy the need for housing. In addition, housing is a very heterogenous good: the quality of an apartment is influenced by several different factors, such as location, size, furnishings, structural condition, rental price, and infrastructural connections.

All of these mentioned features suggest that market principles are not applicable to land, and therefore land cannot take on the character of a typical commodity. However, because urban land is limited and it is a privilege to own land, land has become a marketable commodity that is sold and traded. As a result, there is an increasingly speculative interest in land (Belina & Heinz, 2019). Land speculation involves extracting rising values from developed or undeveloped land (Harvey, 1982b, 330–333; Smith, 1987). This includes holding undeveloped land and reselling it for a higher profit after a certain time, without any change in use. According to Karl Polanyi, an economic sociologist, land has been transformed into a "fictious commodity" (Polanyi, 2001, 76), one that is traded on the market as a stock value. Consequently, one can say that land and housing – in urban agglomerations and rural areas – have found their way into the capitalist system of exploitation. From the perspective of Marxist economics, land is one of the "three factors of production" (Ryan-Collins et al., 2017, 3), along with capital and labour. Since all three factors are needed to produce commodities, land cannot simply be reduced to arable soil. As Ryan-Collins, Lloyd and Macfarlane note, "[…] land is not simply soil, and its economic uses are not simply agricultural. In fact, land is better understood as *space* and the occupation of that space over time" (Ryan-Collins et al., 2017, 4, emphasis in original). Their observation focuses on how land value is produced; yet the pure value of a plot of land is difficult to determine, as neither labour nor financial expenditure can be measured on a solid basis, because land has always existed and has not been produced. According to Marx, uncultivated land is "without value because no human labour is objectified in it" (Marx et al., 1982, 197). Marx's perspective is helpful as it clearly defines the character of land in relation to labour. However, it does not explain where the specific value of land comes from and why it differs from region to region.

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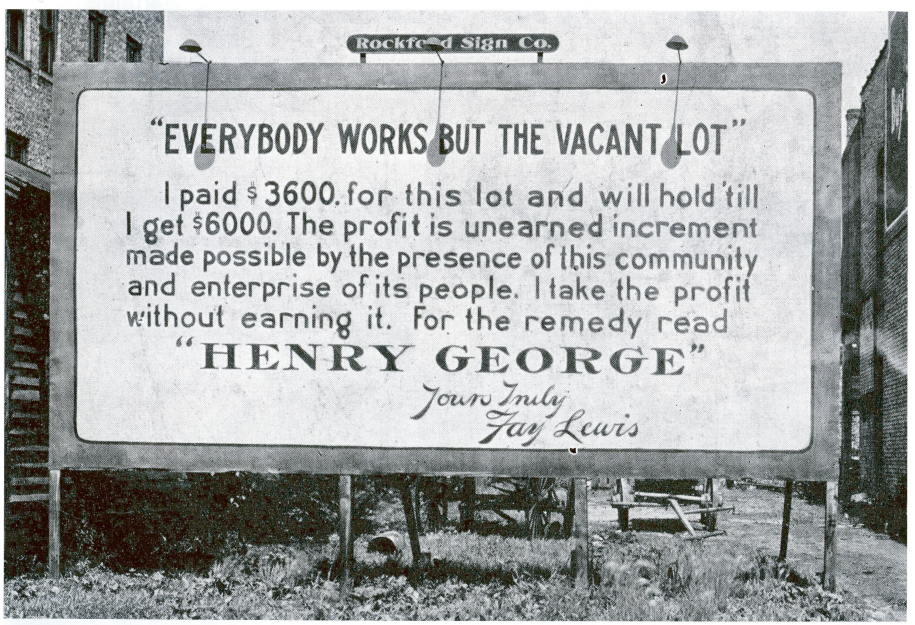
To come closer to an answer, it is worth taking another look at Harvey's remarks in *The Limits to Capital*. He states:

> *"The land itself is also a non-reproducible asset. By contrast, […] the use values embodied in it are not only reproducible but can be created through commodity production (factories, embankments, houses, shops, etc.). The quantity of land in a state fit for certain types of human activity can be altered through the creation of use values in the built environment. But the total quantity of land on the earth's surface cannot be significantly augmented or diminished through human agency." (Harvey, 1982b, 334)*

In other words, it is the use value of land that determines the value itself. In urban contexts, the specific use of an area has been said to determine its value (Ryan-Collins et al., 2017, 6). However, this explanation is contradicted by the fact that simply holding urban land significantly increases the pressure on the housing market and contributes to the urban housing crisis (Barth et al., 2019, 20); this identifies another reason for land speculation and rising land prices.

Figure 1: Reminiscence to Henry George



Source: High resolution scan, retrieved from: Bauverlag BV GmbH (Hg.) (2018). Stadtbauwelt: Die Bodenfrage (Zeitschrift). Gütersloh: Bauverl. BV. S. 53.

The location of a property within a city is a crucial factor in determining its value. In addition to the factors mentioned above, proximity to the city centre is another key determinant that can significantly affect the price of land. The closer the building plot is to the city and the more central the apartment is, the higher the potential

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rental income and land rent (Brede et al., 1976, 59). Inner-city locations are often preferred due to their proximity to amenities (Bourdieu, 2017), which increases the demand for inner-city land and subsequently drives up land prices. Ryan-Collins et al. refer to this phenomenon as the "locational value of land" (Ryan-Collins et al., 2017, 6), which can be described as the value that a plot of land derives from its location. In addition, the investments made by public administrations in surrounding (social) infrastructure or cultural amenities contribute to the value of land, but the profits received by the owner from infrastructural investments are not attributable to their own investments in land or buildings (George, 2006, 187–191) (see figure 1).

A crucial term for understanding the value of land is "land rent" (Harvey, 1982b, 358–362). Land rent can be translated as the profit that a landowner extracts from the use of land. The German Marxist geographers Bernd Belina and Werner Heinz describe land rent as follows:

> *"The private ownership of land and real estate, and thus the owner's monopoly over a certain area of land, enables him to demand remuneration for its use and economic exploitation, the so-called land rent. This rent is not generated by the land, but by the work done on it, and is part of the socially produced surplus value. The more profitable the use of a piece of land, the higher the rent." (Belina & Heinz, 2019, 45, translated by the author)*

As they point out, a landowner has a significant interest in realising the most productive use of land to increase the land rent. This interest is driven by the speculative use of land and an increased demand in central locations, causing land prices to rise. The consequences of this development are high monetary values, which are fixed in real estate and land exploitation based on speculation. According to Stefan Krätke, a German economic geographer, "[R]eal estate capital and urban land use form a distinct area of exploitation that organises, restructures, and economically utilises the internal locational structure of the city" (Krätke, 1991, 107, translated by the author). In addition to the economic revaluation of land and buildings, profits from land transactions contribute to the spatial (re-)structuring of the city. The most profitable uses tend to concentrate where the land rent is highest, indicating that land rent plays a significant role in dividing the city according to its uses.

As the previous comments indicate, there is a growing connection between land use and capital. This is primarily due to the increasing influence of the financial sector on the real estate market. In particular, the central banks' low interest rate policy has increased interest in investing in housing and land (Belina & Heinz, 2019, 9). In contrast to other forms of capital investment, land retains its value over the long term: "Most capital assets depreciate in value over time due to natural wear and tear but land tends to appreciate" (Ryan-Collins et al., 2017, 7). Investing in land, therefore, represents a secure investment for private owners and real estate companies. At this point, one can draw a connection between the property issue as it connects to Marx's observations in *Capital* (1982) and Harvey's assertions in

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A companion to Marx's Capital (2010) regarding Marx's work. For Marx, one of capitalist society's basic exploitations concerns the worker and the land. In *Capital*, he described this connection as follows:

> *"Capitalist production, therefore, only develops the techniques and the degree of combination of the social process of production by simultaneously undermining the original sources of all wealth – the soil and the worker." (Marx et al., 1982, 638)*

The implication is that nature places the soil at people's disposal and, in consequence, humans exploit the value of the common land and of labour-power in order to extract surplus-value. David Harvey describes with regard to Marx that capitalism is dependent on nature:

> *"Capitalism […] relies on the beneficence of a bountiful nature, and as Marx points out, the depletion and degradation of the land makes no more sense in the long run than does the destruction of the collective powers of labor, since both lie at the root of the production of all wealth. But individual capitalists […] are perpetually tempted to take the position of Apres moi Ie deluge! with respect to both the laborer and the soil." (Harvey, 2010, 321)*

Essentially, Harvey's and from Marx's assertions make clear that the world's wealth is rooted in the worker and the land. These are the most valuable entities in existence, and humans have found a way to exploit both to the utmost level.

With regard to capitalist agriculture, Marx compared the exploitation of land and the worker to robbery: "Moreover," he notes, "all progress in capitalist agriculture is a progress in the art, not only of robbing the worker, but of robbing the soil" (Marx et al., 1982, 638). Throughout *Capital*, Marx continued with the image of robbery and theft of the common land, carried out primarily by the feudal and bourgeois classes. He acknowledged that the intensive use of land had reinforced the development of a proletarian class and that at some point, due to the capitalist mode of production, land became transformed into capital:

> *"[T]he theft of the common lands, the usurpation of feudal and clan property and its transformation into modern private property under circumstances of ruthless terrorism, all these things were just so many idyllic methods of primitive accumulation. They conquered the field for capitalist agriculture, incorporated the soil into capital […] and created for the urban industries the necessary supplies of free and rightless proletarians." (Marx et al., 1982, 895)*

One can relink this citation with how David Harvey defined capital, in accordance with Marx's views: "Capital," he notes, "emerges when money is put into circulation in order to get more money" (Harvey, 2010, 76). At the end of the circulation process, capital strengthens the division of society into wealthier and poorer sectors. In *A Companion to Marx's Capital*, Harvey describes this emergent problem with extreme precision, connecting it to Marx's remarks:

> *"And there is […] plenty of evidence to support the view that the rhetoric of free markets and free trade and their supposed universal benefits […] have produced exactly the result that Marx would expect: a massive concentration of wealth and power at one end of the social scale opposite the proliferating impoverishment of everyone else." (Harvey, 2010, 52–53)*

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The enlargement of the social gap due to the logic of free uncontrolled markets results especially from the commodification of common land. Applying Marx's and Harvey's argument to a broader urban context, one can conclude that those who own land and have invested in real estate can accumulate an immense amount of "social power" (Harvey, 1982b, 256), and they can exclude others. The concept of social power considered here can be explained as "[the] accumulation of money" (Harvey, 2010, 73) that is inherent to capitalist production. Applied on the acquisition of land three assumptions can be derived. First, acquiring land raises social influence and power. The money congealed in land becomes part of the accumulation of wealth. If a person owns a large number of properties, their control over others is increased. Second, social power is a concept inherent within capitalist accumulation; thus, it cannot be disregarded when analysing capitalist modes of accumulation (Harvey, 2010, 73). Apart from the individual who has invested in land, there are others who are dependent on that same land. Often, those who can barely afford housing are the most dependent on a well-functioning distribution of land and affordable housing. Third, the term "social power" implies that others can be excluded, and thus that land ownership is directly linked to exclusion. The term "exclusion" (Doujak & Barker, 2023, 120) refers to the possession of a good that others cannot access. "Spatial exclusion" extends beyond physical objects and, in the context of the city, refers to the exclusion of certain groups of people from urban spaces. Insuperable barriers, fences, and hedges can be interpreted not only as protective elements, but also as boundaries that define specific ownership relationships (Doujak & Barker, 2023; Trapp, 2018, 120). Land ownership plays an active role in the production of space (Lefebvre, 1991), raising fundamental questions about who actually owns a city and who has access to land. Thus, in contrast to land (which has limited availability), the possibility of owning land is unlimited (Luft, 2019, 5). There are no legal restrictions limiting the amount of property one can hold. In this way, ownership becomes a crucial aspect of the "property question." According to Bernd Belina and Werner Heinz, the problems associated with the land and housing market stem from the profit-oriented exploitation of land under capitalist private ownership (2019, 9). They are concerned with exploitation itself and with

> *"the existing property relations and the special role of capitalist private ownership of land: its power in relation to its use, its embedding in the changing process of capital exploitation as well as its relationship with the changing function and form of utilization." (Belina & Heinz, 2019, 9, translated by the author)*

Property is unique in its ability to exert power over others (Ryan-Collins et al. 2017: 10). If a significant amount of property is concentrated in the hands of a few, questions about their influence over others arise. In this regard, Ryan-Collins, Lloyd and Macfarlane note that

> *"[…] the structure of landownership is not natural, but is a matter of law and custom, and hence is inherently political. Compared to owning other assets, such as gold, controlling land over time requires a high degree of social acceptance of that control." (Ryan-Collins et al., 2017, 20)*

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Hence, how property issues are discussed within societies is crucial. To summarise this section, the following conclusion can be derived: Basic principles of political economy explain how the value of land is created and why land is of capitalist interests. At the end of the section, the significance of land ownership helped to highlight crucial aspects regarding the term of social power which is connected to the accumulation of money. To illustrate and unfold the effects of these mechanisms on city residents more elaborate, the following section focuses on the example of Venice.

Venice as *exclusive* city

These factors reveal a widespread transformation, that has occurred in numerous cities in recent decades, exacerbating socio-spatial inequalities (Musterd, 2020). The displacement and exclusion described here are occurring in most cities under comparable circumstances. Nevertheless, to examine the consequences for the local population in greater detail, it is worth considering an especially striking example: Venice. Venice's uniqueness in terms of its geographical position and architecture make it a prime example of these phenomena. The city reveals the effects of the current land and housing crisis on its population as if observed through a magnifying glass. Thus, it offers an ideal illustration of the consequences of speculative land and housing politics.

Venice is one of the most popular touristic destinations in Italy. More than five million visitors come to Venice every year, and during the high season about 100,000 foreigners pass through the city each day (jus/dpa, 2023). While the number of tourists has increased over the past few years, the population living in the *centro storico* has been decreasing. According to research by the *Osservatorio CIviCo sulla casa e la residenza* (Ocio), a local housing initiative, the number of permanent inhabitants has dropped from 175,000 in 1951 to slightly under 50,000 in 2022 (Ocio – Osservatorio CIviCo sulla casa e la residenza, 2023, p 68–69). This population decline can be explained by the ongoing process of displacement due to touristification, the conversion of historic *palazzi* into hotels, and overall speculation with land and housing (Vittadello, 2023) – the city's uniqueness not only enhances its allure, but also renders it economically lucrative. The limited availability of housing and land in Venice accentuates the exclusivity of property ownership, making it a coveted privilege within this distinctive urban environment.

The German philosopher Wolfgang Scheppe analyses the example of Venice in his article *The Ground-Rent of Art and Exclusion from the City – The Exemplary Quality of Venice's Singularity* (2020), paying close attention to the transformation of urban space in accordance with capitalist patterns. In his study, he precisely describes one of the basic problems: the effects of overexploitation of land. The assumption is that land, as well as the existing real estate of Venice, have been converted into means of speculation over the course of the last few decades, thus reinforcing the ongoing

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displacement of the urban population (Scheppe, 2020). In most cases, people move from the *centro storico* to the mainland – for example, to *Venezia-Mestre* or even to regions in the hinterland, further apart from Venice (see Figure 2) (Ocio – Osservatorio CIviCo sulla casa e la residenza, 2022). Land and housing speculation enforce a high degree of mobility among the urban population. As previously argued, those hardest hit by the willingness to move and the resultant displacement are the people who are already troubled by housing issues, or who simply cannot afford to move into a more expensive apartment (Frey, 2020, 17). In Venice, this displacement is reinforced by two processes. First, the renting out of Airbnb apartments is gradually removing apartments from the housing market. According to the Ocio, the rental housing market in the *centro storico* of Venice has effectively disappeared due to a major increase in tourist rentals (Ocio – Osservatorio CIviCo sulla casa e la residenza, 2022). Second, real estate companies in Venice and all over the world convince people to invest into touristic housing by promising high return rates (see Figure 3). Some of the old *palazzi*, once owned by residents, are being sold to huge hotel or real estate companies due to their financial capability to renovating these historic buildings (Dierks, 2019). According to the Italian archaeologist and historian Salvatore Settis, this sell-out of Venice (Settis, 2014, 96), driven by the promotion of the historic city, threatens its very existence. The title of his publication reflects his view of the process: *Se Venezia muore (If Venice dies)* (2014). The title is not only a warning sign; it also highlights the fragility of the urban environment of Venice. The city's uniqueness and the specific location of the historic centre play a major role regarding the current land and housing crisis. Venice is an impressive example of how the limited availability of land for housing construction affects cities in general. Given that Venice's boundaries are tightly confined within in the Venetian Lagoon, the city cannot expand to the degree needed to slow down the process of displacement by building more housing complexes.

Today, almost all classes of society are affected by the difficulties connected to finding a suitable home (Ryan-Collins, 2018), and the process of displacement is not unique to the case of Venice. In many urban agglomerations all over the world, problems of displacement and segregation are prevalent (Musterd, 2020). But what is different about Venice is the pace of property exploitation and displacement in that city (Settis, 2014, 10). Wolfgang Scheppe concludes that "In Venice, displacement is necessarily, at one and the same time, exclusion" (Scheppe, 2020, 17). He acknowledges that the displacement of residents directly excludes them from what the city has to offer in terms of public places, cultural events, labour market and housing. Scheppe underlines his statement by connecting displacement to the constant increase in profit, extracted from land and housing rents (Scheppe, 2020, 17). He strongly argues that many people seek to acquire their own piece of Venetian land in the form of housing, and that, in most cases, those with the

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Figure 2: Aerial view of Venice and its location within the Venetian lagoon

Source: google maps, 2024.

highest influence succeed in doing so (Scheppe, 2023, 322, 346). Thus, a closer look at the relationship between landlords and tenants is merited. Scheppe writes:

> *"On the real estate market, where the residential requirements of the normal populace also have to be met, equal deals with equal: the players are, exclusively, persons acting as proprietors. Some offer the use of the land to which they have legal title in exchange for a payment which they view as the interest on their invested capital. The others present themselves equally as owners of money: which they are compelled to expend in order to cover the costs of their existential need for dwelling space." (Scheppe, 2020, 25)*

Through the possession of land, the owner can control who has access to a city and who does not. As previously mentioned, David Harvey elaborated on this in connection with the concept of "social power" (Harvey, 1982b, 256). Here, one can also refer to Marx's remarks on "the means of circulation" (Marx et al., 1982, 198–227): to sell a commodity and reach a given profit, there must be a desire to buy the commodity. Regarding the use of land and housing, the desire is infinite – especially in Venice. There will always be someone interested in or in need of accommodation. Additionally, one can apply the idea of the use-value (Harvey, 1982b, 333–343) to this example: The owner of money attaches a certain use value to the commodity to be convinced of buying an apartment. If one considers this argument from the perspective of an investor who wants to buy an apartment in Venice to rent it out to someone, he sees a hidden-use-value in the apartment he is going to buy. It is hidden because the primary interest is to safely invest capital in

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a commodity that guarantees a safe return rate. Secondly, it might be significant to the investor to provide an apartment for ordinary residents of Venice.

Figure 3: Apartment purchase offer in Venice

Source: Picture taken by the author, 2018.

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To unfold this argument more precisely, one should look at the specific use-value both parties – the investor as well as the inhabitant – attribute to the apartment. These use-values are diametrically opposed to each other. The investor is merely interested in the surplus value (Settis, 2014, 96) that he will gain from the property. He could take his capital elsewhere, but does not because real estate and land are safe investments (Belina & Heinz, 2019, 10). The accumulation of capital, and the chance to gaining a safe return, fuel social power. On the other side, there is the inhabitant: the worker, the senior, or the person who is currently unemployed. For these people, the apartment represents a space for privacy (Rupp, 2021, 32). Most times the need for an apartment exceeds the expectations for a living space. At some point, depending on the current situation, the apartment-seeker succumbs to the conditions of the housing market and the housing offers there.

In short: within the reign of capitalism, an interest of capital investment and accumulation often take precedence over the desire to provide housing. Thus, lower-income residents usually have to move to the outskirts of the city to find affordable housing (Ocio – Osservatorio CIviCo sulla casa e la residenza, 2023, 71), while investment companies focus on centrally located housing complexes. As Wolfgang Scheppe states: "The city as a resource for the cultivation of tourism is a means to a different end from that of living in the city, and it is this other end that it exclusively serves" (Scheppe, 2020, 25). This citation can be linked to our previous argument: namely, that a city dominated by investments in tourism, and that sells off its historic *palazzi*, will lose its most significant function. That function is to accommodate people (Fregolent, 2023, 247) and serve as their common living space. Scheppe criticises the insufficient discussion and application of legislative restrictions by the local government to control tourism in the city. A few years after Scheppe's article was published, the mayor of Venice, Luigi Brugnaro announced the introduction of an access fee to control mass tourism (Kington, 2023). From the end of April 2024 onwards, occasional visitors to Venice are obligated to pay 5€ a day on specific dates in order to access the city (Cittá di Venezia, 2023). On the one hand some experts believe that the access fee could make visitors "aware of the scarcity of the product of Venice" (Bertocchi et al., 2020, 12) and thus reinforce a more conscious tourism. On the other hand, local initiatives oppose to the idea of an access fee, because it fuels the exclusiveness of Venice and gives it a museum-like character (YTALI, 2022). In this case, the original purpose of accommodating its inhabitants is threatened not only by touristification (in the form of a fee), but also by a lack of social housing within the historic center (Ocio – Osservatorio CIviCo sulla casa e la residenza, 2023, 65). One sign of hope is the demonstrations in recent years against the ongoing sell-out of housing complexes in Venice and their demand that the local government expand social housing (see Figure 4).

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Figure 4: MANIFESTAZIONE CITTADINA PER LA CASA "QUI VIVIAMO QUI RESTIAMO" (CITIZEN DEMONSTRATION FOR HOUSING "HERE WE LIVE HERE WE STAY")

Source: Picture taken by the author, 2023.

Conclusion

This article has sought to highlight the current land and housing crisis, in order to uncover some of the basic conflicts related to the proverbial foundation of the city. In the first section, it was established that land and housing are revealing signs of a profound crisis and this crisis is significantly impacting residents, causing their displacement. The second section took a closer look at the connections between land and housing politics, concluding that land is crucial to the availability of affordable housing because housing is dependent on land. This section helped to clarify the entanglement of both land and housing, which became even more relevant in the third section on the basic principles of urban political economy. This section analysed the special characteristics of land and housing, which determine the unique economic functions of both. It also focussed on the exclusionary nature of land ownership and provided insights into why we can speak of land as a commodity and as fictious capital. Some reasons for the speculative use of land were also highlighted, revealing that land and housing speculation is a specific sign of the crisis of the 21st century.

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The fourth section focussed on the Italian city of Venice, elaborating on the article's guiding thesis the current crisis significantly impacts residents, causing them to be displaced. Venice served as a striking example of this crisis and helped to reveal abstract but also very concrete property relations and their meanings for the city.

In conclusion, the analysis of Venice provides evidence of capitalist patterns. Investing in Venice has become increasingly lucrative. The primary aim of investments into the city's built space is no longer to create living space for Venetians, but rather to invest money in the city itself. The search for affordable housing is shifting to the mainland, while the historic city centre is exclusively available to wealthy individuals. The consequences are more than apparent: the displacement of residents and their exclusion from the city.

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