



# Property and Thomas Piketty: Casting the Lens of Thomas Piketty's Capital in the Twenty-first Century on Inequality in the Urban Built Environment

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## ABSTRACT

*Currently, there exists a disturbing urban problem exemplified by the excessive luxury apartments and glamorous office towers being built in cities around the world in the face of the increasing unaffordability of housing and low-cost work, trade or craft space. Seeking to address this complex problem, this paper proposes a theoretical framework that uniquely addresses both the capitalist economic structure that drives the development process and the Marxist-based urban theory by which the socio-economic outcomes are currently evaluated. This framework takes as its meta-theory, the approach of Thomas Piketty in his recent treatise, "Capital in the Twenty-First Century", since he deftly employs the Marxist dialectic of labor/capital while investigating the persistent inequality in the history of capitalism by interrogating that system itself. This bifurcated framework of economic analysis affords a new format for examining real estate returns, how they are represented in the market place, who benefits from them, and how resultant inequalities might be avoided in urban development.*

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## 1. Inequalities in the Urban Built Environment

For the delivery of the urban built environment, the business model derived from neoclassical economics has provided a working framework that harnesses the productivity potential of scale and of skill specialization through the process of private real estate development. More specifically, within this framework, the growing predominance of the production of buildings in most metropolises globally is being performed as a speculative economic activity: that is, by

definition, when the developer provides the necessary resources – funding, expertise, and management – to create built forms for utilization by other urban participants in return for rental or purchase payments. This overtly transactional or commercial purpose of the development

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