

REAL ESTATE MARKET, URBAN PLANNING AND SOCIAL INEQUALITIES IN MID-SIZED CITIES OF NORTHERN RIO GRANDE DO SUL/BRAZIL: PASSO FUNDO AND ERECHIM¹

Mercado imobiliário, planejamento urbano e desigualdades socioespaciais em cidades médias do norte do Rio Grande do Sul/Brasil: Passo Fundo e Erechim

Mercado inmobiliario, planificación urbana y desigualdades socioespaciales en ciudades medianas del norte de Rio Grande do Sul/Brasil: Passo Fundo y Erechim

Juçara Spinelli*
Marvin Davi Rojeski**
Érico Jonatan Oliveira de Lima***

*Associate Professor at Federal University of the Southern Border (UFFS, Universidade Federal da Fronteira Sul), Erechim, Brazil – jucara.spinelli@uffs.edu.br

**Architecture and Urban Planning undergraduate student at Federal University of the Southern Border (UFFS), Erechim, Brazil – marvinrojeski@outlook.com

***Geography undergraduate student at Federal University of the Southern Border (UFFS), Erechim, Brazil – ericojonatan77@gmail.com

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Abstract:

This work approaches space production in mid-sized cities, aiming at real estate offers, involved agents, and its influence on the social space differentiations and inequalities. The analysis is centered in two polarized cities of Northern Rio Grande do Sul, Brazil: Passo Fundo and Erechim. The study updates research previously conducted, on real estate offers and prices, contemplating the years 2015 and 2020, besides the data already collected referring to 2005 and 2010. The theoretical foundation considered the references to the regional context, the urban network, the characteristics of the mid-sized cities, and the production of the intra-urban space to understand the urban dynamics. The methodology is based on the review of scientific production, the empirical study of real estate offers and prices, and the identification of its market actuation as a hegemonic agent of the capitalist urban logic. The results show a continuous growth of the real estate offers and prices during the years studied, evincing real estate market production, with significant participation of private agents and the State. It is worth noting the COVID-19 pandemic impact, in 2020, which influenced offers, prices, and estate demand, causing changes in the market behavior, economy, and society in general.

Keywords: Medium cities. Market city. Agents. Real Estate Offers. Inequalities.

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Resumo:

Este artigo aborda a produção do espaço em cidades médias, com foco nas ofertas imobiliárias, nos agentes e suas influências nas diferenciações e desigualdades socioespaciais. A análise se concentra em duas cidades polarizadoras do norte do Rio Grande do Sul, Brasil: Passo Fundo e Erechim. O estudo atualiza pesquisas sobre as ofertas e preços imobiliários, contemplando os anos de 2015 e 2020, além dos dados já levantados para os anos de 2005 e 2010. No embasamento teórico, são considerados referenciais sobre o contexto regional, a rede urbana, as características das cidades médias e a produção do espaço intraurbano, visando compreender as dinâmicas urbanas. A metodologia se baseia na revisão da produção científica, no estudo empírico da verificação das ofertas e preços imobiliários, e na identificação da atuação do mercado imobiliário como agente hegemônico da lógica urbana capitalista. Os resultados indicam um crescimento contínuo nas ofertas e preços dos imóveis ao longo dos anos estudados, evidenciando a produção imobiliária de mercado, com participação significativa de agentes privados e do Estado. É importante mencionar o impacto da pandemia da Covid-19, no ano de 2020, que influenciou ofertas, preços e demandas imobiliárias, causando mudanças no comportamento do mercado, da economia e na sociedade.

Palavras-chave: Cidades médias. Cidade-mercado. Agentes. Ofertas imobiliárias. Desigualdades.

Resumen:

Este trabajo aborda la producción del espacio urbano en ciudades medias o intermedias, centrándose en las ofertas inmobiliarias, los agentes implicados y sus consecuencias para las diferenciaciones y desigualdades socioespaciales. El análisis se centra en dos ciudades polarizadas del norte de Rio Grande do Sul, Brasil: Passo Fundo y Erechim. El estudio actualiza investigaciones, realizadas anteriormente, sobre ofertas y precios inmobiliarios en esas dos ciudades, contemplando los años 2015 y 2020, además de los datos ya recogidos referentes a 2005 y 2010. La fundamentación teórica consideró las referencias al contexto regional, la red urbana, las características de las ciudades medias y la producción del espacio intraurbano para comprender la dinámica urbana. La metodología se basa en la revisión de la producción científica, el estudio empírico de las ofertas y precios inmobiliarios, y la identificación de su actuación en el mercado como agente hegemónico de la lógica urbana capitalista, así como del Estado. Los resultados muestran un crecimiento continuo de las ofertas y precios inmobiliarios durante los años estudiados, evidenciando la producción del mercado inmobiliario, con participación significativa de agentes privados y del Estado. Cabe destacar el impacto de la pandemia del COVID-19, en 2020, que influyó en las ofertas, los precios y la demanda inmobiliaria, provocando cambios en el comportamiento del mercado, la economía y la sociedad en general.

Palabras-clave: Ciudades medianas. Ciudad mercado. Agentes inmobiliarios. Ofertas inmobiliarias. Desigualdades.

1. Introduction

This article derives from the research "Intraurban Real Estate Dynamics and Their Reflections on the Urban Network: Comparative Studies in Regional Hub Cities in the Northern Part of the State of Rio Grande do Sul", developed at the Federal University of Fronteira Sul - RS/Brazil, and aims to provoke reflections on urban space. It is understood estate dynamics as the behavior of offers and prices (of land lots, houses, and apartments), over a particular temporal period, driven by market logic and by the producer agents of urban space, which mostly, prompt trends of spatial selectivity, i.e., of differentiated valorization of the city areas. Such dynamics interfere in the (re)production of the intra-urban space because of the social agents' intervention that operate in this market, ascribing several strategies that privilege the real estate market more than the demands for residing and living in the city. As a spatial cut, it analyzed the cities Passo Fundo e Erechim, important regional poles of

intermediation in the urban regional network of Northern Rio Grande do Sul. This comparative study started in 2012, contemplating the real estate offers data referring to the years 2005 and 2010, updating the information to the years 2015 and 2010. The initial study pointed out that more years should be included in the analyses to consolidate the identified trends, as well as to verify the necessity of widening the investigation to other cities of the region, which play distinct roles in the regional urban network. Therefore, to deepen the subject and its interfaces, two complementary studies; focusing on the data, analysis, and interpretations; have been carried out: "Real estate offers, urban planning, and socio-spatial inequalities in Passo Fundo/RS" and "Real estate market and socio-spatial inequalities: a study in Erechim/RS". Pricing is one of the strategies of the space-producing agents, resulting in a spatial valorization selectivity, i.e., distribution of no single prices in distinct city spaces (Kalinowski; Spinelli, 2020). Thus, it is possible to detect different values in the studied mid-sized cities neighborhoods and attest that the space with distinct valorization is related to the actions of hegemonic agents operating in the real estate market, with the participation of several other agents, co-operators in the actions of urban space production.

The recent changes in society, considering temporality since the last decades of the 20th century, as a consequence of the restructuration in the productive and economic sectors, have brought, to mid-sized cities, housing, environmental, infrastructural, and morphological problems, for instance, the fragmentation and segregation, strongly stemmed from the migratory processes to mid-sized cities. Part of the regional population, that up to around 1970, was mainly rural, started migrating to polarized urban centers seeking jobs. The mid-sized cities were not prepared to stand this populational propulsion, and thus, the spatial transformations, socio-spatial inequalities, and environmental issues arose.

The real estate market directly influences these transformations, considering that it is an enormous transforming agent of urban space and a producer of differentiations and socio-spatial inequalities as well. The real estate and landholding speculations are intrinsically related to the space production process, in the sense that they constantly engender spatial relations that bear work relations (Carlos, 1982; Santos; Silveira, 2001).

Additionally, public power, one of the agents, that although plays a crucial role in territorial ordering and planning to meet society demands, does not rarely corroborate the other agents' interests, more connected to the market. Its influence stems from the investments that directly interfere in the social exclusion growth. That happens not only by public investment allocations, mainly in urban infrastructure, which triggers contradictions

among social classes, but also by housing public politics, which allow agents of the public power to make decisions that influence the exclusion power (Vieira, 2009).

As example, it can be taken into account the fact of attributing locations of social residences either in distant areas from the center or on the city outskirts, lacking infrastructure and public services, as well as, authorizing the production of low-cost dwellings, often precariously made, either by the lack of financial investment or, even, by the terrible project decisions (Vieira, 2009). Based on these decision-making actions, the price of land can be a target of speculations, sometimes having the potential of elevation, by the opening of new lands which expands the urban march, and sometimes declines by the urban precariousness and the building patterns.

Urban planning is also another mechanism that influences the production of socio-spatial inequalities, since, not rarely, directives privilege parts of the society which are made up of hegemonic individuals (Vieira, 2009). Therefore, low-income classes end up being excluded from the planning process and its socio-spatial reflections, by meeting the interests of the segments that seek [their] capital reproduction. As a result, the low-income groups become even more precarious by the lack of effective and equitable urban planning. In this context, it gets even more important to understand the social dynamics of the urban space, which rely on big areas destined for real estate speculation, exclusive spaces for industrial activities, zones with high value of market in the best located central areas, the increase of central spaces verticalization, and strong expansion of outskirts, increasingly distant and devoid of resources, infrastructure, and public services.

Methodologically, besides the studies of bibliographic review and local characterization, the survey and the systematization of the real estate agencies and agents were carried out based on major newspapers classified ads (years 2005, 2010, 2015, and 2020), being later tabulated and represented in graphs and analyzed with methodologies already applied in previous studies (Melazzo, 2010). The classified ads were compiled from the Newspapers O Nacional, Diário da Manhã and Bom Dia, relative to the months of October and December of the above-mentioned years. To verify the evolution of the price/m² over time, the methodology forecasted the compilation of data and the inflation correction calculus or deflation in the period, parameterized with an inflation indicator (IGP-DI), using December 2015 as a basis in the Citizen Calculator. In the year 2020, the collected data were not expressive and, therefore, not effectively representative, and not statistically treated and corrected by the IGP-DI. The descriptive and socioeconomic information was extracted from

secondary sources - *Instituto Brasileiro de Geografia e Estatística* (IBGE), *Fundação de Economia e Estatística* (FEE), City Hall sites, etc. - to establish indicators that can qualify interpretations of the spatial selectivity in terms of pricing and socio-spatial inequalities situations.

This article presents, hence, the results of the studies which are structured in three sections, besides the introduction and the final considerations. The first section brings the theoretical referential, whose central questions are the mid-sized cities, the real estate market, and the intra-urban space. The second part presents the characterization of the spatial cut and the first approaches to the city production. The last section demonstrates the analytical results of the data and the synthesis of the offers, prices, and the main real estate agents engaged in the market, as well as interpretations of the real estate dynamic comparison in both cities.

2. Mid-sized cities, real estate market, and intra-urban space production

Mid-sized cities are the knots of the urban network and exert an enormous influence among small cities and the metropolis and, also, among the distant scales, from the local, regional, national, and global one.

In the last decades, there have been strong changes in the intra-urban dynamic and the territorial ordering, consequent upon productive and economic restructuring processes, reflecting in the regional mobility and the expansion of polarized cities of the network (Sposito *et al.*, 2007). Such dynamic reverberates, in its turn, in the real estate market, mobilized both by the demand increase and by the availability of resources derived from the productive accumulation (solvable capital) which alters the land and built areas pricing and, consequently, the access to urban land and dwelling, and the demand for infrastructure and urban public services.

Analyzing the structures of class in a capitalist society, Harvey (1975, 1977) argues that three basic forces influence the social strata: a primary basic form, result of capital-labor relations, spawning a dichotomic structure of classes (on one side, the capital holders, and on the other, the ones who sell their workforce); a residual force emanated from bygone social organization or from the contact between a production dominant way and a subordinated one; and of derivative forces, which emerge as a consequence of needs of preserving the capital accumulation processes through technological innovations and of social organization changes control.

Those forces end up generating the fragmentation of the classes due to the labor division and the functional specialization. As those forces intensely act over time, they potentialize the spatial structure fragmentation, since, from the differentiated location in the urban space of those social strata, it can emerge residential segregation, common in capitalist cities. According to Souza (2003, p. 90), “*fragmentation* is not considered as in its spatial expression, but as an increase of the disparities and social fractures, is considered as a kind of byproduct of financial economic globalization, which generates even more concentrated wealth and, thus, poverty of most population”.

In Brazil, mainly from the middle 20th century on, socio-spatial inequalities have become a prominent feature in the production and social structuration of the urban space. Nascimento (2013) considers that the process unleashed in the country, boosted by an exclusionary economic development, prompted a conformation of cities and urban agglomerations with accentuated social and spatial asymmetries. The inequality, resulting from the role played by the individuals in the social division of labor, materializes itself in the urban space through the areas that provide better or worse quality of life, at the same time, they tend to favor or restrict the seek for conditions of more adequate and satisfactory life.

This work takes into account as a definition of real estate market Botelho’s thesis, which addressed it considering the financing and financialization both of the real estate sector – analyzing, specifically, the space production – and of the social segregation in his study of the housing market of Sao Paulo city, in Sao Paulo state, Brazil. Based on this understanding, the real estate sector involves three basic elements that can be schematized and related to their main intentionalities: a) the real estate market that operates for profit; b) the land property that generates income; and c) the financial market that charges interests. Each one of these elements can be related to more than one category of profit, interest, and income.

Consequently, the real estate market can obtain income through instruments such as Investment Funds and Receivables Certificate; the producer of added value can invest resources obtained by means of consortium and credit cooperatives in the financial market, getting interest for a given period and, only afterward, use the resources in the real estate production; and the landlord can also profit with the estate production in his own land (Botelho, 2005; 2007).

Botelho (2005) still points out that the real estate market can be divided into three sub-sectors, which are civil construction, production of building materials, and tertiary activities regarding building maintenance and real estate activity itself. In the study,

considering the offers, pricing, and agents involved in the real estate businesses, the research focuses on tertiary activities, specifically related to the real estate market.

Spinelli and Soares (2013) still bring to attention that, to analyze, more pragmatically, the real estate market, it is necessary to look attentively at the economic and productive restructuring of the city and region as well. Such restructuring can be evinced by local and regional socioeconomic indicators. They state that such restructuration.

[...] presents great dynamicity and has been following economic nuances of near order and distant order. These movements point to a generation of socio-spatial inequalities, since the access to land and housing, established by the real estate market and other agents of the circuit of capitals of the dominant classes, produce a socially exclusionary urban space (Spinelli; Soares, 2013, p. 25-26, the translation is ours)².

Considering the cities that are developed by the capitalist logic, therefore, in the expectation of speculation for better market prices, Rolnik (2012) adds another important element: a remarkable presence of the State in the urban scenery, which is directly related to the capitalism itself: "If nowadays the State presence in the city is so massive, that also has a history linked to social, economic, and political transformations that occurred with the capitalism arise" (p. 59-60, the translation is ours)³. Thus, the Estate action is strategic to the hegemonic power maintenance of large capitals. The State plan actions can become a significant dispositive in favor of the capitalists that allow them to exercise power, mainly by the articulation of their agents and by the mechanisms of adjustments in urban planning directives, reorienting the urbanistic regulation. According to the author, also, the capitalist city presents two noteworthy features: "[...] the land and housing privatization, the spatial segregation, the State regulating intervention, and the fight for space" (p. 78, the translation is ours)⁴, besides the industrial activity power, which stands out by the production of a large number of products and "[...] is on the root of slavery of our time [...]" (p. 78, the translation is ours)⁵. Industrial activity yields several consumable products that end up homogenizing society, creating (unequal) patterns of behavior and urbanization.

² Original text: "[...] apresenta grande dinamicidade e vem acompanhando nuances econômicas da ordem próxima e da ordem distante. Esses movimentos apontam para a geração de desigualdades socioespaciais, uma vez que o acesso à terra e à moradia, estabelecido pelo mercado imobiliário e demais agentes dos circuitos de capitais da classe dominante, produzem um espaço urbano socialmente excludente".

³ Original text: "Se hoje a presença do Estado na cidade é tão grande, isto tem também uma história vinculada às transformações sociais, econômicas e políticas que ocorreram com a emergência do capitalismo".

⁴ Original text: "[...] a privatização da terra e da moradia, a segregação espacial, a intervenção reguladora do Estado, a luta pelo espaço".

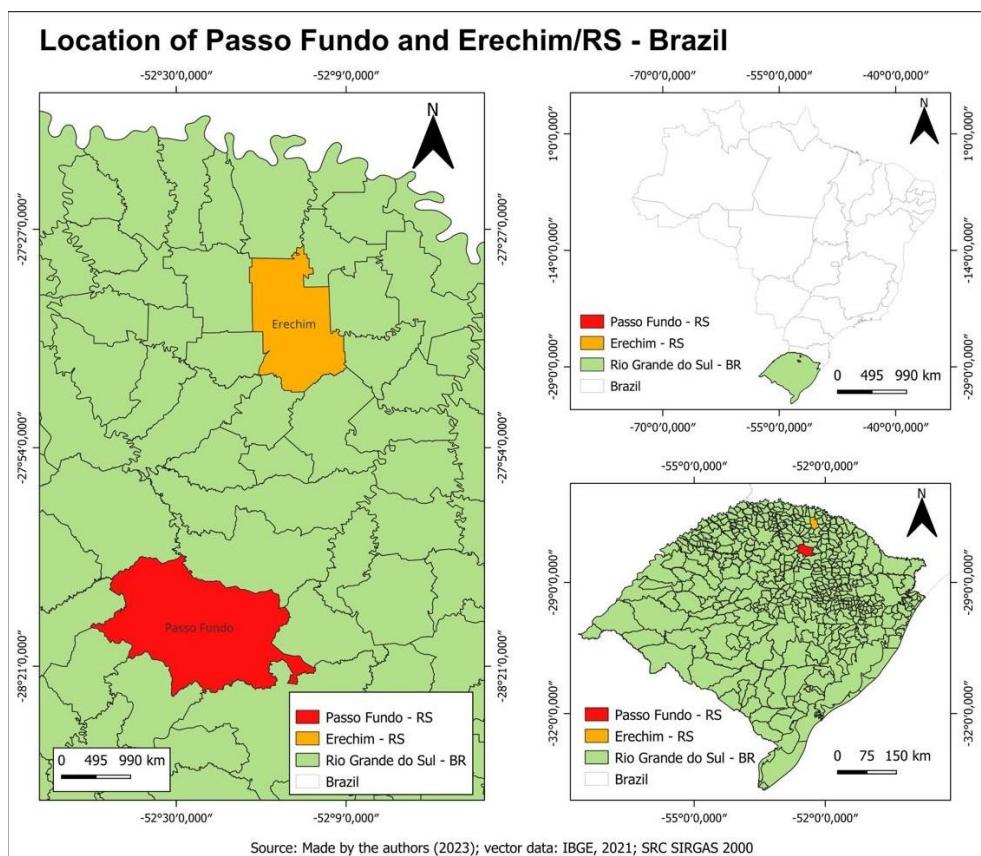
⁵ Original text: "[...] está também na raiz da escravidão do nosso tempo [...]".

The State is also responsible for the details established in the urban regulation directives, especially, the Director Plan and its zoning of use and land occupation, which are more related to the city production. In the definition of such norms, other city producer agents take part, whose strategies not always are bound to the right to housing and city. The actuation and intervention of agents associated with the civil construction sector and real estate business, not rarely, is strategic to the housing production of the market, aiming at fostering business as an investment and reproduction of capital and new rentism. These aspects follow the development of this investigation, by seeking the comprehension of its behaviors in the cities Passo Fundo and Erechim, important regional poles that dynamize the real estate sector.

3. The mid-sized cities of northern Rio Grande do Sul/Brazil: Passo Fundo and Erechim

The spatial cut in the analysis is in Northern Rio Grande do Sul/Brazil, considering two mid-sized cities: Passo Fundo and Erechim (Figure 1).

Figure 1 – Location of the municipalities of Passo Fundo and Erechim RS/Brazil.



Source: Elaborated by authors (2023)

Passo Fundo is categorized by the studies of the Influence Regions of the Cities – Regic 2018 (IBGE, 2020) as a Regional Capital B, being a regional pole city of more relevance in the urban network of this portion of the State. Erechim, positioned at an intermediate hierarchical level, is classified in the urban hierarchy of Subregional Center A (A3) and belongs to the Immediate Geographic Region of Erechim and the Intermediate Geographic Region of Passo Fundo (IBGE, 2020).

Concerning urban planning macro-politics, in Passo Fundo's case, the Director Plan of Integrated Development is in operation (PDDI, 2006), whose zoning has already had adequations and the new Director Plan has been in discussion, already advanced. In Erechim, in 2019, after years of debate, it was approved a set of directives that integrate a new normative apparatus of the Director Plan, having a strong impact on the renovation of urban areas and, consequently in the real estate market, being approved urban densities with higher utilization rates (higher heights) and new areas to the city expansion, in an urban perimeter already quite wide when compared to the current urban march.

The urban growth trajectory of Brazil has always been unequal, both compared to other countries, in function of economic activities, and regarding the population growth. The study summarized by IBGE (2017) shows that there was a strong population increase between the 1960s and 1980s in the country, especially in urban areas, that is, a growth of 3% per year. In the regional pole cities in the study, those values have continued to be expressive, mainly in the last four decades (1990-2020) as Table 1 shows:

Table 1 - Rural, urban, and total population of Passo Fundo and Erechim, RS (1991-2022).

Years	Passo Fundo Population			Erechim Population		
	Urban	Rural	Total	Urban	Rural	Total
1991	135.561	5.554	141.115	61.954	6.701	72.318
2000	163.764	4.940	168.704	81.400	5.958	90.347
2010	180.120	4.706	184.826	90.552	5.535	96.087
2022	202.681	3.534	206.215	101.874	3.831	105.705

Source: IBGE: Demographic Census (1991, 2000, 2020, 2022), elaborated by the authors (2023)

Analyzing the Table 1 data, it can be seen the total progressive populational increase in both municipalities. The urban population presents data in elevation, and the rural population shows data in decline during the analyzed years, considering that there is no stratified data by location of dwellings (urban and rural population) of the last census (2022). That dynamic can be attributed to the productive restructuration, in which the rural area, although it has a strong representation in the regional economy, reduces its population by labor

reconfiguration, considering the agribusiness, highly mechanized, technical, and demanding, therefore, a smaller number of workers. Those workers, not rarely, migrate pendulously or definitely to the bigger cities, mid-sized cities, regional poles, or even to the capitals.

For a better comprehension of the cities in the study, it is demonstrated, shortly, the characteristics of each one:

3.1. Passo Fundo

Passo Fundo municipality has a population of 206,224 inhabitants in an area of 784,407 km² and it is in the Northwestern state macroregion (IBGE, 2022). The city development intensified in the late 19th century, since the immigration-intensive movement of the European-originated people from the ancient colonies and, lately, due to the migration processes of the rural population to the urban area. Furthermore, the railway construction was another important mechanism responsible for the local development of the region, which contributed to the consolidation of the city and its economy (Diniz; Almeida, 2021), becoming a remarkable regional center. Currently, the factors that contribute to the valorization of its land and the process of urban space reproduction are its railways and transport logistics, its banks, and the disputes for the most well-located areas (Spinelli, 2021). Therefore, the urban expansion of Passo Fundo occurred in parallel to the coming of the railway, the population increase in the urban area, and with the land subdivision - which is (re)produced, mostly, by the real estate market and the Estate.

This Passo Fundo's city expansion is a result of the implementation of the laborer neighborhood Vila Rodrigues which is located in the railway station region and the installations of warehouses and lumber business that became the center of the urban dynamic, which were fundamental to the determination of the location of industries in the early 20th century (Ferretto, 2012). Later, in the sixties, the peripheral expansion gradually started as a verticalization in the central areas, however, in 1970, the verticalization intensified (Ferretto, 2012). Thereby, the changes in the urbanization process of Passo Fundo are a result of the capitalist production mindset. In this perspective, Carlos (1994, the translation is ours) states that "the reproduction of urban space does not occur only by means of incorporation of new areas, but also through the constructed spaces. The verticalization process is an example"⁶. Thus, the densification in the central areas is a direct result of the

⁶ Original text: "a reprodução do espaço urbano não ocorre apenas através de incorporações de novas áreas, mas também a partir de espaços construídos. O processo de verticalização é um exemplo".

real estate market. Thereby, it can be said that this reproduction is one of the ways capitalism tries to accumulate its capital within the industrial sector perspective, such as a vicious cycle in movement, producing, and reproducing in different spaces.

Smolka (2002, p. 208-209, the translation is ours) already mentioned that the urbanized land price is expressively high, “scandalously high, in the peripheries of Latin-American cities, and Brazil is not an exception. The market square meter price of a land lot ranges from US\$ 32 to US\$172 in the Latin-American cities”⁷. Based on that statement, it can be assumed that if the peripheral areas prices are already high per square meter, in the central areas, following the locational speculative logic, they will be even more exorbitant. This promotes segregation of different social classes: poorer people will live in peripheral areas, and the richer will inhabit the central areas.

Therefore, Passo Fundo also corroborates the increase and valorization of urban land. This valuing process happens, predominantly, in central neighborhoods, which are made up of the following subcenters: I) São Cristovão neighborhood, in the southeastern city, II) Vera Cruz neighborhood, in the northwestern city, III) Boqueirão, in the southwestern city, and IV) Petrópolis, in the northeastern city (Spinelli, 2021, p. 126). The onset of these subcenters is a result of, on one hand, the city growth and the population increase and, on the other, of the investments in planning actions and of the market, with enterprises and new services, some specialized, in these areas. According to Singer (2017, p. 84, the translation is ours)⁸:

As the city has been growing, secondary centers arise in neighborhoods which were new focuses of urban space valorization. Urban growth, necessarily, implies a restructuring of already occupied areas. Thus, for instance, the principal center must expand, as the population to which it serves increases as well.

Based on Passo Fundo subcenters, it is remarkable that, with the city’s growth, new demands of space and service are produced. The more the conditions for new service areas in structured spaces near the most valued centralities, the more potentialized the valorization of its vicinities. The market adopts as strategy, releasing enterprises that emphasize this valorization, through speculations stemmed from new real estate products.

⁷ Original text: “O preço da terra (urbanizada) é alto, escandalosamente alto, nas periferias das cidades latino-americanas, e o Brasil não é exceção. O preço de mercado do metro quadrado de um lote urbanizado por agentes privados varia tipicamente entre US\$ 32 e US\$ 172 nas cidades latino-americanas”.

⁸ Original text: “Na medida em que a cidade vai crescendo, centros secundários de serviços vão surgindo em bairros, que foram novos focos de valorização do espaço urbano. O crescimento urbano implica necessariamente uma reestruturação do uso das áreas já ocupadas. Assim, por exemplo, o centro principal tem que se expandir, à medida que aumenta a população que ela serve”.

3.2. Erechim

The municipality of Erechim has 105,705 inhabitants and a territorial area of 429,164 km² (IBGE, 2022). It is in High Uruguay, made up of more than 31 municipalities, being the main city in the regional urban network hierarchy. Its history starts in the late 19th century, bursting outgrowth because of immigration and the railway construction. The economic sector dynamicity corroborates the exclusion process of the native peoples from the locality, constituted by the indigenous peoples Guarani and Kaingang. That exclusion had its beginning with Law No. 601, September 1850 (Land Laws), which delimited the colonies and, thus, started the dispute for the derelict territories that started being colonized (Giaretta, 2008). It was that way the (Italian, German, and Polish) immigrants occupied those spaces. Thereby, this city's urban space consolidation is immediately marked by the territorial exclusion of ethnic-cultural groups, having their access to the city denied.

Currently, the municipality is strongly characterized by the real estate market interests, therefore, ratifying the politics of socio-territorial segregation and exclusion, which demands an understanding of the dynamics of the urban process and the inequalities produced by it. One of the main municipality characteristics is its urban design, developed by the surveyor engineer Carlos Torres Gonçalves in 1914, which was based on a chess urban mesh network cut by diagonal avenues, from which roundabouts configure central squares. Thus, the city is a result of the traffic, since its streets defined the urban design, leaving the pedestrian in the second plan. Bandeira Square, located in the center of Maurício Cardoso Avenue and Sete de Setembro Avenue, was projected as a political, and religious center, according to the old urbanism theories (Bianchini *et al.*, 2008).

In contemporaneity, according to the Strategic Plan of Regional Development of Corede Norte/RS (2017), Erechim is considered a regional pole because it has 45% of the total population of its immediate region. The municipal economic activities are based on agribusiness, and, the metal-mechanic sector, which is considered as a differential in the region, and the second important economy of the municipality.

Beyond the traditional center, in the planned area of the city structuration, Erechim has been an embryo of a new centrality, in Três Vendas neighborhood, which is the direction of access to the neighboring municipality Barão de Cotegipe. This centrality space has been strengthened in the tertiary sector, with services, such as in the educational area and new networks of retail trade. By its turn, the real estate market has released new enterprises in the surroundings with offers of houses and apartments.

4. Real estate offers, prices and agents

The central areas' densification and the urban sprawl strongly demarcate the real estate market interests in both studied cities. These phenomena end up directing the city's growth and, consequently, creating new uses and centralities, having a recurrent price increase of land and constructed areas, prioritizing, thus, the private interests to the detriment of public interests.

Based on those conflicts and disputes concerning the access to urban land, dwelling, and the right to the city, the study aimed at comprehending the factors and agents that influence the dynamic of [real estate] space production which, on account of its capitalist logic, engender no full access to all of these rights.

Corrêa (1989), already highlighted that the real estate market is one of the main reproductive agents of socio-spatial inequalities due to high land prices, which limits or even hinders low-income or incomeless population benefits from this social asset. Public politics of access to housing, not rarely, have been based on so-called popular projects, which seek cheaper land, located in distant outskirts far from the central areas where most workstations are installed.

Analyzing the offers and the real estate overall average of lands and constructed areas in Passo Fundo and Erechim, it is evident the spatial distribution of these prices shows potential valorization of the areas over the studied years. Regarding the average pricing per square meter, Table 2 presents a clear intensification of the offers and prices, which are always in elevation and strongly concentrated in the central areas and their immediate surroundings, in both cities.

Table 2 – Passo Fundo and Erechim, RS/Brazil: Land average prices of land and useful areas per m² (values in U\$*)

Years	Lands (average prices per m ²)		Constructed areas (useful area/ average price per m ²)	
	Passo Fundo	Erechim	Passo Fundo	Erechim
2005	41.42	48.26	59.53	500.58
2010	97.21	64.26	601.87	368.69
2015	104.35	85.28	759.53	287.50

*Values updated in December/2015 by IGP- DI. US dollar exchange rate on 07/16/2023 (U\$1.00 equals RS4.78).
Source: Classifieds Data of the Newspapers O Nacional, Diário da Manhã, and Bom Dia (years 2005, 2010 and 2015). Elaborated by the authors based on Kalinoski and Spinelli (2020, p. 145).

In Passo Fundo, the data systematization extracted from the newspaper classifieds amounts to 11,093 sale announcements in the three years presented in Table 2, where there is a continuous progression in the prices that points to a possible valorization of the city's areas. The data systematization extracted from the newspaper classifieds in 2020, amid the COVID-19 pandemic, allowed the identification of only nine ads in October and 10 ads in December 2020 (Newspaper O Nacional), quantitative data quite inferior to the previous years. The use of digital platforms, applications, and other forms of advertisement was already ubiquitous, however, the mandatory isolation by virtue of the pandemic, triggered a strong marketing mechanism, including virtual tours throughout the enterprises and real estate as a means of facilitating the real estate transactions. The collected data, in this regard, was insignificant and statically insufficient to compose the interpretations, allowing only some analytical approaches.

The compiled advertisements in 2005, for the apartments typology, evidenced higher occurrence in Fátima neighborhood, following São Cristóvão, Boqueirão, Centro, Vergueiro, and Vera Cruz neighborhoods. Such areas are located quite near the Center, concentrated in a determined area that offers major commerce and services. In 2010, the presented typologies followed the trend found in 2005, considering that the apartments prevail in the central area, however, there is a growth of typologies not so evident such as lands and houses in sectors near the central neighborhood. That change is in result of the renewal of existing buildings in the central region due to the incentive of verticalization, with adjustments and specific updates in the Director Plan directives.

In 2015, there was a predominance of the apartment typology, both in the center neighborhood and in the ones that are nearer the structuring axe of Brazil Ave. In 2020, although with low advertisement expressiveness, the apartment typology continued, in the Center, São Cristóvão and Fátima neighborhoods. Thus, Passo Fundo tends to densification, in which the central neighborhoods have a significant quantity of apartment typology ads and, hence, present higher verticalization.

The localities with more sale offers were located, mainly, in the Center, Petrópolis, São Cristóvão, Boqueirão, and Bosque Lucas Araújo neighborhoods, in 2005. In 2010, the Center and Petrópolis neighborhoods presented a larger number of advertisements, followed by Bosque Lucas Araújo, Boqueirão, Leonardo Ilha, and São Cristóvão. It was kept, in 2015 and 2020, the predominance of advertisements of the Center with even more emphasis, being the only sector with a larger number of ads in relation to the others.

In synthesis, it is worth highlighting that in Passo Fundo, in general, in the studied years, there occurred a visible reduction of the land, house, and apartment offers from 2005 to 2010. On the other hand, the real estate valorization happened progressively and respectively for lands, houses, and apartments, being that apartments had the highest valorization.

It should be noted that the land value progression, also happened in the year 2015, notably in Lucas Araújo neighborhood, previously not so valued, but at that time a space of constant real estate dynamization. In the center, the land values are higher than they were in 2010, presenting this variation of speculation. Other neighborhoods show increased values in 2010 and 2015, such as Annes, Jerônimo Coelho, Cidade Nova, Nanê Graeff, and Santo Antônio neighborhoods. In parallel to the price of the m² per typology, the average m² price was also in elevation, although in 2020, there were no data offers of distinct typologies and diverse neighborhoods to compare.

Among the major real estate agents in 2005, 26 establishments were identified as advertisers. The real estate agencies JE Imóveis, Escala, Finardi Carrão, Patrimônio, Ariotti, and Arnel were the ones that had the largest number of ads. In the year 2010, 23 advertising real estate agencies were identified; the ones that had the largest number of ads were: Costa Lemes, JE Imóveis, Master, Escala, Línea, and Arnel. In comparison to the previous year, 2005, it can be seen the constant actuation of JE Imóveis and Escala real estate agencies, which performed as strong advertisers in both years. In the year 2015, it was found that the advertisement numbers and the real estate agencies numbers decreased, totalizing seven real estate agencies. The real estate agencies that had the greatest numbers of ads were: Fragomini, Classic, and Costa Lemes. Compared to the previous years, it can be noticed the continuance of the real estate agencies JE Imóveis and Arnel, however with fewer ad registers.

In 2020, when COVID-19 started, the data on real estate ads were published by ON Imóveis (newspaper O Nacional), with a total of 19 ads, without the identification of the advertising real estate agencies. It is believed that it was a strategy to avoid people moving around in a period of isolation.

Concerning Erechim, the study systematized, in the three years presented in Table 2 (2005, 2010, and 2015), a total of 7,993 ads, including offers of houses, apartments, and lands. In the screening, in compliance with the methodology, 450 offer ads were compiled, which reduced the total of usable ads. In the year 2020, examining the Jornal Bom Dia ads, 146 ads were identified in October and 166 in December 2020, inferior numbers compared with the

previous analyzed years. As in the case of Passo Fundo, the offers did not have all the necessary data (price/m², area/m², location/neighborhood), therefore, they were not statistically incorporated into the sample.

In terms of offers per neighborhood, it was found a greater number of apartment ads in the center and its surrounding neighborhood. Regarding the house offers, they were scattered, and the land ones prevailed on the city's outskirts. This fact evinces the densification of the central areas and a horizontal urban expansion, with new land subdivisions in distant areas, showing the amplification of the urban march. The locations, in 2025, which had more real estate sale offers, every year, are located mainly in the Center, Bela Vista, and José Bonifácio, having more intensity in the Center and Cerâmica neighborhoods, followed by Bela Vista, in the year 2010. In 2015 and 2020, despite the smaller quantity of ads, it was confirmed that the Center and surrounding neighborhoods had the greatest number of real estate agency offers, mainly apartments.

Regarding the advertising real estate agencies, in Erechim, only Simão Imóveis published completed ads, with all the proper information for analysis in the year 2005, although other real estate agencies presented ads as well, such as Cottage, Pierozan, and Delta. In 2017, seven agencies published ads with full information about the real estate, besides Simão Imóveis, Prigol Imóveis, Gaúcha Imóveis, Erechim Imóveis, and Bem Morar, and others with less representativity.

In 2015, five real estate agencies were used, all of them different from the previous ones. That is because the ads of the long-established real estate agencies and, therefore, with more consolidation in the real estate business, such as Simão Imóveis, did not have all the necessary information in the newspaper classifieds. Thus, that data was discarded because it did not have complete information. Consequently, new non-advertising real estate agencies, not previously advertisers in local newspapers, outstood, such as Ronei Imóveis, Rigon Imóveis, and Borba Imóveis. It is confirmed, thus, that the number of offering real estate agencies was progressive over the analyzed years, showing a strong increase of this agent. However, the real estate agencies that presented a greater number of ads kept being the same, revealing the maintenance of agents that already had a consolidated and long-standing actuation in the real estate market, i.e., with strong insertion in the business sector.

The real estate price per m² in all the studied years evinced, except for some oscillations, to be in elevation, especially in apartment typologies. The average price per m² (Table 2) shows extremely elevated values, evincing the speculative character of the real estate business, a fact that corroborates the referred exclusion of the less favored, given the difficulty of acquisition of the own house. That way, by analyzing the data it is possible to verify that the local real estate market is one of the main reproductive agents of inequalities since it seeks to shape urban space according to its needs (Maricato, 2015).

Thus, the nearer to the centrality, the more real estate valorization, which makes housing a consumer product (change value) and not a necessary element of everyday life (use value).

5. Final considerations

This study aimed at analyzing urban space production in mid-sized cities, considering the real estate offers, involved agents, and its reflections on spatial differentiations and social inequalities. Through the investigation of real estate offers and prices in Passo Fundo and Erechim in the years 2005, 2010, 2015, and 2020, it was possible to comprehend the dynamic of these cities regarding the real estate production, the role of the real estate market and the State, as well as the implications in the access to proper housing and in the socio-spatial inequalities.

The analysis of the results evinced an increasing movement in the offer prices during the years studied, especially in apartment typologies. This trend of selective valorization of the urban space, with a concentration in the central areas and their immediate surroundings, reinforces the socio-spatial exclusion since these areas become inaccessible to significant segments of the low-income population. In this context, the real estate market plays a fundamental role as a reproductive agent of inequalities, directing its offers to peripheral and devalued areas, while most central areas are destined to high standard and high-valued enterprises. Thus, it is evident that the capitalist city, independent of the country or location, has been guided by the market, by spaces for sale, for the purpose of investment and rentability, to the detriment of the real social function of the city and the property: the dwelling and right of inhabiting and living.

It is worth bringing to attention the relevance of the densification politics of central areas and the frequent changes in the indexes and building standards, often demanded by the real estate market itself, as a strategy of expansion and valorization of the urban space (and of

the real estate business). In this regard, the municipal public power assumes an ambivalent position, acting both as a regulator of socio-spatial ordering and as a promoter of social politics and incentive for urban production. However, it is crucial to reflect on the balance between the public and private interests to guarantee equity in the access to housing and urban access.

The COVID-19 pandemic arose as an impacting factor in the real estate offers, prices, and demands in 2020, unleashing significant changes in the market behavior, economy, and society. That situation has brought new challenges to the comprehension of urban space and dynamic of the real estate market, requiring more sensitive approaches to the housing demands and the welfare of the population in times of crisis. In synthesis, the analysis of the real estate offers and production of the urban space in mid-sized cities in Northern Rio Grande do Sul evinces a scenario marked by inequalities and socio-spatial segregation. The actuation of the productive agents of space, such as the real estate market and the State, plays a significant role in this context, directly influencing the configuration and the valorization of urban space.

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