

The Role of Urban Real Estate in Advancing Local Investment

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Abstract:

Real estate forms the underlying substrate upon which all forms of economic and social projects rest. It is difficult to overstate its centrality in sustainable development—especially in contexts where land is both scarce and in high demand; These investments are not restricted to professionals in the sector; a considerable portion of the population engages in real estate, either as their primary occupation or to supplement other income sources. Yet, despite its accessibility, the real estate sector is marked by considerable complexity—subject to various factors and variables.

keywords: Urban, Real, Urban real, Local investement, role.

Introduction

There has been an intensified competition among states to attract investment capital—especially foreign direct investment (FDI). The rationale is clear: investment promises not only economic returns but also political leverage and enhanced positioning in a globalized system. In this pursuit, states have deployed a patchwork of mechanisms aimed at making their territories more attractive. Among these tools, the availability and management of urban real estate has become central. This strategy has led to significant transformations in urban structures.

In recent years, Algerian urban centers have undergone rapid spatial transformations that has occurred at an unprecedented pace—more akin to urban sprawl than planned development. Some of this is due to broader macroeconomic shifts—namely, the accumulation of capital during the oil booms, the inflation of global oil prices, The real estate market has attracted significant financial flows, leading to increased land demand and a notable rise in large housing and commercial projects.

These pressures have not remained abstract. Major urban centers—given their market size, public infrastructure, and political visibility—have borne the brunt of this transformation. Investment interest has concentrated in these spaces, resulting in various pressures on existing urban fabrics. Consequently,

this paper poses a fundamental question: What is the importance of urban real estate in supporting and promoting investment? And how can investment be directed to serve developmental objectives? In essence, should investment guide development, or should development shape the orientation of investment?

THE FIRST TOPIC: LINGUISTIC DEFINITION OF REAL ESTATE

Let us start at the root. In Arabic, *‘aqqār*, with the *‘ayn* pronounced open, refers to any immovable property—land, houses, palm trees, buildings. The term comes from *‘aqr al-dār*, the foundation of a home, suggesting rootedness and permanence and it is contrasted with movable goods (*manqūl*). In classical lexicons such as *Lisān al-‘Arab* (vol. 4, pp. 596–597), *Tartīb al-Qāmūs al-Muḥīṭ* (vol. 3, pp. 272–273), and *al-Miṣbāḥ al-Munīr* (vol. 2, p. 576), the term *‘aqqār* consistently denotes immovable property—the best or most valuable part of one’s possessions.

First requirement: Terminological Definition of Real Estate

In legal terminology, real estate refers to fixed entities characterized by permanence, whether by nature or by human construction, that cannot be moved without suffering damage or loss (Morsi, 2005, p. 37).

In Maliki jurisprudence real estate is defined as anything that either cannot be moved at all or only with structural alteration. This includes, notably, not only land but also buildings, trees, and other fixtures intimately tied to the land. The emphasis here is not merely on physical form, but on function and permanence (cours droit arab 2016).

This conception is echoed in Algerian civil law. Article 683 of the Civil Code provides that “anything that is fixed in place and cannot be moved without incurring damage is considered real estate; anything else is movable.” (Article 40 of Law No. 08/09 of April 23, 2008)

Definition of the term "Urban"

Linguistically, Urban refers to those who live in cities or settled towns, in contrast to nomadic populations (*Ma‘jam al-Ma‘ānī al-Jāmi‘*).

First section: Definition of Urban Real Estate

In legal and administrative usage, urban real estate refers specifically to property located within the municipal development perimeter; It typically includes public facilities such as government offices, public service buildings, and institutions associated with state administration; In short, it is real estate embedded in the formal and spatial logic of city planning (Elmouhami).

Second section: Definition of Investment

1. Linguistic Definition:

The term investment (in Arabic: *istithmār*) is derived from the root verb *thamara* (to bear fruit), and is formed using the morphological pattern that includes the prefix *alif*, *sīn*, and *tā'*, which often denotes a request or pursuit of something—similar to forms such as *istighlāl* (to exploit), *isti' mār* (to colonize), or *istifāda* (to benefit). Hence, *istithmār* linguistically implies seeking or pursuing profit or productivity. The original root *thamara* relates to “fruit” and carries several meanings, including the produce of trees or the yield generated. It is said: *thamara al-shajar*—the tree bore fruit; or *thamara al-shay'*—it ripened and matured. Likewise, *thammaramāluhu* means that his wealth increased.

2. Terminological Definition:

In technical and economic usage, investment refers to a financial commitment undertaken with the aim of achieving profits or returns expected to materialize over a long-term horizon. Investment represents a type of expenditure that is anticipated to generate returns over an extended period. As Al-Jawhari (2009, p. 8) explains, investment is essentially a financial engagement targeting anticipated gains in the future.

Similarly, Boughaba (1999, p. 7) defines investment as "the sacrifice of resources used in the present, in the hope of obtaining revenues or benefits in the future over a given period of time, where the total return is expected to exceed the initial investment costs."

Second requirement: The Four Classifications of National Real Estate

Real estate can be functionally grouped into four broad categories (Gharbi, 2014–2015, p. 26):

1. Rural Real Estate

Rural land occupies a central place—not only in terms of surface area, which is typically vast, but also in terms of multidimensional importance. Its economic role is straightforward: it sustains both human and animal life by serving as the primary source of food production. Rural land also holds environmental weight and carries deep social resonance.

2. Urban Real Estate

Urban property includes both constructed and inbuilt parcels, and each responds to different legal and spatial logics. Built properties are linked to the morphology of cities while inbuilt urban land reflects potential expansion, often governed by zoning rules and population dynamics without transgressing into agricultural zones.

3. Desert Real Estate

Desert land, at first glance, seems marginal—its harsh climate, scarce water resources, and general unsuitability for traditional settlement make it appear peripheral. And yet, it is becoming increasingly central in economic policy due to its subterranean riches.

4. Heritage Real Estate

The last category—heritage or archaeological property—is one that operates on a different axis. These lands are not defined by productivity or market value, but by their cultural, historical, or symbolic significance. Protected by international conventions and domestic law alike, and their preservation is an obligation.

Subcategories of Urban Real Estate

Urban real estate may further be classified into the following sub-types:

- Residential real estate.
- Commercial and industrial real estate.
- Agricultural and farming real estate.
- Real estate used by public administration and government institutions.

Third requirement: Types of Urban Real Estate

1. Real Estate by Nature:

This category includes all material objects that occupy a fixed, immovable location. It thus encompasses land and anything physically attached to it, such as buildings, trees, and constructions, provided that the element of stability and permanence is present. As Aloui (2004, pp. 118–119) explains, these are "all material things that resist relocation due to their physical structure—namely, land and what is joined to it."

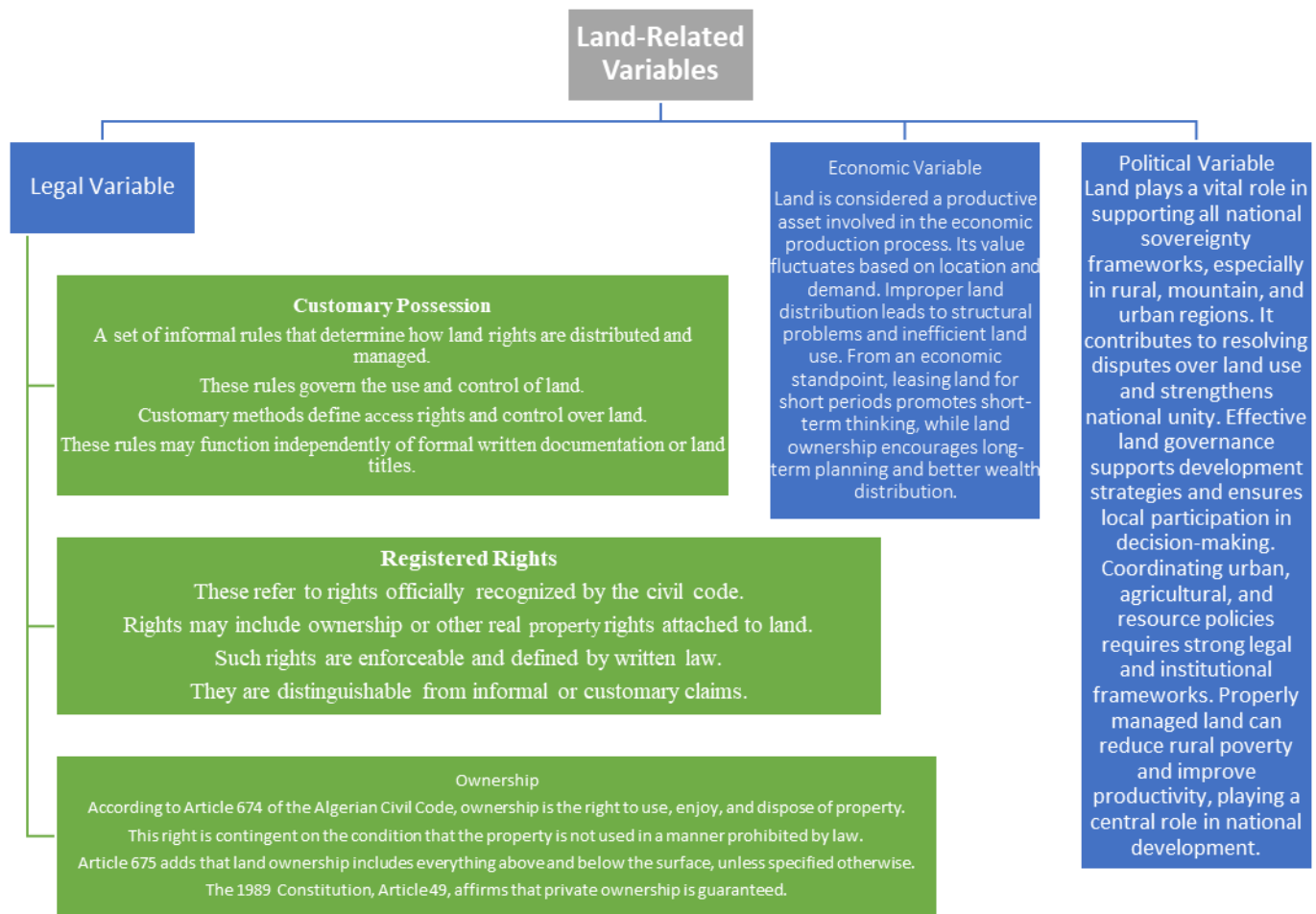
2. Real Estate by Subject Matter:

This classification refers to real property assets and related legal rights, including property ownership rights that are substantively connected to the real estate, such as the rights of usufruct, use, and habitation. Other real rights, such as the right of privilege, allocation, and mortgage, are also considered real estate if they are attached to or their subject matter is immovable property. However, if the subject of the right is movable property, then these rights are treated as movable accordingly.

3. Real Estate by Designation:

This type of real estate was established in order to provide a comprehensive legal framework that connects immovable property to certain movables. It refers to movable items placed by their owner in the service or exploitation of real estate, according to its nature, under specific conditions. Chief among these conditions is that the owner of the real estate must also be the owner of the movable, and that the movable must be intended to serve the property with a demonstrable functional relationship between them. This is addressed in Article 683 of the Civil Code, which states: "A movable placed by its owner in a property he owns for the purpose of serving or exploiting that property shall be considered real estate by designation." (Aloui, 2004, p. 119)

Land-Related Variables (FAO, 2003, p. 9)



Source: FAO, Studies on Land Tenure Regimes No. 3: “Land Tenure and Rural Development.” Rome, 2003, p. 9.

THE FIRST TOPIC: Types of Investment

First requirement: Types of Investment

1. Local Investment

The concept of local investment lacks a precise, universally fixed definition. Its meaning is context-dependent, often shaped by the administrative body associated with the investment and by the geographical scale under consideration. In certain contexts—particularly when discussing investment at a continental or regional level—the term may refer to national administrative authority. In contrast, within the framework of domestic governance, it may denote investment managed by local or subnational entities. This spatial variability reflects the adaptive nature of the term, which shifts according to the institutional setting. The terminology also changes in international legal contexts. What is commonly referred to as national investment within domestic discourse may appear in cross-border

agreements as domestic, internal, or even local investment. Regardless of the label, the underlying reference remains consistent: investment originating and taking place within the national territory.

In addition to spatial-administrative variation, investment is often classified according to legal nature. One key distinction is between public and private investment, depending on whether ownership lies with the state or with private entities. Another distinction is drawn between national and foreign investment, determined by the nationality of the investor—whether a natural or legal person. (Mansouri, 2005, p. 2)

2. National Investment

National investment is defined in various ways, the most common of which highlights its territorial scope. According to Al-Jawhari (2009, p. 26), national investments refer to projects established and implemented within the borders of the state.

As previously noted, national investment is often referred to interchangeably as local investment. In this context, Matar (2006, p. 75) offers a broader definition: local investment encompasses all available investment opportunities within the domestic market, regardless of the investment vehicle used. Thus, any capital invested within the national territory—whether by individuals or institutions residing in the country—is considered local or national investment, regardless of whether the vehicle is real estate, securities, gold, or foreign currencies.

3. Foreign Investment

Foreign direct investment (FDI) has received growing attention in developing nations. It is often viewed as a relatively stable source of capital—more so than other financial flows—and is seen as a contributor to expanding production capacity and supporting growth. Beyond capital, it can also bring in advanced technology, enhance human capital, and improve managerial and organizational know-how.

Given its role, it is not surprising that several researchers have investigated how institutional quality affects foreign investment. Studies by Song and Nkoa (2018), and Dago and Abdurrahman (2018), are among those that examine the link between institutional environments and the ability to attract FDI. (Saliha, 2019–2020, p. A)

Second requirement: Institutions Responsible for Investment in Algeria

Algeria's investment governance is structured around three core entities, as outlined in Chapter IV of Ordinance No. 06-08 of July 15, 2006 of the Official Gazette.

First section: The National Investment Council

Article 18 (as amended) establishes a National Investment Council under the authority of the Prime Minister and administratively tied to the Minister in charge of investment promotion. The Council handles national strategy, investment support policy, and approves agreements under Article 12. More

broadly, it deals with implementing the ordinance. Its composition and internal functioning are left to regulation.

(Ordinance No. 06-08, pp. 19–20)

Second section: The National Agency for Investment Development (ANDI)

According to Article 21 of Ordinance No. 06-08, the National Agency for Investment Development—referred to earlier in Article 6—is a public institution with legal personality and financial autonomy. In the field of investment, and in coordination with relevant bodies, it is tasked with the following:

- Promoting, developing, and monitoring investments.
- Receiving and assisting both resident and non-resident investors.
- Facilitating business registration and project implementation through decentralized one-stop shop services.
- Granting investment-related advantages in accordance with the applicable legal framework.
- Managing the Investment Support Fund mentioned in Article 28.
- Ensuring that investors fulfill their commitments during the exemption period.

The agency's internal organization and operations are to be defined by regulatory texts.

Under Article 22, its headquarters are located in Algiers. The agency also operates through decentralized structures at the local level, and it may establish representative offices abroad. The number, location, and jurisdiction of these offices are likewise determined by regulation.

Third section: The One-Stop Shop

Articles 23 to 27 of Ordinance No. 06-08 lay out the legal framework for the one-stop shop mechanism, created within the National Agency for Investment Development (ANDI).

According to Article 23, the one-stop shop is established as part of the agency and includes the relevant administrative bodies involved in investment. It is legally authorized to provide all necessary administrative services for processing declared investments, as referenced in Article 4. Its decisions are binding on the concerned administrations.

As stipulated in Article 24, the one-stop shop operates at the level of the agency's decentralized structures.

Article 25 expands its role to include coordination with public institutions to simplify and streamline the procedures for business creation and project execution. It is also responsible for ensuring that these simplification measures are effectively applied.

Article 26 provides that the state shall, using the remaining assets of dissolved public enterprises, create a portfolio of real estate and fixed assets to support investment development. The management of this portfolio is entrusted to the investment development agency referenced in Article 6. Implementation details are to be determined by regulation.

Finally, Article 27 requires that investment-related land be made available through the representation of the competent land management authorities operating within the decentralized one-stop shop. (Ordinance No. 06-08, 15 July 2006, pp. 9–10)

Third requirement: Urban Real Estate as a Lever for Local Investment

Urban real estate underpins local investment. Secure plots give domestic investors the legal footing they need to launch projects, yielding fresh value for the national economy. When estate is accessible and clearly titled, capital tends to mobilize rather than idle.

This matters for Algeria's growth strategy. Reliable urban land supply—paired with active land based investment policy—could ease the country away from its hydrocarbon dependency (roughly 98 percent of export earnings) and toward sectors with longer horizons: tourism, agriculture, light industry, and services. Competition in those fields, once estate is in play, would sharpen performance and broaden the economic base.

Two conditions are decisive. First, property law must stay flexible enough to grant owners the full bundle of rights needed to develop or trade their plots. Second, estate related procedures have to be streamlined; otherwise, even attractive legal terms will not translate into projects on the ground. (Kadi, 2016, p. 2)

Conclusion

It is evident that investment, across its various forms, is deeply influenced by the state of urban real estate—particularly in large metropolitan centers where capital tends to concentrate. This relationship, while potentially beneficial, is not without its drawbacks. It calls for development authorities in these urban areas to proceed with a high degree of caution, guided by transparent policies and clearly defined strategies. The risks are particularly pronounced when investment patterns are accompanied by unchecked encroachment on the natural and cultural environments of local communities—an outcome that stands in direct contradiction to the principles of sustainability advocated by development institutions at all levels.

It is important to note that the negative effects of concentrated investment in urban centers are neither negligible nor uniform. In many cases, such inflows place significant pressure on the physical and institutional infrastructure of host cities, as well as on the surrounding regional zones directly connected to them. These pressures manifest differently depending on the specific conditions of each urban center. Thus, it would be inaccurate to generalize these impacts given that each urban center responds differently. Factors such as governance models, land tenure systems, and the city's functional role at

national or global levels all influence how these pressures unfold. Several studies have documented how these dynamics play out in practice, particularly the way investment flows often give rise to a pronounced overlap between local economic activities and globalized operations. This includes the presence of multinational corporations, international organizations, large retail complexes, luxury hotels, banks, and capital-intensive industries.

These actors tend to concentrate in specific zones within the urban fabric, where they generate further capital attraction. Over time, this dynamic fosters spatial expansion and functional dominance that can occur—often subtly—at the expense of traditional services and locally rooted economic activity.

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