The false promise of homeownership: Homeowner societies in an era of declining access and rising inequality

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Abstract

In the late twentieth century, homeownership became entrenched in a wider societal project associated with transformations in the economy and increased social inclusion. The ‘promise of homeownership’ asserted the potential of mortgaged owner-occupation in providing all with not just a stable home, but also the chance to accumulate assets and establish economic security. Underlying these ideologies was the implicit promise that homeownership can be widespread, equalizing and secure. Despite transformations in market conditions, especially since the Global Financial Crisis, such narratives have continued to drive policy approaches and support for marketised housing. Through an investigation of three ‘homeowner societies’ – the US, UK and Australia - the empirical evidence in this paper reveals declining access to homeownership, high levels of housing wealth concentration exacerbating social inequality, and intensifying housing price volatility undermining asset security. The paper contends that the socioeconomic potential of homeownership that has sustained the logic of housing policy for the last half decade may be increasingly recognized as a ‘false promise’ that has justified growing housing commodification, ongoing labour insecurity, and continued state retrenchment wherein housing markets increasingly function as a dimension of growing inequality and insecurity.
1 Introduction

Over the past half-century or so, homeownership has not only established itself as the prime aspiration of individual households, but also become entrenched in a wider vision of socioeconomic inclusion. Ostensibly, increasing homeownership rates promised a means of providing almost everyone the chance to acquire not only a stable home, but also the chance to accumulate assets through housing market mechanisms and establish independent economic security. Such a promise was no longer tied to individual aims, but to widespread social and political goals (Forrest and Hirayama, 2015; Retsinas and Belsky, 2005; Ronald, 2008).

While embraced to varying extents across different country contexts, this ‘promise of homeownership’ promoted - or at least enabled - increasing commodification of the housing market alongside a shift from state responsibility for welfare provision towards notions of privatized asset-based welfare (Doling and Ronald 2010). Arguably, in some contexts and over certain periods – namely Anglo-Saxon countries – this promise was at least partially born out. This further fueled continued support for owner-occupation. Such contexts of more widespread homeownership were, however, highly contingent on specific periods of labour and housing market dynamics and often one-off transfers of public stock (Arundel and Doling 2017).

While there has been recognition that housing market entry has been undermined in recent years, an enduring ‘promise of homeownership’ to enhance widespread asset-accumulation and economic security has seemingly driven both policy approaches and public support for the tenure. This paper, firstly, argues that fundamental transformations to labour, housing markets, and state support – themselves often enabled by the promise of homeownership – have undermined any potential of widespread economic security through owner-occupation. Secondly, through an empirical examination of three ‘homeowner societies,’ the US, UK and Australia, the research evaluates the underlying tenets of the promise of homeownership: as widespread, equalizing and secure. The results reveal that the role of housing markets may function instead as a dimension of rising inequality and economic uncertainty. In sum, the research contends that the widespread societal potential of homeownership may be increasingly recognized as a ‘false promise’ that has enabled (and continues to) a justification for ongoing housing commodification, increasing labour market deregulation and state retrenchment.

2 Growth of mass homeownership

In many ways, the second half of the past century reflected a ‘golden age’ of increasing homeownership rates across most advanced economies – albeit differing in precise timing and
conditions (Kurz and Blossfeld 2004; Forrest and Hirayama 2009; Conley and Gifford 2006). This was a period characterised by strong economic and labour conditions supporting a broader middle-class, alongside a solid socio-political backing for homeownership. Supportive government policies boosted the attractiveness of owning whether through grants, mortgage guarantees, or tax concessions. Added to this, some countries saw major ‘one-off’ transfers of public housing, such as Right-to-Buy in the UK and privatisation policies in ex-communist Eastern Europe (Forrest and Hirayama 2009; Mandic 2008; Scanlon 2014).

Taken together, these more favourable labour market and policy contexts did, seemingly, promote a relatively widespread diffusion of homeownership access, including, increasingly, among low- to middle-income households. In these contexts, the initial growth of homeownership contributed to a wider distribution of property assets across the population and thereby, arguably, helped diminish some wealth inequalities. For example, Right-to-Buy policy in the UK, while responsible for a significant retrenchment of the social housing sector, did see close to 3 million social rental dwellings sold at below-market rates to tenants, of which up to 38% had incomes below the national average (Jones 2003; Searle and Koppe 2014).

Despite ongoing economic restructuring that saw rising employment insecurity and polarisation gradually erode the middle-class (see Beck 1992; Giddens 1999), concomitant processes of mortgage credit expansion and financialisation maintained access to homeownership for many households (Crouch 2009; Aalbers 2012) – albeit often a more ‘hollow’ homeownership characterised by high-levels of debt and financial risk. At the same time, progressively marketised housing systems further entrenched the asset-role of housing. Increasingly, the meaning of home as family shelter gave way to property as a highly financialised commodity. Housing increasingly acted as both an essential store of wealth and a means towards further accumulation. Especially in those contexts combining strong neo-liberal agendas with a committed ideology in homeownership, such as the US, UK, Canada or Australia (Rolnik 2013; Ronald 2008), welfare retrenchment and the increasing individualisation of economic security promoted notions of family-owned housing as a means to enhance an asset-based welfare regime (see Doling and Ronald 2010; Doling and Ford 2007; Conley and Gifford 2006). With the growth of the market for housing and the acceleration of house price increases, mass homeownership represented a means for a wide cross-section of households to accumulate wealth in their homes; wealth that they could draw upon in later life and use in enhancing their own economic and welfare security.
3 The ideology of mass homeownership

Past decades of steadily rising homeownership underscored and embedded what may be called an optimistic ideology of mass homeownership, one that perceived owner-occupation as a widespread and democratic means of shelter and wealth accumulation (see Forrest and Murie, 1988). Such ideals crystalized in notions of a ‘property owning democracy,’ which emphasised the democratic and attainable goal of homeownership, as promulgated in 1980s Britain. In such contexts, the vision presented was of a society widely reaping the benefits of property ownership – Saunders’ (1990) portrayal of ‘a nation of homeowners.’ Underlying this were sets of associated values which promoted the tenure as the natural fulfilment of social and individual household desires (see Gurney, 1999). The centrality of homeownership emerged especially in the Anglo-Saxon ‘homeowner societies’ of North America, the British Isles and Australasia– as epitomized in expressions such as the ‘American Dream’, the ‘Australian Dream’ or an ‘Englishman’s home is his castle’ (Ronald 2008). In these contexts, embedded optimism in its societal potential arguably mitigated criticisms of inherent inequalities (Arundel 2017), while entrenching public and policy support for homeownership at the expense of other tenures (Flint 2003; Aalbers and Christophers 2014). This ideology surrounding the superiority and attainability of mass homeownership multiplied its importance as a (perceived) means of widespread financial gain and economic security.

Despite the ideals of a ‘property owning democracy,’ the increasing transformation of housing markets in the face of financialisation and commodification processes shifted focus from the ‘social’ project of homeownership to a neoliberal project where property became increasingly embedded in profit making (Forrest and Hirayama 2015; Ronald, Kadi and Lennartz 2015). Even given this progressive transformation into a financialised commodity, the notion of homeownership as a widespread means of economic security and stability mostly persisted (Forrest and Hirayama 2009). In other words, the purported benefits of the ‘property owning democracy’ became intensified into a ‘property profiting democracy’ without a genuine consideration of inherent contradictions between market mechanisms of property commodification and the balance of democratic distribution.

As long as homeownership continued to expand, these contradictions were often dismissed. Early analyses of housing in the period of expanding homeownership endorsed its equalising capacity as a mechanism for the democratisation of wealth (see Atkinson 1983; Atkinson and Harrison 1978) with the ideological-political landscape subsequently remaining one of consensus in the commitment to homeownership and the superiority of the market (Forrest and Hirayama 2009). Research thus tended to focus on the historical role of growing homeownership in diminishing disparities and the widespread nature of housing wealth (see
Hamnett 1999; Hancock 1998). With further expected growth in homeownership, those not entering ownership were often overlooked (Hamnett 1999). Together, these assessments resulted in optimistic outlooks of diminishing housing inequality and the potential role of housing assets in disseminating widespread wealth accumulation (Hamnett 1991; Hancock 1998; Malpass 2008). Even in the face of growing attention to rising economic inequalities (see Piketty 2014; Saez and Zucman 2014; Stiglitz 2012), recent interpretations of the role of housing have frequently perpetuated the view of a ‘broad ownership’ of housing (Rognlie 2015) with claims that house value dynamics have effects which may even be ‘redistributive’ in nature (Bonnet et al. 2014).

Dissecting entrenched public and policy support for homeownership uncovers an implicit – but also often explicit – promise of homeownership. This promise goes beyond the expounded benefits of homeownership for individual households by further mobilizing a societal imperative. In other words, homeownership has not only been associated with a promise towards individual household advantages, as described in Kemeny’s (1981) ‘myth of homeownership’, but has been portrayed as a collective goal holding promise for all within a homeowner society. We argue, however, that it is crucial to uncover the implicit and explicit promise of homeownership driving entrenched support for the tenure and continued processes of housing, labour market and state transformations – changes that may have undermined its own purported societal promises. Beyond understanding what constitutes the ‘promise of homeownership,’ we confront empirically the extent that it is born out in housing sector developments across three major homeowner societies: the US, UK, and Australia. The article begins by defining the three underlying tenets of the promise of homeownership. This is followed by a review of significant transformations across labour, housing and state contexts that have both shaped and been structured by such homeownership ideologies. The empirical approach is subsequently outlined, followed by an assessment of the evidence for the contemporary reality of such promises across the selected homeowner societies.

4 The promise of homeownership

While the ‘promise of homeownership’ is by its nature nebulous and malleable in its application and interpretation, there are, nonetheless, key recognizable components that have propelled support for homeownership. Herein, we argue that three key tenets have – either implicitly or explicitly – underscored the ideological optimism towards the potential of housing markets in homeowner societies. As we introduce below, the three tenets constituting such a promise are that homeownership can be: widespread, equalizing, and secure.
4.1 Widespread

The first ‘promise’ in conceptualizing the ideology surrounding homeownership, is the notion that access to homeownership is ‘widespread.’ While the implication is not that the tenure is presented as immediately available to everyone, the promise of a homeowner society nonetheless implies that accessibility to the tenure is attainable and, at least, eventually likely without disproportionate hardship. Forrest and Hirayama (2015:1010) emphasize that across ‘homeowner societies,’ “homeownership, or at least the promise of access to the tenure, was an important element of the social contract.” Ideas of ‘conventional’ housing ladders (Kendig et al. 1987), the ‘democratic’ promise of a ‘property owning democracy,’ or Saunder’s (1990) ‘nation’ of property owners all emphasize the inclusivity of mass homeownership. Mobilizing such narratives towards support for progressive transformations in housing markets (or further labour deregulation and state retrenchment) emphasize a collective benefit in the pursuit of homeownership that obfuscates potential cleavages between those advantaged or disadvantaged by developments.

Malpass (2006) argues that at the root of housing market transformations in homeowner societies such as the UK or the US has been the notion of ‘choice.’ The tenet of freedom of choice has been mobilized for neoliberal shifts in housing – as in other domains – that have emphasized market deregulation, state retrenchment and individual responsibility. Malpass contends, however, that: “Choice is a weasel word, a seductive device concealing that what is really afoot in the creation of an ‘opportunity society’ is promotion of the interests of the better-off and toleration of wider social inequality, to the further disadvantage of the poor.” (p.111)

While the debate on choice and the role of state intervention has a long history (see Titmuss and Seldon 1968), it is in the domain of housing that such narratives have perhaps most successfully flourished, where housing has usually remained the most commodified component within welfare regimes and therefore most readily faced market reform (Harloe 1995). Such a notion of choice is strongly embedded in the conceptualization of the promise of homeownership, where ‘choice’ denotes the option of attaining desirable housing outcomes for all. As Malpass’ quote above highlights, the emphasis on everyone being able to make preferable choices masks growing divides wherein some may hold a preponderance of ‘choice’ and whose actions on the housing market may be intrinsically linked with a growing share of the population facing diminished opportunities.

The underlying theme that has persisted is the notion that, fundamentally, homeownership is widespread and achievable for everyone and that the means of achieving such a goal is through market mechanisms implying reduced state support for alternative housing options in favour of
policy that stimulates the market of homeownership. As Malpass (2006) demonstrates in the British context, such narratives upholding the promise of homeownership have frequently commanded political consensus and been woven into the legitimation of government policy. These justifications are mobilized even in enabling the very reforms that have often promoted growing inequality in housing outcomes. Forrest and Hirayama (2009:1002) attest that the idea of homeownership as a *widespread* means of economic security has persisted, even in the face of declining access, with the ideological-political landscape remaining one of essential “consensus around the superiority of the market and a shared commitment to homeownership.”

4.2 Equalizing

The second ‘promise’ of homeownership is the implication that housing wealth can be a redistributive force in equalizing wealth accumulation across society. This notion is clearly tied to the first tenet of broad access and thus is intrinsically linked to similar narratives to those discussed above. Nonetheless, the implication goes a step further in not only being concerned with housing market entry, but also that property investments can distribute asset accumulation. In other words, the ideological narrative implies both that households have access to the housing market and, beyond this, similar opportunities for asset accumulation.

Optimism about the equalizing potential of homeownership has, on the one hand, come from the fact that, in many countries, housing assets represent the largest financial holding for a majority households (Rowlingson and McKay 2012; Smith 2008). This is the result of homeownership having reached high shares of the population, albeit contingent on growth during certain periods of favourable labour, housing and state contexts. Furthermore, considered in comparison to other assets such as income, stocks, or business holdings, property wealth has traditionally been more ‘equally’ distributed in high homeownership countries (Appleyard and Rowlingson 2010). Taken together, these circumstances have tended to obfuscate critical examination of the housing market’s own potential role as a dimension of inequality. This optimism towards the equalizing nature of housing wealth has been increasingly unwarranted given the evidence of growing divergence in both access to homeownership and, even among homeowners, strong differentiations in potential asset accumulation (Arundel 2017; Arundel and Lennartz, forthcoming).

Added to the implied inclusivity of ideological narratives such as a ‘property owning democracy,’ a ‘nation of homeowners’ and ‘choice’ societies, policies of *asset-based-welfare* have further instilled belief in private assets as a means to replace state redistribution (Doling and Ronald 2010). While again none would claim absolute equality in housing markets, narratives surrounding asset-based-welfare assert that widespread access to both
homeownership and property wealth are attainable. It is essential, however, to consider the contemporary reality of how property assets are distributed and the extent to which narratives concerning the equalizing potential of homeownership may have shielded housing markets from crucial scrutiny into their possible reverse role as engines of growing disparity.

4.3 Secure

The third key promise entrenched in homeownership ideology has been the tenet of homeownership being intrinsically secure. At its root, the idea of homeownership has long been associated with ideologies of household security and as a ‘safe haven’ both for family shelter and investment (see Dupuis and Thorns, 1998). Beyond such ontological meanings of security, expectations of tangible societal and household security through owner-occupation form the foundations for asset-based-welfare (often at the expense of state welfare support). Proponents of asset-based-welfare contend that homeownership offers a secure means for households to build up large assets which may be relied upon in times of economic need (see Doling and Ford 2007; Doling and Ronald 2008; Sherraden 1991). Kemeny (1981) and Castles (1998) describe a ‘big trade-off’ where housing assets act as replacement for state welfare provision. Costs of homeownership are concentrated earlier in adulthood providing economic security later in life through lower housing costs and accumulated assets during retirement and old-age health costs.

Precisely because of a privileging of homeownership over other tenures, many countries have seen the retrenchment of policies that supported security outside of homeownership, such as the erosion of social housing, rent-control policies or rental tenure security (Flint, 2003; Christophers 2013). In other words, the perceived primacy of homeownership has made alternative tenure options similarly (or more) precarious in many contexts. This has been alongside changes within housing markets towards increased commodification and financialisation which have promoted riskier mortgage practices and exacerbated housing market volatility (Aalbers 2008; 2016) undermining for many the security of owner-occupation itself. Despite growing insecurity, the association between homeownership and security remains entrenched and, alongside other tenets of the promise of homeownership, may help explain both the levels of risks some households are willing to undertake in entering (indebted) homeownership and ongoing commitment to policies that may very well exacerbate precarities.

5 Declining homeownership

While past periods witnessed growing homeownership and more widespread access across homeowner societies, since the early 2000s there has been clearer evidence of declining housing market entry (Lennartz et al, 2016). Such declines have been propelled by fundamental
transformations in labour, housing and welfare state restructuring that themselves have often been justified, enabled, or at least tempered, by the implicit promise of homeownership.

Underlying dynamics of declining housing access have been structural labour market transformations that have destabilized the economic capacity of many – especially younger – households and particularly affected homeownership opportunities. Over the longer-term, economic restructuring towards ‘flexibilisation’ and ‘individualisation’ have significantly weakened elements of economic certainty that existed under previous Fordist conditions (Beck 1992; Giddens 1999). Labour markets have seen progressive shifts towards polarisation and employment insecurity – including higher unemployment, underemployment, contract precarity and income disparities (Arundel and Doling 2017; Buchman and Kriesi 2011; McKee 2012). Growing demands for a better-educated workforce have further delayed and differentiated labour market entry, as well as entailing substantial debts upon graduation (Buchmann and Kriesi 2011; Hills et al. 2013). Fundamentally, these transformations have eroded the stable middle-class jobs representing the typical pre-conditions for housing market entry. Beyond income, precarious employment often denies access to mortgage credit or deters purchase decisions (Coulson and Fisher 2002). Following the GFC, such trends sharply intensified with further worsening of employment conditions in terms of recruitment, salaries and contract insecurity (Arundel and Doling 2017; Dol and Boumeester, 2018; Nolan et al. 2014; Stiglitz 2012), especially among more economically vulnerable and younger populations (Hills et al. 2013; Clapham et al. 2010; McKee 2012).

Interconnected changes in housing markets further destabilised possibilities for standard ‘housing ladders’ into homeownership and progressive asset accumulation (Kendig et al. 1987). Although differentiated across contexts, housing markets have undergone progressive commodification and ‘financialisation’: with increasing flows of investment, embedded in global circuits of capital, into property markets, as well as the growth of mortgage credit (Saunders 1990; Aalbers 2008). On the one hand, long-term growth in credit allowed broader homeownership entry and helped to mask increasing employment precarity. However, extending loans to riskier borrowers, commonly at higher costs, also exposed precarious buyers to high levels of debt and financial risk – epitomised by ‘subprime’ lending in the US. Furthermore, credit expansion and increased property investments promoted a boom in housing prices over the long-term across most advanced economies with limited correction post-crisis (Aalbers 2008; Whitehead and Williams 2011). Rising prices, furthermore, drove divergence in opportunities as they both promoted wealth accumulation among market insiders, while contributing to increasing barriers in homeownership entry (Allegré and Timbeau 2015). Added to this, a more financialised and globally interlinked housing market has contributed to growing
volatility, as well as distributions of returns and risk increasingly heterogeneous across housing subsectors (Larsen and Sommervoll 2004) and geographic space (Marciniak et al. 2016; Kemp 2015; Fernandez et al. 2016; Arundel and Hochstenbach 2018). Volatility and heterogeneity contribute further to intensifying disparities between those relatively advantaged or disadvantaged by timing, market sector, or ability to leverage capital (Doling and Ronald 2010; Forrest and Hiyarama 2009). Following the GFC, mortgage re-regulation saw stricter lending practices increasingly shut out those with fewer savings or more precarious employment (Arundel and Doling 2017; Lennartz et al. 2015), while credit was re-orientated to those in better economic and wealth positions (Kemp 2015; Ronald et al. 2015).

Nonetheless, as financialisation of housing markets progressed, the implicit promise remained that engagement with mortgage credit was primarily a contract towards one’s own future economic security. The reality, however, was one where such contracts were increasingly harnessed for profits in the financial industry and global networks of capital flows (Aalbers, 2008). While such dynamics were most explicit in the predatory lending practices in the US preceding the crisis, the transformation of the housing market as a whole through gradual processes of financialisation meant that households were increasingly buying into a system that itself was an engine for increasing wealth inequality where inflated values and concentrated housing capital contrasted with declining access or precarious ownership for many.

Faith in the potential of homeownership as a socioeconomic buffer also supported further retrenchment of state welfare support in the post-crisis milieu. This meant that, at the same time that transformations in labour and housing markets promoted greater market risk exposure and price volatility (OECD 2011), reduced state support left households increasingly vulnerable to downturns. In the face of such interconnected housing, labour and state transformations, it is essential to revisit and evaluate the underlying tenets of the societal promise of homeownership.

6 Evaluating the promise of homeownership

The following empirical analysis attempts a direct evaluation of the extent that the key tenets of the promise of homeownership are evidenced across three case countries, seen as classic homeowner societies: the US, UK and Australia. Each of the three tenets is examined in relation to relevant macro-level indicators and in terms of significant housing trends over recent years. The analyses remain exploratory with the objective of initiating discussion and more extensive research on how explicit realities of housing markets may contradict – and increasingly so –
entrenched ideologies surrounding homeownership. The operationalization of the three tenets – widespread, equalizing, secure – are each outlined below.

6.1 Operationalization and methodology

In operationalizing the extent that homeownership can be characterized as widespread, the Luxembourg Income Study (LIS) provides large harmonized datasets across the three countries. The LIS includes useable data for the UK from 1986 to 2013, for the US from 1986 to 2016 and for Australia from 1981 to 2010 (LIS 2018) allowing the examination of key housing trends over nearly three decades. Homeownership attainment is firstly examined for the entire adult population (defined as all individuals over 18 years old), for young adults aged 20-39 years old who live independently (defined as not residing with parents), and for individuals aged 55 to 64 years old. Looking at independent young adults captures the ability of home-leavers to enter the housing market, while 55 to 64 year olds represent the oldest working age group (that thus can still be differentiated on working income). This older group constitutes both those most likely to have reached the peak of their housing career and those that would be expected to imminently rely on housing wealth in theories of asset-based-welfare. Secondly, each age group is further divided based on income with an examination of those in the bottom two quintiles (based on equivalised household income). Across these income and age groups, the analysis examines shares and trends of ‘non-homeowners’ to determine the extent that the tenure is ‘widespread’ across different sectors of society. For the UK and Australia, it is further possible to distinguish outright homeowners and mortgaged homeowners, however, the US data does not allow this differentiation.

The second analysis of the equalizing nature of homeownership turns to a partner dataset, the Luxembourg Wealth Survey (LWS), which provides crucial harmonized data on wealth and assets. The LWS is relatively new and unfortunately provides a more limited historical perspective than the LIS. For Australia, the LWS is currently only available for 2010, while for the UK it is possible to measure trends from 2007 to 2011. The US data allows a much longer examination across the period 1995 to 2016. Despite some limitations, especially for Australia, the dataset remains invaluable given the dearth of accurate wealth data. In operationalizing the ‘equalizing’ nature of housing wealth, the analysis examines distributions of equity (measured as total housing values minus total outstanding debts for all properties) across households. Standardized values are used to measure the difference for each equity decile relative to the average equity held. Beyond this, a look at housing values (without subtracted debts) provides a further rough proxy for the ‘potential’ achievable assets of a held property. Measures of the concentration of both total housing equity and housing values provide an indication of the
extent of housing wealth inequality with the change over time (for the US and UK data) evaluating evidence of increasing housing asset inequality.

In examining the third tenet of homeownership security, the analysis focuses on the key indicator of housing price volatility. Whereas an idealized notion of security through property involves a steady increase in housing prices that allow stable asset accumulation, volatile housing markets may result in insecurity and the potential of equity loss, especially for those less able to wait out downturns and time entry and exit. Through such mechanisms, house price volatility is further linked with diverging outcomes among homeowners and therefore also undermines the associated tenets of widespread and equalizing housing markets. The analysis looks at long-term house price data for the three countries, allowing an examination of both the degree of volatility and the extent that it has potentially increased in the face of the discussed processes of commodification and financialisation (Aalbers 2008; Aalbers 2016; Aalbers and Christophers 2014; Larsen and Sommervoll 2004). For the United States, the Case-Shiller Home Price Index was used, based on a methodology of repeat sales of homes (Shiller, 2018). The data is inflation-corrected, updated quarterly and available from 1953 until 2017. For the UK, the Nationwide House Price Index provides the longest unbroken data series and is available for a similar period from 1952 to 2017, using a hedonic regression method to calculate price changes for properties of similar characteristics (Nationwide 2018). The dataset had to be further inflation-corrected, using the Real Price Index from the Office of National Statistics. Finally, data for Australia was somewhat more limited in historical scope. Combining the available House Price Index and the Residential Property Price Index, both from the Australian Bureau of Statistics, allowed an analysis from 1986 to 2016. Instead of calculated nationally, both indices are based on weighted averages from the eight state capital cities (nonetheless comprising about 66% of the national population). The Australian indices were also corrected for inflation using the Consumer Price Index (ABS 2018). For all three countries, calculations were made in proportional house price change for sales considering a hypothetical purchase either two, five, or seven years earlier. While we can’t determine when households make sales (decisions themselves linked to house price developments), the measurement provides an assessment of changing returns considering hypothetical short, medium or medium-long term property investments with relative gains and losses reflecting price fluctuation over the previous period. Subsequently, a calculation of volatility was also made for the house price indices over 5-year interval periods using measures of standard deviation. A calculation for the slope of volatility measurements provides an indicator of ‘change in volatility.’ Statistical significance for slope coefficients are also calculated (albeit, for Australia, the limited sample makes it difficult to capture).
7 Results

7.1 Widespread

The first implicit tenet of homeownership investigated is the degree to which access to the tenure is widespread across society in the three countries and its recent trends. The graphs (see Figure 1) present proportions of non-homeowners to homeowners over roughly the past three decades. For Australia and the UK, it is also possible to differentiate outright and mortgaged owners. In each country, shares are shown for the full adult population, those between 55-64 (i.e. ‘nearing retirement’), and independent 20-39 year olds. For each group, the sub-categories of those in the bottom two income quintiles are further examined.

Looking at the first measure of levels of homeownership attainment among all adults (Figure 1 – left-most graphs), we can see that there remains a very significant proportion of households not in homeownership, at just under or above 30%. The data indicate some fluctuation, however the share of non-homeowners never dips below, roughly, one quarter of the population in any of the three ‘homeowner societies.’ Past trends reveal some reductions in the UK of non-homeowners up until the mid-2000s with more minimal declines in the US. Some increases in ‘outright homeowners’ are also visible over the same period for the UK and until the late 1990s for Australia. Nonetheless, recent trends across the cases point to a reverse dynamic. Both the UK and US show clear trends of increasing shares of non-homeowners among all adults since around the financial crisis of 2007 or just before, with the US stabilizing but at a higher level where more recent 2016 data is available. While for Australia the change in non-homeowners is limited, the trend has been a gradual increase since the mid 1980s with a decline in outright homeowners since the mid 1990s.

Looking at lower income households, there is clear evidence of differentiated access to homeownership based on income position that calls into question notions of widespread access across different sectors of society. For lower-income individuals, both the UK and the US show recent levels of non-homeowners nearly 10% higher than for total adult population with Australia showing a more modest but still measurable difference. The Australian and UK data does reveal results of higher shares of outright homeowners likely reflecting older and retired homeowners with lower incomes but outright homeownership. However, the data indicates significant increases in outright homeowners were limited to a specific period up until about 1990 in Australia and the early 2000s in the UK, reflecting arguably the capacity of baby-boomer generations in paying off their mortgages before entering retirement within a historical period of more robust labour market conditions. Such historical periods of improved access
(most notably in the UK) likely underscore the optimism in the promise of the potential for widespread homeownership. As the data reveals, however, the contemporary context demonstrates a reversal of this trend with the shares of outright homeowners declining. More crucially, recent trends have also seen increasing shares of non-homeowners among lower incomes. This is most evident since the mid-2000s for the UK and the US while gradually but over a longer period for Australia. In other words, beyond the fact that significant shares of these populations were always shut out of homeownership (particularly lower-income households), the data reveals worsening access, especially in the post-crisis period in the UK and US. Together these results support claims that past homeownership growth was contingent on specific periods of improved labour market conditions, with expanded mortgage credit pre-crisis partly masking the effects of worsening employment conditions. One-off government transfers of public housing assets, such as Right-To-Buy in the UK, appear to also play a role (Arundel and Doling 2017; Forrest and Hirayama 2009; Jones 2003; Searle and Koppe 2014).

The subsequent analyses presented in Figure 1, examine homeownership dynamics among older working age population between 55 and 64 years old. Looking at 55-64 year olds captures a group ‘nearing retirement’ who, according to asset-based welfare narratives would be most expected to imminently rely on housing assets (Doling and Ronald 2010). They are also more likely to have reached the ‘top’ of their housing ladder in comparison with younger households who may be expected to still trade-up to a higher-value dwelling (Kendig et al. 1987). As expected, the results reveal lower levels of non-homeowners among the older age group representing the more favourable labour, housing and policy contexts they experienced (Buchmann and Kriesi 2011; Arundel and Doling 2017). While not discounting a still measurable share of non-homeowners, Australia most clearly reflects ideals of high and stable homeownership attainment among this older group. However, even given the ‘better case’ of Australia, the share of outright homeowners has seen significant declines since the mid 1990s, and thus still raising serious questions regarding possibilities of relying on low housing costs and secure assets once this group enters retirement. Even among this more advantaged age group, both the UK and the US reveal clear trends in increasing numbers shut out of homeownership after the mid-2000s. While the UK saw a period of improving access for older age groups, the trend dramatically reversed, and is now the case with the highest share of older non-homeowners among the three countries. The further analysis of 55 to 64 year olds also with lower incomes, shows similar trends but at significantly higher rates of non-homeowners across all three countries. These results crucially reveal the lack of homeownership attainment (and
Homeownership rates in Australia

- Among all adults
- Among 20-39 year olds
- Among independent adults
- Among 55-64 year olds
- Among all adults
- Among 55-64 year olds
- Among independent adults
- Among 20-39 year olds

- In bottom two income quintiles
- In bottom two income quintiles

Homeownership rates in the United Kingdom

- Among all adults
- Among 20-39 year olds
- Among independent adults
- Among 55-64 year olds

- In bottom two income quintiles

Homeownership rates in the United States

- Among all adults
- Among 20-39 year olds
- Among independent adults

- In bottom two income quintiles

Data source: Luxembourg Income Study

Notes: Calculated at individual level based on household tenure. Weighted with appropriate survey weights. Adults include individuals over 18 years old. Independent are all young adults not living with parents (includes those cohabiting with spouse or living with others).
crucially worsening conditions) for those nearing retirement and on lower incomes, fundamentally revealing the limits of asset-based welfare in supplanting public support or its widespread potential across society.

The final graphs examine directly the extent that entry to homeownership has changed for younger adults over the last three decades or so. Even given an expectation for lower homeownership rates among younger cohorts, the results reveal very stark increases in those shut out from homeownership among independent 20 to 39 year olds in all three countries. The trends reveal long-term increases in non-homeowners for both Australia and the UK and in the period after the mid 2000s for the US. Already high shares of non-homeowners increased further, by roughly 10% over these periods for both Australia and the US, while the UK has seen a near doubling in young people outside of owner-occupation. Similar dynamics are revealed among independent young adults with lower incomes, reaching even higher shares at or above 70% non-homeowners in the US and UK and nearly 60% in Australia, with only very marginal declines in most recent US data.

The analyses of homeownership attainment reveal the extent that so-called homeowner societies remain characterized by large proportions of the population shutout from owner-occupation and the extent that housing market entry is sharply differentiated by age and income. Even more crucially, the data reveals worsening trends in homeownership access across all three countries. While some historically contingent periods have encouraged optimism towards the potential for widespread access, the direct evaluation of homeownership distribution undertaken here calls into question such narratives given persistently significant shares of non-homeowners and the contemporary reality of declining housing market entry for many.

7.2 Equalizing

The second empirical investigation tackles the notion of homeownership as an equalizing force for wealth distribution across society. As a measure of property wealth, housing equity distribution across all households (based on total reported values of all properties minus total outstanding debts) is presented for the three countries.

Figure 2 shows the results of standardized housing equity distribution across deciles for the most recent data years of the Luxembourg Wealth Study for the three countries (including 2010 for the US for comparability). The data reveals at once the starkly uneven distribution of housing wealth across households. The distribution of equity shows especially sharp concentration of housing wealth among the top 10% with none, negligible or even negative equity for the bottom 30 to 50%, depending on the country. The US reveals the most uneven
pattern of equity distribution with the top decile having on average over six and half times more than average equity levels. While lower, Australia and the UK showed concentration among the top 10% still over four times greater than average levels.

![Figure 2: Housing equity distribution across deciles](image)

Data source: Luxembourg Wealth Study
Notes: Calculated at household level. Weighted with appropriate survey weights.

Table 1 presents further measures of property wealth concentration across the three countries over the available data years. As mentioned previously, data for Australia is only available for 2010, whereas the UK provides two data points, 2007 and 2011, and available data for the US stretches over a period from 1995 to 2016. Table 1(a) reveals that, in both Australia and the UK, the top 20% hold over 60% of equity with the top 40% commanding about 85%. These stark concentration levels are further surpassed by the US where the top 40% holds consistently over 93% of all housing equity. Looking at trends over time for the UK and US, the data reveals that already high levels of wealth concentration have further increased. While the UK only provides two data points, these results are consistent with other research looking over a somewhat longer period that revealed significant trends in increasing equity concentration (see Arundel 2017). The US data shows that very high levels of equity concentration have further
increased, especially in the post crisis period with only the most recent recovery period seeing a small decline in the top 40% share while further concentration among top 20%. Considering the ratio of average equity held by the top 10% compared to that held by the full bottom half of households, reveals increases from already over 100 times higher pre-crisis (1995-2007), up to peak ratios of over 800 times in 2013. These stark numbers reflect both the increase in housing wealth at the top end, as well as increasing shares of precarious homeowners with negative equity and non-homeowners at the bottom end, especially in the post-crisis period. The partial recovery in most recent years in the US ratio still remains at the dramatic multiple of 260 times more wealth among the top decile than bottom half. To further take into account the inherent inequality of equity even among homeowners, given the effect of mortgage repayment cycles, Table 1(b) looks at the reported housing values (not subtracting outstanding debt values) as a proxy for the total potential/future housing wealth that property holdings represent. While inequality levels are unsurprisingly lower, concentration levels are still very significant among the top 20% and 40% with similar rates for Australia and the UK and even higher levels of inequality in the US. The only apparent difference is a slight decrease in inequality for the UK between 2007 and 2011 albeit remaining at high concentration levels. The US case, on the other hand, shows a pattern of steadily increasing inequality up to the most recent data.

Table 1: Inequality levels and trends in housing equity and housing values

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<tbody>
<tr>
<td><strong>Share of top 40%</strong></td>
<td>84.53%</td>
<td>85.18%</td>
<td>85.08%</td>
<td>85.87%</td>
<td>87.45%</td>
<td>82.12%</td>
<td>83.15%</td>
<td>86.07%</td>
<td>84.50%</td>
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<tr>
<td><strong>Share of top 20%</strong></td>
<td>62.40%</td>
<td>62.00%</td>
<td>62.66%</td>
<td>62.12%</td>
<td>62.12%</td>
<td>63.95%</td>
<td>64.68%</td>
<td>65.12%</td>
<td>65.62%</td>
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<tr>
<td><strong>Ratio of average equity in top 10% vs. bottom 50%</strong></td>
<td>28.1</td>
<td>30.6</td>
<td>31.4</td>
<td>28.1</td>
<td>25.0</td>
<td>24.7</td>
<td>26.0</td>
<td>26.6</td>
<td>26.0</td>
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<tr>
<td><strong>Share of top 40%</strong></td>
<td>93.15%</td>
<td>93.27%</td>
<td>93.49%</td>
<td>93.23%</td>
<td>96.42%</td>
<td>96.51%</td>
<td>95.64%</td>
<td>96.37%</td>
<td>97.22%</td>
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<tr>
<td><strong>Share of top 20%</strong></td>
<td>61.99%</td>
<td>61.66%</td>
<td>61.99%</td>
<td>61.99%</td>
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<tr>
<td><strong>Ratio of average equity in top 10% vs. bottom 50%</strong></td>
<td>30.6</td>
<td>45.7</td>
<td>48.3</td>
<td>47.9</td>
<td>47.9</td>
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<tbody>
<tr>
<td><strong>Share of top 40%</strong></td>
<td>79.77%</td>
<td>78.69%</td>
<td>79.71%</td>
<td>79.71%</td>
<td>79.71%</td>
<td>79.71%</td>
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<tr>
<td><strong>Share of top 20%</strong></td>
<td>57.76%</td>
<td>56.33%</td>
<td>54.95%</td>
<td>54.95%</td>
<td>54.95%</td>
<td>54.95%</td>
<td>54.95%</td>
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<td>54.95%</td>
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<tr>
<td><strong>Ratio of average equity in top 10% vs. bottom 50%</strong></td>
<td>16.6</td>
<td>17.4</td>
<td>16.3</td>
<td>15.6</td>
<td>15.6</td>
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<tbody>
<tr>
<td><strong>Share of top 40%</strong></td>
<td>88.03%</td>
<td>88.84%</td>
<td>88.88%</td>
<td>89.02%</td>
<td>89.66%</td>
<td>90.53%</td>
<td>91.65%</td>
<td>90.53%</td>
<td>91.65%</td>
</tr>
<tr>
<td><strong>Share of top 20%</strong></td>
<td>70.04%</td>
<td>70.52%</td>
<td>71.04%</td>
<td>70.68%</td>
<td>71.99%</td>
<td>72.89%</td>
<td>73.32%</td>
<td>72.89%</td>
<td>73.32%</td>
</tr>
<tr>
<td><strong>Ratio of average equity in top 10% vs. bottom 50%</strong></td>
<td>47.6</td>
<td>48.5</td>
<td>48.7</td>
<td>49.5</td>
<td>56.5</td>
<td>67.9</td>
<td>64.5</td>
<td>67.9</td>
<td>64.5</td>
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</table>

Data source: Luxembourg Wealth Study
Notes: Calculated at household level. Weighted with appropriate survey weights.
(a) Equity is based on total estimated housing value minus total outstanding mortgage debts
(b) Value is based on total estimated housing values
Taken together, these results demonstrate the undoubtedly uneven nature of housing wealth. In absolute terms, very high proportions of housing equity as well as values, are concentrated among a limited number of households who have been more successful on the housing market. This is especially reflected in the property wealth levels of the top 10% at many multiples greater than the entire bottom half of households. These results compliment related research focused on the UK case that further emphasized increasing inequality dynamics between and within age cohorts as well as evidence of concentration of housing stock among a subgroup of multiple property owners and landlords (Arundel 2017; Ronald and Kadi 2017). The direct investigation of the extent of housing equity concentration and trends in worsening inequalities fundamentally confronts policy narratives that assert the potential of homeownership as an equalizing force of wealth distribution across society.

7.3 Secure

The final analysis examines the promise of economic security provided by homeownership. While the empirical analysis cannot fully capture every dimension of potential housing market precarity, looking at housing price volatility focuses crucially on the extent that returns on homeownership assets may be unstable. Such instability may especially impact more precarious households where those facing immediate economic necessities are less able to wait out lower and negative return periods and thus more exposed to market volatility (Forrest and Hirayama 2009; Doling and Ronald 2010). Increased volatility therefore has a potential negative impact on the ability to reliably deploy housing assets in times of need (a condition of using housing towards goals of asset-based welfare). On top of this, differentiated impacts on more marginal homeowners would likely increase insider-outsider divisions thus undermining further tenets of widespread and equalizing homeownership.

The results in Figure 3 calculate the hypothetical returns for homeowners given a purchase two, five or seven years earlier (i.e. average returns on short, medium, and medium-long investments) for each country on the same scale. While the patterns are distinct, the data reflects high levels of fluctuation in housing prices for all three countries, at least in recent decades. While the time scale is more limited for Australia, the country shows the most consistent positive returns in recent decades on housing purchases. However, the volatility during this period remains high indicating very differentiated (and unpredictable) levels of returns for different purchase and sale periods. Especially short-term investments, for example those necessitating a sale within two years or so of purchase, see many periods of limited or even negative returns. The longer-term UK data, on the other hand, reveals the strongest level of

Notes
Australia: Data is for the weighted average of the eight capital cities / All data is adjusted for inflation using the Consumer Price Index (CPI)
Data up to 2005 ‘sale year’ is from the HPI / Data from 2006 onwards uses the RPPI
UK: Housing prices adjusted for inflation using the Retail Price Index (RPI) from the Office of National Statistics
US: Case-Shiller Index is inflation-corrected (for further details on methodology see Shiller 2017)
house price volatility with hypothetical gains reaching close to 120% and down to negative 40% over different periods. In other words, while many investment periods see strong returns, significant losses are also frequently possible over the period undercutting any long-term predictability and security. While there is apparent volatility throughout the period, the extremes appear highest in recent decades, especially regarding the boom and bust leading to and following the GFC. Lastly, while the US data reveals lower levels of volatility over the long-term and a historical extended period of time of limited hypothetical gains or losses, the pattern reveals a clear trend in increasing volatility since roughly the 1980s.

Table 2 provides a further statistical measure of changes in volatility in terms of 5-year interval periods of house price development. The results confirm a general trend of increasing measures of standard deviation in house price indices with positive trendline coefficients. These values are largest for Australia and the US with the lower UK value reflecting the high levels of volatility throughout the historical period. Only the US value proves to be statistically significant (p< 0.05) while the limited Australian sample makes it difficult to assess statistical significance. Overall, the analyses provide evidence of high levels of volatility in recent decades for all three countries with strong degrees of volatility over the long-term in the UK and clearly increasing volatility in the US. There is tentative evidence of trends towards further growing instability in Australia and the UK and clear evidence of increasing volatility in the US over the decades examined. Such

### Table 2: House price index volatility development: standard deviation of price indices over 5 year periods

<table>
<thead>
<tr>
<th>period</th>
<th>Australia</th>
<th>United Kingdom</th>
<th>United States</th>
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<tbody>
<tr>
<td>1958-1962</td>
<td>n/a</td>
<td>3.54</td>
<td>1.19</td>
</tr>
<tr>
<td>1963-1967</td>
<td>n/a</td>
<td>3.29</td>
<td>1.32</td>
</tr>
<tr>
<td>1968-1972</td>
<td>n/a</td>
<td>10.43</td>
<td>2.13</td>
</tr>
<tr>
<td>1973-1977</td>
<td>n/a</td>
<td>11.28</td>
<td>2.95</td>
</tr>
<tr>
<td>1978-1982</td>
<td>n/a</td>
<td>10.23</td>
<td>4.51</td>
</tr>
<tr>
<td>1983-1987</td>
<td>n/a</td>
<td>9.68</td>
<td>6.63</td>
</tr>
<tr>
<td>1988-1992</td>
<td>3.04</td>
<td>18.47</td>
<td>5.61</td>
</tr>
<tr>
<td>1993-1997</td>
<td>1.14</td>
<td>3.68</td>
<td>0.92</td>
</tr>
<tr>
<td>2003-2007</td>
<td>4.72</td>
<td>18.56</td>
<td>14.94</td>
</tr>
<tr>
<td>2008-2012</td>
<td>4.47</td>
<td>12.45</td>
<td>12.19</td>
</tr>
<tr>
<td>2013-2017</td>
<td>6.52</td>
<td>10.67</td>
<td>10.89</td>
</tr>
<tr>
<td><strong>Trendline</strong></td>
<td>0.977</td>
<td>0.298</td>
<td>0.689*</td>
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</table>

patterns support arguments made for the effects of growing insecurity and price volatility associated with processes of financialisation such as risks associated with new financial products, rising speculation and increased global interconnectedness in real estate markets across advanced economies (Aalbers 2008; Aalbers 2016). Taken together, the evidence of high degrees of volatility and exacerbating trends, emphasize the fundamental unpredictability of potential housing gains or losses and directly challenge the potential security of contemporary homeownership assets.

8 Discussion and Conclusion

The paper presents compelling evidence that even in so-called ‘homeowner societies,’ which saw historically more widespread homeownership access, optimistic narratives of the promise of homeownership are detached from the reality of housing market developments in recent decades. The evidence from the US, UK and Australia presents instead clear trends in declining access differentiated across income and age groups where significant and increasing levels of non-homeowners bring into question the implicit inclusivity of homeownership narratives. On top of this, far from an equally distributed asset, housing wealth appears strongly concentrated and, where data is available, trends indicate dynamics of worsening inequality. Furthermore, even among homeowners, the potential security that property assets provide are highly contingent on housing market developments where evidence points to strong degrees of volatility and evidence of likely increasing instability. All this, occurring in a context of rising labour market insecurity, growing housing market financialisation, and retrenched public services (Kurz and Blossfeld 2004; Forrest and Hirayama 2009). Such circumstances, however, have only tended to emphasise the importance of one’s position on the housing market where property assets increasingly structure socio-economic divides and economic security in times of need, as well as shaping inequalities across generations.

Nonetheless, sustaining progressive transformations of housing, labour and state contexts have often been the promises of widespread security through access to property assets. Optimistic assessments of the potential of a ‘property owning democracy’ have mostly persisted where a political-ideological commitment to homeownership has seemingly gained currency with the spread of increasingly financialised housing markets across economies and shifts towards asset-based welfare. As state policies retreated from broader welfare support, the promise, or ‘myth’, of widespread homeownership provided an alternative vision to stability and security. These notions, however, defy the growing reality of how housing markets have developed. The cases of the US, UK and Australia as advanced homeowner societies present cautionary examples where ideologies of the ‘property owning democracy’ seem to be contradicted by increasing divides in access to homeownership, housing wealth disparities, and signs of increased insecurity in the face of housing market volatility.
As this paper argues, it is essential to both uncover and challenge implicit and explicit assumptions permeating ideologies that have sustained continued optimism in the potential of homeownership, even in the face of housing markets increasingly acting themselves as engines of inequality and insecurity. Fundamental to this is the necessity to confront the promises that have supported narratives surrounding homeownership that have prioritized ‘market’ and financialization forces over the ‘social project’ of housing (see Forrest and Hirayama, 2009; 2015). Looking at the evidence of housing market dynamics, we argue that the societal potential of homeownership may be increasingly recognized as a ‘false promise’ that has justified or enabled growing commodification of housing, ongoing labour market deregulation, and the continued retrenchment of state welfare support. Indeed, it seems that housing markets in the contemporary era increasingly function as a dimension of growing inequality and insecurity, rather than a force for social equity. Where Ford, Burrows and Nettleton (2001) presented the ideal of a stable ‘homeownership society’ as a virtuous congruence between secure employment, strong welfare provisions, and widespread homeownership, the research raises the spectre of shifts towards a toxic congruence of employment insecurity, diminished welfare support, and restricted homeownership access.

**Funding**

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References


