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The end of mass homeownership?

Housing career diversification and inequality in Europe

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Citation for published version (APA):

Arundel, R. I. M. (2017). *The end of mass homeownership? Housing career diversification and inequality in Europe.*

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7. Conclusion

Conclusion

Past decades of economic growth, relatively widespread employment security and expanding mortgage markets alongside supportive government policy witnessed growing homeownership sectors across many advanced economies. Arising from these contexts, much public and academic discourse entrenched an optimistic ideology of mass homeownership as an accessible and widespread mechanism of both shelter as well as asset accumulation and economic security. However, the reality of contemporary housing dynamics brings such notions into question. The research has revealed how contemporary housing careers across Europe are shaped by growing diversification, complexity and polarisation – processes of housing career realignment that fundamentally challenge a future of mass homeownership.

Diversifying housing careers across diversified contexts

Recent years, especially since the global financial crisis, have seen a destabilising of the foundations of previous growth in owner-occupation. The research points to compelling evidence across EU15 countries of decreasing entry into homeownership in the post-crisis era for young adults and a rise in rental or delayed housing independence (chapter 2). The outcomes of housing constraints and declining homeownership opportunities are felt in the increasing importance of alternative arrangements beyond traditional conceptions of standardised housing ladders – notwithstanding differing norms across country contexts. Coping mechanisms are manifested in young adults delaying home-leaving, seeking shared living arrangements, and even ‘boomerang moves’ back the parental home. The research exposed the importance of these in-between phases of semi-dependence in housing transitions (chapter 3) and factors triggering interruptions to residential independence that may necessitate returns to the parental home (chapter 4). Beyond this, the studies revealed how essential differences in socio-cultural and institutional context captured by welfare regime characteristics as well as specificities of the housing system may structure in important ways changing housing dynamics.

Structural drivers

The argument put forth is that housing career realignments are not merely the symptoms of a temporary recession, but are, to a great extent, the outcomes of structural transformations in labour and housing markets alongside changing

roles of state intervention. Labour markets have seen restructuring towards ‘flexibilisation’ and ‘individualisation’ with progressive shifts towards increasing polarisation and employment insecurity (chapter 6). Fundamentally, these transformations have eroded stable middle-class jobs, especially among younger cohorts, that represented the standard pre-conditions for housing market entry. Alongside diminished income shares, increasingly precarious employment contracts often deny access to mortgage credit or deter purchase decisions.

At the same time, housing markets across countries have transformed – albeit to varying degrees – in the face of increasing processes of financialisation. While a broad and sometimes vague concept, financialisation describes real forces that have progressively altered the nature of housing, through its integration with flows of capital and debt, neoliberal re/deregulation and the growing commodification of housing (Fernandez and Aalbers 2016; Aalbers 2016). Property markets have been characterised by intensified flows of investment – embedded in global circuits of capital – alongside the rise of mortgage credit. While the expansion of credit did allow broader homeownership, this was achieved through loans to increasingly risky borrowers, usually at higher costs and entangled in complex financial products that exposed precarious buyers to high levels of debt and risk. Underlying this, credit expansion and property investment have seen rising housing prices across many advanced economies over the longer-term, promoting wealth accumulation of housing market insiders while pushing the costs of home purchase beyond the capacity of many households. More financialised and globally interlinked housing markets further both increase potential volatility and contribute to heterogeneity across sub-markets, such as through concentrated capital flows into hotspot markets. Together, such transformations intensify disparities between those relatively advantaged or disadvantaged by timing, market sector, or ability to leverage capital.

These labour and housing transformations have been both shaped by and met with changing policy contexts and state roles. State policy approaches have seen in most countries a rolling-back of the welfare state compounding labour and housing market difficulties. Broadly speaking, institutional approaches, while varied across national contexts, have tended to favour labour and housing market insiders, upholding or amplifying economic divergence.

Common trajectories

The research has been both able to point to the diversity of housing career realignment across varied institutional contexts as well as underscore common trajectories in the face of more global forces of labour, housing and state transformations.

Despite broad differences across countries and the role of welfare regime and housing system contexts in structuring housing dynamics (chapters 2-4), there are some signs of convergence. The evidence across the European contexts points to common structural forces that have tended to obscure certain divides between the mix of state, market and family that characterises much welfare regime research.

On the one hand, common trends point to an increasing role of market forces and diminished state support. Alongside state welfare retrenchment, forces of financialisation and commodification of housing – albeit manifested to varying degrees – are progressively promoting increased commodification of housing across even contexts where the market has historically played a lesser role, such as southern Europe (Aalbers 2016). However, these changes do not seem to reflect shifts towards an increasingly ‘individualised’ context characteristic of the classic market-dominated *liberal* regime. Rather, an increasingly marketised housing and welfare system has mostly gone hand-in-hand with a growing role of the family. The research testifies to a blurring of traditional divides in family roles of welfare exchange between northern and southern Europe. While northern European countries have traditionally valued (early) residential independence and stable flows onto the housing market supported by extensive state welfare provisions, there is evidence of an increasingly relevant role of family support towards young adults’ housing opportunities – a type of ‘re-familialisation’ marked by increasing reliance on parental co-residence and intergenerational transfers. In these ways, parental resources – financial or otherwise – may increasingly structure residential independence and opportunities for entering homeownership. When considering the interaction between welfare and housing, these trends may have important societal implications. While perhaps the family has always filled the void left by the absence of state and market players, the combination of both increasingly marketised and familialistic contexts may destabilise fundamental aspects of the welfare balance. In other words, divisions in family resources may be amplified within an increasingly financialised and commodified housing market, alongside a context where housing assets become key to economic security. In these ways, societal inequalities are reproduced and potentially intensified across generations with those without personal or family economic capacity left with little alternative recourse.

In understanding potential trajectories in labour, housing and state transformations, the UK provides a salient case. The UK is not only relevant of its own accord – reflecting sharp changes in housing careers within a so-called ‘homeowner society’ that has explicitly espoused ideologies of widespread homeownership – but also represents an ‘advanced’ progression of common trends playing out across many economies. Within Europe, the UK denotes a highly neoliberal and financialised housing market, more strongly retrenched welfare

provisions, and increasing conditions of labour market inequality and precarity. Looking at the British case, the research exposes evidence of significantly rising inequality in housing wealth distribution with growing inter and intra generational divides (chapter 5) contradicting arguments for the widespread or redistributive nature of housing wealth. In other words, British housing dynamics may represent a cautionary case for countries that have increasingly embraced optimistic ideologies of mass homeownership alongside the tenets of asset-based economic security over the role of state welfare provisions.

Reflection

The research paints a scene of increasingly diversified and diverging housing careers. Declining homeownership has pushed growing proportions of young adults – and for longer periods – into parental co-residence and (shared or independent) rental. Previous notions of standardised housing ladders have given way to increasingly complex and precarious trajectories. All this, occurring in a context of rising labour market insecurity, growing housing market financialisation, and retrenched state support. Together, these circumstances have only tended to emphasise the importance of one's position on the housing market where property assets increasingly structure wealth divides and economic security in times of need, as well as likely perpetuating socio-economic divides across generations.

There is compelling evidence that even in so-called 'homeowner societies' which saw historically widespread homeownership access, a future of mass homeownership is unlikely. The strongest decreases in young homeownership seem to coincide especially in those housing markets where owner-occupation has been most promoted and ideas of asset-based welfare have been given strongest currency. Nonetheless, optimistic assessments of the potential of a 'property owning democracy' have mostly persisted where a political-ideological commitment to homeownership has seemingly only gained currency with the spread of increasingly financialised housing markets across economies and shifts towards asset-based welfare. These notions, however, defy the growing reality of how housing markets have developed in the face of structural changes in labour, housing and state contexts. The British case as an advanced homeowner society presents a cautionary example where ideologies of a 'property owning democracy' seem to be contradicted by increasing housing wealth disparities, as characterised by signs of a rising 'generation rent' versus a growing 'landlord class.'

Underlying these changes, the progressive forces of neo-liberalisation and financialisation – albeit varied across contexts – have amplified the role of housing in socio-economic divides. In the labour market, related neoliberal developments

have promoted growing employment inequality and insecurity. Nonetheless, as state policies retreated from broader welfare support, the ideology, or ‘myth’, of mass homeownership provided an alternative vision to stability and security. During relatively widespread access, optimism in homeownership persisted even as financialisation and commodification of the housing sector increasingly supported profit-making over social distribution. Looking across advanced economies, the contemporary reality, however, exposes growing housing sector divides where insiders have seen substantial asset accumulation contrasted with increasing shares shut out from the property market and facing more precarious housing conditions. 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 moving towards a *toxic congruence* of employment insecurity, diminished welfare support, and restricted homeownership access. This may not only be a dilemma of social justice but has implications for the viability of the economic system upon which it is predicated. Arguably, what is happening to homeownership reflects a wider crisis of capitalism. As changing labour markets and financialisation processes erode income and job stability across a large sector of the population, this undermines the viability of future housing market demand.

If housing markets increasingly become an engine of socio-economic divides, this raises important questions in terms of the future sustainability of such polarisation. Will the future of housing markets be characterised by a stark separation between stable insiders versus precarious outsiders? An entrenched landlord class versus a renter class? Will future transfers of housing wealth from baby-boomers to their offspring temper generational divides or will these further concentrate among a select few? It remains, of course, impossible to clearly predict future housing dynamics. It may be that such divisions will reach a tipping point prompting a substantive reversal towards expanding welfare support and a return to meaningful processes of housing de-commodification. Nonetheless, the present evidence points to ongoing diminished opportunities for homeownership alongside increasing diversification, complexity and inequality in housing careers – demanding a clear evaluation of the central role of housing dynamics in future socio-economic stability.