Inequality in the gentrifying European city

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CHAPTER 6 — Growing generational divides and the post-crisis rise of rental gentrification

Abstract

Following the global financial crisis, the housing position of younger adults has worsened and intergenerational divides are growing. Drawing on the case of Amsterdam, this chapter develops the argument that these shifts have a profound impact on gentrification processes, not in the least because young adults are generally ascribed a key role in them. However, rather than gentrification retrenching, accentuated intergenerational inequalities are involved in producing different coexisting tenure-specific forms of gentrification. Older generations of residents are increasingly often the purchasers of gentrified property, whereas younger generations have become more entangled in rental gentrification, as a consequence of their changing housing position, labour-market insecurities, and transitory life-course arrangements. Rental housing segments previously left untouched have consequently come to be in the crosshairs of states and investors seeking to accelerate gentrification. While homeownership gentrification particularly expands in the city's gentrification frontiers, rental gentrification expands in high-status neighbourhoods where the owner-occupied stock is largely gentrified already. With the advance of both rental and homeownership gentrification, issues of housing affordability and accessibility become more pressing.

Introduction

The 2008 global financial crisis and housing-market restructuring have had a deep impact on the housing position of different population groups. Particularly younger adults find it increasingly difficult to gain access to owner occupancy, or find secure independent housing at all (Forrest & Hirayama 2009, 2015; McKee 2012; Hoolachan et al. 2016; Clapham et al. 2014; Lennartz et al. 2016). Although young adults on low incomes and from modest family backgrounds are hit worst, higher-educated and upwardly-mobile young adults also face increasing insecurities (Moos 2015; Arundel 2017). This may have a profound impact on gentrification processes, because these young adults are generally assumed to play a key role in driving gentrification processes, especially in the process' earlier and more marginal stages (Ley 1996; Rose 1984).

How does gentrification evolve under these changing conditions? Without pretending to give a complete set of structural and material explanations this chapter focuses on two key interrelated aspects. First, rental housing may become more important in driving gentrification processes. Rental housing is particularly associated with facilitating particular marginal or early forms of gentrification, or with specific urban contexts (Rose 1984; Van Criekingen & Decroly 2003). However, when gentrification advances in a neighbourhood homeownership rates will typically increase. Forms of "rental gentrification" are not assumed to increase at the cost of "homeownership gentrification". But as access to homeownership is decreasing for various population groups, especially young people, rental housing may come to play a more prominent part in gentrification processes (Paccoud 2015).

This does not mean homeownership gentrification is necessarily a thing of the past though. Instead, and this is the second aspect, homeownership gentrification may increasingly be geared towards serving those 'prime' households that are still able to access mortgage credit and purchase (Forrest & Hirayama 2015; Aalbers & Christophers 2014). This may leave behind households unable to buy at a premium who do not meet the stricter mortgage criteria. Among them is a growing group of young upwardly-mobile households (Hochstenbach & Boterman 2015), whose specific life-course trajectories are associated with gentrification (Rérat 2012). As they increasingly have to rely on rental housing, they may contribute to gentrification in this sector despite otherwise potentially insecure housing or labour prospects (Van Criekingen 2010). Different tenure-specific forms of gentrification – homeownership gentrification and rental gentrification – may thus exist alongside each other and serve different strands of the middle-class population. That is, homeownership gentrification may become more and more associated with high-status 'prime' households, while other groups of gentrifiers may become more dependent on rental housing. Intergenerational inequalities may be of crucial importance here as older generations with a high income, fixed contract, and accumulated housing wealth increasingly exclude younger generations.

I first investigate whether and to what extent rental gentrification has indeed become more important during recent years, a period shaped by the global financial crisis. I then unravel where rental gentrification takes place, and whether specific population groups have become increasingly associated with the process. I pay particular attention to generational divides, and related household and employment situation. These topics are discussed within the context of Amsterdam – a highly relevant case to investigate gentrification processes in relation to tenure restructuring because of the city's housing structure. Since the onset of the global financial crisis the city's private-rental sector has experienced a remarkable growth after years of decline. This revival conforms to trends in other countries, most notably in the UK (Pattison 2016). In contrast to the UK trajectory, homeownership has also continued to grow in Amsterdam during this period. At first glance this gives reason to expect that gentrification in Amsterdam's post-2008 landscape occurs through both rent and homeownership. I draw on longitudinal register data for the period 2006-2014 to tease out the linkages between different tenures, population groups, and gentrification processes.

Literature

Expanding homeownership, constrained access

Although gentrification is not necessarily linked to a specific housing tenure, in many urban contexts, the process' progress has been closely linked to expanding homeownership. For many decades states have actively promoted homeownership as part of a social project (Forrest & Hirayama 2015; Ronald 2008). Expanding mortgage credit availability and lenient lending practices set the scene for rapidly expanding homeownership during previous decades (Doling & Elsinga 2012). It enabled many households to access homeownership where this previously was out of reach. Many of those who bought under favourable circumstances were subsequently able to benefit from rising property values making windfall gains (Forrest & Hirayama 2015). Although these policies are mostly a national affair, they also have specific urban dimensions. For instance, in a study of New York in the 1990s Wyly and Hammel (1999) note that urban areas and especially gentrifying neighbourhoods saw above average increases in invested mortgage capital, fuelled by transformations in housing-finance systems. Expanding mortgage credit was crucial for ever more neighbourhoods to fall under the sway of gentrification: easier access to cheap mortgage capital means it becomes more profitable to invest in, and speculate on, low-status neighbourhoods previously considered too risky for investment (Wyly & Hammel 1999). This goes for both owner occupiers and landlords. Especially relatively well-off households stand to benefit from these shifts because they can generally access credit under the best terms (Hamnett 1999; Walks 2016).

However, the push of homeownership and mortgage-credit expansion have also contributed to long-term house price booms in many (Western) countries (but importantly also set the scene for the subprime mortgage crisis). Housing has come to play an increasingly crucial role in the wider political economy of contemporary capitalism, and has become more integrated in global and financialized capital markets (Aalbers 2008; Schwartz & Seabrooke 2008; Aalbers & Christophers 2014). The financialization of housing and the expansion of mortgage credit availability ultimately did not so much increase accessibility, but rather contributed to long-term price increases, stronger booms and busts, and decreasing affordability. Lenient lending practices, low interest rates, and state support drew in wealthy households and investors who channelled their capital into housing, often as a means of speculation (Lees et al. 2008: 179-181) and linked to over accumulation in other capital circuits (Harvey 1985).

House-price increases outpacing income increases have made it especially more difficult and burdensome for prospective first-time buyers to buy (Forrest & Yip 2012; McKee 2012). Labour-market flexibilization has particularly affected young people who increasingly depend on temporary employment contracts, further impeding access to homeownership (Aassve et al. 2013; Lersch & Dewilde 2015; Arundel 2017). The global financial crisis has amplified these already existing trends of decreasing affordability and accessibility of homeownership for younger households. Generational divides are forged between older generations of homeowners who were able to benefit from rising prices, and struggling younger households (Forrest & Hirayama 2009). Across countries this has led to a declining share of homeowners among young generations (Lennartz et al. 2016), and in a range of countries – including the UK and US – the *overall* homeownership rate has shown a marked drop since the crisis (Beswick et al. 2016). Especially in tight urban housing markets this does not only change the housing position and opportunities of those belonging to the lower classes, but also of those who belong to the middle classes or are upwardly mobile. The now common urban middle-class residential trajectory – moving to the city for education and staying there post-graduation (see Smith & Holt 2007; Rérat 2012) – closely associated with gentrification – may therefore become increasingly strenuous to follow. Nevertheless, in many cases they may still envision to pursue middle-class trajectory. For those households moving into rent instead of homeownership may be part of a range of trade-offs in order to be able to live in a gentrifying neighbourhood where price increases have rendered homeownership out of reach (Butler et al. 2008).

Rent and gentrification

If gentrification processes are to accommodate this growing group of potential gentrifiers, rental housing may play a key role. However, rental housing has long been associated with driving particular forms of gentrification as well as. Most specifically rent may play a particularly prominent role in marginal and early expressions of gentrification. These incipient forms of gentrification are typically associated with young, upwardly-mobile households who do not yet have sufficient economic capital to buy (Rose 1984; Van Criekingen & Decroly 2003). These may for instance include students or recent graduates in flexible household arrangements in the years prior to settling down (Smith & Holt 2007; Buzar et al. 2005).

Apart from driving marginal forms of gentrification, rental housing also plays a particularly important role in gentrification processes in specific urban contexts. In major cities like New York rent levels in certain neighbourhoods may reach heights only affordable to the highest earners, contributing to processes of super gentrification (Butler & Lees 2006). In other cities like Berlin rental housing dominates the city and is therefore the default option for many gentrifiers, also when the process is in a more mature phase (Holm 2011). Nevertheless, even in these contexts progressing or advanced neighbourhood gentrification often goes hand in hand with expanding rates of homeownership (cf. Marquardt et al. 2013; Van Criekingen 2010; Wyly & Hammel 1999). Although homeownership does not necessarily have to expand – gentrification can progress within the rental sector through rent increases and population turnover – progressing gentrification would typically not be associated with decreasing levels of homeownership and an expanding rental segment. Especially in urban housing contexts where the rental sector is large and highly regulated, expanding the share of homeownership at the cost of rent likely continues to be an important way through which gentrification can progress (Van Gent 2013). An integral part of many state efforts to push gentrification is altering the tenure composition of targeted neighbourhoods by promoting homeownership, often under the pretext of "social mixing" (Bridge et al. 2012; Uitermark et al. 2007). However, decreasing access to homeownership among specific middle-class groups may prompt states to adapt their policies. They may for instance develop new gentrification strategies to accommodate the struggling middle-class fractions, or focus on different middle-class fractions still able to buy.

Expanding rental gentrification

So, while rental housing may play a key role in gentrification processes, the tenure is generally not expected to expand in gentrifying neighbourhoods. However, rental housing has in recent years come to take on a more important role in the investment strategies of a 'new asset class' (Fields & Uffer 2016; Fields 2015) This concerns both small-time landlords – individuals owning a small number of rental properties – and large investors (Leyson & French 2009; Ronald & Kadi 2016; Beswick et al. 2016). Investment in rental housing has become more lucrative for a range of reasons. Interest rates are low and market-oriented regulatory reforms of the sector effectively remove barriers for investment (Fields & Uffer 2016; Kadi & Ronald 2016; Wyly et al. 2010, also see Harloe 1995). As a consequence capital can now wash into the rental market more easily. In various contexts the state promotes the private-rental sector, as is evidenced by examples of buy-to-let policies in the UK (Kennett et al. 2013) and the Dutch state supporting private investment in market-rate rental housing (Jonkman & Janssen-Jansen 2015). Investors and landlords also respond to the rapidly increasing demand from middle-class households unable to buy a home (Kemp 2015; Pattison 2016). I argue these developments have prompted the rise of new and more prominent forms of rental gentrification (also Paccoud 2015). Contrasting more marginal forms of rental gentrification (Van Criekingen 2010), new mutations of rental gentrification may rather operate in higher segments – guided by speculative and profit-making motives (Paccoud 2015; Fields & Uffer 2016).

This does not mean the new tenants are by definition in a strong or secure socio-economic position though. Even when they are upwardly mobile or already relatively high earners, they may be in an insecure employment situation: the trend towards employment flexibilization has also impacted higher-income persons. Nevertheless, rental gentrification may have particularly strong effects on low-income households (Van Criekingen 2010). Generally speaking security of tenure is lowest and semi-illegal housing arrangements most common in the private-rental sector. Low-income tenants in this sector are therefore particularly vulnerable to direct displacement, but also new tenants often have to settle for short-term and insecure tenancies. Given the tight rental market in many contexts, investing parties are in a relatively powerful position to lobby for the further erosion of tenant rights (Fields & Uffer 2016). Even in the Dutch context, where tenant rights are well enshrined, the current trend is one of flexibilization, for example by allowing short-term tenancies where indefinite contracts used to be the standard (Huisman 2016).

An increase in rental gentrification does not necessarily entail the end of gentrification through homeownership though. Homeownership gentrification may continue via various ways of tenure restructuring including tenure conversions from social rent to owner occupation (Boterman & Van Gent 2014; Andersson & Turner 2014), urban renewal projects (Uitermark et al. 2007), and high-end new-build developments (Davidson & Lees 2005). Instead, rental gentrification and homeownership gentrification may coexist and supplement each other. Different segments of the rental stock may simultaneously be sold off and de-regulated (as described in chapter 2). In those cases homeownership and rental gentrification are likely to cater to different population groups. Divides between these tenure-specific forms of gentrification may increasingly run along generational lines, reflecting disparities in housing and labour-market position (see Forrest & Hirayama 2015).

Amsterdam's housing context

Amsterdam's history of providing decent and affordable social-rental housing to a large segment of its population is often rehearsed. The same goes for developments since the 1990s that saw a turn towards policies promoting homeownership and gentrification on the one hand, and the gradual decline of the social-rental sector owned by housing associations on the other (Uitermark 2009; Van Gent 2013)[42]. Relatedly, gentrification processes have swept through most of the city's inner neighbourhoods as a consequence of local state policies as well as the city's strong economic position. Expanding homeownership and gentrification are closely connected, most evidently through the sale of social-rental housing in gentrifying neighbourhoods (see chapter 2).

A more recent and less often highlighted development is the revival of the city's private-rental sector, reversing a long-term trend of decline. Long waiting times for social-rental housing, owned by housing associations, and high purchase prices, have led to a policy shift to both private-rental and rent-liberalized housing[43]. Given the absence of maximum income criteria as well as mortgage-lending criteria, the rent-liberalized sector is considered vital to enhance the housing opportunities of middle-income groups as well as upwardly-mobile residents. Private landlords are considered important partners to expand this sector, and the post crisis years have seen a return to growth of the private-rental sector[44]. Although a large share of the private-rental sector is still rent regulated, the current growth of private rent is accompanied by a swift increase in rent-liberalized dwellings: in 2015 39% of the private-rental sector was "rent liberalized", while this was just 21% in

42. The social-rental sector owned by housing associations has decreased from 200,874 dwellings in 2000 (54%) to 181,882 in 2014 (46%). The owner-occupied sector has shown an increase from 54,881 dwellings (15%) to 113,694 (29%) during the same period (data provided by OIS Amsterdam).

43. Private rent and rent liberalized refer to two different aspects and partially overlap. Private rent refers to ownership by private landlords, the alternative being social rent owned by not-for-profit housing associations. For all rental dwellings, regardless of ownership, a point system exists to calculate the maximum rent (taking into account various measures of quality). If a dwelling "scores" enough points rent levels can be freely determined ("rent liberalized"). The threshold for liberalization stands at a monthly rent of roughly €700 (subject to yearly incremental changes). All dwellings scoring below this threshold are rent regulated (with rents below €700). Crucially, while maximum income criteria for new tenants apply in the regulated sector (only households earning less than €35,000 are eligible) this is not the case in the liberalized segment allowing higher-income households to move in.

44. Private rent decreased from 113,495 dwellings in 2000 (31%) to 91,760 in 2008(24%)), but has since then grown again (102,989 in 2014 (26%))(data provided by OIS Amsterdam).

2007 and 9% in 1999[45]. Furthermore, also the social-rental stock owned by housing associated is increasingly subject to liberalization. This entails that previously rent-regulated dwellings reserved for lower-income groups are transferred to the free-market sector. These dwellings remain in the hands of housing associations but come to house higher-income groups. While still comparatively marginal, the number of rent-liberalized dwellings owned by associations shows rapid growth: from 3,680 dwellings in 2008 to 14,053 dwellings in 2015 (AFWC 2016).

Data and methods

The next sections investigate whether new forms of rental gentrification are on the rise in Amsterdam, and whether these have come to replace or supplement gentrification through homeownership. To do so, I analyse whether the post-move housing outcomes of potential gentrifiers have changed between 2006 and 2014. The choice for this time period is guided by data availability regarding housing characteristics, but this crisis period also saw the revival of private rent and the acceleration of rent liberalization. I use longitudinal register data from the Dutch Social Statistics Database to construct a database covering the entire Amsterdam population. The analyses focus on the household level, because this gives a better indication of housing-market position than the individual level. Equivalized income in five quintile groups relative to the total Dutch household population is used to determine socio-economic position. Households in the bottom quintile (q1) are among the 20% poorest of all Dutch households, and households in the top quintile (q5) belong to the 20% richest. Because this chapter focuses on potential gentrifiers, the empirical analyses focus on top 20% households[46]. Bear in mind that belonging to the top 20% does not necessarily indicate stability of income (e.g. fixed contract) and especially for single-person households a high equivalized income may not be matched by a similarly high gross income.

As highlighted in the sections above, age and life course figure prominently in the analyses. The age of the oldest household member is used to determine the household age and delineate age groups. Households where no members are 25 years or older are left out of the analyses as to exclude student households where income does not align with social status or class. This chapter primarily focuses on the housing situation and housing outcomes of recent movers because they are the ones most directly confronted with current housing-market conditions. A household is defined as moving if *all* members aged 25 or older have moved to their current address at any point during the last three years. The post-move address is used to assess housing

45. Data from the municipal WiA (Living in Amsterdam) survey, (provided by OIS Amsterdam, available on request from the author).

46. The analyses have been run for all income groups. The trends remain roughly the same when looking at the top 40% or top 30% rather than the top 20%. Available from the author on request.

outcomes in terms of tenure – homeownership or rent[47] – and real-estate value. Housing tenure is unknown for 4.8% of the addresses in 2006 and 1.6% in 2014. This has an effect on absolute changes (increases are slightly overestimated), and therefore represents a caveat in this study. A comparison with aggregate housing data from other sources reveals no particular bias in missing values though, and additional analyses to check reliability of the results have been run. Missing values are therefore unlikely to substantially impact relative changes. Location of the destination dwellings is taken into account by mapping changing moving patterns. The impact of moving patterns and destination tenure on neighbourhood population change is subsequently assessed using a neighbourhood typology with five categories: (1) the central city and affluent Old South neighbourhoods; (2) neighbourhoods constructed between 1800 and 1920; (3) neighbourhoods constructed between 1920 and 1940; (4) post-war neighbourhoods in the urban periphery; and (5) new-build neighbourhoods (developed post 1990) and low-density rural areas. The central/affluent south category represent traditionally high-status neighbourhoods with high prices. The 1800-1920 and 1920-1940 are two belts surrounding the central city, and are traditionally low status and working class. These are now the sites where gentrification concentrates. The post-war neighbourhoods in the urban periphery are, in contrast, subject to downgrading hosting an increasing share of lower-income households. The new build and rural areas are generally located in the city's outskirts and are relatively high status with large shares of spacious owner-occupied family dwellings. See chapter 2 (especially Figure 2.1) for a more elaborate description of these five categories.

Multinomial logistic regression models are estimated to gauge how and to what extent these household characteristics relate to specific tenure outcomes. The model distinguishes between four housing outcomes (the dependent variable of the models) rather than six by combining the low and average real-estate categories. Descriptive analyses show that patterns for the tenures with low and average real-estate values are rather similar. Bringing down the number of categories helps to reduce complexity and enhance interpretability. Although the analyses focus on the household level, the various individual-level characteristics used in the model are either based on the oldest or highest-earning household member (indicated in the tables).

Empirical analyses

Before turning to different tenure-specific forms of gentrification and the involvement of different age groups, it is interesting to note how the socio-economic composition of Amsterdam's population has changed between 2006 and 2014. The share of high-income households (top quintile) showed an overall increase from 20.6% to 22.2% in Amsterdam while the share of low-income households remained rather stable around 27% (Figure 6.1). Overall, the Amsterdam population composition shows a rather polarized

47. It is impossible to further distinguish between social and private rent, or liberalized and regulated rent. Because we focus on high-income households, in most cases rental dwellings will be private rent and/or rent liberalized..

structure in terms of income. There are various interesting age dynamics underlying these aggregate patterns. Notably, only for those aged 35 to 44 the share of low-income households showed a substantial decrease (from 29.4% to 25.8%). This age group also saw the strongest increase in high incomes (q5 went from 23.9% to 29.2%). Opposite trends can be found for the age group 55-64 year old with the share of households belonging to the poorest quintile increasing and of those belonging to the top quintile decreasing. For the age group 45-54 year olds both the top and bottom quintile increased in relative size.

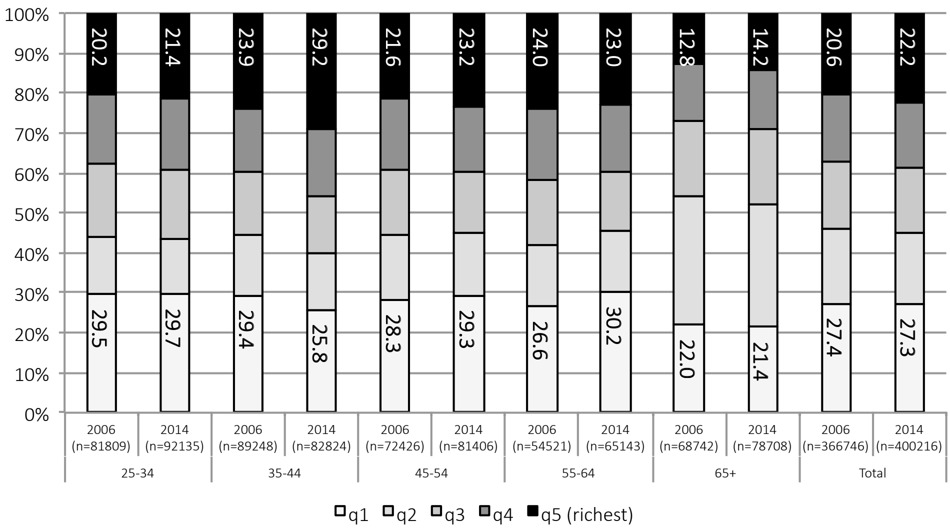


FIGURE 6.1. The socio-economic composition of Amsterdam households in 2006 and 2014 per age group.Note: age group defined on the basis of oldest household member; quintiles based on equivalized household income.

High-income households' destination tenures

To gain a better sense of gentrification processes in different tenures the following analyses will specifically zoom in on high-income (top quintile) households that have moved to their current address during the last three years. Looking at their destination address (Table 6.1) it shows that more than half of the "top 20%" households move into a rental dwelling. It should be considered though that in 2014 71% of Amsterdam's total stock was rental, high-income households are thus, as may be expected, relatively likely to be homeowners. However, between 2006 and 2014 the share of high-income households moving into rent increased from 55.5% in 2006 to 57.6% in 2014. To understand this shift it is crucial to unravel the underlying age dynamics at work. Contrasting the overarching trend, older age groups (45+) increasingly move into homeownership during this period. The shift towards rent is thus caused by younger households, and is most visible among the large group of

Tenure →		Owner occupied				Rental				Total	
Real-estate value →		Low	Mid	High	*Total*	Low	Mid	High	*Total*	%	N
25-34	2006	11.7	10.3	18.1	*40.0*	21.1	14.0	24.9	*60.0*	100	8129
	2014	11.7	7.5	13.9	*33.1*	22.6	16.6	27.6	*66.9*	100	10214
	Change	**+0.0**	**-2.7**	**-4.2**	*-6.9*	**+1.5**	**+2.6**	**+2.7**	*+6.9*	**0**	**+2085**
35-44	2006	6.7	8.2	36.1	*51.0*	10.8	8.7	29.5	*49.0*	100	5887
	2014	10.1	7.2	32.5	*49.8*	11.6	8.5	30.1	*50.2*	100	6335
	Change	**+3.4**	**-0.9**	**-3.7**	*-1.2*	**+0.8**	**-0.2**	**+0.6**	*+1.2*	**0**	**+448**
45-54	2006	5.0	6.0	36.5	*47.4*	13.7	9.2	29.7	*52.6*	100	2115
	2014	10.3	5.8	37.4	*53.5*	11.1	6.7	28.6	*46.5*	100	2540
	Change	**+5.3**	**-0.2**	**+1.0**	*+6.1*	**-2.5**	**-2.5**	**-1.1**	*-6.1*	**0**	**+425**
55-64	2006	4.8	5.6	33.4	*43.8*	14.1	10.6	31.5	*56.2*	100	1176
	2014	9.5	5.1	37.8	*52.4*	12.6	7.4	27.6	*47.6*	100	1265
	Change	**+4.7**	**-0.5**	**+4.4**	*+8.6*	**-1.5**	**-3.3**	**-3.9**	*-8.6*	**0**	**+89**
65+	2006	2.3	3.1	29.3	*34.7*	20.2	10.8	34.4	*65.3*	100	649
	2014	11.5	3.1	35.4	*50.0*	16.7	6.8	26.4	*50.0*	100	836
	Change	**+9.2**	**+0.0**	**+6.1**	*+15.3*	**-3.4**	**-4.0**	**-7.9**	*-15.3*	**0**	**+187**
Total	2006	8.4	8.5	27.6	*44.5*	16.4	11.3	27.8	*55.5*	100	17956
	2014	10.9	6.9	24.5	*42.4*	17.1	12.1	28.4	*57.6*	100	21190
	Change	**+2.5**	**-1.6**	**-3.0**	*-2.2*	**+0.8**	**+0.7**	**+0.7**	*2.2*	**0**	**+3234**

TABLE 6.1. Post-move destination of households belonging to the top income quintile in 2006 and 2014. Tenure and real-estate values of the destination dwelling combined. Note: (1) Low real-estate values are at least 10% below the city average; High real-estate values at least 10% above city average. The city averages are €205,000 for 2006; and €235,000 for 2014 (source: OIS Amsterdam). (2) Dark shades mark the strongest percentage point increase per group, light shades the strongest decrease.

25 to 34 year olds, where the share of households renting increased from 60% to 66.9%. These shifts seem to confirm that while affluent older age cohorts are able to successfully operate on the owner-occupied market, younger age groups find it increasingly difficult to enter into homeownership (see McKee 2012; Forrest & Hirayama 2015). This also goes for those on a relatively high income. When also taking into account the destination dwellings' real-estate values, it shows that for 25-34 year old high-income households especially access to relatively expensive owner-occupied dwellings decreased (-4.2 percentage points). Access to relatively inexpensive homeownership remained stable at 11.7%. Their shift towards rent is especially notable for rental dwellings with high real-estate values (+2.7 pp). Thus among young high-income households we see a dominant trend where entry into expensive

homeownership is replaced with entry into expensive rent. A possible explanation could be that although these households are still able to spend relatively much on housing, they struggle to meet stringent mortgage-lending criteria. The choice for renting may also be part of trade-offs especially younger households make in order to acquire housing in the central or gentrifying parts of the city where buying is too expensive. Although high real-estate values do not necessarily translate into high rents, there is likely to be a strong relationship between the two especially among recent movers. For the older age groups rather different trends come to the fore. Although we can also discern a slight shift from homeownership towards rent among 35-44 year old households, the dominant trend for this age group is a shift towards relatively inexpensive homeownership (+3.4 pp). In contrast, the older age groups (45+) see substantial increases in moves into expensive homeownership, indicating they have strengthened their housing position.

Modelling destination tenures

Generational dimensions may influence tenure outcomes in several direct and indirect ways. Tenure outcomes are critically entangled in broader residential, employment, and life-course trajectories. Table 6.2 presents various characteristics of the studied households, comparing the 2006 and 2014 cohorts, as well as the younger age group and the total group of high-income households. Several trends come to the fore. Importantly, there is an overall shift towards flexible and insecure employment as the share of fixed (indefinite) contracts decreases and is replaced by temporary employment contracts and self-employment. The increase in Western non-native households points at the expansion of expats in Amsterdam's service and knowledge economy. This trend is also captured by the increase in households moving in from outside the urban region, a trend that is partly also the consequence of the growing pull of Amsterdam for employment or education. A growing share of households has negative or only little assets, a direct consequence of plummeting house prices following the global financial crisis leading to negative housing equity especially among new homeowners.

In Table 6.3 it is estimated to what extent these characteristics each are associated with different housing outcomes for the 2014 cohort. The models present the odds (relative risk ratios, RRR) that a household moves into relatively affordable homeownership (A), relatively affordable rent (B), or expensive rent (C) *instead of* expensive homeownership (the reference category of the dependent variable). This model confirms that households (mostly) dependent on income from temporary employment contracts are significantly more likely than those on a fixed contract to move into rent.

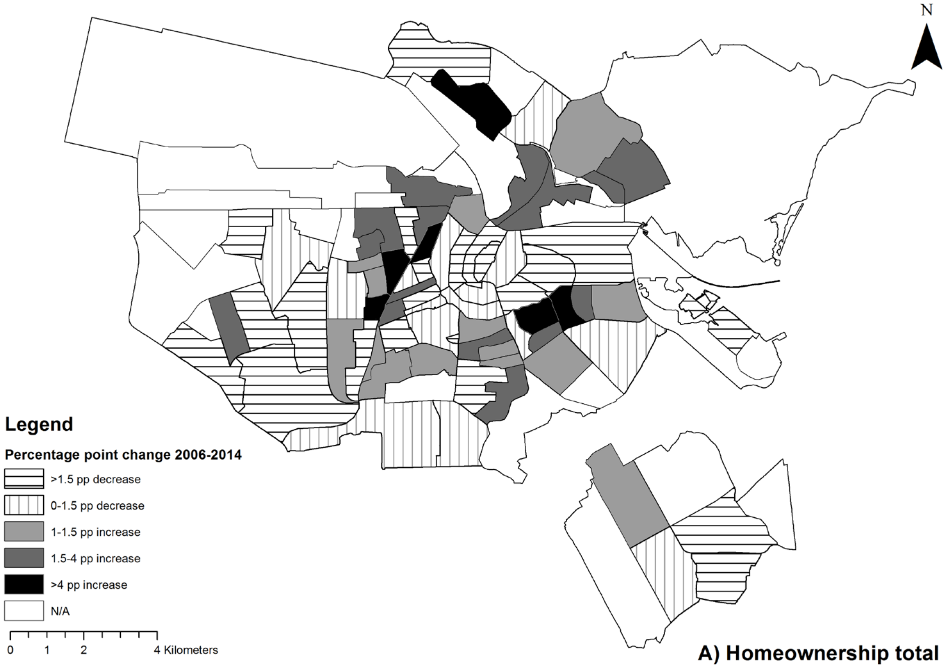
This indicates these households struggle to access mortgage capital in the post-crisis era. However, they do access relatively expensive rental housing meaning they are able to shoulder high rent burdens. Households dependent on self-employment are only significantly more likely to move into expensive rent, although differences are not as marked. Similarly, those who moved in from outside the Amsterdam region – compared to those moving within the city – are significantly more likely to move into, especially, expensive rent than homeownership. The same goes for Western non-native households when compared to native Dutch. The fact that these households move into rent may signify that they have not settled in the city yet or are planning only a temporary stay. Alternatively it may indicate these households are not as knowledgeable about the local owner-occupied market making access more restricted necessitating a move into expensive rent. In contrast, as may be expected, households with children are significantly more likely to move into expensive homeownership than other groups.

Additionally, this model highlights that also after controlling for these various life-course and employment characteristics there remains an independent association between age and housing outcomes. More specifically, the 25-34 age cohort is most likely to move into rent rather than homeownership. Although they are also significantly more likely to move into expensive rent, this is even more so for moving into rental dwellings with low or average real-estate values. This relationship between age and housing outcome is thus 'on top' of employment position (in terms of income and contract type), household composition, residential trajectory, and other factors. It may be that the included variables do not entirely capture, for instance, their transitory life-course stage. In addition, younger households generally have fewer assets at their disposal than older households, giving them a comparative disadvantage that plays an especially important role in tight housing markets and in the context of stricter mortgage lending[48]. Another explanation may be that younger households are a group that are especially willing to include tenure in their housing trade-offs to access specific neighbourhoods. That is, in order to get housing in centrally located, up-market or gentrifying neighbourhoods they may be willing to settle for rent. It is to the spatial dimensions of rental gentrification that the next section turns.

48. Housing equity cannot be added in the models for reasons of endogeneity. Being a homeowner (as measured by the dependent variable) is strongly associated with the possession of substantial assets as well as household indebtedness (mortgage debt surpassing housing values).

Variable	Characteristics	25-34		Total	
		2006	2014	2006	2014
Age (oldest household member) *	25-34	100	100	45.2	48.1
	35-44	-	-	32.8	29.9
	45-54	-	-	11.8	12.0
	55-64	-	-	6.6	6.0
	65+	-	-	3.6	4.0
Household type *	Single person	39.5	35.9	39.5	37.0
	Multiple person (no children)	51.4	54.1	42.5	42.2
	Multiple person (with children)	6.9	6.9	14.7	16.8
	Single parent	0.4	0.3	1.7	2.0
	Other	1.8	2.7	1.7	2.0
Gender (highest earner) *	Male	66.9	64.3	68.6	66.6
	Female	33.1	35.7	31.4	33.4
Ethnicity (highest earner) *	Native Dutch	69.8	63.9	67.7	61.0
	Non-western non native	10.3	13.1	10.3	12.2
	Western non native	19.9	23.0	22.0	26.7
Area of origin (previous address) *	Amsterdam	60.0	59.8	65.3	62.6
	Surrounding metropolitan region	5.0	3.8	5.4	4.1
	Outside region	35.0	36.4	29.3	33.3
Most important source of income (of highest earner) *	Employment (fixed contract)	72.6	63.8	69.2	63.6
	Employment (temporary contract)	13.6	22.2	10.3	16.2
	Employment (unknown contract)	4.4	3.0	4.7	4.0
	Self employed	8.1	10.6	10.9	12.5
	Other	1.3	0.6	4.8	3.7
Household assets	<€0 (negative assets)	14.2	20.1	13.1	21.0
	€0-€10000	20.9	24.3	17.1	19.1
	€10000-€50000	29.1	33.2	24.2	25.6
	€50000-€150000	13.8	13.4	14.8	14.0
	>€150000	12.2	9.0	22.7	20.4
	Unknown	9.9	0.0	8.1	0.0
Gross household income *	Median (*€1000)	94.8	100.5	96.8	105.5
Equivalized household income	Median (*€1000)	37.8	39.4	37.7	39.8
Total N		**8103**	**10167**	**17908**	**21119**

Table 6.2. Descriptive statistics for high-income households in 2006 and 2014, divided according to age group. *Note*: *Variables included in the multivariate model presented in Table 6.3. *Source*: Social Statistics Database, own calculations.


N
Legend
Percentage point change 2006-2014
>1.5 pp decrease
0-1.5 pp decrease
1-1.5 pp increase
1.5-4 pp increase
>4 pp increase
N/A
0 1 2 4 Kilometers
A) Homeownership total


N
Legend
Percentage point change 2006-2014
>1.5 pp decrease
0-1.5 pp decrease
1-1.5 pp increase
1.5-4 pp increase
>4 pp increase
N/A
0 1 2 4 Kilometers
B) Rent total

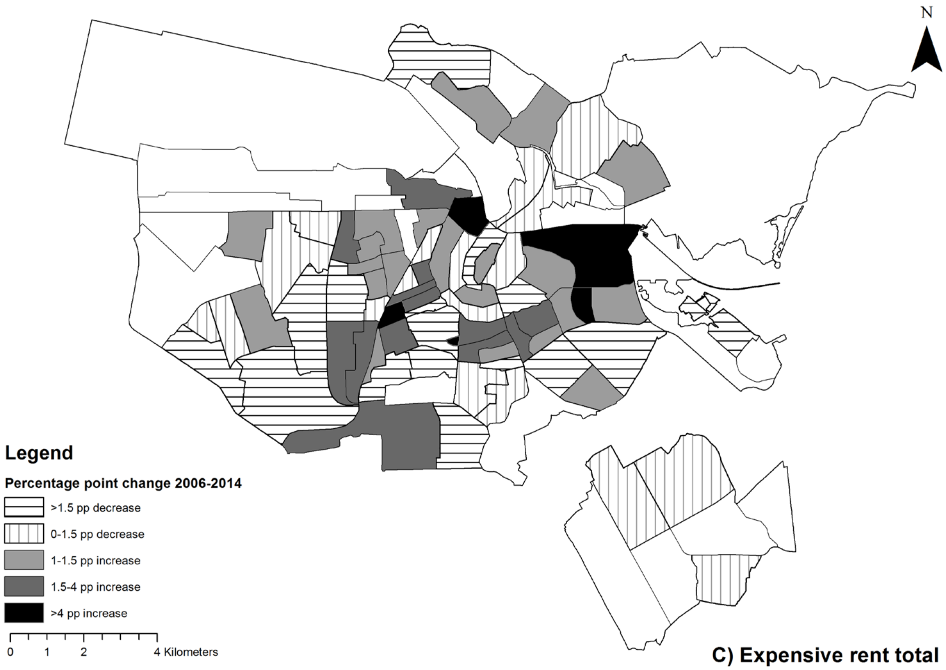


FIGURE 6.2. Percentage point change in high-income households (q5) moving into owner occupation (A), rent (B), or expensive rent (C) between 2006-2014 (as share of all movers). Note: percentage point changes are relative to *all* moves to or within a neighbourhood, regardless of income or tenure.

Neighbourhood change: charting rental and homeownership gentrification

Changes in the residential moving patterns of high-income (top quintile) households between 2006 and 2014 are mapped in Figure 6.2, showing their percentage point change among all movers at the neighbourhood level. An increasing inflow of high-income households suggests gentrification processes taking place. The maps distinguish between high-income homeowners (2A), high-income tenants (2B) and high-income tenants in "expensive" rental units (2C). The share of high-income homeowners particularly increased in those neighbourhoods directly surrounding the inner-city borough. These are predominantly neighbourhoods built during the late nineteenth and early twentieth century, the city's current gentrification frontiers (chapter 4). In contrast, the share of high-income homeowners decreased not only in the periphery but, more importantly, also in most expensive high-status neighbourhoods in the central city and affluent Old South district. Although homeownership rates are relatively high here, these shifts do indicate that homeownership is not integral to the further progress of gentrification in these already expensive areas.

	Destination tenure (base category = owned, high real-estate value)					
	(A) Owned, low/mid real-estate value		(B) Rental, low/mid real-estate value		(C) Rental, high real-estate value	
	Coef	RRR	Coef	RRR	Coef	RRR
Age (oldest member)						
45-54 (Ref)						
25-34	.763	2.144***	1.280	3.597***	.956	2.601***
35-44	.291	1.338***	.303	1.354***	.302	1.352***
55-64	-.224	.799*	-.009	.991	.023	1.023
65+	-.480	.619**	-.468	.626**	.167	1.181
Household type						
Multiple person (no children) (Ref)						
Single person	.218	1.244***	-.076	.927	.240	1.27***
Multiple person (with children)	-.778	.459***	-.904	.405***	-.177	.838**
Single parent	-.038	.962	-.178	.837	.474	1.607***
Other	1.266	3.546***	.922	2.513***	1.263	3.535***
Gender (highest earner)						
Male (Ref)						
Female	.074	1.076	.029	1.029	-.049	.953
Ethnicity (highest earner)						
Native Dutch (Ref)						
Non-western non native	.295	1.344***	.618	1.856***	.245	1.277***
Western non native	-.017	.983	.219	1.244***	.523	1.686***
Area of origin (previous address)						
Amsterdam (Ref)						
Surrounding metropolitan region	.680	1.974***	.525	1.691***	.280	1.323*
Outside region	.166	1.181**	.674	1.961***	1.004	2.730***
Most important source of income (of highest earner)						
Employment (fixed contract) (Ref)						
Employment (temporary contract)	.105	1.110	.567	1.763***	.517	1.677***
Employment (unknown contract)	.018	1.018	.237	1.268*	.115	1.122
Self employed	-.115	.892	.081	1.085	.150	1.162*
Other	-.624	.536***	.049	1.050	-.230	.795
Gross household income (Log, *€1000)	-1.595	.203***	-1.696	.183***	-.117	.890**
Intercept	6.009	406.996***	6.298	1342.758***	-.566	.678***
Log likelihood	-26025.137					
Likelihood Ratio Chi^2	5785.71					
Df	54					
Pseudo R^2	0.100					

← TABLE 6.3. Multinomial logistic regression analyses (N=21,119). Dependent variable is destination dwelling in 2014 (based on tenure and real-estate value). Note: RRR = Relative Risk Ratio. *p<0.05; **P<0.01; ***p<0.001. *Source*: Social Statistics Database, own calculations.

Looking at the changing influx of high-income households in rent in general (2B), or expensive rent more specifically (2C) a somewhat different picture emerges. Yet there are also similarities: the share of high-income tenants also increased in the city's aforementioned gentrification frontiers. A crucial difference though is that the share of high-income tenants has increased in many of the city's most expensive neighbourhoods such as the traditionally affluent Canal Belt (Centre) and Willemspark (South), as well as neighbourhoods where gentrification is in a highly advanced, or mature, stage (e.g. Jordaan). These maps reveal that the rise of rental gentrification does not only take place in gentrification's frontiers but also in the expensive inner-city neighbourhoods where gentrification processes are in an advanced stage. Here, rental gentrification may take over from homeownership gentrification. This may be achieved through homeowners renting out their dwelling, or by rent liberalization within the private-rental or social-rental sector. As rent levels increase, renting out property at a premium becomes an increasingly attractive alternative to selling for private landlords.

In Table 6.4 changes in the share of high-income households among in-movers between 2006 and 2014 are measured per neighbourhood type. Subsequently, Table 6.4 decomposes these changes according to post-move destination in terms of tenure and real-estate value. It does so for both the total population and the 25-34 year old population. The share of high-income households particularly increased for the gentrifying late nineteenth century neighbourhoods: from 20% in 2006 to 24.3% in 2014. A decomposition of this 4.2 percentage point[49] increase reveals that it was driven by notable increases of high-income households moving into rent as well as homeownership, especially with relatively high real-estate values (+1.7 for expensive homeownership, +2.0 for expensive rent). Also in the early twentieth century neighbourhoods an increase in the share of high-income households was recorded although not quite as steep (+1.3), and here too the increase took place both in the owner-occupied sector and the rental sector. Although the share of high-income households remained high among movers to/within the central city and affluent southern neighbourhoods (34% in 2014) this share decreased by 1.4 percentage point. Looking at the different tenures we see that this decrease mainly took place in the owner-occupied sector while the share of high-income tenants in fact increased. This is an important trend as it suggests that during the 2006-2014 period homeownership gentrification in these already expensive neighbourhoods stagnated while rental gentrification was able to progress.

49. Difference due to rounding.

Relative to the city's total population – of all ages and incomes – the share of young high-income households increased from 9.5% to 10.6% between 2006 and 2014. Their share showed the strongest increase in the 1800-1920 neighbourhoods, while decreasing slightly in the central and affluent neighbourhoods as well the post-war periphery. Crucially though, the share of young high-income households moving into rent increased in *all* neighbourhood types. In the central city the increase in young high-income tenants is in fact relatively steep, contrasting overarching trends towards decreasing accessibility. The strongest increase in young households' moves into expensive rent is in the gentrification frontiers. These spatial trends suggest rental gentrification has become a more important process, especially for young households, supplementing processes of homeownership gentrification already in place.

Discussion and conclusion

This chapter has charted the recent rise of rental gentrification, and has highlighted the important generational dynamics involved therein. Despite the strong growth of the owner-occupied sector, recent trends indicate a shift of high-income households towards rent. Although the role of rental housing in accommodating or driving particular forms of gentrification has long been acknowledged, the current rise of rental gentrification as found in Amsterdam differs in several important ways. Importantly, the rise of rental gentrification follows after a period of intensifying homeownership gentrification. On the one hand it thus represents a break from recent developments and previous rounds of gentrification, but on the other hand this new wave arguably also augments previous forms of gentrification. To understand these shifts it is imperative to consider the implications for different households, as well as for the forms and substance of gentrification as a force of urban change.

Contemporary cities are not only marked by deepening socio-economic divides (cf. Tammaru et al. 2016), but also by deepening divides between generations. This is reflected in, inter alia, the tenure and neighbourhood outcomes of residents belonging to different age groups. Even when they are on a relatively high income, younger households increasingly often have to negotiate insecurities in various key domains including employment – as evidenced by the shift towards temporary contracts – and household situations. Combined with the tight housing markets in many urban contexts these factors push growing numbers of young households towards the rental housing as homeownership drifts out of reach, at least temporarily. This is also the case for higher earners such as dual earner childless couples. This allows for a remarkable combination: rental gentrification marks the turn towards increasingly upmarket and exclusive rental segment, but at the same time feeds off households' inability to buy.

In contrast, older high-income households are more likely to be in a secure employment situation and if they were previously homeowners they may have accumulated substantial stocks of housing wealth. This fits within a trend towards greater intergenerational inequalities, not in the least regarding housing (Forrest & Hirayama 2015). These generational disparities are also visible in the housing outcomes of households belonging to the upper income echelons. This connects to a key finding of the chapter: Accentuated inter-generational inequalities are involved in producing different tenure-specific forms of gentrification. Older generations are increasingly the purchasers of gentrified property, these may be families staying in the city or empty nesters taking on a more prominent role in gentrification. Younger generations, in contrast, have come to be more entangled in rental gentrification. This marks a break from previous trends when gentrification was driven by expanding homeownership across age cohorts.

Total		Central/ affluent	1800-1920	1920-1940	post war	new build/ rural	total
Share q5 2006	%	**35.4**	**20.0**	**20.8**	**10.6**	**37.4**	**20.9**
Share q5 2014	%	**34.0**	**24.3**	**22.0**	**10.4**	**33.1**	**21.8**
Change 2006-2014	pp	**-1.4**	**+4.2**	**+1.3**	**-0.2**	**-4.2**	**+0.9**
Owner occupied	Low RE	+0.2	+0.4	+0.8	+0.7	+1.5	+0.6
	Mid RE	-0.4	-0.1	-0.3	-0.3	-0.4	-0.3
	High RE	-2.2	+1.7	+0.9	-0.3	-9.0	-0.4
Rental	Low RE	+0.9	+0.0	+0.4	+0.0	+0.8	+0.3
	Mid RE	+0.5	+0.2	+0.0	+0.0	+3.6	+0.3
	High RE	-0.4	+2.0	+0.1	-0.4	-0.7	+0.4
Total	**Sum**	**-1.4**	**+4.2**	**+1.3**	**-0.2**	**-4.2**	**+0.9**
25-34 year olds		Central/ affluent	1800-1920	1920-1940	post war	new build/ rural	total
Share q5 2006*	%	**13.2**	**11.5**	**12.0**	**3.6**	**12.8**	**9.5**
Share q5 2014*	%	**13.0**	**15.1**	**12.7**	**4.1**	**12.3**	**10.6**
Change 2006-2014	pp	**-0.3**	**+3.6**	**+0.8**	**+0.5**	**-0.5**	**+1.1**
Owner occupied	Low RE	-0.1	+0.2	+0.2	+0.2	+0.2	+0.1
	Mid RE	-0.3	+0.0	-0.3	-0.1	-0.2	-0.2
	High RE	-1.4	+0.8	+0.2	-0.0	-3.3	-0.2
Rental	Low RE	+0.6	+0.2	+0.6	+0.3	+0.2	+0.4
	Mid RE	+0.6	+0.6	-0.2	+0.2	+2.5	+0.4
	High RE	+0.4	+1.7	+0.2	+0.0	+0.1	+0.6
Total	**Sum**	**-0.3**	**+3.6**	**+0.8**	**+0.5**	**-0.5**	**+1.1**

TABLE 6.4. High-income households (q5) as percentage of movers to/within different neighbourhood types in 2006 and 2014, change and dissection of change per tenure. Note: * as percentage of total population (all ages).

The main point here is not to establish that young high-income households are somehow losing out to older generations. Rather it emphasizes that these shifts towards rent are responsible for producing new and intensified forms of rental gentrification that run parallel to ongoing forms of homeownership gentrification. Homeownership gentrification continues not in the least due to ongoing social-housing sales, while rental gentrification is currently also pushed by state actors and private institutional investors. The restructuring and liberalization of the rental market is considered a solution to cater to young middle-class households unable to buy and not eligible for social rent. Consequently, an increasing share of rental housing is rented out at high rents, while at the same time security of tenure is gradually eroded (e.g. by allowing short-term tenancies)(Huisman 2016). In addition, private investors and landlords jump on the opportunity to cater to those – often young – households that cannot buy but are nevertheless able to shoulder high rent burdens.

Possibly the main impact of rental gentrification's rise is that it allows gentrification to extend into different housing tenures and therefore spread out. Segments of the housing markets previously left untouched are now in the crosshairs of states and investors seeking to accelerate gentrification. As a consequence the availability and accessibility of affordable rental housing is further constrained, with the very likely outcome that social-spatial inequalities will be further exacerbated. With the advance of both rental and homeownership gentrification, low-income households are likely to face stronger threats of exclusionary displacement. Furthermore, as tenant rights gradually erode and potential rents soar, direct forms of displacement may also become more prominent, especially in the private-rental sector where winkling practices are more common (Van Criekingen 2010).

The question is how the current rise of rental gentrification fits within broader societal developments. Various future scenarios are possible. Rental gentrification may partly represent a temporary crisis effect. Following the global financial crisis housing markets across contexts ground to a halt. Steep price drops made it more difficult to sell, which has led more homeowners to stay put, or alternatively move on and sublet their dwelling for the time being. This would imply that in times of economic booms process of rental gentrification would wane and again be replaced by vigorously expanding homeownership. However, growing schisms between generations also have more structural underpinnings such as increasing employment insecurities. Furthermore, housing markets increasingly serve those "prime" households that are high income, securely employed and possess substantial assets (Forrest & Hirayama 2015; Pattison 2016; Arundel 2017). Structural generational divides imply that younger generations will have to settle for rental housing increasingly often, unless they can rely on substantial parental support. This would make expensive rental gentrification a constant fixture in the social geography of contemporary cities. A final future scenario would be that rental gentrification becomes more prominent. House price inflation combined with stricter mortgage lending criteria may imply that homeownership drifts out of reach for ever more middle-class residents – not just the youngest generation. This would imply that rental gentrification not only becomes a more prominent phenomenon, but also that current generational divides implicated in rental gentrification would fade away.