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# Housing Markets & the Globalisation of Generational Inequalities

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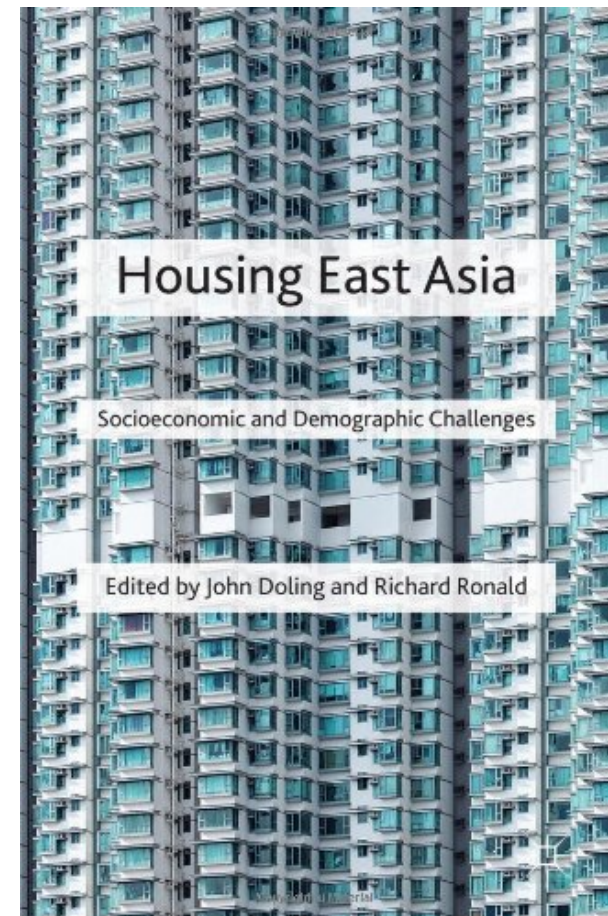
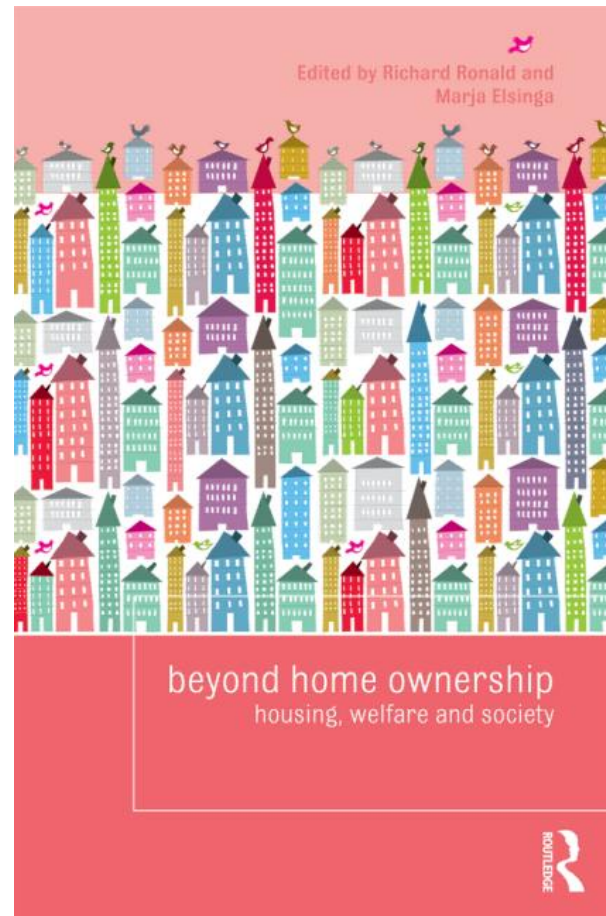
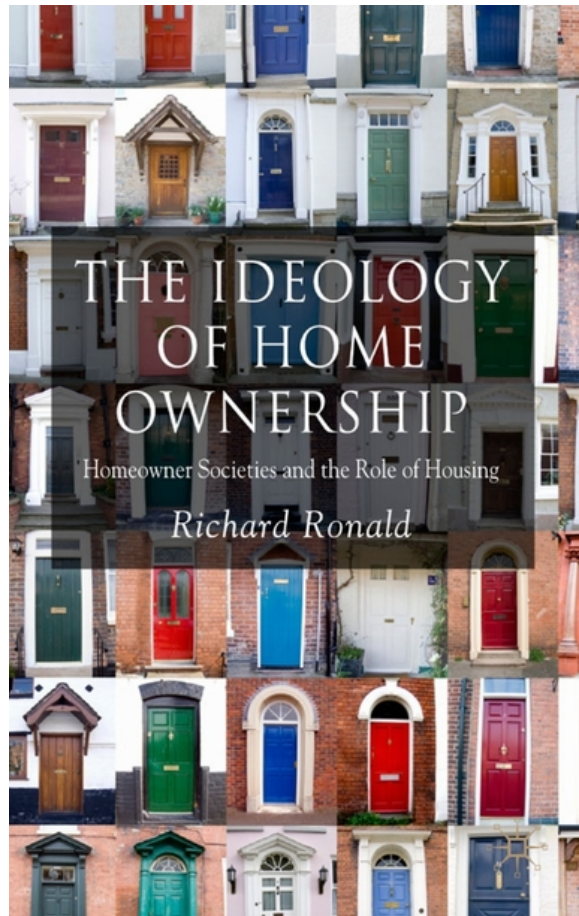
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# SOME REALLY IMPORTANT QUESTIONS ABOUT HOUSING

- *Has the bust made housing more affordable, or – reinforced generational gaps (BB, X & Y)?*
- *Are housing conditions shaping new socio-economic inequalities & life course patterns?*
- *Are younger people across Europe following different housing careers?*
- *Are older people mobilising their housing assets in new ways?*
- *What does this all mean in era of austerity and Asset Based Welfare?*





# THE AGE OF HOME OWNERSHIP

## Past Assumptions...

- Housing market position a function of income/ wealth
- Postwar growth in home ownership either increasing affluence or politically driven
- Housing tenure not regarded as important to welfare or social inequality

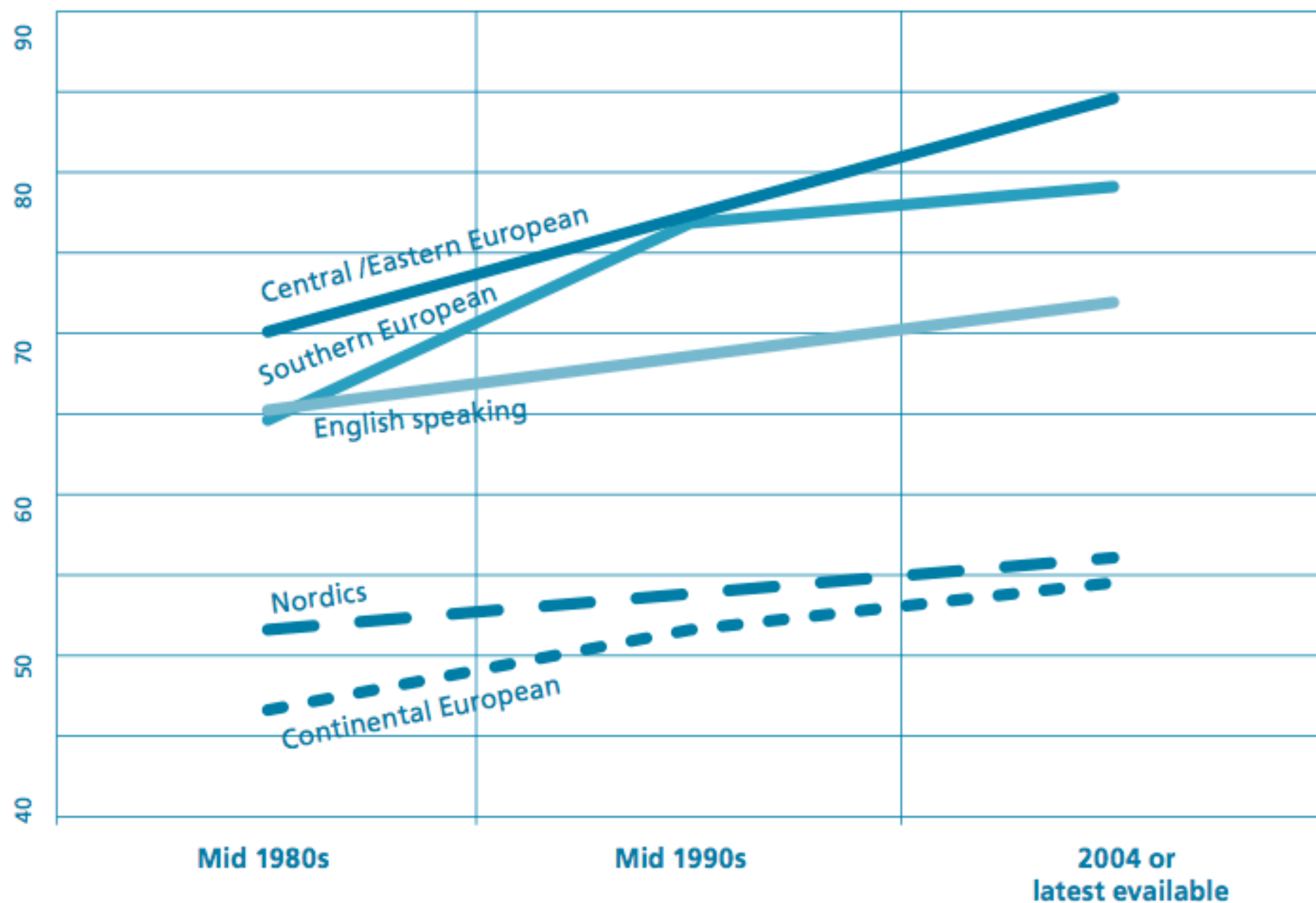


## Recent Transformations

- The state promotion of homeownership
- Social ageing & pension pressures
- Global capital - local housing markets
- Tapping house prices to drive macro economic growth
- Commodification of home & financialization of self
- Neo-liberal crowds out social agenda on housing



**CHART 2: TRENDS IN HOME-OWNERSHIP RATES IN OECD COUNTRIES**



# THE GLOBAL HOUSING BOOM: CONVERGENCE AND VARIEGATION

## Developing and Post-socialist economies

*housing privatization a prescription for economic development: China & East Europe*

## Corporatist and Social democratic regimes

*housing commodification as a means to reduce state costs and drive growth: e.g. Netherlands, Sweden, France*

## Liberal economies

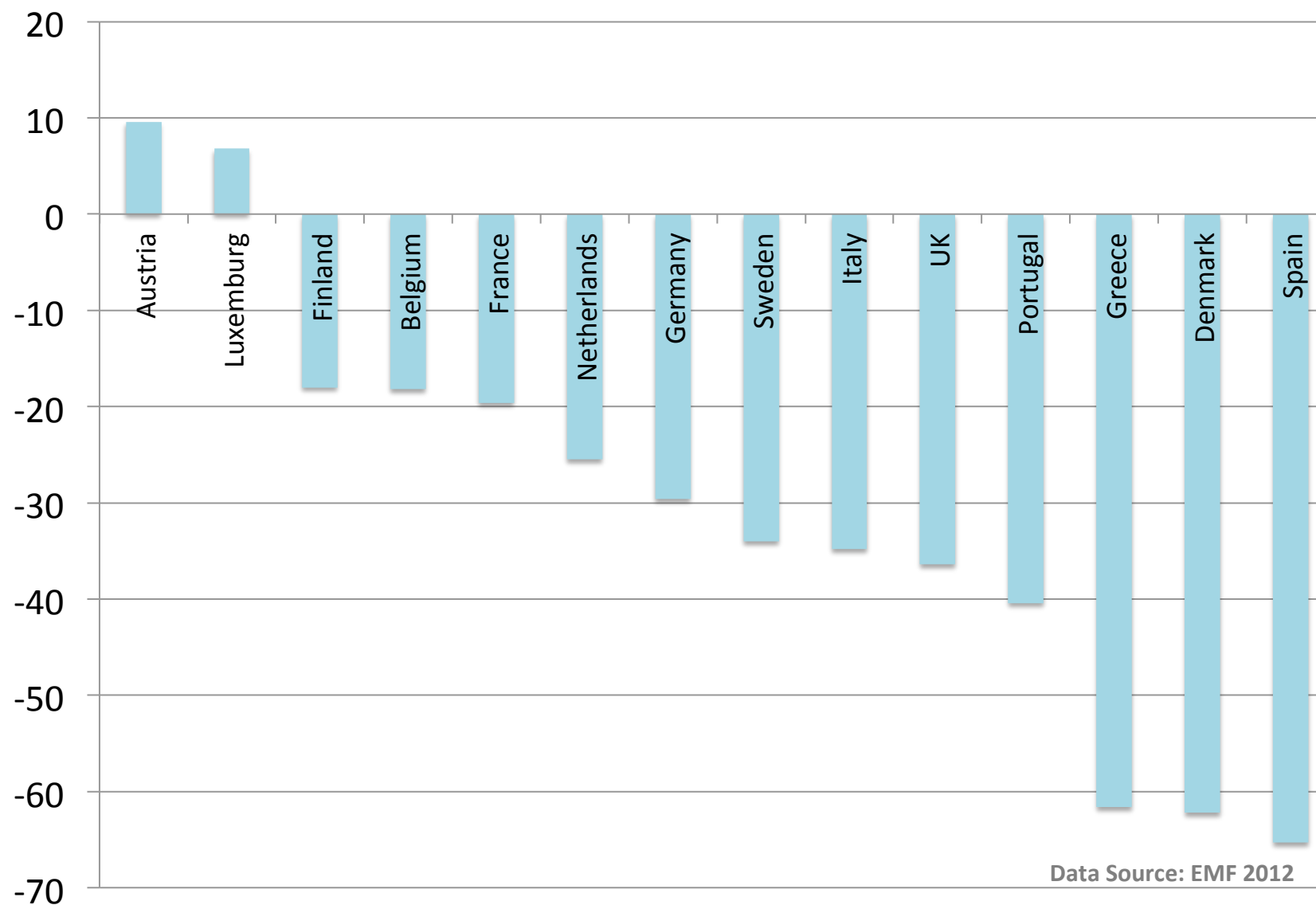
*even higher home ownership targets, looser lending, less affordability, more schemes to help marginal buyers: UK, Australia, USA*



# FINANCIAL SHOCKS AND HOUSING



## Housing completions - changes pre- to post-crisis averages (%) EU15 (-1)



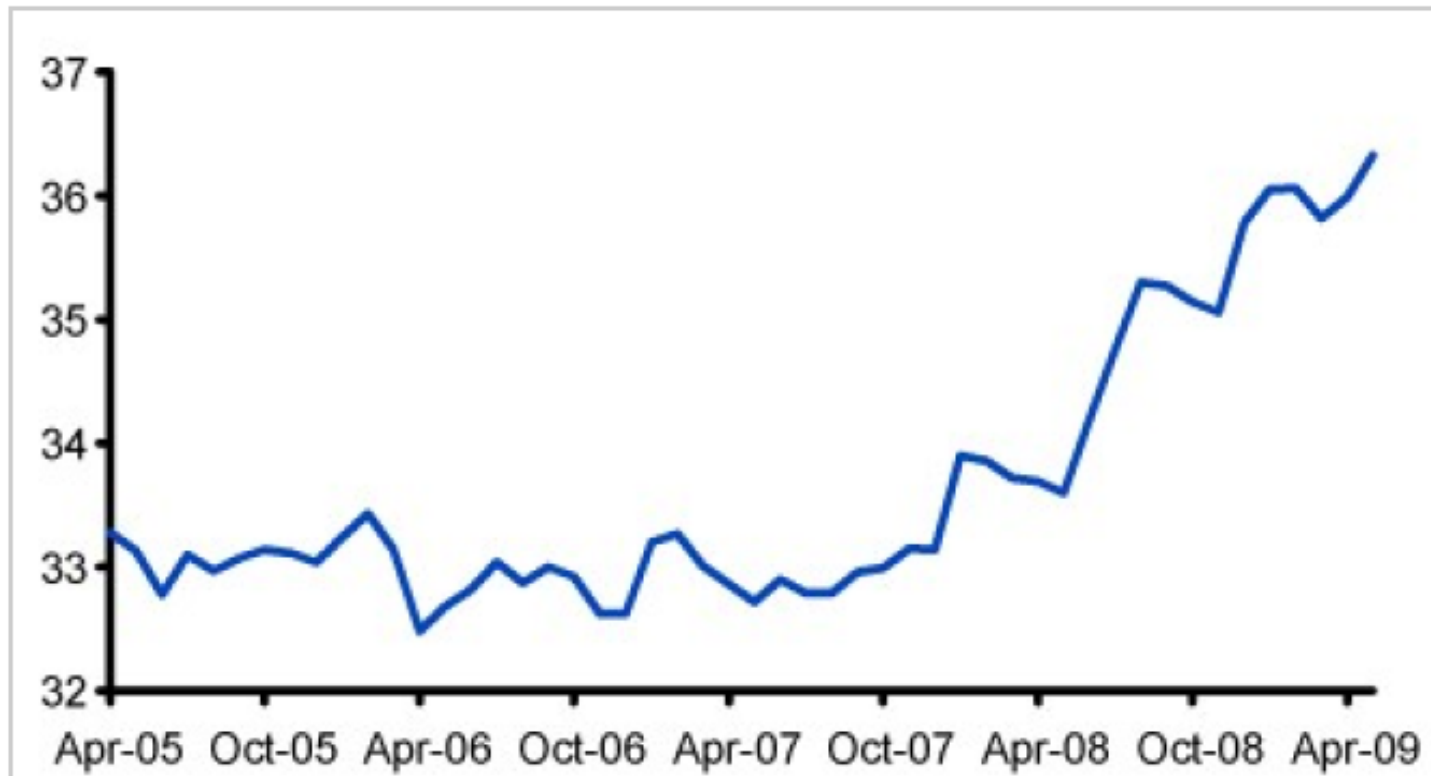


# GENERATION RENT IN THE UK

- Owner-occupation rate peaked at 69.7% in 2002, falling to 64% in 2012
- Meanwhile private renting increased from around 10% to 18%
- 2001-2011, number of renters under-35 up from 1.1 to 1.9 million
- Since 2005 rents in London rose annually by 7%, more than triple average inflation
- 2.9 mil (1.8 mil men and 1.1 women) age 20-40 living with parents (20% rise, 1997 – 2012)



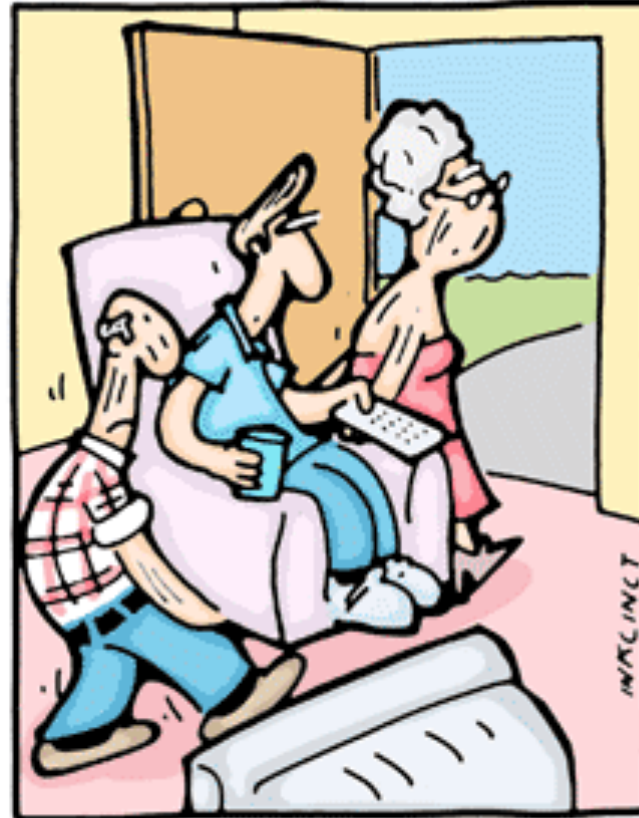
Average age of first-time buyers (excluding those receiving assistance)



*A Generation Y child...*



*Taking his first steps.*



*Taking his first steps  
to independent living.*

# GENERATION LANDLORD

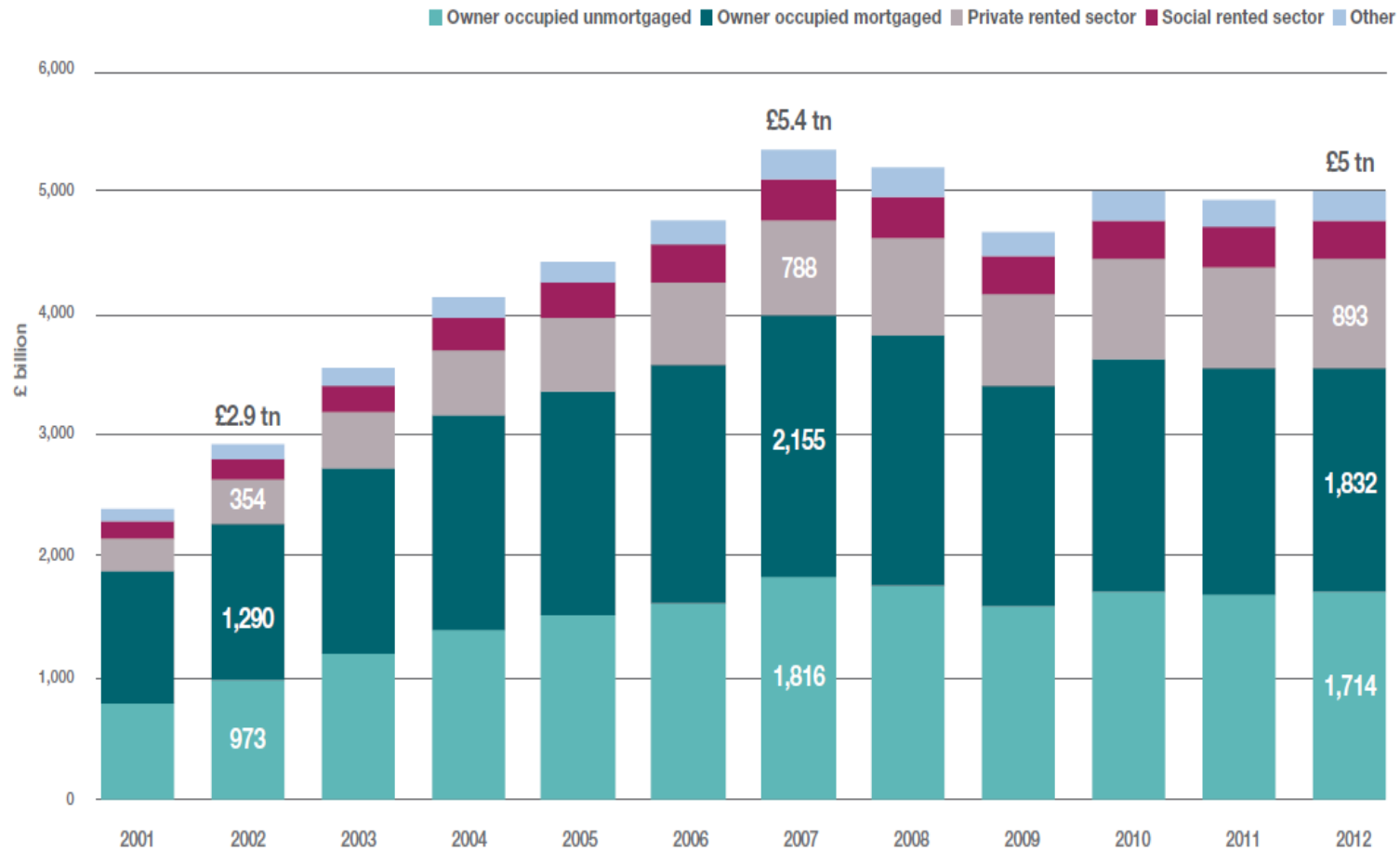


- 'Buy-to-Let' mortgages increased from £2-Billion to £84-billion 1998-2012
- Growth in PRS facilitated by private individuals: 78% own just one property (40% of PRS) – now around 2 mil landlords
- 36% of 'Right-to-Buy' homes in London (52,000) let by private landlords in 2012
- PRS represented £354 bil in 2002 and £990 bil in 2013 (19% of total value UK housing)
- Facilitated by deregulation of (shorthold) tenancies & change in mortgage products



GRAPH 1.1

## The value of UK housing stock



Graph source: Savills Research

# Families & Intergenerational Relations

## **Re-Familization (intergenerational Solidarity)**

- 1995, 10% of UK FTBs received parental help, by 2006 this was 38% and in 2011 65%
- In 2011 as many as one in three 50-65 year-olds were helping children with rent or repayments
- Increasing co-residency (boomerangs) & 'KIPPers'



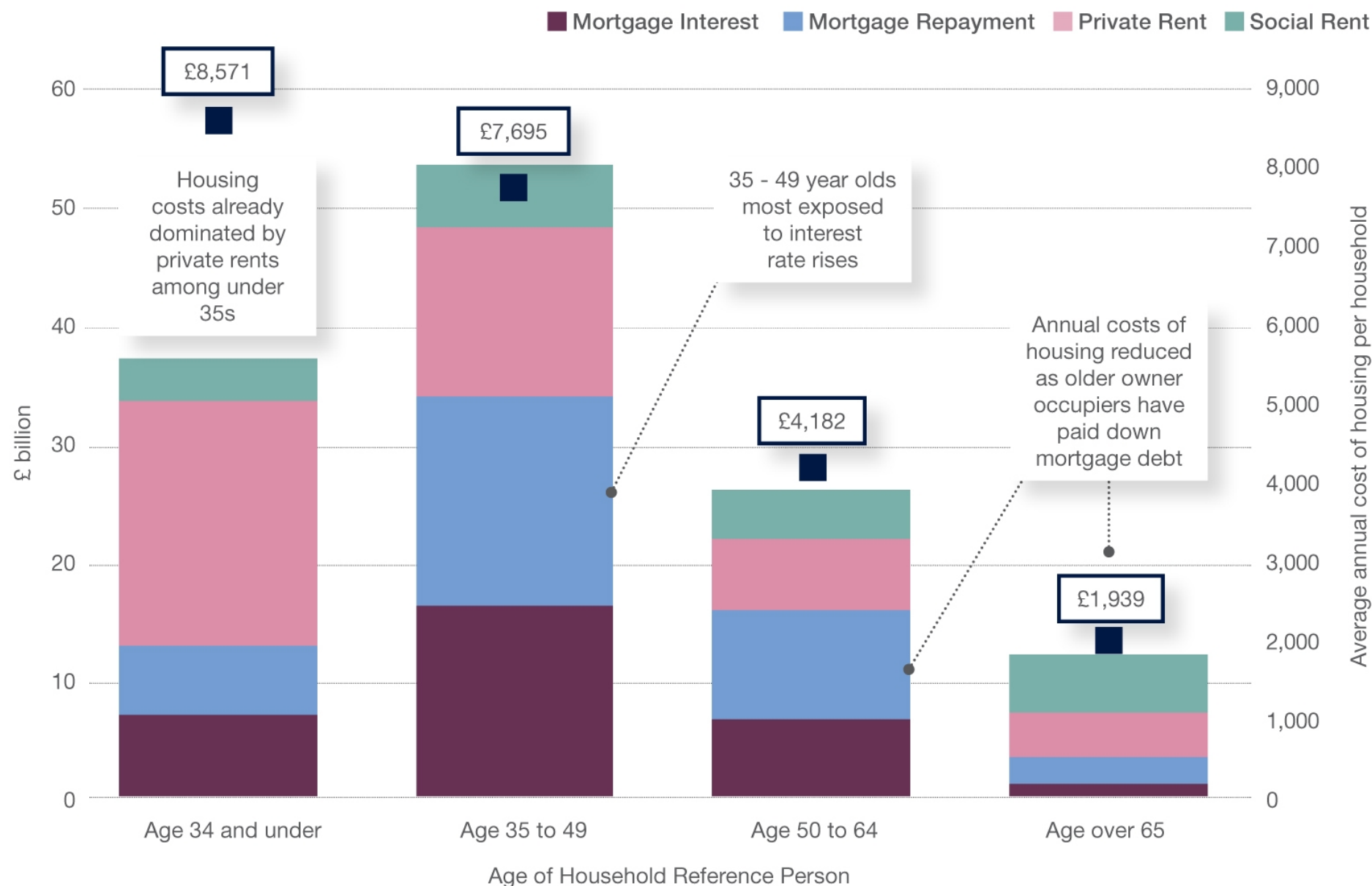
## **De-Familization (Intergenerational divides)**

- Declining family formation & problems climbing the housing ladder
- Increasing singles ('parasite singles' & 'never marrieds') household fragmentation & non-linear pathways (featuring renting)
- Growth in SKI-ers & housing wealth based consumption/welfare!



GRAPH 3.1

# Annual costs of housing per household by age



Source: Savills Research

# TENURE FORECASTS TO 2019

Forecasts show large rise in Private Rented Sector households

ENGLAND & WALES	5-year forecast	No. of Households (Millions)		Forecast change		% of Households	
		2014	2019	Millions	%	2014	2019
	Owner Occupiers	14.87	14.67	-0.20	-1.4%	62%	59%
	Private Renters	4.86	6.04	+1.2	+24.3%	20%	24%
LONDON	Social Renters	4.09	4.04	-0.05	-1.1%	17%	16%
	Owner Occupiers	1.56	1.46	-0.10	-6.8%	47%	42%
	Private Renters	0.99	1.24	+0.25	+24.8%	30%	36%
	Social Renters	0.78	0.77	-0.01	-1.1%	23%	22%



## Age band forecasts show generational divide widening in England & Wales

Owner occupier levels: 16% for under 35s to 80% for 65+

UNDER **35**

+566K  
**more** PRS  
households

-520K  
**fewer** owner  
occupied households

16%  
owner occupied  
down from 28%

**35-49**

+483K  
**more** PRS  
households

-275K  
**fewer** owner  
occupied households

31%  
growth in  
private renting

**50-64**

+175K  
**more** PRS  
households

+337K  
**more** owner  
occupied households

72%  
of households remain  
in owner occupation

**65+**

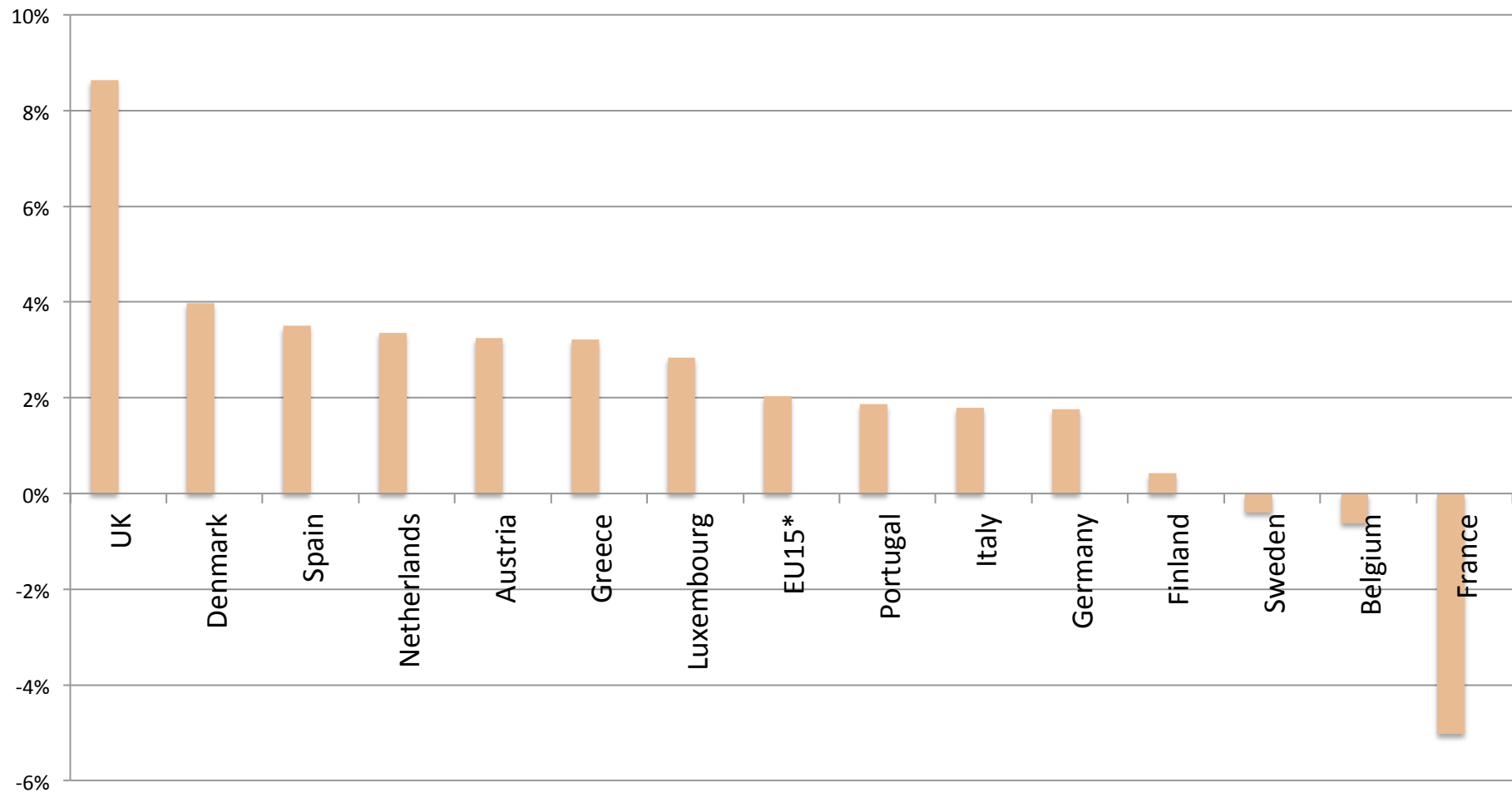
-42K  
**fewer** PRS  
households

+256K  
**more** owner  
occupied households

5%  
growth in owner  
occupied households

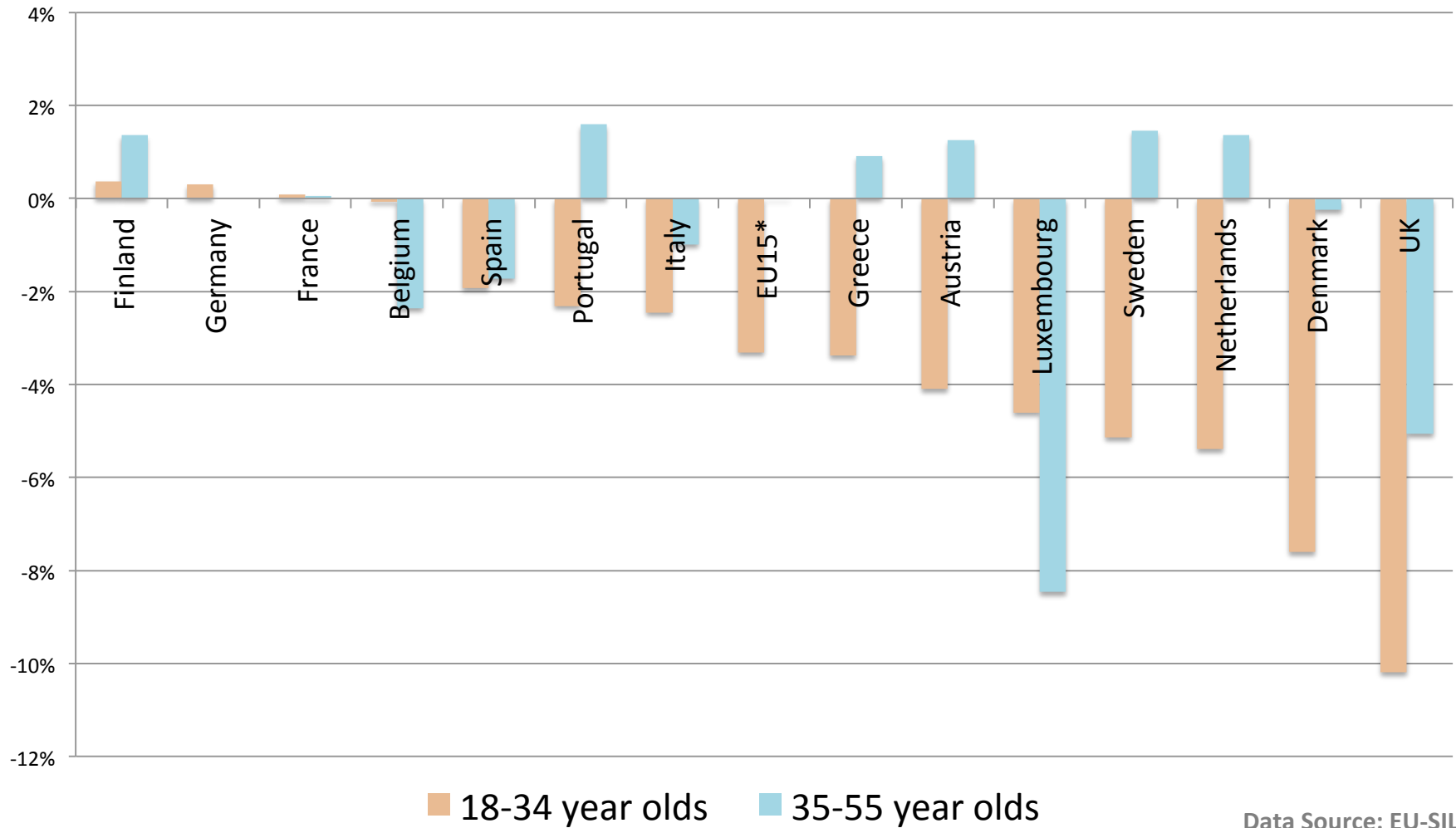
**How are generational divides ('Generation-Rent') playing out elsewhere?**

# Rental tenure change among 18-34 year- olds 2007-2011



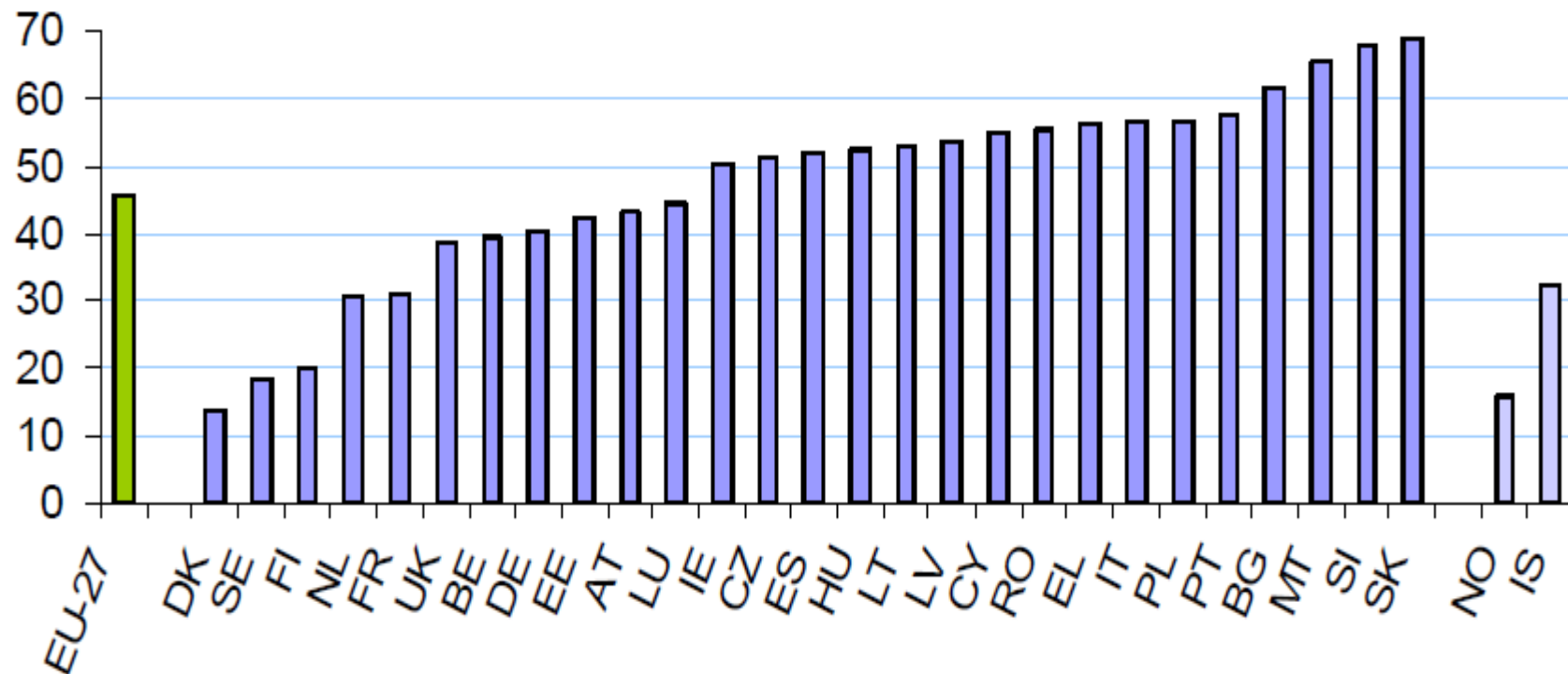
Data Source: EU-SILC

# Home ownership rate change 2007-2011

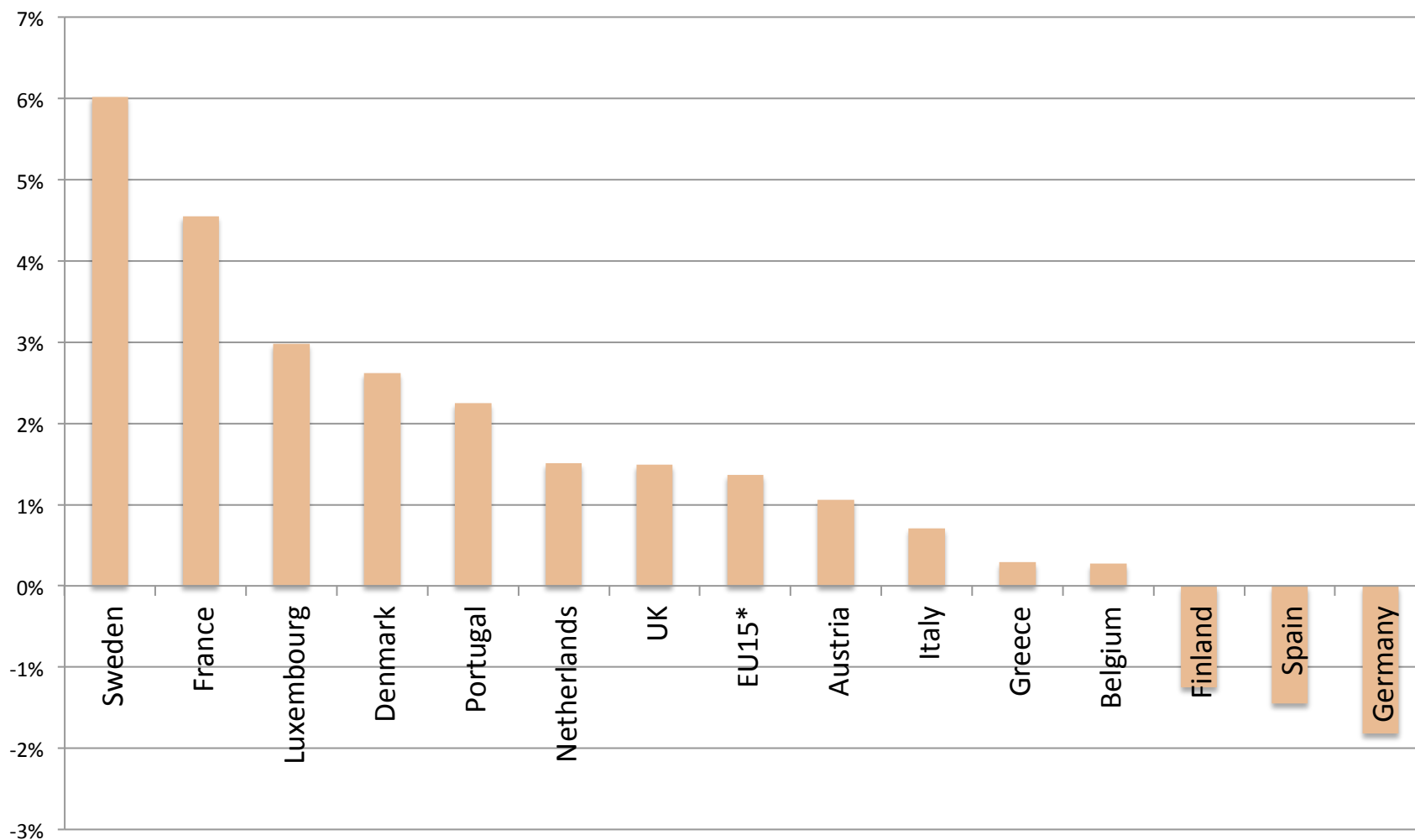




## YOUNG ADULTS (18-34) LIVING WITH THEIR PARENTS IN 2008 (%)



# Change in parental co-residence rate among 18-34 year-olds 2007-2011



Data Source: EU-SILC

# Generational Divides in the Netherlands

## Post-war baby boomers

- Improved welfare provision & employment
- Advantages of a growing Social Rent Sector
- Advantageous lending (120% LTV, 500% LTI)
- Significant tax benefits for mortgagees
- Increasing house prices & asset accumulation

## Post-crisis generations

- Smaller welfare state & less certain job prospects
- Unfavourable lending conditions (no more savings-mortgage, declining LTI and LTV, diminishing social housing)
- Tax exemption for intergenerational transfers for home purchase



## 'Ouderen moeten later met de waarde van hun huis zorg inkopen'

Gijs Herderschee, Martin Sommer – 04/11/11, 22:47



© Colourbox

**Ouderen moeten in de toekomst de waarde van hun huis gebruiken om zorg in te kopen. Terwijl zij in hun eigen huis blijven wonen, kunnen ze de waarde deels verzilveren bij de bank of pensioenfonds en daarvan verzorging of verpleging regelen. Zo'n regeling kan de explosie van de zorgkosten temperen.**

Dit stelt Paul Schnabel, directeur van het Sociaal en Cultureel Planbureau morgen in de Volkskrant. Het kabinet voorziet dat de zorgkosten bij ongewijzigd beleid in 2040 40 procent van de rijksbegroting opslukken. Nu is dat nog 20 procent. Het ministerie van Volksgezondheid is het departement met de grootste begroting, 67 miljard euro. Volgende week behandelt de Tweede Kamer deze begroting. Meer dan de helft van de huishoudens woont in een eigen huis. Voor wie geen eigen huis heeft, moet goede basiszorg volgens Schnabel hoe dan ook gegarandeerd blijven.

### MEER OVER

[Pensioen](#) | [Pensioenadvies](#) | [Consument](#)



**Maken werkgevers misbruik van verzwakte vakbond?**



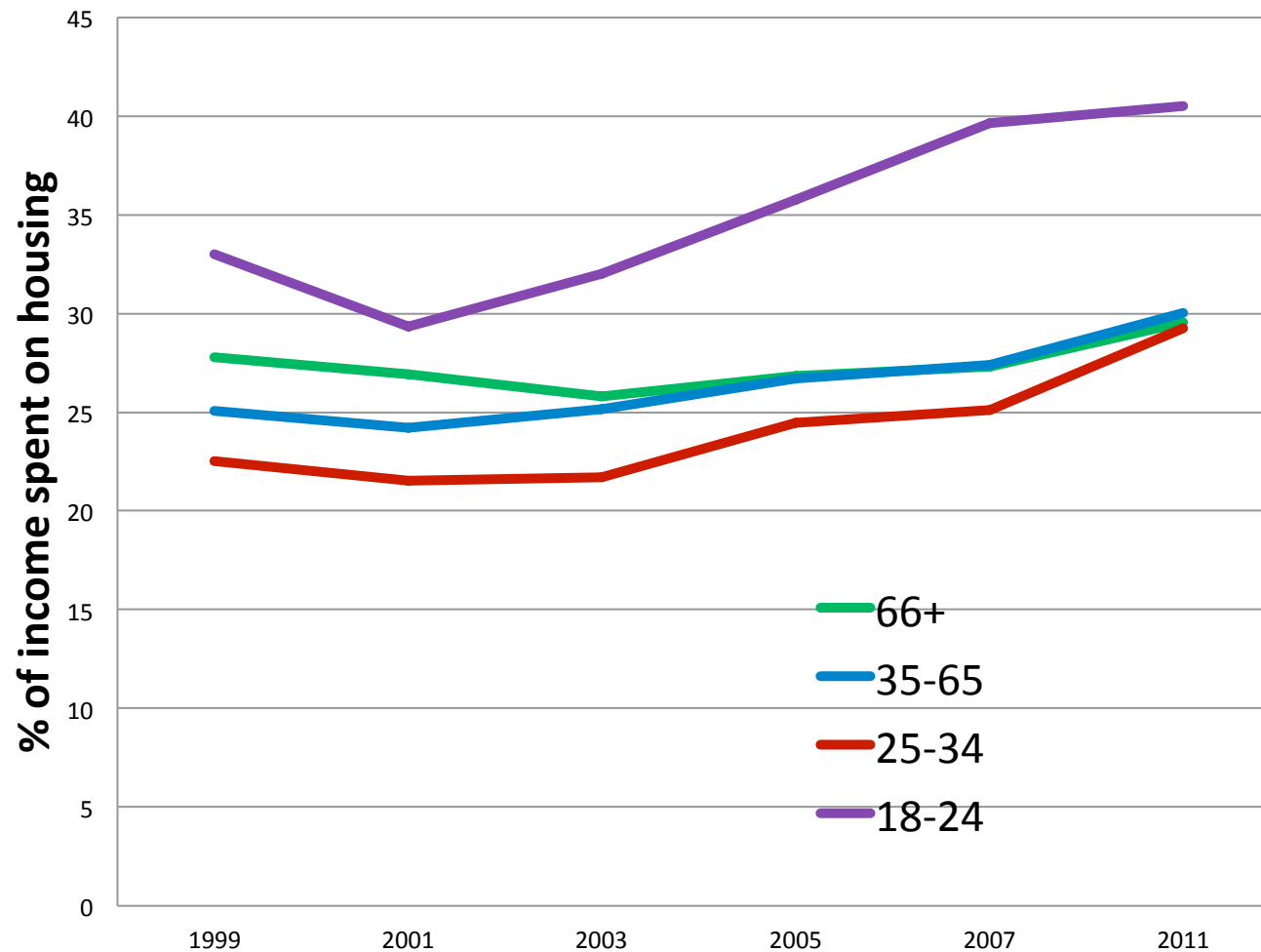
**Werkgevers: hoger loon telt niet mee voor het pensioen**



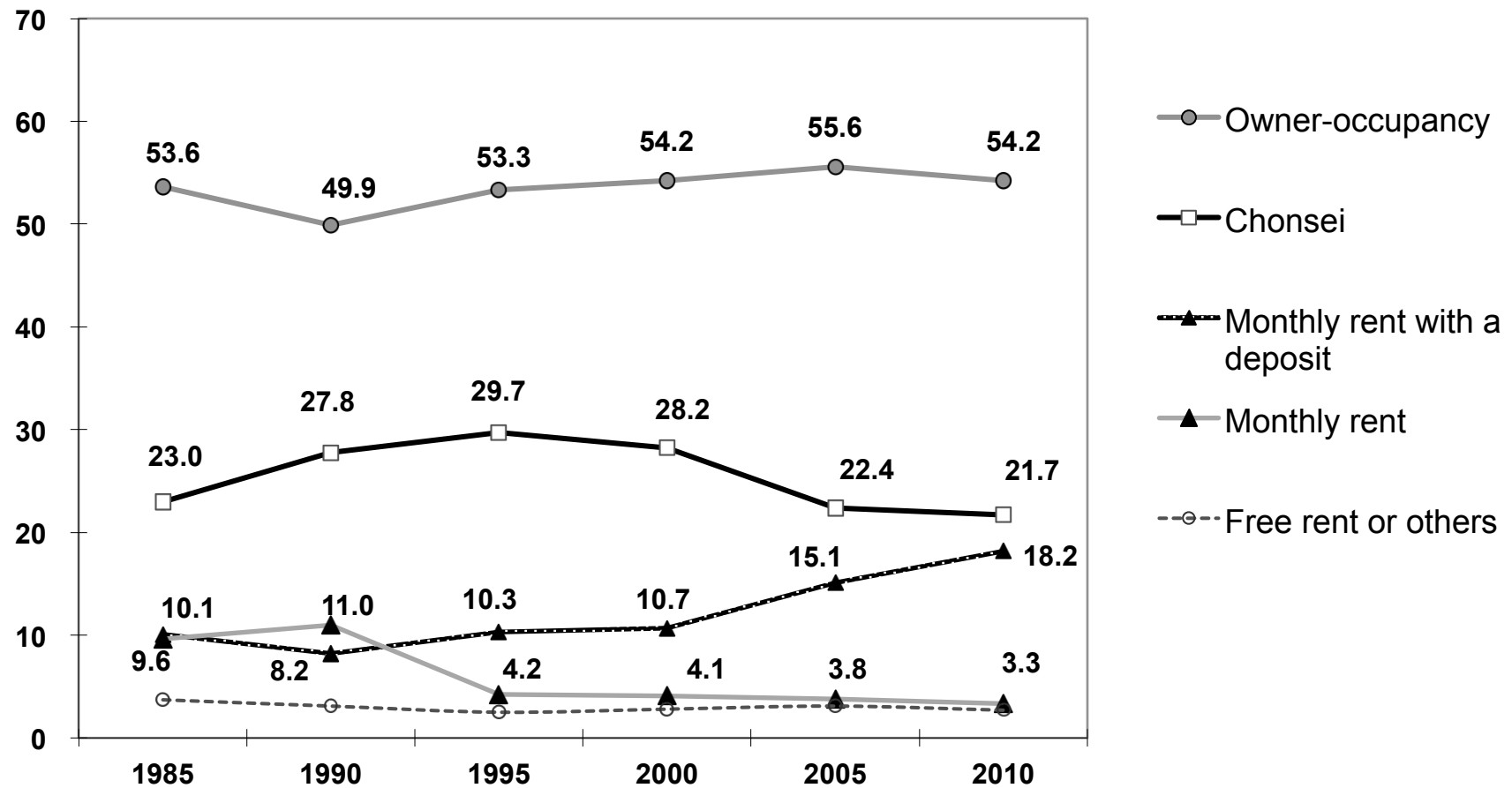
**Pensioenen in 2013 mogelijk tot 10 procent omlaag**



# Average rent to income ratio, by age, Amsterdam, 1999 to 2011

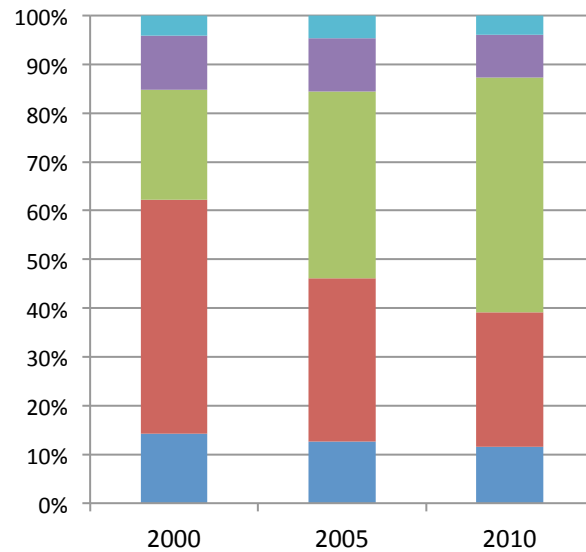


# South Korean Housing tenure (1985-2010)

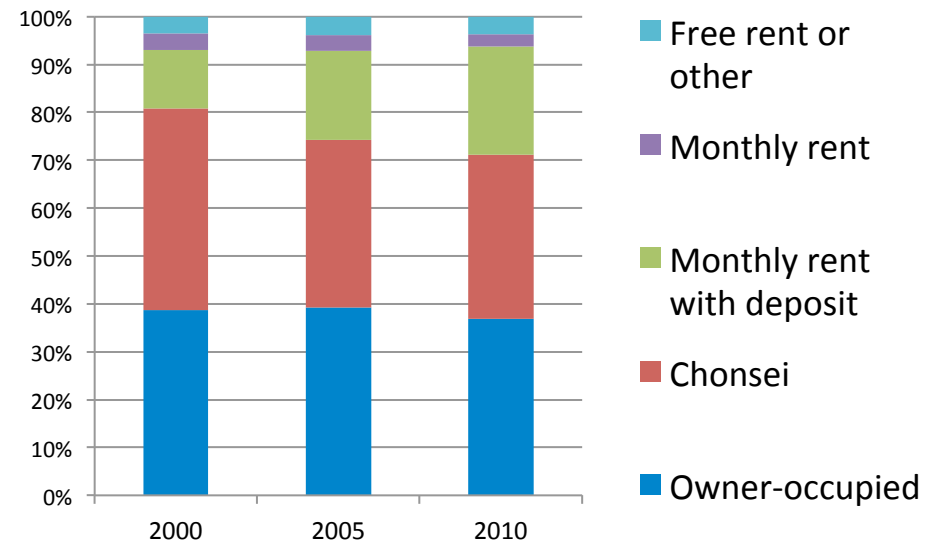


# Household Tenure for Korean Households by Age

Head of Household  
Aged 29>



Head of Household  
Aged 30-39



# Rental type by age group of landlord

Source: Mirae Asset Real Estate Research Institute, 2010

Age	40's	50's	60's	70's and older
Chonsei Lease	66.7	43.4	34.3	29.3
Monthly Rent (with deposit and rent-only)	33.3	56.6	65.7	70.7

# TAPPING HOUSING ASSETS TO SUPPORT PENSIONS IN SINGAPORE



- *System built on mass home ownership (92%) via HDB and CPF*
- *Silver Housing Bonus: use money to ‘right-size’ to top up CPF retirement account and get SG\$20,000 bonus*
- *Lease Buyback Scheme: equity release on remaining lease years over 30*
- *Permission to sublet bedrooms in 3(+) room flats*
- *Permission to sublet a HDB property as a rental unit after 3-5 years*



# HOUSING & WELFARE STATE/CAPITAILST RESTRUCTURING

***The Wobbly Pillar or Cornerstone?*** (Groves et al 2007; Malpass, 2008)  
*Family owned property as a mainstay of welfare relations*

***The Really Big Trade Off*** (Kemeny, 1981, Castels 1998)  
*Housing - welfare 'trade off' in high home owner societies*

***Home Ownership as Imputed Income:***  
*Non-mortgaged housing can substitute for pensions in old age*

***Asset-Based Welfare*** (Sherraden, 1991)  
*Focus on building assets rather than monthly benefits*

***Privatized Keynesianism:*** (Crouch, 2009)  
*Individual investment in housing can be drawn on later*

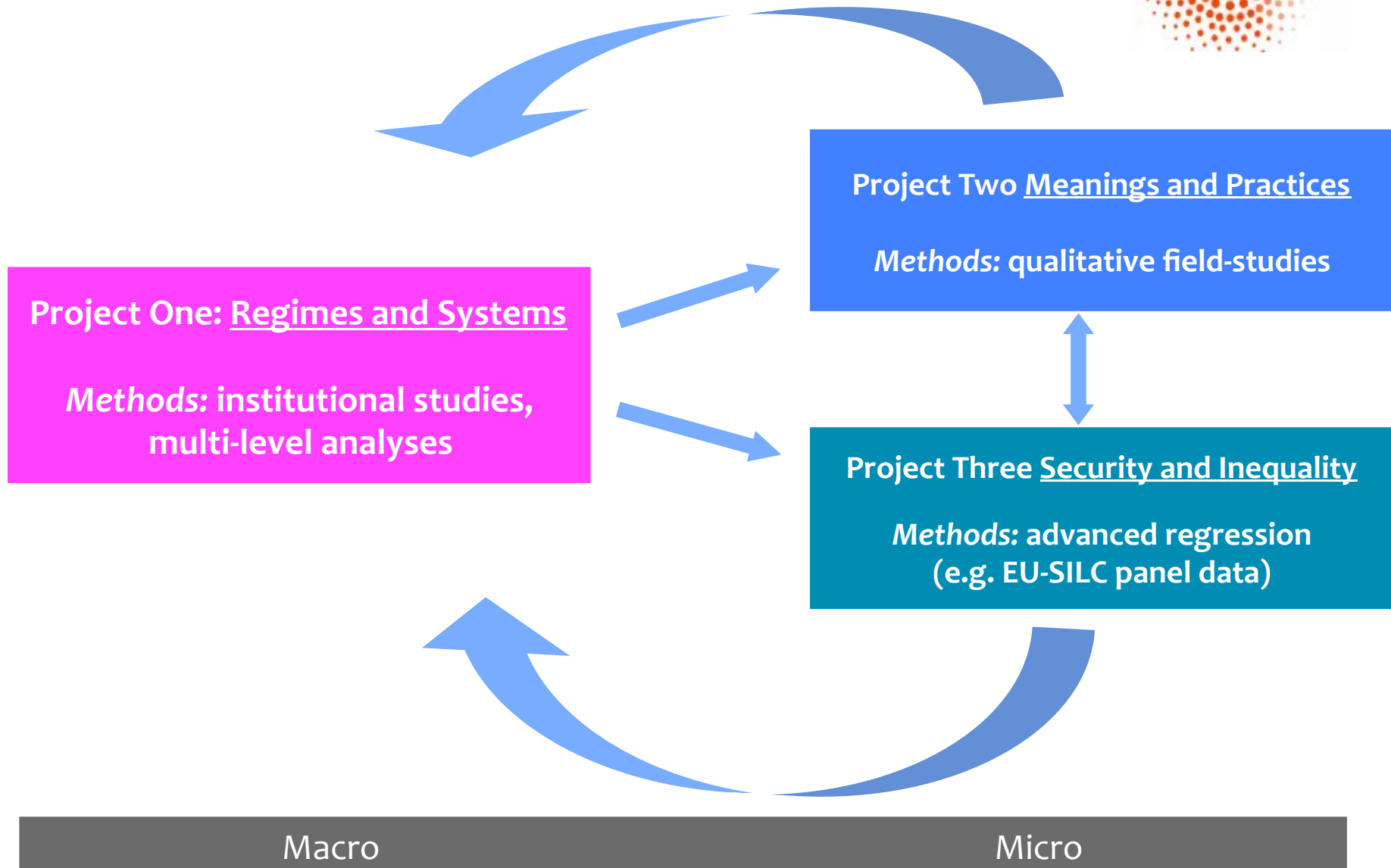
***Worlds of Residential Capitalism*** (Schwartz and Seabrook 2008)  
*Differences between societies structured by housing market regimes*

***Urban Land and Social Inequality:*** where wealthy-classes keep there money and inheritance (Piketty, 2013)

# **Generational Inequalities and the Features of Post Home-ownership Societies**

- Stagnant home ownership and house-building
- Tenure polarisation and tenure based social inequality
- Irregular labour markets and employment careers
- Shrinking welfare and pension capacity
- Intergenerational divides & household interdependency
- Ageing, low fertility societies

# THE HOUWEL STUDY



	Home Ownership Rate	Mortgage Debt to GDP Ratio (%)		HOUWEL Partner
		1998	2007	
England*	High 70%	50.6%	83.3%	Birmingham University, Birmingham, England
Germany	Low 43%	51.9%	47.7%	Humboldt University, Berlin, Germany
Italy	Very-high 80%	7.8%	19.8%	University of Trento Via Verdi, Trento, Italy
Japan	High 62%	35.9%	38%**	Kobe University, Kobe Waseda University, Tokyo
Netherlands	Moderate 56%	60.8%	101.0%	Base Country
Romania***	Super-High	1.4%	5.6%	University of Bucharest, Bucharest, Romania

*Thank you!*