Globalization and the Housing Asset Rich

Ray Forrest

Globalization and the Housing Asset Rich

Geographies, Demographies and Policy Convoys

RAY FORREST
University of Bristol, UK

ABSTRACT This article explores the importance of housing assets in shaping the global landscape of opportunity and disadvantage. In doing so, it is concerned with four key issues. First, it seeks to highlight the increasing significance of housing related wealth at a global scale. Second, it is concerned with the uneven and potentially divisive impact of housing asset accumulation, within and between societies. Third, it seeks to show how economic, geo-demographic and policy contexts combine to produce different outcomes for different population cohorts. Fourth, it discusses the way in which more market driven housing systems and housing wealth accumulation are changing the social policy environment. The underlying argument of the article is that the dynamics of housing markets and housing assets are of growing significance in relation to contemporary patterns of risk, opportunity, vulnerability and privilege and need to be embraced more thoroughly in social policy debate.

KEYWORDS *assets*, *globalization*, *home ownership*, *wealth*

Introduction

This article explores the importance of housing assets in shaping the global landscape of opportunity and disadvantage. In doing so, it is concerned with four key issues. First, it seeks to highlight the increasing significance of housing related wealth at a global scale. Second, it is concerned with the uneven and potentially divisive impact of housing asset accumulation, within and

Global Social Policy Copyright © 2008 1468-0181 vol. **8**(**2**): 167–187; 090637
SAGE Publications (Los Angeles, London, New Delhi and Singapore)
DOI: 10.1177/1468018108090637 http://gsp.sagepub.com

between societies. Third, it seeks to show how economic, geo-demographic and policy contexts combine to produce different outcomes for different population cohorts. Fourth, it discusses the way in which more market driven housing systems and housing wealth accumulation are changing the social policy environment.

Underlying the argument is a view that home ownership status can be seen as a pivotal element of asset based, economic citizenship – the ability to participate in what Boyer (2000) has referred to as 'property led regimes' – a pervasive financialization of social life in which the ability to deploy directly or indirectly housing assets (which for most homeowners constitutes their key wealth holding) is crucial to participation in consumption. Conversely, those excluded or on the margins of housing asset accumulation are increasingly disadvantaged.

The general context is one in which, internationally, housing provision has become more market based and these transformations in the housing sector are symptomatic of a contemporary globalization that has been shaped by neoliberal imperatives. Processes of deregulation, re-regulation, privatization and financial liberalization and the changing role of government in public and social policy have reflected an ideological and policy shift in the interests of corporate capitalism. And in the ever-expanding literature on globalization, it is the scale and velocity of financial flows around the globe that are among the least contested features of this new global age. Investment in real estate is a significant part of this global financial system accounting for a substantial proportion of bank lending in most developed countries (Zhu, 2003). Greater reliance on indirect and regulatory interventions, and on private financial institutions to facilitate market based forms of housing provision means that housing systems are now more intimately embedded in a global economy and in an institutional structure in which global institutions exert greater influence (Forrest, 2007).

More generally, the relationship between national governments and national housing systems has changed. The reduction, sometimes substantial, of direct housing provision has diminished state capacities to respond as effectively as in the past to the shifting housing needs and demands of populations. It follows from this that national housing systems, which are increasingly shaped by, and dependent on, private institutions are also more intimately connected to the global economy and potentially more vulnerable to economic and political turbulence beyond national boundaries. The governance of housing systems has also become more internationalized, privatized and preoccupied with asset management and the monitoring of institutional and individual risk. National housing policy remains focused on issues of homelessness, slumification and the problems of those unable to access housing via the market. But in the global scheme of things, the main business is elsewhere, in a world of housing as assets, of financial flows to and from households and between institutions and in the regulatory framework set up to manage the risks associated with this ever-expanding investment in the residential sphere. Local housing markets and individual households are caught up in these processes to varying degrees and with varying consequences.

These developments have important implications for social policy on a number of dimensions. These include the challenge to address divisions between the asset rich and asset poor, at different spatial scales; debates around taxation and home ownership gains; new vulnerabilities to household indebtedness; the role of housing equity in more privatized welfare systems; and the need to conceptualize patterns of economic and social advantage and disadvantage in more familial and intergenerational terms.

BACKGROUND

Interest in the social and economic impact of rising home ownership rates has a longstanding history in both policy and academic debate. Analysis has ranged across the impact of changes in patterns of housing provision on spatial mobility and societal cohesion (Rossi, 1980), new social fissures conceptualized as housing classes (Rex and Moore, 1967), divisions between renters and owners conceived as new consumption sector cleavages (Dunleavy, 1979; Saunders, 1978) and the socio-spatial impacts of housing wealth accumulation (Forrest and Murie, 1995). The exploration of these and related issues has had, however, a very uneven geographical focus and has waxed and waned with shifting economic conditions. Geographically and culturally, the literature has also had a strong Anglo-Saxon tinge with British, Australasian and to a lesser extent, US researchers being most preoccupied with the socio-economic dimensions of housing tenure change – particularly in periods of rapid house price inflation. Part of the explanation for this lies in the established and mature nature of home ownership sectors in countries such as the UK and the USA.

Patterns of housing provision vary substantially across societies and the underlying factors for these historical and contemporary differences is a separate and well-developed debate (see Harloe, 1995; Kemeny, 1981). More recent work in this field has looked increasingly to welfare regime theory for the underlying conceptual framework for understanding historical trajectories in the development of housing tenures (Kurz and Blossfeld, 2004). This discussion, however, lies outside the main concerns of this article. What is relevant is that such attempts to conceptualize housing provision patterns as an aspect of welfare regime theory have drawn housing closer to mainstream debates in social policy, sociology and economics. There is now widespread recognition of the social and transformative potential of mortgage based home ownership (see also Shapiro, 2004). By transformative potential I am referring to both the positive and negative impacts of housing assets in relation to social stratification and social inequality, the distribution of wealth and its deployment within and between households and generations, the macro-economic consequences of remortgaging and equity release and the uneven spatial impact of these processes within cities, regions and globally.

THE SIGNIFICANCE OF HOUSING WITHIN POLICY DEBATE

It is somewhat paradoxical that while housing policy as welfare oriented social policy has become somewhat marginalized in recent years, concern with the dynamics of housing markets and housing-related social inequalities have moved to the forefront of international policy debate. This has happened for a number of reasons.

First, contemporary home ownership has penetrated new markets – albeit in hybridized and sometimes only partially marketized forms. The late 1980s saw the break up of the former Soviet Union and a rapid privatization of housing stocks and the drive towards monetized housing systems. A more recent, and probably more significant phase of marketization, has encompassed countries such as China and Vietnam. The growth of both privatized and commodified forms of home ownership and associated wealth accumulation among particular cohorts in these societies has been rapid and substantial and has contributed to significant new social divides within cities and between urban and rural areas. Moreover, housing reforms in societies such as China and Russia have been pursued as a pivotal element in achieving more fundamental social and economic transformations.

Second, while significant sections of the world's population have found themselves in relatively advantaged if highly differentiated positions in the residential housing sphere, millions of people have become more disadvantaged in terms of housing access and conditions. A neoliberal agenda, which has driven market reforms and which has generated new forms of wealth for some has profoundly disenfranchised others. Rising inequalities evident at a national or city scale can be observed at a global level. The magnitude of this chronic housing disadvantage is documented in the United Nations Human Settlements Programme (UNHSP) report, *The Challenge of Slums*, which estimates that in 2001 some 32% of the world's urban population lived in slums. It is almost certain that slum dwellers increased substantially during the 1990s. It is further projected that in the next 30 years, the global number of slum dwellers will increase to about 2bn if no firm concrete action is taken (UNHSP, 2003: xxv).

The weakening of national governments, neoliberal ideology and its associated structural adjustment programmes have been key factors in this growth of slumification and urban poverty. Davis (2004: 27), in a characteristically evocative commentary on the UNHSP report, suggests that social theory is now challenged 'to grasp the novelty of a true global residuum lacking the strategic economic power of socialized labour, but massively concentrated in a shanty town world encircling the fortified enclaves of the urban rich'.

It is the urban rich – or at least the moderately and relatively housing asset rich – that are the focal point of the third key element of housing's strategically important position in current policy debates. From some perspectives it would appear that much of the health of the global economy is finely balanced on the unpredictable undulations of the residential property market and on the spending and savings behaviour of individual homeowners. Nationally and globally the interaction between housing markets and the wider macro economy has become a major preoccupation. The 2004 International Monetary Fund (IMF) *World Economic Outlook* referred to a 'global house price boom' with apparently synchronized and unusually high house price rises across many industrial countries. Moreover, it suggested that the explanation for house price rises nationally lies to varying degrees with global factors rather than country specific or idiosyncratic factors.

A key implication of this finding is that just as the upswing in house prices has been a global phenomenon, it is likely that any downturn would also be highly synchronized, with corresponding implications for global economic activity (IMF, 2004: 71).

Such concerns were brought to the fore with the onset and aftermath of the Asian Financial Crisis in which collapsing property markets were deeply implicated (Herring and Wachter, 1998).

Rising real estate values and cheap borrowing have been important factors in sustaining consumer spending in a number of countries during recent economic downturns (Bank for International Settlements, 2002). In relation to the US economy, Deep and Domanski (2002) observed that:

> Mortgage refinancing seems to have played a significant role in keeping US consumption unusually buoyant through the recent downturn. Assuming that 54% of refinanced mortgages generated a net cash payout and that the full median appreciation of property refinanced in 2001 of $25,000 was cashed out, one arrives at an estimate of $150 billion of discretionary cash flow from household equity extraction. (Deep and Domanski, 2002: 3)

Similarly, Brenner (2004: 81) calculated that cash outs, second mortgages and other housing related spending 'accounted, in total, for no less than two-thirds of [US] GDP growth between 2000 and the first half of 2003'. Essentially, the equity or borrowing capacity represented by residential property has grown in significance globally and can be deployed to substantial and unpredictable economic effect at different spatial scales.

The social implications of these developments have also gained wider recognition. The distribution of household wealth, the potential to 'spend' housing equity, patterns of inter-vivos transfer, intergenerational transmission and the manner of its acquisition are seen as increasingly important in the shaping of contemporary social divisions and life chances. Spilerman (2000a) suggests that the neglect of wealth in social stratification has had both a conceptual and empirical basis. Social analysts have focused on rewards from the labour market and on earned income as the key determinant of life chances and social status. Where wealth has been studied it has tended to be restricted to elite studies because of its skewed concentration in the hands of privileged minorities. Wealth dispersion, however, largely associated with the growth of home ownership means that 'considerations of family asset holdings have become increasingly relevant to general stratification analysis, aside from their long-established salience in elite studies' (Spilerman, 2000a: 499). In a similar vein Kurz and Blossfeld (2004: 1) state that 'Although home ownership is the most important form of family wealth – it greatly affects both the living conditions and financial security of households – it has rarely been the topic of social stratification research'.

From a social policy perspective, such concerns shift the focus on social advantage or disadvantage from the *individual* to the *family*, to the total resources that can be deployed and to more broad based analyses of lifestyles and consumption patterns rather than mere economic calculations. In doing so, it is also necessary to have a cohort and life course perspective on the achievement of home ownership. In other words, who you are, where you are and when you achieve home ownership are critical determinants of future trajectories.

It is also important to emphasise that some homeowners are considerably more asset rich than others and there is ample evidence to show that equity can rapidly become negative or eroded for unlucky cohorts caught in a recession (Forrest and Kennett, 1996; for a more general discussion of housing market risk, see also Boelhouwer et al., 2004). Moreover, there is as always considerable uncertainty about the current state of the global property market with predictions of a serious 'adjustment' in house prices (*The Economist*, 2005). However, notwithstanding the vicissitudes of residential property markets and the evident differentiation within home ownership sectors (see Forrest et al., 1990; Hirayama, 2005), in the global scheme of things, home ownership has become an important dimension of an economic citizenship in which those with housing assets can enhance earned income directly and indirectly to sustain consumption, lifestyles and social status and are often better placed to weather adverse economic circumstances.

Geographies of Accumulation

The divisions between (and within) the housing asset rich and the housing asset poor can be conceived of at different spatial scales to evoke a multilayered and intertwined geography of advantage and disadvantage. At a global level the article has already alluded to the major divide between populations, which is reflected in two parallel and apparently disconnected debates. On the one hand the borrowing capacity and behaviour of large swathes of (particularly) US homeowners has helped sustain their prodigious consumption of energy and imported goods from around the world. On the other hand, trade liberalization, structural adjustment programmes and the general application of neoliberal ideologies have worsened housing and living conditions in much of Africa, Central Asia and parts of Latin America (United Nations Human

Settlements Programme, 2003). The starkest divide is therefore between the growing numbers of chronically housing disadvantaged on the margins of survival in cities such as Manila or Mexico City and the masses of homeowners in major cities of Europe, Australasia, East Asia and North America – a discourse of poverty and subsistence in the former and one of price, equity and wealth in the latter.

At a different spatial scale we can conceive of these housing wealth divisions at a regional or city level. This draws on Fielding's conception of 'escalator regions' (Fielding, 1992) where he was referring to those regions (in his case specifically London and the South East) in which there was a critical and growing mass of the professional and new middle classes, expanding high-income employment and rapidly growing house prices. Work in a similar vein has shown the role of the Paris region on social advancement and mobility compared to the rest of France (Lelievre and Bonvalet, 1994). Escalator regions offer potentially rapid ascent up the employment, housing and status ladder. Moreover, getting off the escalator can be problematic and risk loss of employment or housing market position – once disembarked it may prove difficult to get on again. For example, a move to a lower cost city or region can bring immediate material benefits and a better standard of living but re-entry to the escalator region can prove extremely difficult if regional housing costs continue to diverge.

This metaphor can be extended to encompass escalator cities and regions globally and to suggest a cumulative and interconnected set of advantages for those with the necessary employment and social credentials to be residents of those privileged enclaves. The most obvious candidates are the familiar global cities of London, Sydney, Tokyo and the emergent ones such as Shanghai or Beijing. Shiller (2005: 106) refers to the 'glamour' cities such as Moscow, Paris and Sydney. 'These cities boomed in the late 1980s, crashed in the early 1990s and then boomed again. Real house prices are now almost twice what they were in 1997.' He suggests that factors such as international terrorism, financial scandals associated with major corporations and a loss of confidence in stock markets have combined to channel funds into the 'tangible assets' such as real estate. And the most desirable real estate is found in the most fashionable cities.

Of course, it is in precisely these locations where prices are at their most volatile and where rampant booms can be followed by dramatic busts (Forrest et al., 2003; Ley and Tutchener, 2001). It is not the case, therefore, that such lead cities offer an uncomplicated and unrelenting upward escalator of house price appreciation. Nevertheless, it is in such cities where the opportunities for extraordinary housing asset appreciation are at their greatest, contingent on timing and location. Ley and Tutchener (2001), for example, have shown how the price trajectories of Toronto and Vancouver became progressively decoupled from the other main metropolitan areas of Canada through their greater integration into the global economy. The growth of professional and managerial employment, substantial immigration (often high-income in the case of Vancouver) and overseas investment in real estate, particularly from East Asia, were all factors contributing to more intense house price inflation in these cities. Ley and Tutchener (2001: 220) comment that 'Price movements in Toronto and Vancouver show geographical and historical synchronicity with globalising trends'.

These escalator opportunities are not, however, confined to the usual suspects of global and world cities. New fashionable niches are constantly emerging in a real estate market that has an increasingly global reach for mobile capital, mobile elites and offers enhanced housing asset appreciation for middle-class professionals who happen to be resident in these emerging glamour spots. Gentrification has thus taken on global dimensions, it has been 'generalized' (Smith, 2002), with internationally oriented real estate corporations identifying the up and coming cities and regions for wise investors. A report from Jones Lang LaSalle (2003) refers to *city winners*, which are the rising urban stars of the future.

> 'First mover advantage' is a term that will increasingly resonate in the real estate community. We predict that the property markets will see new kinds of players: occupiers and investors keen to capture the energy and potential of Rising Urban Stars. (Jones Lang LaSalle, 2003: 1)

Of the 24 emerging winners which Jones Lang LaSalle suggest are strong investment opportunities for developers and individuals, eight are in China and three in India. The 'rising mega cities' Beijing, Shanghai and Mumbai are predictable inclusions. Xian and Chongqing are 'new frontiers' of economic dynamism. Good bets for property appreciation are 'the urban sustainable' cities of Calgary and Copenhagen and the 'resort/urban hip locations' of Barcelona and SE Queensland. Bangalore, Dalian and Tallinn are promising centres of 'rising technology' and Raleigh-Durham (North Carolina) is 'technology rich'. The extent to which such investment advice translates into pockets of enhanced/above average accumulation only time will tell. There is, however, clearly an element of self-realizing expectation in all this.

There are also escalator neighbourhoods – those pockets within cities where house prices outstrip the average. Hirayama's recent work on Tokyo (Hirayama, 2005) shows an increasing disconnectedness between general price trajectories and the rising values of properties in the high status condominium areas of the central city – a trend spreading to other major Japanese cities and also evident in other parts of East Asia such as Seoul, Shanghai and Kuala Lumpur (for a general commentary see for example DTZ Research, 2005). Hirayama suggests that 'Increasingly differentiated ups and downs in the housing market have fragmented urban space' (Hirayama, 2005: 18). Similarly, research on Hong Kong's housing market has shown the uneven trajectory of house price appreciation across different price sectors. Those in the most expensive neighbourhoods and properties experienced substantially higher rates of appreciation in the period 1986 to 2001, and when prices fell in the aftermath of the Asian Financial Crisis were still in a position of having made much higher absolute gains than those in the cheaper properties and neighbourhoods.

These pockets of hyperappreciation, typically in the most fashionable districts of the most globally connected cities, can also create striking examples of households that are asset rich and income poor. Low-income households caught up in these new waves of residential investment can find themselves pushed into the high wealth categories. For example, France's wealth tax has increasingly encompassed households with very limited incomes and with few assets other than a high value property. Some of these nominally wealthy households are so poor they are exempt from income tax (*Guardian*, 2005). And while these property hot spots in Paris and other French cities have experienced soaring prices fuelled by the residential preferences of rich minorities, real disposable incomes have generally been falling. This is, of course, a variation on the gentrification and displacement theme and leaving aside the social disruptions and individual stress experienced in such circumstances, one might observe that asset rich/income poor is perhaps preferable to asset poor/income poor – better to be caught up in gentrification than comprehensively passed by? In the latter situation there is little scope to exercise choice of any kind.

A deregulated, re-regulated and privatized public policy environment has also facilitated spillover effects between national housing markets in terms of investment and price inflation. The growth of budget air travel across Europe has enabled the housing asset rich in high inflation housing markets to deploy resources in lower housing cost areas to buy second homes as lifestyle accessories and/or income generating investments. This has been evident among British homeowners where even those on modest incomes and with modestly valued properties have been able to take advantage of much cheaper property prices in places such as France or Spain, thus fuelling secondary property booms.

There are numerous other examples of these spillover effects facilitated by cheaper international mobility. For example, some 15% of real estate sales in Florida in 2004–5 were to individual purchasers from 100 different countries, 58% from Europe with UK buyers representing the majority (National Association of Realtors, 2005: 19). National and local housing policy agendas are thus increasingly affected by these transnational flows with more intense competition for the most desirable residential locations. Moreover, this globalized competition for urban space is often explicitly aided and abetted by national and local governments seeking to position their cities more securely in the global status hierarchy and to attract key corporate investors and professional migrants (Smith, 2002).

The implications for social policy of these developments is of a more volatile, divisive and often fine-grained spatial dimension to social inequalities in which housing wealth plays a key role. In the property hot spots, global influences are increasingly important in shaping the asset base of both households and institutions and in circumscribing the available policy options for local governments. In other words, housing asset rich regions or enclaves expand the potential tax bases for governments and the range of welfare choices for households, arguably supporting more market based options.

Demographies, Divisions and Cohorts

Housing asset accumulation thus has an uneven geography. This unevenness is then further crosscut by demographic, life course and cohort dimensions. There is a substantial literature on housing and the life course. Some of this focuses on the relationship between savings and income over a lifetime. Other work, more grounded in social geography and social policy, is concerned inter alia with the degree to which housing career trajectories or pathways vary from one cohort to the next and the explanations for such variations (e.g. Myers, 1999). More complexity still is added with comparative studies that explore the variations among similar cohorts in different countries. In the main, such research focuses on housing tenure histories, the achievement of home ownership and the timing of purchase, which varies significantly across different societies. In countries such as the UK, Canada and the USA entry to home ownership has tended to come at an early age whereas in, for example, Italy and Spain first time purchasers have often been in their late 30s (Chiuri and Jappelli, 2003). Explanations for these differences lie in varying demographic patterns, tax regimes, subsidy structures, mortgage regulations, cultural differences in household formation patterns as well as socialization and differing social conventions and expectations. What such studies are generally not able to show (usually because the data are not available) is how housing asset wealth is demographically distributed intra and internationally across different age cohorts. In other words what is the demographic distribution of the housing asset rich?

The general pattern is that housing equity increases with age as mortgages are paid off. Younger home owning households have a higher share of total incomes but a lower share of housing wealth. Thus, housing wealth tends to be increasing as incomes decline. However, such aggregate calculations do not reveal whether housing equity accumulation at the individual household level within each age cohort displays substantial variations over time and space. How is the life course cross cut by house price cycles and changing economic conditions (the timing of purchase), location of purchase (escalator city or neighbourhood) and affected by factors such as the relative sizes of different birth cohorts? These are complex interactions that have been explored to some degree by authors such as Myers (1999) and Deileman (2001). A specific example of such variations in timing is shown by data on Northern Ireland where younger households who entered the market between 1995 and 2000 experienced rapid equity gains compared to the previous and (probably) subsequent cohorts:

> It may seem that 66 per cent equity ownership is quite high for younger households, which have not had enough time in the housing market to clear a significant portion of their mortgage debt. However, the house price boom between 1995 and 2000 dramatically altered loan-to-value ratios among mortgagees, bestowing on them large windfall gains in equity value. (Fahey and Maitre, 2004: 296)

This example links to one of the more striking contemporary housing developments across a number of societies: namely, the declining rate of home ownership among younger age cohorts. Kurz and Blossfeld (2004: 370), found a 'growing delay in the transition to owner occupancy in France, Denmark and Spain'. Rates in Japan among younger age cohorts have fallen steadily and dramatically since the mid 1980s (Forrest et al., 2003). A similar process is evident in the UK, traditionally a society in which the financial regime encouraged and enabled early access to home ownership among young people (Council for Mortgage Lenders, 2005). The explanation for these trends varies but there are a number of key factors at work in different combinations in different societies. Young people are staying longer in higher education and thus entering the labour market later. Paying for education has become more individualized meaning that more young people start work with substantial debts to pay off. Partly related to the previous two factors, marriage and childbirth are happening later in life which in many societies represent a key trigger point for house purchase. Greater uncertainties in the labour market are affecting the ability of younger people to commit themselves to long term financial commitments such as taking out a mortgage. Again, it is important to emphasise that there are significant variations in these developments and there may be important differences both within and across cohorts with a greater polarization of experiences and opportunities. While home ownership rates among younger cohorts may be declining, those younger households who do gain access to home ownership may be in increasingly housing asset privileged positions compared to their peers. Aggregate downward trends in home ownership among younger households may thus conceal sub-cohorts embarked on sharp upward wealth accumulating trajectories.

Parental financial circumstances and the ability to provide down payments for children for house purchase or pay off educational debt is creating greater contrasts between housing (and other) asset rich families and those with more limited resources to deploy. For example, initial access to London's home ownership market now requires a hefty deposit. Having wealthy parents or other family members has thus become increasingly important in providing direct financial assistance to achieve the first step on the rung of the housing ladder.

A number of studies also indicate that it is the upper echelons of the housing asset rich that are best placed (e.g. Gulbrandsen, 2004), and have the greatest propensity (Farlow, 2005), to deploy such resources to enhance their own lifestyles and living standards and those of their offspring (and parents).

This may be in the form of drawing directly on housing equity for non-housing purposes, the ability to use housing assets as a significant credit platform, in relation to the expectations and likelihood of inheriting a dwelling and the value of the bequest. Rowlingson and McKay's (2005) study of housing and inheritance in the UK found that 'white owner-occupiers from the professional classes were the most likely to receive a bequest, especially one of much value'. Similarly, Spilerman (2000b) has demonstrated the interactions between family size, ethnicity and dwelling values in Israel. Israelis of European origin own more valuable dwellings than Israelis of North African heritage and have smaller families than the latter. The absence of a rental market in Israel combined with factors such as restrictions on currency transfers and overseas investments has made access to home ownership the principal means of wealth accumulation and a middle class lifestyle.

Since housing values have climbed more steeply than the inflation rate, the acquisition of a home shortly after marriage has meant a greater number of years in which a couple might grow its resource base. As a consequence, the possibility of early home ownership, facilitated by parental assistance, has operated to magnify the existing disparity between the resources of the poor and the more affluent, as family assets are transmitted from one generation to the next (Spilerman, 2000b: 12). A striking wealth cleavage is also apparent between black and white households in the USA, attributable in great part to differential access to home ownership, contrasting patterns of house price appreciation and racial contrasts in relation to parental resources (Charles and Hurst, 2002; Oliver and Shapiro, 1995; Shapiro, 2004).

Policy Convoys

The means and extent of building up substantial amounts of housing equity is therefore about timing, location and being in an advantageous social position in a particular society. Many housing pathways meander across highly localized, investment backwaters of national economies. Others have more cosmopolitan trajectories across high accumulation enclaves in national and international residential space. All housing pathways are, however, shaped by the temporal and societal particularities of tax and subsidy regimes and the general policy environment. We can conceive of this policy dimension as a convoy in three senses. First, it is a convenient metaphor to convey the differential impacts on households who enter the housing market under varying policy circumstances (e.g. universal tax relief on mortgage interest, no tax relief, stringent inheritance tax encompassing home ownership, limited inheritance tax, capital gains, no capital gains, etc.). Second, it evokes the strong element of path dependency of both policy change and individual pathways. Where you get on the policy train may well have significant influence on your circumstances when you get off. And policy in one period will shape and limit options in the next. A good example here is the way in which mass state rental provision in one era provided the policy option for some governments for mass privatization through tenant purchase and related schemes in a subsequent policy era. Third, the policy train passes through a changing economic environment that can have major impacts on housing asset accumulation. Forrest and Lee (2004), for example, illustrate the highly differentiated accumulation trajectories of different cohorts in Hong Kong reflecting the undulations of the economic cycle. More generally, the Asian Financial Crisis rapidly changed individual circumstances particularly among those on the economic margins and those who had entered the housing market at its peak.

Taking a longer historical sweep, Lelievre and Bonvalet (1994: 1663), observe that for the French generations born between the two world wars, 'a difficult start' was followed by a period in which 'they benefited from the boom in state-subsidised housing and the new housing loans implemented in the 1950s'. Post-war baby boomers across a number of societies were assisted in similar ways through a combination of mass state housing provision and various low cost loans and general tax reliefs on mortgage interest. Cohorts who gained access to the high-quality state housing of the post-war period were then the main beneficiaries of privatization policies that transferred state housing assets at discounted prices to large sections of the formerly tenanted population. While younger cohorts have typically faced reduced direct state provision and more limited and targeted subsidies for home ownership, the baby boomers in many countries moved into the latter stages of the life course having doubly benefited from state provision and/or from generous indirect tax and subsidy regimes.

Privatization programmes in former state socialist societies had similar effects particularly among the previously privileged cadres or nomenklatura (Davis, 2003; Kosareva and Struyk, 1993). It should be noted, however, that such policies have also contributed to significant asset cleavages particularly where mass privatization policies have transferred dwellings subject to decades of low rent, low maintenance and low quality housing policies. Housing privatization policies in China and Vietnam (Schenk, 2005) have been similarly uneven in their scope and economic impact. Rapidly appreciating assets for some may be burdensome liabilities for others.

In other parts of East Asia state orchestrated home ownership policies via Fordist institutions such as the Government Home Loan Corporation in Japan or the Hong Kong Housing Authority have enabled millions of households to gain a significant foothold on the housing asset ladder through low cost purchase schemes amidst rapidly escalating property values. New entrants in these and other societies, however, face a changing policy environment where post Asian Financial Crisis pressures, neoliberal orthodoxy and the pressures of globalization to maintain or enhance economic competitiveness have involved the fragmentation and privatization of such institutions.

To return then to the convoy analogy, there are some who do not join the home ownership convoy at all – the marginalized communities of the global north and south. There are those who have benefited from a combination of propitious economic conditions, real wage increases and periods of generous state support – the high accumulators. And there are those who may have accumulated housing equity but are in circumstances in which borrowing against that equity, or releasing the funds in some other way, has or may become as much a matter of necessity as choice. This latter point will be returned to later.

Housing Assets and the Shifting Terrain for Social Policy

In mature home ownership systems such as in Japan or the UK, older housing asset rich households may well depart the policy train with their assets relatively intact (or at least voluntarily deployed by choice for their own benefit or for the benefit of other family members). Cohorts that are further back in the convoy are, however, more likely to be caught between the pressures of the market and changes in state policies in which tax regimes may increasingly encompass housing wealth and involve a degree of compulsion in how that wealth is utilized in later life. At present few countries levy a wealth tax on housing – Spain, Sweden and Denmark being notable exceptions. This may change, however, as the equity stored in housing becomes irresistible to governments seeking new sources of tax revenue and fiscal savings. The evident accumulation of housing wealth among significant sections of populations has attracted the attention of policy makers seeking to fill pensions gaps, reduce the burden on state expenditures for care in old age or to boost consumption levels in depressed economies (Nakagawa, 1999). The wealth gap opening up between renters and owners (National Center for Real Estate Research [NCRER], 2004) and the affordability gap between generations has also focused policy debate on possible ways to distribute housing gains from the winners to the losers through new forms of taxation (Maxwell and Sodha, 2006).

To date, most academic and policy attention has focused on the distributional impact of housing wealth inheritance (see for example Forrest and Murie, 1989; O'Dwyer, 2001). But the focus on inheritance, while understandable in the context of societal ageing, can overlook the myriad ways in which a platform of housing wealth, individually and across families, can be mobilized directly and indirectly at various points during lifetimes. This can involve the consumption funded through low cost, secured borrowing and through trading down or remortgaging. Funds released in this way may be used for private health care, private education (see for example Shapiro, 2004), to buy cars, second homes, as gifts to children or for a whole variety of goods and services. For example, a recent survey by the US NCRER (2004: 10) found that almost 24% of homebuyers invested only some or none of the net equity from the sale of the previous home in their current one – 5% of households used it as downpayment for a second home. It has to be said, however, that it is often difficult to pin down empirically how funds released in these ways are actually used. Specific uses are often hidden in broad categories such as *home improvement*, *financial investments* or *repayment of debts* but as we saw earlier there is no doubt that consumer expenditure has been buttressed substantially in recent years through house price appreciation.

The mobilization of housing assets, however, also creates a whole new set of vulnerabilities. Bellamy (2006) refers to the 'household debt bubble', much of it secured against housing assets, and to the expansion of debt collecting agencies as more households find themselves in difficulties and the dangers of a 'cascade into negative equity' if there is a sustained drop in house prices. Easier access to mortgage finance combined with the growth in home ownership and rising property values has produced spiralling levels of debt exposure for households. This is a global phenomenon although its extent varies from country to country according to local variations in lending practices, housing tenure structures, price trajectories and legalislative and fiscal frameworks. Between 1992 and 2002 mortgage debt as a percentage of GDP grew from 43% to 87% in the Netherlands, from 45% to 58% in the US and from 53% to 64% in the UK (Zhang, 2006: 2).

The most obvious policy response is to introduce measures to curb speculation and house price inflation. Policy responses by governments to the consequences of sustained house price inflation have, however, been generally rather limited. One reason for this is that it would require strong intervention in the housing market and thus a major change of ideological direction for many governments. Liberalization of financial markets has also produced new difficulties for governments seeking to dampen house price inflation. Financial deregulation has created many more opportunities for borrowers to reduce their mortgage costs through refinancing to counteract the impact of interest rate rises or other fiscal adjustments. Cruz (2006) suggests that this has been a significant factor in explaining the limited response to rate rises in the USA. Increasing housing supply is also likely to have little impact in the short run, even in societies where annual building rates are relatively high and environmental constraints are low. More specific measures can focus on policies to reduce affordability costs for younger entrants to the property market or for low paid, key workers. Generally, these are indirect interventions limited in scope and scale. Moreover, in contexts where a majority of the population are already owners, rising property values generate a pervasive feel-good factor combined with significant consumption effects that ripple through the entire economy. Put simply, whatever the macro economic effects and the impacts on minorities of sustained house price inflation, the majority feel they are doing pretty well.

But essentially, measures that in the past provided decommodified or partially decommodified forms of housing provision (i.e. social housing, subsidized build for sale schemes) are off the current policy agenda. Where national and local governments were previously in circumstances of monopoly or near monopoly provision of social housing they have given way to more private and quasi-private agencies and institutions. The dominant policy context has been one in which, with few exceptions, the prescription for housing reform or modernization has been a concoction of privatization, marketization and institutional fragmentation. National, regional and local governments have been at the forefront of these transformations in the core capitalist countries. In the transitional societies of the former Soviet Union or in poorer developing countries, however, it is global institutions that have been the most visible actors shaping housing reforms. These include organizations such as the Bank for International Settlements, the World Bank and the IMF and international regulatory bodies such as International Accounting Standards Committee and the International Valuation Standards Committee (for an extended discussion see Forrest, 2007). Housing market governance is becoming more global because the risks to institutions and to households are growing should an economic downturn be occasioned by major conflict, natural catastrophe or some other destabilizing political or economic event or set of circumstances. But with such an occurrence, which some see as inevitable, it is national governments that are likely to be called upon to mediate between financial systems that owe little national allegiance and the local casualties, both households and institutions.

Conclusions

This article has been necessarily wide ranging, geographically and substantively, in order to highlight the different dimensions and significance of housing wealth for social policy. Housing asset wealth has become an important ingredient of opportunity and inequality and the drivers of these opportunities and inequalities are increasingly global to the extent that local housing market conditions are affected by the degree and nature of the embeddedness of cities and regions within the global economy. A pervasive and sustained house price boom has created a global topography of asset accumulation, housing privilege and risk exposure.

The article set out to establish that these processes have given housing a more prominent position in international policy debates. It then proceeded to set out the key factors that produce housing asset winners and losers. At the broadest level, it contrasted a growing mass of differentially endowed housing asset rich concentrated within more affluent societies and the concomitant growth of a mass of chronically housing poor associated particularly with sub-Saharan Africa, Latin America and southern Asia.

The subsequent sections then discussed the key processes of differentiation among those with housing assets. These different dimensions provide a framework within which we can conceive of three interconnected continuums: a ‘space’ continuum ranging from ‘escalator’ to ‘non-escalator’ locations; an ‘economy’ continuum ranging from high to low accumulation conditions; and a ‘policy environment’ continuum (policy convoys) ranging from policy contexts that are particularly favourable for housing asset accumulation and their deployment – to policy contexts which are more restrictive. Cohorts pass through these interconnected continuums producing highly differentiated outcomes. The way in which policy regimes, demographics and economic cycles coalesce to privilege some sections of populations and disadvantage others varies across and within societies. For example, in East Asian societies, the pace and scale of urbanization, volatile house price inflation and the highly compressed period in which social and economic transformations have occurred have produced particularly sharp contrasts within and between generations. But whereas in Japan the housing asset rich are concentrated at the older end of the life course, in China it is generally an emergent, younger middle class that has been the main beneficiary of house price inflation.

Housing asset rich households have a valuable resource that has become more flexible and 'liquifiable' through neoliberal policies. However, while that flexibility offers positional advantage it also involves new risks with rising indebtedness. The fundamental risk is that a global boom becomes a global bust in which the most 'overgeared' and financially vulnerable households find themselves with unsustainable debt levels. There have been numerous predictions of imminent housing market collapse over the last decade. So far it has not happened but recent trends in the US housing market suggest that the longstanding housing boom may finally be faltering (US Department of Housing and Urban Development, 2006).

The article also suggested that the financialization of housing has involved a shift in governance structures with a greater influence of global organizations and financial institutions in risk management and monitoring – underlining the significance of housing assets for the global economy. However, it is also the case that growing housing related wealth and the greater opportunities to mobilize that wealth offer policy opportunities for national governments seeking new sources of revenue, fiscal savings and more progressive social outcomes. If we enter a post-neoliberal policy environment it is likely to involve a greater capture of housing wealth for redistributional purposes. Younger cohorts of asset rich homeowners may thus face a less benign policy environment compared with their older counterparts.

For the moment, however, the trends are regressive rather than progressive. Access to decent housing, good education, good health and a generally comfortable lifestyle is increasingly dependent on private means and the differential ability to accumulate, retain and mobilize housing wealth within households and across generations has become an important factor in determining access to those key resources.

ACKNOWLEDGEMENTS

This article has been prepared as part of the initial background work for a project supported by the UK Economic and Social Research Council–Housing Assets and Intergenerational Dynamics in East Asian Societies, RES 062–23–0187.

REFERENCES

Bank for International Settlements (2002) *72nd Annual Report*. Basel: Bank for International Settlements.

Bellamy, J. F. (2006) 'The Household Debt Bubble', *Monthly Review* 58(1), accessed 25 June 2007, http://www.monthlyreview.org/0506jbf.htm

Boelhouwer, P., Doling, J., Elsinga, M. and Ford, J. (2004) 'Playing Snakes and Ladders: Gains and Losses for Home Owners', paper presented at the European Network of Housing Researchers Conference, University of Cambridge, 2–6 July.

Boyer, R. (2000) 'The Political in the era of Globalization and Finance: Focus on some Regulation School Research', *International Journal of Urban and Regional Research* 24(2): 274–322.

Brenner, R. (2004) 'New Boom or New Bubble?', *New Left Review* 25(Second Series): 57–103.

Charles, K. and Hurst, E. (2002) 'The Transition to Home Ownership and the Black–White Wealth Gap', *Review of Economics and Statistics* 84(2): 281–97.

Chiuri, M. and Jappelli, T. (2003) 'Financial Market Imperfections and Home Ownership: A Comparative Study', *European Economic Review* 47(5): 857–75.

Council for Mortgage Lenders (2005) *Housing Finance* Issue 04. London: Council for Mortgage Lenders.

Cruz, P.C. (2006) *Global Property Guide*, accessed 21 June 2007, http://www.globalpropertyguide.com/articleread.php?article_id=68&cid=

Davis, D. (2003) 'From Welfare Benefit to Capitalized Asset: The Re-Commodification of Residential Space in Urban China', in R. Forrest and J. Lee (eds) *Housing and Social Change* (pp. 183–96). London and New York: Routledge.

Davis, M. (2004) 'Planet of Slums', *New Left Review* 26(Second Series): 5–34.

Deep, A. and Domanski, D. (2002) 'Housing Markets and Economic Growth: Lessons from the US Refinancing Boom', *Bank for International Settlements Quarterly Review* (September): 37–45.

Deileman, F. (2001) 'Panel Data in Housing Research: A Reaction to the Paper by Myers on Cohort Longitudinal Estimation of Housing Careers', *Housing Studies* 16(1): 115–21.

DTZ Research (2005) *Research Alert: The Outlook for Luxury Residential Investment in Asia*. Singapore: DTZ.

Dunleavy, P. (1979) 'The Growth of Sectoral Cleavages and the Stabilisation of State Expenditure', *Environment and Planning D: Society and Space* 4(2): 129–44.

Economist, The (2005) 'In Come the Waves', (18 June): 73–5.

Fahey, T. and Maitre, B. (2004) 'Home Ownership and Social Inequality in Ireland', in K. Kurz and H.-P. Blossfeld (eds.) *Home Ownership and Social Inequality in Comparative Perspective* (pp. 281–303). Stanford, CA: Stanford University Press.

Farlow, A. (2005) 'UK House Prices, Consumption and GDP in a Global Context', Department of Economics, Oxford University, accessed 22 June 2007, http://www.economics.ox.ac.uk/members/andrew.farlow/

Fielding, A.J. (1992) 'Migration and Social Mobility: The South-East as an Escalator Region', *Regional Studies* 26(1): 1–15.

Forrest, R. (2007) 'Globalisation, Governance and the Housing Market', in P. Kennett (ed.) *Globalisation, Governance and Public Policy*. Cheltenham: Edgar Elgar.

Forrest, R. and Kennett, P. (1996) 'Coping Strategies, Housing Careers and Households with Negative Equity', *Journal of Social Policy* 25(3): 369–94.

Forrest, R. and Murie, A. (1989) 'Differential Accumulation: Wealth, Inheritance and Housing Policy Reconsidered', *Policy and Politics* 19(2): 109–18.

Forrest, R. and Murie, A. (eds) (1995) *Housing and Family Wealth*. London: Routledge.

Forrest, R., Murie, A. and Williams, P. (1990) *Home Ownership: Fragmentation and Differentiation*. London: Routledge.

Forrest, R., Kennett, P. and Izuhara, M. (2003) 'Home Ownership and Economic Change in Japan', *Housing Studies* 18(3): 277–93.

Forrest, R. and Lee, J. (2004) 'Cohort Effects, Differential Accumulation and Hong Kong's Volatile Housing Market', *Urban Studies* 41(11): 2181–96.

Guardian (2005) 'Wealth tax Hits Poor Pensioners of Paris', (17 June): 18.

Gulbrandsen, L. (2004) 'Home Ownership and Social Inequality in Norway', in K. Kurz and H.-P. Blossfeld (eds) *Home Ownership and Social Inequality in Comparative Perspective*. Stanford, CA: Stanford University Press.

Harloe, M. (1995) *The People's Home?* Oxford: Blackwell.

Herring, R. and Wachter, S. (1998) 'Real Estate Booms and Banking Busts: An International Perspective', paper presented at the Wharton Conference on Asian Twin Financial Crisis, March, Long Term Credit Bank, Tokyo.

Hirayama, Y. (2005) 'Running Hot and Cold in the Urban Home Ownership Market: The Experience of Japan's Major Cities', *Journal of Housing and the Built Environment* 20(1): 1–20.

International Monetary Fund (IMF) (2004) *World Economic Outlook*, September. Washington, DC: IMF.

Jones Lang LaSalle (2003) *Rising Urban Stars: Uncovering Future Winners*, May. Chicago, IL: Jones Lang LaSalle Research.

Kemeny, J. (1981) *The Myth of Home Ownership*. London: Routledge.

Kosareva, N. and Struyk, R. (1993) 'Housing Privatization in the Russian Federation', *Housing Policy Debate* 4(1): 81–100.

Kurz, K. and Blossfeld, H.-P. (eds) (2004) *Home Ownership and Social Inequality in Comparative Perspective*. Stanford, CA: Stanford University Press.

Lelievre, E. and Bonvalet, C. (1994) 'A Compared Cohort History of Residential Mobility, Social Change and Home Ownership in Paris and the Rest of France', *Urban Studies* 31(10): 1647–65.

Ley, D. and Tutchener, J. (2001) 'Immigration, Globalisation and House Prices in Canada's Gateway Cities', *Housing Studies* 16(2): 199–223.

Maxwell, D. and Sodha, S. (2006) *Housing Wealth: First Timers to Old Timers.* London: Institute for Public Policy Research.

Myers, D. (1999) 'Cohort Longitudinal Estimation of Housing Careers', *Housing Studies* 14(4): 473–90.

Nakagawa, S. (1999) *Why has Japan's Household Savings Rate Remained High Even During the 1990s?* Tokyo: Research and Statistics Division, Bank of Japan.

National Association of Realtors (2005) *Foreign Investment in U.S. Real Estate: Current Trends and Historical Perspective*. Chicago, IL: National Association of Realtors.

National Center for Real Estate Research (2004) *Housing Wealth Effects*. Chicago, IL: National Association of Realtors.

O'Dywer, L.A. (2001) 'The Impact of Housing Inheritance on the Distribution of Wealth in Australia', *Australian Journal of Political Science* 39(1): 83–100.

Oliver, M. and Shapiro, T. (1995) *Black Wealth, White Wealth: A New Perspective on Racial Inequality*. London: Routledge.

Rex, J. and Moore, R. (1967) *Race, Community and Conflict*. Oxford: Oxford University Press.

Rossi, P. (1980) *Why People Move*. Glencoe, IL: Free Press.

Rowlingson, K. and McKay, S. (2005) 'Attitudes to Housing Assets and Inheritance', *Housing Finance* 10: 1–11.

Saunders, P. (1978) 'Domestic Property and Social Class', *International Journal of Urban and Regional Research* 2: 233–51.
Schenk, H. (2005) 'Residents of Hanoi's Socialist Apartments: A Legacy of Continuity and Some Change After Vietnam's Economic Transition', paper presented at the Asia Pacific Network of Housing Researchers conference, Kobe, 6–8 September.
Shapiro, O. (2004) *The Hidden Cost of Being African-American: How Wealth Perpetuates Inequality*. New York: Oxford University Press.
Shiller, R. (2005) 'The Next Bubble (or Bust)', *World Economic Forum Global Agenda*, Issue No. 3, Annual Meeting, Davos, Switzerland (pp. 106–7).
Smith, N. (2002) 'New Globalism, New Urbanism: Gentrification as Global Urban Strategy', *Antipode* 34(3): 427–50.
Spilerman, S. (2000a) 'Wealth and Stratification Processes', *Annual Review of Sociology* 26: 497–524.
Spilerman, S. (2000b) 'Parental Wealth and the Living Standards of Young Couples in Israel', Working Paper No. 5, Centre for Social Development, Washington University.
United Nations Human Settlements Programme (UNHSP) (2003) *The Challenge of Slums*. London: Earthscan.
US Department of Housing and Urban Development (HUD) (2006) *US Housing Market Conditions*, 3rd Quarter. Washington: HUD.
Zhang, P. (2006) 'A Trillion Pound Success Story', *Housing Finance* 6: 1–11.
Zhu, H. (2003) 'The Importance of Property Markets for Monetary Policy and Fiscal Stability', *BIS Papers* No. 21. Basel: Bank for International Settlements.

RÉSUMÉ

Globalization et d'actifs de Logement: Les Geographies, les Demographies, et les 'Policy Convoys'

Cet article explore l'importance d'actifs de logement en formant des opportunities et des disadvantage du paysage global. De cette manière, il est concerné avec quatre problèmes clés. Premièrement, il cherche à montrer la significance croissante de richesse de logement à une échelle globale. Deuxiemment, cet article est concerné par l'impact inégal et potentiellement fractionnel d'accumulation d'actifs de logement, dans et entre les sociétés. Troisiemment, cet article cherche à montrer comment le context économique, le context geo-démographique, et le context politique combinent de produire les résultats different pour les différents groupes de population. Quatrièmement, cet article discute la manière dans quel des régimes de logement et d'accumulation de richesse immobilière sont plus axés sur le marché et qui changent l'environnement social de polititique. L'argument fondamental de cet article est ce que le dynamique du marché de l'habitation et l'actifs de logement sont d'importance croissante en ce qui concerne le relation des configurations contemporaines de risque, d'occasion, de la vulnérabilité, et du privilège et ils doivent être embrassés plus au cours de la discussion sociale de politique.

RESUMEN

La Globalización y el Valor del Activo Vivienda: Geografías, Demografías y Transmisión de la Política Social

El presente documento examina la importancia del activo vivienda en la formación del paisaje global de oportunidades y carencias. Se trata de cuatro asuntos fundamentales. En primer lugar, trata de destacar la importancia creciente de la riqueza relacionada con las viviendas a escala global. En segundo lugar se interesa en el impacto desigual y potencialmente divisivo de la acumulación del activo vivienda, entre y dentro de las sociedades. En tercer lugar trata de mostrar la manera en que los contextos económicos y geodemográficas, y los contextos de política, se unen para producir varias consecuencias para las diferentes cohortes de la populación. Finalmente, analiza la manera en que el aumento de sistemas de viviendas dirigidos por el mercado, y la acumulación de riqueza por viviendas, están cambiando el medio de la política social. El subyacente razonamiento del documento es así: que la dinámica de los mercados de la vivienda y del activo vivienda son cada vez más importantes con relación a las pautas contemporáneas de riesgo, oportunidad, vulnerabilidad y privilegio. Por esta razón, deberían recibir más atención en la cuestión de la política social.

BIOGRAPHICAL NOTE

RAY FORREST is Professor of Urban Studies in the School for Policy Studies at the University of Bristol and Associate Director of the Centre for East Asian Studies at Bristol. He is currently joint editor of *Housing Studies* and co-editor of *Asian Public Policy.* He is a founding member of the Asia-Pacific Network of Housing Researchers and is an adjunct Professor at the City University of Hong Kong. Please address correspondence to Ray Forrest, School for Policy Studies and Centre for East Asian Studies, 8 Priory Road, University of Bristol, Bristol BS8 4TB, UK. [email: R.Forrest@bristol.ac.uk]