Financialization in 13 cities

an international comparative report

THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE

BOLIGØKONOMISK VIDENCENTER

Copenhagen
Stockholm
London
Dublin
Berlin
Barcelona
Lisbon
Vancouver
Miami
Singapore
Hong Kong
Sydney
Auckland

Realdania

BOLIGØKONOMISK
VIDENCENTER

Financialization in 13 cities

an international comparative report

By
Christine Whitehead
Kath Scanlon
Michael Voigtländer
Jacob Karlsson
Fanny Blanc
Martina Rotolo

April 2023

LSE London

Acknowledgements

We would like first to thank our sponsor Curt Liliegreen, Director of the Knowledge Centre for Housing Economics in Copenhagen, for giving us the opportunity to undertake this project. He has been continually supportive through the challenges presented by Covid 19 and the consequent difficulties in interacting with the experts from 13 cities across the globe.

It has been a revelation comparing the various ways that financialization is understood by different disciplines and in different housing and political systems. We hope that our descriptive comparative analysis will provide a starting point for other researchers to undertake more detailed and more formal analyses as the economic and financial environments change.

We are particularly grateful to the country experts. They wrote the city cameos that appear in Appendix A and were unfailingly responsive to our (sometimes unreasonable) requests for information. All of them enthusiastically took part in the series of discussions that were central to the findings of the report[1]. We were very pleased that many of them could join us in person at the final conference in Copenhagen in September 2022 and hope to be able to work with them all again soon.

In alphabetical order by city, the experts were:

Auckland - Laurence Murphy (University of Auckland)
Barcelona - Montserrat Pareja-Eastaway (Universitat de Barcelona)
Berlin - Michael Voigtländer (Institut der deutschen Wirtschaft)
Copenhagen - Curt Liliegreen (Boligøkonomisk Videncenter)
Dublin - Michelle Norris (University College Dublin)
Hong Kong - Rebecca Chiu (University of Hong Kong)
Lisbon - Alda Azevedo, Sónia Nunes Alves (Universidade de Lisboa) and Patricia Canelas (Oxford University)
London - Kath Scanlon and Christine Whitehead (London School of Economics)
Miami - Mark Thibodeau (Florida International University) and Steve Malpezzi (University of Wisconsin Madison)
Singapore - Jun Jie Woo (National University of Singapore)
Stockholm - Peter Englund (Stockholm School of Economics)
Sydney - Sha Liu, Nicole Gurran and Peter Phibbs (University of Sydney)
Vancouver - Penny Gurstein and Tom Davidoff (University of British Columbia)

Finally, we would like to thank our co-authors Fanny Blanc, Jacob Karlsson, Martina Rotolo and Michael Voigtländer for the amazing amount of work they have done.

Christine and Kath
April 2023

[1] We should make it clear that the analysis in this report was prepared by the main authors, and country experts' views may differ.

Table of contents

Appendices: Table of contents

Executive summary

Aims of the research

Over the last 20 years, financialization of the housing market has become a topic of increasing public and political concern, especially in high-demand cities. It has also become an important element in academic discussion. The objective of the research was to undertake a comparative study across a range of countries with very different experiences to help understand how financialization is defined and experienced in different contexts and its relative importance as compared to other determinants of housing outcomes.

Analytically, some observers see financialization as little more than a natural outcome of financial development, with both positive and negative implications. At the other end of the spectrum, its many critics see it as a game changer, harming not just those directly affected by higher housing costs and greater insecurity but helping to generate the structural transformation of economies, firms (including financial institutions), states and households. Academics from the disciplines of finance and economics tend to stress the first, while those who draw on sociology and political economy are much more concerned with the negative outcomes of changing political and market power.

There is a clear tension between those who see housing issues mainly through the lens of human rights (who argue that any housing system must ensure adequate affordable housing for everyone) and those who see housing as a commodity which uses scarce resources (who argue for efficient provision of housing, with government intervention to address distributional issues). Many of the attributes of housing generate tensions between these two approaches: everyone needs to live somewhere but housing is also a 'luxury' good so richer households demand more; housing is both an asset and a consumption good; and while demand for housing can increase very quickly, supply responds only slowly if at all.

The basic hypothesis of financialization scholars is that deregulation of the finance and housing markets has brought housing more into the mainstream of tradeable assets and enabled a whole range of new players, often with strong profit motives, to enter the housing system. These developments have increased demand for housing as an asset as opposed to housing as a home. While these changes may have enabled efficiencies to be realised, they have also incentivised participants to identify loopholes where excess profit can be achieved. In addition, ultra-low interest rates have enabled investors to leverage equity yields even though the overall yields in the market have been moderate.

The countries and cities

Our research concentrates on 12 countries in North America, Western Europe, Australasia and parts of Asia, plus the city of Hong Kong. These countries were chosen to reflect a variety of relevant experience but also because each has a strong academic community analysing housing and urban systems and the development of financial markets. Within these countries, we identified cities where financialization of housing has been seen as particularly relevant. Hong Kong was included as an important Asian housing market.

Methodology

Our approach is broad-brush, describing and analysing how the issues of financialization are playing out across this range of very different countries and in those of their cities most affected by aspects of financialization. We worked closely with a team of international experts based in the case-study countries.

We used mixed methods to examine the attributes of financialization; the role played by financialization in different environments; the impact on the supply of new housing; the effect on prices and rents and the allocation of housing in the existing housing stock; and consequential distributional issues.

At the national level this entailed examining the relevant legal and regulatory frameworks and the published data covering both housing and finance sectors. We also identified specific legislation addressing financialization concerns. Where possible we made comparisons across countries.

Housing is inherently locationally specific, so our analysis of financialization's impacts concentrated at the city level. For each city, our local expert wrote a cameo setting out the features of the local housing market and administrative allocation systems; how affordability has changed over recent decades; the main local manifestations of financialization, the most important actors, and how financialization is perceived; and the ways in which local governments have responded to the observed challenges.

National findings

All of the countries in our sample faced major housing problems with respect to both affordability and inadequate supply at least for some groups and especially in major cities. All had seen financial developments often leading to greater indebtedness.

All our national experts recognised financialization as a phenomenon – but its perceived attributes varied very considerably between our sample countries. In some countries financialization was seen to affect only parts of the privately rented sector, while in others it was concentrated in the owner-occupied sector. In some countries it was closely tied to immigration, in others it was more about financial flows. In some, the impacts were concentrated on the lower end of the housing market with significant negative distributional effects; in others the effects were more widespread. In some the effects were seen entirely on the existing stock – and often the renovation of that stock; in others new build was seen to be an important element. In some the whole concept was generally perceived to be negative, in others there were seen to be some positive impacts arising from innovations and financial market developments.

The extent of financialization varied between countries. Its nature and degree were related to each country's openness to international markets with respect to both finance and housing, and to the strength of each country's regulatory system. We used these two attributes to categorise our countries into four groups which might be expected to have different experiences of financialization:

a. The USA, England and Canada, which have deregulated housing finance systems and are relatively open to international finance and investment. Regulation in the housing sector is also limited. Hong Kong was also located in this group.

b. Australia, New Zealand and Singapore, all of which have housing markets dominated by owner-occupation. They have also experienced significant in-migration and have brought in regulation to limit international investor involvement.

c. Portugal and Spain, which have both been very open financially, often treating particular sources of finance or types of investors preferentially. However, this environment is now changing with the removal of preferential treatment and much greater emphasis on regulation.

d. Denmark Sweden and Germany, which all have histories of strong regulation particularly with respect to rent determination and security of tenure in the rental market. To these we added Ireland, which has increased regulation significantly over the last few years. They are all also (as are Portugal and Spain) subject to EU financial regulation.

Findings at local level

The cities chosen are ones which are at the forefront of the financialization debate within each of our sample countries. Six are capital cities; two are basically city states; Sydney and Auckland are the largest cities in Australia and New Zealand respectively; Vancouver and Barcelona are the capitals of major regions, while Miami is regarded as the most important and fastest growing financial centre in southern USA.

Almost all the case-study cities have *growing populations* and often that rate of growth has been more rapid than across the country as a whole. That growth often involves international as well as local migrants.

Most also have *owner-occupation rates somewhat below the national average* – in some cases, notably Copenhagen and Berlin, well below. In a majority owner-occupation has been declining. Especially in lower priced areas.

Rents are generally rising, as are house prices. Linked to this, *affordability has been worsening* in all the cities included in our sample. The most usual explanation given is simply lack of supply, for which tight planning regulations and sometimes intrinsic land constraints are blamed. Underlying this is the fundamental problem that demand (which is strongly affected by financialization) can vary rapidly – e.g. because of growing investor interest in housing – while supply adjusts very slowly – so the most immediate impact is on higher prices and rents.

Much less consistent is the relative importance of *foreign investment* – in part because some countries have strong national regulations against such investment. Vancouver and Miami stood out as being particularly affected not just by overseas investment but also by demand from new immigrants with significant funds.

Some cities, notably in Scandinavia and Germany, have been particularly affected by *private equity*, notably Blackstone, aiming to exploit loopholes in regulation to increase profitability and capital values through improvement policies.

Another problem has been the growth of *short-term lettings* on platforms such as Airbnb which can generate much higher returns than traditional private renting especially in cities which attract large numbers of tourists or those in short term employment.

A particular issue in most of our sample countries has been a lack of investment in new mainstream rental housing, in part because of past regulation experience. In several of our sample cities there has been a growth in Build to Rent investment which provides the potential for purchasing at scale and is therefore attractive to international investors. Such developments tend however to be for households with at least average incomes and do little to help lower-income tenants.

An important difference between the cities is the extent to which the city itself or its region has *regulatory powers.* In most cities in our sample (London being the notable exception), regional and local governments have considerable regulatory powers – and are often looking for more. Berlin and Barcelona in particular, have been at odds with their respective national governments about whether they have the right to introduce local rent controls.

Returning to our categorisation

Many of the impacts of financialization are observable across all the countries and cities in our sample, although the extent of the impact differs significantly from place to place. In Australia, New Zealand and Singapore the impact of financialization has been concentrated in the owner-occupied sector, with rising concerns about purchases by overseas individual investors. Regulation has been the most important response to these international investors. In both Australia and New Zealand experts stated that their finance markets were not seen as large enough to attract international institutional investors – in the housing context because of the dominance of owner-occupation and individual landlords. However, in both countries there was concern that housing debt has increased very significantly increasing the potential for systemic risk in their banking sectors.

By contrast in Denmark, Germany, Sweden the most obvious impacts of financialization have been concentrated on the rental sector. Governments have responded by strengthening rent regulation and reducing investors' ability to raise rents after improving the existing stock. Ireland has introduced rent pressure zones as has Germany. In many countries there have been local campaigns to limit international financial involvement.

Portugal and Spain, like Ireland, have traditionally emphasised the benefits of international investment but have more recently found it necessary to limit its impact on housing, particularly rental housing. There is increasing emphasis on rent controls in Spain, and both Iberian countries have introduced legislation at local level to limit short term lets which are eating into the existing more traditional private rented sector.

Finally in the most open and unregulated countries of Canada, the USA and England, as well as Hong Kong, institutional and indeed international investment have been central to financing housing for decades. The most obvious changes, especially in the USA and England, has been the increased role of private equity in the rental sector but also the increased leverage among owner-occupiers. In England there is also evidence of subsidy- seeking by private equity investors in the affordable and specialist housing sectors.

The views of investors

As part of the research, our experts interviewed investors or their representatives in a range of countries. The term *financialization* was recognised by all of our interviewees, but each had a somewhat different interpretation. The interviewees said housing had always been a type of asset. They recognised that financialization could produce negative outcomes but emphasised that the sector required continued investment both to provide new housing and to improve the existing stock.

Investors tended to focus on efficiency gains rather than the more negative distributional impacts. They identified various drivers of financialization including the development of the internet, the growth in access to large datasets and improvements in technology which have speeded up more accurate communication; the development of new financial products which meet different needs; low yields on other investments; the perception of property as an avenue to wealth generation; and also, importantly, investors' views that much housing is poorly managed and undervalued. Most investors and advisors did not regard protecting vulnerable households as part of their role; rather they looked to stable legal and regulatory systems with clear cut objectives to enable them to do their job effectively within the law.

Interviewees said increased leverage could lead to higher risks for both individuals and financial institutions. In this context our experts noted that in many countries, bank portfolios are heavily dependent on mortgage debt and that housing wealth now dominates the assets held by individual investors. Private equity which has been by far the fastest growing sector of the international market is seen as being particularly problematic – in part because there is no transparent market-based means of valuing these organisations.

Conclusions

Concern about the financialization of housing has increased in many developed countries, particularly since the Global Financial Crisis. In many cities the costs are borne by poorer households who are facing higher housing costs, less security of tenure, and exclusion from many neighbourhoods. But even middle- and higher-income households can be affected by some aspects of financialization.

Yet, finance is inherently an element in any housing system because of the attributes of housing as both an asset and a consumption good. In the rental market the landlord finances the dwelling either by equity or debt and the tenant pays rent which provides for the necessary return on the asset. Owner-occupiers on the other hand act as landlord to themselves as tenant, thus both funding the asset and consuming the value of that asset.

Historically there have often been special circuits of housing finance organised by governments. Now it is far more market oriented. Deregulation of housing finance markets from the 1980s enabled banks to enter the mortgage market and widened the range of financial instruments which could be used to fund housing; it also enabled new types of investors to enter the market.

Many of these changes increased the efficiency of finance markets across the developed world – but the resultant leverage also led to significant increases in systemic risk as demonstrated by the Global Financial Crisis of 2008. After a period of retrenchment, levels of debt have continued to rise on the back of growing demand for housing as a relatively safe and secure asset in a world of low interest rates and quantitative easing. Perhaps most importantly the market has become increasing internationalised, notably involving private equity companies such as Blackstone, which are perceived as looking for short term gains rather than long term stable investments.

Economists tend to emphasise the benefits of more mature finance markets with larger numbers of players. They argue that, as long as there are proper regulatory systems at national and international level, more open markets bring more resources into the housing system. But even at the most general level this rosy picture is not a balanced one, mainly because of another fundamental attribute of housing: that supply is extremely inelastic. More investor demand, to a very significant extent, ends up in higher prices and rents. It is this which puts so much pressure on households and breaks the link between local housing costs and incomes, the fundamental negative outcome of financialization. Investor demand also tends to generate continuing gentrification in the more desirable areas of cities, concentrating poorer households in less desirable areas often poorly served by public transport.

Finally, much of the discussion in the literature relates to investment in the existing stock and how that stock is allocated. But there are equally important issues in relation to new build. The Build to Rent market has expanded rapidly over the last few years – but, except where government intervenes (e.g. as in England where a proportion of affordable housing is required) this output has tended to be aimed at the middle and upper end of the market. This has helped fill gaps in the availability of suitable housing for higher income and often mobile households but has done nothing to meet the needs of poorer households.

Some Implications

Finance is a necessary part of any housing system, but both the finance and housing systems need to be designed so that they have a positive impact on society. Policy makers must follow basic principles like maintaining a level playing field (through e.g. the prevention of tax privileges); putting in place robust regulatory frameworks, like protecting tenants from arbitrary eviction and extreme rent increases; and providing for poorer households who cannot afford acceptable housing. Zoning should secure higher levels of new supply but also ensure that new residential schemes are mixed, so that all sectors of the market are served.

Policy makers should emphasise the need for large scale private capital to finance the transformation of the housing stock to meet climate goals. Experience in Germany and Sweden shows that big private investors are willing to invest in the housing stock. The EU Taxonomy fosters these investments by requiring big companies to reveal their carbon footprint. Financing conditions depend more and more on whether investments are labelled as green. However, investments in modernisation and carbon neutrality should not lead to overburdened renters. Rules for shifting modernisation costs should be designed in a way that balances the interests of landlords and tenants.

In some countries, temporary lettings have increased enormously, often reducing housing supply for local households. The main reason is that tourists' ability to pay exceeds that of local households. In a perfect world, investment would expand so that the different demands were all satisfied, but with capacity constraints, time lags and especially a scarcity of land in urban areas, this is not possible. Sound regulation of temporary lettings, e.g. by implementing quotas or other restrictions, is a reasonable and necessary response.

In many contexts, especially at the local level, constraints on land and housing supply are seen as just as problematic as the effects of financialization. To meet their own objectives cities and countries will generally need to ensure land is available, together with the necessary infrastructure, so housing supply can expand in appropriate locations as population and incomes grow. One approach is to use their powers to try to limit demand, especially from non-locals. This is often popular with local voters and politicians but, as this report suggests, it is difficult to implement and frequently ineffective. Where it is effective, it can have serious unintended consequences, notably for newcomers and poorer households. In many cities with little undeveloped land expanding supply may mean regeneration at higher densities and/or expanding city boundaries. Neither of these are easy solutions but if demand continues to grow without long term increases in new supply, the costs identified in the financialization debate will only be exacerbated.

Overall, there are obvious gains from greater investment in housing, as long as it provides the housing required and funds necessary improvements in the existing stock. But there are also increases in systemic risks which should be managed at national and international level. Major distributional and fairness costs must be addressed at all levels of government. Whether the rather piecemeal responses which we have identified can be developed into a more coherent approach to both the benefits and the dangers seems unlikely – but necessary.

Postscript – recent developments to April 2023

The research for this project was completed in November 2022. By then, the interest rates set by central banks had been rising since the beginning of 2022 in response to rapidly increasing inflation, and mortgage rates had followed suit. But these changes were slow to work their way through the various housing systems, notably because in many countries most mortgage borrowing is on fixed rate terms. So, while there was increasing concern about market uncertainties and evidence that house prices were falling, in few there was evidence of a significant shift away from investing in housing as a capital asset.

In April 2023, we asked our experts to update us on how their local markets had responded to recent macroeconomic shifts, and how they were expected to respond in future. Most said that in their countries and cities inflation continued to be high, which was leading to governments and central banks undertaking further macro-economic stabilisation policies including interest rate rises. Such rises were often leading to further falls in house prices.

Even so, commentators in most countries were predicting that house prices would probably turn up again within the next year because of strong fundamentals. Equally, there was considerable evidence of rising rents and shortages of available lettings in the private rented sector. Consequently, there were continuing concerns about the costs to households, communities and housing systems, with the pressures of financialization thought unlikely to go away although they might diminish. Perhaps more importantly, one of the most consistent impacts of inflation, rising interest rates and greater instability has been a decline in new housing building activity in most of our sample cities and countries. We can only hope that this will soon be reversed.

1

Chapter 1: Introduction

In 2020, Denmark's Boligøkonomisk Videncenter (The Knowledge Centre for Housing Economics) asked LSE London to undertake an analysis of the phenomenon widely known as financialization of housing. The term refers to a strict profit-maximising approach to residential property, often purchased with debt finance. Over the last 20 years, financialization has become a topic of increasing public and political concern, especially in high-demand cities[2]. Financialization is said to push up house prices and rents; to sever the links between local incomes and the cost of housing; to render homes unaffordable for lower- and middle-income households; and ultimately to break up communities. Financialization theorists see its advent as a fundamental paradigm shift, from housing as a home to housing as a financial asset.

This report focuses on different academic approaches to financialization, which is one of the most active areas of research in contemporary housing studies. Even so, the main debate about financialization is not academic but political. In the past decade it has entered into the discussion at every level of government, often centred around the status of housing as a human right.

The identification of housing as a human right is not recent: the 1948 Universal Declaration of Human Rights recognises housing as an essential factor in an adequate standard of living. This was updated in article 11.1 of the 1966 International Covenant on Economic, Social and Cultural Rights[3]. However, until relatively recently it was perceived of as a rather general concept with no detail about what would satisfy that right in different contexts.

This changed when Leilana Farha became the United Nations Special Rapporteur on the right to housing in 2014. During her six-year tenure the Canadian academic brought the issue very much to the fore. She appeared in the 2019 film *Push*[4], a documentary exploring 'why we can't afford to live in our own cities any more', which attracted political audiences in many countries. She has become one of the most prominent critics of the costs of financialization and her perspective has helped to frame debates not only at international level, but also at national and local levels where practical policies must be developed.

In Denmark, Blackstone is synonymous with housing financialization. This US private investment firm, one of the world's largest, has invested in private rented housing in many places including, controversially, Copenhagen. But private equity investment is not the only manifestation of financialization; there are other forms affecting not just private renting but owner-occupied housing and the social rented sector as well.

Financialization is linked with the globalisation of housing finance and property markets, which allows investors from across the world to take part in what were once narrow local housing markets. Even though the word 'finance' is the root of the term, the relevant theories come originally from academic sociology and political economy but also importantly housing activism. Only recently have economists and finance scholars begun to engage with the issue. This report represents an attempt to bring an economic perspective to the debate together with new comparative analysis of its importance across a range of countries and cities.

---

[2] Housing is by no means the only sector said to have become financialised; the phenomenon is widespread and includes many economic activities affecting everyday necessities.

[3] A review of the United Nations position (e.g. The human right to adequate housing) can be found at https://www.ohchr.org/en/special-procedures/sr-housing/human-right-adequate-housing.

[4] *Push* (director Frederik Gertten), WG Film 2019.

An example of housing financialization: Blackstone and the Danish response

The Blackstone Group, an American investment management company, has become the symbol of financialization in Danish public debate. Blackstone first entered the Danish market in 2014 and now owns about 2300 homes, mostly in Copenhagen, through its subsidiary Kereby. When the Danish minority government took office in 2019, it promised to take action to stop short-term speculation by investors in the rental market, especially in Copenhagen. Then-housing minister Kaare Dybvad Bek said he was inspired in part by the film *Push*, about the campaign against Blackstone by former UN Special Rapporteur for Housing Leilani Farha, which premiered in the Danish capital.

Known widely as the 'Blackstone intervention', the new laws that took effect in July 2020 made it significantly harder and more expensive for landlords (all landlords, not just big investors) to raise rents after renovations. The goal, Kaare Dybvad said, was to allow key workers such as bus drivers and kindergarten teachers to live near their work in costly cities like Copenhagen. The Danish tenants' organisation called the measures a victory for tenants, whereas the Danish Property Federation said they were a disaster. Data acquired from Cushman and Wakefield show a sharp fall in foreign investment in 2020 but again reached a record level in 2021.

Blackstone's 'buy it, fix it, sell it' strategy for rental housing was examined in a recent academic paper by geographer Brett Christophers of the University of Uppsala (2021). Christophers researched the company's investments in Danish, German, Swedish and US cities using annual reports, financial statements, other securities filings and quarterly earnings release transcripts.

In all four countries, Blackstone identified rent gaps (actual rents that are below what the market would bear) in existing housing. It then acquired that housing, renovated it and in the USA, Sweden and Germany increased the rents. In Sweden and the USA, Blackstone subsequently sold properties at prices that capitalised these higher rents, thus realising the profits occasioned by rent-gap closure. In Germany, it was unable to implement its strategy in full, as left-of-centre political parties forcefully questioned and temporarily curtailed Blackstone's capacity to raise rents. In Denmark the situation was different because, although the landlord had the right to carry out major modifications without the tenant's agreement, they could not increase the rent until the tenant voluntarily moved on. But there was also an effect on the large cooperative sector. When the value of private rented properties was driven up by the possibility of future rent increases, then the value of the cooperatives had to follow. Therefore, cooperative apartments gradually became less affordable. The political response to Blackstone was strong and they have reduced their involvement in Denmark and now work under the name of Kereby.

In our research we look at how financialization plays out in 13 cities across the globe placing them in their national context. We examine the main effects attributed to financialization and look at the evidence as to whether it has led to widespread increases in housing costs; worsening affordability; and reduced access to housing for lower income households – or is one cause among many. Using an international comparative lens, we consider whether urbanisation, population increase, income growth and barriers to new construction drive up prices and rents, thus attracting international capital flows — or conversely whether such capital flows drive housing costs directly.

Aims of the research

Separating these factors is a classic economic-analytical task. It is complicated by the fact that each housing market has its own geographical and historical context, its own forms of property ownership, its own legal framework and finance, tax and subsidy systems — and that these differ widely across countries and even across cities within a single country. The aims of this research, which took place from mid-2020 to late 2022, were therefore to:

- investigate the theoretical underpinnings of the concept of financialization, including different scholarly approaches to the phenomenon;
- put the effects of financialization into a broader framework that includes housing supply, urbanisation, economic growth and general macroeconomic and regulatory factors;
- identify the negative effects attributed to financialization, and assess its contribution to these effects; and
- suggest ways in which negative impacts could be counteracted to improve the functioning of housing markets for local people.

The case-study countries and cities

For the study, we selected a range of cities across the world where financialization of housing was controversial, and whose national housing systems had developed in various ways. The thirteen countries have very different types of economy, financial systems and approaches to the provision of both market and affordable housing. Some are highly centralised, others federal; in some the local authorities or regions have little autonomy while in others they are powerful actors. There are longstanding differences in the degree of regulation of the private rented sector in particular. The countries, and the associated case-study cities, are:

USA (**Miami**) and Canada (**Vancouver**) in North America, where housing systems are often classically free-market;

Ireland (**Dublin**) and UK (**London**), whose private rental markets have been relatively unconstrained for many years, although Ireland has increasingly regulated rents over the last decade;

Denmark (**Copenhagen**) and Sweden (**Stockholm**), both with strong, well-established regulatory frameworks;

Germany (**Berlin**), where the housing system, strongly affected by reunification, has operated under a clear regulatory framework for decades;

Portugal (**Lisbon**) and Spain (**Barcelona**) on the Iberian peninsula, representing the southern European tradition and in the case of Barcelona, a powerful regional government;

Hong Kong[5] and **Singapore**, two Asian island cities that are highly geographically constrained but with totally different approaches to housing provision; and

Australia (**Sydney**) and New Zealand (**Auckland**), where owner-occupation dominates.

[5] Hong Kong was included because it has many lessons in common with the other countries in the research.

All these cities face significant problems of housing affordability and access. All have, to a greater or lesser degree, become more open to global financial markets over the last decades. In each, financialization of housing has become a major — sometimes *the* major — local political and/or public concern.

To guide us through this complex landscape we worked with distinguished academic housing experts from 13 countries. Some are economists; others come from a range of other academic disciplines. These experts helped us understand each city's housing system and the challenges facing it, gave us insight into the legislative and regulatory measures taken to address the problems at national and local level, and contributed their own strongly held views (often informed by extensive research into this topic). We are immensely grateful for their contributions to the project. The analysis and conclusions in the main report are those of the authors alone and may not reflect the views of all the participating experts.

Our methods

This was a mixed-methods research project. The central LSE team carried out a review of the literature on financialization from various academic traditions including sociology, economics political economy and housing finance. Using a consistent framework, we collected statistical, academic and journalistic source material on housing stock, prices, ownership, demographics, foreign ownership and types of investors in the housing market, at both national and city level. We conducted a programme of interviews of major investors or their representatives in several countries, to capture this hitherto underreported perspective.

Each of our experts completed an extensive questionnaire regarding tenancy legislation, taxation and regulation, rents, housing output, urban planning and anti-financialization policies adopted or proposed in their city and country. Each expert also provided a qualitative portrait of financialization in their city, both from a professional academic perspective but also, in most cases, as well-informed long-term residents working on these issues. This material forms the basis of the city 'cameos' that appear in **Appendix A**. These cameos are one of the main empirical outputs of the research and deserve to be read in their entirety.

We have brought all these different elements together first to develop a categorisation of our sample of countries in relation to two core issues – the extent to which the national housing systems are regulated and the extent to which each country is open to international investment. This categorisation helped us to recognise certain patterns and differences among our sample countries.

Within each country we then used a more descriptive approach to understanding the attributes of each city's housing system and the challenges they face; to clarify the perceived role of financialization; and to examine the different approaches used to address any resultant negative effects.

Finally we came together in Copenhagen to discuss the comparative evidence which had been assembled; to test the value of our categorisation, and to develop our more general conclusions. Although financialization is a common phenomenom in all of the cities, the experiences, the reactions and the outcomes in each housing market is very different. Because of these differences, and the very profound variations in national and local context, universal policy recommendations are not appropriate. Nevertheless, the results of the study can give guidelines for policy makers confronted with financialization.

Much of the project took place during the Covid pandemic, which unfortunately limited our ability to collaborate in person. We held three sets of roundtables with our international experts via Zoom, and most of the group gathered at the conference Copenhagen in September 2022 to discuss key findings and their implications.

2

Chapter 2: Two main perspectives on financialization

Financialization of housing generates heated debates in the media, amongst policymakers and within academia. In many of these discussions it is presented as an almost wholly negative phenomenon. Even so, there is no universally accepted definition of the concept and many of its attributes or outcomes could in certain circumstances be regarded as desirable.

Importantly, housing came late to the debate about financialization which has been experienced in many other contexts. However, over the last years it has come to the forefront of political debate mainly because housing is a complicated product which directly affects everyone's lives.

In this chapter we first discuss why housing is such a complex issue which makes it particularly open to the negative aspects of financialization. We then address the literature on finanicialization with respect to housing from two main perspectives: that of academic theorists of financialization (mainly geographers and sociologists but also increasingly political theorists) and that of economists who concentrate more on its role within finance more broadly. Importantly as we have already noted this is not just an academic debate but also a matter of very considerable political importance at local, national and international levels. To frame the discussion in the housing context, we look at some of the distinguishing characteristics of housing that are relevant to the debate.

What is special about housing?

Housing is a complicated product for many reasons. First, it is inherently both a consumption good and an investment good. It is generally a long-lived asset but produces a daily flow of consumption benefits. In a market system, investors or owners may let dwellings out to tenants who pay rent from current incomes over the lifetime of the asset. Alternatively, an individual may be both owner and consumer (in economists' terms, owner occupiers are their own tenants), so the two interests are aligned. Rented properties may be owned by a private person, by a company or by social providers including government. It typically accommodates a range of tenure relationships including owner-occupation, partial ownership, individual and company lettings to a range of tenants under different legal arrangements.

Second, housing is both a necessary good and a luxury good. Everyone needs shelter, but the demand for housing is also income elastic. People with more income enjoy more space, higher quality and better location, and those can outbid those with fewer resources, especially when housing is in short supply.

Third, while demand can change sometimes almost overnight, the supply of housing cannot normally be adjusted rapidly to meet these changing demands. It takes time to build new homes and in most developed countries, the annual rate of new supply is less than 1% of the existing stock. Adjustment to increased demand therefore usually come first in the form of higher prices and rents rather than additional homes.

Fourth, housing needs land, which is, at the limit, in fixed supply. Other types of activity also require land, so in growing economies the price of land will increase, raising the cost of residential development. Of course, the reality is more complicated: most systems have planning controls over land use and new housing also needs infrastructure, which itself is often in short supply. These and other constraints further increase the price of housing.

Fifth, housing is spatially specific. Each location has particular attributes in terms of services, community, accessibility, etc. — all of which impact on demand. Significant changes to a locality affect the whole community and who can afford to live there.

Finally, investment in housing is often funded by borrowing. This is central in the context of financialization. In well-developed market systems, most housing developers or home buyers borrow to pay their up-front costs. The proper functioning of the housing system depends heavily on the efficiency of the finance market, which matches those wishing to lend with those wanting to borrow, and on the regulatory environment that conditions the decisions of market actors.

All these factors make housing markets quite imperfect in economic terms, and in particular mean they can be volatile in the face of economic change and heavily impacted by apparently unrelated factors. They also imply that the more unequally incomes are distributed, the more difficult it will be for those on lower incomes to afford adequate housing without significant government intervention. These are also among the major factors that generate concern among financialization theorists – although they may put them in different language.

Theorists of financialization

As the title of this report suggests, our approach is interdisciplinary and empirically based. We have not tried to contribute to the theoretical debate but rather to use it as a starting point from which to examine evidence on how countries and cities are affected by financialization and respond to it. To this end we started by reviewing a wide range of relevant literature.

A small group of researchers has explored the concept of financialization for decades, arguing that it is a uniquely contemporary phenomenon through which finance reaches and affects every part of society, including individual households (Morris 2018). The term is commonly used in conjunction with globalisation and neoliberalism: the former is said to have enabled financialization to take hold around the world and the latter has provided justification (Jacobs and Manzi 2019).

In this growing body of literature, housing until recently played a minor role and was seen as under-researched (Fernandez and Aalbers 2017). Most articles on the financialization of housing appeared after the great financial crisis which arguably intensified the pressures in housing markets across the globe. The most cited papers have been produced by a small number of geographers and sociologists from major European countries and much of the English-speaking world, with the notable exception of the USA. The authors frequently cite each other and Marxian urban geographer David Harvey, and their views on financialization tend to be aligned. Another more general strand comes from political economy (e.g. Sawyer 2014; Fuller 2019).

Probably the most prominent academic writing on the subject is human geographer Manuel Aalbers from KU Leuven. His widely used definition of financialization is:

> 'The increasing dominance of financial actors, markets, practices, measurements and narratives, at various scales, resulting in a structural transformation of economies, firms (including financial institutions), states and households.' (Aalbers 2016)

Two related factors are seen to generate financialization pressures: the increased supply of investable funds worldwide and increasing demand for housing. The growing global pool of capital is attracted by housing, which is seen as a safe investment (Fender and Lewrick 2013), but also (both before and in some countries after the GFC) a profitable one. Many large investors assumed that more professional management and scale effects would increase yields. The funds come from at least four sources: the expanding amount of savings held by institutional investors looking for investments across the globe (Ryan-Collins 2021); large trade surpluses amassed by emerging economies (Bernanke et al. 2012), including the many petroleum-producing countries with sovereign wealth funds; the rise in demand for high-quality collateral as a result of monetary policies such as quantitative easing (Fender and Lewrick 2013); and the accumulated profits held by transnational companies in tax havens (Henry 2012).

Demand for housing has been pushed up by this influx of funding, but also by the retrenchment of the welfare state and the emergence of asset-based welfare (Watson 2009) which, together with government programmes to increase homeownership, have strengthened the demand for mortgages (Walks 2014). Housing became an increasingly important investment asset and store of value for banks and high net-worth individuals in the ultra-low interest rate environment that prevailed until recently (Farha 2017; Ryan-Collins 2021).

Not all financialization takes the form of direct investment in dwellings: mortgage securitisation has also enabled indirect global investment in housing (Aalbers 2017). Together, these developments are described as the commodification of housing, which prioritises its exchange value at the expense of its use value (Malva 2016).

The growing body of literature links financialization to detrimental effects on households, cities and countries across the world. These include higher housing prices (Morris 2018), reduced affordability and greater inequality, both inter-personal and spatial (Wijburg 2020). financialization is seen to accelerate the decline in homeownership, particularly through credit boom-and-bust cycles, and to concentrate it among wealthier households (Byrne 2020). Some authors argue that financialization causes more construction of luxury dwellings, crowding out affordable housing. Richard Florida, a well-known American urbanist, originally argued that by attracting the 'creative class', cities could stimulate economic growth. In his later work, though, he acknowledges that this has had severe consequences for 'normal' people because of processes and outcomes of financialization (although he does not use the term).

A significant proportion of the housing financialization literature has focused on rental tenures. The authors say that as rental properties have become more attractive to financial institutions, tensions between the interests of shareholders and renters have grown. Several articles have identified strategies used by investors in rent-controlled and lower-income areas to extract higher rents and force out unwanted residents. Investors may exploit regulations permitting rent increases after significant upgrades to the dwelling, resulting in the displacement of tenants who cannot afford the new, higher rents (Nethercote 2020; Fields and Uffer 2016). In the USA in the wake of the great financial crisis, a new single-family rental asset class emerged after large-scale acquisitions of foreclosed homes, many of which had belonged to low-income families (Fields 2018). Social housing has also been affected by financialization as provision or maintenance have in some cases been privatised, resulting in rent increases (Aalbers 2017).

As the body of financialization literature has grown, so too have the critiques directed at it. Some argued that the concept was too vague and thinly stretched, making it difficult to analyse (Christophers 2015). In response, Aalbers and others said this was to be expected when a term was deployed across the social sciences (Aalbers 2017). Other critics claim that the effects of financialization are often assumed but rarely empirically demonstrated (Poovey 2015) and that the phenomenon is neither novel nor strictly contemporary (Arrighi 1994 in Christophers 2015). The concept, it is suggested, must be used with rigorous specificity: financialization should be treated not as an irresistible force, and its effects should be considered over longer historic periods and wider geographic regions. This emphasis on the importance of empirical research links to the economic perspective, discussed below.

The economists' perspective

The term 'finance' is at the root of the term financialization. Finance, one of the central interests of the discipline of economics, is the generic term for lending and borrowing money. Formal legal frameworks go back to at least the twelfth century but have become increasingly important as the role of debt finance has grown over the last century. Until the 1980s, strict national housing finance regulations in most countries limited both loan-to-value and price- or repayment-to-income ratios for home purchase. As a result, those who could become owner-occupiers were generally fairly well off and in secure employment. Equally there was relatively little lending to landlords in many countries partly because of continuing regulation in the private rented sector. Special circuits for housing finance were the norm.

Housing finance markets began to be deregulated from the early 1980s[6], and this deregulation allowed far wider groups of borrowers (whether individual or corporate) to access housing finance, at least in principle. This led to both higher levels of investment but also in some cases to rapidly rising house prices and rents as well as greater household indebtedness.

The next big step for finance in general came with the development of new financial instruments and more available high-quality data which enabled better risk assessment across boundaries. In the housing context instruments, such as mortgage-backed securities and REITS were introduced in the USA in the 1960s but became much more generally available in the deregulated markets of the 1980s.

In addition to deregulation, the revolution in information technology has blurred or even erased the spatial boundaries that previously delineated individual housing markets. This has enabled a wider pool of investors to respond quickly to opportunities and has generated far more data, potentially improving decision making. These innovations made it possible for investors to diversify their portfolios across different countries and markets. They are also seen as contributing positively to efficient finance markets, which in turn should result in more efficient housing markets.

Mainstream economists regard efficient markets as inherently desirable but tend to pay less attention to distributional effects, or, more often, assume that redistribution is more efficiently done via the income tax system and other government interventions (e.g. Muth and Goodman 1989; O'Sullivan and Gibb 2002).

Many economists do recognise that markets for finance and housing are both highly imperfect and can have negative impacts on particular groups of households as well as on macroeconomic stability. All the special attributes of housing discussed at the start of this chapter complicate the interaction of supply and demand in the housing market and can lead to undesirable outcomes. One particularly important imperfection is that supply responds more slowly to change than demand does, so prices and rents increase when finance becomes more readily available. There is also asymmetry over the economic cycle: in downturns investment can be cut rapidly but may be slow to increase after demand picks up. Thoughtful economists also make clear that there is both good and bad practice in

[6] Lunde and Whitehead (2016) tracks the process and implications of this deregulation in some twenty mainly European countries.

financial markets – and that bad practice can result in misallocation of investment, increased risk, and the creation of a class of 'losers' (Glaeser and Quigley 2009).

While financialization of housing is a growing theme of the human geography literature in particular, the topic as such has attracted relatively little attention from economists. There are many articles from the economics and finance literature that cover the outcomes and processes featured in the financialization literature. However, the focus among economists remains on understanding causality between things like mortgage securities and household debt, and foreign investment's effect on local housing markets (e.g. Jorda et al 2016; Kohl 2020). Of the many academics working on this subject across various sub-fields of economics and finance, Americans Ed Glaeser, Robert Shiller (economists at Harvard and Yale, respectively) are influential writers on the determinants of housing prices. Others such as Richard Florida in his work at Carnegie Mellon emphasised the impact on urbanisation and distributive costs. In terms of citations there is very little interaction between housing economics and the financialization literature.

As discussed, economists tend to be concerned with efficiency and take less interest in distributional issues, arguing that it is government's role to address these. Indeed, in post war Europe large proportions of the housing stock were owned by the public sector in some form, were financed by public sector debt and were let to tenants at below market rents. Those who could gain access to such housing were usually able to afford their housing costs. However, over the last generation there has been a general shift in developed countries from supply-to demand-side subsidies, leaving many poorer households struggling to afford market housing. Another increasingly important concern is the need for far more financial resources to fund refurbishments and other investments that are crucial to meeting climate goals.

Classical economics is based on the assumptions that market actors' decisions serve their own self-interest, and that they respond to incentives (usually expressed in money terms). Sellers seek the highest price for their goods and businesses attempt to maximise profits. Economists might therefore anticipate that landlords who had the legal opportunity to raise rents and increase their profits would do so. Such behaviour is not in economic terms difficult to explain — a more puzzling question is why many investors would *not* behave this way[7]. Critics of housing financialization, by contrast, start from the principle that housing is a human right. Implicitly, the main function of a housing system (and by extension the actors within it) is to ensure that this right is upheld. If markets do not supply everyone with an affordable and secure home that meets their needs, it is governments' duty to correct that situation. At the limit, critics regard economists' analysis based on scarce resources as almost irrelevant: housing is a priority that must be addressed, so the resources must be made available.

Reconciling the two perspectives

Underlying the tensions between the two main perspectives are the very different starting points. Economists start from the fact that resources are scarce and the objective must be to use these resources as efficiently as possible to generate the highest value to society. But ultimately it is about individual decisions and their outcomes as modified by government intervention. As such the financialization theorists argue that housing is increasingly being seen as being like any other commodity. Their starting point is that shelter is a human right but that the growing importance of financialization in housing markets has shifted the power away from those who live in housing to

[7] The many disjunctions between the predictions of economic theory and what market actors do in practice are the subject of the subdiscipline of behavioural economics.

those who profit from it. Their emphasis is therefore on the negative outcomes of the growth in financialization and how these negative outcomes should be addressed.

While the starting points of the two approaches is clearly totally different, those coming from very different analytic frameworks can learn useful lessons from one another. There is currently little or no formal exchange between the housing financialization literature and the finance and economics papers that discuss the same subjects. The disconnect is not unique to this topic but is an example of a more profound divide between economics and the rest of the social sciences (Fourcade et al. 2015). This siloed approach is unfortunate since both groups of authors study similar, if not precisely the same, events and phenomena.

Both bodies of literature could benefit from increased exchange. Economists' input could help to fill the empirical gap in the financialization literature, which is seen as one of its weaknesses (e.g. Poovey 2015; Krippner 2011 in Christophers 2015). There are many relevant examples: Chinco and Mayer (2016) found that investor speculation drove property prices and mispricing during the US housing boom, which relates to the notion of a shift in housing's use value towards its exchange value. Studies that attribute growing housing prices, reduced homeownership rates, and an expanding rental sector to greater institutional investment activity in housing markets e.g. Lambie-Hanson et al (2019) tend to support the claim that financialization has reduced households' likelihood of achieving homeownership (Forrest and Hirayama 2015; Byrne 2020).

Another benefit of connecting the two literatures is that a joint approach could shape vague or possibly exaggerated claims into specific hypotheses that could be explored with a more complete tool set, thereby extending the opportunities for discovery. Working across disciplines could improve the focus of the financialization literature, as well as help to develop and refine the concept. Addressing the dearth of comparative studies, as identified by Nethercote (2019) and Christophers (2015), could be particularly useful: interdisciplinary comparative work could identify the roots of seemingly contradictory outcomes in disparate locations and contexts, thereby lending credence to the notion of variegate financialization (Aalbers and Engelen 2015). It could also clarify the conditions and policies that can offset the negative effects of financialization, another under-researched area in the financialization literature (Wijburg 2020).

The economic literature would also benefit from greater engagement with financialization. Most economic, real estate, and finance studies of housing have a fairly narrow scope, focusing mainly on the housing market and on the economic and financial effects of certain events. Utilising insights from the financialization literature would enrich their analysis. As Bourdieau has argued, a better understanding of how markets are socially and culturally shaped can improve economic and financial calculations (Bourdieau 2005).

Interaction with the financialization literature would also spur economists to consider the broader implications of the phenomena they study. The financialization literature often focuses on costs that do not lend themselves easily to pricing and markets; by incorporating such costs in their analyses, economists can offer a more complete account of the ways in which housing market outcomes affect individuals and societies. Such an extension would be beneficial in addressing policy implications.

Related to this, the financialization literature could help economists uncover new causal relationships and hypotheses. While its authors have been criticised for progressing the concept further than the evidence to support it, they have produced claims of causes and effects which could inspire new avenues of economic investigation. An example is the seemingly contradictory hypothesis that an increased housing supply in financialized housing markets will do nothing to increase housing affordability (Minton 2017).

There is considerable potential overlap between the two bodies of literature. Constructive engagement with each other's work would benefit both academic traditions and produce a more nuanced and policy-relevant account in the medium to long term.

As we have already made clear, the objective of this project was not further to develop the theories but rather to provide a description of how financialization is playing out across very different countries. The evidence set out in this report could, we hope, provide a baseline to help policy makers address the increasing concerns about both housing delivery and housing inequality.

3

Chapter 3: How national contexts differ

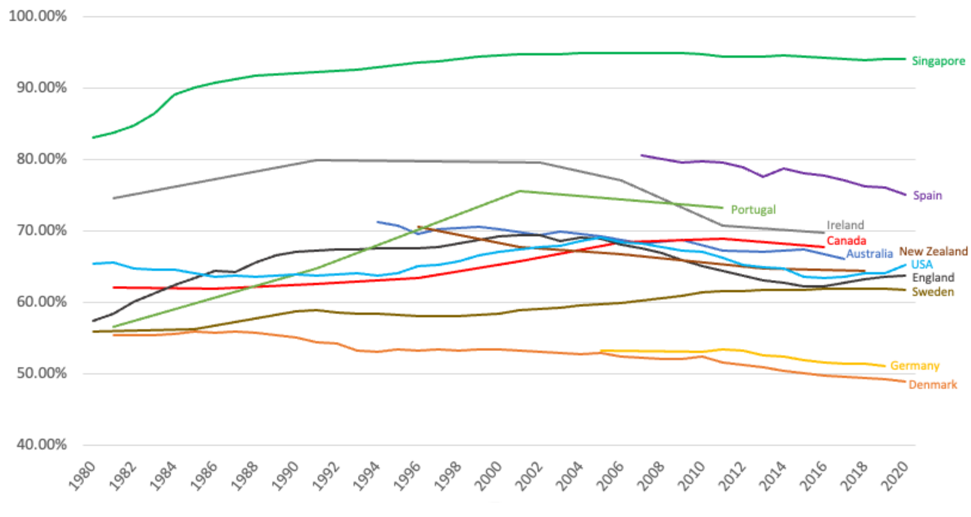
The comparative material in this report covers one major city in each of 13 countries. Much of this report focuses on effects and policies at local level. But before looking in detail at the cities, we sketch out the national context including some basic housing statistics by country[8]. The aim is to show how the countries compare on some important fundamentals including tenure and affordability. We also look at developments in these numbers over time, because a central claim of some financialization authors is that increased activity by investors and financial institutions in the housing sector will lead to decreased housing affordability and lower homeownership rates (Wijburg 2020; Byrne 2020). We then go on to look at the main features of national housing systems and legal frameworks that might be expected to condition financialization.

The information on which this chapter is based was primarily gathered through roundtable discussions with country experts and national statistical sources.

The fundamentals: home ownership and housing

The current rate of home ownership in the case-study countries ranges from a low of under 50% in Denmark to a high of nearly 95% in Singapore (Figure 1). There was a clear upward trend in most of the case-study countries until about 2002. Since then, and especially since the Global Financial Crisis, home ownership has fallen significantly in several countries including Spain, Ireland and, starting earlier, in Germany and Denmark. In England and the USA the homeownership rate has, after some decline, risen a little in the last five years, and in Sweden and Singapore the rate declined only marginally post-2002.

Figure 1: Homeownership rates



Source: Data from national statistical sources; details in Appendix D.
Note: The basis of figures may be dwellings, persons, or households.

This picture, of generally rising home ownership followed by a period of decline, is consistent with the prediction that financialization leads to a reduction in home ownership. However, the pattern is not universal. Even where the pattern holds, it does not prove causality, as financialization is only one of a number of factors that have affected home ownership levels over the last 20 years. In any

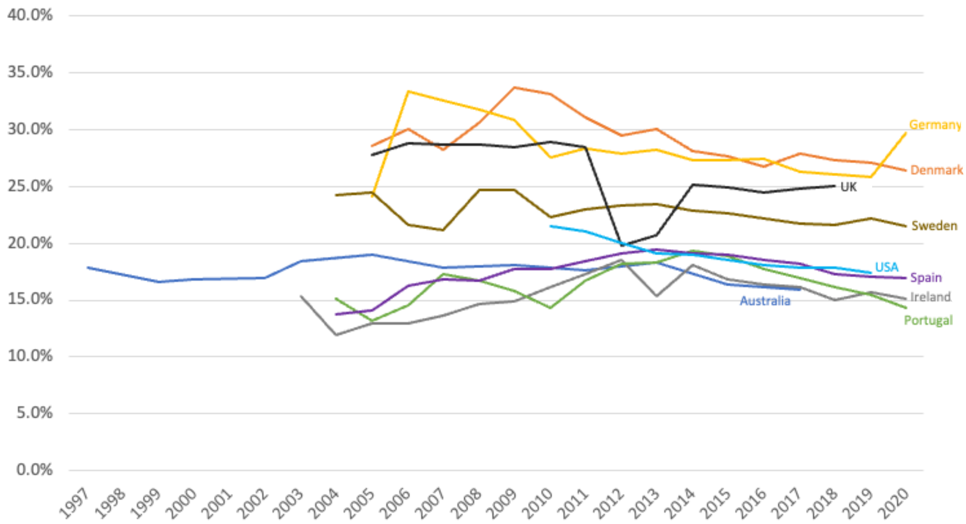
[8] We have not carried out any statistical analyses as this is a qualitative comparative study.

case these statistics show trends at national level, whereas financialization mainly affects major cities: in most national markets, most areas are unlikely to be highly financialized. Moreover, the changes in owner-occupation rates are not enough to explain increases in the private rented sector where impacts are often concentrated. We turn later to owner-occupation rates and more general tenure changes in the case-study cities.

We look next at housing affordability at national level. Financialization theory predicts that in more financialized markets, housing costs will absorb a higher proportion of household incomes than across the country as a whole. Private rental markets should be particularly affected, as in many countries investors focus on rental properties at scale.

Figure 2 presents the change in overall housing costs (for all households — homeowners and renters) as a share of income, at national level, for our case-study countries over roughly the last 20 years. Figure 3 presents the evolution of rents as a share of income for the same period[9]. Both figures include social as well as private rents; the magnitude of the social rented sector varies greatly across countries.

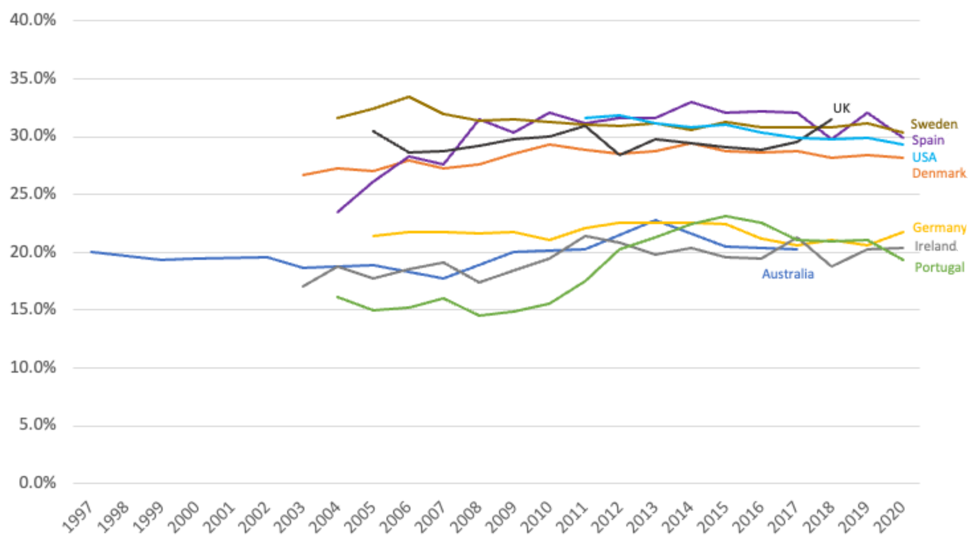
Figure 2: Housing cost share of income



Source: Details in Appendix D.

[9] It is important to note that many factors other than financialization affect these trends, developments in income among them.

Figure 3: Rent share of income



Source: Details in Appendix D.

On the face of it Figure 2 suggests that housing costs take up 15-33% of income in the sample countries over the time period examined, although it is challenging to compare housing expenditure ratios across countries because definitions vary so much (e.g., some nations use gross incomes while others use disposable income). Looking at developments in individual countries, it is clear that rent-to-income ratios varied within a much narrower band (mostly less than 5%) than overall housing-cost-to income ratios over the period examined. Between 2005 and 2020 (or the earliest and latest years available), Australia, Denmark, and the UK experienced slightly decreasing housing costs and increasing rents as share of income whereas Germany, Ireland, Portugal, and Spain display an increase in both overall housing costs and rents as a share of income. But these trends were not smooth: in several countries house-price-to-income ratios rose before falling again (Denmark, Germany); in some they fell then rose again (UK), and others experienced movements in both directions (Sweden, Portugal). In two countries (Sweden and USA), both ratios fell over the period examined (see Appendix D).

Taken together, the data suggest that on the national level, Australia, Denmark, Germany, Ireland, and Spain have experienced a combination of increased housing cost and/or rental share of income and decreased homeownership rates. At least in these countries, the overall picture is not inconsistent with the predictions of financialization theory. As with home ownership rates, though, caveats apply, housing-expenditure ratios are affected by changes in income as well as changes in housing costs; these are national data and we would expect to see the most marked effects at city level; and the housing-cost and rent-to-income figures include social rented housing as well as private.

Increased evictions or 'voluntary' moves driven by rent increases are another prediction of financialization theory. In principle one could compare rates of such moves across countries and cities, but 'voluntary' moves are not captured in eviction statistics. To analyze them requires microdata that distinguishes between properties owned by different types of landlords. Such data are challenging enough to find and analyze in a single country (there is currently an ongoing project in Germany), but for a bundle of countries this is not feasible. The cameos are therefore extremely helpful in understanding where evictions and 'voluntary' moves have been increasing.

National policies that help shape financialization

The academic literature on financializaton tends to divide housing tenure into two groups: owner-occupation and private renting. But other tenures, notably the provision of social rented housing where rents are held below market levels have, in some countries, been a major source of secure housing for lower income households. This is particularly true in Austria and the Netherlands, which lie outside our sample. Within our sample countries Denmark has the largest social rented sector followed by England and to a lesser extent Ireland. Notably in Scandinavia including Denmark, co-operative housing also plays a major role in accommodating those on medium to low incomes in lower cost housing, often with long term security of tenure. In addition, especially in post war Europe, national and local governments have often financed significant housing investment programmes.

One reason why financialization has become such as issue is that, since at least the 1980s, there has generally been a shift away from supply side housing subsidies towards income related subsidies to lower income households which help pay housing costs. In the financialization literature this has been seen as an important element in the neo-liberal agenda resulting in worsening income distribution.

A further element with respect to housing supply, has been the significant transfers of public sector housing into either home ownership or the privately rented sector. For example, in England the proportion of the housing stock that is social renting has fallen from around 30% in 1980 to under 20% forty years later. Over the same period private renting has doubled to around 19%. In Germany there have been large scale transfers of public sector housing mainly in what was East Germany to institutional investors who have managed the stock in ways that have allowed significant rent increases. The immediate reasons vary between countries but especially for those entering the housing system for the first time and/or with limited incomes, the availability of subsidised housing has declined, meaning that far more households are directly affected by the pressures generated by financialization.

On the other hand, in some countries – notably in Europe, private finance has been brought into the provision of social and intermediate housing by policies of mixed public/private funding regimes, increasingly involving international finance in funding independent social providers (e.g. housing associations in England and Ireland but also particularly at regional level in many of our sample countries). Financialization has therefore impacted not just on demand but also on the supply of non-market housing provision and therefore on the pressures on the existing private sector stock.

Housing of all types remains a highly regulated sector. There is a body of regulation related to the safety of dwellings (construction standards, fire exits etc.), and planning regulations which both limit the locations where homes may be built and the types and densities of dwellings permitted. These are often seen as both limiting the levels of house building and increasing house prices.

Particularly relevant to financialization are the rules around rent setting and rent increases, and the legal framework for the ownership of property. In this section we look at two areas of national policy and regulation that particularly affect the main types of financialization identified in the case-study countries:

- Regulation and taxation of the private rented sector.
- Openness to overseas investment and second-home ownership.

The two elements interact. Those countries that are open to overseas investment can clearly expect more evidence of inflows of funds than countries that erect barriers. Some of our case-study countries have policies designed to *attract* foreign investment, either in general or specifically into the housing sector. Higher degrees of regulation of the private rented sector, on the other hand, might be expected to reduce investor interest but this is not necessarily the case: in tightly controlled markets, regulatory loopholes might be attractive particularly to large investors.

These frameworks apply at national level in many but not all countries[10]. This section summarises the national approach in each of our case-study countries, based on information provided by our country experts. In all countries these are complex systems, so we refer here only to the main elements. More details on the regulatory system in each country appear in **Appendix A**[11].

Treatment of the private rented sector

We focus on the private rented sector because it allows investment at scale by institutional and/or overseas investors and is where some of the main effects of financialization are seen.

Regulation of private rents

The existence of rent regulation (or the potential to impose it) does not have an unambiguous effect on the value of rental assets or their attractiveness to investors. That effect depends on the details of the regulations, the legal context including the ability to change the tenure of dwellings, and the degree of regulatory stability. Changes in regulation may affect investors more than the absolute degree.

Five of the case-study countries (Germany, Sweden, Portugal, Ireland and Denmark) have national regulations that control landlords' ability to raise rents. Often this is permissive legislation that allows local authorities to regulate rent rises but does not require them to do so. This can lead to differences in approach from one local authority to another. A number specify formulae for rent increases within the tenancy – known as rent stabilisation. In Denmark different rules apply depending on when the building was built. In Swedish law rents generally should reflect 'user value', meaning dwellings that are physically comparable should have comparable rents.

The USA, Canada, and Australia only have subnational laws. In the USA implementation varies by locality and some US states forbid municipalities from implementing rent regulations. Countries with little to no rent specific legislation at any level of government include New Zealand, England and Singapore, although all place some limits with respect to e.g., the minimum length of contract and the frequency of rent increases. In New Zealand for instance the law has been changed so only the tenant can terminate the contract for no reason. In Spain initial rents are typically freely set and there is no limit on increases, but these can only be imposed annually[12]. In Ireland since 2004, rent reviews can only be carried out once every 24 months, unless substantial alterations to a dwelling have affected its market rent. Since 2017 in Rent Pressure Zones the government sets maximum increases as well as limiting the size of deposits landlords can require.

---

[10] In nations with federal structures such frameworks may apply at the level of region, state, or city, and may be very different from one area to another.

[11] Our earlier reports for the Knowledge Centre for Housing Economics address these subjects in depth for many but not all of the case-study countries in this report (see Whitehead et al (2012); Whitehead et al (2016)).

[12] Individual Spanish regions or municipalities have attempted to set their own rules on rents. Catalonia in 2020 introduced rent controls that were applied by the city of Barcelona but were later struck down by the Spanish constitutional court.

Security of tenure

The extent to which tenants have security of tenure affects landlords' capacity to use the property as they wish and is also often linked to the extent to which rents may change – e.g. in response to renovation. As investors seek to increase profits from renting, changing renters can be very important for them, e.g. shifting from low-income renters to those with higher incomes or undertaking improvements that enable higher rents to be changed. Thus, the extent of security of tenure may play an important role in the financialization context).

Security of tenure varies significantly by country and even within countries. At one end of the spectrum, Singapore, Australia, and England afford little security to tenants past that set out in the contract. . Contracts usually run for around one year with few guarantees of renewal and significant landlord power[13]. In both the US and Canada, legislation is made and implemented at state/provincial and local levels with only limited room for influence from the national government, meaning security varies. In British Columbia, for example, the Residential Tenancy Branch implements rent controls and limitations on evictions.

Countries with more tenure security include New Zealand, Ireland, Spain, Portugal, Germany, Sweden, and Denmark, with the last three offering the most security. For example, in Denmark, there are very detailed rules which have been in place for a long time which limit landlords rights to reclaim their property – e.g. they may give warnings and then 14 days notice to tenants who do not pay the rent or do major damage or warnings plus three months notice where other rules are broken. Ireland on the other hand has introduced much stronger rules on tenure security over the past decade.

Taxation of landlords

Tax policy is a powerful tool to shape the behaviour of market actors, particularly those motivated mainly by financial considerations. The taxation of housing is a huge and complex topic that goes back many centuries[14]. In every country, the existing tax landscape conditions investment decisions by both locals and non-locals. For example,

In Sweden**,** as in many other countries, rental and owner-occupied housing are taxed differently. Landlords of rental housing must pay taxes on their profits, while owner-occupiers (who conceptually 'rent' to themselves) pay no tax on the flow of services provided by their dwellings. Many economists see this as logical anomaly that should be corrected, but the tax-favoured status of owner-occupied housing is politically popular in Sweden as elsewhere.

All else being equal, investors prefer low-tax environments to high-tax ones. However, we observe significant financialization-type investment even in some high-tax jurisdiction, suggesting that in fact other things are not equal. Indeed, both high and complex taxation may be an advantage for some international investors: those headquartered in tax havens can reduce their tax payments dramatically, giving them an advantage that enables them to pay more than local players.

In Singapore, New Zealand, USA, England, Canada, Spain, Sweden, Denmark, Ireland, Germany, and Australia, private landlords' rents are generally taxed on the same basis as employment income[15].

---

[13] Although this is set to change in 2023 to ensure that tenants may remain indefinitely, subject to a range of exceptions.

[14] It is a topic which we examined in detail in our two earlier reports for the Knowledge Centre for Housing Economics.

[15] See Lunde and Whitehead (2021) for a more detailed analysis of similarities and differences across Europe, the US and Australia.

There are some differences across countries in terms of what can be deducted from rental income for tax purposes: normally private individual landlords can deduct expenses, including mortgage interest. In England the mortgage-interest deduction was recently effectively capped at a rate of 20% (versus the top marginal tax rate of 45%). In Portugal, landlords are treated differently depending on if it is a long-term or short-term rental, with taxes also varying depending on whether the landlord resides in Portugal.

Residential property owners are generally required to pay property taxes and capital gains tax on receipts from sale of rented property. In England, capital gains tax on rental property is paid at a higher rate than for other asset types.

Many countries including New Zealand, Canada, Sweden, Ireland, Denmark treat owner-occupiers more favourably in tax terms than investors. In New Zealand, owner occupiers are not subject to capital gains, inheritance or stamp-duty taxes, or an imputed income tax. In Canada, Australia and England, imputed rental income is not taxed and no capital gains is paid on the sale of owner-occupied property. English homeowners can also pass on the property (to a value of up to £1 million per couple) to direct descendants without having to pay inheritance tax. By contrast, investors must pay tax on rental income from properties in England, and capital gains tax on rental properties is charged at a higher rate than for other types of assets.

In Singapore, Spain and the US there are no major differences between taxation of owner-occupiers and investors at national level.

The taxation of corporate landlords often differs from that of private individual landlords – notably because employment income tax is generally progressive while corporate taxation is usually at a single rate corporate landlords may be taxed at a lower rate than private individual landlords in Singapore, New Zealand, Germany, Spain, Portugal, Denmark, Australia and England. Singapore is a good example where individual landlords are taxed based on Singapore's progressive income tax system, whereas corporate landlords are subject to corporate tax, which is currently imposed at a rate of 17%.

In Sweden and Canada, on the other hand, private individual landlords may pay *less* tax than companies as they avoid double taxation. In Sweden, private landlords' net income is taxed at 30-50% whereas the income of corporate landlords is taxed twice: profits are taxed at a rate of 22% and dividends are taxed as capital income at 30%. Ireland does not differentiate between corporate and individual landlords, but the former often have more tax efficient structures and may be headquartered in tax havens and/or be a configured as a REIT.

In the US the tax treatment of individual and company landlords varies, as do financing methods, fee/management structures, and risk or liability exposure. For individuals (both small landlords or shareholders receiving dividends), rental receipts are treated as income. As in Sweden, corporate dividends are taxed twice, as corporations pay taxes on profits and their shareholders pay taxes on dividends. For pass-through entities such REITs the rent is taxed only once.

Changes in the ownership structure of dwellings

Institutional investors often acquire residential assets at scale, with purchases worth tens or hundreds of millions of Euros. This is usually achieved by buying large rental-only buildings or schemes. In several of the case-study countries, multi-unit blocks are normally in single ownership and are transacted as if single properties.

In Singapore, New Zealand, Spain, Portugal, and England, multi-unit blocks are normally owned as separate units and it is permissible to break up the ownership of multi-unit buildings to sell the units individually. In England since the 1970s, homes in most multi-unit private blocks have been in separate ownership — that is, there were few of the single-owner private blocks that appeal to major investors. Since 2012 a new build to rent sector has emerged, with many high-density, high-rise all-rental blocks. Many of the main investors and operators are US or Canadian firms that bring their experience from the North American multi-family industry.

In Ireland, all apartments built for private sale have typically been individually owned. Recent legislation from 2018 stipulates that purpose-built build-to-rent dwellings with long-term rental accommodation must be sold in a single lot and individual units may not be sold for a minimum of 15 years. Canada has both purpose-built rental buildings (single owner) and condominium (strata) buildings where units are owned separately. It is also possible to change the form of ownership from single owner to strata titled. It is also possible to sell units individually in the USA, where most private rental housing is owned by non-corporate individuals or partnerships.

Some governments regulate changes in the tenure of such blocks or, less commonly, of individual dwellings. In Spain local governments may require certificates for tenure change, whereas there are no restrictions in Portugal if there are no long-term rental contracts in place. In England there are only rules restricting the tenure status of social homes, regardless of ownership. Ireland similarly has some longstanding legislation governing the sale of social housing units to tenants, but this is set by local authorities and not by the national government. Sweden allows for the tenure of an entire building to be changed, usually from rental to owner occupied. Buildings are typically sold by the landlord to a co-op association, and former tenants buy shares in the co-op which gives them right to live in their current apartment.

In Denmark, private rented buildings are normally owned by a single person or company, and Denmark is the only country with some form of national regulation around tenure change. There it is illegal to change a private co-operative or private rented block into condominiums if the building was built before July 1st, 1966, and has more than two dwellings. Similarly in Sweden entire buildings are usually in single ownership. Flats in some new-build schemes are sold separately but this is extremely rare. It is impossible to convert individual units from rental to ownership.

Most of our case-study countries have no national regulations on change of tenure from owner-occupation to private rental and vice versa. The Irish national government in 2021 prohibited institutional investors from bulk-buying new build residential units (not apartments) and turning them into rental units as a way to protect first time buyers. The law does not explicitly bar conversions of existing units. In Germany, cities can forbid the selling of individual condominiums that are part of bigger multi-family buildings, but currently only Berlin and a few others make use of this this rule.

Registration of landlords

The requirement for landlords to register might affect investment at the margin, although is unlikely to be a major influence. Landlord registers in principle allow government authorities to monitor the composition of owners and the sources of funds into the sector, although in practice few governments seem actively to use them for this purpose.

Most case-studies countries do not require landlords to register. These include Singapore, New Zealand, Sweden, Spain, and Germany. Portugal does have an indirect form of registration as landlords must issue electronic rent receipts through a government website. Ireland similarly has an indirect form of registration, as tenancies need to be registered by landlords. Denmark keeps a register of 'bad' landlords who are barred from letting dwellings, usually for a period of 1-5 years.

Several case-study countries, including the US, Canada, England and Australia, have licensing requirements in some but not all states or municipalities.

Short-term lets

Short-term lets (STLs) are increasingly controversial in many of our case-study countries, where they are seen as removing units from the traditional rental housing stock and driving up costs for local residents. Most countries have some form of restriction on short-term lets, whether at the national or subnational level. Singapore does not allow any contracts shorter than three consecutive months, and Denmark generally only allows 30 days a year, although municipalities can extend this to 100 days. There are many examples of local restrictions: in Portugal, the municipality of Lisbon started limiting new short-term lets in 2018, and the Spanish region of Catalonia adopted legislation in 2020 which states that rooms cannot be let separately, a whole property to be used for short term letting must not have a registered occupier, must be registered with a maximum number of people and can only be let for less than 31 days. Of our case-study countries, only New Zealand and Sweden do not restrict short-term lets (although in Sweden, permission has to be given by the landlord or the co-op association and landlords often prohibit STLs).

Short term lets and standard residential rental income is taxed in the same way in Germany, Australia, Ireland, the US and Canada. In Canada and the US some jurisdictions treat the two types of income differently. In New Zealand, England, Denmark, Sweden and Spain, short-term rent income is taxed more favorably than long-term income, as the former may be considered a different type of business activity. In Denmark, STLs are limited to 70 nights per year (100 with local authority approval) and owners must use platforms like Airbnb to ensure that their income is traced and taxed. This is a topic we return to I chapter 6 examining city specific legislation.

Ownership and occupation of dwellings

Openness to overseas investment and second-home ownership is the second major policy area we focus on. Increasing ownership of housing by non-locals, including both individual investors and corporations, is one of the most frequently adduced manifestations of financialization.

Ownership of housing by non-locals

Some countries have longstanding restrictions on property ownership by non-locals (e.g. Switzerland—not a part of this project), and some of our case-study countries have put in place rules to deter such investment. In general, we would expect foreign investment flows to be stronger in places without such rules. In practice though it can be hard to distinguish between 'local' and 'non-local', and some major investors operate through subsidiaries that are technically local firms[16].

Of the countries in our project, Germany, Spain, Sweden, Portugal, and Ireland have no regulations limiting purchases of housing by non-locals. The US also has no regulations but as elsewhere, financing may be more difficult for non-residents to secure.

Canada gives subnational governments the power to regulate purchases by non-locals, and British Columbia and Ontario have imposed foreign buyer taxes while Prince Edward Island has imposed limits to coastal ownership. Singapore, England, New Zealand, Denmark, and Australia have all enacted various national regulations and taxes aimed at non-locals. For instance, in Singapore, overseas buyers are not permitted to buy public housing apartments, private landed properties or strata-landed homes. There is also a 20% additional stamp duty for foreign buyers of property. In England, individual buyers resident overseas (including UK expats) must pay a surcharge of 2%.

In Australia, foreign investors cannot claim capital gains tax discounts and exemptions and are subject to foreign resident capital gains withholding of 12.5% if the property is worth more than $750, 000 (€485, 000). In Singapore, stamp duties are higher for foreign individual purchasers (20%) and companies (25%), compared to citizens, who only have to pay 12% on their second or subsequent homes.

National rules against leaving dwellings vacant

So-called 'buy to leave' investment—where purchasers acquire homes and leave them vacant—is controversial and is blamed in part on financialization. Buy to leave is often associated with foreign ownership.

Some of our case-study countries (New Zealand, Singapore, Ireland and Sweden) have no rules against vacant properties. Others, including Australia, Denmark, and Germany have national policies. Australia imposes an annual vacancy fee on foreign owners whose units are not occupied or available to rent for at least 6 months a year, and investors cannot negatively gear properties which are left vacant and not available for rent. In Denmark, owners of previously inhabited dwellings that are vacant for more than 6 weeks must register the vacancy with the municipality, which can then place a tenant in need of housing. New dwellings with no prior inhabitants are not covered by the law.

In some countries, including the USA, Canada, Spain, Portugal, Germany and England, there are vacancy restrictions or taxes at subnational level: for example, British Columbia has a vacancy tax which was recently increased to 3%. In 2022 Canada's national government introduced a 1% tax on the value of real estate owned by non-resident non-Canadians and considered to be vacant or underused.

In the next chapter we look at trends in international investment in the case-study countries. We then draw some conclusions about how the contextual factors described above have conditioned financialization, and particularly large-scale investment, in each country.

[16] E.g. Blackstone in Denmark.

4

Chapter 4: International investment and the regulatory environment

International investment, whether by private individuals, private equity funds or institutions, is a key aspect of financialization in most of the markets we examined. In this chapter we look at foreign housing investments at national level in each of the countries studied. We then bring together the evidence on the regulatory environment in each country to make an overall assessment of its strength in each country. Finally, we propose an indicative categorization of the case-study nations in terms of two variables: their openness to foreign investment and the degree of regulation of the housing market, particularly the private rented sector.

Domestic and international investment in housing

Our international experts provided information for each country about the types of housing that foreign investors are attracted to, whether such investment funds new construction, the volume of foreign investment in the housing market and the origins of these investors, and any incentives for or limitations on foreign housing ownership.

High-density urban blocks in bigger cities tend to attract or rely more on institutional or foreign investment in Singapore, USA, New Zealand, Australia, England, Germany and Ireland. In Canada as in several of the countries we looked at, rental housing at scale is usually owned by pension funds and REITs. In several nations there is demand from foreign buyers for single-family homes, and in the USA, institutional investors have assembled portfolios of single-family housing for rental. Expensive single-family units and homes in large Canadian cities are often bought by foreigners; these may be rented out or kept vacant in anticipation of a price increase. In Portugal, most foreign investors are private individuals. They commonly look for flats with appeal as short-term rentals in city centres or urban regeneration areas. In Spain, foreign investors most often look for second homes and retirement homes.

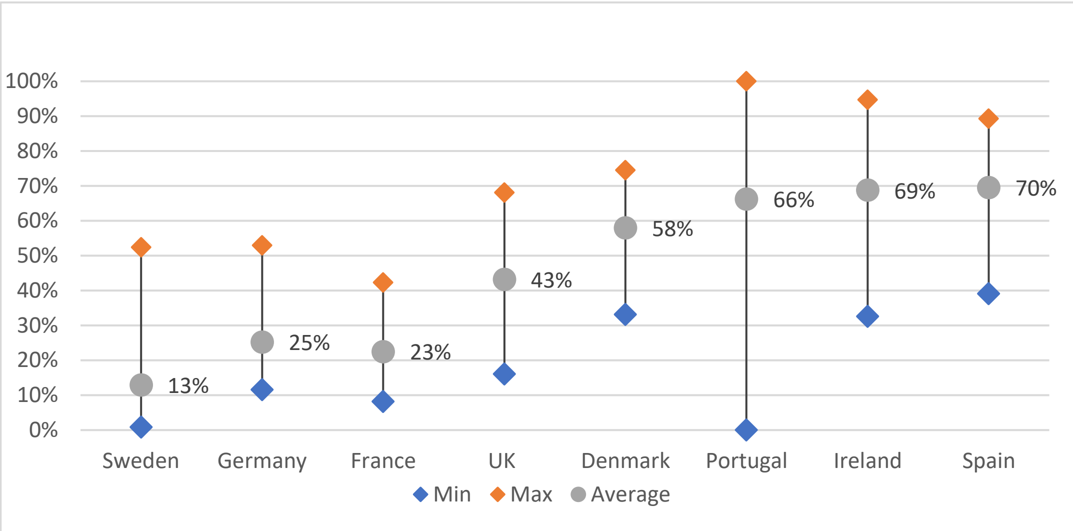
Overseas investors and/or developers are involved to some degree in financing and building new housing in each of the sample countries. In England and Canada, for example, banks often require developers of high-density schemes to secure a certain proportion of pre-sales before they will extend finance. Such sales appeal to buyers from China and the Middle East who are used to buying off-plan. In the USA, international investors indirectly affect the allocation of credit to real estate through their investments in mortgage-backed securities, municipal housing bonds, publicly listed American companies and US treasury bonds. In Canada, overseas investors are involved in many joint venture condominium developments; similarly in Portugal, overseas investors are involved in developing new private housing for sale. In Denmark, by contrast, foreign investors are active in funding new private rented construction, but private individuals cannot own real estate unless they have Danish residence.

In Denmark, hedge funds, large real estate funds and major property companies from the USA, Germany and Sweden are active. In Ireland, the main institutional investors over the past decade have been from North America, Europe and the UK.

Foreign investment has been relatively uncontroversial in Germany and Sweden, although German company Vonovia notably owns 2.5% of Sweden's entire rental stock. Swedish institutional investors in turn have been quite active in Berlin.

Based on information provided by a major international property agency, we compared trends in foreign investor activity in the last decade in the residential markets of several countries discussed in this report (Figure 4). The figure should be regarded as indicative only, as rigorous and comparable information on the nature and volume of foreign investment is notoriously difficult to secure. Investment that cannot be attributed to a particular region of origin has been excluded.

Figure 4: Non-domestic as % of all commercial investment in residential real estate in 8 countries. Annual minimum, maximum and average, 2011-2021



Source: CBRE Research
Note: Minima, maxima and averages for 2011-2021 inclusive, except Spain & Ireland (2012-2021), France & Portugal (2017-2021).

Across all eight countries shown, on average 46% of the annual capital flows into residential real estate recorded by CBRE over a ten-year period were from non-domestic sources[17]. Portugal, Spain and Ireland had the highest proportions, at over 60%, while the figure was 25% or less for Sweden, Germany and France. In all countries there is substantial variation from year to year; this is most notable in Portugal.

Investment by foreign private individuals is controversial in many of the countries in this report. The origins of such investors differ by country, but those from China and other Asian countries are a key group in many of them. In Australia, Chinese investors include both high net-worth individuals seeking to secure their wealth or immigrate to Australia and members of the rising middle class with education or immigration aspirations. Chinese investors are also the dominant group in Singapore and anecdotal evidence suggests that they are present in New Zealand. In England, individual investors have recently come mainly from China and other Asian countries or the Middle East, but the picture has shifted over time in line with political and financial upheavals across the world — Russians and Greeks, for example, were at one time important in the London market. In Miami, Latin American buyers predominate and the biggest groups of foreign investors in Spain are from Norway (32%) and Sweden (15%) often buying holiday homes. In the USA more generally, foreign owners of MBS in the USA account for around 15% of the total. That ownership is concentrated in Japan. China and Taiwan.

[17] Simple unweighted average. Data includes commercial real estate tranasctions only, not purchases by private individuals.

Rules to encourage or limit housing investment by non-locals

Several of our countries have rules governing foreign investment in the housing stock. Some actively encourage overseas investment and may offer incentives for investment not only in productive assets but also in housing. Some limit housing purchases, either in general or in particular areas or types of homes. These conditions are not necessarily related to current controversies about financialization; some date back to the period after the Second World War or even earlier.

Of the countries in this report, Singapore, England, New Zealand, Denmark and Australia all have national regulations and/or taxes aimed at deterring investment by non-locals. In Singapore, overseas buyers are not permitted to buy public housing apartments, private individual properties or strata-titled homes, and there is a 20% additional stamp duty for foreign buyers of property. In Australia, foreign buyers--even those who are legally resident--need to apply to the Foreign Investment Review Board (FIRB) for approval before a purchase. Approval is generally only granted for purchase of new dwellings, but individuals on temporary resident visas may be allowed to buy an existing dwelling as their main home. Three states have introduced additional stamp duty and one has a land tax specific to foreign buyers. New Zealand passed the Overseas Investment Amendment Act 2018 to prevent foreign investors from buying residential property in New Zealand by introducing a residency test and designating existing homes as sensitive land. In Canada, subnational governments can regulate foreign purchases: British Columbia and Ontario have foreign buyer taxes while Prince Edward Island has imposed limits to coastal ownership.

Several countries including Germany, Spain, Sweden, Portugal, Ireland and the USA have no national rules limiting purchases of housing by non-locals, although in many markets it may be harder for foreign buyers to secure financing from local banks and underwriting may require more scrutiny.

Spain, Ireland and Portugal all had until recently some form of incentive for investors in residential property. Spain offered a resident visa for foreign buyers purchasing real estate worth at least €500, 000, and Portugal provided Golden Visas and tax breaks for non-permanent residents who invested in housing. The goal was to incentivize property rehabilitation, regardless of the property's use. In both Iberian countries, international investment accounts for a high proportion of residential property sales, although it is not clear to what extent this was driven by the visa regimes. Ireland and Portugal have now eliminating their Golden Visa programmes, and Spain is considering doing so.

Singapore, Canada, Sweden, Australia, Denmark, Ireland[18] and Germany offer no incentives for non-local home buyers. There are no explicit incentives in England; it is possible to obtain an investor visa by investing in a company that rents out properties, but it is not a common strategy. The USA also has no direct incentive for non-locals to purchase housing, but property developers can attain green cards under the EB-5 program through investments in so-called Targeted Investment Areas. More generally, In some contexts earnings on properties other countries which are taxed in the owners own country may give an advantage as compared to local owners.

Overall it is fair to say that there is clear evidence that people and institutions wish to invest in other countries' real estate; that this can put pressure on prices and access to housing for local residents; that incentives to invest e.g. through golden visas are being wound down; and a number of countries have already introduced constraints on overseas investment into housing – with more likely to follow these examples.

[18] Although in Ireland an investment visa may lead to the right to remain in certain circumstances.

The regulatory environment

The most important aspect of the regulatory system in most of our sample countries is the extent to which rents are controlled as well as the extent of security of tenure provided. Rent controls were in place in most countries in Europe for varying periods after the second world war but over the years a number of European countries moved away from the first generation rent controls applied during and immediately after the war to second or third genkeration control, often called rent stabilization. This approach sets rents at market levels for new tenants but limits increases in line with a defined index within the tenancy. What varies between countries is more which categories of tenant are covered. – e.g. in some all those in the sector; in others those with rents below a given level and still others those built before a given date. Countries which have had controls in place for decades and larger privately rented sectors tend to have relatively stable regulatory systems and also have stronger constraints on entry into other tenures – e.g. in terms of access to mortgage finance.

In our first report to The Knowledge Centre for Housing Economics (see Whitehead et al. 2012) we examined changes in the extent of regulation in the privately rented sector across eleven European countries (Table 1) and found that some with medium levels of regulation (notably Germany and Sweden) had remained stable; some which had earlier deregulated quite extensively (in our sample notably Ireland) were moving back to a more regulated environment while others , in our sample England, Spain and Denmark all of which had remained heavily regulated in 1980 had reduced regulation thereafter.

Table 1: Changing levels of regulation in eleven European countries

Degree of regulation in early 1980	Degree of regulation in late 2000s
High	
Spain	
Finland	
Netherlands	Netherlands
Denmark	
England	
Medium	
Sweden	Sweden
Germany	Germany
Norway	Switzerland
Switzerland	Denmark
	Spain
	France
France	Ireland
Low	
Ireland	Norway
	England
	Finland

Source: Whitehead et Al. (2012).

However, the situation since 2010 has changed quite radically with increasing regulation in a number of our sample countries and discussion of further regulation in others. Germany, Ireland and Spain have all introduced stronger controls.

Most of the regulatory initiatives are at least initially concentrated on stress areas – although there is a tendency for the system to spread to areas with lower demand (e.g. Germany; Ireland). Many are initiated at regional or city level although national governments generally set the framework rules. Rent controls are generally popular with voters (e.g. 65% plus Londoners approve of rent controls – even though the Mayor has no powers to introduce them) – so it is increasingly a political issue.

England stands out as having both no direct rent controls and particularly short- term tenancies (usually a year). The current government is intending to introduce unlimited security of tenure but with significant exceptions – e.g. when the landlord wants to sell. Until recently New Zealand was in a similar position to England but they have now introduced a system of security of tenure that removes no fault evictions and are discussing, although so far rejecting, the possibility of rent controls.

In countries with federal systems of government notably in North America but also e.g. in Spain and Germany there is the potential to modify regulations at the regional level. However, in both Germany and Spain these attempts have been ruled out by central government.

The regulatory environment includes not just that applying to privately rented accommodation but also to the finance market and particularly the mortgage market. Financialization is one of the most discussed outcomes of widespread deregulation of finance systems since the 1980s. But especially since the global financial crisis many countries have tightened up on individual borrowing notably for house purchase. The European Union through the mortgage credit directive has introduced EU wide rules on lending which ensure that mortgagors can afford to pay higher interest rates when the economic environment changes. The UK has imposed similar requirements. These constraints have reduced the risks associated with rising interest rates and provided greater security for retail banks who are increasingly dependent on mortgage business. But it has also meant that many households are excluded from owner-occupation and therefore find themselves in the privately rented sector.

The other important area of regulation is with respect to new building and the availability of land and infrastructure. Most commentators see the lack of supply of new housing in general, and for lower income households in particular, as a core reason for the dysfunctionality of housing systems. In this context financialization has been seen to have had some positive effects through the development of Build to Rent, and in some countries, the requirements to include a proportion of social housing in market developments.

Overall regulation may have both positive and negative effects. financialization itself has been seen as a core outcome of financial deregulation increasing demand for housing as an investment and including the capacity to separate demand from particular locations – with the consequence that house prices and rents are no longer determined only by local demand. But regulation may also be a mechanism to control market failures and indeed some of the consequences of financialization.

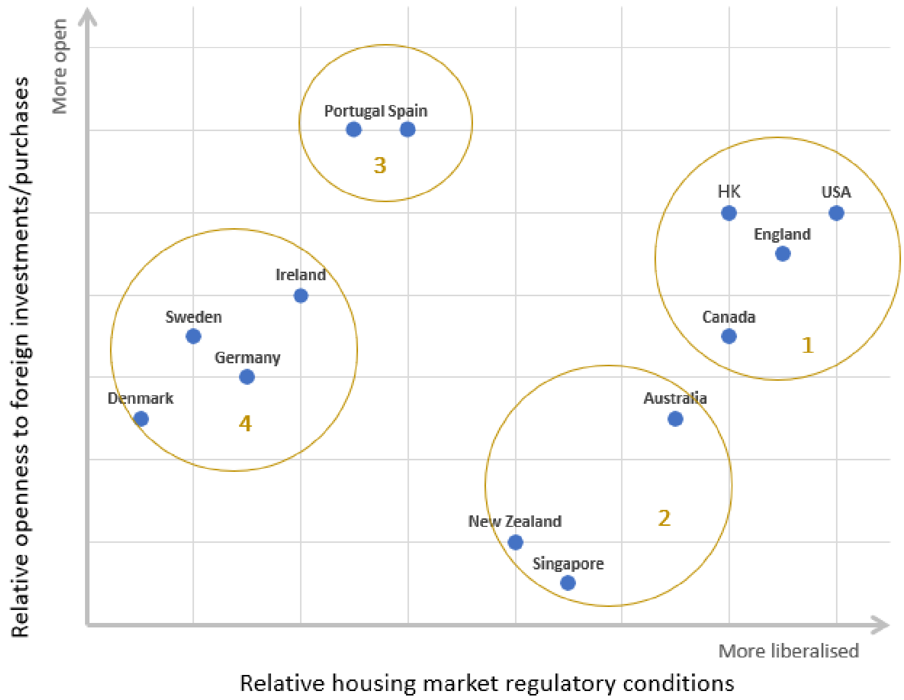
An indicative classification of countries

Looking at the literature about financialization and the empirical material about the forms it takes in each country, we identified two broad areas of regulation that tend to be important in shaping investment in the housing system e private rented sector in particular. These areas, to which the discussion in Chapter 3 also relates, are:

- **Openness to foreign investment** (particularly in housing)—the more open the country, the greater the likelihood of foreign investment directly into residential assets
- **The degree of regulation of the private rented sector**. Here the relationship is more complex: more regulation obviously circumscribes investors' business decisions, but also may offer greater opportunities for supernormal profits through exploitation of regulatory loopholes.

We use these two areas to provide a first attempt to categorise our sample countries into four groups with generally similar attributes which might therefore have similar experience of the impact of financialization at national and local levels. The categorization is very much a first attempt which we re-examine in our conclusions and assess whether fit has value in identifying both causality and outcomes. Figure 5 plots our initial assessment of the position of each country with regard to these factors and, most importantly, in relation to each other. The plot points represent our subjective, qualitative assessments based on a review of the literature for each country, and on the views of our experts; the categorization that emerges is intended to serve as the basis for debate and possible future research looking to link these variables more directly to evidence on the attributes of financialization observed in the different countries.

Figure 5: Categorizing the countries



Four loose groupings emerge from this chart:

1 Open investment markets/less regulated PRS/ (top right)

The USA, England and Canada fall into this category. At national level these countries have no restrictions on foreign investments or purchases of residential property (although England charges a higher stamp duty on purchase). They afford PRS tenants little security and there are no national regulations on rent setting or rent rises, although some US and Canadian cities regulate rents and/or impose taxes on foreign housing purchases. Hong Kong is similar in both openness and limited regulation (except on the social rented sector as in England).

2 Regulated investment markets/less regulated PRS (bottom right)

Singapore, New Zealand and Australia form this group. All three have national restrictions on foreign investments and purchases. Australia, while somewhat of an outlier in this group, requires foreign buyers to apply to the Foreign Investment Review Board (FIRB) for approval before a purchase, with approval being generally restricted to new dwellings only. The three countries have fairly liberalized private rental markets, although there are some differences with regard to tenure security, short-term lettings and rent regulations.

3 Very open investment markets/more regulated PRS (top left)

Portugal and Spain, on the Iberian peninsula, make up the third group. Both, until recently, offered strong incentives for foreign investment through investor visas. They have moderately strong tenant security regulations at national level, and Lisbon and Barcelona now regulate short-term lettings as they are seen as driving up prices. Initially we placed Ireland in this group because of their general openness to international investment and lack of regulation in the private rented sector. However, this situation has changed markedly in the last few years with the introduction of rent regulation and some controls on international investment.

4 Less open investment markets/more regulated PRS (bottom left)

The final group consists of Denmark, Germany, Ireland and Sweden. The countries impose varying restrictions on foreign purchases and have strong tenant security and rent regulation in the PRS. The restrictions can be also mainly bureaucratic ones like getting access to land registration only physically as in Germany. Furthermore, it is often difficult for foreigners to get a mortgage when purchasing a home in another country. However, there are fewer restrictions when foreign funds – often with local branches – invest in German real estate, therefore foreigners buy German properties mainly indirectly. Some of these restrictions (like the Danish rules prohibiting foreign purchases of seaside properties) date back many decades. Ireland is something of an outlier in this group, with relatively greater access for foreign investors. However, over the past decade the country has enacted national legislation, such as the recently created Rent Pressure Zones, that brought it closer to the rest of the group.

The above chart and groupings highlight some commonalities but also illustrate some major differences across countries. The framework provided by the financialization literature might suggest that countries from Group 1 – open to investment and with lightly regulated private rented sectors – would be likely to experience decreased affordability and reduced homeownership rates because of financialization. In these countries there are few regulatory barriers to the global pool of capital investing in real estate, and dwellings are generally not tenure specific. At national level the predictions do not seem to hold: the US homeownership rate is about as high today as it was in 1980, 40 years ago, and both housing cost and rent as a share of income have declined in the past ten years. These national pictures, however, hide significant local variation and we know that the impacts of financialization are concentrated in particular areas – notably large cities. In chapters 5 and 6. examine developments in individual cities below.

It is interesting to compare Denmark and Sweden, two members of Group 4. Both countries offer tenants significant protections, but Denmark has more restrictions on both private and corporate foreign residential property ownership, and yet the share of foreign residential investments is lower in Sweden than in Denmark. Even though they are members of the same group, outcomes in terms of home ownership and affordability have not followed the same trajectory: the homeownership rate has been relatively stable in Sweden over the last decade while housing cost and rent as a proportion of income have decreased slightly. By contrast, the homeownership rate in Denmark has fallen over the same period and only the rent share of income has increased.

Looking at Group 3, the Iberian countries, the openness to foreign investment of both Spain and Portugal is reflected in their high share of foreign investment in the residential sector. These two countries have experienced a similar trajectory since the GFC, with national homeownership rates falling in both (more strongly in Spain) and rent as a share of income increasing. This pattern seems to be more in line with the claims of financialization.

Our categories necessarily simplify what are complex and multifaceted national housing system. This basic analysis suggests, though, that at national level the claimed effects of financialization are not obvious in many countries. This could well be because financialization processes are more localised and centered around so-called ‘hedge-cities’. There is evidence to suggest that this is the case: Malpezzi (2017) shows how localised housing price booms and busts were during the great financial crisis, ranging from very low variance in cities like Houston to a very sharp increases and subsequent decreases in areas such as New York, Boston and San Francisco. Equally such cities tend to have higher than average private rented sectors and the high-density urban blocks that represent attractive assets for international and institutional investors are mainly located in larger cities, suggesting that these rather than countries are a more appropriate level of analysis.

5

Chapter 5: Financialization in 13 cities

In most countries, the main outcomes of financialization – which include worsening housing affordability, reduced access to home ownership for local people, rental insecurity, gentrification, and changes in urban settlement patterns – are seen to be concentrated in particular places, notably national capitals, but also cities like Miami and Vancouver. Within each of the countries we focus on one city (and in most cases *the* city) where financialization issues are controversial. In addition, we include Hong Kong. The 13 cities are listed in Table 2 and grouped into the categories identified with respect to those countries in chapter 4 based on financial regulation and openness to international investment. A major part of our research was therefore to understand exactly how each city had been affected by these pressures.

Table 2: The case-study cities by country category

Group	Country	City
1: Open investment markets/less regulated PRS	USA	Miami
	England	London
	Canada	Vancouver
	Hong Kong	Hong Kong
2: Regulated investment markets/less regulated PRS	New Zealand	Auckland
	Australia	Sydney
	Singapore	Singapore
3: Very open investment markets/more regulated PRS	Spain	Barcelona
	Portugal	Lisbon
4: Less open investment markets/more regulated PRS	Denmark	Copenhagen
	Germany	Berlin
	Ireland	Dublin
	Sweden	Stockholm

Source: Whitehead et Al. (2012).

How the groups compare

The first question we address is how the cities are located within their country with respect to certain basic housing factors which are seen as related to financialization. These include population growth, the proportion of homeownership, rent and house price increases. Predictions from the literature as discussed in chapter 2 suggest that in cities where financialization may be particularly important population will be growing as compared to the country as a whole; there will be housing pressures so that house prices and rents are increasing more rapidly than nationally; and home ownership rates may well be falling because of these pressures. It also suggests that financialisaton may be reinforcing these negative effects.

Table 3 sets out evidence on these four factors in qualitative terms but based on statistical charts (see **Appendix D**) remembering that the categorisation reflects two main aspects of the relevant national housing system: the openness of the relevant housing system and the regulatory framework with respect to housing finance which helps to determine the opportunities for investment. The charts reflect the situation up to around 2020. They do not take account of the current macro-economic and political pressures.

The cities in group 1 show very similar patterns although the situation is less extreme in London than in the two cities in North America. They all show rising populations, rising housing costs usually above national rates and homeownership rates which are below national levels and generally below the national trend. Hong Kong has similar attributes. They fit the picture of open markets and relatively unregulated finance systems.

In group 2 Australasia and Singapore the pattern is quite similar – remembering that these are countries where owner-occupation dominates and most impact of financialization will be concentrated in that sector. There has been some constraint on international funding introduced in the last few years which may be reflected in price volatility.

In group 3 Iberia the big difference has been that both countries encouraged international investment for decades and both cities are both growing and attracting large tourist numbers. Renting is also far more important than in the respective countries and most of the impact of change is felt in the rented sector with declining levels and owner-occupation rates in both cities.

Finally in group 4 population has been rising in all four cities more than nationally over the last few years. Homeownership rates are falling in Denmark but rising slightly in Copenhagen from very low levels. In Stockholm they rose to national levels until the GFC and then stabilised. In Berlin they are way below national rates and both are falling. The same trends, although to a lesser degree, are true of Ireland. Rents are generally rising and more rapidly in the cities, while house prices have been rising across both cities and countries.

Taken together there is some evidence, notably from group 1 that less regulated systems are showing particularly strong rises in rents and prices and that across all groups homeownership rates are stalled or falling. However, the patterns do little more than show that the cities chosen are all facing housing stress often reflecting strong city growth and therefore increased demand. Clearly some of this demand will arise from the increasing availability of finance across most developed nations and in particular the increasing capacity to invest across borders. However, we need far more detailed analysis before we can identify the extent to which this is a core reason for concern or just one element in the story.

Table 3*:* Patterns of change, cities vs countries

City and country	Population trend city v country	Homeownership trend city v country	Changes in rent city v country	Changes in house prices city v country
Miami/USA	More rapid	Way below and falling	Rising faster	Above since turn of century. Rising more rapidly/volatile
London/England	More rapid	Below and falling slightly faster	Mainly In line with country	Both rising rapidly
Vancouver/Canada	Much more rapid	Below but both rising slightly	Rising faster since 2014	Above national trend and rising faster
Hong Kong	Rising until lately	Falling slightly over last decade	Rising rapidly until lately	Rising rapidly
Auckland/New Zealand	Rising more rapidly	Below and falling slightly faster	Mainly in line with country	Rose faster in last decade but more volatile
Sydney/Australia	Rising in line	Slightly below and falling	More volatile	Above and rising more rapidly but more volatile
Singapore	Rising	Has been fairly stable or very slightly falling	Rising until lately	Rising
Barcelona/Spain	Both rising in line	Lower and falling	Higher but similar cycle	Rising in line since recovery from GFC
Lisbon/Portugal	Rising; falling in rest of country	Lower and falling	Rising more rapidly	Rising more rapidly
Copenhagen/Denmark	Rising more rapidly in last decade	Way below national rate but rising very slightly		Both rising; faster in city in last few years
Stockholm/Sweden	Rising more rapidly	Risen to national rates over last few years	Rising in line	Rising rapidly in line
Germany/Berlin	Both fairly stable, city rising more in last few years	Way below and falling	Both rising but faster in city	Rising faster than country as whole
Dublin/Ireland	Both rising, city more rapidly	Both falling, city more rapidly	Both rising rapidly after GFC, city slightly faster	After massive falls after GFC both rising in line and rapidly

Evidence from the city cameos

While financialization is clearly an international and national phenomenon its impact plays out at local level. The analysis so far suggests that the cities included in our project are more than averagely affected by housing pressures. The experts all, to varying degrees, saw financialization as a relevant issue, but were also very aware of other fundamental concerns.

Each expert was asked to provide a cameo looking at their city and its housing from their particular viewpoint. These portraits are one of the main empirical results of this project. They describe the main aspects of financialization in each city and set out important contextual features around local geography, history, and governance. These cameos should be read in conjunction with the current chapter. They are presented in full in the **Appendix A**. Here we cover only some of the most relevant findings and then draw out some particularly relevant examples.

The most important finding is that *affordability has been worsening* in all the cities included in our sample. Importantly the most usual explanation is simply a long-term lack of supply, for which tight planning regulations and sometimes fundamental land constraints are often blamed. But in the majority of the cities, it is also an outcome of increasing population as well as the worsening distribution of income, which leaves lower income households paying increasing proportions of their income in rent. In a number of cities this is partly an outcome of national policies that have reduced the proportion of housing stock which has been available at sub-market rents either because of large scale social ownership or because of rent controls. financialization drivers are seen to include the deregulation of finance markets, the perception of residential property as a low-risk investment and increased institutional investment to achieve long run stable returns. It is also argued that while deregulation often started in the 1980s it is the GFC that has increased the benefits of deregulation because of the impact of quantitative easing.

Much less consistent across the cities in our sample is the relative importance of *foreign investment* – in part because some countries have strong regulations against such investment. The cities most affected are probably Lisbon and Barcelona, where such investment has historically been encouraged by the national governments (although this is now changing). Auckland and to a lesser extent Sydney have also been the subject of interest from Chinese individual investors – again this is now being constrained. Latin American investors tend to concentrate in Miami. Vancouver is particularly affected not just by overseas investment notably from Hong Kong but also by demand from new immigrants who often bring with them significant funds.

While it is financial deregulation which is emphasized in the literature it is also the case that housing market regulation, notably rent controls may generate opportunities for realizing capital gains. One particularly negative aspect of mainly private equity international investment (of which Blackstone is accused) is what has been called *renoviction*. This occurs mainly in cities where rents are regulated but rent increases are allowed based on renovation including e.g. energy efficiency. When such renovation is completed, rents may be able to be increased significantly to levels that are unaffordable to existing tenants, who then have to leave. This has been seen to be particularly important in Berlin and Stockholm. In Copenhagen legislation was introduced to remove the relationship between improvement and rents while the existing tenant remains in place – thus ruling out such gains.

Another factor decreasing the availability of privately rented accommodation in many cities over the last few years, and increasing again since Covid, is the growth of *short-term lettings* on platforms such as Airbnb. Again, the extent that this is a problem depends on the nature of the city, its population, and its attraction to tourists as well as the strength of restrictive regulation and its enforcement.

An important difference between the cities in our sample is the extent to which the city itself has *regulatory powers.* In some countries national government controls both regulation and taxation leaving local government with relatively little capacity to address local problems. In others, regional or local governments have significant powers including over rent controls and limitations on short term lettings.

Biggest issues in each group of cities

For each city we asked the experts what they saw as the biggest housing issues facing their city. Their responses almost all concentrated on affordability but there are different details about the causal factors. Again, we order the cities into the four identified groups which take account of the extent of regulation and national openness to international investment.

Group 1

In *Miami* public opinion polls and other evidence demonstrate that most Miamians and other Americans broadly support homeownership and private investment in housing. Housing finance can be a two-edged sword, in Miami as elsewhere -- well-designed mortgage systems facilitate housing consumption and investment, but the 2008 Global Financial Crisis is just the latest reminder of how details matter, and financial markets create serious problems if not well designed and regulated. Miami faces numerous related challenges including the effects of climate change, demand pressures from domestic and international migration in the face of supply restricted by geography and housing regulations that do not always meet cost-benefit tests, infrastructure deficiencies, income and housing affordability issues, the financing and delivery of local public goods, and political polarization.

The biggest issue in *London* is the general lack of affordability especially for new entrants in both market tenures, exacerbated by a long-term failure to increase the supply of both social and market housing. The affordability pressures have wide-ranging consequences for the city's economy and its residents: overcrowded homes, postponement of childbearing, shortages of workers in lower-paid occupations and even some high-paid ones. Worsening affordability is blamed variously on financialization including the activities of overseas investors and buy-to-let landlords—but also/instead on planning constraints, strong economic growth and net in-migration.

In *Vancouver* the major concern is the rapid and sustained rise in housing costs that is pricing low- and middle-income residents (especially the young, single parent families, and seniors) out of both the ownership and rental markets. While this phenomenon is not being driven entirely by global capital, it has had a significant impact on housing prices at the high end that has trickled down to other housing markets. A recent considerable rise in mortgage interest rates has affected house prices but it is unclear whether this will lower housing costs over the long term. Short term rentals have distorted the private rental market, but is also not the only factor, as for decades there has been very little rental housing being built.

Hong Kong has been ranked as the city with the most unaffordable private housing in the world, with the average housing price-to-income ratio reaching 20.5 in 2019 and 22.8 in 2021 respectively. Unlike in most European cities, the impact of housing financialization is concentrated in home purchase rather than private rental housing because of the city's tenure system and the large-scale subsidized housing policy. The consequences of the long-term shortage of residential land and housing supply have been exacerbated by housing financialization through the growth of local, national and international investment demand in Hong Kong 's housing market This has further worsened the home purchase affordability among middle-income and even upper-middle income families, who generally also are not eligible for the very limited amount of subsidized owner-occupied housing.

Thus, in all four cities while financialization is recognized as worsening housing conditions there is also considerable emphasis on the distribution of income Including middle income households and particularly on land and housing supply stressing planning regulations.

Group 2

Auckland has long been at the centre of a housing affordability crisis. Rising house prices has had an impact on first-time homeownership, but the city has also experienced a crisis in rental affordability. Increasing housing prices have been a hotly contested political issue particularly in the last few years and most of the blame has been placed on housing undersupply, planning restrictions, inadequate investment in public infrastructure, an increase in net inmigration, the role of non-resident homebuyers, and housing being viewed as an investment good. Central to any understanding of Auckland's housing crisis has been the profound reconfiguring of housing as a key object of financialization in New Zealand. Mortgage loans dominate the lending portfolios of the retail banks and housing dominates household wealth in the country.

In *Sydney* the main issue is rising house prices. Median housing prices rose by 29% from March 2020 to December 2021 at a time when the city lost population as a result of the shutting of international borders, the departure of temporary international migrants and a shift towards regional living and away from major cities. The 'deposit gap' means many households are locked into a rental market that is poorly regulated. Those who buy are increasingly indebted. They are also suffering supply pressures as a result of a desire for more space (Working from home), competition from short term rentals and low levels of new build apartments. Latterly there have been falling housing prices as well as consumer concerns about building quality.

Despite all Government's efforts, property prices in *Singapore* – both public and private – continue to rise partly because Singapore has been seen as the region's Covid-19 safe haven. This has prompted a sharp influx of individuals and families, particularly from China and Hong Kong, seeking to relocate to the city-state. Likewise, prices in the private real estate market have risen exponentially, generating great tension between the private housing sector and the government, which has tried to regulate it and prevent Chinese investors from buying, demolishing and then redeveloping land.

Thus, the main emphasis in all three countries is rising house prices and what is happening in the owner-occupied market. But the reasons are again mixed with particular emphasis on population changes in Australia and Singapore. New Zealand puts the greatest emphasis on financialization itself and stresses the dangers of potential increases in risk, especially in the banking sector.

Group 3

Despite the recent decline in property prices, *Barcelona* remains unaffordable for many, with a recent study suggesting over a million new homes are needed to alleviate shortages. Tourism plays a significant role in driving up rental prices. And, although local governments tried to limit the possibilities of platforms such as Airbnb to expand their market, short-term lettings remain a key feature of Spanish cities' private rental sector, fueling rent spikes in the mainstream sector.

In *Lisbon,* years of accessible mortgages and fiscal incentives to homeownership, alongside inadequate social, affordable or private rental housing, made homeownership the prevalent tenure type. However, in a context of mortgage interest rate rises and high demand for dwellings, the deeply cultural embedded aspiration to homeownership is currently a remote possibility for many.

The tourism boom and the use of collaborative economy platforms (e.g., Airbnb) stimulated investment in short-term rentals and forced many tenants to leave their homes unable to afford rising rents. In May 2022, the Supreme Court of Justice ruled unlawful the mix of short-term and long-term units in the same building making the future of the short-let business very uncertain.

Thus, in Iberia the greatest emphasis is on the growth of short-term lets and the extent to which this has reduced access to the traditional private rented sector.

Group 4

The affordability problems in *Copenhagen* are made worse by increasing prices on cooperative apartments. Over the years the use of the S5.2 stimulated interest in investing in private rented property in Denmark, and especially Copenhagen. When the value of private rented property went up then the value of coops had to follow, making this kind of dwellings less accessible for low-income families. The very limited construction of new social housing in the last 15 years with only 5% of dwellings completed since 2006 being social housing has worsened the situation. Today the focus on financialization has diminished somewhat but there is a worry that the substantial investments from institutional investors in private rented housing will result in fewer owner-occupied dwellings, especially in Copenhagen.

Berlin is a special case in Germany. There rents increase faster than in other cities but from a very low starting point. Just as important, the Berlin population is more left-wing and more critical of the market economy than in other German cities and some investors have been acting very ruthlessly. In addition, as long-term perspectives are promising and as Berlin is the biggest city in Germany, big institutional investors as well as foreign investors play a dominant role in the market. Specifically, these investors are blamed for spoiling prices and for exploiting tenants. One of the outcomes of these developments was a referendum on whether to socialize private housing companies which have more than 3, 000 apartments under management, which was passed. Currently, the senate is continuing to discuss this possibility for such a law and the likely impact of this measure.

Dublin has the lowest housing affordability of any region in Ireland, notably in the private rented sector which accommodates over 30% of households in the capital. Population is also rising quite rapidly. Homelessness and the affordability problems and lack of supply in the private rented sector are the biggest housing problems in Dublin. These are interlinked issues. 70% of households living in emergency accommodation live in Dublin and almost all of these have become homeless following eviction from their private rented home.

In *Stockholm,* as in the rest of Sweden, financialization affects both the rental and the ownership markets. In the rental market, the concerns over the influence of financial capital centre around '*renoviction*', where a long period of neglected maintenance is followed by a major renovation with increased standards (brand new kitchen and bathroom, etc.) and sharply increased rent. In the ownership market households are becoming more and more financialized in the sense that the home is increasingly seen as the key economic asset leading to increases in debt-to-income enabled by significant financial deregulation over a number of years. An increasing fraction of households now own property and are therefore more exposed to macroeconomic and financial risks than in the past,

Three of these cities reflect the now traditional story of financialization, notably with respect to investment by Blackstone. Dublin is included in the group because the private rented sector has moved from being almost unregulated to introducing rent regulation, but also because of the massive financial crisis impacted the housing and mortgage markets after the GFC.

Main effects of financialization in cities

In this section we look in more detail at examples of how the four main negative effects attributed to financialization are manifested in some of the case-study cities. These effects are:

- Decreasing housing affordability
- Reduced access to home ownership for local people
- Rental insecurity
- Changes in urban settlement patterns.

We turn in following section to the perceived drivers of financialization in each city.

Effect 1: Worsening housing affordability

Housing affordability is a global concern: since 1995, the housing-price to income ratio has risen dramatically in many OECD countries (OECD 2020); arguably in part because of easier access to housing finance. Hong Kong is the extreme example: the average price-to-income ratio for owner-occupied homes increased from 12.5 in 2011 to 20.5 in 2019 and 22.8 in 2012[19]. However, as mortgages rates decreased over the last decade, this effect was mitigated, in some cases even over-compensated.

Each of our case-study cities has a unique population, climate, housing stock, culture and legal system, but in all of them housing affordability for local people is a public and political issue. These are major cities, and it is to be expected that house prices and rents are higher than national averages. In addition, in some of these cities housing costs have been *increasing* faster than in their country as a whole. Figure 6 and 7 illustrate trends in city house prices (Miami) and rents (Berlin) versus the national picture.

Figure 6: House price index for USA and Miami-Dade County, 2000=100

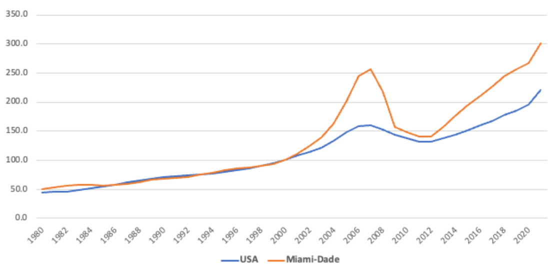
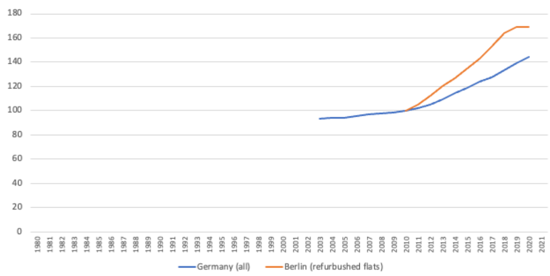


Figure 7: Rent index for Germany and Berlin, 2010=100



Source: details in Appendix D.

Our experts told us that:

> *Barcelona* has seen a huge increase in rents since the pandemic, and *Berlin* has seen rents increase faster than in other German cities, but from a very low starting point. Specifically, investments in modernization changed the housing stock, reducing the number of affordable housing considerably, which lay the grounds for gentrification in popular neighbourhoods.

[19] Rental affordability, on the other hand, improved over the past three decades in Hong Kong, partly because of the large amount of public rental housing.

In *London,* the general lack of affordability in both market tenures, exacerbated by a long-term failure to increase the supply of social housing, has wide-ranging consequences for the city's economy and its residents: overcrowded homes, postponement of childbearing, shortages of workers in lower-paid occupations and even some high-paid ones.

Vancouver's major concern is the rapid and sustained rise in housing costs that is pricing low- and middle-income residents (especially the young, single parent families, and seniors) out of both the ownership and rental markets.

In *all of the cities* in our sample worsening affordability was seen as among the most important housing problems and usually **the** most important. Emphasis was also on the extent to which the link between prices and rents on the one hand and local incomes on the other had broken.

Effect 2: Reduced access to home ownership

Reduced access to home ownership is a second effect associated with financialization. It is linked to the first effect (lower affordability), as the rising prices of owner-occupied homes take them out of the reach of local buyers. Some cities have also seen a change in the nature of existing and new supply, with more rental housing and fewer for home buyers.

The second column of Table 4 gives the most recent available figures for owner occupation for our 13 cities. The rate ranges from a high of 91% in Singapore to a low of 17% in Berlin, demonstrating that financialization issues arise not only in rental-dominated systems (or indeed only in those dominated by home ownership). The colour bandings in Table 4 relate to the country categorisations set out in Table 2. There is no obvious trend in the distribution of colours, as the national housing regime is only one factor that determines urban tenure mix.

Table 4: Trends in owner occupation in 13 cities (% of dwellings or households)

	Owner-occupation rate		
City	**Most recent available**	**2000 or closest available**	**+/-**
Singapore	91	93	-
Lisbon	67	68	No change
Stockholm	65	50	+
Vancouver	64	61	+
Sydney	62		
Miami	50	57	-
London	49	57	-
Auckland	45	64	-
Hong Kong	37	37	No change
Barcelona	c68		
Copenhagen	20	18	+
Berlin	17	13	+
Dublin	60		

Source: details in Appendix D.

The second and third columns of Table 4 show the most recent home ownership rate and that in 2000 or the closest available year. The figures are taken from national statistical sources. Four of the cities (Singapore, Miami, London and Auckland) saw a fall in owner occupation over the period: the changes were largest in London (-8%) and Auckland (-9%). Both these cities saw their owner-occupation rates diverge from levels in their respective countries (Figures 8 and 9).

Figure 8: Homeownership rates in England and London

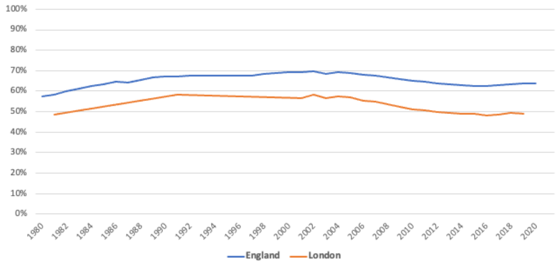


Figure 9: Homeownership rates in New Zealand and Auckland

Source: details in Appendix D.

By contrast, four cities (Stockholm, Vancouver, Copenhagen and Berlin) saw owner occupation increase by between 2% (Copenhagen) and 9% (Stockholm). Lisbon and Hong Kong saw little or no change. Although reduced access to owner occupation is seen as an effect of financialization, Table X shows no clear trend in overall home ownership rates across these 13 cities in the last two decades. Further research could be undertaken to identify effects at the margin, especially for low-income and/or younger households, where it can be expected the effect might b more significant.

Our experts told us that:

> *Hong Kong's* middle-income and upper-middle income families can no longer afford to buy their own homes and are ineligible for or unlikely to be allocated the scarce subsidized owner-occupied housing. Similarly in *Lisbon,* home ownership has become inaccessible for many.
>
> In *Singapore* the Government has been trying to regulate the market to prevent Chinese investors from buying existing buildings, demolishing them and redeveloping. This has generated public dissatisfaction over rising house prices and the inability of the general population to purchase private housing.
>
> In *Copenhagen* there is concern that the substantial investments from institutional investors in private rented housing will result in fewer owner-occupied dwellings.
>
> In *Dublin*, locals complain about reduced construction of family homes, while more and more multi-family homes for expatriates are built.
>
> In *Vancouver* and *Miami* new migrants often bring with them considerable funds from their home country to enable them to to purchase accommodation which may provide security for their families.

Effect 3: Rental insecurity

In many cities the issues of access to housing, or security in existing homes, are most acute in the private rented sector. The PRS is a major tenure in some of our cities (e.g. in Miami it accounts for half of homes, and in Berlin 80 per cent) but plays a much smaller role, although often increasing in others, especially where there is a large social rented sector.

The stylised pattern is that profit-seeking investors (often from other countries) purchase rented housing and raise rents to levels that existing tenants can no longer afford. In less regulated markets like London and some parts of the USA, landlords may evict tenants in order to raise rents but many jurisdictions have strong tenure security and restrict rent increases for sitting tenants. Some cities including Berlin and Stockholm permit landlords to raise rents if they have carried out major renovations, leading to so-called 'renovictions'.

We have relatively good cross-city comparative data about housing affordability and tenure patterns but could not assemble comparable information about evictions. In any case renovictions are usually 'voluntary' moves by tenants and do not involve formal eviction proceedings.

Our experts told us that

> In *Dublin,* 70% of Irish households in emergency accommodation live in Dublin, and almost all of these became homeless following eviction from their private rented home.
>
> In *Stockholm's* rental market, concerns centre around 'renoviction', where a long period of neglected maintenance is followed by a major renovation with increased standards (brand new kitchen and bathroom, etc.) and sharply increased rent.
>
> In *Berlin* some rental investors behaved very badly, trying to get rid of sitting tenants by turning off the heat at weekends or other activities that made the tenants uneasy. Others invested so heavily in energy-efficiency improvements that tenants could not afford the new rents.
>
> In *Auckland* there are poorer areas of the city that have done from majority owner-occupation to almost entirely rental, accommodating those who can no longer afford either to buy or to rent in more desirable locations.

Effect 4: Changes in urban settlement patterns

In some cities, rising house prices in the city centre have led to the suburbanisation of housing demand and an increase in the population on the outskirts of cities, as those unable to afford to live in inner areas or near good transport move out. This trend towards urban sprawl and increased housing supply in more rural areas around major urban centres was accelerated by the COVID-19 pandemic.

Our experts told us that

> Historically, rents in *Lisbon* were affordable compared to other European capitals and in line with Portugal's lower average incomes. Increased investment from abroad after the GFC and deregulation of the housing market, drove up prices and pushed people out of the city.
>
> Price pressures and housing undersupply in *Dublin* have driven population growth from the city into the surrounding Greater Dublin Area.
>
> Municipalities surrounding *Berlin* are growing faster than the city itself, which is also the result of a lack of construction in Berlin.
>
> Many households are being forced out of metropolitan *Vancouver* and *Miami* as rents rise in central and accessible areas.

Similar patterns exist in *Sydney* with increasing densities further from the centre and longer journeys to work.

Drivers of financialization

In each of the 13 cities there is considerable public and political concern about the financialization of housing (and this term is used in many but not all places), with affordability the central issue as set out in this chapter. But the specific drivers can differ markedly from one place to another. In each city, financialization is manifested in one or more of the following ways:

- Investment by hedge funds or institutions (often based overseas)
- Investment by non-resident individuals
- A change in the perception of housing towards housing as an asset rather than a home
- An increase in short-term rentals

Analysts, particularly economists, also identify other factors including local geography, increasing migration and, particularly the low interest rate environment after the GFC as supporting financialization.

Driver 1: Investment by hedge funds or institutions (often based overseas)

Investment by the American hedge fund Blackstone into rental housing in Copenhagen triggered political and public controversy that led indirectly to our research. The company's programme of renovating existing rental stock and potentially leading to higher rents led to a change in Danish law to prevent any landlord, not just Blackstone, from realizing these potential returns until the sitting tenant decided to move on.

Blackstone is probably the best-known such investor and has been criticized by name by numerous politicians and activists across many countries. But it is far from the only one: many other large investors are now involved in residential markets, attracted by steady income streams and the potential for capital appreciation in a low interest rate environment. Many, like Blackstone, operate through local subsidiaries; some jurisdictions (e.g. Denmark) allow only local firms to own real estate.

There is a difference in the perception of hedge funds, called 'vulture funds' by some observers, and major institutional investors such as pension funds and insurance companies and have been long term and local investors. Many governments have policies to incentivize the latter to invest in rental housing, regarding them as good long-term stewards. Advocates of institutional investment in the PRS point to professional management and investors' ability to take a longer view and fund necessary improvements in the housing stock. However, often pension funds or insurances companies are shareholders of investments funds, thus a clear-cut difference between investor types is not feasible.

Our experts told us that

> In *London*, purpose-built private rented housing at scale is a relatively new sector. Its growth has been encouraged by government as it is seen to offer a higher-quality product than traditional small landlords. Many of the build-to-rent operators are US or Canadian companies with UK subsidiaries.

> in *Sweden*, private capital has bought more of the rental housing stock as investors consider it to be a long-term, low risk investment yielding a relatively low but stable return. Rent controls mean the vacancy risk is small. Local pension funds are major investors as is the

German company Vonovia. This firm owns 2.5% of the entire rental stock, making it the country's largest single owner of apartment buildings.

In New Zealand there is a nascent Build to Rent market which has started to expand in the last few years.

The nature of institutional investment is conditioned by the legal framework in each country or city. For example, REITs are an important channel for property investment in some countries but in others are not allowed.

Although direct ownership of residential buildings is the most obvious face of institutional or foreign investment in residential property, much such investment in the property sector is through shares in publicly traded companies, residential mortgage-backed securities or municipal housing bonds. Such activity tends to be less controversial and indeed often goes unremarked outside the financial sector.

Our experts told us that

In *Sweden,* a rough estimate is that foreigners own 25 percent of the market value of corporately owned housing. Much of this, however, is pure portfolio investment by international pension funds and others.

Some REITs in *Spain* are 95% owned by a single family, investment fund, or sovereign wealth fund.

Because of the highly global nature of financial markets, many cities and countries that experience financialization in their own housing systems are themselves home to investors who are active elsewhere. For example, Canadian pension funds and the Singaporean sovereign wealth fund invest in purpose-built student housing in London, and Swedish and German corporates are major owners of rental property in Denmark.

Driver 2: Investment by non-resident individuals

In several cities investment in housing by non-resident individuals is seen to drive affordability problems. This is the case in Vancouver (where the buyers are mainly Chinese, although they often have family members already living in Canada), Hong Kong (also with Chinese buyers), London (buyers from a range of countries including many from China and other Asian countries) and Miami (buyers from Latin America).

Our experts told us that

Historically, *Lisbon*'s rents were affordable by the standards of other capital cities in Europe and in line with Portugal's lower average incomes. After the GFC, buildings started to be sold at astronomical prices to investors from abroad and locals on Portugal's minimum wage of €665 a month were priced out.

The *Hong Kong* government found that between 2011 and 2012, 15% of buyers in the price-setting primary housing market were non-local individuals. External investors' impact on Hong Kong's housing prices was significant, especially in the high-priced market segment.

In both Canada and the UK, housing presales are an important source of development finance and presales to foreign buyers are the norm. In *Vancouver,* many joint ventures for condo buildings involve overseas investors.

In *Australia,* individual investors can buy land for housing construction. Before early 2016 most individual foreign investors borrowed money from local banks to finance their purchases. However, major banks have since stopped lending to foreign income buyers, forcing them to rely on a limited pool of financial institutions which offer loans at higher costs. Overseas investment is concentrated in the private housing sector where units are generally sold off-plan to individuals with the help of local agents.

In *Miami,* the financial crisis produced a rapid decline in house prices that enabled foreign buyers to purchase housing cheaply. In 2018 house prices stabilised but those investors changed the nature of the market. Foreign investors account for a 25% proportion of transactions annually, and 38% by value.

Driver 3: A change in the perception of housing

The value of owner-occupied housing tends to constitute a significant proportion—indeed, often the largest single share--of homeowners' asset portfolios. This is true across countries and over time. Since the global financial crisis, several factors including global low interest rates have combined to inflate the price of housing. At the same time, financial innovations and family wealth transfers have made it easier for some marginal purchasers to access owner occupation.

Financialization theorists argue that there has been a concomitant change in the way that owner-occupiers regard their homes: some (or many, or most) are said to see them increasingly as economic and financial assets rather than primarily as homes. Such an attitudinal shift is impossible to demonstrate using conventional statistics, but there is a widespread view that it is both real and pernicious. Associated with this, in some places, is an overreliance by banks on residential mortgages.

Our experts told us that

In *Sweden*, owner-occupier households are becoming more and more financialized in the sense that the home is increasingly seen as the key economic asset; an increasing fraction of households now own property and are therefore more exposed to macroeconomic and financial risks than in the past, as a result of an increase in the debt-to-income ratio over several years.

Mortgage loans dominate the lending portfolios of retail banks in *New Zealand* and housing dominates household wealth. Households' housing decisions are increasingly predicated on financial metrics centred on potential capital gains and access to favourable lending conditions. The liberalised mortgage system that gives preferential treatment to lending secured by housing helps individuals to use housing equity to acquire a rental portfolio.

In *Hong Kong*, homeowners have increasingly borrowed against their equity (remortgaging) especially during price booms and periods of negative real interest rates. They do this to smooth income, invest in other assets, or simply for a financial buffer. The same is true among existing owners in other more deregulated finance systems such as *England* and *Australia* where to income ratios have increased significantly.

Driver 4: The increase in short-term lets

Many of our 13 cities are important tourist destinations. The explosion of short-term lets, driven by easy access through platforms such as Airbnb, is blamed for removing dwellings from the mainstream market, pushing up rents and changing the character of city centres.

Our experts told us that

> In *Miami,* the demand for and success of short-term rentals has contributed to significant housing affordability problems. In 2018, Miami was the most expensive city in the world to stay at an Airbnb, according to Bloomberg's World Airbnb Cost Index.
>
> Tourism in *Barcelona* plays an important role in driving rents up.
>
> In *Lisbon,* the tourism boom and the use of platforms like Airbnb stimulated investment in short-term rentals and forced many tenants to leave their homes unable to afford rising rents. Investors are typically interested in smaller, city centre, Airbnb-style flats.
>
> *Berlin* also experienced an increasing supply of short-term rentals in the 2000s, thus reducing the supply of regular apartments. As a consequence, the local government has restricted the possibilities to rent out in short-term.

Other factors that worsen affordability and access

While there is considerable consensus amongst analysts about the extent of affordability problems, there is no consensus about the underlying causes and their respective contributions. Some theorists mainly blame financialization. Our experts identified many other factors including low interest rates, planning or geographical constraints, rates of new construction that lag population growth, inadequate investment in public infrastructure and social housing, and increased migration.

Our experts told us that

> In *Sweden,* ultra-low interest rates implemented by Riksbank (Swedish Central Bank) to steer the economy through the pandemic seem to have contributed to greater consumer borrowing, more home purchases and consequently increasing house prices.
>
> Increasing housing prices in *Auckland* have been a hotly contested political issue in the last few years and most of the blame has been placed on housing undersupply, planning restrictions, inadequate investment in public infrastructure, an increase in net-migration, and the role of non-resident homebuyers.
>
> Between 2011 and 2019 net migration to Germany amounted to 3.6 million people. Most foreign workers moved to the big cities, where there were jobs and people from their home countries. After decades of population and price reductions across the country rising migration helped increase housing prices, especially in *Berlin*. In the 2010s the city's population grew by more than 40, 000 inhabitants per year but construction of new dwellings did not keep pace, leading to housing shortages and soaring house prices and rents.
>
> The very limited construction of new social housing in the last 15 years has contributed to the affordability crisis in *Copenhagen* in the past years.

Conclusions

Financialization is seen to contribute to affordability problems and/or reduced access to housing for local people in each of our 13 cities. Capital cities and major metropolitan areas tend to be more affected by affordability problems than other parts of their countries. Younger households and low- or middle-income families bear a particular cost in many places, especially as access to home ownership has grown further beyond reach.

The GFC seems to have been a turning point: since the crisis there has been more concern about affordability and about the behaviour of institutional and foreign investors. To some extent this reflects a growth in investors' involvement in housing enhanced by the low interest rate environment but also a growing awareness of these investors' role leading to calls for greater transparency.

The manifestations of financialization vary greatly depending on location. In Vancouver a main issue is investment by Chinese buyers; in Lisbon short-term rentals are seen to be a problem; in Denmark the activities of a US hedge fund have been highly controversial. Other factors also contribute to affordability and supply pressures including geography, history, planning policy and economic strategy. Miami is a good example: investment comes mainly from South America but also from other parts of the USA, the city is heavily constrained geographically and has an economic strategy aimed at tourism.

Attitudes to investors seem to depend partly on who those investors are. Domestic investors are often more acceptable than international ones, in part because they have been around a lot longer and were seen to provide stability. Individuals may be more acceptable than institutions — though not always. Concerns are often raised about off plan sales which are mainly available to foreign investors (Scanlon et al. 2017). It is notable that Chinese investment is specifically identified as a problem in several cities, but it is also not a new phenomenon.

Financialization is not confined to those places with lightly regulated rental markets. Indeed, large investors can be well placed to profit from opportunities in highly regulated systems. For example, in Germany and Sweden, renovations carried out by investment management companies enabled them in many cases to raise rents significantly, to the financial detriment of sitting tenants.

6

Chapter 6: Some anti-financialization policies

This chapter is about policies aimed directly or mainly at financialization, but as this report makes clear, financialization is always context dependent. It is constrained, channelled and incentivised by myriad policies and regulations that were not developed with financialization in mind—for example, macroprudential rules about mortgage issuance that affect households' ability to purchase homes. Some of the most important contextual factors do not relate specifically to housing or investment at all. Chapter 3 addresses the national context in more detail, and the discussion that follows should be read in light of that chapter.

Many of our case-study countries or cities have enacted policies intended to deter the processes of financialization or to counter its effects. This chapter gives examples of the main approaches taken across our sample countries and cities and, to some degree, their results. Some of these are national policies and some are applied by regions, states or municipalities. The focus in this chapter is more on the policies themselves than on the levels of government at which they are enacted, which reflects both politics and the institutional architecture of each nation. We note several examples of conflict between levels of government — usually when a city wants to impose firm anti-financialization measures and the national or regional government opposes these.

Types of government intervention

Economists distinguish four main types of government intervention in economic activity: taxation, regulation, subsidy, and direct government provision. All are relevant to the case of financialization.

- **Taxes** (or increased taxes) can be imposed on economic entities engaged in activities that are deemed to lead to financialization. Taxes can be imposed on investors or providers of services (e.g., landlords) and/or on purchasers (e.g., Airbnb tenants).

- **Regulation** can limit the ability of economic actors to perform certain activities or require them to behave in a particular way. Rent control is an obvious example. The planning system is the regulatory framework for all housing development and is seen as the main issue with respect to new supply.

- **Subsidies** or other incentive schemes can encourage certain behaviours or give some actors an advantage over others. Subsidies can help to counter the effects of financialization by 'levelling the playing field' between investors, landlords and owner occupiers, in particular in the case of first-time buyers.

  Certain incentives can unintentionally contribute to exacerbating financialization pressures. Golden visas are one example; these are discussed in Chapter 3.

- **Direct government provision** of housing has historically been a major counterbalance to affordability pressures in many countries, enabling lower income households to rent or buy at below market rates. Direct provision was in decline in much of the developed world from the 1980s, but construction of socially-owned housing – notably housing associations which may be mixed funded, including international investors, has in recent years grown (albeit from a low base) as a way of providing affordable homes in many high-pressure cities.

The emphasis in this chapter is on policies specifically intended to address financialization. For each policy type, we give one or two examples from our case-study cities and countries, which were taken from information provided by our country experts. These are examples only—if a place is not mentioned in the text, it does not mean it has no policies in that category. A summary table covering all those mentioned by our experts appears at the end of this chapter.

Taxation

Several jurisdictions have enacted new taxes or raised existing taxes on specific types of housing purchasers with the principal aim of deterring further investment of that type. The buyers targeted are normally individual private landlords and/or foreign property buyers. Examples include the following:

In *Australia,* the federal government in 2016 introduced a number of policies to deter foreign investment in housing including a capital gains tax for foreign residents and a land tax surcharge of 2% for foreign buyers.

British Columbia and *Ontario,* two Canadian provinces, have foreign buyers' taxes for property purchases.

In *Ireland* there are higher stamp duty rates for bulk purchases of residential properties and further constraints to stop bulk buying of new build

In *Singapore* stamp duties are charged on both buyers and sellers. Buyers stamp duty rises with the value of the property. There is an additional buyers stamp duty applied to second and subsequent home purchases but also to all purchases by foreign buyers. Sellers stamp duty is levied on all sales, the rate depends on the period of ownership.

In *England,* owner occupiers pay a transactions tax of 0-12% on residential purchases, depending on the price of the unit. Buyers of homes that will not be a primary residence (that is, landlords and second-home buyers) must pay a stamp-duty surcharge of 3%. Since 2021, buyers who are not UK residents must pay a further 2%.

Taxation can also serve to discourage certain behaviours by investors. For example,

Vancouver has since 2017 taxed empty homes, although revenues from the tax have been small.

Some taxes on financialised activities appear to be mainly intended to raise revenue. For example,

in Florida's *Miami-Dade* County, visitors are charged short-term transient rental taxes of 6%, with a few exceptions. In 2018, Airbnb collected and passed $10 million in tax revenue to the county.

Regulation

Four main types of regulatory change have been put in place or advocated in our case-study countries and cities to address financialization pressures. These are new or tightened rent controls; limits on Airbnb-type short-term lets; changes to planning laws to encourage or require more housing construction; and disclosure rules around foreign property purchases.

New or tightened rent regulation[20]

Rent levels are a major political issue in many of our case-study cities, and several places that did not previously regulate rents have imposed (or tried to impose) new controls on the level and/or increase in private rents. These changes aim to improve affordability and do not always respond exclusively to concerns about financialization. For example

> In *London,* where rent regulation is a matter for national rather than local government, London Labour mayor Sadiq Khan has for several years lobbied to be granted the power to introduce rent controls in the capital. He says this is one way to address soaring rents in the private rented sector. His position is very popular amongst voters in London, but the current Conservative government has made clear that it will not devolve this power to the mayor.

Places where rents have traditionally been regulated have not been immune from financialization pressures; indeed, as discussed earlier, the rules themselves may offer lucrative opportunities for profit-maximising investors. Several of these places have tightened their rent regulation in response. Denmark's Blackstone intervention is described in Chapter 1. Other cities that have taken similar action, or tried to, include:

> *Berlin,* where in 2015, the so-called *Mietpreisbremse* (rent brake) was introduced, capping rents for new contracts. Furthermore, in 2018, rent increases related to modernisation were limited to a maximum of €3 per square metre. These measures had no major effect, and the market remained very tight: the ongoing influx of high-income workers and sluggish progress in building new homes resulted in further rental increases. Later the Berlin Senate tightened the regulations further with the *Mietendeckel*, which from January 2020 froze rents at existing levels and required reductions in some cases. However, the constitutional court ruled in March 2021 that rent regulation was a federal issue and Berlin was not allowed to implement its own rules.

> *Barcelona***,** in the region of Catalonia, in September 2020 introduced new regulations to allow rents to be frozen or reduced in 61 high-cost municipalities. Rents for new lets of properties that had been rented before are limited to the lower of the previous rent or a rental reference rate. Again, these have been ruled to be unlawful by the central government – which has now passed regulations that are less onerous but apply across the country.

Restrictions on short-term lets

The proliferation of Airbnb-type short-term lets is politically contentious in many case-study cities, as it is seen to change the character of neighbourhoods and to remove dwellings from the permanent housing stock as well as to generate anti-social behaviour. Several of our case-study cities have enacted rules limiting the use of permanent dwellings as short-term rentals. For example,

> In *London* and *Dublin,* dwellings can only be used as short-term lets for up to 90 days a year unless planning permission is secured. In *greater Sydney* the limit is 180 days.

> In *Lisbon,* no new authorisations are being granted for STLs in neighbourhoods that already have a high proportion of such lettings, although the many existing STLs are permitted to continue to operate.

---

[20] The regulation of the private rented sector, including rent control, is discussed extensively in two earlier reports for the Knowledge Centre for Housing Economics (see Whitehead et al. 2012; Whitehead et al. 2016).

Miami-Dade County charges a tax on STLs and prohibits them in certain residential neighbourhood. The fine for violations was originally $20, 000, but was reduced by the courts to $1000 for the first violation. Miami's efforts to regulate short-term lets are a good example of tensions between different levels of government over policy direction. The state of Florida prohibits local municipalities from banning short-term rentals outright, and some state legislators would like to forbid local municipalities from regulating or overseeing short-term rentals at all.

In *Copenhagen* and across Denmark short term let are allowed. They will receive a tax advantage if they are organized through platforms such as Airbnb.

Changes to planning laws

Relaxing planning restrictions is not addressed specifically at financialization but at affordability issues more generally, as tight planning controls that limit the construction of new housing are blamed for contributing to housing affordability problems in almost all cities. Several places have introduced changes designed to lead to more construction of housing overall, or of affordable housing in particular. For example,

Since 2013, New Zealand's central government has pressured on *Auckland* Council to facilitate more housing supply and has recently required it to fast-track planning permissions for housing in certain areas. Planning legislation is currently being revised to facilitate more housing development and the National Policy Statement on Urban Development 2020 (NPS-UD) directly requires Auckland Council to enable more housing supply.

After enacting the Hong Kong National Security Law, the Chinese central government urged the *Hong Kong* government to solve the city's acute housing-affordability problem and the appalling conditions in subdivided homes. In response, the city's chief executive in 2021 announced unprecedentedly ambitious land development plans—although it is recognised that these will take at least 20 years to come to fruition.

Transparency in relation to foreign buyers

Overseas ownership of residential property is controversial in many of our case-study cities. In some of them it can be difficult to identify the ultimate owner of a property, which may be registered in the name of a local representative, a shell company, or a series of such companies. Some governments have taken action to make the ownership of property more transparent. For example,

In *England,* a new Register of Overseas Entities became active in August 2022. This requires foreign companies owning UK property to identify their true owners in an official register. The rule was part of a wider economic crime law aimed mainly at stemming flows of illicit Russian money following the invasion of Ukraine.

Limits on foreign purchases

Some governments or politicians have considered imposing strict limits on foreign purchases of housing. For example,

The government of *Canada* called for a two-year moratorium on foreign buyers in their February 2022 budget. This was introduced in January 2023 although there are numerous exceptions including for lower priced units. British Columbia had already implemented a 20% tax on foreign buyers.

In the *USA,* Florida senator Marco Rubio in 2020 introduced a bill to scrutinize foreign property purchases, allow the treasury to investigate buyers for money laundering, and increase the withholding tax paid by foreign owners when they sell a property. The Home Advantage for American Families bill was not enacted into law.

Subsidies

Governments have long offer incentives to enable households to access owner occupation. Many of these programmes have been in operation for decades and do not relate directly to financialization. However, the acute affordability pressures of the last few decades have spurred consideration of new subsidies or preferential loans to give homebuyers an advantage over investors. For example,

Recently in *Sweden***,** a public committee has proposed special loans for first-time buyers up to 95 percent LTV based on public credit guarantees.

Direct government provision

Local authorities were traditionally important housing providers in many cities and countries, particularly in northern Europe. In some (e.g., England) they withdrew from this sector for political reasons; in others (many southern European countries) their role was always more limited. Now local authorities have begun or resumed building affordable housing themselves, either independently or in collaboration with other market actors. For example,

in 2017 *Lisbon'*s municipality started to develop an affordable rental housing programme through private-public-partnerships, but several hurdles have hindered progress and the initiative has yet to show results (Canelas 2022).

After a hiatus of nearly three decades, *London l*ocal authorities have again begun to build affordable housing, often on their own land and through separate borough-owned companies. The number of new units to date is relatively small, as the local authorities face financial pressures and must rebuild their in-house professional expertise.

Conclusions

There are numerous policies on STLs across our sample countries —these are a relatively new phenomenon, so all the policies are, by definition, new and therefore maybe more obvious; they are also often local, so differ from one another considerably even within countries.

Similarly with investment by private individuals from other countries—this has become a phenomenon at scale only since the 1980s decades and especially since the GFC, except in a few historically global cities like London. Even in London, in the past foreign purchasers were mainly wealthy people who wanted a pied a terre or a safe haven. They knew the city and came in person; they were not pure investors buying from a distance.

There are often tensions between cities who want strong regulations and regional/national governments that oppose restrictions. financialization is a very big political issue in certain concentrated urban areas, whereas leaders of states/regions may be more interested in promoting overseas investment and tourism than deterring it.

The policies enacted depend on where each place is starting from. Rent regulation is the go-to in cities that do not have it already (e.g. London), but many of our case-study cities *do* have it already and there are still significant problems so the question is how to tighten it/eliminate loopholes.

Table 5.1 and 5.2: Policies to deter financialization (incentivise investment) in the case-study cities, states, regions and countries (alphabetical by city name)

KEY:

	Designed to deter financialization	**Designed to incentivise investment**
Policy/Policies adopted at national or state/regional level		
Policy/Policies adopted at municipal level		
Policy/Policies adopted at both national/state/regional and municipal levels		
Private sector policy change		
No information		

Table 5.1 Cities A-H

	Auckland (New Zealand)	**Barcelona (Cataluña/Spain)**	**Berlin (Germany)**	**Copenhagen (Denmark)**	**Dublin (Ireland)**	**Hong Kong**
Taxation						
Changes to taxation of investors	Bright Line test: Investors selling before 10 years subject to tax. Removal of interest deductibility for investors.	Lower taxes for REITs			Capital tax exemptions for resi investors	Additional stamp duty for second home buyers
Extra taxes on non-resident buyers						Additional stamp duty for non-locals
Taxes on empty homes					The government introduced s vacant homes tax in December 2022.	
Taxes on short-term lets	Auckland: Property rented online for more than 28 nights each year, pay business rates.					
Regulation						
Rent regulation where there was none before						Tenancy control on subdivided units since January 2022
Tightening existing regulation of rents or rent increases	Rent increases restricted to 12-month review (previously 6 month)		Mietpreisbremse Mietendeckel	Blackstone law		
Restrictions on short-term lets		Limits on new licenses. New plan on Tourist Accommodation in force since January 2022.			There are extensive restrictions on short term lets operated via the planning system.	
Requiring landlords to rent to certain households		Investor landlords required to let % at social rents				
Restrictions on leaving homes empty		2-year limit on empty homes				
Changes to planning laws	Special Planning Areas to accelerate development Cities required to enable more housing supply	No new tourist accommodation in some areas		Relaxation of minimum dwelling size	Lower space stds for some buildings, densification Cities can limit bulk purchases of flats	
Transparency on foreign buyers						
Limits on foreign purchases	Prohibition on overseas ownership (excludes Australian and Singaporeans). Exceptions if investment adds to housing supply.					

Table 5.1 continued

	Auckland (New Zealand)	Barcelona (Cataluña/Spain)	Berlin (Germany)	Copenhagen (Denmark)	Dublin (Ireland)	Hong Kong
Direct public sector activity						
Construction of new affordable housing	Government-owned provider to build mixed tenure schemes	Habitatge Metropolis Barcelona scheme		Plan to build 22, 000 units across Denmark		Ambitious land development plans and two new transitional public rental housing projects
Acquisition of housing to maintain affordability		Purchases of blocks to prevent evictions				
Sale of publicly-owned homes or mortgages to investors			1990s/early 2000s sale of municipal housing		NAMA sales to institutional investors	

Source: Country cameos in Appendix A.

Table 5.2: Cities L-V

	Lisbon (Portugal)	London (England)	Miami (Florida/USA)	Singapore	Stockholm (Sweden)	Sydney (NSW/Australia)	Vancouver (British Columbia/Canada)
Taxation							
Changes to taxation of investors	Tax exemptions for non-habitual residents						Immigrant Investor Program (until 2014)
Extra taxes on non-resident buyers		Stamp Duty Land Tax surcharge for non-residents	Higher effective property tax for non-primary residences.	Additional Buyer Stamp Duty w/high rate for foreigners & corporates		Capital gains tax for foreign residents (federal), Foreign Citizen Stamp Duty Surcharge and Land Tax Surcharge (NSW)	Provincial Foreign Buyers Tax (2016)
Higher tax for rapid home resale				Additional tax for those selling within 3 years of buying			
Taxes on empty homes	Empty homes additional tax					'Ghost tax' on empty dwellings (federal)	Empty Homes tax 2017 BC speculation vacancy tax 2018
Taxes on short-term lets	Varied rates		Short-term lets fall under the same local taxing authority and guidelines as hotels.				BC sales tax of 8%
Regulation							
Rent regulation where there was none before		Mayor advocates but does not have power					
Tightening existing regulation of rents or rent increases					Tenants can challenge rent-increasing renovation plans in court		
Loosening of existing rent regulation	Easier termination of residential leases						
Restrictions on short-term lets	City licence required. Court ruling prohibiting long- and short-term lets in the same building	STLs restricted to 90 days/year without planning permission					City license required
Requiring landlords to rent to certain households		Build to rent operators required to provide % of affordable units					
Restrictions on leaving homes empty							
Changes to planning laws							
Transparency on foreign buyers		New law in 2022 to make real estate ownership transparent					BC Land Owner Transparency Registry (2022)
Incentives for foreign purchases	Golden visas for foreigners investing in real estate (until 2022)		The EB-5 immigrant investor program awards green card eligibility to internationals for U.S. investments that meet specific criteria.				

Table 5.2 continued

	Lisbon (Portugal)	London (England)	Miami (Florida/USA)	Singapore	Stockholm (Sweden)	Sydney (NSW/Australia)	Vancouver (British Columbia/Canada)
Regulation							
Limits on foreign purchases						Mortgage lender restrictions on foreign-income buyers FIRB application required for foreign buyers, who must buy new homes	Ban on most home purchases by foreign buyers for two years, from 1 Jan 2023
Direct public sector activity							
Construction of new affordable housing	Public-private partnership for affordable housing on municipal land	London boroughs building housing on own land		Permanent feature of Singapore model.			
Acquisition of housing to maintain affordability				As of 2021, Prime Location Public Housing model (PHL) to reduce demand/prices of new public housing, in central locations, favouring nuclear families/non-homeowners and deterring speculative resales.			
Sale of publicly-owned homes or mortgages to investors		Sale of 'bad bank' mortgages to non-lending investors			Sale of municipal company homes to co-op associations and private investors		

Source: Country cameos in Appendix A.

7

Chapter 7: The views of major investors

The research team and some of our international colleagues spoke to a range of major investors or their agents to explore their understanding of the financialization debate and their views about the wider effects of their activities[21]. The conversations followed the same general list of topics.

Our interviewees came from England, Germany, Portugal, Canada and Sweden, but covered investments in many other countries as well. Our country experts, notably in the USA and Australasia also commented based on their own experience.

Meaning and origins of the term 'financialization'

The term was recognised by all our interviewees, although we heard that in some countries (eg Germany) it is little used, at least by investors or real estate professionals. There was no consensus on what the term meant, though some interviewees cited Aalbers' definition of the primacy of housing as a financial asset rather than as a home. We asked for some examples of financialization, and these varied by interviewees' location and/or professional background. Those cited included buy-to-let investment by individuals, the growth of Build to Rent; institutional investment in any residential asset, institutional investment specifically into social housing, renoviction, Airbnb and foreign private equity.

Some interviewees did not regard owner-occupied housing as subject to financialization, while others said mortgage securitisation and low mortgage rates leading to asset-price inflation were both examples of financialization. One preferred the term leverage to financialization.

Interviewees said the connotation of the term was almost always negative. Two German interviewees quoted the former labour minister and chief of the social democratic party Franz Münterfering, who said 'locusts' (private equity firms) wanted to invade the German housing market.

The word 'financialization' implies a change, but many interviewees observed that the association of money and homes was historic, dating back centuries. financialization included 19th-century international land speculators and family-owned companies of the early 20th century. What is new is the degree of intensification, the numbers of transactions, the extension of international investment and the amount of money now involved.

Economists tended to distinguish financialization from the development of financial markets in general, which they saw as a positive thing. According to mainstream theories of financial markets, financialization is not of itself generally a problem but rather an expected and natural process. They are however concerned about whether regulation has kept pace with the changes occurring in the market – potentially generating systemic risks.

Negative effects of financialization

Some interviewees said that in principle, PRS landlords operating as rational economic actors were unlikely to charge less than a market-clearing rent, as this would not generally be a profit-maximising

[21] Note that these interviews covered only one subset of 'financialisers' (albeit an important one); the interview programme captured less about the views of landlords operating as private individuals, Airbnb landlords or owners of second homes in other countries.

choice[22]. Institutional PRS often involved new build (known as Build to Rent in some markets) tended to target middle-income owners, not low-income households. In some countries institutions were also major investors when social rented property was transferred in bulk to the private sector.

Interviewees recognised that by applying strictly financial criteria, some investors harmed the interests of existing tenants (e.g., by carrying out renovations and raising rents). In some places the rules allow for rent rises only on renovation (Sweden, Germany). This creates perverse incentives: landlords may neglect routine maintenance in the run-up to such renovations.

Gentrification was seen to be a consequence of financialization. In many locations where financialization is an issue the housing stock is very constrained, so there is nowhere local affordable for tenants to move to if rents rise. Some interviewees saw gentrification as an inevitable and necessary part of urban change; others said they worried about it.

Several interviewees cited instances of rule-breaking by (other) investors. These included saying they needed a property for their own use in order to evict the tenants and claiming to have carried out renovations without doing so. Large institutions were less likely to be involved in actual misbehaviour than small and mid-size investors; on the other hand, they were more professional at exploiting the possibilities of raising rents within the law.

The negative effects adduced to financialization were not seen everywhere but concentrated in certain markets: major cities, tourist hotspots and places with a lot of second homes. In the case of Germany, for example (interesting to investors because of its large rental stock), Munich, Berlin and Frankfurt were the hot spots. Hamburg had also attracted investment but had an active city policy to increase housing supply so had been less affected by rent increases.

The nature of local debates about financialization of housing reflected the history and politics of each city, and the speed of change. Vancouver and Miami had changed dramatically over just a few years. In Berlin, the incomes of existing residents had not grown as fast as those of new immigrants to the city, so locals felt crowded out. Low supply of housing was a common element in these cities. New supply was needed but there was no consensus about what should be built, where and indeed how. Public private partnerships were seen as the most likely way forward.

Benefits of financialization

According to several interviewees, large-scale institutional investors are beneficial for the housing market: their involvement leads to more homes being built, and they are better, more consistent managers than small landlords. In any case the housing crisis is too big to be solved by the public sector alone; financial capital and wider knowledge of both finance and housing markets are needed. Disincentivising investment in housing is misguided, as the sector needs more investment (e.g. because of climate change) rather than less. However, the negative connotations of financialization could make governments less likely to approach the private sector for solutions.

Drivers of financialization

Economists stressed the role of low interest rates. Macro-economic policy and in particular quantitative easing was also seen as having significant impact. Residential investment was regarded

[22] On the other hand, in Germany as in other countries many investors are attracted to provision of rental housing for low-income households in receipt of welfare benefits, as their housing costs are covered by the state (up to a local maximum). This guarantees a stable income, and rents can go up as benefits rise.

as attractive because traditional instruments like bonds have had such low yields since the GFC[23]. Institutions such as pension funds and insurance companies were searching for secure long-term income streams, which private rented housing offered. In addition to low interest rates, financialization was seen to be driven by the rise of neoliberalism, the development of the internet, and new financial and information technology.

Investment in real estate has come to be regarded as *the* avenue to wealth generation by many investors, particularly among private individuals.

Private equity firms in particular had observed that much housing was undermanaged and undervalued, and that they could therefore realise one-off returns with economies of scale. Their involvement led to greater professionalisation.

Data issues

In some places there was little information on transactions involving foreign or institutional investment; in others the information was collected but was difficult or impossible for analysts to secure. For example, in Vancouver, 50% of condos were purchased by investors and 25% of single-family homes. However, there was no information on who *lived* in these units. Our interviewee said this made it hard to establish a clear picture:

> 'When it comes to recently built condominiums, 50% of those units are not occupied by the owners. The question is how much of it is domestic money mixed in with cheap money, mixed in with foreign money and mixed in with laundered money. I talk about the toxic sausage in housing – you don't know what is good meat versus bad meat.'

Lack of data also made it difficult for regulators to understand what rules were required, and to enforce the rules already in place.

Different types of investors and their behaviour

In some countries (e.g., Germany, UK) there were various types of corporate investors in residential property including private equity (in the forefront), family offices, insurance companies and pension funds. This mixture of different types of investors was seen by some interviewees as a sign of a healthy market. Some firms (Blackstone was named) made money mainly from short-term buying and selling, while others (Vonovia was named) were in it for the long term, looking for a steady income stream. Pension funds (Canadian, Dutch) as well as sovereign wealth funds (Abu Dhabi, Qatar) were major, usually long-term, investors in many markets.

In many places (eg Lisbon, Sydney, Vancouver), most foreign investment into housing continues to come from private individuals and not from institutions. Each country from which investors came (China, Iran, USA) had its own story and set of motivations; it was not a uniform picture. Some individual investors saw real estate in global cities as a safe haven investment and a hedge against political instability in their own countries. Such investors might be happy to leave units empty.

The nature of preferred investments depended on both the investors themselves and on the characteristics of the local market and housing stock. Institutional investors needed to buy at scale, meaning built-to-rent was attractive. The typical purchase would be worth £80 - £150 million, with 100-150 homes. Transfers from the social rented sector have been attractive in some markets-

[23] Our interviews were carried out before the recent rises in global interest rates.

notably Germany. In markets where regulators imposed high requirements for energy efficiency, institutions might focus on buying new-build rather than existing stock.

Private capital has been involved in the finance of social housing providers in the UK since 1988 but latterly it has entered specialist areas such as shared ownership and supported housing where traditional mainstream lenders have less interest and where they can play a more active, sometimes risk taking, role – as well as acting as 'subsidy seekers'.

Policy, regulation, and risk

Institutional investors accepted that governments should establish the financial and regulatory framework around investment in and operation of housing. They said it was up to governments to set out the main goals for the housing system and to devise incentive systems that would help achieve these goals. Interviewees said that institutions accepted rules on permissible rent increases; they had experience with this in European cities such as Berlin, and it reflected the structure of the leases used by major build-to-rent operators. They offer multi-year tenancies, tenant-only break clauses and rent increases set out in the lease contract.

Interviewees said lack of certainty was a bigger issue than the existence of regulation per se. Investors preferred certainty about rent control but also about housing quality regulations, energy standards etc. Interviewees observed that stricter standards benefitted the stock but caused rent increases for existing homes and made new homes more costly.

Various restrictions on institutional investors have been imposed in a number of places including Berlin, Copenhagen, Sweden and Ireland. Some interviewees said they were politically motivated and reflected little understanding of incentives. The rules often seem designed to disincentivise investment in housing in general, even though the housing stock needed major investment and housing overall is in short supply.

Several interviewees accepted the case for tighter regulation of Airbnb, which removed dwellings from the traditional private rented stock. Some said that providing tax incentives for owner occupiers could help level the playing field with investors in some contexts.

Overall, our interviewees' starting point was that improving finance markets was a valuable element in making housing systems work better. They stressed that both national and local legal frameworks around residential investment needed to be clear about what was and was not permissible – both in terms of housing as an asset and as a right. Our interviewees did not represent the full spectrum of financialization actors: they were all from mainstream companies operating in compliance with the relevant legislation and regulations. We tried without success to speak to private equity firms. We did not interview any private individual investors (foreign or local to the cities involved) but note that individuals invest in housing for a wide range of reasons, not just to maximise risk-adjusted rates of return.

8

Chapter 8: Conclusions

The importance of financialization

All the national experts in our sample countries and cities recognised financialization as an important phenomenon – but how they understood it varied with their local experience. In some countries it was specifically about parts of the privately rented sector; in others it was concentrated in the owner-occupied sector. In some countries it was closely tied to immigration; in others it was more about financial flows. In some, the impacts were concentrated on the lower end of the housing market with significant negative distributional effects; in others the effects were more widespread. In some the emphasis was entirely on the existing stock – and often the renovation of that stock; in others new build was seen to be an important element. In some the whole concept was generally perceived to be negative, in others there were seen to be some positive impacts of deregulation of finance markets.

Returning to our categorisation

Early in the project we set out a preliminary categorisation dividing the twelve countries together with Hong Kong into four groups and taking account of two of the major elements of financialization – openness to international finance and housing markets on the one hand and the strength of regulation on the other. The objective was to clarify how the varying pressures of financialization impacted in different contexts, and to see whether these differing pressures resulted in different instruments being used to address these negative effects.

In the most open and least regulated countries of Canada, the USA and England, as well as to some extent Hong Kong, institutional and indeed international investment has been a core element in their broader financial systems for decades. What has changed most obviously, especially in the USA and England, has been increased leverage in the owner-occupied sector as well as the growth of institutional and notably private equity in the privately rented market. In England there is also growing concern about the role that private equity is playing in affordable and specialist housing where they act effectively as subsidy seekers.

In Australia, New Zealand and Singapore the impact of financialization has been more concentrated in the owner-occupied sector with a marked emphasis on individual investors attempting to enter these markets. In response governments have introduced restrictions on international purchasers. In both Australia and New Zealand experts stated that their finance markets were not seen as large enough to attract international institutional investors. However, in both countries there was concern that housing debt among owner-occupiers and second homeowners has increased very significantly increasing the potential for systemic risk in their banking sectors. In Singapore, where government involvement in housing is much stronger but the vast majority of households are owner-occupiers, there is a heavy reliance on stamp duties for both buyers and sellers to limit overseas purchases.

In Portugal and Spain the effects of financialization are concentrated on the rental sector. Their economies have traditionally benefitted from international investment including for purchases of second homes. Lately, both countries have removed many of the incentives previously offered to limit the impact of such investment on housing demand, particularly in the private rented sector. As a result of these negative impacts, they are seeing increasing emphasis on rent controls as well as legislation, particularly at local level, to limit short term lets which are eating into the existing more traditional private rented sector.

Finally, Germany, Sweden and to some extent Denmark have all seen clear effects from financialization in the rental sector. This has led to considerable strengthening in rent regulation, notably with respect to the relationship between improvements of the existing stock and the rents that can be charged. Some countries have seen public campaigns to limit international financial involvement although Berlin remains heavily dependent on international money. Ireland is a bit of an outlier, although facing many of the same pressures with some increase in rental regulation and restrictions on the sale of new Build to Rent dwellings.

These four groupings seem to have some useful interpretive power, but there are also significant differences within each group. The categorisation has helped us understand linkages but would need further research to clarify causality. Most importantly, the categorisation is nationally based, but it is in individual cities that financialization plays out. The extent to which new supply is constrained in each city (whether geographically or otherwise) is clearly a key determinant of the impact of financialization.

Overall conclusions

Concern about the financialization of housing has increased in many developed countries, particularly since the Global Financial Crisis. Since the crisis there has also been increasing interplay between public opinion and theory: as consumers complain about international landlords or investors, scholars note the relevance of the issue. By defining and naming the perceived relationships it is possible to bring some order into the discussion.

The concerns are concentrated on the negative effects on mainly poorer households who are facing higher housing costs and less security of tenure and are also being excluded from many parts of major cities. More fundamentally the arguments are also about who is responsible for ensuring that all households have access to adequate and appropriate housing, and how governments can best regulate to ensure minimum standards for all.

Although finance is seen as the culprit in much of the discourse, finance is an enduring requirement in any housing system because of the fundamental attributes of housing as both an asset and a consumption good. Without finance there can be no new supply, nor can the existing housing stock be improved or made more efficient. Although governments may offer a small contribution in the form of grants or subsidies for particular types of housing, finance for housing comes mainly from the private sector.

The organisational characteristics of private housing finance matter. They shape housing outcomes and affect both individual and system-wide risk. The methods by which housing is financed have changed dramatically over the decades – generating both benefits but also new tensions. Deregulation of the housing finance market enabled banks to enter the mortgage market and widened the range of financial instruments which could be used to fund housing, enabling new types of investors to enter the market. Some of these initiatives have increased the efficiency of the finance market, reducing costs and enabling it to expand significantly.

But economists have also identified significant negative impacts from these changes, which have increased risk as well as raising major distributional concerns. Financialization alters the volume of capital/money available, but the new actors in the system have different objectives, risk profiles and appetites compared to traditional players. More generally this increased investment demand is seen to generate higher rents and prices at the expense in the main of lower income households.

To some extent the Global Financial Crisis of 2008 reduced such activity so that levels of indebtedness were reduced. But after a period of retrenchment, levels of housing-related debt have continued to rise. Housing was increasingly seen as a relatively safe and secure asset in a world of low interest rates and quantitative easing, and demand rose accordingly.

Throughout this period, housing finance markets have become increasing internationalised, notably involving private equity companies such as Blackstone, which are often perceived as looking for short term gains rather than long term security. These investors were attracted to countries particularly Germany and Sweden, where loopholes in rent regulation have allowed improvement investment to generate significant rent increases that could be capitalised into asset values. They have also increasingly been seeking investments where they can benefit from subsidies for e.g. specialist housing provision.

In the rental sector, regulators have capped rent increases after improvements. They have also limited short-term lets which in many cities are significantly reducing the availability of traditional private lettings. In the owner-occupied sector, governments changed various taxes to try to limit purchases by overseas investors. These are blamed for increasing prices, removing scarce housing resources from local people and damaging local communities. In most cases, though, the interventions have had less effect than anticipated.

Economists tend to emphasise the benefits of a more mature finance market with larger numbers of players. They argue that, as long as there are proper regulatory systems at national and international level, more open markets bring more resources into the housing system. But even at the most general level this rosy picture is not a balanced one, mainly because of another fundamental attribute of housing: that housing supply is extremely inelastic. More investor demand, to a very significant extent, ends up in higher prices and rents. It is this which puts so much pressure on households and breaks the traditional link between housing costs and local incomes. Investor demand tends to generate gentrification in the more desirable areas of cities, concentrating poorer households in less desirable areas which are often poorly served by public transport.

Finally, much of the discussion in the literature relates to investment in the existing stock and how that stock is allocated. But there are equally important issues in relation to new build. The Build to Rent market has expanded rapidly over the last few years – but, except where government intervenes (e.g. as in England where a proportion of affordable housing is required) this output has tended to be aimed at the middle and upper end of the market. This has helped fill gaps in the availability of suitable housing for higher income and often mobile households but has done nothing to meet the needs of poorer households.

Some Implications

Finance is a necessary part of any housing system, but both the finance and housing systems need to be designed so that they have a positive impact on society. Policy makers must follow basic principles like maintaining a level playing field (through e.g. the prevention of tax privileges); putting in place robust regulatory frameworks, like protecting tenants from arbitrary eviction and extreme rent increases; and providing for poorer households who cannot afford acceptable housing. Zoning and planning policies should secure higher levels of new supply but also ensure that new residential schemes are mixed, so that all sectors of the market are served.

Policy makers should recognise the need for large scale private capital to finance the transformation of the housing stock to meet climate goals. At least one third of all CO2 emissions are due to the real estate sector. Experience in Germany and Sweden shows that big private investors are willing to invest in the housing stock. The EU Taxonomy fosters these investments by requiring big companies to reveal their carbon footprint. Financing conditions depend more and more on whether investments are labelled as green, and increasing energy costs sharpen the incentive for investment. However, investments in modernisation and carbon neutrality should not lead to overburdened renters. Rules for shifting modernisation costs should be designed in a way that balances the interests of landlords and tenants.

In some countries the number of dwellings let to tourists and others with short term requirements has expanded enormously, at the cost of reducing housing supply for local households. The main reason is that their ability to pay exceeds that of local households. Further, the market for more permanent renters is often more regulated – so temporary lettings are a means of circumventing that regulation. The growth in second homes which may well not be let out adds to these tensions. In the economists' perfect world, building activity would expand so that additional demands were quickly satisfied, but with capacity constraints, time lags and especially a scarcity of land in urban areas, this is not possible. Therefore, sound regulation of temporary lettings, e.g. by implementing quotas or other restrictions, seem to be a reasonable and necessary response to ensure adequate accommodation for local residents.

In many contexts, especially at the local level, constraints on land and housing supply are seen as just as problematic as the effects of financialization. To meet their own objectives cities and countries will generally need to ensure land is available, together with the necessary infrastructure, so housing supply can expand in appropriate locations as population and incomes grow. One approach is to use their powers to try to limit demand, especially from non-locals. This is often popular with local voters and politicians but, as this report suggests, it is difficult to implement and frequently ineffective. Where it is effective, it can have serious unintended consequences, notably for newcomers and poorer households. In many cities with little undeveloped land expanding supply may mean regeneration at higher densities and/or expanding city boundaries. Neither of these are easy solutions but if demand continues to grow without long term increases in new supply, the costs identified in the financialization debate will only be exacerbated.

Overall, there remain obvious efficiency gains from well operating finance markets as long as these support both new build and the necessary improvements to the existing stock. But there are also reasons to be concerned about potential systemic risks in a more indebted environment which must be managed at both national and international level.

Financial markets will continue to evolve, although their direction over the next few years will probably be very different after the end of a decade of low interest rates and low inflation. Housing policies and outcomes will undoubtedly be affected by these changes. One possibility is that financialization, as narrowly defined by 'Blackstone' could well be much less profitable. Even so, many of the fundamental concerns discussed in this report will remain; in particular, where is the money to come from for investment in net zero?

Hopefully the new conditions will attract investors looking for low but secure returns over the longer term. Currently (March 2023) financial investors appear to have little or no appetite for housing as interest rates and mortgage rates in particular increase. Maybe the large influx of funds that we have seen over the last decade was just the result of a combination of advantageous factors. In a normal world financialization will still be a relevant topic, but at a lower level of intensity perhaps with more positive outcomes as coherent regulatory systems are put in place. Even so, issues such as distributional and fairness costs and the lack of adequate supply must continue to be addressed at all levels of government.

Postscript

Postscript – recent developments to April 2023.

The research for this project was completed in November 2022. By then, the interest rates set by central banks had been rising since the beginning of 2022 in response to rapidly increasing inflation, and mortgage rates had followed suit. But these changes were slow to work their way through the various housing systems, notably because in many countries most mortgage borrowing is on fixed rate terms. So, while there was increasing concern about market uncertainties and evidence that house prices were falling, in few there was evidence of a significant shift away from investing in housing as a capital asset.

In April 2023, we asked our experts to update us on how their local markets had responded to recent macroeconomic shifts, and how they were expected to respond in future. Most said that in their countries and cities inflation continued to be high, which was leading to governments and central banks undertaking further macro-economic stabilisation policies including interest rate rises. Such rises were often leading to further falls in house prices.

Even so, commentators in most countries were predicting that house prices would probably turn up again within the next year because of strong fundamentals. Equally, there was considerable evidence of rising rents and shortages of available lettings in the private rented sector. Consequently, there were continuing concerns about the costs to households, communities and housing systems, with the pressures of financialization thought unlikely to go away although they might diminish. Perhaps more importantly, one of the most consistent impacts of inflation, rising interest rates and greater instability has been a decline in new housing building activity in most of our sample cities and countries. We can only hope that this will soon be reversed.

Appendices

Appendix A: City Cameos

Auckland

Laurence Murphy

How the city is defined	Up until 2010 the Auckland urban area consisted primarily of four cities: Auckland, Waitakere, Manukau and North Shore. Since 2010, Auckland City refers to a supercity including these four plus large rural districts.
Population	Auckland has experienced considerable population growth that has been fuelled by significant phases of international migration into New Zealand. In 2021 it registered an urban population of about 1.5 million, while the greater Auckland Region, which includes outlying rural areas and the islands of the Hauraki Gulf, reached a population of about 1.7 million. According to New Zealand Government statistics, the Auckland region has averaged population growth of 1.8% a year over the previous 20 years, higher than the national average growth of 1.4% a year.
Tenure	Homeownership peaked in New Zealand at 73.8% of households in the 1990s, but has declined in every region since 1991 (64.5 in 2018 nationally), with the largest decline in the Auckland region, with a homeownership rate of 59.4% in 2018. By 2018, just over 1.4 million people lived in houses they did not own, with almost one-third of renters aged 65 and over living in some form of social housing.
Affordability issues	Auckland has long been at the centre of a housing affordability crisis. Rising house prices had an impact on first-time homeownership, but the city has also experienced a crisis in rental affordability. Increasing housing prices have been a hotly contested political issue particularly in the last few years. The blame has been placed variously on housing undersupply, planning restrictions, inadequate investment in public infrastructure, an increase in net-migration, the role of non-resident homebuyers, and housing being viewed as an investment good.
Housing stock	Auckland Council reported about 540,000 dwellings in Auckland in 2020. Around three-quarters of the housing stock is standalone dwellings, dispersed throughout Auckland; the remainder is terraced housing and an increasing number of apartments.
New build	New build private rental is a nascent sector involving a small number of houses either built or in the planning stages. This sector has some institutional support and in August 2022 the government announced tax changes to support such investment, but purpose-built private rental does not yet make up a significant proportion of the market in Auckland or New Zealand. Overseas investors are involved in development of new-build properties for owner occupation in Auckland but there is no official data.
Regulation	• **Building standards**: Local councils are responsible for building standards. All building work in New Zealand must meet performance standards set by the Building Code. • **Short-term lets**: In 2017, Auckland Council introduced a targeted rates system for accommodation providers. The bed tax was directed at hotels, motels and serviced apartments, and funds raised went towards tourism and economic development. In 2018 the tax was extended to the short term rental sector (e.g., Airbnb) and charged when properties are rented for more than 28 days per year. • **Housing investment**: New Zealand's tax regime supports housing investment in that capital gains are not taxed and there are no stamp duties on housing sales. • **Housing supply**: The National Party-led government introduced Special Housing Areas in 2013 to address housing supply issues. In these areas the existing planning system is bypassed through a fast-tracking planning permission process. Under a Housing Accord with Auckland Council, the government introduced 154 special housing areas in Auckland designed to produce planning consents for 39,000 new dwellings. Between 2017 and 2021, Labour-led governments have sought to expand housing supply via the KiwiBuild scheme (an affordable homeownership product) and a social housing provider, *Kāinga Ora-homes and community*, to develop large-scale mixed-tenure housing developments (including social, affordable and private market housing) in Auckland. Since 2020, the National Policy Statement on Urban Development (NPS-UD) has directed local authorities to enable greater housing supply and requires councils to remove restrictive rules on urban development.

Introduction

Popular, media, and political discourse concerning housing problems in New Zealand and Auckland have long focused on issues of housing affordability, housing supply and housing quality. Declining homeownership rates and the rising share of private rental housing owned by 'mom and pop' investors have (since the global financial crisis) been attributed to poor housing supply, the restrictive nature of the national planning system and the activities of specific urban councils. Amid a general sense of the housing system being broken, little attention has been given to the manner in which the New Zealand housing market has been affected by the financialization of housing.

The rise of retail banks as the dominant source of mortgage funding from the 1980s, the significant position of mortgages within bank assets, and the increasing proportion of household wealth accounted for by housing have not featured in general media or political discussions of housing issues. These have centred on housing affordability as a crisis of housing supply, while the dramatic shift toward housing being viewed as an investment good (by both homeowners and private landlords) has garnered little attention. The banking sector's degree of financial commitment to the residential mortgage market is shown by Reserve Bank figures indicating that in 2022, banks held approximately $340 billion in mortgage loans compared to $180 billion of loans to businesses. Underpinning the significant flows of mortgage funding into the housing market and the significant accumulation of housing debt, is a belief that house prices will continue to rise and that the downside risk of housing investment is limited.

The financialization of housing in New Zealand has altered the nature of housing demand and created a system that is predicated on rising house prices. Auckland, as the largest metropolitan region in New Zealand and the city with the highest house prices, has assumed a dominant position in a popular owner/investor imaginary that sees guaranteed house price increases, capital gains and speculation as inherent attributes of housing as a financial investment.

Central to any understanding of Auckland's housing crisis has been the profound reconfiguring of housing as a key object of financialization in New Zealand. Mortgage loans dominate the lending portfolios of retail banks in New Zealand and housing dominates household wealth in the country. Increasingly, households' housing decisions are predicated on financial metrics centred on potential capital gains and access to favourable lending conditions. Moreover, under a liberalised mortgage system that gives preferential treatment to lending secured by housing, housing equity can be mobilised by individuals to develop a housing portfolio for renting. Significantly, the financial calculation underpinning increased investment in private rental housing in Auckland is not the rental yield but the potential capital gain. This focus on capital gains drives affordability issues in Auckland and affects new homeowners, who struggle to accumulate suitable deposits, as well as renters, who need to cover the increased mortgage costs of landlords. Since 2013, the Reserve Bank has operated macroprudential policies that have included loan-to-value ratios (LTVs) that restrict the types of mortgages that banks can offer. However, reflective of the cost of housing and the availability of mortgage funding, first-time buyers have increased their debt-to-income ratios (DTI). Since 2019, the proportion of first-time buyers with DTIs over 6 and LTVs over 80% increased from 1.5% (Mar 2019) to 8.4% (Oct 2021); the proportion with DTIs over 6 and LTVs over 70% increased from 5.4% (Mar 2019) to 23.2 % (Nov 2021). It is clear that during this period first-time buyers were assuming greater debt.

As in Europe and Australia, there has been increased discussion within the property industry of the potential of the build-to-rent sector. Some development has begun to take place in this nascent market. One group of investors has initiated the development over 500 houses and will retain 341 for long term rentals. The largest diversified property company in New Zealand has begun a 295-apartment development in Auckland scheduled to be completed in 2024 and another fund has announced a plan to build 10,000 houses for rental over the next 10 years, with a value of $5 billion.

In 2022 the government announced it would exempt build to rent developments from the interest limitation rules for housing investors and that it would introduce a new 'build to rent' asset class definition in the tax system.

The problem

Auckland has long been at the centre of a housing affordability crisis. While much attention has been placed on rising house prices and their implications for first-time homeownership, the city has also experienced a crisis in rental affordability. In line with national trends, homeownership rates have declined significantly since the 1980s, especially among Maori and Pacific households, and the private rental market has increased accordingly. This shift in housing tenure is associated with a shift in central government housing policy from the 1980s towards market provision and away from state intervention in housing supply and housing finance.

While high status central city suburbs enjoyed significant house price increases, the scale of demand pressures meant that all areas of the city experienced rapid house price inflation.

Contributing factors and timing

The dramatic growth of house prices in Auckland from the 1990s has been driven by a set of demographic and financial processes. Auckland has experienced considerable population growth fuelled by international migration into New Zealand. As the largest commercial centre in the country, Auckland has been the dominant destination for new migrants. Moreover, Auckland, as the centre of an emergent FIRE (Finance, Insurance and Real Estate) economy, was well placed to benefit from a shift in the nature of mortgage finance in New Zealand. Whereas the state was the major mortgage funder up until the 1970s, economic deregulation in the 1980s saw the rise of retail banks as the primary mortgage lenders. From the late 1990s, in line with mortgage deregulation processes in other Anglophone nations (including the USA, UK, Australia), mortgage credit expanded. Under this new credit regime, loan-to-value and debt-to-income ratios increased and housing equity withdrawal emerged, as housing became a more fungible asset. Auckland, with its rapid house price inflation, was a significant locus of funding under this new financial regime.

In addition to population growth and changing mortgage bank behaviour, the Auckland housing market was fuelled by a central government tax regime that supported housing investment. Capital gains are not taxed, there are no stamp duties on housing sales, and until recently investor landlords could claim on tax losses and enjoyed the benefits of negative gearing. The tax regime offered a clear incentive to invest in housing. Under this regime housing represented a favoured investment and property investors (landlords) enjoyed financial benefits over homeowners.

Auckland's housing crisis, with its attendant impact on housing tenures, dates from the early 1990s. Reflecting a dramatic shift in social housing policy, including the introduction of an accommodation supplement (demand-side welfare benefit) to support tenants in the rental sector, and a move to a more liberal mortgage market regime, house prices began to rise rapidly. In the early 2000s, up until the GFC, house prices increased significantly in the city even as new build housing consents increased. The 2008 global economic crisis had a limited impact on house prices (nominal prices decreased by 10%) but a profound impact on the housing development sector and resulted in a 50% decline in new building consents between 2004 and 2009. In the aftermath of this crisis, central government policy concern shifted to housing supply and its impact on house prices.

Political and media narratives

Political and media accounts of the origins of the housing affordability crisis in Auckland have diverged and changed over time. Central government has, since 2008, positioned housing supply constraints as the key feature of Auckland's housing crisis. Within this political narrative the planning framework, and specifically the Resource Management Act (which replaced the Town and Country Act in 1991), is described as problematic and challenging for housing developers. In addition, Auckland Council has been criticised as overly restrictive in planning for new housing development; its longstanding urban boundary and desire to promote urban intensification rather than urban sprawl has been argued to be at the core of rising house prices in the city.

In addition to critical accounts of the planning system and Auckland Council, the news media have at times focused attention on the role of overseas investors in pumping up house prices. In particular, considerable attention has been given to the role of Chinese investors who were seen to be unfairly competing with first-time homeowners. These investors were presented as having access to cheap capital and were viewed as absentee landlords. In response to this narrative and, in an attempt to reduce demand pressures, restrictions on overseas ownership and investment in housing were introduced.

Central government responses

There have been different phases in central government's response to the Auckland housing affordability crisis.

2013-2017

The National Party-led government introduced Special Housing Areas in 2013 to address housing supply issues. These special housing areas were designed to bypass the existing planning system with a fast-tracking planning permission process. Under a Housing Accord with Auckland Council, the government introduced 154 special housing areas in Auckland designed to produce planning consents for 39,000 new dwellings. It was estimated that the legacy effect of these SHA would result in an additional supply of over 60,000 dwelling or sections over 20 years and that over 68% of these dwellings would take place in greenfield developments.

2017-21

Labour-led governments have sought to expand housing supply via its KiwiBuild scheme (an affordable homeownership product) and by using its social housing provider, Kāinga Ora Homes and Communities, to develop large scale mixed-tenure housing developments in Auckland. These mixed tenure developments include social, affordable and private market housing. In 2021, the government introduced a number of policy changes designed to address housing affordability and supply issues. These included: a $3.8 billion infrastructure fund to accelerate housing supply, support for Kāinga Ora to borrow $2 billion and expand its housing development projects, increasing the holding period to 10 years for investors to be exempt from capital gains tax and the removal of interest deductibility for new residential investors.

In addition to direct housing provision, the government has altered the framework under which urban councils operate. The National Policy Statement on Urban Development 2020 (NPS-UD) directs local authorities to enable greater housing supply and requires councils to remove restrictive rules on urban development. The NPS requires councils to take account of residential development feasibility in their planning processes.

Local government policies

Since 2013, central government policy has increasingly placed pressure on Auckland Council to facilitate more housing supply. Initially, Auckland Council was required to enter into a Housing Accord with central government in order to fast-track planning permission for housing in Special Housing Areas. Currently the planning legislation is being revised in order to facilitate more housing development and the National Policy Statement on Urban Development 2020 (NPS-UD) requires Auckland Council to enable more housing supply.

Postscript: recent developments to April 2023

To dampen the potential negative effects of Covid-19 on the economy, the Reserve Bank of New Zealand (RBNZ) progressively reduced the official cash rate to an historic low of 0.25% in March 2020. The resultant fall in mortgage interest rates led to a significant increase in mortgage borrowing and Auckland house prices increased by 43% from 2019 to 2021. As inflation took hold in the wider economy during 2022, the RBNZ rapidly raised interest rates to 5.25% (as of April 2023) and this has pushed up mortgage rates. From a peak in November 2021, house prices have declined by 15% nationally (to September 2022) with Auckland experiencing a 21% fall. It is anticipated that house prices will continue to fall as the Reserve Bank raises the official cash rate. Rising mortgage rates are placing pressures on housing investors. Even with rising rents, the estimated rental yield before tax (based on lower quartile house prices) in Auckland dropped to 2.2% in 2021 and was only 2.6% in late 2022. Small scale residential investors traditionally rely on capital gains to secure their investment returns. This period of house-price declines directly threatens this investment strategy. For homeowners, rising mortgage rates are the main challenge to the dominant regime of residential capitalism. However, it is estimated that less than 2% of mortgage borrowers are in negative equity. Notwithstanding the impacts of rising mortgage rates and declining house prices, residential property continues to be a popular financial asset in New Zealand.

Barcelona

Montserrat Pareja- Eastaway

How the city is defined	Barcelona is located on the north-eastern coast of the Iberian Peninsula and covers an area of 101 km². Since 1987, the city has been divided into 10 administrative districts. The Barcelona urban area (or metropolitan region), centred on the city of Barcelona, is composed of three main zones: the first zone, better known as the Àrea Metropolitana de Barcelona (AMB), comprises the 36 adjacent municipalities, the second zone is the contiguous area including the surrounding belt cities and the third zone is the consolidated expansion territory.
Population	The last census recorded a population of approximately 1.64 million for the municipality of Barcelona in 2022, a decrease of 1.2% compared to the 1.66 million recorded in the previous year. That was the second year that the city's population had fallen after five years of continuous growth. The population of the Area Metropolitana de Barcelona (AMB) is around 3.2m, while the Province of Barcelona has a population of 5.7m people and has been growing since 2013.
Tenure	According to the 2011 census, 257,547 households were outright homeowners, 153,835 owned with a mortgage and 26,249 owned by inheritance or donation. Some 205,912 rented at market price and 13,327 for free or at submarket rent (all out of a total of 684,078 households). As for the Province of Barcelona, the latest Continuous Household Survey reported that in 2020 out of a total of 2,237,900 households, 921,700 were outright home owners, 604,500 owned with a mortgage and 614,100 rented at market price. 97,500 rented for free or at a submarket rent. In 2021 there were 500,565 rented dwellings owned by 272,090 owners. 69.8% were owned by individuals; they accounted for 91.1% of the owners and on average had 1.4 dwellings. 30.2% were owned by companies, public bodies or non-profit organisations, accounting for 8.9% of all landlords.
Housing affordability	Despite the recent decline in property prices, Barcelona remains unaffordable for many, with a recent study suggesting over a million new homes are needed to alleviate this (Aranda 2021). Tourism plays a significant role in driving rental prices up. Although local governments have tried to constrain platforms such as Airbnb, short-term lettings remain a key feature of Spanish cities' private rental sector, fueling rent spikes.
Housing stock	In 2021 (reference attached), there were 500.565 rented dwellings owned by 272.090 owners. 69.8% of the rented dwellings were owned by individuals; they accounted for 91.1% of the owners and on average had 1.4 dwellings. 30.2% of the dwellings were owned by companies, public bodies or non-profit organizations, who accounted for 8.9% of all landlords. (O-HB 2022, 8).
New build	The Collegi d'Aparelladors de Barcelona reported that 1892 new housing units were started and 982 completed in 2020 in Barcelona. In the Barcelona Metropolitan Area, 5890 new housing units were started and 3613 completed in 2020. Fewer units were started and completed in 2020 than in 2019.
Regulation	• **Private rented sector**: Rents are set freely. However, in September 2020, the Parliament of Catalonia passed the Rental Price Regulation Act 11/2020 allowing the authorities in 61 Catalan municipalities to freeze or reduce rents if the market was under pressure. Rent increases of up to 5% were permissible if landlords carried out certain improvements. The law was struck down by the Spanish Constitutional Court in 2022. • **Tourist accommodation**: The Special Plan for Tourist Accommodation (Spanish acronym PEUAT) was approved in 2017 by the city government of Barcelona to regulate tourist accommodation establishments. After being suspended for a long while (until 2029), currently a renewed PEUAT is in force. Then, on 23 December 2021, the Municipal Council of Barcelona gave its final approval to the text for the new Plan on Tourist Accommodation. The plan came into force on 26 January 2022. In August 2020, Barcelona suspended the licensing for tourist apartments for a year and later banned residents from renting rooms to tourists for periods of less than a month. • **Housing speculation**: New regulations were adopted to force vulture funds to provide housing at social rent levels for 7 years to vulnerable families and allow administrations to sanction funds owning flats that are unoccupied flat for more than 2 years with penalties of between €90,000 and €900,000.

In 2022, Barcelona celebrated the 30th anniversary of hosting the summer Olympic Games. That moment was the start of a new era for the second largest city of Spain. With the arrival of democracy in 1978, Barcelona struggled to become as attractive and as much of a 'capital' as

Madrid was. Those efforts have been successful: a recent survey of investors rated Barcelona the ninth most attractive city in Europe, ahead of Munich, and 70% of investors said they intended to invest in either residential or commercial real estate in Barcelona in 2022. (CBRE, 2022)

Tourism and its effects on the housing market

In 1950, Spain had only a tiny share of the international tourism market (1.8%). At the beginning of the 1960s, the Franco dictatorship changed its strategy with respect to its international relations. Alongside the modernisation of the country's industrial fabric, Franco's government in 1969 created the first Ministry of Information and Tourism, thus associating the most important national industry (tourism) with the control of information (media, newspapers, cinema, etc.). Tourism and foreign investment across the economy were key to internationalising the country. This was when the slogan 'Spain is different' was introduced — the country was presented as a paradise for leisure, sun and sand, and mass tourism. This reflection of optimism and well-being was one of the pillars of the Spanish economy at that time. In the two decades tourism increased exponentially, from 1.52 million visitors in 1955 to 30 million in 1975, at the end of the dictatorship.

Much of this growth in demand was channelled into dedicated tourist apartments[24], but the growth of this type of specialist accommodation had implications for the wider housing market. In October 2014, Barcelona's new government imposed a moratorium on licences for tourist apartments, which was extended in 2015. In addition to specialist tourist accommodation, Barcelona in 2015 had 15,200 Airbnb units, most belonging to one individual owner. By October 2021 the number had grown to 16,057.

To strengthen control over tourist accommodation, the city in 2017 adopted the PEUAT or Special Plan for Tourist Accommodation as part of its urban planning framework. PEUAT regulates the introduction of tourist accommodation establishments (hotels, youth hostels and collective residences with temporary accommodation, but also individual Habitatges d'ús Turístic (licensed holiday rentals). There are four zones in the city, each with its own specific regulations and degree of protection. The PEUAT was suspended by the courts until 2019 for procedural shortcomings, but a revised version, approved by the Municipal Council of Barcelona in December 2021, came into force on 26 January 2022.

Offices as targets for foreign investment

Foreign investors in Barcelona real estate historically purchased commercial properties, not residential. Barcelona was the city with the fourth-highest increase in real estate investment from the United States in the first half of 2021, according to data from real estate consultancy CBRE. While the average investment in the preceding five years had been around $110 million, this year it has shot up to over $250 million. This is the best year for the Barcelona office market since 2007, at the peak of the previous cyclical real estate boom.

In 2021, 90% of investment in Barcelona offices came from international funds, an unprecedented percentage, when in 2016 it was barely 25%. Office rents have grown more strongly than in most European cities, which has attracted investors. The average rent in the best buildings in Barcelona is around €28/m^2 per month, while in Madrid, a city that is also very competitive in European terms, the equivalent figure is €40. The overall office vacancy rate stood at 7.7% as of Q1 2022 (Cushman and Wakefield 2022). The vacancy rate has been increasing due mainly to the delivery of new space

[24] Tourist apartments are not classified as residential properties. They are intended to be rented for short stays and are usually managed by specialist companies.

and availability of refurbished space, along with existing space coming back onto the market. Several new office projects will further increase availability.

The movement into residential investment: Vulture funds

While offices were the first target of international and institutional investors, since the GFC there has been a strong move into residential property, especially from so-called vulture funds[25]. Blackstone, Cerberus, Azora, Elix and Vauras o Investment are some of the largest funds in Spain and Barcelona. These funds have acquired all types of real estate assets, not just housing, but it is their residential investment that has been most controversial.

Cerberus, with a portfolio of assets worth €574 million acquired from the now-defunct Liberbank, is one of Spain's largest landowners and has been responsible for a high proportion of evictions in Catalonia and Spain. Like other similar firms, it has been accused of abusive rent increases, termination of rental contracts and neglect of maintenance. One prominent anti-vulture fund campaign calls itself 'War on Cerberus'.

Blackstone is the vulture fund with the most homes in Spain, with a total of 20,000 properties, 1000 more than the second on the list, CaixaBank. In Catalonia alone Blackstone owns 5500 homes, of which 4036 were empty, according to newspaper *La Directa* (citing data from the register of the Catalan Housing Agency). The firm, like many others, expanded its real estate portfolio after the mortgage crisis when numerous banks went bankrupt, and acquired at bargain prices the homes of families that had suffered mortgage foreclosures — buying, for example, the Hércules portfolio of Catalunya Caixa. In April 2022, Blackstone and Hipoges (a Spanish firm owned by KKR, which has been accused of real estate speculation and harassment) won a tender to manage the residential portfolio of SAREB (Spain's 'bad bank' rescue vehicle). This bypassed the pending Housing Law, which prohibits the sale of publicly owned housing. They will sell real estate, land, mortgages and unpaid loans worth €25.3 million.

Some public policy measures favour the activities of large investors. REITs (known in Spain by their acronym of SOCIMIs) do not pay business tax as they are supposed to contribute to the enlargement of the rented market, and vulture funds pay 1%, whereas the general corporate tax rate is 25%. On the other hand, several measures have been introduced to limit certain business practices (including unfair clauses in rental contracts), and new duties and requirements have been imposed on large investor landlords. In particular, they are now required to provide housing at social rents for seven years to vulnerable families, and owners of long-term empty units can be penalised.

Not everyone is critical of the activities of these funds. One local market actor said funds that acquired mortgage loans in default might be more 'efficient' than banks in reaching agreed solutions with indebted households.

Empty flats and speculation in Barcelona

In 2022, the census of empty flats showed that 1.22% of all homes (10,052 dwellings) in the city were not in use (Ajuntament de Barcelona, 2022). Under municipal law, landlords are obliged to rent their properties out, and fines can be high (up to €900,000) for infractions. In 2020, the municipality of Barcelona took real estate investment fund Azora Gestión Inmobiliaria SL to court for not complying

[25] In Spain, vulture fund (also known as a distressed fund or holdout) is a widely used term for a venture capital fund that buys debt from countries, households or firms that are in trouble or close to bankruptcy, with the expectation of later collecting the full value of that debt including interest.

with its obligation to rent 20 units of a building acquired in 2010 where the units had been empty for more than three years. Azora has denied the charges.

Speculative investment in rental property is controversial in Barcelona. Media sources describe the steps in investors' business model: they make a down payment on the purchase of an occupied multi-unit block, remove the tenants (often by paying them to leave), then re-sell the now-vacant property for a big profit even before the first transaction is complete. Barcelona Council is an active actor against speculation, with a *Unitat Antiassetjament de Disciplina* (Unit against real estate harassment) of the Department of Housing and Rehabilitation. The municipality acquired five entire buildings in 2017 to avoid residential evictions and real estate speculation by investment funds and has continued to purchase properties. The government of Ada Colau (current mayor of Barcelona) claims that there are 450 flats in the hands of speculative funds, while the Tenants' Union[26] considers there are more than 3,000. The main neighbourhoods affected are Raval and Poblenou.

Regulation and effects on investment

The Catalan government has introduced a number of new regulations related to real estate development and private renting, including a 2020 cap on rents that was struck down by the Spanish constitutional court in 2022. Before the rules were overturned, some market actors said the measures generated a climate of instability and would lead to lack of supply in the coming years. They reported that the rules had led some landlords to sell rental properties and some developers to halt new schemes. Even so, Barcelona saw a 15% increase in the number of units for rent. One of the reasons — though not the main one — was the appearance on the residential market of homes that previously were aimed at tourists. During 2020, rents in the capital fell by 5%, while in the rest of the metropolitan area they has remained virtually the same.

One response to financialization: public-private partnerships for affordable housing.

Habitatge Metròpolis Barcelona (Metropolitan Housing of Barcelona, or HMB) represents a pioneering new form of public-private collaboration. HMB, established in 2021, is a commercial collaboration between four existing partners (two public and two private), for the construction of 4,500 units of social housing at a cost of €600 million. The partners will jointly work, invest and assume risks. The new organisation is intended to be permanent, in contrast to contractual collaborations for developing individual schemes. Under this model, public and private sectors have absolute parity — a feature that has generated some doubts on both sides. A public controller has been required from the public sector, as the management team is 100% private.

The HMB will shortly begin the construction of housing the first phase of 600 units on land provided by the municipalities. Other resources include €6 million from the municipality of Barcelona and €12 million from the two private partners, Cevasa and Seiner. The average floor area of the dwellings will be 70 m^2, with a maximum rent of €8.95/m^2 (compared to a city average of €14). The homes are targeted at the intermediate market (middle-income households who cannot afford market rents) rather than very low-income households.

The effect of the Catalan independence movement

Since 2017, Barcelona has been in the eye of the hurricane as the capital of a region that aims to be independent of Spain. The relatively unstable political climate might tilt the balance for some potential investors, causing them to turn away from Barcelona and invest instead in cities with a

[26] Launched in 2017, Barcelona has a strong tenants' union funded through subscriptions, donations, and occasional subsidies from the public sector. They advocate rent control, modifications of the original Rent Law 2013 and the enlargement of the social housing (publicly rented) sector.

quieter political atmosphere. Stakeholders at the Generalitat de Catalunya believe the independence debate has not affected projects delivered by international investors, but others argue that it has reduced the numbers of new projects and, particularly, increased competition from Madrid.

Postscript: recent developments to April 2023

Compared to other eurozone countries, demand for housing in Spain has fallen relatively less since the previous summer season. This can be attributed to several factors: First, Spain's population has grown faster than in many other eurozone countries, which has led to a stronger increase in housing demand. Second, Spain is a sought-after location for international buyers, especially from the UK and northern Europe, driving up housing demand. Third, Spain's GDP growth has outperformed that of most other major eurozone economies since 2015. Also in 2022, growth rates were significantly higher than the eurozone average. Strong Spanish GDP growth, coupled with a significant drop in unemployment, has also fuelled demand for housing.

A final contributing factor is Spaniards' optimistic view of the property market. According to the European Central Bank's latest bank lending survey, demand for loans has fallen less in Spain because Spanish households are relatively more confident in the property market compared with other eurozone countries. This despite the fact that borrowers with variable interest rates (negotiated during the start of the pandemic) have seen a huge increase in their mortgage payments since the ECB’s rise of interest rates.

Berlin

Michael Voitgtländer

How the city is defined	Berlin is a city, but also a Bundesland. The city centre is generally of most interest for investors, but more and more investments are also appearing in suburbs. Metro Berlin has a surface area of 30,546 km^2.
Population	In 2020, the population in Berlin was 3.7 million, up 10% since 2011.
Tenure	In 2018, Berlin had an owner-occupation rate of 17.4%, which is very low compared to the rest of Germany.
Affordability	The average price per square metre for refurbished apartments has more than doubled in 10 years, from €2,303 in 2010 to €5,546 in 2020. Rents (new contracts) have also increased, from €7.50 per square metre in 2010 to €12.70 in 2020. German rental legislation is quite strict, allowing only for modest increases in running contracts. By contrast, if there was a new tenant, the rent could be freely set until 2014. Since 2015, landlords are not allowed to set a rent that exceeds the reference rent by more than 10 per cent. This so-called 'rent brake' has had only limited effects on the market. Landlords who invest in energy-efficiency improvements or in comprehensive refurbishment can shift costs to tenants. Some investors making use of these provisions behaved very badly, for example trying to get rid of sitting tenants by turning off the heat at weekends or by other measures that made the tenants feel uneasy. Others invested so heavily in their properties that the new rents were not affordable for the sitting tenants.
Housing stock	In 2020, Berlin had a housing stock of 1,982,825 dwellings, a 6% increase from 2010.
New build	Berlin has drastically increased the production of new housing. In 2010, 4,321 dwellings were completed while in 2020, it was 16,337. Nevertheless, calculations by different researchers show that more than 20,000 additional dwellings per year are needed to meet demand. Berlin attracts a range of investors including institutional investors (foreign and domestic), family offices as well as private investors. Given the low interest rates and the possibility to make use of the leverage ratio, investors aimed at purchasing all kinds of housing, either newly built or stock. Conservative investors prefer newer housing to avoid renovation risks, whereas other investors like closed end funds prefer stock which needs refurbishments as this allows for higher yields. Interestingly, on average the burden for renters has not increased since incomes increased considerably, too. However, especially for workers with low-paid jobs (or part-time jobs) the situation has worsened.
Regulation	In 2015, *Mietpreisbremse* (rent control) was introduced, capping rents for new contracts. Moreover, the possibility to shift modernisation costs was capped at €3 per square metre. Berlin had its own, more stringent rental cap, but this was ruled unconstitutional in 2021. Berlin regulates short-term lettings: landlords need a permit for STLs and can rent out for a maximum of 90 days per annum.

Berlin has a unique history and to fully understand its current housing market situation it is necessary to take into account the developments of the last 35 years, at least. Before 1989, Germany was divided as was Berlin. The Wall split the city in two halves. Living along the Wall was very unattractive, so central neighbourhoods like Kreuzberg, Friedrichshain or Mitte were cheap – in contrast to almost all other major cities in which central parts are most attractive. Besides, Berlin was economically underdeveloped. As an island within the German Democratic Republic (GDR), the economy of Berlin developed sluggishly. By and large, Berlin relied on transfers from West Germany.

East Berlin was the seat of government of the GDR, but like West Berlin offered little other employment. After reunification, Berlin became the capital of Germany, but that did not boost its economy: the city lacked industry, had a high unemployment rate and was over-indebted. In the

1990s, it gained a reputation as being ‘poor, but sexy’, and attracted creatives like artists, actors, musicians and adventurers.

Berlin’s prospects looked bad. Forecasts predicted a drop in the population, the economic development of eastern Germany was difficult, and more and more skilled workers left as economic growth was disappointing. Berlin’s housing market reflected this: rents stagnated between 1995 and 2005 and were much lower than in western Germany. One investor told me that when he wanted to buy his first apartment in Berlin, the seller said, ‘Buy three, get one free’.

But international investors were more optimistic. House prices had increased considerably in the UK, USA, Spain and elsewhere, and private equity investors thought it was only a matter of time before the same thing happened in Berlin. At the same time the municipality was highly over-indebted and needed money. As the market was stagnating and housing was cheap, selling part of its large housing stock to international investors seemed to be a good idea. In all, Berlin sold more than 160,000 apartments owned by housing companies such as Gemeinnützige Siedlungs- und Wohnungsbaugesellschaft (GSW), thus reducing its stock by a third.

Berlin was not the only city that sold its stock: Dresden is another example, North-Rhine Westphalia sold housing company LEG, and several big industrial companies sold housing that was originally built for their employees. There was a lively public debate about the sale of housing companies, but as rents increased only slowly in the 2000s and the stock owned by the state housing companies needed much investment, most sales to international investors were accepted – although there was criticism of the new investors. Wolfgang Müntefering, one of the leading social democrats in the 2000s, called them ‘locusts’ and managed to ensure that REITs (introduced in Germany in 2007) could not be used for housing.

When the financial crisis hit, it seemed that international investors had mis-speculated on the German housing market. Indeed, most investors wanted to exit sooner, but were forced to stay in the market. However, the financial crisis had no real impact on the German housing market.

After the financial crisis, a labour market boom started. In the 2000s, Germany was regarded as the ‘sick man of Europe’, but the economy grew faster in the 2010s. This strong economic growth in combination with high demand for skilled workers drove migration to Germany. Between 2011 and 2019, net migration amounted to 3.6 million people. Foreign workers moved mainly to the big cities as most jobs were there as well as people from their home countries.

In the 2010s Berlin, too, experienced – finally – an economic upswing. The IT sector was particularly successful, but other industries benefited as well. But although average wages and employment grew, the unemployment rate remained higher than in other cities, creating a division between people whose living standard increased and those who lagged behind.

In the 2010s Berlin’s population grew by more than 40,000 inhabitants per year. The construction of new dwellings could not keep pace with demand and housing shortages emerged. In combination with income increases and low mortgage rates, this meant prices surged in Berlin. Rents and prices increased particularly dramatically in the central areas that had been less attractive due to the wall. In the last decade, Berlin’s housing has attracted all kinds of investors: big institutional investors, international investors, family offices and private individuals. Against a backdrop of more promising population forecasts and better economic perspectives, it seems likely that Berlin will catch up to other big cities like Munich, Paris or even London over time.

However, investors learned that it is difficult to increase rents for sitting tenants in Berlin. The German rental legislation is quite strict, allowing only for modest increases in running contracts. By contrast, if there is a new tenant, the rent can be freely set. Landlords who invest in energy efficiency improvements or in comprehensive refurbishments can also shift costs to tenants. Some investors making use of these provisions behaved very badly, trying to get rid of sitting tenants by turning the heat off at weekends or by other measures that made the tenants feel uneasy. Others invested so heavily in their properties that the rent was not affordable for sitting tenants. Newspapers reported that after 30 years in the same homes, 80-year-old widows had to find new apartments. Such behaviour was not typical, but the press reports attracted much attention. The harsh behaviour of some investors was one of the main reasons for the current spoilt climate between society, politics and the housing industry.

Politicians responded by implementing more rent regulation. In 2015, the so-called *Mietpreisbremse* (rent brake) was introduced, capping rents for new contracts. Rent increases due to modernisation were capped at €3 per square metre. Despite these measures, the market in Berlin remained tense. The ongoing influx of high-income workers and the sluggish progress in building new homes resulted in further rental increases.

Some tenant organisations blamed politicians for having sold so many public apartments to investors in the preceding decade. A public campaign called *Deutsche Wohnen & Co enteignen* (Expropriate Deutsche Wohnen and Co), founded in 2018, advocates the expropriation of all private housing companies that own more than 3,000 apartments in Berlin including Vonovia, Deusche Wohnen, ADO Properties etc. The expropriated stock of some 250,000 apartments would be run by a public body. The legal framework for the expropriation is shaky, but the initiative is quite popular in Berlin. Some politicians of the city's Red-Red-Green coalition publicly support the initiative, but social democrats in particular fear that expropriation would cause a high financial burden: if companies had to be compensated at market value it could cost €30 to €40 billion. Also, politicians want to prevent a long-running legal dispute that might draw in the constitutional court. Of course, the opposition, specifically conservatives and liberals (as well as most economists) identify other problems: such an intervention would destroy trust in institutions and could be a fatal signal for all investors. Also, the shortage of housing cannot be overcome by simply changing its ownership. Nevertheless, in a referendum on the expropriation of housing companies a majority of 57 per cent of voters were in favour of the initiative. However, whether the government will accept this referendum result remains unlikely, at least before this report is finalised.

Another measure that was introduced by the Berlin Senate was the rental cap (*Mietendeckel*), which froze rents at existing levels and required reductions in some cases. However, the constitutional court ruled in March 2021 that rent regulation was a federal issue and Berlin could not implement its own rules.

Berlin is a special case in Germany. Rents increased faster than in other cities given the very low starting point, the population is more left-wing and critical of the market economy than in other German cities, and some investors indeed behaved very ruthlessly. Because Berlin's long-term perspectives are so promising and it is the biggest city in Germany, big institutional investors as well as foreign investors play a dominant role in the market. These investors have been blamed for increasing prices and exploiting tenants. Big housing companies like Vonovia are now trying to improve their image, promising gentler rent adjustments. Whether this will result in social peace is at best uncertain.

Summary

Germany is a nation of renters. Only 45 percent of all households are owners, and in big cities the owner-occupation rate is often below 30 percent. For international and institutional investors, the German market was thus very attractive, as such investors sought steady income streams in a period of low interest rates. Berlin, in particular, was attractive as its assets were seemingly under-valued and under-managed in comparison with other European capitals. Berlin, therefore, is a good example for financialisaton as investors have been quick to detect market opportunities and make the most of them. Berlin attracted all kinds of investors, like institutional investors (foreign and domestic), family offices as well as private individual. Given low interest rates and the possibility to leverage, investors purchased all kinds of housing, including both newly-build and existing stock. Conservative investors have preferred newer housing to avoid renovation risks, whereas other investors like closed-end funds looked for stock needing refurbishment as this allows for higher yields. Interestingly, on average the burden for renters (as measured by the rent-to-income ratio) has not increased, since incomes went up considerably, too. However, for workers with low-paid or part-time jobs the situation has worsened.

In general, the GFC did not have a significant on Germany as its housing market had stagnated in the 2000s. Berlin is a unique example because of its history (re-unification) and because of the pace in which property prices increased. Also, the Berlin example suggests that there is not only a conflict between landlords and tenants, but also between those of the city's existing population who did not participate in the labour market boom and the highly skilled migrants (domestic and foreign) who came to Berlin for a well-paid job.

Postscript: recent developments to April 2023

In 2022, the situation changed considerably in Germany and Berlin. A main driver for investments in the housing market were the ultra-low interest rates. However, the macroeconomic situation worsened with the war between Russia and Ukraine. One outcome has been higher inflation rates causing higher interest rates, which have taken away investors' appetite for real estate. Transaction volumes dropped significantly and also the production of new build dwellings came to a stop as project developers are confronted with falling demand.

Households looking for owner-occupied housing have shifted demand to rental homes as with increasing mortgage rates purchasing a home has become unaffordable. As a consequence, rents are growing even faster than before. In Berlin, rents for new contracts increased by more than 10 per cent in one year. As construction is expected to be low in the coming years, pressure on rents will continue to be high, although there is a sudden drop in demand by foreign and institutional investors. There are currently no fire sales, maybe as there are no attractive investment alternatives and prices have remained relatively stable despite the interest rate increases. Given this new macroeconomic framework it is unclear whether financialization will go on as observed in the last decade. As the opportunities in the market diminish, a normalisation in the property market is expected, with fewer big investors in the market.

Copenhagen

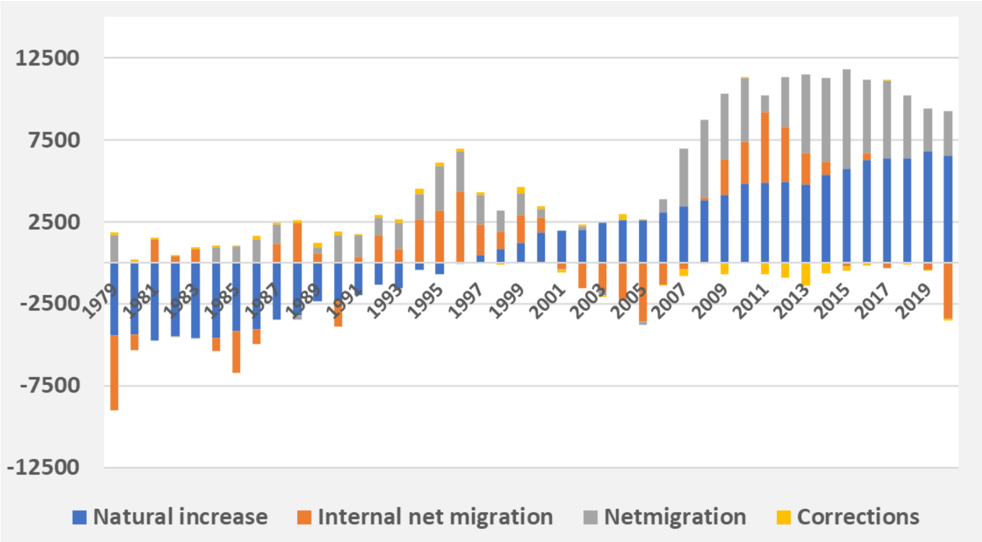
Curt Liliegreen

How the city is defined	There are four different administrative divisions for which official data about Copenhagen are available. The province 'København by' (Copenhagen City) covers the four municipalities of Copenhagen, Frederiksberg, Tårnby and Dragør. The province covers an area of 169.6 square kilometres.
Population	The province of Copenhagen City has a population of 799,000.
Tenure	In 2021, 22% of the dwellings in the province were owner occupied, 23% were privately rented, 28% were coops, 19% were owned by housing associations.
Affordability	Affordability problems in the Greater Copenhagen Area have been made worse by increasing prices for cooperative apartments. Provisions enabling landlords to increase rents after renovations (known as §5.2, for the relevant paragraph of the regulations) stimulated interest in investing in private rented property in Denmark, and especially Copenhagen. Under Danish rules around the valuation of coops, when the value for private rented property went up then the value of coops followed, making such dwellings less accessible for low-income families. Even so, coops are more affordable than owner-occupied dwellings. The link between the private rented market and the market for coops has complicated Danish housing politics since it was feared that stricter regulation of the activities of international investors would reduce prices for private rented property and by extension of cooperatives. Even though lower prices for cooperatives would make them more affordable, they would also harm existing inhabitants (in Denmark the inhabitants of coops are regarded more like tenants than owners). Another problem has been the very limited construction of new social housing in the last 15 years. It has been a political priority in Copenhagen to construct more social housing, but the reality has been a failure. Only 5.1% of all dwellings completed since 2006 were social housing.
Housing stock	In 2021, the province had 392,548 dwellings, up almost 10% from 2011.
New build	Danish Institutional investors such as pension funds are very active in developing new building projects, both residential and non-residential. Foreign investors are also active in new build in Denmark, including in areas outside Greater Copenhagen such as Jutland.
Regulation	Legislation in Denmark covers the whole country; there are no regional differences. However, individual municipalities can decide whether to apply particular provisions in their territory. For rental housing, municipalities must decide whether to be 'regulated municipalities' (ie where the Housing Regulation Act is in force). Most municipalities have decided to be regulated, including all those in the Copenhagen area. The Danish planning act delegates responsibility to each municipality. Copenhagen chose to employ a provision of the planning legislation to require that up to 25% of all new housing in a new 'development area' should be social housing. This has had limited success, and this failure became a major political topic. The municipality can also require all new dwellings to meet certain standards such as average size or minimum size. Copenhagen does so, as do other municipalities like Frederiksberg.

To understand the discussion about financialization in Copenhagen today we need to go back 50 years. In the 20 years from 1970 to 1990, the population of Copenhagen municipality fell from 610,000 to 460,000. At the beginning of the 1990s, Denmark was in economic crisis with high unemployment. Copenhagen was not seen as an attractive place to invest and there was little interest from private investors – the main construction activity was state-financed urban renewal of residential areas in the so called 'bridge neighbourhoods' that surround central Copenhagen, especially Vesterbro, Nørrebro and Amagerbro (neighbourhoods similar to Kreuzberg in Berlin).

These projects were part of a massive urban renewal programme in major Danish cities, especially Copenhagen, whose activity peaked in the early 1990.

Figure 1: Summary vital statistics Copenhagen municipality 1979 - 2020



Source: StatBank Denmark table BEV1 and BEV107.

In 1994-95 the Danish economy went from crisis to recovery. Together with reduced restrictions on mortgages and low interest rates this stimulated private investment in housing, especially in Copenhagen. Since 1986 only 20-year mortgages had been permitted, but now 30-year mortgages came back. Also, since 1986 all new mortgages had to be a combination of annuity and linear mortgages – called 'mix loans' – but now annuity loans were allowed again. Public investment in major building and infrastructure projects also played a part in boosting the private sector's confidence. The tunnel and bridge over the Oresund to Malmö in Sweden was finished in July 2000. The Copenhagen metro system opened in October 2002 and has since been expanded. The city saw construction of major cultural buildings along the harbor including a new opera house (2005) and a new national theatre (2008). There were also investments in the education sector, such as the extension of Copenhagen University at Amager (KUA) in 2002, and the move in 1996 of the School of Architecture to the historic buildings of Holmen, a former naval base. These are only a few examples — the list could be much longer.

Many other cities in Western Europe saw a revival at the same time, benefiting from urbanization and the rise of the quaternary sector or knowledge economy. Copenhagen's population began to go up--from a low in 1992 it has now gone up by 180,000 — and after 1995, house prices in Copenhagen began to rise faster than in Denmark's other major cities.

In 1990 Copenhagen did not have a housing affordability issue. At that time cooperative apartments – the dominant tenure in Copenhagen – were very cheap. Private rented apartments were mostly unrenovated and were also very cheap, as rents were heavily regulated. Owner-occupied apartments in Copenhagen cost the same per square metre as apartments in Odense (a city on the island Fyn with about 175,000 inhabitants at that time) and were cheaper than apartments in the suburbs of Copenhagen or in Aarhus in Jutland. Discussions about the city's housing market focused not on affordability but on urban renewal and how to attract private investors to fund new housing construction.

Copenhagen municipality regarded the older, small but affordable apartments as a problem to be solved. One element of the urban renewal programme was the demolition of smaller apartments or their combination to make larger ones. Effectively, then, the city was actively engaged in removing affordable homes. The narrative, which was widely accepted at the time, was that small affordable homes fueled social problems because they attracted single people who were on social welfare or unemployed. Larger units by contrast would attract families with children and higher incomes – that is, good taxpayers. The city did not worry about housing affordability but rather about housing quality.

Because the city was keen to attract wealthier inhabitants it imposed in 2005 a rule that the minimum average floor area for apartments in multi-dwelling housing should be $95m^2$. This rule was relaxed more recently but applied to all construction for several years. Since rents for bigger apartments are higher, critics said the municipality actively tried to minimize affordable housing with the justification of building homes for families with children. The rule has been criticized by political parties both to the left and the right of the Social Democrats.

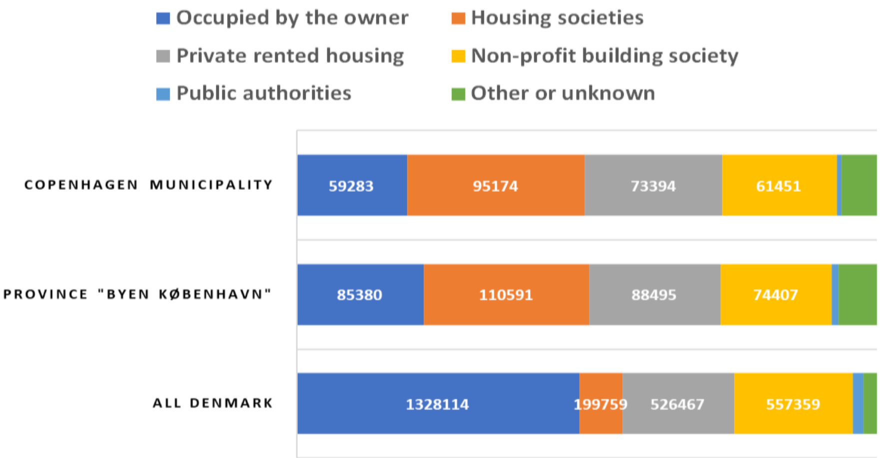
The lack of affordable housing became evident during the housing bubble in 2005-2006. The city had a growing population, of which a high percentage were single-person households and younger people. When the bubble collapsed in Denmark in 2009 the discussion about affordability moved into the background, but it surfaced again after 2015 with the renewed increase in house prices.

At the same time, fundamental changes had occurred in the markets for both private rental and cooperative apartments. These changes exacerbated the affordability problem and became a major local and national political issue from around 2018.

Since 1996, private landlords have been able to raise rents in Denmark by carrying out a 'thorough renovation'. The measure, which was intended to stimulate urban renewal, was contained in paragraph 5.2 of the Housing Regulation Act. American investment firm Blackstone had since around 2016 begun to acquire rental blocks in Copenhagen and Frederiksberg[27] and carry out such renovations, with consequent rent increases. This led to a very heated political discussion involving the major media (television, radio and newspapers), activist organizations, NGOs, the government and the opposition. The name Blackstone became a term of invective in Denmark, but the firm was at least on the surface only doing what many other (Danish) investors had been doing for years: renovating apartments and increasing the rent substantially, in accordance with the legislation.

[27] A separate municipality that is completely surrounded by Copenhagen.

Figure 2: Distribution of tenure in 2021, occupied dwellings only



Source: StatBank Denmark table BOL101.

Note: Non-profit building societies are known elsewhere as housing associations. Dwellings owned by 'public authorities' are not social housing but primarily nursing homes. The figures are subject to change, particularly with respect to the privately rented sector.

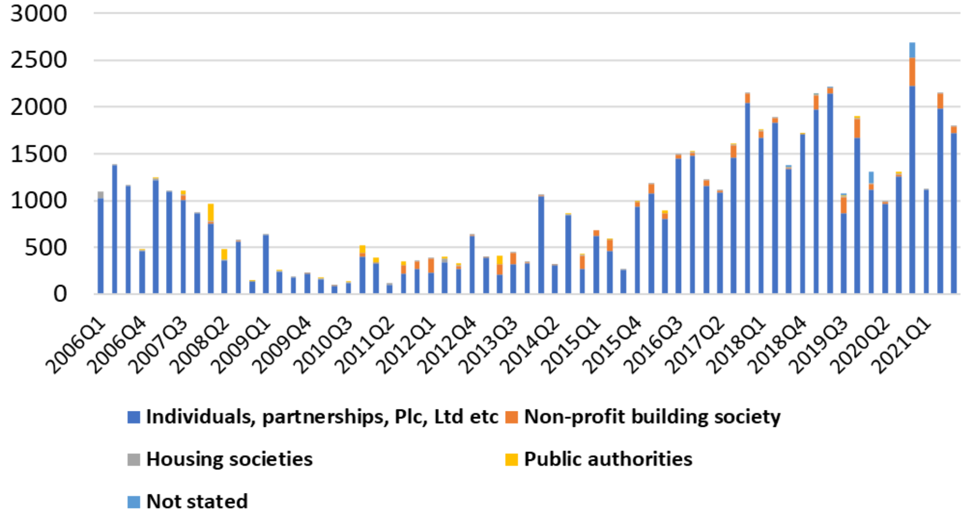
Technical Note: Statistics Denmark has reported technical issues with some of their data tables, resulting in their suspension for the years 2020 and 2021. While the specific details of the technical issues have not been disclosed, it is unclear when the tables will be available again.

After Mette Frederiksen of the Social Democrats became Prime Minister, the discussion about financialization culminated in legislative reform with the passage in July 2020 of the so-called 'Blackstone law'. This law imposed a set of measures that together made it more difficult and more expensive for landlords (all landlords, not just big investors) to use paragraph 5.2. The conflict around Blackstone is not just a dispute between a US investor and tenants in Copenhagen; it makes obvious the change in policy priorities of Danish socialist governments over time.

The affordability problems are made worse by increasing prices for coops. Unusually, in Denmark the value of coops depends largely on the value of privately rented property. There are three different ways of valuing coops, and the general assembly of the coop decides which to use. The method that tends to produce the highest prices is to use a *valuar* (expert appraiser), who is bound by law to value the cooperative as if the building were a private rented property.

Over the years, paragraph 5.2 stimulated interest in investing in older private rented property in Denmark, and especially Copenhagen. When the value for private rented property went up, the value of coops followed, making them less accessible for low-income families although still more affordable than owner-occupied dwellings. The link between the private rented market and the market for coops has complicated Danish housing policy, as there was concern that stricter regulation of companies like Blackstone would make the value of private rented property fall, thus affecting coop values as well. Even though lower prices on cooperatives would make them more affordable, decreasing prices would harm existing residents of coops (in Denmark the inhabitants of coops are regarded more like tenants than owners). However, no decline in the value of coops was observed after the 'Blackstone law' came into effect.

Figure 3: Completed residential construction in the province 'Byen København' 2006-2021



Source: StatBank Denmark table BYGV33.

Copenhagen's affordability problems are complicated and arise from many different factors, including lack of affordable construction over the last 15 years. It has been a political priority in Copenhagen to construct more social housing, but the reality has been a failure: only 5.1% of all dwellings completed since 2006 have been social housing. The current national government has proposed to construct 22,000 additional units of social housing in the major cities over the next 15 years, in addition to existing housing supply targets. The plan was approved by parliament in November 2021 with support from both the left and from the Danish People's Party – the same political parties behind the 'Blackstone law'.

The discussion over affordability was a major issue at the municipal election in November 2021, where the far-left party Enhedslisten made major progress in both Copenhagen and Frederiksberg. The party campaigned onr the issue of affordability and one of its leading politicians even suggested that private landlords should be banned, saying Denmark should instead copy the housing model of Vienna where the city owns cheap apartments.

Postscript: Recent developments to April 2023

The Danish housing market – both the owner-occupied and the professional investors segment – has taken a beating due to inflation and rising interest rates but this has led to a decline in transactions more than in prices. Overall, the economy has been hit less hard than predicted, and record high employment continues to surprise economists.

In the end of 2022, long-term interest rates seemed to peak at 5% and then fall a bit; it could be expected that housing prices would fall in reaction. In March 2023 prices for detached single family houses in the province of Copenhagen's surroundings had gone down by 14% since June 2022 — although they were still 12% higher than in March 2020 when the pandemic started. Many home buyers had shifted from fixed to adjustable interest rates and were seeking interest-only loans; at the same time the supply of houses for sale remained very low. These factors may explain why the price correction was not more dramatic.

In the investment market, transactions declined in 2022 but were still among the highest on record for real estate as a whole. Housing was hit relatively hard because of the general uncertainty about inflation and interest. The dominant consultant in the market, Colliers, remains positive, citing rising population. At the same time the problems in the owner-occupied market could also stimulate the private rented market. According to Colliers, foreign investors had a share of 64% of all transactions in the greater Copenhagen area in 2022.

The rise in interest rates is not seen as a turning point. The inflation rate has been going down and it is the opinion in the professional market that the current situation – where some investors have become hesitant – might quickly change if the interest rate begins to fall.

Dublin

Michelle Norris

How the city is defined	Dublin city and the historic (mainly but not entirely suburbanized) county which surrounds it is managed by four municipalities: Dublin City Council, Dún Laoghaire-Rathdown County Council, Fingal County Council and South Dublin County Council.
Population	Dublin is Ireland's capital and largest city. Its estimated population in 2022 was 1.44 million which accounts for 28.3% of the total population of Ireland. Dublin's population has increased by 7.7% since 2016.
Tenure	In 2016, 50% of households in Dublin City were owner-occupiers, 12% rented from a local authority and 31% rented in the private rented sector.
Affordability	Dublin has the lowest housing affordability of any region in Ireland. Between 2013 and 2016, housing costs exceeded 30% of income among 19% of households in Dublin. This rose to 39% among households living in private rented housing.
Housing stock	Of 479,683 private dwellings in Dublin, 34.8% are semi-detached houses.
Institutional landlords	Three primary types of institutional landlords have emerged in the private rented sector in Dublin: • International built to rent companies such as Hines and Kennedy Wilson which fund the construction of build to rent developments and retain ownership; • Non housing specialist international investors such as pension funds which are generally buying apartment blocks on completion (although their commitment to purchase may play an important role in enabling developers borrow funds to support construction); and • Real Estate Investment Trusts –these were legalised in 2013 but concentrate more on commercial than residential property in Dublin. To date only one Irish-headquartered REIT has significant residential property holdings. Although there is a marked international trend towards institutional private rented landlords moving from the inner city to the suburbs and rural areas, in Dublin investment remains focused predominately on the city and inner suburbs and on high density developments, primarily apartments.
Regulation	In March 2021 the Irish government announced that additional stamp duties would be levied on bulk purchases of new houses by investment funds, and they have since strengthened local authorities' powers to prohibit these bulk purchases through the planning system. The current Dublin City development plan contains specific provisions in relation to purpose-built student housing and built to rent housing. These specify the size and design of these dwellings and also include specifications in relation to over concentration of this type of housing in specific parts of the city. Regulations regarding short term lettings were introduced in 2019, with the aim of bringing properties in Rent Pressure Zones (areas with high and rising rents) back to the long-term rental market. The regulations are so weakly enforced as to be meaningless.

Dublin is Ireland's capital and largest city. In 2020, its estimated population was 1.42 million which accounts for 28.5% of the total population of Ireland. Dublin plays an important role in the Irish economy as the main centre of investment by multi-national companies and in this regard, it completes with other similar sized cities in high-income countries rather than with the rest of Ireland. Dublin has been very successful in attracting this type of investment and the associated jobs. Consequently, annual population growth in the city averaged 1.6 per cent per annum between 1996 and 2006 (Bergin and García-Rodríguez, 2020). The extent of the city's success has inspired concerns among policy makers about imbalanced regional growth patterns, and particularly over-concentration of growth in Dublin and the Greater Dublin Area (sometimes referred to as the Mid-East region) which surrounds it. However, a series of national spatial strategies dating back to the mid-1960s have failed to counterbalance this trend (Norris and Shiels 2007). The concentration of (generally highly paid) jobs in multi-national software companies in Dublin has also spatially skewed earnings which are 15% above the national average (Morgenroth 2018).

Housing undersupply problems in Dublin date back at least to the early-1990s. This undersupply has over time skewed population growth, house prices and rent trends in the city (Norris and Shiels 2007). For instance, Keely and Lyons (2019) point out that between 2010 and 2015, roughly 50,000 new households were formed in Dublin but fewer than 10,000 new dwellings were built in the same period. As a result, house prices in Dublin, which had historically largely matched those in the other main cities in Ireland, began to decouple from the latter in the 1990s and are now significantly higher (Morgenroth 2018). Price pressures and housing undersupply in Dublin have also driven population growth from the city into the surrounding Greater Dublin Area (Norris and Shiels 2007; Morgenroth 2018).

The impact of the Global Financial Crisis: from path dependency to path acceleration

Ireland experienced a very severe house price and building bust in tandem with the Global Financial Crisis which affected the financial stability of banking sector. Government attempts to recapitalise the banks ultimately undermined sovereign creditworthiness and forced Ireland to enter an EU- and IMF-sponsored emergency financial stability programme in 2010 (Norris and Coates, 2014).

The proximate impacts of these interlinked banking, fiscal and housing-market crises have been extensively discussed – house prices fell by half between the peak of the house price boom in 2006 and the trough in 2012, mortgage arrears expanded radically, and the previously very high level of housing output also fell by two thirds over the same period (Donovan and Murphy, 2014). What are less widely appreciated are the very significant long term structural impacts of these developments on the housing system.

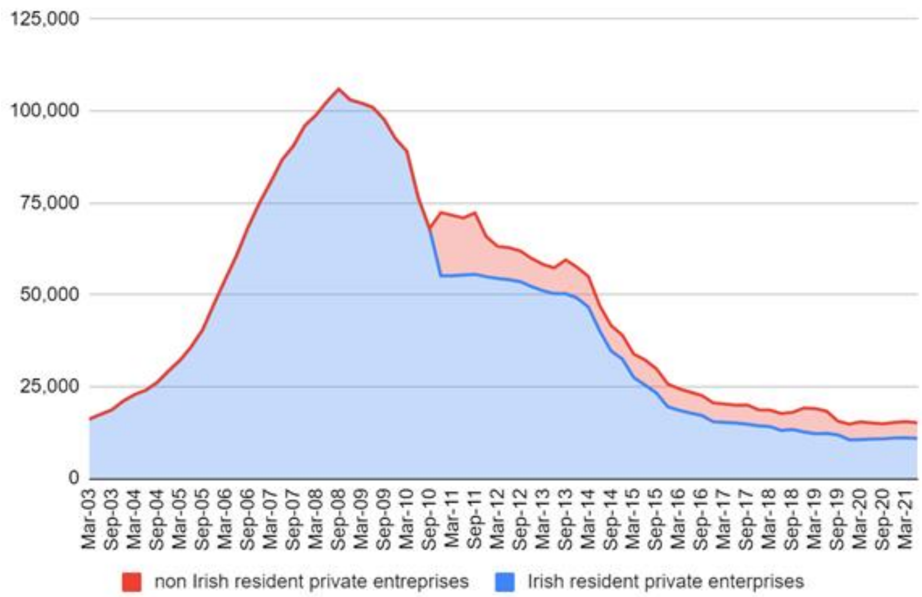
Ireland had a strongly state-led/socialised housing finance model for much of the twentieth century, although it adopted rather late the trend towards deregulation of housing finance, banking, and capital markets that emerged in other English-speaking countries (Norris 2016). Until the 1970s, the Irish housing system was quite different from Western European comparators since state involvement in the financing of private housing (for home ownership) was extremely high. Indeed, in the 1950s, about 90% of capital for housing came from the state and there was a very underdeveloped private mortgage system. During the 1970s and 1980s, Ireland slowly abandoned its highly socialized system of housing finance and supply (based on nearly all state-funded homeownership) and replaced it with building society finance, then bank finance. This enabled an increasing supply of housing, a huge credit bubble, a high homeownership rate (80%), and a very strong pattern of centrifugal development. Ireland's housing finance system has been deregulated since the mid-1980s, and the same financialization trends that arose in other high-income countries also appeared in Ireland during this period, albeit more slowly.

A period of ‘path acceleration’ emerged after the GFC, when Ireland transitioned to an international and investor-dominated system of funding for new private housing provision over a short period (Kitchin et al. 2012). This occurred firstly because of the acute banking crisis in Ireland after the GFC. All of Ireland’s major banks had to be entirely nationalised or partially recapitalised by the Irish government, and two remain in majority public ownership even now. Following the crash, much more robust macroprudential regulation of the banking sector was introduced by the Central Bank of Ireland and also the European Central Bank. The former focused primarily on regulation of mortgage loan-to-value and loan-to-income ratios, while the latter imposed capital reserve requirements on banks. These were particularly stringent in the Irish case as their calculation reflected the scale of bad loans in previous years (Keenan et al. 2016). Secondly, much of the housing development sector in Ireland collapsed after the GFC and such was the scale of this crash that a ‘bad bank’ called the National Asset Management Agency (NAMA) was established by the government to take over management of all large loans for housing developments (both those in arrears and those being serviced). The number of housing developers contracted and the number of creditworthy developers contracted even further.

These two developments led, in the years after the GFC, to radical reductions in both bank lending for property development and new house building. Neither has yet recovered to anything close to their pre-crash levels (see Figure 1). Government support for the entry of institutional investors into the Irish property market could reasonably be interpreted as a response to this shortage of capital for housing development and purchase--although this was never explicitly stated by government.

The entry of institutional investors started when NAMA sold many of the loans it had taken over from banks (and the assets on which they were secured, many of which were apartment blocks or sites for such development) to international investment funds in a process which mirrored developments in other crisis countries and cities (Byrne 2015; 2016). Some of these investors sold the assets again quickly as the economy started to recover, while others stayed and expanded their interests in Ireland and were soon joined by other international investment firms and then by Irish-headquartered investors (O'Callaghan, Di Feliciantonio and Byrne 2018).

Figure 1: Bank Credit outstanding to Irish Resident and Non-Irish Resident Private-Sector Enterprises for Real Estate, Land and Development Activities (€ million), 2003-2021



Source: Central Bank of Ireland (various years).
Note: Data for non-Irish-resident private enterprises are only available from 2011.

Initially government actively facilitated the entry of international investors into the property market. The establishment of NAMA was accompanied by the introduction of capital tax exemptions for residential property investors and followed by 2013 legislation which enabled the establishment of Real Estate Investment Trusts. Later changes to statutory planning regulations permitted lower space standards for 'built to rent', student and 'co-living' accommodation, all of which are largely provided by institutional investors. In a 2016 statement, the housing ministry said the rationale was to expand the supply of private rented accommodation, which had contracted steadily throughout the 20th century in Ireland (Government of Ireland, 2016). A further unstated but obvious rationale was the need to shore up the market for the purchase of NAMA's loan book and thereby avoid the prospect of the exchequer covering yet more losses from the banking crisis. In the years since then, however, institutional investors' role in funding and purchasing residential property in Ireland has expanded radically, particularly in the market for apartments (as opposed to houses) (Coates et al. 2019) (see Tables 1, 2 and 3).

Table 1: Volume and Value of Non-Household market dwelling transactions, 2010-2019

Direction	***Indicator***	***2010***	***2011***	***2012***	***2013***	***2014***	***2015***	***2016***	***2017***	***2018***	***2019***
Purchases	**Volume**	774	760	1,421	1,737	4,538	6,892	6,266	8,765	9,145	12,378
	Value (€ million)	171.9	176.2	297.0	325.3	913.5	1,274.1	1,360.5	2,078.7	2,396.8	3,475
Sales	**Volume**	4,482	3,153	4,109	4,819	8,788	13,263	12,590	16,027	16,692	18,926
	Value (€ million)	1,066.7	662.4	763.9	842.3	1,595.6	2,516.1	2,902.9	4,315.4	4,925.3	5,928.1

Source: https://www.cso.ie/en/releasesandpublications/ep/p-rppi/residentialpropertypriceindexapril2020/non-householdsector/

Table 2: Value of Non-Household Sector market purchases by economic sector, 2010-2019

NACE Sector	***2010***	***2011***	***2012***	***2013***	***2014***	***2015***	***2016***	***2017***	***2018***	***2019***
Construction (F)	20.3	18.3	35.3	32.6	154.2	177.1	156.0	190.5	202.2	166.4
Financial & Insurance (K)	16.4	19.4	73.5	84.5	180.8	586.6	326.8	553.2	650.3	737.0
Real Estate (L)	7.2	14.4	46.3	23.5	369.7	138.5	170.9	320.4	309.3	640.6
Public/Education/Health (O,P,Q)	87.0	71.4	65.9	74.3	63.5	163.3	434.1	543.7	707.6	1,142.7
Extra-Territorial (U)	8.0	16.6	41.3	48.0	63.5	69.2	99.6	276.1	296.7	454.3
Other	33.1	36.1	34.8	62.4	81.7	139.4	173.1	194.9	230.7	333.9
All	**171.9**	**176.2**	**297.0**	**325.3**	**913.5**	**1,274.1**	**1,360.5**	**2,078.7**	**2,396.8**	**3,475.0**

Source: https://www.cso.ie/en/releasesandpublications/ep/p-rppi/residentialpropertypriceindexapril2020/non-householdsector

Table 3: Volume of Non-Household Sector market sales by economic sector, 2010-2019

NACE Sector	***2010***	***2011***	***2012***	***2013***	***2014***	***2015***	***2016***	***2017***	***2018***	***2019***
Construction (F)	654.7	350.0	344.6	329.7	600.2	935.4	1,176.9	1,803.8	2,397.3	2,800.8
Financial & Insurance (K)	119.6	112.8	196.2	234.6	510.8	874.0	920.4	1,468.6	1,484.4	1,872.2
Real Estate (L)	109.3	60.9	62.0	77.4	143.6	261.4	316.4	388.7	411.3	618.9
Public/Education/Health (O, P,Q)	49.8	18.4	18.6	25.4	27.6	22.3	16.1	43.0	52.9	73.1
Extra-Territorial (U)	13.4	22.1	26.2	50.2	31.5	45.0	47.4	59.9	75.5	75.4
Other	119.9	98.3	116.2	125.0	282.0	378.1	425.7	551.4	503.9	487.6
All	**1,066.7**	**662.4**	**763.9**	**842.3**	**1,595.6**	**2,516.1**	**2,902.9**	**4,315.4**	**4,925.3**	**5,928.1**

Source: https://www.cso.ie/en/releasesandpublications/ep/p-rppi/residentialpropertypriceindexapril2020/non-householdsector/

Investors are a critical part of the financing of apartment developments because developers often rely on part-funding from these investors and/or a commitment to purchase or rent the dwellings on completion (Burke-Kennedy 2021). Table 2 demonstrates that the state (particularly social housing landlords) are major institutional purchasers of dwellings, so not all institutions active in the property market are for-profit.

Post-Global Financial Crisis hyper-financialization of housing in Dublin

Since the Global Financial Crisis, the latest stage in the financialization of housing described earlier has not occurred evenly across Ireland: it has been much more acute in cities and particularly Dublin. This is evidenced by the data on institutional purchasers of dwellings in Dublin, the second and third largest cities (Cork and Galway respectively), and the country as a whole between 2010 and 2020 which is set out in Table 4 below.

Table 4: Volume of Residential Sales by Type of Buyer and Location, 2010-2020

		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Cork	*All Buyer Types (N)*	1977	1798	2410	2866	4340	5028	5121	5562	5669	6164	5077
	All landlords (N)	321	403	525	774	1423	1687	1812	1960	1842	2004	1473
	Non-Household Buyer % of all transactions	3.3	5.9	3.9	7.9	8.9	10.3	13.6	15.8	15.5	19.0	17.4
	Non-Household Buyer % of landlord transactions	20.6	26.3	17.7	29.3	27.3	30.7	38.4	44.9	47.8	58.6	59.9
Dublin	*All Buyer Types (N)*	6526	5324	8193	9645	14232	14770	15620	17522	18772	20704	16428
	All landlords (N)	703	855	1786	2353	5232	4819	4907	5367	6002	7667	6292
	Non-Household Buyer % of all transactions	4.40	4.96	9.37	9.96	20.97	18.98	18.03	19.4	22.3	29.4	32.5
	Non-Household Buyer % of landlord transactions	40.83	30.88	43.00	40.84	57.05	58.19	57.39	63.4	69.9	79.3	84.9
Galway	*All Buyer Types (N)*	828	793	976	1365	2188	2608	2389	2452	2349	2474	2195
	all landlords (N)	164	252	237	471	884	1128	1025	361	302	394	434
	Non-Household Buyer % of all transactions	3.6	4.2	4.0	7.8	12.2	16.2	19.3	965	787	827	721
	Non-Household Buyer % of landlord transactions	3.8	4.3	4.2	8.5	13.8	19.4	24.0	14.7	12.9	15.9	19.8

Source: Source: Central Statistics Office (various years). https://data.cso.ie/table/HPA02
Note: data for non-Irish-resident private enterprises are only available from 2011.

Byrne (2021) points out there has been little research on these developments in Dublin, and what does exist was mainly commissioned by institutional landlords or their representative / lobbying body (Property Industry Ireland) or published by investment advisors/companies seeking to attract investment into the sector. However, these sources do enable identification of the key trends in this latest phase in the financialization of Dublin.

Byrne's (2021) analysis of these sources identifies the expansion of the institutional private rented sector as the most significant development in Dublin. These organisations have mainly invested in high density apartment block developments and the higher rent segment of the market, often targeting middle- to high-income migrant employees in Dublin's tech sector, for example (Marler 2019). At least one institutional landlord does appear to target low-income and unemployed people receiving housing subsidies (https://www.ubyurbeo.com/about-u), and a few organizations have emerged to aggregate private investment in this type of housing, encouraged by generous government subsidies to rent private homes for re-rent as social housing. Hence three primary types of institutional landlords shape the private rented sector in Dublin:

- International build to rent companies such as Hines and Kennedy Wilson (both from the USA), which fund the construction of build to rent developments and retain ownership;
- Non-housing specialist international investors such as pension funds, which are generally buying apartment blocks on completion (although their commitment to purchase may play an important role in enabling developers to borrow funds to support construction); and
- Real Estate Investment Trusts – these were legalised in 2013 but concentrate more on commercial than residential property in Dublin. To date only one Irish-headquartered REIT has significant residential property holdings and several REITS have recently exited the Irish market or been taken over by private companies in recent years.

Efforts to densify settlement patterns in Dublin and discourage the marked urban sprawl which occurred in the city in the 1990s and 2000s may have also contributed to increased dependence on investment fund finance for housing and the expansion of built to rent housing in the city. *Guidelines on Sustainable Residential Development in Urban Areas,* issued by the housing ministry in 2009, provided for a radical increase in new residential densities in city centres, inner suburbs and beside public transport corridors. *Development and Building Height Guidelines,* issued by the housing ministry in 2018, recommends that increased building heights will also be required (Department of Housing Local Government and Heritage 2018). Critically, these publications are guidelines in name only – they are statutory instruments to which the local government planners are legally obliged to adhere. As a result, the vast majority of planning permissions for new residential developments granted in Dublin are for apartments, many of which are in high-rise developments. Due to the decline in bank lending for development and the high cost of apartment construction, most of these new apartments are not built to sell to homeowners or small buy to let investors but rather are built to order for build to rent companies or funded by investment companies for sale to large institutional landlords (Norris *et al.* 2022).

Although there is a marked international trend towards institutional private landlords moving from the inner city to suburbs and rural areas, in Dublin investment remains focused predominately on the city and inner suburbs and on high-density developments, primarily apartments. This may be because in March 2021 the Irish the government announced that additional stamp duties would be levied on bulk purchases of new houses by investment funds, and they have since strengthened local authorities' powers to prohibit these bulk purchases through the planning system. In addition, one of the few research projects conducted with investors indicates that they prefer to own whole developments/blocks of apartments for management reasons (Residential Tenancies Board, 2021). Furthermore, there is also evidence that these investors play a critical role in funding the construction of apartment blocks (whether directly by commissioning their construction or indirectly by contracting to purchase them on completion) because unlike housing estates, they are not generally sold off in stages in Ireland and therefore they full construction costs must be funded up front. A recent report by the institutional investors' lobby group suggests that institutional investors provided 77.8% of residential development finance in Ireland between 2017 and 2019 (Property Industry Ireland, 2021). This may confer them with significant market power.

The other area of the Dublin housing market in which institutional investors have been very active is purpose-built student accommodation (PBSA). Prior to the GFC this was rarely provided in Ireland and almost all provision was by higher-education institutions themselves. The National Student Accommodation Strategy, published in May 2017, sought to increase the supply of PBSA to reduce numbers of students renting in the private rental sector (Department of Education and Skills 2017). It set a target of at least an additional 16,374 PBSA bed spaces to provide an overall supply of 28,806 in the Dublin area by 2024. Critically, although soft loans were provided to educational institutions to enable them to build additional PBSA, these were not accompanied by any capital subsidies and take-up of this finance has been low to date. Consequently, most of the PBSA output has come from commercial providers. Data from Dublin City council indicates that the vast bulk of this accommodation was provided in recent years. Between 2008 and 2016, the Council granted planning permission for the construction of 3,615 bedspaces in PBSA, but only 471 of these were delivered by 2016 and a further 1,749 were under construction (O'Hara 2017). This had led to criticism that planning permissions for student accommodation developments were being secured in order to increase site values and not with a view to actually constructing the schemes. The output of commercial PBSA appears to be highly spatially concentrated in lower income neighbourhoods in Dublin inner city (specifically the post codes of Dublin 1, Dublin 7 and Dublin 8) (O'Hara 2017). This concentration has generated significant opposition from residents of these neighbourhoods and from local elected councillors.

Postscript: recent developments to April 2023

There are indications that the increase in interest rates that has occurred in recent months may have dampened demand among institutional investors for private rented properties in Dublin. Tightening yields, due to a combination of rising interest rates and the impact of rent controls introduced in 2016, have led some investors and property developers to cancel or delay construction of build-to-rent apartments in the city. It is too early to say whether this is a temporary blip in the market or the start of a longer-term trend.

Hong Kong

Rebecca Chiu

How the city is defined	Hong Kong is a coastal city in southern China. Under the 'One Country Two System' policy enacted in 1997 at the handover of the city back to China, its jurisdictional boundary kept to that of the pre-1997 era. Its total land area is 1,114km², and as the terrain is mostly hilly (78%), only 24% being developed. Developed areas are mostly located in the coastal areas, with 26% built on reclaimed land. The urban form is comprised of one main metropolitan area in and around the city centre and nine decentralized new towns, all featuring high-rises. The settlements are well connected, with efficient public transport networks catering for 90% of journeys. There is no specific area in the city which has become a hotspot for international investment.
Population	Hong Kong had a total population of 7.292 million in mid-2022.
Tenure	Hong Kong has a dualistic housing system, with 45% of the population living in public rental and subsidised owner-occupier housing, 54% in private housing, and 1% in temporary housing.
Affordability	Hong Kong's acute housing unaffordability problem is notorious: the average price-to-income ratio increased from 12.5 in 2011 to 20.5 in 2019 and 22.8 in 2021. However, rental affordability has improved over the past three decades: the median rent-to-income ratio was 65% in 1989, 34% in 2003 and 53% in 2016.
Housing stock	In 2021, the stock of housing units was 2,913,000, an increase of 13.3% since 2011.
New build	In 2020, Hong Kong saw the production of 35,000 flats (40% in public housing), up by 66.7% since 2010.
Regulation	There are three sets of structural challenges facing Hong Kong's housing system. The first is the local context: constrained land supply due to hilly terrain, a politicised and lengthy planning process, and government's conflicting role as both landowner and market stabiliser. The second is the limited financial tools available to the government in minimizing supply and demand imbalances and risks in pursuing home ownership. The third was, until 2013, the uncontrolled investment demand induced by the openness of Hong Kong's housing market, and the continued inflation- and retirement-protection function of homeowning to local investors. Post-2013 fiscal measures to restrain investment demand have not cooled housing prices though transactions dropped significantly.

Overview

Hong Kong is a Self-Administrative Region under 'One Country, Two Systems', and given its economic context, financialization of housing inevitably takes a different pathway from other Chinese cities. Unlike in UK and European cities, Hong Kong's exponential growth in local and national housing investment demand is manifested in the private homeownership sector rather than the private rental sector. In Hong Kong, the most common financialization phenomena are developers' offer of first and second mortgages to lure housing consumers and investors; households purchasing homes as stores of wealth for retirement, future investments or big expenses; and non-local housing investors capitalising on steady price rises both before and after the regional and global financial crises. In mainland China, financialization endeavours are more diversified and proactive: real estate companies run their own financial departments, long-term apartment rental companies convert lease rights into liquid capital, and governments capitalise on housing-driven land value uplift to provide mortgage loans to developers for housing and infrastructure development.

Hong Kong's acute housing unaffordability problem is notorious, with average price-to-income ratios increasing from 12.5 in 2011 to 20.5 in 2019 and 22.8 in 2021[28]. Local social media often attribute affordability problems to a shortage of developable land caused by the hilly terrain, erroneous land development policies in the past, and lengthy land-use planning and development processes. The government initially held a similar view when housing prices began to rise in 2010 as the local economy and the housing market recovered from the impact of the global financial crisis. Between 2011 to 2012, 32% of buyers in the price-setting primary housing market were either non-local individual buyers (15%) or local and non-local company buyers (17%) (Financial Services and the Treasury Bureau, 2013, quoted in Chiu [2019], p.219). The impact of internal and external investors on Hong Kong's housing prices was significant, especially in the high-priced market segment.

In response, the government took measures to control investment demand. In 2011-13 the government's then-new Chief Executive introduced various forms of additional stamp duty on housing transactions, with the aim of reducing local, national and international investment demand. These changes included higher tax rates for high-end housing transactions, regressive tax rates (5% - 20%) for properties resold within 36 months (15-20% for resale within 6 months and 5% for resale within 24-36 months), and additional tax for non-local individual and company buyers (unfortunately more detailed statistics are unavailable from government sources). Eventually in 2013, double *ad valorem* stamp duty (30% of the dwelling price) was levied for all individual or company purchasers except local buyers who were non-homeowners at the time of acquisition. These fiscal controls are still in force today.

The government reported at the end of 2019 that only 3.3% of all of residential property transactions in that year were subject to the double stamp duty, which was lower than the 5.5% in 2018 (Financial Services and the Treasury Bureau 2019). Further tightening of fiscal measures was thus deemed unnecessary. It is nonetheless important to note that the tax measures were effective in reducing transaction volumes, but not in lowering house prices.

Financialization and its impact

Financialization of home ownership takes place in Hong Kong, though its thrust differs from that seen in Europe. According to Chiu (2019), a notable trend was the increasing engagement of homeowners/investors in equity release (re-mortgaging), especially during price booms and periods of negative real interest rates. The funds released were used for income smoothing, alternative investments, or financing buffering. Developers also began to offer top-up mortgage loans to lure buyers during market booms and price hikes. Co-financiers outside of Hong Kong Mortgage Authority's regulatory control are especially active during market booms. Chiu (2019) argued that these financing institutions and practices actually increased home purchasers' risks, whereas government regulatory control of the loan-to-value ratio and other associated measures were mainly meant to reduce the risks to financial institutions and the economy caused by boom-and-bust property market cycles.

In Hong Kong, 29% of the population lives in public rental housing (PRH) and 16% in subsidised owner-occupied housing (SOH) provided directly or indirectly by the government. Housing security is thus a lesser problem for low-income households than for middle-income families in Hong Kong's dualistic housing system Chiu (2019). However, the suspension of new land development in the prolonged economic depression after the 1990s Asian financial crisis, and increasingly lengthy planning and land development processes, have combine to cause an acute shortage of PRH and SOH

[28] The price-to-income can be categorized into: severely unaffordable: 5.1 & over; seriously unaffordable: 4.1-5.0; moderately unaffordable: 3.1-4.0; and affordable: 3.0 or less (Demographia International Affordability Survey at http://www.infogram.com/).

that persists today. The numbers of PRH wait-listed applicants and households living in sub-divided housing units have both increased dramatically. Land shortages also reduce private housing production and indirectly accentuate housing price rises. Housing financialization (i.e. the growth of investment demand) further fuels the housing affordability problems of middle-income families who are ineligible for SOH but aspire to homeownership.

Hong Kong's private rental sector is relatively small compared to those in European cities, accommodating only 17% of all households. This is not only due to the large scale of public housing programs, but also the Chinese ethos of favouring home ownership and the use of home purchase as a major means of household wealth accumulation. Unlike in much of Europe, there have been few reports in the mass and social media about local or international financial companies pushing up private rents, nor is this a hot topic in public discourse. Overall, rental affordability actually improved over the past three decades: the median rent-to-income ratio was 65% in 1989, 34% in 2003 and 53% in 2016.

Factors contributing to the growth in investment demand and financialization

Chiu (2017; 2019) attributes the exponential growth in investment demand for housing before 2013 to five factors:

1) A shift of international and institutional investment from the US and Europe to Asia (including Hong Kong) after the 2008-09 global financial crisis and the prolonged post-crisis depression in the US and Europe, aided by securitisation and digitalisation in the financial sector;
2) Hong Kong's upward house-price trend despite the two post-financial crises, and its open property market with no restrictions or disincentives for non-local property buyers until the early 2010s (introduction of additional stamp duty in as discussed earlier);
3) institutional and individual investors from mainland China seeking investment outlets due to lack of local opportunities until the emergence of the financial industry and the property market in China from the late 1990s to early 2000s;
4) Hong Kong's low interest rate due to the pegging of the HK dollar to the US dollar since 1985, which incentivised local households to purchase homes as a hedge against inflation and a tool for household wealth accumulation; and
5) home purchase serving as a major means of retirement provision, as Hong Kong has no pension system and its overall house-price trend has been steadily upward despite periodic dips.

Government response

Three sets of structural challenges face Hong Kong's housing system (Chiu 2019). The first is the constrained land supply due to hilly terrain, a lengthy planning process, and the conflicting role of the government as both landowner and market stabiliser. The second is the limited set of financial tools available to the government in minimising the imbalances between housing supply and demand and the risks of homeownership. The third was, until 2011-2013, the uncontrolled investment demand induced by the openness of Hong Kong's housing market, and the continued inflation- and retirement-protection function of homeowning for local investors. Post-2013 fiscal measures to restrain investment demand have not reduced housing prices though transactions dropped significantly.

After enacting the Hong Kong National Security Law, the central government urged the Hong Kong government to solve the city's acute housing problems, notably the notorious home purchase unaffordability and the appalling conditions in subdivided homes. Subsequently, the Chief Executive's Policy Address of 2021 announced unprecedentedly ambitious land development plans. Perhaps surprisingly, no further government measures were announced to dampen investment demand or cool prices. These might have included levying a tax on vacant units, which increased to 8.9% among high-priced large units in 2021 (overall, and for smaller units, the vacancy rate was around the normal acceptable rate of 4%). As acknowledged by the government, development of usable land is a lengthy process, and therefore it will at least take two decades for Hong Kong to resolve its housing shortage and eradicate sub-divided homes.

Conclusions

In Hong Kong, the impact of financialization on housing affordability obviously has further exacerbated social inequality between homeowners and non-homeowners in terms of both household wealth and housing quality. Unlike European cities, the impact is concentrated in home purchase rather than private rental housing because of the city's tenure system and the subsidised housing policy.

Financialization of housing and land is less developed in Hong Kong for three fundamental reasons: first, land supply has been limited since 1985 owing to the Sino-British agreement, which set a restrictive annual quota for the sale of developable land before the handover of Hong Kong to China in 1997. Second, the housing market endured a depression lasting more than a decade, with new land development coming to a halt after the 1998 Asian Financial Crisis and the Global Financial Crisis in 2008 and 2009. Finally, this city of 1106 km^2 has 7.76 million people, of whom half live in public housing. Rental yields are as low as 2.1% to 3.9% (1997-2020), so large scale financialization in the private rental sector is not seen to be profitable by institutional, national and international investors.

Hong Kong's housing financialization phenomenon is unique in China. Obviously, under the 'One Country and Two Systems' principle and as a free economy since its establishment as a city, Hong Kong's housing sector had no need to go through a commodification process as did mainland Chinese cities under the national 1980-2000 housing reform. However, housing assetisation and capitalisation--i.e. turning housing from a consumption good into an investment good, then using it to generate more wealth (Wu *et al*, 2020) also applies to Hong Kong, although it affects a smaller proportion of housing consumers given Hong Kong's much bigger public housing sector. It is also the case that capitalisation of land and housing by governments, which own all land under their jurisdictions, goes further in China than in Hong Kong. This could be explained by the fact that the local governments of Chinese cities relied more heavily on the land premium for infrastructure and urban development than the more mature city of Hong Kong. In fact, it has not been raised in the social media nor in urban academic literature that the Hong Kong government manipulates fiscal and other measures to increase home purchase in order to push up land values and thus government revenue. After all, without controls in interest rates, but with a housing market open to international and national buyers, Hong Kong's fiscal measures to dampen housing investment demand have not yet been proven effective in alleviating the daunting housing price and affordability problems. The hope lies in the Chief Executive's recent policy proposal to multiply land supply in the next two decades.

Postscript: recent developments to April 2023

While the interest rate rose from 0.86% on 16 March 2020 (lowest in 2020) to 5% on 2 Feb 2023 (Best lending rate: ~ 5.625%), the average house price dropped by about 15.6% in 2022 and ended the 13-year rising trend. This was the biggest drop since the economic depression in the 2000's. Now with the dissipation of COVID19, the reopening of the border between Hong Kong and mainland China in February 2023, the re-opening of the city to international tourists and business visitors and the government's dedicated effort to revive the city, the economy and the housing market are picking up. The outlook is that house prices may stabilize and eventually rise by 10% or more towards the end of 2023. Predictions for the rental market are much less reported, but the government is introducing a new scheme to enhance the provision of subsidized housing to shorten waiting times for public rental housing.

Lisbon

Alda Azevedo, Patricia Canelas and Sónia Nunes Alves

How the city is defined	The municipality of Lisbon occupies an area of 100.05 km^2. Metropolitan Lisbon – the urbanised area around the capital – includes several administratively defined cities and municipalities on the north and south banks of the Tagus River.
Population	The 2021 Census estimates a population of 545,923 within the Municipality of Lisbon, a decrease of 1.2% since 2011 (552,700). Metropolitan Lisbon, on the other hand, saw a 1.8% increase from around 2.82 to 2.87 million over the same period.
Tenure	Using 2011 census data, Pordata reports that the Municipality of Lisbon had 122,817 owner-occupiers and 114,430 tenants in 2011 (84,148 in private rental properties, 14,765 in social housing, and 1,328 in sublets). Metropolitan Lisbon had 753,765 owner-occupiers and 373,946 tenants. In census projections for 2021, the Municipality of Lisbon sees a slight decrease in owner-occupiers (121,884) and an increase in tenants (120,188). Metropolitan Lisbon sees an increase in all categories, with 758,679 owner-occupiers and 432,812 tenants.
Housing affordability	Historically, rents in Lisbon were in line with Portugal's low average incomes, and could be perceived as affordable, at least when compared to other European capitals. However, the low levels of new build that followed the GFC, accompanied by a rise in foreign investment and the 2012 deregulation of the housing market, meant that demand started exceeding supply, driving prices up and pushing people out. Additionally, the rise of the platform economy has facilitated domestic and international investment in short-term rentals.
Housing stock	In 2021, the Portuguese National Institute for Statistics (INE) estimated that there were 461,025 traditional family homes and 1,509,926 other conventional dwellings in Lisbon.
New build	The 2021 Census estimated a total of 4,663 new dwellings in Metropolitan Lisbon, including 502 in the Lisbon municipality. In both Lisbon's metropolitan and municipal areas, the main investors in new builds were private companies (responsible for 3,291 and 484 units respectively) followed by individual investors (1,344 and 18 units respectively). In contrast, public entities did not contribute significantly to new build (only 13 units in the Lisbon metropolitan area).
Regulation	**Private rented sector:** The regulation of the private rented sector is set out at national level by the New Urban Rental Regime (NRAU) approved in 2012 and amended in 2019. **Short-term lets:** Local authorities make their own rules. In 2018 the Municipality of Lisbon defined containment areas to limit new short-term lets in parishes that already had many of them, and recent court rulings have restricted them. **Building standards:** Local governments are responsible for issuing regulations pertaining to building and occupancy standards. **Housing investments:** After the GFC, legislative changes to attract foreign investors included a new fiscal policy to foster urban regeneration, tax exemptions for non-habitual residents, and the Golden Visa, which provided residency permits to foreigners investing in Portugal (e.g. real estate investors). This was subsequently modified to exclude residential investments in Lisbon. **Affordable housing:** In 2017, Lisbon municipality started to develop an affordable rental housing programme through public-private partnerships.

Lisbon's financialization journey

Lisbon, like many cities across the Global North, has seen the penetration of finance into the field of housing driven by decades of pro-homeownership policies and low mortgage interest rates for first and second homes. According to census data, between 1960 and 2021 homeownership in Portugal increased from 39% to 70% (Azevedo, 2020). As Rodrigues et al (2016: 241) argue,

> 'Within the time-span of a mere decade, between the mid-1980s and the mid-1990s, the Portuguese financial system evolved from a State-controlled and "repressed" financial regime to become a fully integrated and liberalised one, supported by firm insertion in international circuits of finance'.

Growing levels of mortgage-led private indebtedness have been considered to mark the early days of financialization in Portugal (Rodrigues et al. 2016). However, before joining the European Union, and even for some time after, Lisbon was the capital of a poor country by European standards, with a virtually nonexistent social housing portfolio (2% according to 2011 Census data) and a rental market weakened by years of draconian rent control policy (Alves 2022).

Pro-homeownership policies and low interest rates led to a wave of build-to-sell suburbanisation. Urban sprawl can be explained partly by the middle-class aspiration to own newly built, spacious units including car parking, which was difficult to build or find downtown. The depopulation of the city, albeit accompanied by the growth of the population in the metropolitan region, led to a high urban vacancy rate (Seixas 2021). Despite the policy support for urban regeneration, decaying buildings containing empty dwellings were a significant feature of downtown Lisbon.

In Lisbon, 30% of the total housing stock is still rented for less than €200 per month (INE, 2021) reflecting the strict rent regulation regime that still applies to contracts signed before 1990. Lack of a robust legal and fiscal framework has undermined confidence in the rental market, affecting both demand and supply.

After decades of weak real estate markets, the positioning of the city's housing market noticeably changed: from being an expensive Portuguese city to live in, Lisbon became a cheap European capital to invest in. This wave of financialization of housing in Lisbon started in the early 2010s, triggered by three key factors:

- The 2007 Global Financial Crisis (GFC) and the austerity policies that followed the 2011 financial rescue package for the Portuguese government, with the consequent unleashing of neoliberal narratives, practices and policies (including the Golden Visa and the non-habitual resident status);
- The increase in global tourism and Lisbon's portrayal as one of the last 'authentic' European destinations by influential publications such as Monocle, which hosted a 2015 conference in Lisbon. At the same time, interest in alternative tourism and investment destinations was fading (for example in North Africa after social unrest around the Arab Spring); and
- The rise of the platform economy, including services as Airbnb (Garha and Azevedo 2022).

Changes in the institutional landscape regulating housing happened at both national and local levels in the early 2010s (Branco and Alves 2020). New legal frameworks and institutions expanded to attract footloose capital and an affluent middle class (including visitors from wealthier countries), and overall sought to facilitate investment in land and property. Legislative changes made it easier for landlords to terminate rental contracts and foreign investors to purchase real estate. These included a revision of rental market legislation in 2012 and fiscal policy to foster urban regeneration, but also tax exemptions for non-habitual residents and the Golden Visa through real estate.

The Golden Visa was introduced in 2012, and gave residency permits to foreigners who invested in the country, including in real estate. The regime changed in 2022 such that investment in residential real estate property in Lisbon and other hot markets no longer qualifies for the visa, but commercial and tourism properties still do.

In contrast to some cities, in Lisbon the financialization of housing markets seems to be driven more by international individuals than by institutional investors (whether national or international), but there is a noticeable lack of data on the topic. Market players interviewed for this research guesstimate that institutional investors own only about 40,000 private rented sector units in the whole country, with one player, Norfin, holding about 50% of those. These were mostly portfolio acquisitions of distressed assets from banks in the aftermath of the GFC. The existing data distinctly shows the significance of foreign investment. In 2020, according to Confidencial Imobiliario (2021), foreign investment was responsible for 40% of the total investment in housing in Lisbon's so-called urban rehabilitation area (an area that now covers virtually the entire municipality). This investment originated from 78 different countries, of which the top five were China (24%), France (16%), United States (8%), United Kingdom (7%) and Brazil (6%) (Confidencial Imobiliario, 2021). The use of these dwellings is unknown, but it is likely to include a combination of long- and short-term rental, permanent and temporary residences. With higher purchasing power and higher levels of liquidity, foreign investors outbid working- and middle-class Portuguese families, as well as small-scale domestic investors. This has pushed property prices up, compromising housing affordability in Portugal's main cities and regions, including Lisbon.

Local and foreign investment associated with tourism partly explains the upward trend in real estate prices observed in Portugal in recent years. Tourism exploded when Lisbon became a destination for low-cost airlines. A growing number of visitors appeared downtown and international investment followed soon after. Downtown areas were particularly attractive to foreign individuals looking for second homes abroad, and small investors looking for buy-to-let units, because of their characterful old housing stock, central location, and relatively inexpensive prices by international standards, especially before – but even after – the GFC. After years of modest market activity in a decaying downtown, tensions have emerged over housing-led urban regeneration and gentrification. On the one hand, community associations and downtown parishes have been vocal in their concerns around residential and commercial gentrification. On the other hand, local government argues that tourism and foreign investment positively impacts local economic development, creating new jobs and viable uses for what were once weak real estate markets.

The rise of collaborative economy platforms, including for short-term accommodation, has further accelerated the uptake of downtown dwellings. Both national and international investment in units for short-term rental has been reducing the supply of housing for owner occupation or long-term rental. This has been particularly noticeable in the traditional neighbourhoods of the city centre and riverfront areas, with the conversion of former residential buildings – some previously vacant, but others in long-term rental – into holiday apartments, some in the hands of 'professional' hosts with multiple properties. The tourism boom that stimulated investment in short-term rentals forced many tenants to leave their homes because they could no longer afford the rising rents. Some parishes in the historic city centre now have very few permanent residents (INE 2021). However, in May 2022, the Supreme Court of Justice ruled the mixing of short-term and long-term units in the same building unlawful (DRE 2022), which makes the future of the short-let business uncertain.

In Portugal, years of accessible mortgages and fiscal incentives for homeownership, alongside inadequate social, affordable and private rental housing, made homeownership the prevalent tenure type. Moreover, widespread investment illiteracy makes brick-and-mortar investment more appealing than alternative more complex savings and investments. Many people inherit or invest in second homes expecting both short-term income and long-term capital gains. In a country with low wages and pensions, this extra source of revenue can have a significant impact on people's living standards. Together, these different pressures mean that affordable housing options in Lisbon are currently almost nonexistent. Keenly aware of this, the Municipality of Lisbon started in 2017 to develop an affordable rental housing programme through public-private partnerships, but several hurdles have hindered the programme, which has yet to yield results (Canelas, 2022; Canelas and Alves, forthcoming). While this programme might provide affordable housing for residents, it can also be seen as another form of the advancement of financialization in housing markets.

In a context of increasing mortgage interest rates and high demand for dwellings, the deeply culturally embedded aspiration of homeownership is currently a remote possibility for many (especially those who cannot access 'the bank of mum and dad' or any other significant down payment source). However, the recent changes to the regulatory framework, including the end of the Golden Visa for residential properties in Lisbon and the Supreme Court of Justice verdict on short-term lets, may lessen investment appetite, and eventually slow or reverse the years of decoupling of the average income and home prices in Lisbon.

Postscript: recent developments to April 2023

Two major events disrupted housing markets in Lisbon over the six months to April 2023. The first event is the obvious exogenous shock caused by the ECB rising interest rates. According to OECD data, in 2020 in Portugal, 42% of homeowners owned with mortgage. The rise in interest rates is having a significant impact on mortgage costs. The second event is a proposed new national housing policy package with an estimated cost of €900 million. The package includes a number of fiscal and planning policies, for example, fiscal incentives for long-term rentals, the halt of Golden Visas and of new short-term lets, annual reviews for licenced STLs, deregulation of planning, including deregulation of office-to-residential and retail-to-residential conversions, and the introduction of compulsory rental of vacant homes.

Criticised on many grounds, the policy package seems to please no one. Municipalities argue they haven't been consulted and that the policies would be unenforceable; property owners say the policies are an attack on property rights; industry players say they would scare off investors; tenants that they are low impact and impractical; and the President says some policies may be unconstitutional. Political commentators say the President's comment may have been the end of this policy package. The public consultation period ended on 24 March with 2700 contributions. The policy package will now have to be prepared by the ministers before going through Parliament and finally being sent to the President for promulgation.

London

Kath Scanlon and Christine Whitehead

How the city is defined	The Greater London Authority is made of 33 boroughs and has a surface area of 1,572 km2.
Population	London's mid-2020 population was 9.002 million.
Tenure	In 2021, 49.4% of dwellings were owner-occupied, 28.9% were privately rented and 10.6% were rented from Local Authorities.
Affordability	Affordability was improving for Londoners in each tenure in the run-up to the pandemic, but then appears to have dramatically worsened for households in both private rented and social housing. The average London house price in June 2021 was around six times higher than the average price in March 1970 in real terms. The average price per square metre varies enormously across London, from around £3,300/m² in the cheapest neighbourhoods to around £22,000/m2 in the most expensive ones. Over the longer term, the average private rent per square metre in London increased around 162% between 1996 and 2018. As a result, monthly private rents are much higher in London than all other regions of England, with a one-bedroom home in London on average costing more than a three-bed home anywhere else.
Housing stock	The housing stock was of 3,671,000 dwellings in 2021. The number of market housing completions increased from 29,220 in 2018/19 to 34,380 in 2019/20 (the highest figure since at least 2004/05), while the number of affordable homes completed rose from 7,160 to 8,710 (the highest figure since 2011/12). Affordable homes comprised 20% of net conventional housing completions in 2019/20, the same as in 2018/19
New build	According to provisional estimates the net number of new homes completed (43,850) in London in 2019/20 was the highest for decades. This was followed by a dip in new supply in early 2020, but a subsequent recovery as pandemic restrictions were eased. Looking back over the period since 2015, new supply has been very unevenly distributed across London, with a small number of neighbourhoods accounting for half of the total. In the market sector, Build to Rent (BTR) and Help to Buy sales have accounted for the majority of sales of new homes on large developments in London since late 2019, and a total of 40,800 BTR units have been started since 2009.
Regulation	For Houses in Multiple Occupation (5 or more occupiers), landlords are required to register for a mandatory license with the council. In addition, some boroughs require landlords to register for a selective or additional license. These licenses are supposed to guarantee some standard health and safety standards and should deter rogue landlords. In practice, it is quite difficult for councils to enforce the standards associated with these licenses. Unless planning permission is obtained, Londoners are restricted to renting their property short term for a maximum of 90 nights in a calendar year. In practice this rule is difficult to enforce. Local authorities within London have put in place varying rules on short term lets which are similarly difficult to enforce. London's standards are outlined in the London Plan, on which all the borough's plans are based. Some of these standards include size of the living space, a requirement for private outdoor space and minimum ceiling height.

London has a population of just over 9 million, making it the largest city in England and the UK. The city has been growing strongly over the last 30 years and its growth is expected to continue. The city is the UK's main economic centre (GDP of £503,9 billion), accounting for a quarter of the country's GDP in 2020[29].

In London, discussions about 'financialization of housing' take place against a context of house prices and rents that have been rising for the last decade. Many young Londoners and incomers are priced out of the market for owner-occupied homes, as even a small one-bedroom flat in an outer area can cost five times the average wage or more. Private rents have also risen, with about 40% of private tenants paying 40% or more of their income on rent. Young single people or couples often live for years or even decades in shared accommodation as they cannot afford to rent an entire dwelling.

The reasons for this situation depend on the observer. Economists say low interest rates inherently lead to increases in capital values and point to a dearth of new supply (in turn often attributed to a slow and inflexible planning system) combined with an expanding population. Popular discourse centres around the financialization of housing, albeit the term itself is rarely used. In recent years the most controversial issues have been purchases of new-build flats by overseas buyers, and properties left empty by owners. The two phenomena are often linked, the contention being that wealthy foreigners buy high-end flats exclusively as a store of value, leaving them empty and denying homes to those who need them — so-called 'buy to leave'[30].

London is the world's first global city and non-UK nationals have bought London housing for centuries, but in recent years the pattern of purchases has changed, with foreign investors buying large numbers of new-build flats as well as e.g. student accommodation. London's growing population, together with planning rules that restrict development to the current footprint of the city, mean new housing is built at much higher densities than most existing homes. Building these high-density blocks of flats requires pre-sales, as banks will not extend construction loans until 50% or more of the units have been sold. Many major developers market these schemes overseas, particularly in the Far East and Middle East, as buyers there are familiar with off-plan purchases and can often fund them more easily than UK buyers.

The perception is that many or even most of these homes are left empty. The Mayor of London has been frustrated in his attempts to assess the problem, as there is no rigorous way to detect or measure the extent of unoccupied housing. Our own research (Scanlon et al. 2017) suggested that most properties purchased by overseas investors are rented out to London households, with a minority used as second homes or to house family members and few left permanently empty — but there are no hard statistics. Some very prominent buildings are almost entirely dark at night, including 1 Hyde Park (which boasted some of the most expensive flats in the world when it was built) and various riverside skyscrapers--a phenomenon termed 'lights out London'.

Some of these developments include a proportion sold to housing associations to be let as social housing. In others there is an agreement that a proportion of the units will be let at discounted market rents to households allocated by the relevant local authority. Still others will have been developed by housing associations and the market housing sold on to private institutional landlords as well as owner-occupiers. More generally, negotiated developer contributions of on-site affordable housing are normally required on larger sites, so almost all new-build schemes will be mixed tenure.

In other cities, including Berlin and several north American cities, the main example of financialization is the large-scale purchase of existing multi-family properties, followed by eviction of existing tenants, renovation and re-leasing at higher rents. This phenomenon is virtually unknown in

[29] http://www.ons.gov.uk/economy/

[30] A pun on the term 'buy to let', which refers to the purchase of properties by small landlords who intend to rent them out.

London because the typical pattern of flat ownership is unit-by-unit (called condos in the USA, or strata title in Australia); very few older private rental blocks of flats are in single ownership.

For new-build the situation is different: in the last 10 years, dozens of purpose-built all-rental blocks have sprung up, most located near transport nodes in London's inner suburbs. Government policy supports this new (for the UK) type of rental housing, as it is seen to provide a better product and more professional management. The pioneering scheme was East Village in Stratford, East London, which was built as the athletes' village for the London 2012 Olympics then converted to an almost all-rental scheme, 50% of which is social. The private operator is Get London Living, a UK firm backed by the Qatari sovereign wealth fund. Other UK major build-to-rent operators include Greystar (USA) and Realstar (Canada). Although the market homes are typically more expensive than other local rentals, and are often owned by non-UK investors, the business model has been relatively uncontroversial — at least in the case of schemes built on former transport or industrial land. Rather, opposition has focused on their built form, often seen as characterless and out of scale with existing neighbourhoods.

But some build-to-rent blocks are components of larger social-housing regeneration projects involving displacement of existing residents – sometimes within the estate, sometimes elsewhere. Many such schemes have aroused bitter controversy. Local authorities say partnering with the private sector to replace poorly maintained social housing estates with higher-density mixed-tenure, mixed-use developments yield more housing overall, and improves conditions for local people. Opponents say private investors are motivated mainly by greed, and that the result is gentrification, social cleansing and the permanent destruction of London communities.

Short-term rentals, which had been growing strongly until Covid almost eliminated the market, have become increasingly unpopular with communities and local authorities, especially in central areas of London. Westminster Council, which covers the area where governmental, tourist and shopping facilities are concentrated, has taken a particularly hard line against Airbnb and similar. To date most short-term rental hosts have been individuals renting out all or part of their own properties, although large-scale 'hosting' companies have recently begun to enter the market. Local authorities are concerned about the effect of short-term lets on the availability of longer terms lettings, but the lack of long-term security of tenure for private tenants makes this a less obvious problem than in countries with life-time security in the mainstream market. Popular objections often are more about disruption to neighbours from all-night parties and the rattle of wheelie suitcases in the morning.

Finally, there are concerns about the role of international investors in the social rented sector as well as in the private market. A new for-profit sub-sector of housing associations has recently emerged and is growing quickly. These are regulated in the normal way but are able to raise debt finance in a way that is not open to traditional third-sector housing associations. An example is Heylo which provides shared ownership accommodation (ie with an affordable rent element) which is backed by a large funding facility from Blackstone. Other well-known names such as Legal and General are also using this approach. Overseas (mainly US) private equity is also increasingly involved in the provision of special needs housing and indeed in care homes.

Overall, there is clear tension between government, economists, real estate advisers and similar groups on the one hand, and popular understanding and those working on the ground in London on the other. The first group think increased investment can help improve housing conditions, while the second group believe it is exacerbating divisions of wealth and access to housing. But even the second group are more concerned with regulation than with issues of finance and ownership.

As in the rest of the England, private rents in London are freely set, and municipalities do not have the power to impose controls locally (although London mayor Sadiq Khan has been arguing for such a power for some time). In 2015 limited short-term lets to 90 nights in a calendar year for any single property, but the policy is difficult to enforce and it is not clear whether it has had any impact on the rental market.

Postscript: recent developments to April 2023

As of April 2023, house prices in UK were around 4.6% below their peak in September 2022 before the 'mini-budget' of short-lived Prime Minister Liz Truss. In London, the quarter-to-quarter fall up to the end of March 2023 was around 1.3% – comparable to the rest of the South East. Sales are also slowing. The number of homes for sale is higher than the number of potential buyers so prices are expected to continue to fall until the middle of the year. Longer term forecasts are for house prices to start to rise again later in the year as interest rates start to fall.

The Bank Rate increased again in March 2023 to 4.25% and is expected to rise to 4.5% before stabilising and perhaps beginning to fall. Mortgage rates are roughly double what they were before the crisis (at about 5% for a two-year fix) but are expected to fall in line with the bank rate. Rents on the other hand have been increasing rapidly particularly in London where the year-on-year rise was 14.9%. Even so, they are still not quite back to pre-covid levels. The number of households seeking properties to rent significantly exceeds the number of available rental homes.

Miami

Mark Thibodeau and Steve Malpezzi

How the city is defined	Miami, officially the City of Miami, is a major city and coastal metropolis located in Miami-Dade County in south-eastern Florida. Miami-Dade County, in the south-eastern US state of Florida, covers 5040 km^2. There are 34 municipalities in the county, Miami being the largest.
Population	The population of Miami metropolitan area grew by 10.9 % between 2010 and 2020 (link) to 6,129,858.
Tenure	Per the 2020 Census, out of 209,161 housing units in the City of Miami, 86% are occupied: 30.4% by owners (54,878) and 69.9% by renters (125,798). Miami accounts for roughly 10% of all U.S. purchases by foreign buyers, 72% of whom are non-residents. Most visited Florida 3 times or less before purchasing and intend to use the property as a vacation and/or rental (72%).
Housing affordability	The demand for and demonstrated success of short-term rentals, the presence of willing buyers among foreign and institutional investors, and the limited availability of land between the ocean and the Everglades together result in an inelastic supply of housing that, combined with stagnant wages, causes significant housing affordability problems across tenures. About 60% of adults in Miami spend more than 30% of their income on housing.
Housing stock	As reported by the 2020 Census, out of the 209,161 housing units in the City of Miami, 33.9% are single units (70,993) and 65.5% are multi-unit (137,002), the rest being mobile homes etc.
New build	In 2021, 25,313 new privately owned housing units were authorized by building permits in the Miami metropolitan area. 8316 one-unit dwellings, 266 two-unit dwellings, 182 three- and four-unit dwellings, 16,549 dwellings with five or more units, and 280 structures with five or more units.
Regulation	• **Low-Income Housing Tax Credit** is a federal program managed by states to encourage the production of affordable housing through tax credits on qualifying rental projects. • **Housing bonds, mortgage revenue bonds and multifamily housing bonds** issued by states and local governments are used to provide financing to lower-income first-time homebuyers or to finance the construction of affordable housing. Favourable taxation and/or backing by the issuers is attractive to investors allowing for a lower cost of capital. • **Private rented sector**: In the US, rents are not regulated nationally, but at the state and local levels. Every state has a different approach to rent control. • **Short-term rentals**: Local municipalities regulate short-term rentals, but the state of Florida prohibits local municipalities from banning short-term rentals outright. The maximum overnight occupancy for vacation rentals is up to a maximum of 2 people per bedroom, plus 2 per property and up to 12. In Miami, housing units must be licensed by the State of Florida, including registration with the Florida Department of Revenue for tax purposes. The unit must pass a property inspection to obtain a licence, which is valid for one year. Fines for violations are $100 for the first violation, $1,000 for the second and $2,500 for the third). • **Foreign buyers**: There are no prohibitions against foreign buyers in the United States, although the experience of property transactions for internationals will differ from U.S. citizens.

Miami is the 7th largest metropolitan area in the USA, with a population that grew by 10.9% between 2010 and 2020[31]. It is an international city that attracts tourists, foreign buyers, and institutional

[31] Miami-Fort Lauderdale-West Palm Beach, FL MSA (HUD, Market at a Glance), https://www.huduser.gov/Portal/MCCharts/MsasCharts_hc_new.html?msaID=123310,33100&msaName=Miami-Fort%20Lauderdale-West%20Palm%20Beach,%20FL%20MSA&dt=December%206,%202021

investors. Historically, real estate and the residential market in particular, have always been central to the local economy and identity of the city. Economic growth has depended on increasing tourism and the influx of foreign individuals who routinely account for over a quarter of residential transactions in Miami annually. While not as influential, institutional investors are present, as around 5% of the total stock of institutionally owned single-family rentals (SFRs) in the United States are located in Miami. At the same time, Miami leads the nation in housing unaffordability, with the highest proportion of renters paying over half of their income on housing.

While financialization and the commoditization of housing in Miami are important, there is a larger context around Miami real estate that includes geography, immigration and demographics, tourism and population growth, stagnant wages and housing affordability, climate risk and gentrification, the financial crisis, the pandemic, state and local taxes, and finally politics.

Foreign buyers

After the financial crisis up and until the pandemic wealthy foreign individuals, disproportionately from Latin America, invested heavily in Miami real estate, which they saw as a safe investment. In 2019, they accounted for around 38% of total sales by dollar volume and 26% of transactions.[32]

Miami captures roughly 10% of all U.S. purchases by foreign buyers, the most of any city. Nearly three-quarters of foreign buyers are non-residents (72%), which is almost double the national average for foreign buyers (39%). Most such buyers visited Florida three times or less before purchasing and intend to use the property as a vacation and/or rental home.

The median purchase price of properties bought by foreign buyers is higher than for domestic buyers, and they are more likely to purchase with cash. Residential purchases by foreign buyers in 2019 totalled $6.9 billion, down from a high of $8.7 billion the year before. 67% of transactions are classified as being for condominiums or town homes. On average, foreign buyers in Miami purchase more expensive properties and are more likely to make all-cash offers (63%).

Foreign buyers are vital for the local real estate industry in particular in the development and construction of new condominiums (in South Florida, real estate development and construction employs 140,000 people[33]). While short-term financing from banks is often necessary to bridge the construction phase in development, presales to such buyers demonstrate a project's viability.

Because they are overwhelmingly non-residents, foreign buyers often prefer newly built luxury condos that are easy to maintain and can be operated as short-term rentals. Developers cater to this segment of buyers by including and marketing the optionality of short-term vacation rentals in new projects. The Natiivo property under construction in downtown Miami is a good example: at 51 stories, it is half-hotel and half-condo, but many of the condos are marketed as hotel-condo units that investors can purchase, and the hotel will manage as short-term rentals[34]. Another example is District 225, which offers 343 fully-furnished condo units and has partnered with Airbnb to provide buyers with a seamless short-term rental investment[35].

---

[32] The National Association of Realtors and Miami Realtors Surveys, https://www.nar.realtor/international-real-estate

[33] Real estate is pumping South Florida's engine. But who's fueling it with cash? (Miami Herald, January 15th 2021), https://www.miamiherald.com/news/business/real-estate-news/article246432320.html

[34] Natiivo Property https://www.thenextmiami.com/51-story-natiivo-tower-breaks-ground-becoming-sixth-tallest-under-construction-in-miami/

[35] Downtown Miami is getting its first new condo tower with built-in Airbnb service (Miami Herald, September 14th 2021), https://www.miamiherald.com/news/business/real-estate-news/article252303843.html

Many other cities have seen a backlash against foreign buyers, but this has not been the case in Miami. One possible explanation could be Miami-Dade County's sizeable immigrant and foreign resident population. Some 54% of residents are foreign-born, mostly Hispanic or Latino (70%)[36]. Foreign buyers' contribution to the tax base could also be a factor. Florida does not collect income taxes, so the state disproportionately relies on property and sales taxes to fund services. Miami-Dade County collected slightly under $2.1 billion in property tax in 2020-21, which represented 35% of the county's total operating budget[37]. Given their preference to purchase properties for vacation homes or rentals, which makes them ineligible for the 'homestead exemption'[38], foreign buyers pay a higher effective property tax rate.

Foreign investment is sensitive to, among other things, changes in exchange rates and political volatility in Latin America[39]. Since the pandemic, foreign purchases have slowed significantly.[40] If not for the increase in domestic buyers beginning in 2018 following changes in the tax code[41] and a desire to leave areas with more stringent covid restrictions[42], there likely would not have been the continued appreciation in property values in 2020 as foreign purchases slowed. Miami's property values are 28% higher today compared to January of 2020[43]. While domestic buyers have absorbed the supply previously marketed to foreign buyers, domestic buyers tend to be residents, so these purchases are less likely to be converted to rental units.

Institutional investors and single-family rentals (SFRs)

Like Phoenix and Las Vegas, Miami was hit particularly hard by the financial crisis. These cities experienced rapid declines in property values as foreclosures increased and supply outpaced demand. In 2009, nearly 70% of transactions were for distressed properties (compared to under 1.8% now)[44][45]. As a result, institutional investors and foreign buyers purchased many properties at or below cost.

---

[36] Miami-Dade County, US Census, https://www.census.gov/quickfacts/fact/table/miamidadecountyflorida/NES010218

[37] Miami-Dade County, 'Budget in Brief,' https://www.miamidade.gov/budget/library/fy2020-21/proposed/budget-in-brief.pdf

[38] The homestead exemption is a $50,000 tax exemption reducing a property's assessed value on primary owner-occupied residences. Renting out your property for more than 30 days per calendar year consecutively results in the loss of the homestead property tax break.

[39] Why South American real estate buyers have returned to Miami (Miami Herald, June 29th 2021), see https://www.miamiherald.com/news/business/real-estate-news/article252430608.html

[40] 'Miami Condo Market Is Bullish on Return of Foreign Buyers', https://www.wsj.com/articles/miami-condo-market-is-bullish-on-return-of-foreign-buyers-11637067600

[41] Florida does not have a state income tax. Also, the Tax Cuts and Jobs Act (TCJA) capped the state and local tax deduction (SALT) at $10,000 for federal tax returns making Florida, which is a low tax state with lower house prices/property taxes compared to the Northeast and West Coast, even more attractive, 'Out-of-State Buyers Flock to Miami' (WSJ, February 4th 2019), https://www.wsj.com/articles/out-of-state-buyers-flock-to-miami-11549325267?mod=searchresults&page=1&pos=2

[42] The covid restrictions imposed by Florida's governor and state legislature were not nearly as onerous and burdensome as those in most other US states.

[43] Miami FL (Zillow), https://www.zillow.com/miami-fl/home-values/

[44] Miami Real Estate Market: Prices, Trends, Forecast 2021-2022, https://www.noradarealestate.com/blog/miami-real-estate-market/

[45] Miami Breaks Two More Sales Records with Historic September; New Miami Records for Most September Sales, Most Miami Total Condo Sales in a Year (Miami Realtors, October 21st 2021), https://www.miamirealtors.com/2021/10/21/87689/

According to an analysis by Amherst Capital[46], 5.7% of the stock of single-family rental units held by institutional investors are located in the Miami market in 2018, putting it 6th behind Atlanta (15.8%), Tampa (7.6%), Charlotte (6.2%), Dallas (6.2%), and Phoenix (5.9%). The 14,406 SFR units held by institutional investors in Miami is comparable to the 14,300 purchases by foreign buyers for the same year. Since 2018, the number of units held by institutional investors has declined annually and had fallen to 12,968 units by 2020.

The largest of these institutions is Invitation Homes, which owns 76,000 units nationally (roughly 27.5% of the total SFR market). The next closest institutional investor is American Homes 4 Rent at 17.6%. Invitation Homes owns and operates 8,324 properties in the Miami metro region, over half of all SFR institutionally owned properties in the market. Their South Florida properties operate at a 96% occupancy rate and have higher monthly rents on average than the overall market ($2,227 vs $1,568)[47][48].

Short-term rentals and housing affordability

With the ocean on one side of the city and the Everglades on the other, the city's supply of developable land is limited. Miami-Dade's planning office expects that within four years developers will run out of greenfield or undeveloped sites for single-family residences.[49][50] A constrained supply of housing and robust demand for short-term rentals puts pressure on prices when it is more profitable to purchase owner-occupied housing and long-term rentals to convert to short-term rentals.

In 2018, Miami ranked as the most expensive city in the world to stay at an Airbnb, according to Bloomberg's World Airbnb Cost Index. Even though Airbnb ($205) is costlier than staying at a hotel ($199), short-term vacation rentals from 2011 have gained market share on hotels[51].

Table 1: Accommodations used

Accommodations Used	**2011**	**2014**	**2018**
Hotel/Motel/Resort/Spa	83.6%	85.2%	79.0%
Rented a residence	0.0%	3.8%	9.0%

While not necessarily representative of the population of all short-term vacation units, Airbnb has a significant presence in Miami, and over the year to end-2021 had grown by 40%. Today, there are

[46] U.S. Single-Family Rental: 2020 Institutional Activity (Amherst, March 2021), Slide 1 https://www.amherst.com/

[47] Invitation Homes Annual Report

[48] Comprehensive Housing Market Analysis, Miami-Miami Beach-Kendall, Florida (HUD, March 1st 2019), https://www.huduser.gov/portal/publications/pdf/MiamiFL-CHMA-19.pdf

[49] Urban Expansion Area Report (March 10, 2021), https://www.miamidade.gov/planning/library/reports/2021-draft-urban-expansion-area-report.pdf

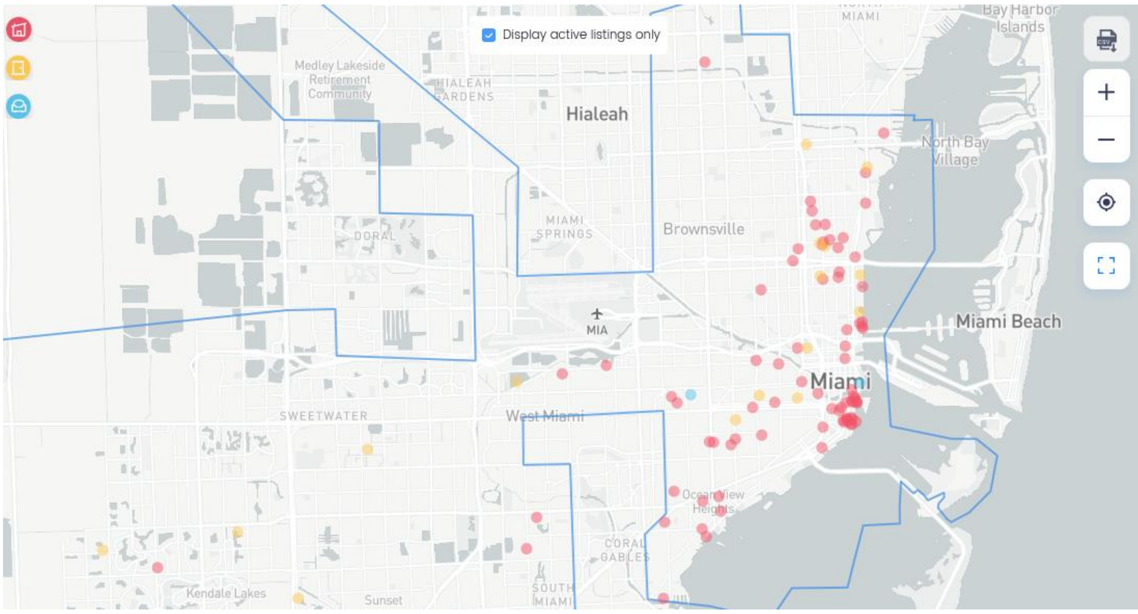
[50] Everglades buffer versus new backyards: Developers running out of single-family lots (Miami Herald, October 20, 2021), https://www.miamiherald.com/news/local/community/miami-dade/article254844697.html

[51] Tourism Report 2018 (Miami Downtown Development Authority), https://www.miamidda.com/wp-content/uploads/2018_TourismReport.pdf

36,552 total Airbnb units across Miami-Dade (18,831) and neighbouring counties Broward (13,564), and Palm Beach (4,157), which is 21% of all the units for the state of Florida. According to BNBVestor, these units are earning on average 40% more as short-term rentals than they would as long-term rental units[52][53].

Buyers of short-term vacation rentals look for specific locations and amenities, and properties tend to be located along the coast and downtown (Figure 1).

Figure 1: Airbnb properties for the city of Miami



Source: All The Rooms, https://alltherooms.com/

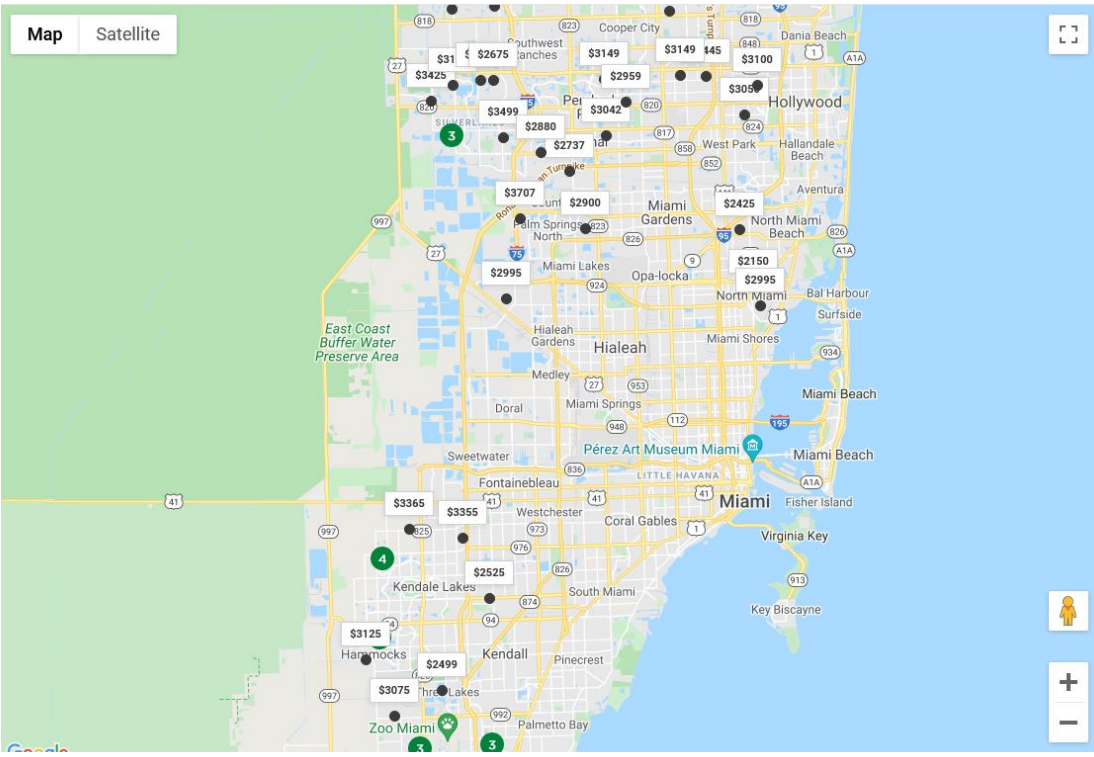
By contrast, SFR homes owned by institutional investors are distributed throughout the suburbs (Figure 2).

[52] BNBVestor (visited December 7th 2021), https://www.bnbvestor.com/united-states/florida-us/miami-dade-county-florida-us

[53] Why Airbnb is making it harder for Miami locals to find a place to rent (Miami Herald, August 4th 2019),

https://www.miamiherald.com/news/business/tourism-cruises/article231476068.html

Figure 2: Invitation Homes property search south Florida[54]



Postscript: recent developments to April 2023

South Florida housing market is expected to continue its upward trend in 2023, albeit at a more modest rate than previously. The region's real estate market is unique because of the significant number of cash transactions and the high rate of migration. The Miami metro area is expected to be one of the few major US housing markets that will not see a housing price decline in 2023, according to a paper[55] by Goldman Sachs researchers. Overall, the firm forecasts that Miami home prices will rise slightly by the end of the year.

[54] http://www.lease.invitationhomes.com/

[55] https://finance.yahoo.com/news/miami-escape-home-price-correction-160834132.html

Singapore

Jun Jie Woo

How the city is defined	Singapore consists of 63 islands and has two-man-made connections to Malaysia. Following land reclamation projects since the 1960s, Singapore's land area is 710 km^2.
Population	Singapore had a total population (residents and non-residents) of 5.45 million at the end of June 2021, after a decline of 4.1% from the previous year (5.67 million). The resident population (citizens and permanent residents) in 2021 was 3.99 million, down 1.4% from 2020. There were 1.39 million resident households in 2021, 1.3% more than in 2020.
Tenure	Home ownership is one of the factors behind the political and regime stability in Singapore. Out of 1.39 million resident households, 88.9% (1.24 million) own their homes and only 11.1% (134,800) rent. The Singapore Department of Statistics reports that 78.7% (3.09 million) of residents live in public housing (dwellings administered by the Housing and Development Board), 16.5% (620,246) in condominiums and other apartments, 4.9% (240,841) in landed properties, and 0.3% (34,796) in other types of home.
Housing affordability	The affordability of housing – especially public housing – has always been seen as a determining factor for the electoral success of the ruling People's Action Party. Some HDB apartments that initially sold for S$500,000 have since been resold for over S$1 million each. There are no restrictions on such resales and prices have risen substantially beyond policymakers' expectations, in part because demand for housing has exceeded supply due to the influx of foreign workers and new citizens. Prices in the private real estate market have also risen exponentially, leading the government to introduce regulations to try to prevent Chinese investors from buying, demolishing and then redeveloping land.
Housing stock	Singapore had 1,089,100 HDB dwellings in 2021, of which 92,400 are 1- or 2-room flats, 242,800 are 3-room flats, 437,700 are 4-room flats and 316,200 are 5-room or executive flats. There were 229,100 apartments, 68,500 landed properties 68,500 and 3,900 other types of dwelling.
New build	The HDB built and sold 13,756 flats in 2021, 46.8% more than in 2020 but 21% less than in 2018. A 2019/20 report from the HDB showed that 90,905 housing units were built between 2016 and 2019.
Regulation	• **Housing affordability**: In 2011 the government introduced an Additional Buyer's Stamp Duty (ABSD), payable by all property buyers, to cool the market by deterring foreigners, local and foreign corporations from purchasing residential properties. Rates have been revised over time. A seller's stamp duty is payable by owners selling their properties within 3 years of purchase or ownership. In 2021 the government unveiled its Prime Location Public Housing Model including measures designed to favour nuclear families and non-homeowners to deter speculative resales. • **Overseas investments**: Overseas buyers cannot buy public housing apartments, private landed properties and strata-landed homes. There is also a 20% additional stamp duty for foreign buyers of property. • **Private renting**: There is no nationwide rent regulation. Most leases run for 1/3 year, and either party can terminate with 1/2 months' notice. • **Short-term lettings**: Singapore does not allow short-term lets of private residential property, as they must be rented out for at least three consecutive months.

Housing is an issue that has taken centre stage in the Singaporean political and policy landscape. Beginning with Prime Minister Lee Kuan Yew (1959-1990) the Singapore government has long emphasised the importance of homeownership in fostering a greater sense of belonging and loyalty among citizens. Homeownership and its corollary housing affordability have therefore been key concerns of the Singaporean state and electorate. Indeed, home ownership has been positively associated with political and regime stability in Singapore (Lee and Yu 2012), with housing affordability – particularly that of public housing – seen as both a determinant of electoral success for the ruling People's Action Party and a key incentive that is often held out by the Party in order to secure the support of its citizens (Chua 1997).

Playing important roles in Singapore's housing financialization story are a range of public and private actors, along with actors that fit somewhere in the middle of these two categories. At the pinnacle of these stakeholders stands the Ministry of National Development (MND), which houses three important statutory boards (semi-autonomous public agencies):

- Housing and Development Board (HDB)
- Urban Redevelopment Authority (URA)
- Singapore Land Authority (SLA)

Broadly speaking, the MND is responsible for Singapore's land use planning, urban redevelopment and building conservation, and counts the delivering of affordable and quality public housing as one of its key mandates. Under the MND, the SLA is tasked with optimising land resources for Singapore's social and economic development by releasing land for sale or lease, protecting property rights, and facilitating the land acquisition act. The URA is tasked with urban planning and conservation while the HDB plans and develops Singapore's public housing estates, as well as conducts sales of new public housing apartments.

No discussion of Singapore's housing landscape would be complete without mention of the Central Provident Fund (CPF) board, which safeguards citizens' CPF accounts. The CPF functions as a pension fund system, with employers and workers required to make monthly contributions to the worker's CPF account. Given the severe housing shortage as well as the low income levels of citizens that Singapore faced upon independence in 1965, a conscious decision was made to introduce an integrated land-housing supply and financing framework by allowing citizens to finance their home purchases through their CPF savings (Phang and Helble 2016). This means that citizens can draw from their CPF accounts to make mortgage payments for their first and subsequent properties. CPF monies used to pay for property must be returned to the homebuyer's CPF account upon sale of that property.

In this way, the Singapore government rapidly expanded homeownership in Singapore without requiring citizens to make hefty mortgage payments in cash. Rather, home financing was carried out through citizens' CPF accounts. This scheme would however be criticised for making citizens asset rich but cash poor, with inadequate pensions since their retirement savings were tied up in their homes (McCarthy *et al.* 2002).

While citizens can draw from their CPF savings to finance home purchases, it is important to note that the majority of homebuyers in Singapore rely on housing loans from either the bank or the HDB. Whether through the bank or HDB, housing loans are designed to allow homeowners to use their CPF savings to pay off their mortgages. HDB housing loans are only available for buyers of public housing apartments, while bank loans are available to all property buyers. For HDB loans, a flat interest rate of 2.6% per annum is charged. This interest rate is pegged at 0.10% above the prevailing CPF ordinary account interest rate[56].

In contrast, interest rates on housing loans from commercial banks fluctuate in accordance with market forces and the Monetary Authority's benchmark rates. All commercial retail banks in Singapore are permitted to offer housing loans to citizens and permanent residents. It is also not uncommon for citizens to refinance their housing loans periodically, especially when interest rates

[56] The ordinary account is the component of the CPF that can be drawn on for purchasing property, while the special account can only be drawn on after retirement and the MediSave account can only be used for hospitalisation and health insurance expenses.

fall. There is therefore much more volatility in bank housing loan tenures and rates. In contrast, the HDB housing loan interest rate has remained fixed.

Rising property prices

In 2011, the Singapore government introduced an Additional Buyer's Stamp Duty (ABSD). The ABSD is an additional tax that is levied on top of the Buyer's Stamp Duty, which is payable by all property buyers. The ABSD was introduced in response to rising demand for property in the years preceding 2011, which resulted in rising property prices. This was seen as a key factor for the ruling People's Action Party's sharp decline in vote-share during the 2011 General Elections (Chong 2012, Cunha 2012, Tan 2014).

The ABSD was initially introduced as a market-cooling measure that aimed to reduce property prices by deterring foreigners and corporate entities in general from purchasing residential properties. Singapore's property market had seen an influx of foreign buyers following the rapid growth of key sectors such as banking and technology, both of which drew heavily from global talent. The initial ABSD rates were as follows:

- Foreigners and corporate entities buying any residential property: 10%
- Permanent residents owning one and buying subsequent properties: 3%
- Singapore citizens owning two and buying subsequent properties: 3%

These rates were revised in January 2013 to include more tiers as well as to reflect higher ABSD levels. These increases were aimed at further reducing property demand and prices. A further set of revisions was implemented in 2018, as property demand and prices once more experienced significant increases:

	ABSD rates 2013 (2018)		
	On 1st purchase	**on 2nd purchase**	**on subsequent purchases**
Singapore citizens	0% (0%)	7% (12%)	10% (15%)
Permanent residents	5% (5%)	10% (15%)	10% (15%)
Foreigners and corporate entities	15% (25%)	15% (25%)	15% (25%)

Aside from raising ABSD rates, loan-to-value limits were also imposed on housing loans granted by financial institutions. These aimed to reduce debt among homebuyers as well as to serve as another set of "cooling measures":

	1st housing loan	**2nd housing loan**	**3rd housing loan**
LTV limit (individuals)	75%, or 55% if the loan is more than 30 years or extends past age 65	45%, or 25% if the loan is more than 30 years or extends past age 65	35%, or 15% if the loan is more than 30 years or extends past age 65
LTV limit (entities)	15%	15%	15%

Lastly, a seller's stamp duty was imposed in 2010 on property owners selling their properties within 3 years of purchase or ownership. The seller's stamp duty is tiered according to years of property ownership:

Up to 1 year	12%
More than 1 year and up to 2 years	8%
More than 2 years and up to 3 years	4%
More than 3 years	No SSD payable

The aim of the suite of market-cooling measures progressively introduced from 2010 to 2018 was reduce property demand, particularly from foreign buyers and entities, and to discourage the ownership of multiple properties. While these measures initially served to slow down property demand in Singapore, demand and prices have continued to rise.

Another set of measures was imposed in 2021. These were aimed at reducing the demand for, and prices of, new public housing (or HDB) flats in the city centre. The Singapore government has over the past decade put in place plans to develop public housing estates to cater to the needs of citizens who wanted to buy affordable homes in the city centre, but there were concerns about their cost.

New HDB flats in Singapore are typically released and sold on a balloting system that gives nuclear families and married couples greater chances of securing a new HDB flat. The first HDB estate that was sold in the city centre, known as Duxton@Pinnacles, proved highly popular. Initially sold for S$500,000, apartments from the development have since been sold for S$1 million each. Purchasers had to repay subsidies, but these were a small proportion of the gains made. This gave rise to public unhappiness and the perception that securing a city centre HDB flat was equivalent to winning the lottery, in what is popularly known as the 'lottery effect'.

In response, the Singapore government unveiled its Prime Location Public Housing (PHL) Model, which would apply immediately to the newly released Rocher estate, as well as future HDB estates in the city-centre or the Greater Southern Waterfront. The model contained a set of measures designed to favour nuclear families and non-homeowners, and to try to deter or at least postpone speculative resales.

Taken together, the PHL measures and the ABSD are aimed at managing Singapore's rising demand for property, whether for private or public housing. In the case of the ABSD, the government is seeking to reduce property demand from foreigners and entities. For the PHL, the aim is to reduce the demand for, and prices of, public housing in the city-centre. In both instances, the goal has very much been centred on ensuring greater equity in homeownership.

Postscript: recent developments to April 2023

The heightened global inflation and external instability that emerged at the end of 2022 affected Singapore's housing system. This included significantly higher interest rates for private housing loans, although the HDB maintained its home loan rates at 2.6%. Despite this, demand for and prices of housing in Singapore remain high. This is driven by the continued high influx of expatriates into Singapore and demographic shifts that have seen a rise in single-person households as even more singles purchasing their own flats.

This prompted the government to significantly ramp up housing supply and construction, as well as to implement another round of property cooling measures. These measures include lower loan-to-value ratios for HDB loans and a new requirement that private homeowners will need to wait for 15 months after the sale of their homes before they can purchase a non-subsidised HDB resale flat. This latter set of measures was aimed at slowing the rate of private homeowners entering the public housing market. Even so, seniors aged 55 and over who are moving from private property to a 4-room or smaller resale flat were exempt from this measure.

As Singapore continues to grapple with heightened property prices and persistently high inflation, we can expect the government to continue seeking ways to cool the property sector and further reduce churn in its housing markets.

Stockholm

Peter Englund

How the city is defined	Stockholm, on Sweden's east coast, includes 14 islands. The Greater Stockholm Area corresponds to the administrative unit 'Region Stockholm' and consists of 26 municipalities. The central urban area occupies only a small fraction of the region, with consequences for planning and housing.
Population	The municipality of Stockholm reported a population of 978,770 in 2021, 3219 more than in 2020. The population of Stockholm has been growing since 1981. Greater Stockholm had a population of 2,350,377 in 2021, 22,060 more than the previous year.
Tenure	In Sweden, households can either rent an apartment from a (public or private) landlord or own a share (corresponding to a single apartment) in a cooperative housing association (*bostadsrättsförening*). In Stockholm slightly more than half of all apartments are today owned by housing associations. In 2021, Stockholm had 180,133 small flats with tenancy rights attached, 177 with ownership rights and 240,332 flats owned by housing associations (coops). Numbers are for apartments in buildings with more than one unit.
Housing affordability	House prices in Sweden have been rising for more than a decade. From January 2007 to January 2022, the price increase was 138% (Valueguard, HOX Index). In recent months prices have started to fall, by 9% between the peak in March 2022 and August 2022. The rental market is highly regulated, with rents set in negotiations between organisations representing tenants and property owners. Since rents depend on measurable aspects of housing quality, renovations almost always come with large rent increases, often 30-50%. The average annual rent per sqm increased by approximately 2.3 % between 2020 and 2021 and by 13.6 % since 2016.
Housing stock	In 2021, the municipality of Stockholm registered 45 431 dwellings in small houses (detached, semi-detached and terraced houses, excluding holiday homes), 420 642 dwellings in multi-family houses (residential buildings with three or more flats), 27 406 special housing units (accommodation for the elderly/disabled, student housing, etc.) and 12 366 other dwelling types.
New build	There were 4,587 new dwellings in multi-family houses and 92 in small houses built in Stockholm in 2021, of which 1335 were owned by housing associations.
Regulation	• **Private rented sector**: Legislation and regulation is in principle implemented at the national level, but rental agreements are made on a local basis. In principle, apartments with the same quality should have the same rent. A government-appointed public committee has proposed amended legislation that would strengthen the position of tenants. So far, the committee's proposals have not been put in practice. • **Short term lets**: Second hand rents are regulated by law. The owner of a coop share is allowed to cover capital costs and the fee to the coop association. Authorisation of the landlord or the cooperative association is required in order to be able to agree on them. • **Mortgages**: The Financial Supervisory Authority introduced amortization requirements and an 85% cap on loan-to-value in the early 2010s. A public committee has recently proposed special loans for first-time buyers up to 95% loan-to-value based on public credit guarantees.

Financialization affects both the rental and homeownership markets. In the rental market, the concerns over the influence of financial capital centre around ‘renoviction’, where a long period of neglected maintenance is followed by a major renovation with increased standards (brand new kitchen and bathroom, etc.) and sharply increased rent. Sitting tenants enjoy security of tenure but may be unwilling or unable to pay the higher rent. In some cases, up to a third of previous tenants have moved out to other housing. These problems are mainly concentrated in segregated suburban areas. New grass-roots movements have emerged that fight to prevent or delay renovations. That said, the problem of renovictions appears to be modest in Sweden compared to some other countries.

In the ownership market households are becoming more and more financialized in the sense that the home is increasingly seen as the key economic asset. An increasing fraction of households are owners and households are more exposed to macroeconomic and financial risks than before. Coop prices and debt-to-income ratios have been increasing over a number of years. But access to the ownership market is restricted by financial constraints.

These effects of financialization, discussed in more detail below, are not unique to Stockholm but also pertain to other metropolitan housing markets like Gothenburg and Malmö.

The ownership structure of housing

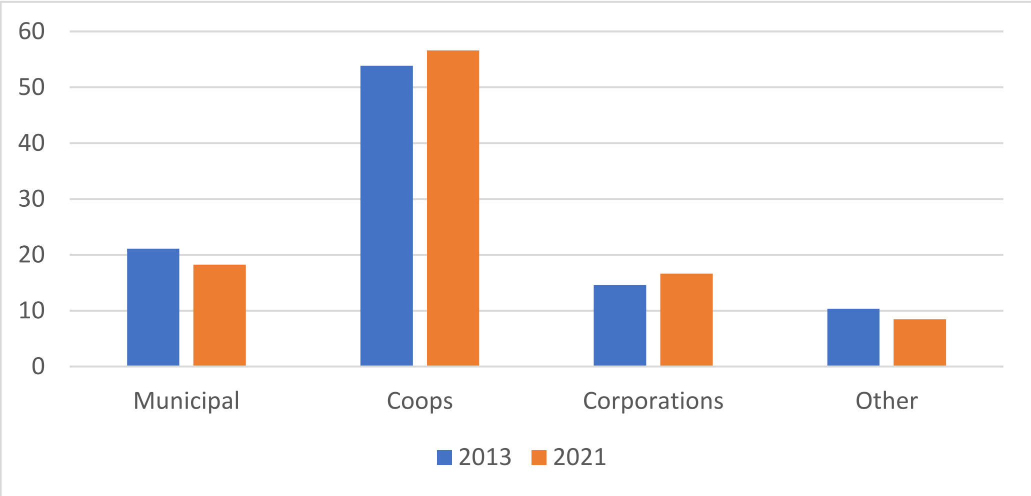
In Sweden, a household can occupy an apartment under either of two modes of tenure. It can rent from a (public or private) landlord or it can own a share (corresponding to a single apartment) in a cooperative housing association (*bostadsrättsförening*). In Stockholm slightly more than half of all apartments are today owned by coops.

In the rental market, municipal housing companies (*Allmännyttan*; ‘the public good’) gradually increased their market share from a few percent before WWII to nearly half in the 1970s. After the war, Sweden pursued an ambitious housing policy aimed at improving and modernising its housing stock. Key players were the municipal companies, which benefited from low costs of capital as they were funded by a mix of low-interest housing bonds (under the control of the central bank) and equity (with in practice a very low required return). Nevertheless, housing shortages remained widespread, not least in Stockholm and other growing metropolitan areas as people migrated from the countryside. By the mid-1960s, the government launched a program aimed at building one million new dwellings within the next decade (for a population of eight million). Most of these new dwellings were in multi-apartment high-rise housing complexes in the suburbs of expanding metropolitan areas.

Municipal housing companies played the dominant role in the ‘million program’. From the 1990s, these companies came under pressure. As part of general financial liberalisation, their access to cheap and subsidised funding vanished. The idea was to level the playing field between different categories of property owners. Subsidies to new construction were also dismantled and financial regulations were abolished making the cost of capital the same for all. Furthermore, municipalities have been unable or unwilling to increase tax rates further and found it increasingly difficult to put up capital for new construction and sometimes also for long-term maintenance. Some have been tempted to ease their financial pressures by selling part of the residential property holdings of municipal companies. In some cases, this has involved change of tenure as the buyers have been coop associations formed by the previous tenants. In other cases, the buyers have been private investors with no change of tenure for residents.

Swedish apartment houses may be attractive to private investors for essentially three reasons, all related to the rent-setting system. First, rents do not vary much with the market situation. Second, there is a general excess demand making the risk of vacancies very low for the foreseeable future. Hence, the cash flow from a rental apartment building resembles that of a long-term low-risk bond and the property should be priced accordingly. Third, the only way to increase rents is by renovation. This creates profit opportunities if the building can be renovated at low cost relative to the permitted rent increase. This has attracted new private investors into the Swedish housing market as municipal housing companies have sold parts of their housing stock, mostly houses built in the 1970s.As a result, the fraction of all apartments owned by municipal companies is decreasing. The figure below shows numbers for 2013 and 2021 and shows that the market shares of coops and institutional private owners both increased over that period[57].

Figure 1: Apartments in multi-family buildings in Greater Stockholm by type of owner, 2013 and 2021 (percent)



Source: Statistics Sweden.

There is no comprehensive information on the fraction of foreign owners. Most foreign ownership is through shares in publicly traded companies. A rough estimate taken from a trade journal (*Fastighetsvärlden*) is that foreigners own 25 percent of the market value of corporately owned housing. Much of this, however, is pure portfolio investment by international pension funds and others.

Rent setting and renovation incentives

The 'million program' turned out to be successful in a quantitative sense – the goal of a million new units was reached – but less successful in a social sense. Neighbourhoods developed as part of the program are today among the most segregated in Sweden with a disproportionate number of low-income households and immigrants, and with high crime rates. Furthermore, these buildings are now 50 years old and are, or were until recently, in dire need of improved plumbing, sewage, insulation, energy efficiency etc. There is also scope for general modernisation, including kitchen and bathroom equipment. Further, renovations are required to meet more stringent building standards that were not in place 50 years ago, such as insulation standards and access for disabled people.

In Sweden, residential rents are set in negotiations between organisations representing tenants and property owners. The outcome determines the general rent level as well as the structure of rents across apartments. In principle, apartments of the same quality should have the same rent. There is some spatial differentiation, but generally rents differ much less by location than would market

[57] Sweden has only had an apartment register since 2013 and there are no exact statistics for earlier years. Most likely, the share for municipal companies was several percentage points higher in the early 1990s.

rents, as indicated by corresponding coop prices and the length of queues in different areas. Deviations from the centrally agreed rent structure can be challenged in court. In practice, this means that rents increase roughly in line with other consumer prices for all apartments that have not been renovated. This is so more or less independently of the current balance between supply and demand on the local housing market. There is little correlation across regions between rents and prices of owner-occupied housing.

Rents for new construction are set to cover costs, including land costs. Consequently, rents in central locations are beyond the means of many households with modest incomes. Low-income households with children are eligible for housing allowances, which eases the economic burden. In practice, new build is often the only option available given the long queue for older apartments with lower rents. In recent years between one half and one third of all new apartment construction in Stockholm has been rental, and the remainder coops.

Since rents depend on (measurable aspects of) quality, the only instance of a discrete jump in rent is after a renovation. The general view is that landlords are well (perhaps overly) compensated for quality increases. For economic and technical reasons all apartments in a building, or an entire estate, are typically renovated at the same time. More recently, however, it has become more common to renovate apartments individually after the previous tenant has moved out. In either case, a profitable strategy is often to postpone maintenance.

Tenants enjoy very strong legal security of tenure. As long as the rent is paid on time, it is almost impossible to evict a tenant. This also holds after a renovation. Tenants have little say on the extent of quality increase and may prefer to keep a more modest standard and a lower rent. But the rent setting system gives a sizeable premium to quality increases and renovations almost always come with large rent increases, often 30-50 percent. Hence, the legal security of tenure may not be a real security. Up to a third of all tenants move out after major renovations. In this sense, there are 'renovictions' in the Swedish system. This tends to lead to gentrification as low-income households move out and households with higher incomes move in.[58]

Financial capital and renovictions

As a result of the forces discussed here, private capital has come to own a larger fraction of the rental housing stock. Some of these owners regard rental property as a long-term, low risk investment yielding a relatively low but stable return. Rent control guarantees that the vacancy risk is small. It follows that pension funds are major owners. A prominent example is rental company Rikshem, owned jointly by AP4, a government pension fund, and AMF, an occupational pension fund for blue-collar workers. For other types of owners, rental properties may be attractive because they offer short-term profit opportunities connected to renovictions and similar strategies. Hembla, created by Swedish investors around the turn of the millennium and subsequently sold to Blackstone, is one example. Blackstone pulled out of Hembla after a few years, making a handsome profit. Hembla is now owned by German investor Vonovia, a company with a stated view of housing as a long-term low-risk investment. It remains to be seen what that means in practice. Another example is the Swedish investor Akelius, whose company is currently selling its property portfolio to Heimstaden.

Some of the most publicised cases of renovictions relate to long-term stable property owners. One example is the conflict around the decision of Rikshem to renovate a block of 200 apartments in Umeå with rent increases of up to 52 percent. Tenants have protested, an example of a growing movement demanding more tenant influence over renovation processes.

[58] The impact of renovations is the topic of an ongoing study by Dahlberg, Edin and Stenberg at Uppsala University. Preliminary results indicate that the average income among a building's tenants increases by 10-20 percent following a renovation, as higher-income households replace the former residents.

Coops and the financialization of households

Another way to ease the financial pressure on the municipalities has been to sell properties to cooperative housing associations. Today coops make up more than half of all apartments in Stockholm. The tax system favours owning over renting. The owner of a cooperative apartment may deduct all interest payments but pays effectively no tax on the value of the housing services (the implicit rent) generated by the apartment. As a result, the market value of a building depends on the mode of tenure. It is worth more if cooperatively owned than if owned by a rental landlord. Given these tax advantages, coop associations have been obvious buyers of municipal buildings. Such a transaction requires, however, that a majority of sitting tenants are willing to purchase shares in the coop corresponding to their current housing units. In most cases, such transactions have proved very profitable, since there is a sizeable gap in value to be shared between the two parties. New coop share owners have been able to make large profits by selling the shares at market value.

This is a sort of financialization of the housing market as ownership and funding moves from municipalities to individual households. Given the long queues for rental apartments in attractive locations, many young households are forced to start out their housing careers as owners. Parents often help by guaranteeing loans or by mortgaging their own properties. Households are financialized in the sense that housing choices depend on their wealth and their long-term economic situation depends on their success in timing the steps up and down the housing career.

A coop association is a separate legal entity which may not be transparent to financially unsophisticated individuals. Members elect a board that runs the property. In practice, most members are unable or unwilling to control the actions of the board. There have been cases of outright fraud, e.g. the coop association *Kinesiska muren* ('the Chinese Wall') in Malmö. In this case board members transferred resources from the coop to companies under the control of board members. Ultimately the coop was on the verge of bankruptcy and was taken over by a municipal housing company, and coop members lost almost their entire investment. Such cases are rare but illustrate the risk for financially unsophisticated coop-share owners.

Despite the profit opportunities, not all tenants are willing or able to become owners. Households with low incomes or poor credit records may be unable to finance a purchase, and other households may be unwilling to take the financial risk or prefer to enjoy the benefit of a low negotiated rent. Blocks with a high concentration of such tenants can therefore not be sold to coop associations but may still be attractive to private capital. It is in such houses that the problem of renovictions is particularly severe.

Policy responses

Landlords do not have an automatic right to renovate an apartment as they see fit. Tenants – typically through the Tenants Association (*Hyresgästföreningen*) – may take renovation plans to court. The court has to decide if the landlord has reasonable cause. In practice, the court will approve a renovation that brings the apartment up to 'modern standard'. For a 50-year-old unit this usually means a completely new kitchen and bathroom and improved energy efficiency. A public committee appointed by the government[59] has proposed modified legislation that would strengthen the tenants' position and give them a say in the extent of modernisation. So far, the committee's proposals have not been put into practice.

Other policy concerns relate to the position of households in the coop market. With soaring prices many coop owners are heavily mortgaged. The average debt-to-income ratio of new mortgage

[59] SOU 2017:33, *Stärkt ställning för hyresgäster*.

borrowers has been increasing and is now over 300 percent.[60] This poses risks for financial and macroeconomic stability and led the Financial Supervisory Authority (*Finansinspektionen*) to introduce amortization requirements and a 85 cap on LTV in the early 2010s. This has made it even harder for many young households to enter the housing market, especially since there are long queues for rental apartments. Recently a public committee has proposed special loans for first-time buyers at up to 95 percent LTV based on public credit guarantees.

Even if implemented, these policy initiatives will only have marginal effects. The major underlying causes are the rent setting system and the asymmetric taxation of rental and owner-occupied housing. Both these areas are politically sensitive and there are no reform proposals in sight. A government proposal to allow market rents for new housing was recently blocked in parliament.

Postscript: recent developments to April 2023

The inflation shock combined with the monetary policy response has had a dramatic impact on the housing market. Responding to increased energy prices, a supply shock, is not an easy matter. The shock is making households poorer and fighting inflation by increased interest rates is making it even tougher for people. In 2022 underlying inflation (excluding impact of interest changes) was 10 percent. This has been met by increasing the policy interest rate from 0 in May 2022 to 3 percent in February 2023. Translated into mortgage rates this corresponds to a three-fold increase from roughly 1.5 to 4.5 percent (most loans are at flexible rates): no surprise that housing prices fell by 15 percent in 2022 and are expected to fall a bit further. It is also no surprise that housing construction is falling, by an expected 40 percent between 2021 and 2025, in terms of completions. Given that real incomes are falling, it may be hard to find tenants willing and able to pay the high rents in new build units. Rent negotiations for the stock are currently ongoing and expected to result in an increase of between 4 and 5 percent for 2023, below general inflation but probably a bit above the average wage increase.

[60] This is for all new mortgages and is expressed as a ratio of gross income; see *Den svenska bolånemarknaden, Finansinspektionen 2022.*

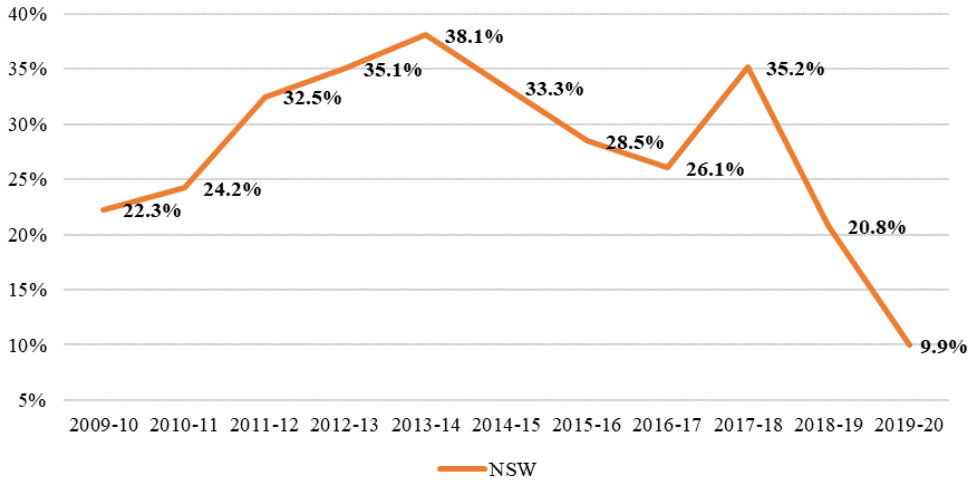
Sydney

Sha Liu, Nicole Gurran and Peter Phibbs

How the city is defined	Greater Sydney consists of Western City, Central City, Eastern City, North District and South District with a total of 33 local government areas. Foreign investment is mainly concentrated in Eastern City and North District, the metropolitan areas of Sydney.
Population	In the 2011 census, there were 4,391,674 people in Greater Sydney, which rose to 4.8 million by 2016 and 5.2 million at the time of the 2021 Census.
Tenure	Per the 2021 census, 27.8% of occupied private dwellings in Greater Sydney were owned outright, 33.3% with a mortgage and 35.9% rented.
Housing stock	In 2021, there were 1.99 million private dwellings in Greater Sydney: 91.7% of private dwellings were occupied and 8.3% were unoccupied. Of occupied private dwellings in Greater Sydney, 55.8% were separate houses; 12.8% were semi-detached, row or terrace houses, townhouses etc.; 30.7% were flats or apartments and 0.4% were other dwellings.
New build	Most new build detached homes are bought by individual owners who buy a 'house and land package' or purchase land and commission a builder, financed by a construction loan from a major bank or equivalent. Only around 10% of new build detached houses are built speculatively. Most medium and high-density housing developments are also purchased before construction because to obtain finance, developers need to achieve pre-sale commitments. There has been very limited involvement from institutional investors and superannuation funds. Foreign investors accounted for only 2.5-5% nationwide in 2014. Most are rented out to local tenants. Between 2012-13 and 2017-18, Chinese investors were dominant but from 2018-19 onwards were overtaken by investors from the USA.
Regulation	Regulation is managed by the states and territories, not by cities. City councils can be dismissed by state governments if they do not comply with state plans. The NSW government has established a statewide regime for STLs. Rentals are limited to 180 days per annum in Greater Sydney. Owners can limit numbers in multi-unit properties and STLs must be registered. A national building code governs construction standards for residential (and other) buildings and includes fire and safety provisions which relate to the type of occupancy. Some local councils and state planning requirements impose occupancy limits for certain types of higher density housing. Local government and private certifiers are responsible for enforcing these rules. Foreign investors can only purchase new dwellings and vacant land, ensuring that international investment contributes to new housing supply.

Sydney has been a particular destination for foreign investment since 2011. In the wake of the Global Financial Crisis, Sydney attracted a large amount of foreign capital to its residential real estate market, in part because of limited regulation. In the 2013-14 financial year, when policies were loose, total approvals for foreign purchases of residential real estate by value increased rapidly to AUD$34.7 billion, and peaked at AUD$72.4 billion in 2015-16, more than nine times the amount in 2009-10. Foreign investment was particularly popular in the State of New South Wales (NSW), growing quickly and peaking in 2013-14 (Figure 1). Sydney, as the state capital and largest city in Australia, and a popular destination for new immigrants and international students, was the main destination for this investment and accounted for over 25% of total foreign investment in residential real estate in Australia for seven consecutive years (Liu and Gurran 2017).

Figure 1: Foreign investment in NSW residential real estate as a proportion of total foreign real estate investment in Australia

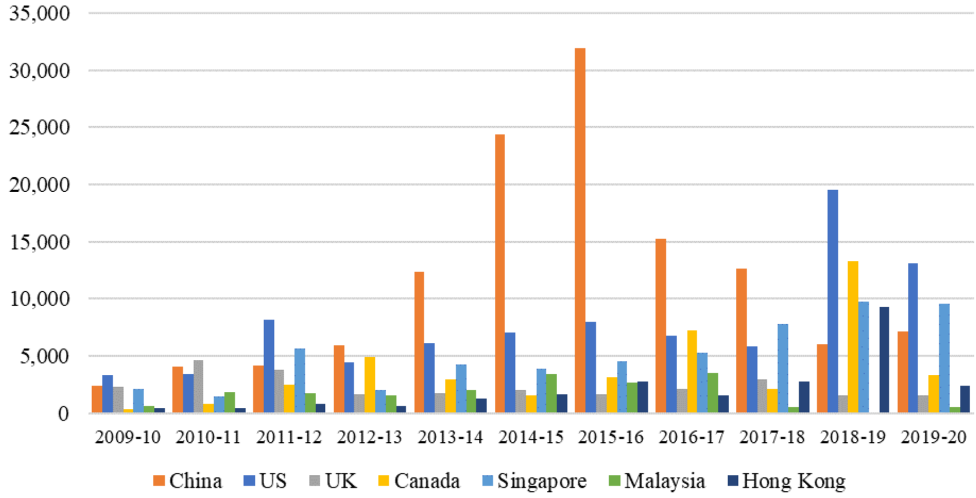


Source: The authors, compiling data from Foreign Investment Review Board Annual Report, 2009-10; 2010-11; 2011-12; 2012-13; 2013-14; 2014-15; 2015-16; 2016-17; 2017-18; 2018-19; 2019-20.

Between 2011/12 and 2017/18, investment from China exceeded that from the US, becoming dominant in the Sydney real estate market. Figure 2 shows the country of origin of investors into Australia,[61] highlighting the dominance of Chinese investment. This may reflect the implementation of policies aimed to deter speculation in the Chinese domestic market (2010-2013) as well as the relaxation of foreign investment policies in Australia (2009-2016).

[61] City-level foreign investment data are not available.

Figure 2: Main origins of foreign investment in Australian real estate, $million



Source: Liu 2021, compiling data from Foreign Investment Review Board Annual Report, 2009-10; 2010-11; 2011-12; 2012-13; 2013-14; 2014-15; 2015-16; 2016-17; 2017-18; 2018-19; 2019-20.

Taking Chinese investment in Sydney as a case study, Liu and Gurran (2017) identified several 'pull factors'. These included immigration and education opportunities; lower house prices and higher investment yields than in Chinese first-tier cities, like Beijing, Shanghai and Shenzhen; attractive foreign investment policies in Australia (before 2016); and a pleasant climate and geographical proximity to mainland China. The favourable Australian dollar/Chinese yuan exchange rate and easy access to Australian bank finance also made investment appealing. Chinese developers followed their clients to Sydney, developing projects there to satisfy the growing Chinese interest.

Liu and Gurran (2017) also found that Chinese individual investors were typically middle-class people (normally with prior study or work experience in Sydney) or high-net-worth individuals. They preferred apartments in buildings that had high proportions of Chinese ethnic residents or investors and were close to public transport. Chinese investors' funding mechanisms shifted from predominantly cash transactions in early 2000 to loans from Australian banks from 2010. (Mortgage restrictions on foreign income buyers were not implemented by major banks in Australia until early 2016.) The availability of finance fuelled demand for multiple dwellings. The research suggested that most homes purchased in Australia by Chinese investors were for investment purposes rather than for buyers' own use, and most of this investment housing was subsequently made available for rent.

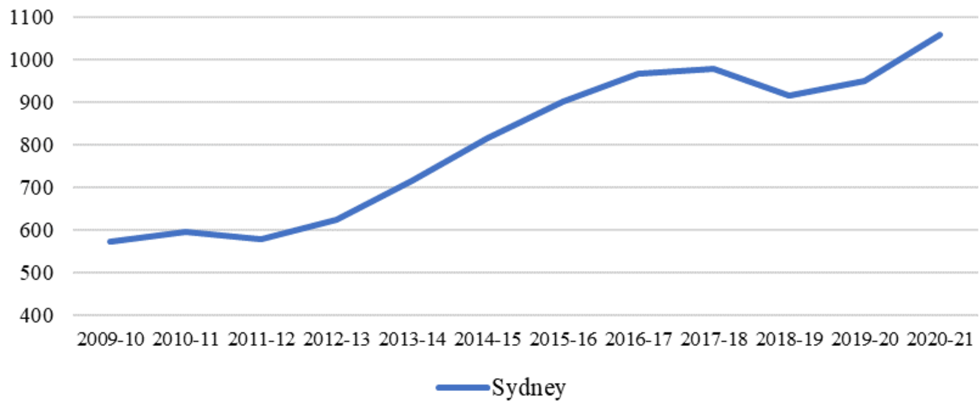
This inflow of foreign investment into Sydney's property market was perceived to be pushing up local housing prices and displacing local buyers, especially first-home buyers and younger households. In fact, the total quantum of international investment was relatively low compared to that of domestic investment. In 2014, an Inquiry in 'Foreign Investment in Residential Real Estate' conducted by the Reserve Bank of Australia (RBA) found that foreign purchases of dwellings accounted for about 2.5 to 5% of residential sales, primarily in the new build sector (Gauder, Houssard et al. 2014). It concluded:

> Foreign purchases appear to be most concentrated in new rather than established dwellings, in higher- rather than lower-priced dwellings, in medium- and high-density dwellings rather than detached dwellings, and in inner-city areas of Sydney and Melbourne rather than other locations (Gauder, Houssard et al. 2014, p.11).

Even so, likely reflecting public sentiment, from 2016 onwards the Federal Government of Australia imposed a number of policies to deter foreign investment. It introduced a Foreign Investment Review Board application fee, increased the rate of capital gains tax for foreign residents and reduced the threshold for such tax, and enacted a so-called 'Ghost Tax' on empty dwellings. Separately, the state government of NSW introduced a Foreign Citizen Stamp Duty Surcharge at a rate of 8 per cent from June 2016, and a Land Tax Surcharge targeting foreign buyers at a rate of 2 per cent from January 2017. Major Australian banks, including the Commonwealth Bank, ANZ, Westpac and National Australia Bank, stopped lending to foreign home buyers without domestic income in April 2016, which had a huge impact on foreign investment in Australia. Since the 2016-17 financial year, foreign investment in residential real estate in both Sydney and Australia more generally has declined substantially.

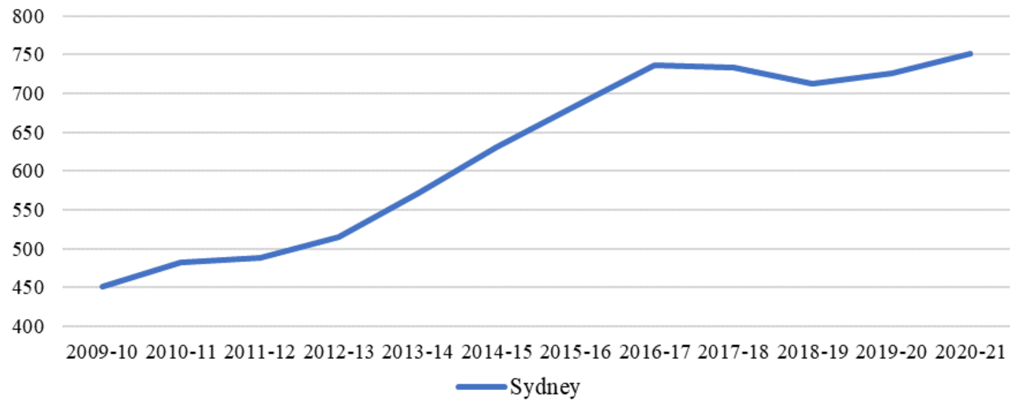
Evidence of the impact of foreign investment on Australian house prices is limited. As the RBA's 2014 Inquiry pointed out, foreign purchases of housing made up a relatively small proportion of total investment and sales activity. Second, during the pandemic, when foreign investment in Australia's housing hit historically low levels, house prices in all the capital cities and some regional areas continued to rise, driven by lower interest rates and various government incentives (Figure 3 and 4).

Figure 3: Median prices of established houses in Sydney*, $'000



Source: Austalian Bureau of Statistics. The authors, compiled from ABS data.
Note: Existing stand-alone houses; prices in nominal terms.

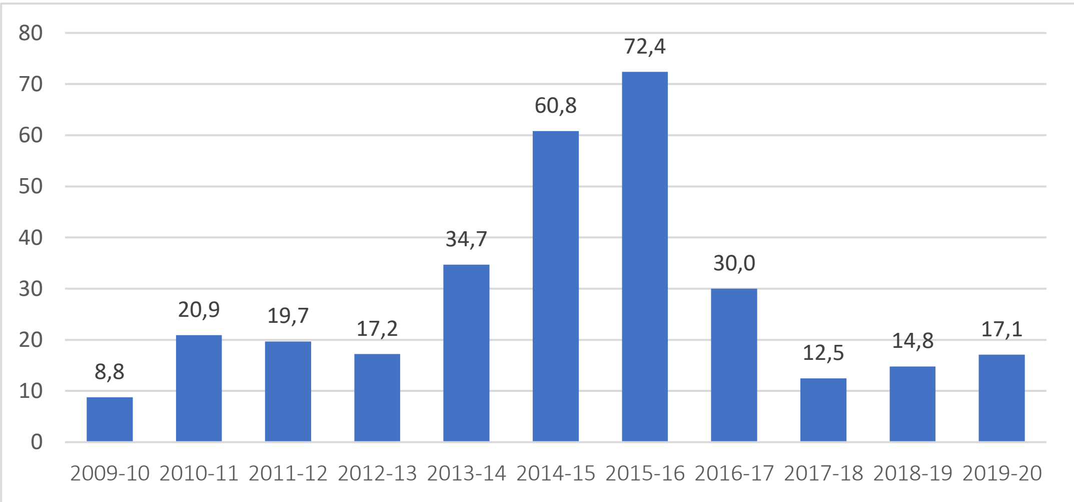
Figure 4: Median prices of attached dwellings in Sydney*, $'000



Source: Austalian Bureau of Statistics. The authors, compiled from ABS data.
Note: Includes flats, units and apartments plus semi-detached, row and terrace.

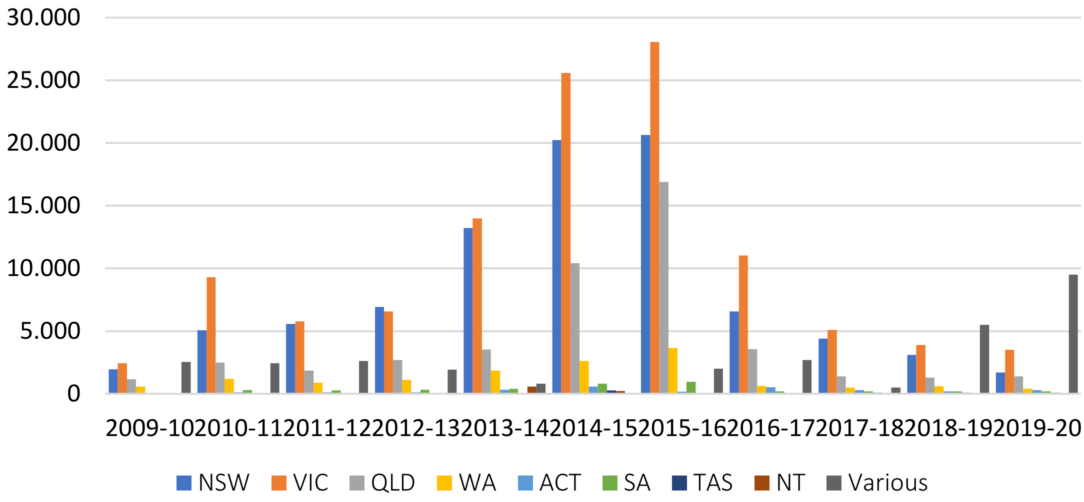
Since 2017, the Chinese government had tightened control of capital outflow, limiting foreign-currency purchases by Chinese individuals to a maximum of USD$50,000 per year. The funds could not be used to invest in housing overseas (China State Administration of Foreign Exchange, 2017). This change occurred at the same time as Australia tightened its own foreign investment policies, and this combination has impacted Chinese investment in Australian housing.

Figure 5: Total foreign investment approvals in residential real estate by value, $billion



Source: The author, compiling data from Foreign Investment Review Board Annual Report, 2009-10; 2010-11; 2011-12; 2012-13; 2013-14; 2014-15; 2015-16; 2016-17; 2017-18; 2018-19; 2019-20.

Figure 6: State distribution of proposed foreign investment in residential real estate*, $million



Source: The author, compiling data from Foreign Investment Review Board Annual Report, 2009-10; 2010-11; 2011-12; 2012-13; 2013-14; 2014-15; 2015-16; 2016-17; 2017-18; 2018-19; 2019-20.
Note: 'Various' comprises approved proposals investment was to be undertaken in more than one state or territory.

Summary

Unlike other advanced economies, Australia largely escaped the 2008/09 Global Financial Crisis (GFC), with house prices rising in reaction to the very low interest after an early drop in values. Sydney, as the most popular investment destination, attracted an increasing amount of transnational investment after the GFC. The capital influx has been blamed for inflating local house prices and squeezing first-home buyers, putting excessive pressure on local housing affordability. However, the impacts brought by foreign investors, mainly individual investors, in Sydney's housing market remain limited, as foreign homebuyers are allowed to purchase new dwellings only. Moreover, recent restrictive measures imposed by federal and state governments and local banks have restrained foreign investment considerably.

Postscript: recent developments to April 2023

The key issue is that many of the providers of mortgage finance are also providers of development finance so there is an inbuilt mechanism to limit development finance as they seek to protect their mortgage book. The big question is what will happen when the hundreds of thousands of fixed-rate mortgages struck during COVID with interest rates at 50-year lows are refinanced. Many borrowers face a potential 400 basis points increase in pricing. The banks claim that everything is under control though doubts can be expressed. The Central Bank is also under fire for promising that interest rates would remain stable until 2024. Prices have corrected 10-15% since the COVID peak – the question is where to from here.

Vancouver

Penny Gurstein and Tom Davidoff

How the city is defined	Vancouver could be defined variously as Metro Vancouver, Greater Vancouver, or the Lower Mainland. Metro Vancouver has a surface area of 2,878.93 km².
Population	The current metro area population of Vancouver in 2022 is 2,632,000, a 1% increase from 2021.
Tenure	Between 2007 and 2018, real estate in British Columbia doubled in value, appreciating by nearly $1 trillion in inflation-adjusted terms, the vast majority of that a result of higher land values. The rate of homeownership nationally was 67.8% in 2016, a slight drop from 68.4% in 2006. While the overall rate has not changed much, there are growing inequities in who can afford to own. Homeownership in the top 20% income bracket has outpaced those with lower incomes. In major cities renters predominate. In 1961, 39% of Vancouver households were renters but by 1971 that had grown to 53%, a figure that has remained relatively constant to present day.
Incomes	Metro Vancouver's median renter household income was $48,959 in 2016; at this income an 'affordable rent' would be $1,224 per month. According to the 2016 Census, the average rent across all households in the region was $1,054 and the median rent was $968, but the average asking rent for vacant units was 43% higher than the overall average rent for occupied units according to the CMCH 2023 Rental Market Report.
Housing stock	In 2021, there were 1,104,532 private dwellings in the Metro Vancouver region, of which 94% were occupied by usual residents. Between 2016 and 2021, the number such dwellings rose by 8.6%.
New construction and investors	New construction has been largely condos since the 1980s, but an increasing number of homes are purpose-built rental. So-called 'numbered companies', relatives of non-residents who are listed on the deeds, and speculators from elsewhere in Canada are all buying Vancouver real estate. Some transactions involve laundered money from illegal activity although the extent is unclear. REITS and pension funds are also buying rental properties. Investor-owned condominium units tend to have rents at the higher end to enable investors to cover their mortgages and other expenses.
Regulation	British Columbia in 2016 instituted a foreign buyers' tax, and in 2018 put in place a mildly progressive property tax on homes valued over $3 million and increased property transfer tax rates. Vancouver has had an empty homes tax since in 2017. These measures are welcome and contributing to cooling sales and price growth in a volatile housing market but are nonetheless insufficient to the scale of Canada's housing affordability crisis. There is a Provincial Speculation Tax, which essentially extends the empty homes tax to other expensive urban and suburban parts of the province outside the city of Vancouver. Somerville and Wetzel (2022) estimate that this tax brought many condos into the rental market.

Introduction

The major cities of Toronto and Vancouver have ranked first or second in the list of least affordable cities in the world for a number of years. Average housing prices have grown by 80% Canada-wide since their lows in the winter of 2009, after the 2008 subprime mortgage crisis in the USA, and more than doubled in Vancouver and Toronto. Only Hong Kong, Iceland and New Zealand saw bigger housing spikes over the same post-crisis period.

Incomes have not kept up with housing costs. Between 2008 and 2017, the median salary has gone up 22% Canada-wide and 20% in both Ontario and BC. Adjusted for inflation this is considerably less than one percentage point per year. The gap between incomes and housing costs is particularly acute in Vancouver because the average household income is far below that of other major North American cities.

Between 2007 and 2018, real estate in British Columbia doubled in value, appreciating by nearly $1 trillion in inflation-adjusted terms, the vast majority of that a result of higher land values. The rate of homeownership Canadian-wide was 67.8% in 2016, a slight drop from 68.4% in 2006. In 1961, 39% of Vancouver households were renters but by 1971 that had grown to 53%, a figure that has remained relatively constant to present day. While overall rates have not changed much, what has occurred is growing inequities in who can afford to own. Homeownership in the top 20% income bracket has outpaced that for those with lower incomes. In major cities renters predominate.

While homeownership has created wealth for Canadian and foreign property owners, it has also increased debt in Canadian middle-income households (from an average of150% of disposable income in 2008 to 170% in 2018) and made housing precarious for those on low incomes. The 2016 Census reported that 12.7% of Canadian households were in core housing need[62].

Federal policies and preferential tax treatment of capital gains on principal residences encourage homeownership, as do low inflation, interest rates, and property taxes (especially in Vancouver). There is also a lack of alternatives worsened by the federal government ending of social housing construction in 1993 and other neoliberal measures. Exclusionary zoning and weak rent controls at the municipal and provincial levels further shifted beliefs towards owning a single-family home, accelerating the transformation of housing from a need to a commodity.

This process resulted in under-investment in the traditional multi-unit housing sector while rising values incentivized the redevelopment of older rental units into new ownership units. The financialization of both rental and senior housing is generating negative impacts on tenants of apartments and senior living facilities in major cities, most notably Toronto and Vancouver.

The Vancouver case

Vancouver's story since the city was founded has been intricately intertwined with the art and practices of land speculation, and how government policies have contributed to this. Vancouver as a hedge city[63] or, more accurately, a hedge city-region, is shaped by flows of capital and people from around the world seeking refuge from geopolitical, economic, and rule-of-law instability. Residential real estate in Metro Vancouver has become not only the provision of shelter, but an investment into the relative economic, social, political, and climatic stability of the region in comparison to other global city-regions, particularly on the Pacific Rim. A key aspect of a hedge city is how local real estate values have become uncoupled from local incomes. While incomes in the region have remained flat, the benchmark price for all homes in Metro Vancouver at the end of 2021 was $1,230,200, a 17.3 percent increase from December 2020.

Speculation has been a feature of the Vancouver housing market since the city's founding in 1886, resulting in series of booms and busts. The most dramatic escalation in house prices started after Expo 86, and sustained price growth has occurred for the last 15 years with population growth, global capital, low interest rates, and lack of supply[64] being the most significant factors. Without federal, provincial or municipal regulations to control speculation, it was the liberalisation of the credit market in the 1970s and 1980s that kick-started banks' shift towards the preference for mortgage lending over other activities.

---

[62] The Canada Mortgage and Housing Corporation (CMHC) sets 30 per cent of pre-tax income as the threshold for core housing need. Households that occupy housing that falls below any of the dwelling adequacy, suitability or affordability standards and need to spend 30% or more of gross income to pay for alternative local market housing that meets all three standards are said to be in core housing need.

[63] A hedge city is a safe, socially and politically stable metropolis with high real estate values caused by foreign investors buying properties as a hedge against instability in their own countries.

[64] Supply is a contested term in Vancouver, as there is significant supply in the market but not the 'right' kind of supply (i.e., housing that meets the needs of people living and working in the city).

The main investors

The 1986 World Exposition (Expo 86) was Vancouver's coming of age to a global audience and opened a new era of urban growth and development for the city and its region. At the same time, the federal Immigrant Investor Program (IIP) was established in 1986 with the goal of luring a wealthy business class from abroad to settle and invest in Canada.

The land where Expo 86 took place was sold the Province of British Columbia to Li Kai-Sheng, a major Hong Kong developer. It was subsequently redeveloped as the North False Creek high density housing scheme. This signalled that Vancouver was open to investors from Hong Kong who were concerned about the British handover to China in 1997. Condominiums in this project, as well as other megaprojects ringing the city, became attractive to investors from Asia, USA, Europe, and Russia, as well as local speculators and those from out of the province, primarily from Alberta and Ontario. Expensive single-family homes also were bought by new immigrants and foreign investors or custom built. The IIP ended in 2014 but Quebec has continued their own program, and immigrants often settle in Quebec briefly and then move to other parts of Canada.

New construction has been largely condo since the 1980s, but an increasing number of homes are purpose-built rental, partly in response to government incentives. Many condo units are purchased by investors who rent the units to end users. In recent years there has been investment in rental apartment blocks by REITs and pension funds but this has mainly been concentrated in the Vancouver region outside of the city. The real estate industry is the major economic generator in the city so developers, architects, engineers and the construction trades have all been impacted.

The extent of global capital in the Vancouver's housing market has not evident for decades because neither the Government of Canada nor the Province of BC gathered data on this. Statistics Canada now estimates foreign ownership of housing in Vancouver at 6 per cent. Canada-wide, non-residents owned 4.7% of homes in 2020, down from 4.9% the year before. They owned 9.0% of homes built after 2016 (down from 10.5% in 2019). The media and academics raised concerns about empty homes and the proliferation of new mega-homes, resulting in neighbourhoods hollowing out. Neither the province nor the city acted on these concerns until the provincial foreign buyers tax in 2016, the City of Vancouver's empty homes tax in 2017, and the provincial speculation vacancy tax in 2018. In 2018 limits on short-term rentals in Vancouver included a provincial sales tax of 8% on this type of accommodation were also introduced.

Another major concern has been the use by organized crime syndicates of real estate transactions to launder money. The Expert Panel on Money Laundering in B.C. Real Estate[65], estimated that money laundering has increased home prices in the province by between 3.7 per cent and 7.5 percent. Canada's lax anti-money laundering regime have made it an especially attractive destination to park funds. While it is now recognized that laundered money from illegal transactions is being used to buy housing, the extent of this is still unclear.

Some numbered[66] companies are buying housing in Vancouver as well as relatives of non-residents who are listed on the deeds. REITS and pension funds are buying up rental properties but, again, the extent of their involvement is unclear. The BC Government introduced the Land Owner Transparency Registry[67] in 2022 that requires those who own land indirectly, e.g., through a corporation, partnership or trust, to register their ownership publicly.

[65]BC Government. (2010) *'Combatting Money Laundering in B.C. Real Estate',* https://www2.gov.bc.ca/gov/content/housing-tenancy/real-estate-bc/consultations/money-laundering

[66] A Numbered Company is a legal company created without specifying a specific name prior to incorporation.

[67] https://www2.gov.bc.ca/gov/content/housing-tenancy/real-estate-bc/land-owner-transparency-registry

Investment in real estate is fuelled by a 'debtscape'[68] that is characterized by increasing debt burdens. Metro Vancouver has the highest average percentage of debt to disposable income in Canada at 266.2 percent. It is not surprising that it has become the country's most indebted metropolitan area. A major part of this indebtedness is residential mortgages, which unlike other types of consumer debt are securitized by the federal government. This policy limits private risk through public guarantees and supports a rental market that is increasingly characterized by individual unit landlord investors. The debtscape (Walks 2013) as the geographic manifestation of low interest rates and publicly securitised residential mortgages is the financial engine that powers urbanization within Metro Vancouver from inner city condominiums to suburban single-family homes.

Rents on investor-owned condominium units are at the high end of rental rates in order to cover investors' mortgages and other expenses. The extent of investor-owned rentals is not fully known as data on rentals focus on purpose-built rentals. However, for a number of years, investor-owned rentals were the majority of rentals in Vancouver.

Effects on local residents

The major concern in Vancouver is the rapid and sustained rise in housing costs that is pricing low- and middle-income residents (especially the young, single parent families, and seniors) out of both the ownership and rental markets. While this phenomenon is not being driven entirely by global capital, that has had a significant impact on housing prices at the high end which has trickled down to other housing markets. There is no data on the effect of ownership by REITs and pension funds on rents, but Vancouver has consistently had the country's lowest vacancy rates[69] (currently 1.2%) and rents went up 23% for all listings from 2021 to 2022. The average rent for a two-bedroom unit is $3,050 CAD. Short term rentals have distorted the private rental market, as well as homes remaining empty, but they are not the only factors, as for decades there has been very little rental housing being built.

The most visible impacts of financialization of housing are in upper middle-class neighbourhoods of single detached houses in the west side of Vancouver and in the large-scale high density condominium developments that have ringed the city. In these neighbourhoods, it is easy to observe the empty homes as a result of foreign ownership, vacation properties, investment properties and seasonally occupied dwellings. In Vancouver, according to the 2021 census, 7% of homes were either vacant or under-occupied[70], although much of this vacancy is frictional. The fraction of homes paying empty home or speculation taxes is closer to 1%. This phenomenon has spread to other neighbourhoods both in Vancouver and in the region, and other parts of BC, most notably the Okanagan Valley.

Policy responses

The housing affordability crisis has become a political issue and was very significant in the defeat of the Liberal (right-of-centre) provincial government in 2017. The province is now being led by the New Democrats, a left-of-centre party, which has introduced a number of measures to curb housing speculation and money laundering in the housing market, and to stimulate the affordable housing market.

[68] Debtscape is centred around the financialization of urban environments and, in particular, the rising trends of household indebtedness and its social and spatial manifestations.
[69] The vacancy rate is the percentage of all available rental units in the market.

[70] https://vancouversun.com/news/local-news/astonishing-drop-in-number-of-empty-homes-in-metro-vancouver-censusFebruary 15, 2022.

British Columbia in 2016 (followed by Ontario) instituted a foreign buyers' tax. BC also implemented in 2018 a mildly progressive property tax on homes valued over $3 million and increased property transfer tax rates. Vancouver has had an empty homes tax since 2017. These measures have contributed to cooling sales and price growth in the country's most volatile housing markets (Vancouver and Toronto) but are nonetheless insufficient to the scale of Canada's housing affordability crisis.

Summary

The Vancouver case differs from experience in Europe because individual investors rather than institutions have dominated the market, although the extent of institutional investment is still not clear. The financialization of housing is profoundly shaping the growth and development of Vancouver, where housing is being built that does not meet the needs of the resident population but instead caters to investors and global capital.

The global financial crisis had an impact on Vancouver's housing trajectory but other factors were also significant. These include the handover of Hong Kong to China in 1997, which precipitated a wave of new immigrants and foreign buyers, and the development of housing catering to global capital. Overseas finance, generally individual or family financing but also institutional finance (the extent of which is unclear), has had a large impact on the market for detached homes (which are often vacant for long periods of time) and the rental of condominium units owned by overseas investors. While investors are interested in both new build and existing stock, some new build developments are being marketed in Asia before they are offered locally.

The definition developed for this international comparative study is highly relevant to the Vancouver case. The decoupling of housing costs from local incomes has been occurring for decades with little regulatory control, leading to sharp increases in housing costs and increasing unaffordability. The municipal and provincial governments have introduced measures to dampen demand, along with the Canadian government who has called for a two-year moratorium on foreign buyers in their February 2022 budget.

Postscript: recent developments to April 2023

In January 2023 one of Canada's major banks released the [Scotiabank Report](#) analysing Canada's housing picture. It concludes that to address the housing crisis, Canada needs an urgent and well-resourced strategy to expand its social housing infrastructure**.** To bring Canada in line with OECD averages it would require a doubling of the social housing stock. In cities such as Vancouver and Toronto the need is particularly acute.

As part of its efforts to tackle the housing affordability crisis, Canada implemented a two-year ban on most home purchases by foreign buyers, effective from January 2023[71] [72].

[71] Kaminer, Michael. "Do You Want to Buy a House in Canada? Not So Fast." The New York Times, December 29, 2022, sec. Real Estate. See https://www.nytimes.com/2022/12/29/realestate/canada-bans-foreign-buyers.html

[72] Isidore, Chris. "Canada Is Banning Some Foreigners from Buying Property after Home Prices Surged | CNN Business." CNN, January 1, 2023. See http://www.cnn.com/

Appendix B: Financialization literature review

1. Housing financialization literature review

    1.1 The concept of financialization

    1.2 Origins and trajectory of financialization

    1.3 Effects of financialization

    1.4 Financialization as it relates to our study cities

    1.5 Tactics to combat financialization

    1.6 Potential effects of proposed solutions

    1.7 Critique of financialization

    1.8 Overview of non-financialization literature

2. Proposed reconciliation between financialization and non-financialization literature

    2.1 Benefits for financialization literature

    2.2 Benefits for non-financialization literature

    2.3 Synthesis

1. Housing financialization literature review

Summary

The financialization literature as applied to housing is a fairly recent evolution where the bulk of articles emerged after the great financial crisis. Articles within this subgroup tend to be produced by a smaller group of academics, representing foremost European countries and much of the English-speaking world with the notable exception of the United States. Arguably its most prominent scholar is Manuel Aalbers from KU Leuven. Others who join him are Rodrigo Fernandez (KU Leuven), Gertjan Wijburg (Utrecht University), Desiree Fields (University of Sheffield), Raquel Rolnik (University of Sao Paolo), Thomas Wainwright (University of London), Ray Forrest (City University of Hong Kong), Alan Walks (University of Toronto), Brett Christophers (Uppsala University), and Richard Ronald (University of Amsterdam) to name a few of the foremost contributors. These authors frequently cite each other and, in almost all cases, David Harvey. Articles produced by them cover a wide array of urban process, but where the claims of financialization's effects are quite similar. Key terms here include: financialization, neoliberalism, globalization, commodification, and marketization.

Contrasting this are articles from the economic and financial literature which cover many of the claims and processes featured in the financialization articles. The main difference is that little attention is paid to constructing a grand narrative connecting the different events and processes. Instead, the focus is on trying to find causality between things like mortgage securities and household debt, and foreign investment's effect on local housing markets, to name a few examples. The academics working in this field are many and the groupings depend on the focus area. For instance, Raven Molloy (US Federal Reserve) and Lauren Lambie-Hanson (Federal Reserve Bank of Philadelphia) have written a bit on institutional investors, while Christopher Mayer (Columbia Business School) and Patrick Bayer (Duke University) have written on the effects of housing speculation. Overall, authors such as Ed Glaeser and Robert Shiller are very influential when discussing determinants of housing prices. Key terms also depend on the area of focus, however there's little overlap with the financialization literature. In general, I couldn't find many, if any, cross references between the financialization writers and those publishing in economic and finance journals.

1.1 The concept of financialization

Manuel Aalber's widely used definition summarises financialization as being "the increasing dominance of financial actors, markets, practices, measurements and narratives, at various scales, resulting in a structural transformation of economies, firms (including financial institutions), states and households" (Aalbers 2016). It is argued that Financialization is a uniquely contemporary phenomenon where finance is seen as reaching and affecting every part of society, including individual households (Morris 2018). The term is commonly used in conjunction with globalisation and neoliberalism as the former has enabled it to take hold around the world and the latter has provided a justification for it (Jacobs and Manzi 2019). Although a small group of researchers has used the concept for decades to study finance capital's growing influence, it is only until after the global financial crisis that it has become popularised (Aalbers 2017). In this growing body of literature housing has been treated as only playing a minor role, causing it to be under-researched (Fernandez and Aalbers 2017). Contrary to the notion that housing is simply a specific form of financialization, some authors argue that financialization should be understood as a "profoundly spatial phenomenon" (French et al. 2011) where "[h]ousing is a key object" (Aalbers 2017).

1.2 Origins and trajectory of financialization

The rise of financialised capitalism has been attributed to several events, including the 1970s deindustrialisation in the west, the rise of neoliberalism, and the growing importance of institutional investors (Fernandez and Aalbers 2016). The process can be described from two perspectives, the supply side and the demand side.

On the supply side, a growing global pool of capital has been absorbed by housing as it represents a safe haven for investment (Fender and Lewrick 2013). There have been four sources identified feeding this pool. The first is the growing amount of savings held by institutional investors. These have sought to diversify their assets globally as domestic markets have been lacking. The second source is the large trade surplus amassed by emerging economies. This has led to more investments placed in countries like the United States (Bernanke et al. 2012). Thirdly, there has been a rise in demand for high-quality collateral as a result of monetary policies such as quantitative easing (Fender and Lewrick 2013). The last source identified as sustaining the pool of global liquid assets has been the growth of accumulated profits held by transnational companies in tax havens (Henry 2012). In aggregation, this pool has contributed to the feedback loop between finance and landed property and enabled the financialization of housing (Ryan-Collins 2021; Fernandez and Aalbers 2016).

On the demand side, housing has increasingly been seen as a commodity and an asset. The first reason for this has been the retrenchment of the welfare state and the emergence of asset-based welfare as a means of providing income during retirement and unemployment (Watson 2009). Aided by many governments' programmes to increase homeownership, this has strengthened the demand for mortgages (Walks 2014). This process has been dubbed 'privatized Keynesianism', a climate in which individuals are expected to stimulate the economy by taking on debt (Crouch 2009). The increases in loan-to-value as a result of this has also created so-called "investor-activists", owner-occupiers who seeks to preserve and increase the value of their asset through political channels (Cook and Ruming 2020). Housing has also increasingly become an important investment asset and a store of value for banks, institutional investors, and high net-worth individuals in the face of ultra-low interest rates (Farha 2017; Ryan-Collins 2021). It has additionally become a globally traded asset in part due to the development of mortgage securitization (Aalbers 2017). These developments have led to a commodification of housing, increasing its exchange value at the expense of its use value (Malva 2016).

1.3 Effects of financialization

Within the growing body of literature, financialization has been linked to several detrimental effects on individual households, cities, and countries. Financialization processes have increased housing prices in many cities across the world (see Morris 2018), reducing affordability and thereby exacerbating inequality, both inter-personal and spatial (Wijburg 2020). Financialization has also been seen as an important factor in intensifying the decline in homeownership, particularly through credit boom-and-bust cycles, and the concentration of homeownership among wealthier households (Byrne 2020). This has shifted a promise of homeownership to a promise of private landlordism for future generations (Forrest and Hirayama 2015).

Others have additionally argued that financialization is largely to blame for the decline in housing construction activity since the 1980's. In a study on housing supply across 17 OECD countries it was found that the recent boom in house-prices, mortgages has not been matched by a proportional increase in new construction (Kohl 2020). Although the financialization literature has largely been focused on owner-occupied housing, some studies have sought to pinpoint the effects on private rental and social housing. As rental properties have become more attractive to financial institutions and investors, tensions between shareholder interest and renters' have grown. While these financial actors' strategies are diverse, the literature has identified how disinvestment and squeezing practices have been deployed in rent-controlled and lower-income areas to extract higher rents and attempt to force out unwanted residents. In areas where the rent-gap is more pronounced, upgrading strategies have been utilized to hike up rents which has often resulted in the displacement of former residents (Nethercote 2020; Fields and Uffer 2016).

In the US, a new asset class based on single-family rentals emerged through large-scale acquisitions of foreclosed homes, often belonging to low-income families, in the wake of the great financial crisis (Fields 2018). The growing importance of housing as an asset has also permeated social housing as provision or maintenance have in some cases been privatised, causing rents to increase (Aalbers 2017). Other social housing providers have had to increasingly rely on financial markets for funding in the age of austerity, thereby increasing the risk exposure for low-income families (Wainwright and Manville 2017).

1.4 Financialization as it relates to our study cities

Financialization should be understood as being variegated, path-dependent, and contextually contingent, as it unfolds in different housing systems around the world (Aalbers 2017). For our specific case cities, a few studies were found which can help situate and contextualize financialization processes. In Auckland, financialization has been blamed for causing increases in housing prices and rents in excess of income gains as housing output has lagged and the home increasingly becoming the subject of speculation (Malva 2016). This can be contrasted with a related study outside the field of financialization which instead found the major driver of housing prices to be migration (Chancellor et al. 2016). In Germany and Berlin, the financialization process has developed much later than in other countries in the west. Increasingly, housing has become an alternative asset class to bonds and stocks causing rents and housing prices to increase sharply (Wijburg and Aalbers 2017). In the Berlin multi-family rental market, financialization has been linked to heightened inequalities in housing affordability, reduction in the quality of housing in some areas, as well as intensified patterns of uneven urban development through processes of disinvestment and upgrading (Fields and Uffer 2016).

Financialization of housing has also been accused of playing a central role in Sydney's affordability crisis. Low-interest rates combined with investment-friendly tax-regimes have enabled the view of housing as a means to accumulate capital (Morris 2018). In Lisbon, some studies have focused on the impact short-term letting services, such as Airbnb, have on affordability and spatial distribution. The recent surge in home-prices have in part been attributed to the conversion of long-term rentals to accommodate wealthier global tourists, thereby increasing housings' exchange value and displacing long-term residents (Lestegas 2019; Cocola-Gant and Gago 2019). In a slightly older study, Hong Kong's housing price inflations of the 90's are linked to, among other things, speculation and massive inflow of foreign investment, both contributing to housing being viewed as an investment more than a home. This was spurred on by the government as land revenue has been an import source of income (Smart and Lee 2003). In Copenhagen, studies have focused on the deregulation of private housing co-operatives. As the Danish government sought to make housing an engine for national growth, it banned co-operatives from ruling against mortgage loans on tenant shares, resulting in shares being fully commodified. The subsequent rapid price increases have resulted in exclusionary displacement and under-investment, thereby turning cooperative housing from a social good to a financialized asset (Bruun 2018). In Stockholm, public housing right-to-buy schemes have further marketized housing (Clark et al. 2016). Finally, in Canada the government has played a large role in financializing its housing market by directing, regulating, insuring, and raising funds for mortgage-backed securities. This has in turn reduced bank's interest in prudent lending and increased homeowners' credit risk (Walks and Clifford 2015).

1.5 Tactics to combat financialization

As the processes and impacts of financialization have been the subject of increased study, many have called for tactics that can be used to contest finance-led housing accumulation. However, despite these calls there is still little useful research in the area (Wijburg 2020). The UN report on housing financialization lists a few examples of counter measures that have been deployed. In Catalonia, legislation was passed which prohibits foreclosures and evictions that would result in homelessness. In other cities and regions, restrictions have been placed on foreign real estate purchases. One such example is Vancouver where there's a 15% foreign homeowner tax, also applicable in Toronto, and a 1% tax on vacant homes. Revenue generated from these taxes will be used to fund affordable housing (Farha 2017). Recently, a new tax on foreign property buyers is being planned by the Canadian government in an effort to bring down housing prices (Gordon 2020).

Elsewhere, officials have sought to encourage and steer investment into affordable housing, such as in the UK through section 106 contributions. Still another measure utilized by some countries is a tax on luxury property. In Singapore, wealthy property owners and investors pay an 18% property sales tax and additional buyer stamp duty. These revenues are in turn used to subsidize low-income housing (Farha 2017). Indonesia similarly applies a luxury sales tax of 20% on luxury homes (BDO 2019). In Portugal, the government recently passed a "Basic Housing Law" which commits it to ensure adequate housing for all citizens. While the law is meant to primarily guide future legislation, it prohibits tenure evictions in Lisbon unless the state can provide similar accommodation nearby (Yeung 2019). In Berlin, a recently implemented law caps rent for five years, using June 18, 2019 as a base (Paul 2020). However, the law was recently struck down by Germany's constitutional court (Solomon 2021).

In a recent effort to curb housing prices, the UK government has passed a new law targeting foreign residential property investors with a stamp duty surcharge of 2%. The law will go into effect April 1, 2021 (HMRC 2020). Recently, a report by the UK Office of Tax Simplification has recommended aligning capital gains tax rates with income tax rates (Office of Tax Simplification 2020). If introduced in the forthcoming budget, this could potentially have a sizeable effect on, among other things, buy-to-let properties and non-primary residences (Partington and Collinson 2020). In Australia, a vacancy levy has been introduced on properties not let or lived in for less than 6 months out of the year. In Hong Kong, a special stamp duty ranging between 10-20% is applied on properties resold within 36 months. The 20% rate only applies to property resold within 6 months of acquisition (BDO 2019). Similar speculation taxes have been introduced in a number of countries, including Germany (Farha 2017). In an effort to reduce the cost of housing in New Zealand, residential land has been defined as "sensitive land" meaning a non-resident would have to apply for permission with the Overseas Investment Office before being allowed to invest. The consent is contingent on passing an investor test where the non-resident has to demonstrate its commitment to the investment and to the country (BDO 2019).

On a grass roots level, educational walking tours have been deployed to increase the public's awareness of the effects of financialization with the hope that it will increase public pushback (Silver et al. 2021). In New York, Community Action for Safe Apartments (CASA) works to organize and educate tenants in order to protect affordable housing (CASA n.d.). In order to protect and manage affordable housing asset portfolios, community development corporations have created Joint Ownership Entities, aiming to increase their cash-flows and thereby securing financing for new development projects and the affordability of already existing housing stock (JOE NYC 2020).

In addition to the examples mentioned here, there have also been several proposed policy reforms. Among these is the need to institute credit controls and tie property asset prices to inflation targets, a cultivation of relationship-based lending through stakeholder banks such as cooperative banks in favor of collateral-based shareholder banks, development of state investment banks with long-term investment horizons, the introduction of land-value taxes on unimproved land value increases, and an increase in the share of publicly owned land (Ryan-Collins 2021)

1.6 Potential effects of proposed solutions

Though many of the measures mentioned have either recently been implemented or are planned, studies of their effect in other countries might give a clue as to their future results. In a study on France's vacancy tax, it was found that it reduced vacancy rates by 13%. The results indicate that most of the previously vacant units were used as primary residencies (Segú 2020). In Germany, rent controls implemented in 2015 across 11 federal states were found to have no significant effect in the short term (Kholodilin et al. 2016). Examining a number of studies on the effects of rent control in the US, it was found that rent control seems to increase affordability for current tenants in the short term, but harms affordability in the long run, and creates negative externalities and fuels gentrification in the surrounding neighbourhood (Diamond 2018). Increased stamp duties in Australia have been observed to suppress housing prices, where much of the economic incidence falls on the seller and decreases housing turnover (Davidoff and Leigh 2013). With regards to the efficacy of real estate transfer taxes, it was found that the New York mansion tax, a 1% tax applied to the sale of properties worth more than $1 million, led to housing price increases larger than the tax (Kopczuk and Munroe 2012). In Toronto, a 1.1% property transaction tax reduced home turnover by 15% (Dachis et al. 2012) and in the UK a similar tax of 1.5% reduced mobility by 30% (Hilber and Lyytikainen 2012).

1.7 Critique of financialization

As the body of financialization literature has grown, so has its critique. In diagnosing whether the concept of financialization is useful in explaining the rising influence of financial institutions in recent decades, these authors argue that it has become too vague and thinly stretched causing it to become difficult to analyze (Christophers 2015). In countering this, Aalbers and others have argued that this is to be expected when a term is deployed across the social sciences (2017). It has also been argued that the breadth of definitions is a source of strength as it can appeal to most of the social sciences, however if financialization does not acquire a more precise definition it will become a chaotic term (French et al. 2011). Other criticism has been levied towards authors' tendencies to assume the effects of financialization instead of empirically demonstrating it (Poovey 2015). This has caused financialization to progress further than the evidence needed to establish it (Krippner 2011 in Christophers 2015). Other authors argue against the claim that financialization is a novel and contemporary phenomenon, making the concept and its claims exaggerated (Arrighi 1994 in Christophers 2015).

In addition to critiques of the concept's limited historical scope are reservations of its narrow spatial scope manifested through the lack of international comparative studies. This has caused authors to overstate the importance of financialization in relation to other processes. To combat these deficiencies, it has been suggested that the concept should be used with rigorous specificity, to not treat financialization as an irrepressible force, and to consider longer historic periods and wider geographic regions when analysing the trajectories and impacts of financialization. Additionally, terms such as commodification, globalisation, and neoliberalism might prove more useful in many cases (Christophers 2015).

1.8 Overview of non-financialization literature

The purported effects of financialization have also been studied outside of that body of literature. With regards to the results of housing speculation, a study on its economic effects during the housing boom prior to, and during, the great financial crisis found that it increased housing prices, housing supply, construction employment, and household consumption during the boom years and depressed residential construction employment, due to significant supply overhang, and local household consumption during the bust years (Gao et al 2020). Housing speculation has also been found to increase firms' investments in commercial land unrelated to their core business while crowding out non-land investments, thereby generating losses in total factor productivity and resource misallocation (Chen et al. 2016). Additionally, in a study of 21 US studies, including Miami, it was shown that speculation by housing investors significantly increased property prices and their mispricing during the housing boom (Chinco and Mayer 2016). These investors had their share of purchases increase significantly during the US housing boom, taking on more leverage, in part due to misreporting their intentions to use the property as a primary residence, and contributing to higher default rates during the bust (Haughwout et al. 2011). The importance of home buyer exuberance in driving housing prices prior to the great financial crisis has been underscored by Case and Shiller (2003). The increase in construction employment during the housing boom noted earlier was largely driven by non-college educated workers, distorting their educational and employment decisions and leaving them without employment during the subsequent bust (Charles et al. 2018). Other explanations for housing cycles include how increased supply of credit drives housing demand. In one study, the banking deregulations of the 1990's in the US led to an exogenous credit supply shock fueled by subprime mortgages and securitization, causing increased housing demand and housing prices as well as household debt (Favara and Imbs 2015). Related to this is the finding that loosened borrowing constraints as a result of declining housing risk premiums lead to housing price increases (Favilukis et al. 2016). In San Diego, cheaper credit for lower-income households were observed to have been a major factor driving overall housing prices, but especially for low quality housing stock (Landvoigt et al. 2015). However, doubts have been raised as to the magnitude of cheaper credit's effect on house prices (Gottlieb et al 2010).

As housing prices rebounded after the great financial crisis, homeownership rates continued to decrease to historic lows. In an attempt to reconcile these trends, some authors have pointed to the growing share of institutional investors present in the housing market. This trend was observed to be particularly pronounced in high-priced cities, such as Miami, and in cities that experienced high foreclosure rates. These institutional investors, with better access to finance, were able to capitalize as individual investors faced tighter credit regulations. Acquired property was turned into rental units, leading to increased rents alongside increased housing prices and increasing construction employment (Lambie-Hanson et al 2019). This study complements earlier work which found that a contraction in supply of mortgages after the great financial crisis led to an increase in rents (Gete and Reher 2018). Recently in Europe, real estate funds have been investing in large-scale buy-to-rent property assets which have, arguably, allowed them to set rents. This reflects the overall expansion of assets held by investment funds in Europe. In order to smoothen property prices, it's been argued that a loan-to-value (LTV) limitation targeting real estate funds would be much more effective than restricting households' LTV (Munoz 2020). Relatedly, a study looking at single-family home transactions in the Miami-Dade County found that investors, broadly defined, typically received an average discount of 9.5% compared to those who only bought one home and that their activity carries an upward external pressure on prices in the surrounding area. This suggests that investors have relative buying power compared to lone home buyers (Allen et al 2017). In investigating investors’ effect on local housing markets in the US compared to owner-occupiers, it was found that investors tend to invest more into the property and sell more quickly, as well as experience a higher foreclosure risk due to higher propensity of taking on risky projects (Fisher and Lambie-Hanson 2010).

With regards to foreign investors in local housing markets, evidence from the UK suggests that foreign investment has a positive impact on the growth of housing prices as well as reducing home ownership. However, no effect on either vacancy rates or on the housing stock was found (Sá 2016). In Singapore, a strong link was found between foreigners’ property investments and housing prices. Additionally, investments in central areas caused ripple effects which were manifested in the suburbs, where foreign investment activity was absent (Liao et al. 2015). Elsewhere, in China there are indications that short-term, speculative foreign investments drive up property prices and contribute to market volatility (Guo and Huang 2010). Evidence from Australia suggest that foreign investment in new housing negatively impacts housing prices in the long run while foreign investment in existing housing has a negligible effect on prices but a significant effect on housing construction (Gholipour et al. 2019). Foreign property investment, led by Chinese buyers, were found to have a positive impact on housing prices in the US (Gorback and Keys 2020).

Sources

Aalbers, M. (2016), *The financialization of housing: a political economy approach*, Routledge, London

Aalbers, M. (2017), “The variegated financialization of housing”, *International Journal of Urban and Regional Research*, Vol. 41, No. 4: pp 542-554

Allen, M. T., Rutherford, J., Rutherford, R. and Yavas, A. (2017), “Impact of Investors in Distressed Housing Markets”, The Journal of Real Estate Finance and Economics”, Vol. 56: pp 622 – 652

Arrighi, G. (1994), *The Long Twentieth Century: Money, Power, and the Origins of Our Times*, London: Verso

BDO (2019), “Foreign Property Ownership”, https://www.bdo.lu/getattachment/Industries/Real-Estate/2021-IPCS_Foreign_Property_Ownership.pdf.aspx?lang=en-GB (accessed 20/2-2021)

Bernanke, B., Bertaut, C., Demarco, L. P. and Kamim, S. (2012), ”International capital flows and the returns to safe assets in the United States”, *Board of Governors of the Federal Reserve System*, International finance discussion papers, Vol. 1014

Bruun, M. H. (2018), “The financialization of Danish cooperatives and the debasement of a collective good”, *Critique of Anthropology,* Vol. 38, No. 2: pp 140-155

Byrne, M. (2020), “Generation rent and the financialization of housing: a comparative exploration of the growth of the private rental sector in Ireland, the UK, and Spain”, *Housing Studies*, Vol. 35, No. 4: pp 743-765

CASA (n.d.), “About Us”, https://nsacasa.wordpress.com/about-us/ (accessed 20/2-2021)

Case, K. E. and Shiller, R. J. (2003), “Is There a Bubble in the Housing Market?”, Brookings Papers on Economic Activity, Vol. 2003, Vo. 2: pp 299-342

Chancellor, W., Abbott, M. and Carson, C. (2016), “A study of the factors influencing residential house prices in Auckland and New Zealand”, *New Zealand Journal of Applied Business Research*, Vol. 14, No. 1: pp 55-70

Charles, K. K., Hurst, E. and Notowidigdo, M. J. (2018), “Housing booms, manufacturing decline and labour market outcomes”, The Economic Journal, Vol. 129: pp 209-248

Chen, T., Liu, L. X., Xiong, W. and Zhou, L. (2016), “The speculation channel and crowding out channel: Real estate shocks and corporate investment in China”, Mimeo, Princeton University

Chinco, A. and Mayer, C. (2016), “Misinformed speculators and mispricing in the housing market”, Review of Financial Studies, Vol. 29, No. 2: pp 486-522

Christophers, B. (2015), “The limits to financialization”, *Dialogues in Human Geography*, Vol. 5, No. 2: pp 183-200

Clark, E., Grydehøj, A., Lund Hansen, A. and Topal, A. (2016), ”Financialization of Built Environments in Stockholm, Copenhagen, and Ankara: Housing Policy and Cooperative Housing”, *Financialization, Economy, Society & Sustainable Development (FESSUD) Project*, Working papers 115,

Cook, N. and Ruming, K. (2020), “The financialization of housing and the rise of the investor-activist”, *Urban Studies*, DOI: 10.1177/0042098020931320

Crouch, C. (2009), “Privatized Keynesianism: An unacknowledged policy regime”, *The British Journal of Politics and International Relations*, Vol. 11, No. 3: pp 382-399

Cocola-Gant, A. and Gago, A. (2019), “Airbnb, buy-to-let investment and tourism-driven displacement: A case study in Lisbon”, *Environment and Planning A: Economy and Space*, DOI: 10.1177/0308518X19869012

Dachis, B., Duranton, G. and Turner, M. A. (2012), ‘The effects of land transfer taxes on real estate markets: Evidence from a natural experiment in Toronto”, *Journal of Economic Geography*, Vol. 12: pp 327-354.

Davidoff, I. and Leigh, A. (2013), “How Do Stamp Duties Affect the Housing Market?”, ICA Discussion Paper Series, *Institute for the study of labor*, http://ftp.iza.org/dp7463.pdf (accessed 20/2-2021)

Diamond, R. (2018), “What does economic evidence tell us about the effects of rent control?”, *Brookings Institute*, https://www.brookings.edu/research/what-does-economic-evidence-tell-us-about-the-effects-of-rent-control/ (accessed 20/2-2021)

Farha, L. (2017), “Report of the Special Rapporteur on Adequate Housing as a Component of the Right to an Adequate Standard of Living, and on the Right to Non-Discrimination in this context”, *UN Human Rights Council*, https://digitallibrary.un.org/record/861179?ln=en (accessed 20/2-2021)

Favara, G. and Imbs, J. (2015), “Credit Supply and the Price of Housing”, American Economic Review, Vol. 105, No. 3: pp 958-992

Favilukis, J., Ludvigson, S. C. and van Nieuwerburgh, S. (2016), “The Macroeconomic Effects of Housing Wealth, Housing Finance, and Limited Risk Sharing in General Equilibrium”, Journal of Political Economy, Vol. 125, No. 1: pp 140-223

Fender, I. and Lewrick, U. (2013), “Mind the gap? Sources and implications of supply demand imbalances in collateral asset markets”, *BIS Quarterly Review,* September

Fernandez, R. and Aalbers, M. (2016), “Financialization and housing: Between globalization and varieties of capitalism”, *Competition & Change*, Vol. 20, No. 2: pp 71-88

Fields, D. (2018), “Constructing a New Asset Class: Property-led Financial Accumulation after the Crisis”, *Economic Geography*, Vol. 94, No. 2: pp 118-140

Fields, D. and Uffer, S. (2016), “The financialization of rental housing: A comparative analysis of New York City and Berlin”, *Urban Studies*, Vol. 53, No. 7: pp 1486-1502

Fisher, L. M. and Lambie-Hanson, L. (2010), “Are Investors the Bad Guys? Tenure and Neighborhood Stability in Chelsea, Massachusetts”, Real Estate Economics, Vol 40, No. 2: pp 351-386

Forrest, R. and Hirayama, Y. (2015), “The financialization of the social project: Embedded liberalism, neoliberalism and home ownership”, *Urban Studies*, Vol. 52, No. 2: pp 233-244

French, S., Leyshon, A. and Wainwright, T. (2011), “Financializing space, spacing financialization”, *Progress in Human Geography*, Vol. 35, No. 6: pp 798-819

Gete, P. and Reher, M. (2018), “Review of Financial Studies”, Vol. 31, No. 12: pp 4884 – 4911

Gao, Z., Sockin, M. and Xiong, W. (2020), “Economic Consequences of Housing Speculation”, The Review of Financial Studies, Vol. 33, No. 11: pp 5248-5287

Gholipour, H. F., Hooi Hooi, L., Tajaddini, R. and Pham, A. K. (2019), “Foreign investment in Australian residential properties”, International Journal of Housing Markets and Analysis, Vol. 12, No. 2: pp: 166-180

Gorback, C. S. and Keys, B. J. (2020), “Global capital and local assets: House prices, quantities, and elasticities”, NBER Working Paper, No. 27370

Gordon, J. (2020), “Canada plans to clamp new tax on foreign home buyers“, *Reuters*, https://www.reuters.com/article/us-canada-economy-housing-idCAKBN28B61W (accessed 20/2-2021)

Gottlieb, J. D., Gyourko, J. and Glaeser, E. L. (2010), “Can Cheap Credit Explain the Housing Boom?”, NBER Working Papers

Guo, F. and Huang. S. Y. (2010), “Does “hot money” drive China’s real estate and stock markets?”, International Review of Economics & Finance, Vol. 19, No. 3: pp 454-466

Haughwout, A., Lee, D., Tracy, J. S. and van der Klaauw W. (2011), “Real estate investors, the leverage cycle, and the housing market crisis”, Federal Reserve Bank of New York Staff Reports

Henry, J. S. (2012), ”The price of offshore revisited”, *The Tax Justice Network*, https://www.taxjustice.net/cms/upload/pdf/Price_of_Offshore_Revisited_120722.pdf (accessed 20/2-2021)

Hilber, C. A. L. and Lyytikainen, T. (2012), ”Stamp duty and household mobility: Regression discontinuity evidence from the UK”, *Spatial Economics Research Centre Discussion Paper 115*, London School of Economics, London.

HMRC (2020), “New rates of Stamp Duty Land Tax for non-UK residents from 1 April 2021”, https://www.gov.uk/government/publications/new-rates-of-stamp-duty-land-tax-for-non-uk-residents-from-1-april-2021/new-rates-of-stamp-duty-land-tax-for-non-uk-residents-from-1-april-2021 (accessed 20/2-2021)

Jacobs, K. and Manzi, T. (2019), “Conceptualising ‘financialization’: governance, organizational behaviour and social interaction in UK housing”, *International Journal of Housing Policy*, Vol. 20, No. 2: pp 184-202

JOE NYC (2020), ”FAQ”, http://www.joenyc.org/faq.html (accessed 22/2-2021)

Kholodilin, K,. Mense, A. and Michelsen, C. (2016), “Market break of simply fake? Empirics on the causal effects of rent controls in Germany”, *DIW Discussion Papers*, No. 1584

Kohl, S. (2020), “Too much mortgage debt? The effect of housing financialization on housing supply and residential capital formation”, *Socio-Economic Review*, Vol 0, No. 0: pp 1-28

Kopczuk, W. and Munroe, D. (2015), "Mansion Tax: The Effect of Transfer Taxes on the Residential Real Estate Market." *American Economic Journal: Economic Policy*, Vol. 7, No. 2: pp 214-257

Krippner, G. (2011), *Capitalizing on Crisis: The Political Origins of the Rise of Finance,* Cambridge: Harvard University Press

Lambie-Hanson, L., Li, W. and Slonkosky, M. (2019), ”Leaving Households Behind: Institutional Investors and the U.S. Housing Recovery”, Federal Reserve Bank of Philadelphia Working Papers, No. 19-1

Landvoigt, T., Piazzesi, M. and Schneider, M. (2015), “The Housing Market(s) of San Diego”, American Economic Review, Vol. 105, No. 4: pp 1371-1407

Lestegas, I. (2019), “Lisbon after the crisis: from credit-fueled suburbanization to tourist-driven gentrification”, *International Journal of Urban and Regional Research*, Vol. 43, No. 4: pp 705-723

Liao, W., Zhao, D., Lim, L. P. and Wong, G. K. M. (2015), “Foreign liquidity to real estate market: Ripple effect and housing price dynamics”, Urban Studies, Vol. 52, No. 1: pp 138-158

Malva, S. (2016), “The Imminent Ruin of the Auckland Housing Crisis: Social Resistance Against the Financialization of Housing”, *New Zealand Sociology*, Vol. 31, No. 6: pp 10-33

Morris, A. (2018), “The financialization of housing and the housing crisis in Sydney”, Housing Finance International, Vol. 32, No. 4: pp 63-69

Munoz, M. (2020), “Macroprudential Policy and the Role of Institutional Investors in Housing Markets”, ECB Working Paper No. 20202454

Nethercote, M. (2020), “Build to rent and the financialization of rental housing: future research directions”, *Housing Studies*, Vol. 35, No. 5: pp 839-874

Office of Tax Simplification (2020), ”Capital Gains Tax review – first report: Simplifying by design”, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/935073/Capital_Gains_Tax_stage_1_report_-_Nov_2020_-_web_copy.pdf” (accessed 20/2-2021)

Partington, R. and Collinson, P. (2020), “Government review urges major overhaul of capital gains tax”, *Guardian*, https://www.theguardian.com/politics/2020/nov/11/government-review-urges-major-overhaul-of-capital-gains-tax (accessed 20/2-2021)

Paul, (2020), "The Berlin rent gap, explained", *Berliner-Zeitung*, https://www.berliner-zeitung.de/en/the-berlin-rent-cap-explained-li.120839 (accessed 20/2-2021)

Poovey, M. (2015), "On 'the limits to financialization'", *Dialogues in Human Geography*, Vol. 5, No. 2: pp 220-224

Ryan-Colins, J. (2021), "Breaking the housing-finance cycle: Macroeconomic policy reforms for more affordable home", *Environment and Planning A: Economy and Space*, Vol. 53, No. 3: pp 480-502

Sá, F. (2016), "The Effect of Foreign Investors on Local Housing Markets: Evidence from the UK", Centre for Macroeconomics (CFM), Discussion Papers 1639

Segú, M. (2020), "The impact of taxing vacancy on housing markets: Evidence from France", *Journal of Public Economics*, Vol. 185

Silver, J., Fields, D., Goulding, R., Rose, I. and Donnachie, S. (2021), "Walking the financialized city: confronting capitalist urbanization through mobile popular education", *Community Development Journal*, Vol. 56, No. 1: pp 161-179

Solomon (2021), "Germany's highest court strikes down Berlin rent freeze", *Financial Times*, Apr 15, https://www.ft.com/content/7156504f-6a37-47a2-8c81-2065a6730194 (accessed 22/4-2021)

Wainwright, T. and Manville, G. (2017), "Financialization and the third sector: Innovation in social housing bond markets", *Environment and Planning A: Economy and Space*, Vol. 49, No. 4: pp 819-838

Walks, A. (2014), "From Financialization to Sociospatial Polarization of the City? Evidence from Canada", *Economic Geography,* Vol. 90, No. 1: pp 33-66

Walks, A. and Clifford, B. (2015), "The political economy of mortgage securitization and the neoliberalization of housing policy in Canada", *Environment and Planning A: Economy and Space*, Vol. 47, No. 8: pp 1624-1642

Watson, M. (2009), "Planning for a Future of Asset-Based Welfare? New Labour, Financialized Economic Agency and the Housing Market", *Planning Practice & Research*, Vol. 24, No. 1: pp 41-56

Wijburg, G. (2020), "The de-financialization of housing: towards a research agenda", *Housing Studies*, DOI: 10.1080/02673037.2020.1762847

Wijburg, G. and Aalbers, M. (2017), "The alternative financialization of the German housing market", *Housing Studies*, Vol. 32, No. 7: pp 968-989

Yeung, P. (2019), "Portugal Passes 'Right to Housing' Law as Prices Surge", *Bloomberg: CityLab*, https://www.bloomberg.com/news/articles/2019-07-08/housing-law-in-portugal-to-slow-gentrification (accessed 20/2-2021)

2. Proposed reconciliation of financialization and non-financialization literature

There's currently little to no formal exchange between housing financialization and finance and economics authors. This disconnect is not unique to the study of finance's impact on housing but represents a more profound divide between economics and the rest of the social sciences (Fourcade et al. 2015). This is unfortunate since both groups of authors study similar, if not the same, events and phenomena. Both bodies of literature could benefit from increasing their exchange. Below, I list some of the benefits each group could stand to gain from cooperation. This will be followed by an exploration of what a synthesised approach to the study of housing could look like.

2.1 Benefits for financialization literature

1. **Fill the empirical gap:** As several authors have commented on the lack of empirically demonstrated effects of financialization (e.g. Poovey 2015 and Krippner 2011 in Christophers 2015), this is one of the biggest benefits of increased exchange. There are several examples of studies which financialization authors could call on. Chinco and Mayer's (2016) findings that investor speculation drove property prices and mispricing during the US housing boom relate to the notion of a shift in housing's use value towards its exchange value. Studies which attribute growing housing prices, reduced homeownership rates, and an expanding rental sector to greater institutional investment activity in housing markets (e.g. Lambie-Hanson et al. 2019) can be used in support of the claim that financialization has shifted the promise of homeownership to a promise of rent for generations to come (e.g. Forrest and Hirayama 2015; Byrne 2020).
2. **Moderate claims of financialization's effects:** An added benefit of connecting the economic and finance literature on housing is that it might shape disputed and exaggerated claims into hypotheses which can be explored with a more complete tool set, thereby extending the opportunities for discovery. Not only would it improve financialization's focus, but it could also aid in shaping and evolving the concept. In helping to address the lack of comparative studies, as identified by Nethercote (2019) and Christophers (2015), such studies could help better account for seemingly contradictory outcomes in disparate locations and contexts, thereby lending credence to the notion of variegate financialization (Aalbers and Engelen 2015). This could also uncover conditions and policies which stave off the effects of financialization, another area which has been under researched in the financialization literature (Wijburg 2020).
3. **Exposure to new thinking:** This feedback is by no means unique to financialization literature, but in opening up the body of work to more input, both directly and indirectly, it might increase the number and type of contributors, and spread the insights produced by these authors. This could uncover new causal relationships and effects of financialization.

2.2 Benefits for non-financialization literature

1. **Expand the analysis to the social and cultural:** Most, if not all, economic, real estate, and finance studies of housing have a fairly narrow scope and focus mostly, if not entirely, on the housing market and the economic and financial effects of certain events. However, borrowing from Bourdieau: "because the social world is present in its entirety in every 'economic' action, we have to equip ourselves with instruments of knowledge which, far from bracketing out the multidimensionality and multi-functionality of practices, enable us to construct historical models capable of accounting, with rigour and parsimony, for economic actions and institutions as they present themselves to empirical observation"

(2005). In this spirit, utilising insights from the financialization literature can help enrich the analysis provided by economists, real estate, and finance academics. It can help understand how markets are constructed and shaped from a cultural and sociological point of view, thereby illuminating the "why". This, as Bourdieau has argued, would better uncover the mechanics, for example tastes and dispositions among economic agents, that make economic and financial calculation possible (2005).

2. **Consider broader implications:** As some have argued that the philosophical origin of economics is as a moral science (Fourcade et al. 2015), where the "object" of study is animated and imbued with its own thoughts and perspectives, financialization authors can help account for costs that do not lend themselves easily to pricing and markets, thereby extending the analysis to a more complete account of housing markets outcome on individuals and societies. Such an extension would be beneficial in addressing policy implications, both in urgency and in type.
3. **Uncover new causal relationships and hypotheses** While financialization authors have been criticised for progressing the concept further than the evidence to support it, it has produced claims of causes and effects which can inspire new avenues of study. An example of this is the seemingly contradictory notion that an increased housing supply in financialized housing markets will do nothing to increase housing affordability (Minton 2017).

2.3 Synthesis

A potential outcome of this exchange is the emergence of a synthesised model for explaining the impact of finance on housing. The benefit of this model is that it will provide for expanded analytical insights by incorporating the expertise and knowledge of a much wider swath of the social sciences. To generate this appeal, it would likely require an easing of the Marxist analysis and critique of capitalism and an opening up of economic, real estate, and financial analysis to considerations of broader market contexts and effects, beyond the purely economic and financial. The former point will likely be a tough sell since so much, if not the entire concept, of financialization literature is shaped by this outlook, but I would argue that it's not a necessary condition to produce beneficial insights and policy recommendations to alleviate detrimental effects on the housing market caused by the involvement of financial actors. A specific example of what this would look like is the following:

- **Topic:** institutional investors' impact on homeownership rates and the rental sector
- **Financialization:** As housing has become an important absorber of capital due to over-accumulation (Fernandez and Aalbers 2016) and a climate of low interest rates, financial institutions and other investors have increasingly turned their attention to housing as a storer of value. One such example is the formation of single-family rentals as a new asset class in the wake of the great financial crisis. As many low-income families were forced to foreclose, tight mortgage supply and an inability to compete against the deep pockets of investors forced many of these people into renting, thereby reducing homeownership rates and exacerbating wealth inequalities. The creation of this asset class was made possible, in part, thanks to the state's selective absence in helping borrowers against foreclosure and its concern with restoring housing's role in capital circulation. In conjunction with weak tenancy protection laws, this increases tenants to risk of eviction. This process will likely disproportionally affect people of color and the poor (Fields 2018).
- **Non-financialization:** As many cities experienced high foreclosure rates and severe price downturns in the wake of the great financial crisis, institutional investors, who had

previously mostly been interested in multi-family housing, became more active in single-family housing markets. There are several reasons for this, such as a constricted supply of mortgages which made it more difficult for single buyers to purchase a home, low interest rates, stagnating incomes, and inflow of international capital. The acquired properties were subsequently rented out, thereby simultaneously causing housing prices to rebound as homeownership rates continued to fall. The investors can outcompete regular home buyers, leading to potentially increased wealth inequality as those without homes are priced out while older and wealthier homeowners benefit. Additionally, cities may be exposed to increased financial risk as institutional investors may either sell off large quantities of housing stock or reduce maintenance, and thereby suppress prices, when more lucrative investments present themselves. Institutional investors also helped the housing market to rebound, reduce the negative externalities associated with foreclosed homes, provide renters access to neighbourhoods they previously couldn't afford to live in, and thereby their superior amenities, as well as increased tax revenue (Lambie-Hanson 2019).

- **Synthesized model:** The above accounts provide a good example of how closely matched the two bodies of literature can be. While financialization treats the process as a specific manifestation of advanced capitalism, there is general agreement on the specifics. In terms of beneficial exchange, financialization provides an interesting insight into how market outcomes are influenced by the state, and thereby the social, and of the human toll. On the other side, there's valuable insight provided as to the multifold causes of institutional investors' interest in the single-family housing market, the increased exposure to risk cities may face, as well as the benefits of institutional investor activity. The last point is important to provide a richer understanding as to why some may favour their activity in the single-family housing market and, if nothing else, to present a more complete picture.

As can be seen in the example here, there can be considerable overlap between the two different bodies of literature, and there's more benefit than cost in learning from both. In the short term, both sides could benefit from simply engaging with each other's work. If this were to happen, perhaps a more nuanced and full account would emerge in the medium to long term.

Sources

Aalbers, M. and Engelen, E. (2015), “The political economy of the rise, fall, and rise again of securitization”, *Environment and Planning A*, Vol. 47, No. 8: pp 1597-1606

Bourdieu, P. (2005), *The Social Structure of the Economy*, Cambridge, United Kingdom: Polity Press

Byrne, M. (2020), “Generation rent and the financialization of housing: a comparative exploration of the growth of the private rental sector in Ireland, the UK, and Spain”, *Housing Studies*, Vol. 35, No. 4: pp 743-765

Christophers, B. (2015), “The limits to financialization”, *Dialogues in Human Geography*, Vol. 5, No. 2: pp 183-200

Fernandez, R. and Aalbers, M. (2016), “Financialization and housing: Between globalization and varieties of capitalism”, *Competition & Change*, Vol. 20, No. 2: pp 71-88

Fields, D. (2018), “Constructing a New Asset Class: Property-led Financial Accumulation after the Crisis”, *Economic Geography*, Vol. 94, No. 2: pp 118-140

Forrest, R. and Hirayama, Y. (2015), “The financialization of the social project: Embedded liberalism, neoliberalism and home ownership”, *Urban Studies*, Vol. 52, No. 2: pp 233-244

Fourcade, M., Ollion, E. and Algan, Y. (2015), “The Superiority of Economists”, *The Journal of Economic Perspectives*, Vol. 29, No. 1: pp 89-113

Krippner, G. (2011), *Capitalizing on Crisis: The Political Origins of the Rise of Finance,* Cambridge, United States: Harvard University Press

Lambie-Hanson, L., Li, W. and Slonkosky, M. (2019), ”Leaving Households Behind: Institutional Investors and the U.S. Housing Recovery”, Federal Reserve Bank of Philadelphia Working Papers, No. 19-1

Minton, A. (2017), *Big Capital,* London, United Kingdom: Penguin Books Ltd

Nethercote, M. (2020), “Build to rent and the financialization of rental housing: future research directions”, *Housing Studies*, Vol. 35, No. 5: pp 839-874

Poovey, M. (2015), “On ‘the limits to financialization’”, *Dialogues in Human Geography*, Vol. 5, No. 2: pp 220-224

Wijburg, G. (2020), “The de-financialization of housing: towards a research agenda”, *Housing Studies*, DOI: 10.1080/02673037.2020.1762847

Appendix C: Coverage of financialization in our study by countries and cities

1. Australia and Sydney
2. Canada and Vancouver
3. Denmark and Copenhagen
4. Germany and Berlin
5. Hong Kong
6. Ireland and Dublin
7. Netherlands and Amsterdam
8. New Zealand and Auckland
9. Portugal and Lisbon
10. Singapore
11. Spain and Madrid
12. Sweden and Stockholm
13. UK and London
14. USA and Miami

1. Australia and Sydney

Like in New Zealand, I couldn't find any mention of financialization among news outlets and popular media. The only exception is a review in "Inside Story" on a book written by three housing researchers on the Australian housing system and the impact of financialization (Mares 2020). Among political parties, there's considerable difference in how they scope the problem of housing affordability, its causes, and what the solutions are. The Liberal Party focuses its housing policies on housing financing, mostly through demand side actions aimed at increasing home ownership (Liberal 2021). The Labor Party addresses housing affordability and homelessness more explicitly. While not invoking financialization, they put blame on tax structures, including negative gearing and capital gains discounts, which favor housing investors for partly causing an unaffordable housing market. They also take aim at vacant homes and foreign home buyers with pledges to create a uniform vacancy tax and raise foreign investment application fees. The party also considers housing a human right and seeks to increase funding for affordable homes and the supply of public housing stock (Labor 2021).

There's quite a lot of literature on financialization in an Australian context. The term is used to critically examine finance's growing importance and influence. Focusing on housing specifically, contributing researchers include Dallas Rogers (University of Sydney), Emma Power (Western Sydney University), Kristian Ruming (Macquarie University), Pauline McGuirk (University of Wollongong), and Alan Morris (University of Technology Sydney), to name a few.

Sources

Holden, R. (2021), "Vital signs: to fix Australia's housing affordability crisis, negative gearing must go", The Conversation, Apr 9, https://theconversation.com/vital-signs-to-fix-australias-housing-affordability-crisis-negative-gearing-must-go-158518 (accessed 14/4-2021)

Labor (2021), "A fair go for Australia", https://www.alp.org.au/media/1539/2018_alp_national_platform_constitution.pdf (accessed 13/4-2021)

Liberal (2021), "Helping with the cost of living", https://www.liberal.org.au/our-plan/cost-of-living (accessed 13/4-2021)

Mares, P. (2020), "When the market is the policy, housing fails", Inside Story, 25 May, https://insidestory.org.au/when-the-market-is-the-policy-housing-fails/ (accessed 13/4-2021)

2. Canada and Vancouver

There's a comparably substantial amount of literature on housing financialization in a Canadian context. Authors such as Gideon Kalman-Lamb at York University, Nick Revington and Martine August at the University of Waterloo, and Alan Walks at University of Toronto all use the term to critically examine finance's impact on the housing sector, from student housing to multi-family rental housing (see August and Walks 2018; Revington and August 2019). This sits within a fairly sizeable body of Canadian financialization literature, with papers and articles even being hosted on Bank of Canada's website (Bruno et al 2013). Additionally, there's a project, commissioned by Canada's national housing agency CMHC, currently underway and led by Professor David Wachsmuth at McGill University. The project seeks to investigate short-term rental's impact on the Canadian Housing sector (CMHC 2020). In each occurrence the term is used both descriptively, and many times critically as a way of accounting for several negative outcomes, although this is not always the case.

In media, financialization is rarely mentioned in a Canadian context, mostly occurring on alternative media sites such as Vice and Spacing. One mention in more mainstream outlet was found in an opinion piece published by CBC (Rochon 2015). However, there's been far coverage of a feared real estate bubble and a housing affordability crisis, especially in Toronto and Vancouver (see Evans 2021). The factors underpinning this are usually attributed to historically low interest rates and demand which has outpaced supply (see Haider and Moranis 2021). Some have also accused foreign investors of driving prices in search for higher rent yields, especially in markets such as Vancouver and Toronto (Altstedter 2021; Todd 2021). This idea has reverberated in government as Prime Minister Justin Trudeau has proposed a tax on foreign homebuyers residing outside of Canada (Balakrishnan 2020).

In their political platform, the Conservative party focuses their housing policy on home ownership and promoting affordable housing. There's no mention of financialization or any of its associated manifestations. The conservative party did not support Trudeau's tax on foreign homebuyers (CPC 2018). In addition to the house ownership tax, the Liberal Party of Canada also supports homeownership and reducing housing speculation through a vacancy tax on non-Canadian real estate owners who don't live in Canada (Liberal 2019). In Vancouver, the current Mayor increased the city's vacancy taxes as a way to increase the rental supply and take on "greedy speculators" (Kennedy Stewart n.d.).

Sources

Altstedter, A. (2021), "Forcing Foreign Money Out Is Academic's Fix for Canadian Housing", *Bloomberg Businessweek*, Feb 10, https://www.bloomberg.com/news/articles/2021-02-10/canada-housing-academic-calls-for-higher-tax-rates-on-nonresidents (accessed 21/4-2021)

August, M. and Walks, A. (2018), "Gentrification, suburban decline, and the financialization of multi-family rental housing: The case of Toronto", *Geoforum*, Vol 89: pp 124-136

Balakrishnan, A. (2020), "Canada planning foreign buyers tax in effort to lower country's housing prices", *The Canadian Press*, Dec 1, https://globalnews.ca/news/7495490/canada-foreign-buyers-tax-affordable-housing/ (accessed 21/4-2021)

Bruno, V. G., Buyuksahin, B. and Robe, M. A. (2013), "The Financialization of Food?", *Bank of Canada Staff Working Paper*, No. 2013-29, https://www.bankofcanada.ca/2013/11/working-paper-2013-39/ (accessed 21/4-2021)

CMHC (2020), "The Impact of Short-term Rentals on Canadian Housing", https://www.cmhc-schl.gc.ca/en/nhs/nhs-project-profiles/2020-nhs-projects/impact-short-term-rentals-canadian-housing (accessed 21/4-2021)

CPC (2018), "Conservative Policy Declaration", https://cpcassets.conservative.ca/wp-content/uploads/2020/10/15090948/9f7f204744e7480.pdf (accessed 21/4-2021)

Evans, P. (2021), "It's not just Toronto and Vancouver – Canada's housing bubble has gone national", *CBC News*, Apr 5, https://www.cbc.ca/news/business/housing-bubble-small-towns-1.5973134 (accessed 21/4-2021)

Haider, M. and Moranis, S. (2021), "Jury still out on Canada's housing 'bubble', but a national fix would do more harm than good", *Financial Post*, Mar 19, https://financialpost.com/real-estate/jury-still-out-on-canadas-housing-bubble-but-a-national-fix-would-do-more-harm-than-good (accessed 21/4-2021)

Kennedy Stewart (n.d.), "Housing Affordability", https://www.kennedystewart.ca/housing_affordability (accessed 21/4-2021)

Liberal (2019), "Forward: A Real Plan For the Middle Class", https://www2.liberal.ca/wp-content/uploads/sites/292/2019/09/Forward-A-real-plan-for-the-middle-class.pdf (accessed 21/4-2021)

Revington, N. and August, M. (2019), "Making a market for itself: The emergent financialization of student housing in Canada", *Environment and Planning A: Economy and Space*, Vol. 52, No, 5: pp 856-877

Rochon, L-P. (2015), "More regulations needed to survive financialization in the West", *CBC News*, Mar 22, https://www.cbc.ca/news/canada/manitoba/more-regulations-needed-to-survive-financialization-in-the-west-1.3004869 (accessed 21/4-2021)

Todd, D. (2021), "Canadian real-estate market better for foreign investors than locals, admits housing secretary", *Vancouver Sun*, Apr 15, https://vancouversun.com/opinion/columnists/douglas-todd-canadian-real-estate-market-better-for-foreign-investors-than-locals-admits-housing-secretary (accessed 21/4-2021)

3. Denmark and Copenhagen

The term "financialization", translated in Danish to "finansialisering", is rarely used outside academic circles and then only in left-leaning publications (see Nielsen 2017). Instead, much of the discussion has centred around Blackstone and other institutional investors' activities in the private rental sector, mostly in Copenhagen, culminating in the so-called "Blackstone-indgrepet". However, even then the discussions have been limited to finance's effect on the housing market and how institutional investors force out original tenants through renovations and sharp rent increases. The law aimed at addressing this was passed by a coalition of left parties and is an effort to curb speculation and prevent housing from becoming pure investment objects. Other right-leaning parties, most notably Venstre (Denmark's largest liberal party), opposed the law out of concern that it would unintentionally harm cooperative housing tenants (TV 2 Lorry 2020).

While the literature is still quite small, there have been several researchers at various Danish universities who have embraced financialization. At the Copenhagen Business School, Per E Hansen, a business historian, uses the concept to explain how contemporary financial practices lead to social and financial instability (2014). Jonas Hedman and Rony Medaglia have utilized financialization to explain how finance has driven the embrace of national electronic identification solutions (Eaton et al. 2018). Elsewhere, Maja Højer Bruun as studied the financialization of cooperative housing (2018). All of the major political parties talk about the need for more housing in general, but especially affordable housing. However, there's no mention of finance, investors, speculation, or foreign capital in party platforms.

Sources

Bruun, M. H. (2018), "The financialization of Danish cooperatives and the debasement of a collective good", *Critique of Anthropology,* Vol. 38, No. 2: pp 140-155

Eaton, B., Hedman, J. and Medaglia, R. (2018), "Three Different Ways to Skin a Cat: Financialization in the Emergence of National e-ID Solutions", *Journal of Information Technology*, Vol. 33, No. 1: pp 70-83

Hansen, P. H. (2014), "From Finance Capitalism to Financialization: A Cultural and Narrative Perspective on 150 Years of Financial History", *Enterprise and Society*, Vol. 15, No. 4: pp 605-642

Nielsen, J. S. (2017), "Finanssektorn trænger sig ind i alle dele af vores samfund og bevidsthed. Og det skader den bæredygtige udvikling", *Information*, 21 Nov, https://www.information.dk/udland/2017/11/finanssektoren-traenger-dele-vores-samfund-bevidsthed-skader-baeredygtige-udvikling (accessed 29/3-2021)

TV 2 Lorry (2020), "Blackstone-indgreb vedtaget: Lov træder i kraft 1. juli", *TV 2 Lorry*, 4 Jun, https://www.tv2lorry.dk/lorryland/blackstone-indgreb-vedtaget-lov-traeder-i-kraft-1-juli (accessed 29/3-2021)

4. Germany and Berlin

There's a comparably broad literature on financialization (or "finanzialisierung" in German) in Germany, with two of the main contributors being Daniel Detzer and Eckhard Hein at the Berlin School of Economic and Law (see Detzer and Hein 2014). The literature is usually descriptive in nature and published by political economists. When housing is mentioned, Manueal Aalbers is almost always cited. Together with Gertjan Wijburg, Aalbers has produced a significant portion of the limited housing financialization literature written in English. Additionally, Sebastian Kohl (Max Planck Institute for the Study of Societies) has also contributed to this body, although more towards international comparative studies (see Kohl 2020). There's also a bit of research carried out in German by authors such as Susanne Heeg (Goethe-Universität Frankfurt), Sebastian Botzem (University of Bremen), and Leonhard Dobusch (Free University of Berlin).

Among the major political parties, the Christian Democratic Union (CDU) emphasize the need for more affordable housing and enacted, together with the Christian Social Union in Bavaria and the Social Democratic Party, the 'Baukindergeld' which provides a grant towards homeownership for families with children (CDU n.d.; KFW n.d.). The Social Democratic Party's (SPD) housing policy takes a stand against housing as an investment, as exemplified by their declaration that "your own apartment is your home … and not a toy for speculators." and with policies against rental usury and limitations on post renovation rent increases. In Berlin, this has materialized in the "Mietendeckel", or rent cap, which was passed by the governing coalition of the Left Party, the Greens, and the SPD with the CDU opposing the bill (DW 2020). The law was recently ruled unconstitutional by Germany's constitutional court, with the argument that there's already a federal rent freeze in place (Solomon 2021). In addition to the looming rent increases as a result of the repeal, landlords can demand back-pay for the past year (Knight 2021). Alternative for Germany (AfD) also oppose rent control measures and instead blame housing shortages on burdensome regulation and taxes, including the real estate transfer tax. Instead, they seek to promote an increase in homeownership through increased development and strengthened non-profit housing cooperatives and housing societies (AfD 2017).

Financialization is almost exclusively used by academics, with only a few mentions in left-leaning media outlets (see Metzger 2019). Instead, there's been a widespread debate on Berlin's rent cap law which was recently struck down. As mentioned previously, support for the law fell along a left-right divide. In general, there's also an ongoing discussion on how to solve Germany's housing shortage and affordability issues in its major cities. A contributing factor to this dilemma has been the large influx of migrants with the solution alluded to being simply to build more housing units (see Reuters 2017; Kaschel 2021; Spiegel 2019). Besides the attempted rent cap in Berlin, local residents and activists have demanded that the city expropriates apartments from big corporate landlords, who they claim put shareholders' interest above tenants', as a way to fight back against "rent sharks and speculators" (Copley 2019).

Sources

AfD (2017), "Manifesto For Germany", https://www.afd.de/wp-content/uploads/sites/111/2017/04/2017-04-12_afd-grundsatzprogramm-englisch_web.pdf (accessed 22/4-2021)

CDU (n.d.), "Verkehr, Bau und Infrastruktur", https://www.cdu.de/thema/verkehr-bau-und-infrastruktur, (accessed 22/4-2021)

Copley, C. (2019), "Berlin activists march to demand city seize housing from landlords", *Reuters*, Apr 6, https://www.reuters.com/article/uk-germany-housing-idUKKCN1RI0FR (accessed 22/4-2021)

Detzer, D. and Hein, E. (2014), “Financialization and the financial and economic crises: The case of Germany”, *IPE Working Papers 44/2014*, https://ideas.repec.org/p/zbw/ipewps/442014.html (accessed 22/4-2021)

DW (2020), “Germany: Berlin parliament passes five-year rent freeze”, *Deutsche Welle*, Jan 30, https://www.dw.com/en/germany-berlin-parliament-passes-five-year-rent-freeze/a-52210612 (accessed 22/4-2021)

Kaschel, H. (2021), “COVID worsens Germany’s housing shortage”, *Deutsche Welle*, Feb 21, https://www.dw.com/en/covid-worsens-germanys-housing-shortage/a-56618601#:~:text=One%20reason%20for%20the%20shortage,lacking%20around%20670%2C000%20apartments%20nationwide.&text=The%20goal%20was%20to%20create,in%20Germany%20by%20fall%202021 (accessed 22 Apr 2021)

Kohl, S. (2020), “Too much mortgage debt? The effect of housing financialization on housing supply and residential capital formation”, *Socio-Economic Review*, mwaa030, https://doi.org/10.1093/ser/mwaa030

KFW (n.d.), ”Baukindergeld”, https://www.kfw.de/inlandsfoerderung/Privatpersonen/Neubau/F%C3%B6rderprodukte/Baukindergeld-(424)/ (accessed 22/4-2021)

Knight, B. (2021), “Berlin rent cap overturned by Germany’s top court”, *Deutsche Welle*, Apr 15, https://www.dw.com/en/berlin-rent-cap-overturned-by-germanys-top-court/a-57209268 (accessed 22/4-2021)

Metzger, P. (2019), “Verwertung einer Mieternation”, *neues-deutschland*, Jun 14, https://www.neues-deutschland.de/artikel/1120894.wohnungsmarkt-verwertung-einer-mieternation.html (accessed 22/4-2021)

Reuters (2017), “Spreading housing shortage hits over 850,000 people in Germany: report”, *Reuters*, Nov 14, https://www.reuters.com/article/us-germany-economy-homelessness-idUSKBN1DE2O5 (accessed 22/4-2021)

Solomon (2021), “Germany’s highest court strikes down Berlin rent freeze”, *Financial Times*, Apr 15, https://www.ft.com/content/7156504f-6a37-47a2-8c81-2065a6730194 (accessed 22/4-2021)

Spiegel (2019), “So groß ist die Wohnungsnot in deutschen Metropolen”, Der Spiegel, Jul 22, https://www.spiegel.de/wirtschaft/soziales/wohnen-in-koeln-muenchen-und-stuttgart-iw-studie-ueber-groesse-der-wohnungsnot-a-1278358.html (accessed 22/4-2021)

5. Hong Kong

Hong Kong is experiencing an ongoing and well-documented housing crisis, being one of the most expensive property markets in the world (see Clennett and Jakubec 2019). Typically, this crisis is attributed to a lack of housing supply stemming from insufficient land supply (Huang et al. 2015). As with Singapore, financialization appears only sporadically in both the major English and Chinese language media sources (see Wenhong 2021). In each case studied the term was critically deployed.

Literature on financialization in Hong Kong has quite a few contributors, among them being Kim-Ming Lee (UOW College Hong Kong) and Ching Yin Cheng (Hong Kong University of Science and Technology). Within housing, Alan Smart (University of Calgary) has been one of the few contributors (see Smart 2018). Manuel Aalbers and other influential housing financialization authors are cited in his work. At the end of 2020, The University of Hong Kong hosted a seminar called: "Game of Homes: The Financialization of Housing" chaired by Shenjing He (University of Hong Kong) and with Manuel Aalbers and Fulong Wu (Bartlett School of Planning) as speakers (HKU 2020).

Politically, Hong Kong's Chief Executive Carrie Lam has focused her housing policies on providing more land for development, partly by reclaiming land from the South China Sea and by building artificial islands, and by providing funding for new housing and low-cost loans to first-time homebuyers (Keegan 2019; Huang 2017). I couldn't find any mentions of financialization or related topics by either Carrie Lam or other Hong Kong officials.

Sources

Clennett, B. and Jakubec, M. (2019), "A lack of affordable housing feeds Hong Kong's discontent", Al Jazeera, Aug 11, https://www.aljazeera.com/economy/2019/8/11/a-lack-of-affordable-housing-feeds-hong-kongs-discontent (accessed 23/4-2021)

HKU (2020), "Game of Homes: The Financialization of Housing", https://www.arch.hku.hk/event_/game-of-homes-the-financialization-of-housing/ (accessed 23/4-2021)

Huang, C. (2017), "Forced to deliver speech via video, Hong Kong leader Carrie Lam unveils measures to ease housing crunch", *The Strait Times*, Oct 17, https://www.straitstimes.com/asia/east-asia/hong-kong-leader-carrie-lam-unveils-measures-to-ease-housing-crunch (accessed 23/4-2021)

Huang, J., Shen, G. Q. and Zheng, H. W. (2015), "Is insufficient land supply the root cause of housing shortage? Empirical evidence from Hong Kong", *Habitat International*, Vol. 49: pp 538-546

Keegan, M. (2019), "Are artificial islands the answer to Hong Kong's housing crisis?", *The Guardian*, Jul 12, https://www.theguardian.com/cities/2019/jul/12/are-artificial-islands-the-answer-to-hong-kongs-housing-crisis (accessed 23/4-2021)

Smart, A. (2018), "Financialization and shifting urban growth regimes in Hong Kong and China", in Low, S (Ed.), *The Routledge Handbook of Anthropology and the City* (pp 395-408), Routledge: London

Wenhong, C. (2021), "坦言集：香港改革", Oriental Daily News, Feb 2, https://orientaldaily.on.cc/cnt/news/20210202/00184_001.html (accessed 23/4-2021)

6. Ireland and Dublin

There are comparably quite a few mentions of financialization among the major news media outlets. In each examined occurrence, the term was used critically to explain a negative phenomenon. A few examples include several opinion pieces by Yanis Varoufakis (see Varoufakis 2019) and comments and speeches made by incumbent President of Ireland Michael D. Higgins (see Scully 2020; Rogers 2016). In fact, President Higgins has often used financialization in his talks and lectures to address the increase in inequality (Burke-Kennedy 2019), decrease in social cohesion (Higgins 2020a), and, what he claims, the greatest threat to democracy (Higgins 2019; Higgins 2020b). In his inaugural address, he mentioned several times how he will use his mandate to pursue a "different set of values" to enable a "sustainable social economy" (Higgins 2011).

Ireland's housing crisis and decreasing homeownership rate is a significant public and political concern. All major parties agree that increased supply is the solution, with left-wing parties favoring direct construction of public and affordable housing by the state while criticising the private sector for failing to adequately respond, whereas right-wing parties advocate a mixed approach where the private sector plays an important role (see Labour 2020; Fianna Fáil n.d.). Only Labour and Sinn Féin touch on financialization related topics in their policies with Labour including a brief mention of so-called "vulture funds" and their history of buying entire housing estates to rent out (Labour 2020). Sinn Féin talks of the need to address the "reckless tax treatment" which Real Estate Investment Funds and other property investment vehicles have enjoyed (Broin 2020). A specific policy aimed at making housing more affordable is the Rent Pressure Zones where rent increases are capped at 4% per annum. This applies to several cities throughout Ireland, including several councils in Dublin (GOV 2020).

Financialization literature in an Irish context is modest, with most of the material focusing on housing related topics. These include financialization's impact on homeownership (Downey 2014) and financialization and the growth of the private rental sector (Byrne 2020). Other authors include Alice Reynolds (Royal Holloway), Richard Waldron (Queen's University Belfast), and Cian O'Callaghan (Trinity College). In the cases examined, financialization is often assumed to be occurring and is described as having a negative impact on society in general, and housing specifically.

Sources

Broin, E. Ó. (2020), "Delivering Genuinely Affordable Homes for Working People", https://www.sinnfein.ie/contents/58793 (accessed 28/4-2021)

Burke-Kennedy, E. (2019), "President attacks free-market fundamentalism for creating 'yawning inequality', *The Irish Times*, Nov 12, https://www.irishtimes.com/business/economy/president-attacks-free-market-fundamentalism-for-creating-yawning-inequality-1.4080490 (accessed 28/4-2021)

Byrne, M. (2020), "Generation rent and the financialization of housing: a comparative exploration of the growth of the private rental sector in Ireland, the UK and Spain", *Housing Studies*, Vol. 35, No. 4: pp 743-765

Downey, D. D. (2014), "The Financialization or Irish Homeownership and the Impact of the Global Financial Crisis", in MacLaran, A. and Kelly, S. (Eds.), *Neoliberal Urban Policy and the Transformation of the City*, pp 120-138

Fianna Fáil (n.d.), “Securing Homes for All”, https://www.fiannafail.ie/our-policies/housing/ (accessed 28/4-2021)

GOV (2020), “Rent Pressure Zones”, Department of Housing, Local Government and Heritage, https://www.gov.ie/en/publication/85110-rent-pressure-zones/ (accessed 28/4-2021)

Higgins, M. D. (2011), “Vision for Presidency”, *President of Ireland*, https://president.ie/en/the-president/vision-for-presidency (accessed 28/4-2021

Higgins, M. D. (2019), “”The Future of Europe: Re-Balancing Ecology, Economics and Ethics” – Lecture by Michael D. Higgins, President of Ireland”, *President of Ireland Media Library,* https://president.ie/en/media-library/speeches/the-future-of-europe-re-balancing-ecology-economics-and-ethics-lecture-by-michael-d-higgins-president-of-ireland (accessed 28/4-2021)

Higgins, M. D. (2020a), “Speech by President Michael D. Higgins ‘Asia Matters’ Global Conference”, *President of Ireland Media Library*, https://president.ie/en/media-library/speeches/speech-by-president-michael-d-higgins-asia-matters-global-conference (accessed 28/4-2021)

Higgins, M. D. (2020b), “Confronting Planetary Emergencies” OECD Conference, Oct 9, https://www.oecd.org/naec/confronting-planetary-emergencies/OECD_Speech_President_Michael_D_Higgins.pdf (accessed 28/4-2021)

Labour (2020), “We’ll Build Homes and Freeze Rents”, *Labour Party Manifesto 2020*, https://www.labour.ie/manifesto/well-build-homes-and-freeze-rents/ (accessed 28/4-2021)

Rogers, S. (2016), “President warns of ‘stark’ economic outcomes”, *The Irish Examiner*, Jun 18, https://www.irishexaminer.com/news/arid-20405595.html (accessed 28/4-2021)

Scully, M. (2020), “Address by President Michael D. Higgins to the International Labour Organisation Global Summit”, *Limerick Post*, Jul 8, https://www.limerickpost.ie/2020/07/08/address-by-president-michael-d-higgins-to-the-international-labour-organisation-global-summit/ (accessed 28/4-2021)

Varoufakis, Y. (2019), “The past and future trouble with capitalism”, *The Irish Examiner*, Mar 20, https://www.irishexaminer.com/opinion/commentanalysis/arid-30912026.html (accessed 28/4-2021)

7. Netherlands and Amsterdam

Financialization, or 'financialisering' in Dutch, appears at times in Dutch news media. Mentions are more common in progressive and left-leaning publications such as de Volkskrant (see Summer 2021; van der Ploeg 2020) and NRC Handelsblad (see Segers 2021; Magendane 2020). I couldn't find any mentions in the more right leaning De Telegraaf. In each occurrence studied, the term is used to explain finance's negative impact on society. A more common sight are articles about the Netherlands' housing crisis, or 'woningcrisis'. This has been mostly concentrated to the Randstad where population growth has been higher than the rest of the country. Combined with a restrictive planning system and an overall inelastic housing supply this has been one of the main drivers behind the current crisis (Brekelmans 2020). Low interest rates have contributed to this increase in prices (Het Parool 2020). The presence of investors has also been linked to higher housing prices in local markets (Ollongren 2019).

Housing appears as a focal point in all major political parties' platforms. Most major parties include, to varying degrees, topics related to financialistaion in the programmes without explicitly mentioning it. The common denominator is the need to increase transfer taxes on investors to protect first-time homebuyers. Outside of this policy, left-wing parties include harsher language and policies. CDA, GroenLinks, Socialistische Partij, and Partij van de Arbeid all state that the current crisis was caused by an overreliance on the private market and want the state to provide more affordable housing while capping rents and allowing municipalities to regulate short-term letting services, like Airbnb (Bromet n.d.; SP 2021In Amsterdam, GroenLinks have previously sought to oust Airbnb completely (AD 2016). CDA also want to introduce a speculation clause on new housing projects which stipulates that buyers of new homes must also live there (CDA 2021). The Partij van de Arbeid want to introduce a tax on housing investors owning five or more properties called the 'Prins Bernhard' tax (PvdA 2021). This stands in contrast to the ruling VVD who favor a market- and investor-led approach to increasing the housing supply (VVD n.d.). In Amsterdam, the Court of Amsterdam recently struck down a ban on tourist rentals which was introduced last years in Amsterdam's central districts. The permit system, which only allows a property to be rented out for a maximum of 30 days per year, is still in effect (Lomas 2021). Other policies and legislation of interest include the national rent cap system on flats below a certain value (Amsterdam 2021).

There's a small amount of literature on financialization in a Dutch context. Some of the main contributors include Gertjan Wijburg (Utrecht University), Natascha van der Zwan (Leiden University), and Ewald Engelen (University of Amsterdam). Manuel Aalbers has worked with each mentioned academic. Literature on housing financialization is also quite slim, with contributions from Ewald Engelen, Manuel Aalbers, and Rodrigo Fernandez (KU Leuven).

Sources

AD (2016), "GroenLinks wil helemaal af van Airbnb in Amsterdam", *AD*, May 18, https://www.ad.nl/amsterdam/groenlinks-wil-helemaal-af-van-airbnb-in-amsterdam~af06147d/ (accessed 29/4-2021)

Amsterdam (2021), "Social housing and private sector rentals", https://www.amsterdam.nl/en/housing/rental-prices/ (accessed 29/4-2021)

Brekelmans, S. (2020), "What is fuelling the Dutch house price boom?", *bruegel,* Feb 19, https://www.bruegel.org/2020/02/what-is-fuelling-the-dutch-house-price-boom/ (accessed 29/4-2021)

Bromet, L. (n.d.), "Huren", https://groenlinks.nl/standpunten/wonen/huren (accessed 29/4-2021)

CDA (2021), “Volkshuisvesting”, https://www.cda.nl/standpunten/volkshuisvesting (accessed 29/4-2021)

Het Parool (2020), “The Amsterdam housing market is not a bubble”, Sep 8, https://www.eur.nl/en/news/amsterdam-housing-market-not-bubble (accessed 29/4-2021)

Lomas, N. (2021), “Court overturns Amsterdam’s three-district ban on Airbnb rentals”, *Tech Crunch*, Mar 15, https://techcrunch.com/2021/03/15/court-overturns-amsterdams-three-district-ban-on-airbnb-rentals/ (accessed 29/4-2021)

Magendane, K. (2020), ”Vertel de traumatische verhalen van deze crisis”, *NRC Handelsblad*, Dec 29, https://www.nrc.nl/nieuws/2020/12/28/vertel-de-traumatische-verhalen-van-deze-crisis-a4025428

Ollongren, K. H. (2019), “Onderzoek prijseffect op woningen door aankopen door particuliere beleggers”, *Tweede Kameer Der Staten-Generaal,* https://www.tweedekamer.nl/kamerstukken/brieven_regering/detail?id=2019Z19314&did=2019D40200 (accessed 29/4-2021)

PvdA (2021), “Ons plan voor volkshuisvesting”, Verkiezingsprogramma 2021-2025, https://www.pvda.nl/verkiezingen/verkiezingsprogramma/wonen/?maatregel-pandjesbazen-uit-het (accessed 29/4-2021)

Segers, M. (2021),”De tragedie van een land dat alles al weet”, *NRC Handelsblad*, Mar 6, https://www.nrc.nl/nieuws/2021/03/05/de-tragiek-van-een-land-dat-alles-al-weet-a4034376 (accessed 29/4-2021)

SP (2021), ”Een Land om te Wonen”, Verkiezingsprogramma 2021-2025, https://www.sp.nl/verkiezingsprogramma-2021 (accessed 29/4-2021)

Summer, M. (2021), “De PvdA wil terug naar de herverdeling van Joop den Uyl”, *de Volkskrant*, Feb 17, https://www.volkskrant.nl/nieuws-achtergrond/de-pvda-wil-terug-naar-de-herverdelingspolitiek-van-den-uyl~b04c2945/ (accessed 29/4-2021)

van der Ploeg, J. D. (2020), ”Laat ons voedsel niet over aan de markt”, *de Volkskrant*, Jul 1, https://www.volkskrant.nl/columns-opinie/opinie-laat-ons-voedsel-niet-over-aan-de-markt~b538c2da/ (accessed 29/4-2021)

VVD (n.d.), ”Wonen & Vervoer”, https://www.vvd.nl/pijlers/wonen-en-vervoer/ (accessed 29/4-2021)

8. New Zealand and Auckland

Housing affordability in New Zealand and its biggest cities, particularly Auckland, has been a hotly contested political issue in the last few years. Mostly, the blame has been placed on an undersupply of new housing, caused by planning restrictions, inadequate investment in public infrastructure, and an increase in net-migration (Johnson et al. 2018). There has also been serious debate about the role foreign, non-resident homebuyers play, resulting in the passing of the 'Overseas Investment Amendment Bill' in 2018 (NZP 2018). The law bans non-residents from buying existing homes and limits their investments to new apartments in larger developments. Stronger legislation has also been passed to curb housing speculation and to tax housing investors. One such example is the recent doubling of the time required for investors to hold on to a property to avoid paying additional taxes when selling from 5 years to 10 (Menon 2021).

I couldn't find any mention of financialization among New Zealand news outlets or in the wider public forum. In their party platforms, both the National and Labour party speak of a housing crisis. They both blame, to varying extent, cumbersome planning regulations as the main barrier while Labour also addresses the need for the state to provide public housing (Labour 2021; National 2021). Labour comes closest to addressing the concerns put forth by financialization authors by passing legislation to deter foreign homebuying and housing speculation and investment. As with the Sweden and Denmark, country specific literature on financialization is very sparse. Two examples of academics who are acquainted with the financialization concept include Bob Hargreaves and Graham Squires at Massey University (2018).

Sources

Hargreaves, B. and Squires, G. (2018), "The 'financialization' of housing", https://www.massey.ac.nz/massey/about-massey/news/article.cfm?mnarticle_uuid=96000DA9-4608-458A-B6AC-D46C0E3D54F5 (accessed 29/3-2021)

Johnson, A., Howden-Chapman, P. and Eaqub, S. (2018), "A Stocktake of New Zealand's Housing", https://www.beehive.govt.nz/sites/default/files/2018-02/A%20Stocktake%20Of%20New%20Zealand%27s%20Housing.pdf (accessed 29/3-2021)

Labour (2021), "Housing", https://www.labour.org.nz/housing (accessed 29/3-2021)

Menon, P. (2021), "New Zealand taxes investors, spends billions to cool housing market", *Financial Review*, 23 Mar, https://www.afr.com/property/residential/new-zealand-spends-billions-to-slow-skyrocketing-home-prices-20210323-p57d8u (accessed 29/3-2021)

National (2021), "Housing, Infrastructure & World Class Cities", https://www.national.org.nz/housing-infrastructure-world-class-cities (accessed 29/3-2021)

NZP (2018), "Overseas Investment Amendment Bill", https://www.parliament.nz/en/pb/bills-and-laws/bills-proposed-laws/document/BILL_75755/overseas-investment-amendment-bill (accessed 29/3-2021)

9. Portugal and Lisbon

Financialization, or "financeirização" in portugese, rarely appears outside of academia in a Portugese context, and then only in critical left-leaning publications (see Esquerda 2021). Among academics who use the concept are Riccardo Barradas (Lisbon Accounting and Business School), Sérgio Lagoa (ISCTE – Lisbon University Institute), and Nuno Teles (University of Coimbra). Within housing studies specifically, the focus has often been on the impact of foreign investment (Marques et al. 2019) and tourism gentrification, especially as it pertains to Lisbon. This will often include an analysis of short-term letting services' effect on the local housing market and its residents (Lestegas 2019; Cocola-Gant and Gago 2019). In each case, the term is used to critically examine the effect of the finance sector's growing influence. Manuel Aalbers and other prominent academics within housing financialization are cited in all of the housing papers reviewed.

Among Portugal's political parties with platforms available for translation, there are no mentions of financialization or related concepts. The governing Socialist Party's (PS) platform includes the ambitious goal of eradicating all housing shortages by 2024. This will, in part, be accomplished through the supply of public and cooperative housing (PS 2019). Access to adequate housing is an important political issue in Portugal. In 2019 a bill was passed by a majority left-wing coalition which classifies housing as a citizens' right, making the government a "guarantor of the right to housing" (Yeung 2019). An additional program to note is the so-called "Golden Visa" program which confers residency status to foreigners in return for an investment. There are several investment options available, among which is a real estate investment of a minimum of €500,000 (SEF n.d.). The program has been criticized by Prime Minister António Costa but has so far remained in place (Almeida 2020).

Sources

Almeida, H. (2020), "Portugal Looks to Cut 'Golden Visa' Incentives for Foreign Property Buyers", *Bloomberg*, Jan 29, https://www.bloomberg.com/news/articles/2020-01-29/portugal-cuts-incentives-for-foreign-buyers-amid-property-boom (accessed 22/4-2021)

Cocola-Gant, A. and Gago, A. (2019), "Airbnb, buy-to-let investment and tourism-driven displacement: A case study in Lisbon", *Environment and Planning A: Economy and Space*, DOI: 10.1177/0308518X19869012

Esquerda (2021), "Estudo revela consequências da financeirização da habitação", *Esquerda*, Feb 16, https://www.esquerda.net/artigo/estudo-revela-consequencias-da-financeirizacao-da-habitacao/72848 (accessed 22/4-2021)

Lestegas, I. (2019), "Lisbon after the crisis: from credit-fueled suburbanization to tourist-driven gentrification", *International Journal of Urban and Regional Research*, Vol. 43, No. 4: pp 705-723

Marques, T. S., Matos, F. L., Saraiva, M., Maia, C., Ribeiro, D. and Ferreira, M. (2019), "The financialization of the housing market in Porto and Lisbon (PT): CiTown Project report Lisbon and Porto (Portugal) case-studies", https://hdl.handle.net/10216/124017

PS (2019), "Programa Eleitoral Legislativas 2019", https://todosdecidem.ps.pt/completo/explorar/?tema=demografia (accessed 22/4-2021)

SEF (n.d.), "ARI – Residence permit for investment activity", https://www.sef.pt/en/pages/conteudo-detalhe.aspx?nID=21 (accessed 22/4-2021)

Yeong, P. (2019), “Portugal Passes ‘Right to Housing’ Law As prices Surge”, *Bloomberg CityLab*, Jul 8, https://www.bloomberg.com/news/articles/2019-07-08/housing-law-in-portugal-to-slow-gentrification (accessed 22/4-2021)

10. Singapore

There are occasional mentions of financialization (*金融化 in mandarin)* among Singapore's leading news outlets (see Biswas and Hartley 2015; Stiglitz 2016). While it's difficult to tell with certainty, there seems to be more and more recent mentions in Chinese news outlets such as Lianhe Zaobao (联合早报) (see Zaobao 2021). In each case it's used to describe a negative phenomenon. With around 90% homeownership rates and 80% of housing stock being public housing, both domestic and international media use Singapore as a model for how to solve a housing crisis (see Majendie 2020). On the private property market, the Singaporean government introduced a foreign purchase fee in 2011 to deter housing speculation (Vaughan 2013). An Additional Buyer's Stamp Duty (ABSD) is also applied to all purchases of additional homes beyond the primary residence. These rates are higher for foreigners and have been rising since their inception (IRAS n.d.).

The general literature on financialization in a Singaporean context is quite small, with most of the available articles focusing on banking and finance and contributed to by Karen P.Y. Lai (Durham University) and Gordon Kuo Siong Tan (Singapore University of Technology and Design). With regards to housing, there's even less material available with one of the lone contributors being Beng Huat Chua (National University of Singapore) (see Chua 2014). The only reference to more mainstream housing financialization authors in the piece written by Beng Huat Chua is Richard Ronald.

Between the ruling People's Action Party (PAP), and the two major opposition parties, the Worker's Party (WP), and Progress Singapore Party (PSP), both the WP and the PSP address the need to lower housing costs in their manifestos (WP 2020; PSP 2020), while the PAP's housing policy is centred on making homes more affordable for families and on housing redevelopment (PAP 2020). Neither party mentions financialization or any related concept or issue.

Sources

Biswas, A. K. and Hartley, K. (2015), "Asia' problem with wealth inequality", *The Strait Times*, Oct 22, https://www.straitstimes.com/opinion/asias-problem-with-wealth-inequality (accessed 23/4-2021)

Chua, B. H. (2014), "Financialising public housing as an asset for retirement in Singapore", *International Journal of Housing policy*, Vol. 15, No. 1: pp 27-42

IRAS (n.d.), "Additional Buyer's Stamp Duty (ABSD)", https://www.iras.gov.sg/irashome/Other-Taxes/Stamp-Duty-for-Property/Working-out-your-Stamp-Duty/Buying-or-Acquiring-Property/What-is-the-Duty-that-I-Need-to-Pay-as-a-Buyer-or-Transferee-of-Residential-Property/Additional-Buyer-s-Stamp-Duty--ABSD-/ (accessed 23/4-2021)

Majendie, A. (2020), "Why Singapore Has One of the Highest Home Ownership Rates", Bloomberg CityLab, Jul 8, https://www.bloomberg.com/news/articles/2020-07-08/behind-the-design-of-singapore-s-low-cost-housing (accessed 23/4-2021)

PAP (2020), "PAP Manifesto 2020 – Our Lives, Our Jobs, Our Future", https://issuu.com/pap.sg/docs/pap-manifesto-2020-our-lives-our-jobs-our-future (accessed 23/4-2021)

PSP (2020), "Progress Singapore Party Manifesto 2020", https://drive.google.com/drive/folders/1735kX0p-UVMysOdKWXh-LyUhesaGHYzM (accessed 23/4-2021)

Sitglitz, J. E. (2016), “Globalisation and its new discontents”, The Strait Times, Aug 8, https://www.straitstimes.com/opinion/globalisation-and-its-new-discontents (accessed 23/4-2021)

Vaughan, M. (2013), “Singapore’s Housing Tax Hits Home”, The Wall Street Journal, Jan 29, https://www.wsj.com/articles/SB10001424127887323375204578269940952611204 (accessed 23/4-2021)

WP (2020), “The Worker’s Party Manifesto 2020”, https://d3bnzwrhehvhbjiwmja.s3-ap-southeast-1.amazonaws.com/The+Workers+Party+Manifesto+2020.pdf (accessed 23/4-2021)

Zaobao (2021), “郭树清：房地产领域泡沫仍较”, Zaobao, Mar 2, https://www.zaobao.com.sg/realtime/china/story20210302-1128104 (accessed 23/4-2021)

11. Spain and Madrid

Financialization (translated to 'Financiarización' in Spanish) occasionally appears in major Spanish new media, such as El Mundo, El País, and La Vanguardía (see Palacio 2020; Missé 2020; Aymerich 2021). The term is almost always used to describe a negative phenomenon and often appears in opinion pieces. A topic which has garnered a lot of attention lately is the decline in real estate prices across Spain, particularly in Madrid and Barcelona, and whether there's a looming real estate collapse on the horizon and how this would impact the rest of the economy (see Latvian 2020; Ugalde 2021). Despite the decline in property prices, Spain's and Madrid's rental sector remains unaffordable for many, with a recent study suggesting over a million new homes are needed to alleviate this (Aranda 2021). Besides increasing supply, others have advocated for rent caps and taxing vacant properties (González 2021).

Housing is not a central issue in most of the major parties' platforms. While no party mentions financialization outright, Unidas Podemos wants to "fight" vulture funds and housing speculators as well as limit tourist apartments. More specifically, they want to audit financial institutions and place distressed assets within housing programs and conduct a public census of empty homes belonging to institutional investors (Podemos 2021). In contrast to this, both Vox and Partido Popular favor market-led approaches and tougher prosecution of illegal squatting (Vox 2020; PP 2019).

The literature on financialization in Spain is fairly limited. Contributors include Matilde Massó (University of Coruna) and Ignacio Álvarez (Autonomous University of Madrid), with Daniel Coq-Huelva (University of Sevilla) and Irene Sabaté (University of Barcelona) writing on housing related topics. In each case studied, financialization is used to critically examine finance's growing influence and its negative consequences in various settings.

Sources

Aranda, J. L. (2021), "España necsita más de un millón de viviendas de alquier a precio asequible, según un estudio", *El País*, Apr 28, https://elpais.com/economia/2021-04-28/espana-necesita-mas-de-un-millon-de-viviendas-de-alquiler-a-precio-asequible-segun-un-estudio.html (accessed 29/4-2021)

Aymerich, R. (2021), "Son tiempos para un nuevo comienzo", *La Vanguardía*, Feb 10, https://www.lavanguardia.com/internacional/20210210/6203664/tiempo-nuevo-comienzo-europa-new-deal-plan-marshall-fondo-recuperacion.html (accessed 29/4-2021)

González, A. N. (2021), "La vivienda de alquiler en España tiene un problema de precio y así pretende solucionarlo el Gobierno", *El Blog Salmón*, Mar 22, https://www.elblogsalmon.com/economia-domestica/vivienda-alquiler-espana-tiene-problema-precio-asi-pretende-solucionarlo-gobierno (accessed 29/4-2021)

Latvian, S. L. (2020), "2021, el ano en el que el precio de la vivienda volverá a caer", *El País*, Dec 20, https://elpais.com/economia/2020-12-19/2021-el-ano-en-el-que-el-precio-de-la-vivienda-volvera-a-caer.html (accessed 29/4-2021)

Missé, A. (2020), "El verdadero problema de la vivienda", *El País*, Sep 21, https://elpais.com/economia/2020-09-20/el-verdadero-problema-de-la-vivienda.html (accessed 29/4-2021)

Palacio, A. (2020), “Palmetazo a “La mano invisible””, *El Mundo*, Dec 26, https://www.elmundo.es/internacional/2020/12/26/5fe5e37821efa092798b4675.html (accessed 29/4-2021

Podemos (2021), “Garantías de Justicia Social”, *Programa de Podemos*, https://podemos.info/bloque/garantias-justicia-social/ (accessed 29/4-2021)

PP (2019), ”Más Oportunidades para las Personas”, *Programma electoral del Partido Popular*, https://www.pp.es/conocenos/programas (accessed 29/4-2021)

Ugande, R. (2021), “La caída de precios de la vivienda en Madrid y Barcelona sigue los pasos de la crisis de 2008”, *Cotizalia*, Feb 23, https://www.elconfidencial.com/empresas/2021-02-23/caida-vivienda-comparable-crisis-2008-gloval_2962351/ (accessed 29/4-2021)

Vox (2020), “¿Qué medidas propone VOX para impulsar el sector de la vivienda?”, https://www.voxespana.es/grupo_parlamentario/actividad-parlamentaria/proposiciones-no-de-ley/que-medidas-propone-vox-para-impulsar-el-sector-de-la-vivienda-20200817 (accessed 29/4-2021)

12. Sweden and Stockholm

In a Swedish context, financialization (in Swedish adopted as “finansialisering”), has increasingly been used to explain the rise in inequalities, household debt, housing insecurity, and a general dismantling of the Swedish welfare state. There’s been an especially big focus on the state of the Swedish welfare regime and on housing, mostly in growing cities and with particular emphasis on the three largest. A large share of the blame is placed on the government for actively contributing to financialising the economy and everyday life. Two of the most prominent proponents of this viewpoint is Markus Kallifatides (Stockholm School of Economics) and Claes Belfrage (University of Liverpool) who have argued their case through papers in economic journals (Kallifatides and Belfrage 2018), research reports (Kallifatides and Belfrage 2017), and articles in one of the largest and most liberal Swedish newspapers (Suhonen et al. 2017). Bret Christophers (Uppsala University) is another important contributor and perhaps one of few links to the Aalbers camp. Leading critics of the financialization concept include Harry Flam (Stockholm University).

There are at least two ongoing research projects on the subject. The first is financed by the agency for innovation, Vinnova, and carried out by the department of financial economics at the Stockholm School of Economics. Expected delivery date is December 2022 (Vinnova 2019). The other is financed by the Swedish Research Council and awarded to the Institute for Urban Research at Malmö university. The project is set to start in November 2021 and is due in November 2025 (MAU 2021).

Financialization is still mostly a term used in academic circles, sometimes popping up in popular, mostly social democratic and progressive, news outlets. However, rapidly increasing housing prices, declining housing affordability, privatization of former social housing units, and fear of a housing bubble has been vigorously debated and legislation was passed in 2016 and 2018 to lower household mortgage debt through tighter amortization requirements. Politically, all the major parties address the housing crisis but present diverging reasons and solutions. Only the Left Party incorporates terms and arguments similar to those found in mainstream financialization literature.

What is remarkable in the Swedish context is that financialization research is being conducted by researchers at prominent business schools with articles published in economics journals. Discussions have been held on economics blogs where leading economists have debated the subject. Another remarkable aspect is that, at least in Kallifatides and Belfrage’s contributions, there’s no mention of Aalbers or almost any of the other mainstream financialization authors. This could be because the authors are putting forth arguments in part based on economic analysis. Commonalities can be found through Bret Christophers and references to David Harvey and Thomas Piketty. It should be clarified that the Swedish financialization literature is still quite small. However, it’s gained enough attention to be supported by government agencies and leading academic institutions.

Sources

Kallifatides, M. and Belfrage, C. (2018), “Financialization and the New Swedish Model”, *Cambridge Journal of Economics*, Vol. 42, No.4: pp 875-900

Kallifatides, M. and Belfrage, C. (2017), “Finansialiseringen av Sverige: På väg mot nästa kris?”, *Katalys – Institut för facklig idéutveckling*, no. 38, https://www.katalys.org/wp-content/uploads/2017/11/Katalys_Finansialisering-av-Sverige_webb.pdf (accessed 26/3-2021)

MAU (2021), ”Finansialisering av vardagslivet i Sverige. Intersektionella perspektiv på otrygghet i boendet och arbetslivet”, https://mau.se/forskning/projekt/finansialisering-av-vardagslivet-i-sverige/ (accessed 26/3-2021)

Suhonen, D., Belfrage, C. and Kallifatides, M. (2017), “Finanssektorns dominans bäddar för kris inom kort”, *DN*, 25 Nov, https://www.dn.se/debatt/finanssektorns-dominans-baddar-for-kris-inom-kort/ (accessed 26/3-2021)

Vinnova (2019), ”Finansialisering”, https://www.vinnova.se/p/finansialisering/ (accessed 26/3-2021)

13. UK and London

Financialization appears only sporadically in British mainstream media. Notable appearances include a BBC Radio 4 standalone piece in a series called "The New Age of Capitalism" (BBC 2019), and several articles in the Financial Times, primarily written by Rana Foroohar (see Foroohar 2019). In each case the term is partly used descriptively to explain the phenomenon, whereby companies focus more on financial markets rather than the real economy. It's also almost always used critically. More often, however, the term is found among more left-leaning or progressive think tanks and alternative media outlets (see Martin and Ryan-Collins 2016).

There are several contributors to financialization literature focused on the UK and London. Among them are Costas Lapavitsas (SOAS), Keith Jacobs and Tony Manzi (Sheffield Hallam University), and Aeron Davis (Goldsmiths) to name a few. Within housing, academics such as Michael Edwards (UCL), Quintin Bradley (Leeds Beckett University), and Keith Jacobs and Toni Manzi (Sheffield Hallam University) have all written on the subject (see Edwards 2016; Jacobs and Manzi 2019; Bradley 2020). Interestingly, there's a module offered at King's College titled "Geographies of Financialization & Value-Making" (KCL n.d.).

On a national level, there's no mention of financialization in either of the major parties' manifestos. However, Labour does allude to many of the same mechanisms and effects as those found in financialization literature. They bemoan that the current UK housing system "treats homes as financial assets rather than places to live" in their 2019 manifesto. They plan to increase housing supply and affordability through numerous policies, including imposing a levy on overseas companies buying housing, empowering local councils to tax vacant properties, utilizing rent controls, give powers to local councils to regulate short-term lets, and introduce a national levy on second homes (Labour 2019). The Conservative Party focuses their housing policy in their 2019 manifesto primarily on homeownership. However, as a way to fund affordable housing and homelessness measures, they propose a stamp duty surcharge on non-UK resident buyers (Conservative 2019). This stamp duty went into effect on April 1, 2021 (GOV 2020) and will sit on top of the stamp duty on additional homes already in place (GOV n.d.). In London, Mayor Sadiq Khan pledges to prioritise affordable homes over "luxury penthouse apartments" and to back rent control (Khan 2021). The conservative challenger, Shaun Bailey, agrees that London's housing market caters more to wealthy buyers and pledges to build 100,000 new homes and selling them at a price of £100,000 each (Bailey n.d.).

Sources

Bailey, S. (n.d.), "Getting young Londoners on the housing ladder", https://www.shaunbailey.uk/plans/getting-young-londoners-on-the-housing-ladder (accessed 26/4-2021)

BBC (2019), "The New Age of Capitalism", *BBC Radio 4*, Feb 27, https://www.bbc.co.uk/programmes/b0bk1rz3 (accesses 26/4-2021)

Bradley, Q. (2020), "The financialistion of housing land supply in England", *Urban Studies*, Vol. 58, No. 2: pp 389-404

Conservative (2019), "The Conservative and Unionist Party Manifesto 2019", https://assets-global.website-files.com/5da42e2cae7ebd3f8bde353c/5dda924905da587992a064ba_Conservative%202019%20Manifesto.pdf (accessed 26/4-2021)

Edwards, M. (2016), "The housing crisis and London", *City: Analysis of Urban Change, Theory, Action*, Vol. 20, No. 2: pp 222-237

Foroohar, R. (2019), "The allure of financial tricks is fading", *The Financial Times*, Mar 3, https://www.ft.com/content/a9f13afc-3c3d-11e9-b856-5404d3811663 (accessed 26/4-2021)

GOV (n.d.), "Stamp Duty Land Tax", https://www.gov.uk/stamp-duty-land-tax/residential-property-rates (accessed 26/4-2021)

GOV (2020), "New rates of Stamp Duty Land Tax for non-UK residents from 1 April 2021", https://www.gov.uk/government/publications/new-rates-of-stamp-duty-land-tax-for-non-uk-residents-from-1-april-2021 (accessed 26/4-2021)

Jacobs, K. and Manzi, T. (2019), "Conceptualising 'financialization': governance, organizational behaviour and social interaction in UK housing", *International Journal of Housing Policy*, Vol. 20, No. 2: pp 184-202

KCL (n.d.), "Geographies of Financialization & Value-Making", https://www.kcl.ac.uk/abroad/module-options/module?id=26553f4b-0725-4e8b-b566-f9a6102dc830 (accesses 26/4-2021)

Khan (n.d.), "Standing up for London", https://sadiq.london/standing-up-for-london/ (accessed 26/4-2021)

Labour (2019), "Housing", https://labour.org.uk/manifesto-2019/tackle-poverty-and-inequality/ (accessed 26/4-2021)

Martin, A. and Ryan-Collins, J. (2016), "The Financialization of UK Homes", *New Economics Foundation*, Apr 21, https://neweconomics.org/2016/04/the-financialization-of-uk-homes (accessed 26/4-2021)

14. USA and Miami

Besides mentions on alternative media sites, I could only find sporadic appearances of financialization in more mainstream media outlets. One such example is an article from Forbes which connects financialization to the decline of manufacturing in America (Collins 2015). An additional example, albeit from a lesser circulated source, is an article in the Wharton magazine explaining how the US economy became financialised and the possible associated effects (Miller 2015). In general, like in almost every other country studied, the term is deployed by academics as a way to critically examine the financial industry's effect on the rest of the economy and to study processes of capital accumulation.

There's a decent amount of literature on financialization in an American context with authors, including economists, at prominent institutions such as Harvard and UCLA embracing the term (see Freeman 2010 and Krippner 2005). Other academics, such as Suzanne Berger, have argued similar points as financialization authors without invoking the term (see Berger 2014). Regarding housing specifically, I could only find mentions of the US in comparative studies by international authors, such as Manuel Aalbers and Desiree Fields. Among political parties, I found no mention of financialization or its associated causes such as institutional investment, foreign investment etc. The DNC puts home ownership at the center of their housing policy and blames predatory lending practices aimed at low-income families and minorities for its reduction. To address this, they propose federal assistance to increase supply of affordable housing, partly through government construction, and to support demand (DNC 2020). Homeownership is also central to GOP housing policies. While there's some blame placed on poor underwriting standards and predatory lending practices for the financial crisis and the resulting drop in homeownership rates, the main culprit prohibiting affordable homes and ownership is restrictive federal regulation (Ballotpedia 2020).

In Miami-Dade county, housing affordability is a major public concern. To address this, the City of Miami commissioned an affordable housing master plan from the Jorge. M. Pérez metropolitan center at Florida International University. The plan seeks to increase the supply of affordable housing from 20 to 25% of the total housing stock by establishing a bank which will provide low-cost loans, grants, and tax-incentives for anyone looking to develop, acquire, or rehabilitate affordable housing. Additionally, the plan seeks to streamline the construction permit process. The only reason listed among the drivers reducing affordability that is related to financialization is the influx of foreign investment (Miami 2020). The effect foreign property investors have on housing prices is also reiterated in a 2017 report commissioned by the county Public Housing and Community Development department (Greiner et al. 2017).

Sources

Ballotpedia (2020), "The Republican Party Platform, 2020", https://ballotpedia.org/The_Republican_Party_Platform,_2020 (accessed 21/4-2021)

Berger, S. (2014), "How Finance Gutted Manufacturing", *Boston Review*, Apr 1, http://bostonreview.net/forum/suzanne-berger-how-finance-gutted-manufacturing (accessed 21/4-2021)

Collins, M. (2015), "Wall Street And The Financialization of the Economy", *Forbes*, Feb 4, https://www.forbes.com/sites/mikecollins/2015/02/04/wall-street-and-the-financialization-of-the-economy/?sh=782139b15783 (accessed 21/4-2021)

DNC (2020), "Party Platform", https://democrats.org/where-we-stand/party-platform/ (accessed 21/4-2021)

Freeman, R. B. (2010), “It’s financialization!”, *International Labour Review*, Vol. 149, No. 2: pp 163-183

Greiner, K. T., Rosado, R., Damian, J., Murray, E. and Bachin, R. (2017), “The Dynamics of Housing Affordability in Miami-Dade County”, https://civic.miami.edu/_assets/pdf/housing-initiatives/housing-reports/Dynamics-of-Housing-Affordability-Inclusionary-Zoning-2017-4-19-Final.pdf (accessed 21/4-2021)

Krippner, G. R. (2005), “The financialization of the American economy”, *Socio-Economic Review*, Vol. 3: pp 173-208

Miami (2020), “City of Miami Affordable Housing Master Plan (Draft)”, https://issuu.com/fiumetrocenter/docs/city_of_miami_affordable_housing_master_plan_draft (accessed 21/4-2021)

Miller, D. (2015), “Two Faces of American Financialization”, *Wharton Magazine*, Sep 30, https://magazine.wharton.upenn.edu/digital/two-faces-of-american-financialization/ (accessed 21/4-2021)

Appendix D: Key country specific data

Comparing the countries

Table 1: Homeownership rates

Country	1980 (or earliest)	2020 (or latest)	Difference
Australia	71.4%	66.2%	-5.2%
Canada	62.1%	67.8%	5.7%
Denmark	55.4%	49.0%	-6.4%
England	57.4%	63.8%	6.4%
Germany	53.3%	51.1%	-2.2%
Ireland	74.7%	69.8%	-4.9%
New Zealand	70.7%	64.5%	-6.1%
Portugal	56.6%	73.2%	16.7%
Singapore	83.2%	94.1%	10.9%
Spain	80.6%	75.1%	-5.5%
Sweden	56.0%	61.8%	5.8%
USA	65.5%	65.3%	-0.2%

Table 2: Housing cost share of income

Country	2005 (or earliest)	2020 (or latest)	Difference
Australia	19.0%	15.9%	-3.1%
Canada			
Denmark	28.6%	26.4%	-2.2%
Germany	24.1%	29.7%	5.6%
Ireland	13.0%	15.1%	2.1%
New Zealand			
Portugal	13.2%	14.3%	1.1%
Singapore			
Spain	14.1%	16.9%	2.8%
Sweden	24.5%	21.5%	-3.0%
UK	27.8%	25.1%	-2.7%
USA	21.5%	17.4%	-4.1%

Table 3: Rent share of income

Country	2005 (or earliest)	2020 (or latest)	Difference
Australia	18.9%	20.2%	1.3%
Canada			
Denmark	27.0%	28.2%	1.2%
Germany	21.4%	21.7%	0.3%
Ireland	17.7%	20.4%	2.7%
New Zealand			
Portugal	15.0%	19.3%	4.3%
Singapore			
Spain	26.1%	29.9%	3.8%
Sweden	32.4%	30.4%	-2.0%
UK	30.5%	31.5%	1.0%
USA	31.6%	29.3%	-2.3%

Table 4: Foreign residential investment share of total attributable residential investment volume

Year	Denmark	Germany	Ireland	Portugal	Spain	Sweden	UK
2011	66.8%	22.2%				1.2%	26.9%
2012	12.5%	24.9%	94.7%		68.1%	0.0%	16.4%
2013	45.4%	14.7%	90.3%		87.9%	0.0%	51.9%
2014	40.8%	16.5%	29.1%		54.3%	0.0%	42.4%
2015	50.0%	10.3%	76.0%		41.4%	1.5%	69.9%
2016	44.9%	23.9%	40.8%		39.1%	0.2%	34.8%
2017	58.2%	30.1%	79.2%	100.0%	77.0%	1.1%	41.3%
2018	56.4%	18.4%	46.0%	31.7%	88.8%	1.8%	44.4%
2019	43.6%	11.2%	52.3%	100.0%	72.1%	52.4%	52.2%
2020	61.3%	50.9%	78.6%	0.0%	82.0%	9.1%	66.7%
2021	69.1%	19.8%	75.9%	99.5%	80.1%	5.2%	44.0%
Average	49.9%	22.1%	66.3%	66.2%	69.1%	6.6%	44.6%

Table 5: Regression results for share foreign residential investment volume by year

	Denmark	**Germany**	**Ireland**	**Portugal**	**Spain**	**Sweden**	**UK**
Constant	0.368*** (0.095)	0.163* (0.074)	0.736*** (0.184)	0.956 (1.566)	0.558*** (0.142)	-0.052 (0.095)	0.303*** (0.092)
Share foreign investment	0.022 (0.014)	0.010 (0.011)	-0.011 (0.026)	-0.033 (0.172)	0.020 (0.020)	0.020 (0.014)	0.024 (0.014)
R-squared	0.214	0.080	0.023	0.012	0.115	0.179	0.257
No. observations	11	11	10	5	10	11	11

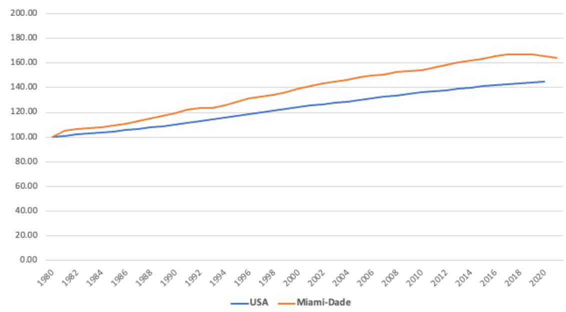
Source: Standard errors are reported in parentheses.
*Note: *, **, *** indicates significance at the 90%, 95%, and 99% level, respectively.*

The cities compared to the countries

1) US, England, Canada and Hong Kong

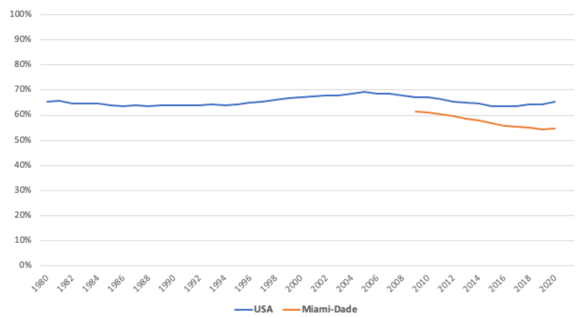
a. USA and Miami

Population USA and Miami-Dade County
1980=100



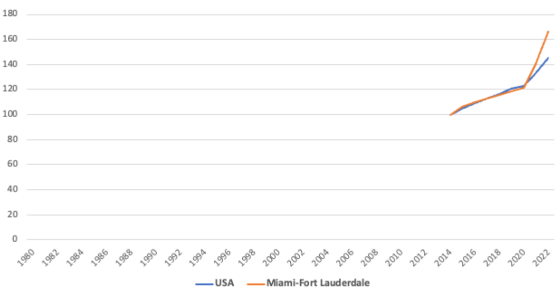
USA: St Louis Fed table POPTOTUSA647NWDB
Miami: St Louis Fed FLMIAM6POP

Homeownership rates USA and Miami-Dade Country



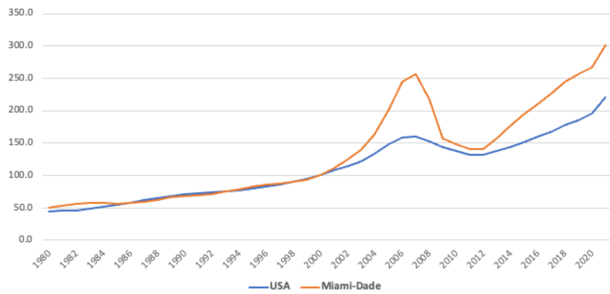
USA: St Louis Fed table RHORUSQ156N
Miami: St Louis Fed table HOWNRATEACS012086

Rent index for USA and Miami-Fort Lauderdale
2014=100



USA: Zillow
Miama: Zillow

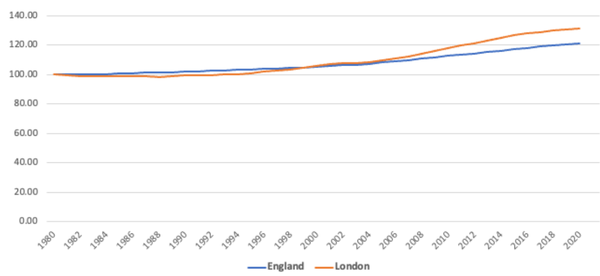
House price index for USA and Miami-Dade
2000=100



USA: St Louis Fed table USSTHPI
Miami: St Louis Fed table ATNHPIUS12086A

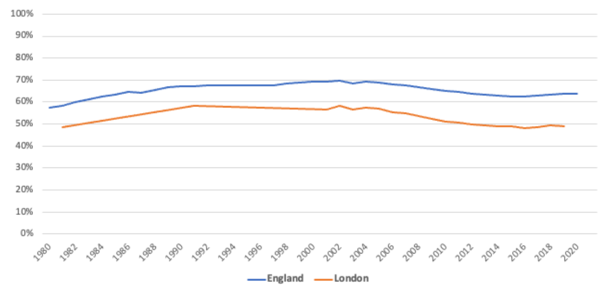
b. England and London

Population England and London
1980=100



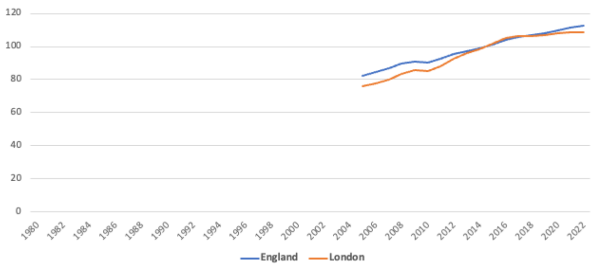
England: ONS mid-2019 estimates
London: London Datastore population

Homeownership rates England and London



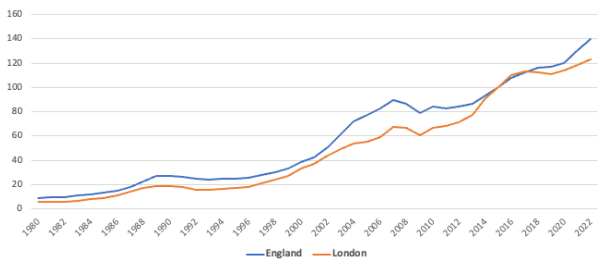
England: UK Gov table 104
London: UK Gov table 104

Rent index for England and London 2015=100



England: ONS Index of private housing rental prices
London: ONS Index of private housing rental prices

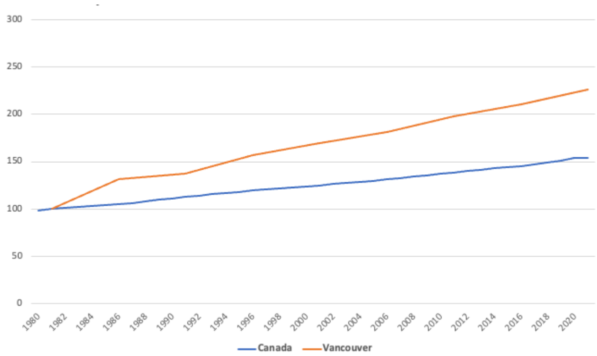
House price index for England and London 2015=100



England: Landregistry
London: Landregistry

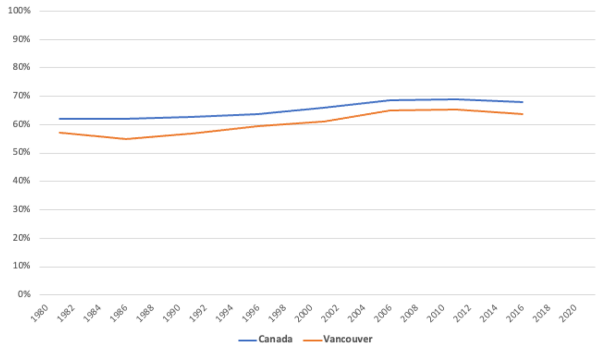
c. Canada and Vancouver

Population Canada and Vancouver 1981=100



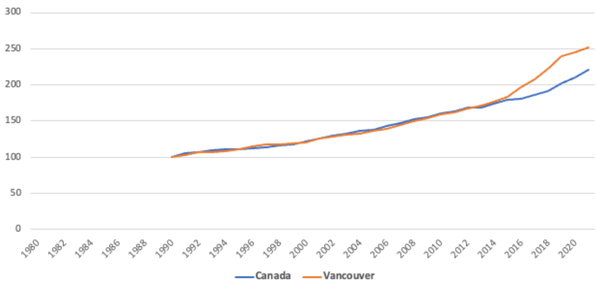
Canada: Statistics Canada table 17-10-0009-01
Vancouver: Statistics Canada table 2021 population census report

Homeownership rates Canada and Vancouver



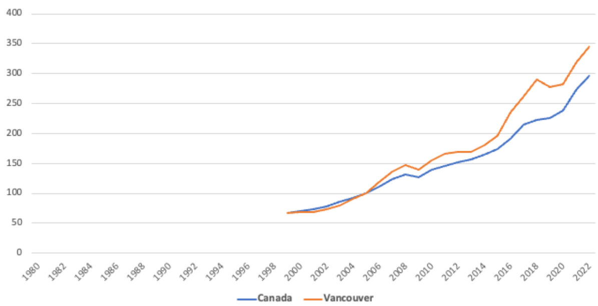
Canada: 1981-2016 census London: UK Gov table 104
Vancouver: 1981-2016 census

Rent index for Canada and Vancouver 1990=100



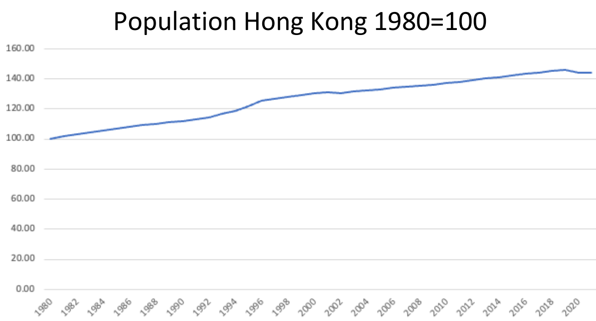
Canada: Canada Mortgage and Housing Corporation
Vancouver: Canada Mortgage and Housing Corporation

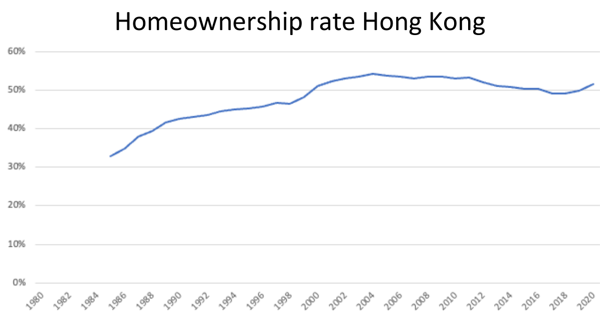
Houseprice index for Canada and Vancouver 2005=100



Canada: House Price Index
Vancouver: House Price Index

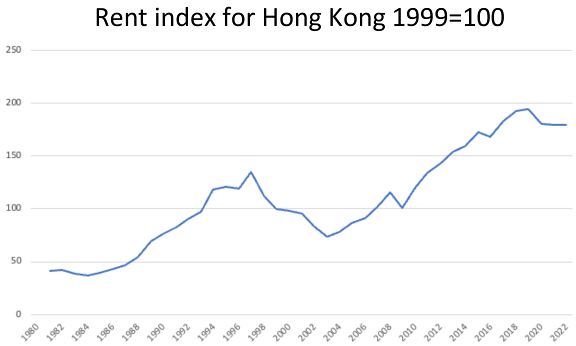
d. Hong Kong

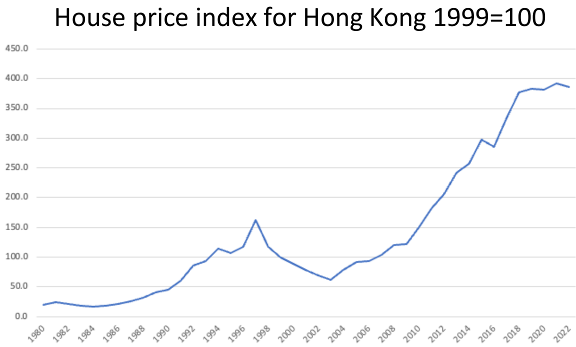




Source: Census and Statistics Department table 1A

Source: Census and Statistics Department table E030

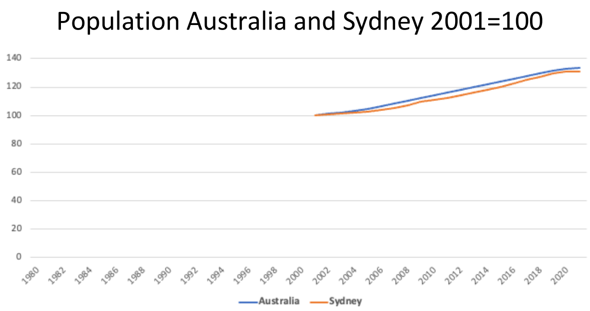


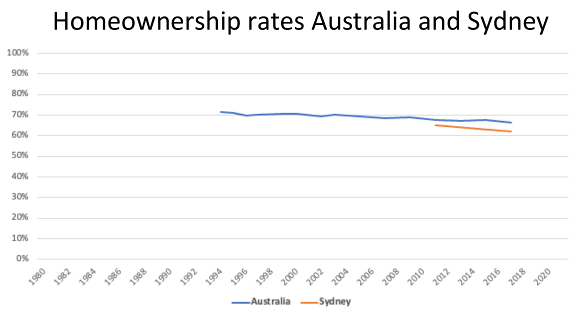


Source: Rating and Valuation Department Property Market Statistic

2) **Australia, New Zealand and Singapore**

a. Australia and Sydney





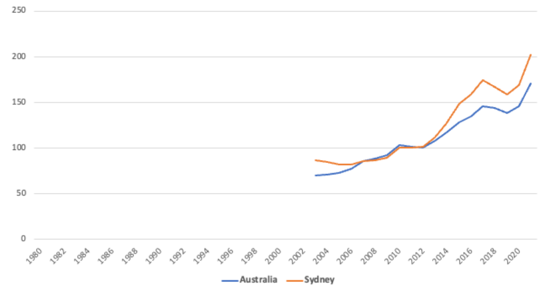
Australia: Australian Bureau of Statistics population sep 2021
Sydney: Australian Bureau of Statistics regional population 2020-21

Australia: Australian Bureau of Statistics housing occupancy 2017-18
Sydney: Australian Bureau of Statistics 2011, 2016 census

Rent index for Australia and Sydney 2009=100

Australia: SQM Research
Sydney: SQM Research

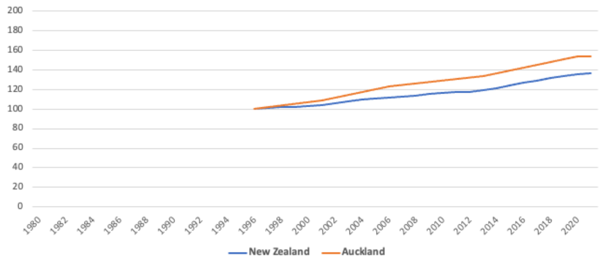
House price index for Australia and Sydney 2012=100



Australia: Australian Bureau of Statistics population table 1
Sydney: Australian Bureau of Statistics population table 1

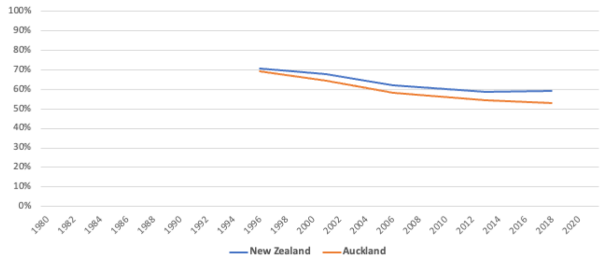
b. New Zealand and Auckland

Population New Zealand and Auckland 1996=100



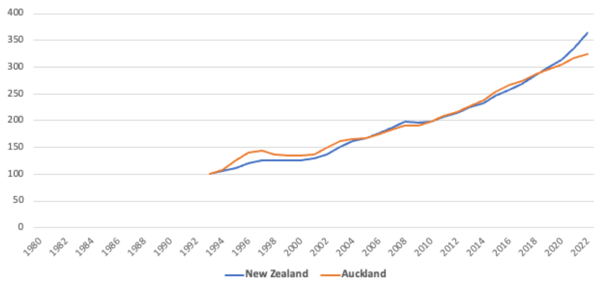
New Zealand: Stats NZ population general topic
Auckland: Stats NZ census and subnational population estimates

Homeownership rates New Zealand and Auckland



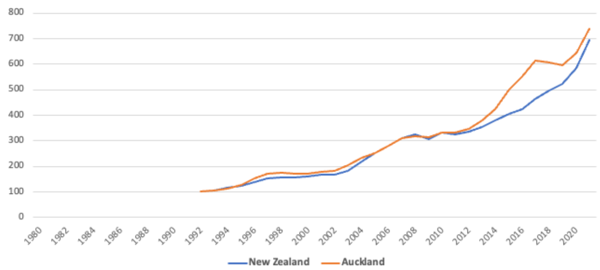
New Zealand: Stats NZ 1996-2018 census
Auckland: Stats NZ 1996-2018 census

Rent index for New Zealand and Auckland 1993=100



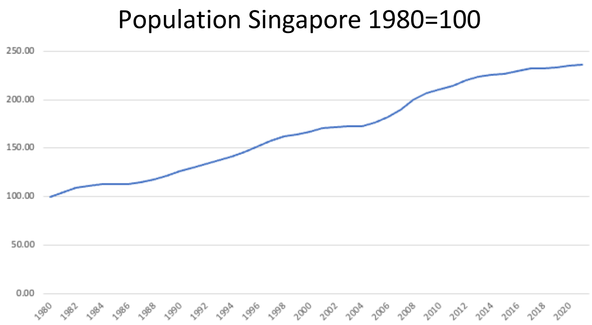
New Zealand: Tenancy Services rental bond data
Auckland: Tenancy Services rental bond data

House price index for New Zealand and Auckland 1992=100

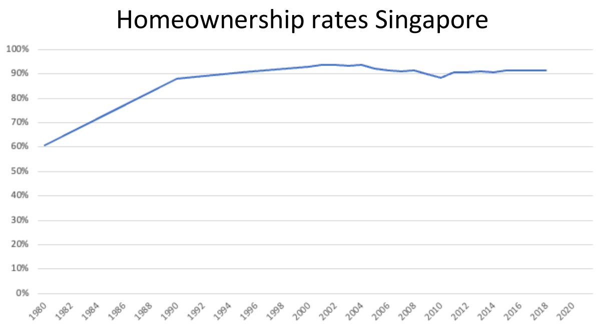


New Zealand: REINZ median housing price
Auckland: REINZ median housing price

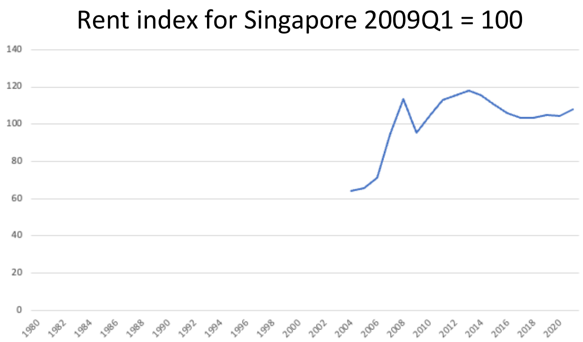
c. Singapore



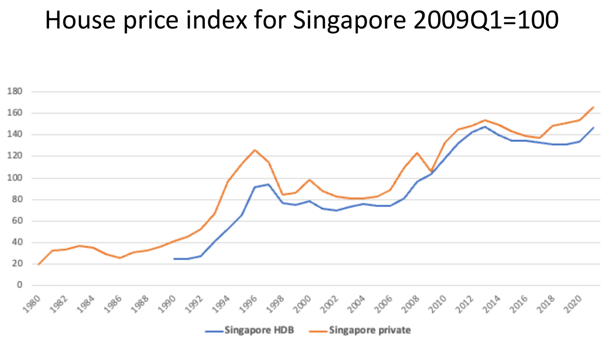
Source: SingStat table M810001



Source: SingStat resident households by tenancy



Source: SingStat private property reantal index

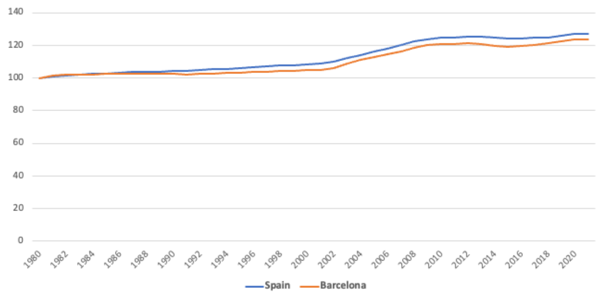


HDB: SingStat HDB Resale Price Index
Private: Private Property Price Index

3) Iberian Peninsula

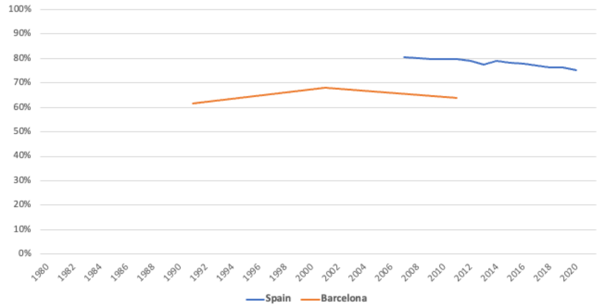
a. Spain and Barcelona

Population Spain and Barcelona 1980=100



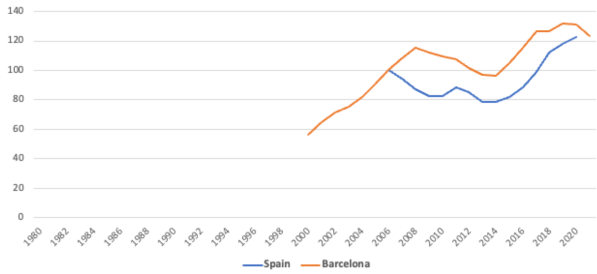
Spain: INE main population series since 1971
Barcelona: INE main population series since 1971

Homeownership rates Spain and Barcelona



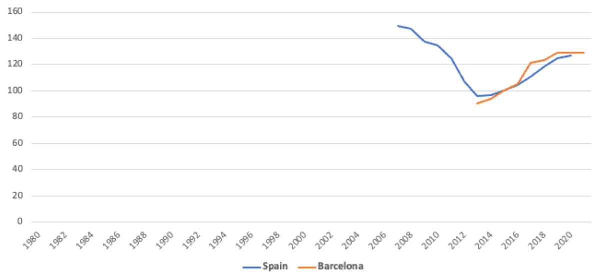
Spain: Eurostat
Barcelona: Diputació Barcelona INDI_MHAB

Rent index for Spain and Barcelona 2006=100



Spain: Idealista ID 1198549
Barcelona: Departament d'Estadística i Difusió de Dades

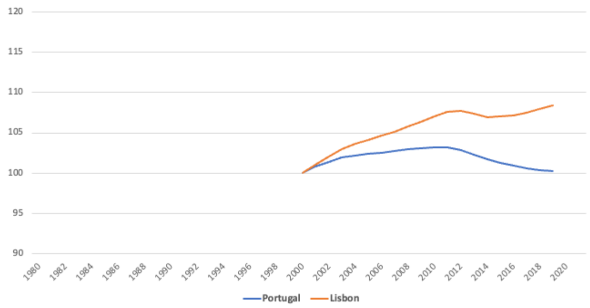
House price index for Spain and Barcelona 2015=100



Spain: INE House Price Index
Barcelona: Expert provided

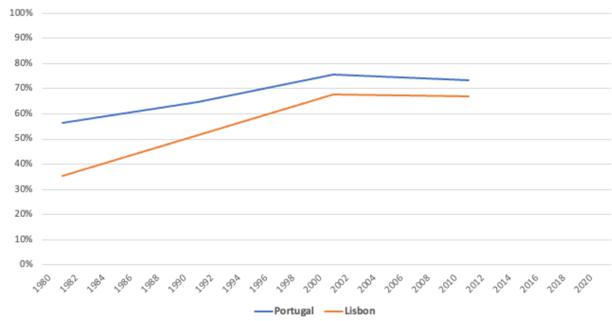
b. Portugal and Lisbon

Population Portugal and Lisabon 2000=100



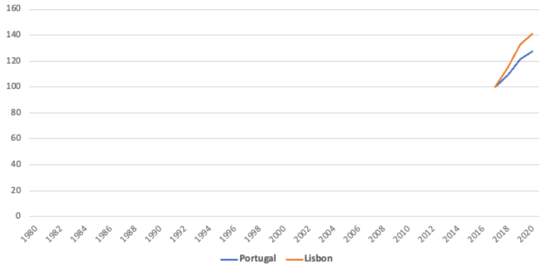
Portugal: Eurostat
Lisbon: Eurostat

Homeownership rates Portugal and Lisbon

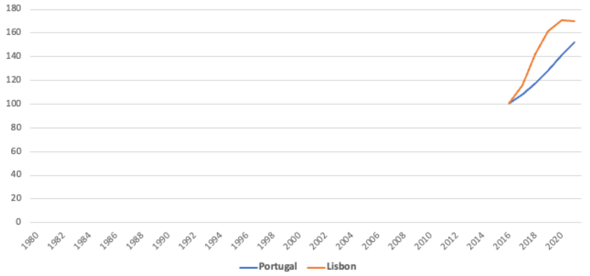


Portugal: INE census 1981-2011
Lisbon: Pordata census 1981-2011

Rent index for Portugal and Lisbon 2017=100



House price index for Portugal and Lisbon 2016=100



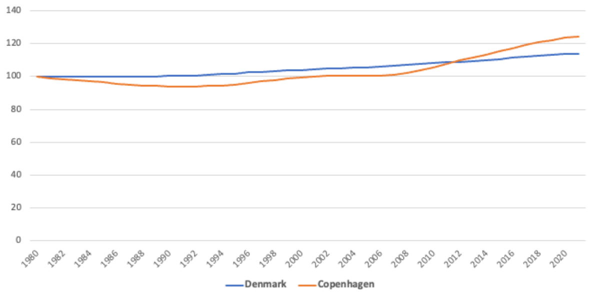
Portugal: INE median house rental value per m2 of new leases
Portugal: INE median value per m2 of dwellings

Lisbon: INE median house rental value per m2 of new leases
Lisbon: INE median value per m2 of dwellings

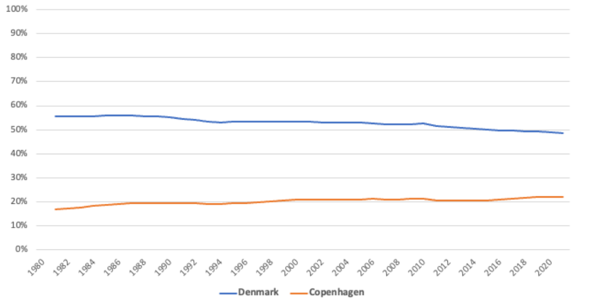
4) Denmark, Germany, Ireland, and Sweden

a. Denmark and Copenhagen

Population Denmark and Copenhagen 1980=100



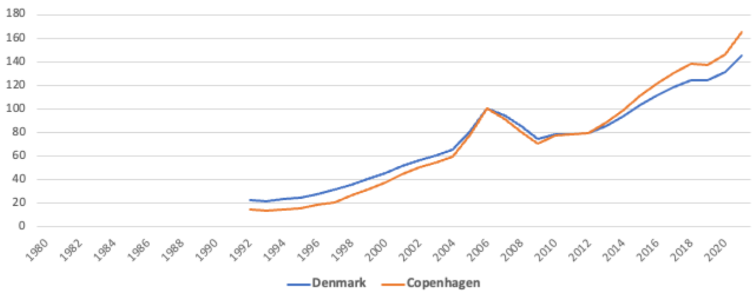
Homeownership rates Denmark and Copenhagen



Denmark: Danmarks Statistik tables BEF1A and BEF5
Denmark: Danmarks Statistik tables BOL1, BOL3, BOL11, BOL33, BOL101

Copenhagen: Danmarks Statistik tables BEF1A, BEF1A07 and BY2
Copenhagen: Danmarks Statistik tables BOL1, BOL3, BOL11, BOL33, BOL101

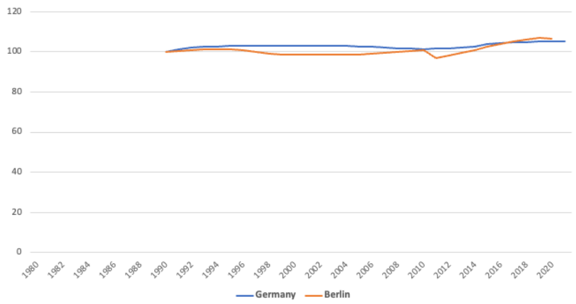
House price index for Denmark and Copenhagen 2006=100



Denmark: Danmarks Statistik table EJ55
Copenhagen: Danmarks Statistik table EJ55

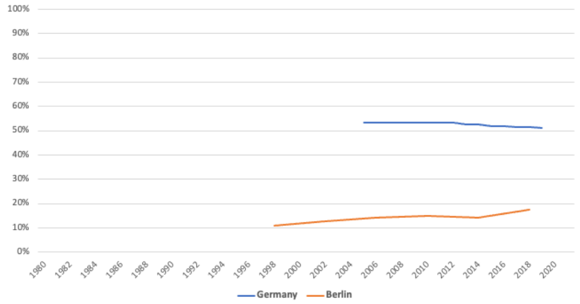
b. Germany and Berlin

Population Germany and Berlin 1990=100



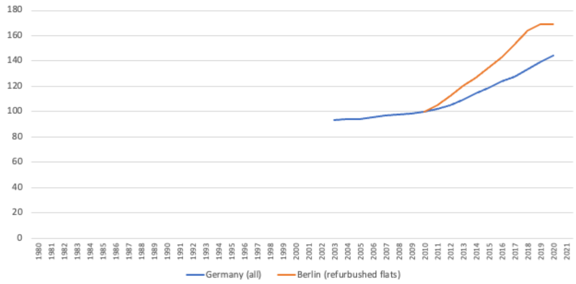
Germany: DESTATIS current and projected population
Berlin: DESTATIS table 12411-0010

Homeownership rates Germany and Berlin



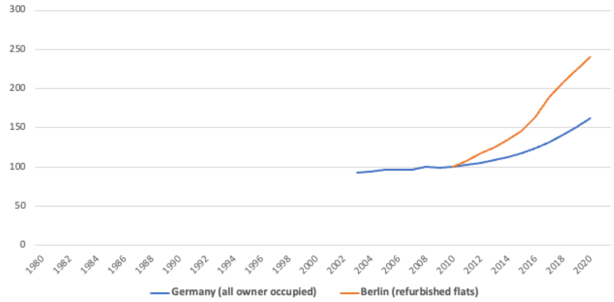
Germany: Eurostat
Berlin: Germany microcensus survey

Rent index for Germany and Berlin 2010=100



Germany: Eurostat
Berlin: Association of Pfandbriefbanks

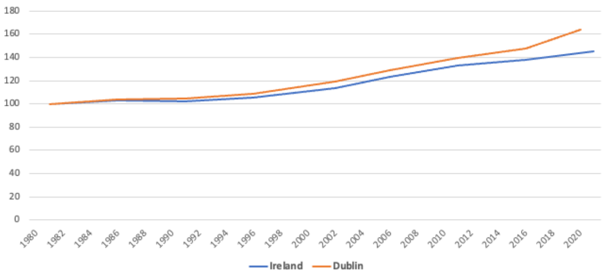
House price index for Germany and Berlin 2010=100



Germany: Eurostat
Berlin: Association of Pfandbriefbanks

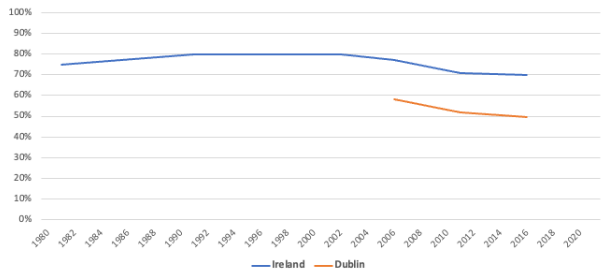
c. Ireland and Dublin

Population Ireland and Dublin 1981=100



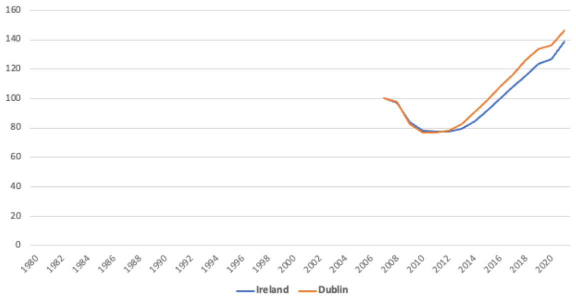
Ireland: CSO April 2021 population estimates

Homeownership rates Ireland and Dublin



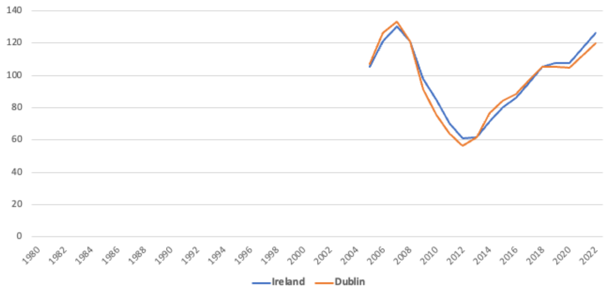
Ireland: CSO table E4022
Dublin: CSO table TAH05

Rent index for Ireland and Dublin 2007=100



Ireland: Housing Agency advertised standardised monthly rent
Dublin: Housing Agency advertised standardised monthly rent

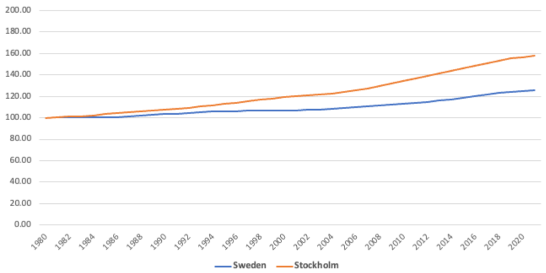
House price index for Ireland and Dublin 2005Q1=100



Ireland: Housing Agency CSO residential property price index
Dublin: Housing Agency CSO residential property price index

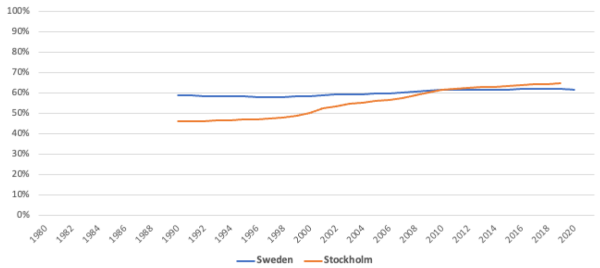
d. Sweden and Stockholm

Population Sweden and Stockholm 1980=100



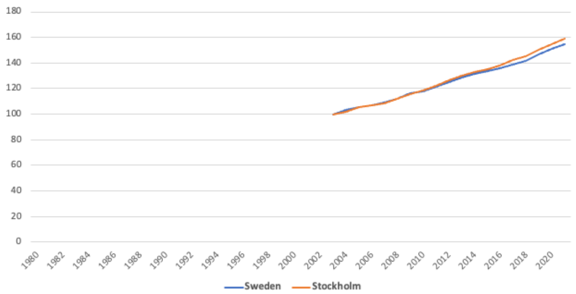
Sweden: SCB table BE0101A
Stockholm: SCB table BE0101A

Homeownership rates Sweden and Stockholm



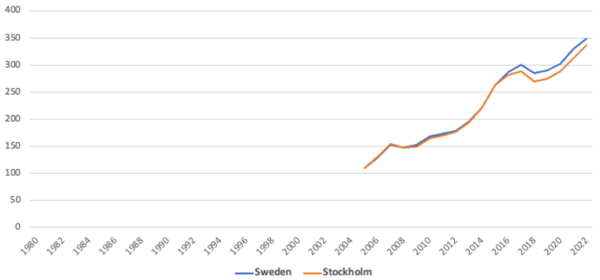
Sweden: SCB table BO0104D
Stockholm: SCB table BO0104D

Rent index for Sweden and Stockholm 2003=100



Sweden: SCB tables BO0406A and BO0406E.
Stockholm: SCB tables BO0406A and BO0406E.

House price index for Sweden and Stockholm 2005=100



Sweden: Valueguard-KTH Housing index (flats only)
Stockholm: Valueguard-KTH Housing index (flats only)

Appendix E: Expert interviews

Canada

Interview

- *Difficulties in gathering data*: the Canadian housing statistics programme finally came into play three years ago. Now have a federal system to give an overview of what's going on in residential real estate, but still geographically inconsistent as it only covers a few provinces and only started off in a few cities.
- *Concept of toxic sausage in housing*: you don't know what's good meat vs. bad meat. When it comes to recently built condominiums 50% of those units are not occupied by owners (domestic/foreign). The question is how much of it is domestic money mixed in with cheap money, mixed in with foreign money and mixed in with laundered money. Some corporations with English names are actually Chinese. Different story in each country because of different circuits connected to different places.
- The story isn't necessarily about foreign money but also how it's facilitated by local actors (banking, lending practices). So many actors are involved in the process, making it more complicated.
- *Tension between economists and geographers/sociologists*: Neo classical economists just think that we need to build more and that the issue will solve itself. In Vancouver, there is a tremendous tension amidst the disciplines because, in one way the economists are talking largely about delivering supply, as opposed to the geographers and the sociologists looking at where it is, why it is happening, who it is for. This tension is finally breaking down as geographers and sociologists have demonstrated that higher rates in productions did not lead to more affordability. If anything, it has made the housing situation even more unstable. The state of tenants is even worse than it ever has been so when looking at a timeline, we can see that the hyper financialization of real estate has actually made things worse. It's important to put on the timeline the production of certain products on a consumer level, and the larger financial products in terms of mortgage backed securities.
- *Planning libertarianism*: Concept saying that planning rules are the cause of these problems.
- *Planning history in Vancouver*: Harland Bartholomew, came in the 1920s and did a plan in 1928 for the city of Vancouver. His plan is at the origin of walkable public schools and parks. He focused on children, adolescents and young adults but what was missing in his diagrams are older people. The lifespan of a person in 1928 was 64, so this was not a worry. Today, the fundamental extension of human lives isn't talked about in terms of housing. So supply should be considered in terms of supply for whom.
- In Vancouver, 40,000 units where built last year. Who were they for? The neoclassical economists and the developers did not like that question. We know that 50% of condominiums are purchased by investors. It is a supply for a particular population.
- Investors keep the units empty sometimes. In Vancouver, investors might come from places where they have lost everything, could be thrown in jail or executed. So they consider real estate in safe places. This is their hedge against something bad happening in the country where they currently make their income. This is the difference between wealth and income. Income is being made in China or Iran and wealth is being securitized and crystallized in Vancouver real estate. This is totally different from people buying a home in Vancouver to raise their family.

- Information about these types of transaction is still anecdotal – from Canadian housing statistics, we are able to determine which homes are owned by people who don't live in the country (where they live). But we don't know their citizenship.
- Discrimination in Canada means that many immigrants don't have a job associated to their qualification. For some people, the coping mechanism is to secure a Canadian citizenship, but also have a stream of income from abroad to afford living in Canada, because the local labour system is either discriminatory, doesn't recognize their credentials and they just can't break into the industry. So this is something to consider when looking at foreign capital and the displacement effect on those with only local incomes.
- The problem is when income is replaced with credit and debt. It's the fact that wealth securitization for so many people has now been completely reduced down to property ownership. And that is one of the few avenues that gives the average person, a sense of wealth generation. Not many of us know how to trade equities in terms of stock market and our ability to generate income has further been eroded as well as the quality of jobs. Home ownership is a method of forced savings.
- Pension plans and institutional investors have suddenly realized with the pandemic what a sizable asset class residential housing can be as opposed to commercial, industrial or retail assets when it comes to real estate.
- The nature of the rental system is a mixture of formal and informal actors and processes. In Vancouver over 50% of the rental is in secondary marketplace, the informal marketplace (i.e. people's basements).
- Corporatisation and financialization of rental mean that affordability is inefficiency. Because being affordable means that you don't maximize your profit level for that piece of property. The fact that it's kept down means that you've missed out on this additional profit. So under the financialization concept, affordable housing is an error.
- *Housing adequacy*. Adequacy is a construct coming out of the New Zealand census statistics bureau, which considers housing in terms of affordability, security of tenure and liveability.
- Another parallel conversation is about how much our society is so hinged on homeownership and penalizes those who rent. We are incredible tenure biased in terms of our financial insurance and system. Right now you better become a property owner as fast as you can because you don't have access to credit, because Canadian state pension isn't great, but then, a lot of people don't have employer pension so it makes being a lifelong renter incredibly difficult in Canada compared in many other countries.
- In Canada there is also the question of what happens in indigenous communities and with relationships towards occupation, ownership, living in a community. Different ways of thinking about homes and our relationship to homes through different cultural lenses.
- Financialization has also created massive changes for the overall economy. In British Columbia, what used to be about mining, fishing and logging it's now flipping condos. It's how real estate is now 30% of national GDP and in Canada, it outstrips R&D. Canada could go through huge financial turmoil over the next couple of years.

England

Interview 1

- The word 'financialization' implies a change, but actually the association of money and homes is historic. Maybe it's now more a creator rather than a store of wealth? As an asset class it's larger than global stock markets.
- Much of what Leilani Farha is doing is laudable. She is right to highlight the impact of (money) flows for example for vulnerable people and the potential for creating rent and value distortion but the underlying problem is not money but rather the policy framework, which creates the wrong housing outcomes. There is a supply and demand imbalance not just in London; it's a global urbanisation issue.
- There are lots of possible ways to address this with regulation: SDLT surcharge, bans and taxes on second homes, limits on overseas buyers (example of Australia). But what about a situation like Detroit's — there's no interest at all from overseas buyers. The problem there is the *lack* of capital flow rather than too much. Knock on impact on all the market – challenge is not the capital but how you manage this capital to manage the negative outcome.
- At the institutional level, Blackstone is easy to dislike but they would argue that they have been mischaracterised.
- (in response to question about most relevant sectors and investors in London): New build and existing, individuals and institutions — they are all relevant in London.
- In some places they have introduced restrictions on institutional investors, including Berlin, Copenhagen, Sweden. Also Ireland, where they introduced a ban on coliving in response to Round Hill wanting to buy a single-family rental site. These are political interventions; they don't understand the incentive structures.
- Disincentivising investment in housing is misguided. The scale of investment required to future-proof the housing stock is *huge.* We need more investment in the sector because of climate change. Governments can't do this alone, they can't afford it.
- (in response to question about whether the financialization debate affects investment decisions): Investors are not so concerned about reputational risk; regulatory risk yes. There was contagion risk with Berlin; investors were very worried. Most big investors are relatively new to residential. There's far more political interest in resi than in commercial, so investors are very worried about the risk. It narrows the flow of capital to places seen as more favourable, like the UK. Financialization mischaracterises a bigger set of issues and has begun to be unhelpful. Inevitable need for private capital to participate in housing.
- Rent control is accepted in places like Germany as investors understand the framework.

Interview 2

- Legal and General report on institutional investments in the affordable housing sector. Trying to illustrate the capacity constraint on the social sector to borrow debt. But equally, Importance of subsidy for affordable housing;
- A lot of focus on the product and not on where the money is coming from to manage and maintain that product.
- Fundamentally three sources of capital: institutional equity; debt markets or some form of government funding.

- Affordable housing committee: private capital comes in diverse forms (driven by short term/longer term investors). Supported housing: provision is funded by capital that is seeking short returns – very different from long-term thinking of pension fund managers (seeking to deploy capital over what can be often 30-50 years).
- Financialization vs. financing: ultimately it is just reflecting the way that housing needs some finance (no matter the form).
- BTR: active market of investors has helped its growth. UK pension management – large scale was needed to expand the sector. Early products were dwellings being purchased from existing stock or general new build rather than purpose built. The sources of investment capital were private investment firms and over time when the more conservative UK pension funds got comfortable with the sector, they have deployed their capital in a way that is the better for the sector in terms of its forward funding. First pioneering stage, with unusual capital and product that was not mainstream yet. Once stabilised, it attracted the longer-term capital.
- Diversity of money coming into the sector: Olympic village is mainly owned by Oxford properties, which is Canadian public sector pension fund. Mixture of different investors is a healthy thing. What they are investing in has gone well beyond London, to secondary cities in the UK.
- Middle and higher valued properties were being invested in. However, a study on BTR (who's living there) – whole variety of business models in it (high end to mid to lower markets). There wasn't a lot of difference between BTR and the PRS overall in terms of a lot of demographics (slightly younger households, wide variety of professions) – and taking about 30% of people's income in terms of their rent.
- During the pandemic, the biggest deal was student purpose-built accommodation. Second wave investors are now coming in (pension funds). But it is also being traded – still not the case for more general BTR.
- A number of big players of BTR tapped into foreign investments. Get Living was started off with Qatari investment. Grainger is funded by Dutch pension fund instead of their own funding. One of the first in the BTR sector was Fizzy Living (Abu Dhabi investment).
- Separation between management arms and the end investors has been quite distinct. Very few complaints in BTR. Many organisations have now set up their own internal managers rather than relying on the pre-existing external management firms that they could tap into. This might be for reasons of efficiency and branding and trying their own sort of customer service.
- A lot of investment in affordable housing has been done in partnerships and joint ventures with existing housing associations. There was a big deal between M&G and Hyde over shared ownership. The complement each other in terms of management and financial expertise.
- Co-living hasn't made into the mainstream. Main co-living player went bust in recent months (the Collective). That's fundamentally about the product or the sources of capital that started that sector off.
- In terms of the affordable housing sector: some REITs have not been able to perform well in terms of services. Need to help the regulator of social housing to differentiate between good and bad money going into affordable housing sector. The regulatory regime they have in place is not set up to check this (very black and white system). The greatest power from the regulator is to delay – if a particular financial vehicle is not happy with waiting for a year or 18 months, then they are probably not going to purse their interest in investing in the affordable housing sector. But that's not a very satisfying way to regulate.

- Facing possible legislative changes with renters reform in the PRS: abolition of Section 21, redress throughout the sector and possible decent home standard for the PRS. I wouldn't think the institutional capital would be dissuaded by any of those.
- Figures on growth of the BTR sector: 2012 – 2015, 5,000 units. Now 80,000 delivered and a pipeline of 220,000 so beyond all expectations. It has established nationwide.
- Sigma leading way on low rise housing for single family housing, using foreign capital.
- Difficult for first movers in the sector to get up to the size of portfolio they want. Not a great deal of trading of assets yet. More trading in the student accommodation sector (compared to BTR).

Interview 3

- Almost a philosophical question: would rationalise "it's almost the merchant of Venice, with financers not being good people"; if you don't have finance, but still recognise the concept of money – how do we limit the scope of bad things happening? Always try to find the middle ground.
- Origins of this was the financial crash (2007 on). In the build up to that, lots of little by-ways of the city that were about leveraging finance. We could have a model with only having sources of financing being equity and the state. To make progress quicker – you need to borrow (e.g. mortgage)
- Liberalising markets is okay up to a point. The PRA (Prudential Regulation Authority) today has quite good rules in place to stop the excesses of liberalised markets (capping the amount of 4.5+ mortgages, taking away tax breaks on buy to let). But at the same time it's doing it in a market that has interest rates of ¾ of a percent and it's been down to 0.1% for as long as people can remember. Different market for asset ownership to the ones we were brought up on.
- What's the point of real estate asset? Is state ownership still the way forward? Airbnb is revolutionising the use of asset but ripping communities apart – facilitated by quantitative easing (result of GFC). Asset inflation has made it difficult to stay away from the market.
- Supposed to go to a period of constant tightening – might be now on the edge of an adjustment. Since 1973-4, there has been cases of stagflation. The property market in the 1970s was frightening.
- Liberalisation of the market was from 1987 on. The banks were allowed to get on the mortgage markets and some securitisation came in. This was what some argue was the beginning of the subprime market. If only mortgages available would be to the super prime market, it would have been a very narrow market (we are back to it now). It was a liberalisation of the market in the right sense, with middle class people now able to secure a property. It's not the technique itself but how it is used that matters.
- Some Housing Associations manage to raise cheap debt through this system. It'd be of course better to have 100% grant but still, at the moment there aren't any alternatives to financialization.
- Housing associations are running out of traditional capacity and/or risk appetite to the rest of the market. This is mainly supported housing in terms of risk appetite. The financing model of housing associations for 35 years has been a secured financing model, initially the mortgage lending model rather than a securitisation model. It's been successful. The sector has raised £117 billion and produces 30-35,000 homes a year. In the wake of the credit crunch, Govt couldn't afford the source of capital grants and interest rates were declining, along came the affordable housing model. As a model, it only works when you have functioning commercial real estate market around it – relies on profits selling assets to outright owners or shared owners to cross subsidise the production of social housing. In

the wake of Grenfell, because of the cost of remediation, it has faltered as a model. Demand for social housing will increase but the development model is already faltering.

- In the long-term business model, if you think you've won, you'll probably lose at some stage because it goes in cycle. Joint ventures have varying models now: smart people think about long term. Countrywide and L&Q might be a good example.
- Financialization evolution will depend on what central banks do. Depends on whether it goes on a vicious cycle (keeping pushing interest rates up; create some sort of economic correction that might stop financialization in its tracks).
- Part of the embedded financialization in our systemic world is that the Govt is indemnifying the Bank of England for its holding of quantitative easing when the cost of financing goes up above 2%. If we get into that spiral, the nation's finance will look bad, you will get a correction with respect to financialization. But you will also not get to the old days of the State paying for everything; because the state will be cutting, if we still believe on the value of money.
- If interests rate goes spiking up, ¾ of it will cost the Bank of England whatever its marginal cost of printing money is, which is base rate. And if it's having to push base rate up to control inflation, there are ¾ of the Govt debt that gets paid by big checks to the Bank of England. If this all goes in a controlled manner, we get a peak of inflation in the year and year on year effects starting to drop out and world commodity prices could get under control. But still may take 10–20-year to get the necessary correction.
- Income distribution – financialization can be both good and bad – the trends in distribution of income are appalling. Areas like education and income progression have been chronically poorly managed over a long period. What is palatable is to invest in oneself but there are perverse incentives.
- If it doesn't go that way is because of the correction: what goes up, usually goes down (referring to 1988 negative equity). It would be a bigger shock this time because of the financialization.
- Would prefer to use the term *leverage* rather than *financialization.*

Germany

Interviews

- There is no German word for housing market financialization because it has never been discussed much, especially within the financial sector. There is definitely a lot of literature and academic discussion on the subject outside Germany, especially in the UK and the Netherlands. There is a public outcry about increasing housing prices in Berlin. However, lots of people in the financial sector don't see housing financialization as a problem because they maintain their financial perspective of it. Looking at German house prices in January and at all the analysis the Bundesbank is doing, housing is always perceived and treated as an investment good. Indeed, from an economic theoretical point of view, housing ownership is treated as a commodity. With an investment good analysis in mind, you cannot identify housing sector financialization as a problem. In Germany also a lot of the public discussion and media articles maintain this view that housing must be treated as a commodity. Indeed, following the economic theory that tells us that housing is a commodity, the evaluation becomes completely different.
- Financialization does not need to be seen necessarily as a problem if it refers mainly to a list of companies owning residential properties. The main issues usually depend on the

guiding framework financial actors are allowed to operate in. Only this framework can make the housing market socially accepted. Much of the problem relates to ignoring housing market regulations in a broader sense and also the interrelationship between housing quality regulations, energy standards, and their impact on new construction stocks. So the complexity of the housing market is usually not taken into account and then it is blamed on the financial investors that make everything more expensive, which is an easy scapegoat for politicians ignoring the complexity of the market. The housing crisis cannot be solved in less than 5 to 10 years. Thus, claims made by policymakers and action groups that all the problems embedded in the housing market can be solved very quickly are misleading.

- Need to develop an understanding about what are the main goals in order to fix the housing crisis. The Dutch market is a nice example with the private development and the government sectors working together in planning/building cities new submarkets or developing on greenfield land in order to solve the housing shortage and the corresponding price increases. In lots of other markets, discussions on environmental goals of not seeking more land and preserving neighbourhoods' character prevail. One of the main objectives should be getting the people at the table and agree on the goals first. Indeed in most cities, the biggest challenge is not being able to really agree on the overarching goals. Currently, in Germany, it seems there is the political will to increase housing supply by building 400,000 units. However, there is still no agreement on where to build those extra units. The easiest way would be to rely on rural areas where there is available land. But those units are needed somewhere else which is in certain metropolitan areas. This is exactly the point on which the government doesn't want to commit often. The private sector is also not honest in sharing what this will cost at the end. And this 'not in my backyard attitude' that affects any attempt to increase housing supply in cities is not providing an easy fix to the housing crisis.
- Although an agreed framework to increase housing supply has to be agreed nationally, the ultimate problem is at the city level. And especially with the German federal structure of government, the framework inevitably needs to be adapted and implemented at the city level. Maybe in a more centric state like France, it can possibly be different. There are good examples of city level solutions to housing shortage. Hamburg over the past 10 years improved public/private collaboration following a common goal they all wanted to achieve. Hamburg ultimately had the powers to develop city wide solutions and managed to secure the land to increase housing supply. Indeed, Hamburg provided lots of brownfield land for redevelopment and enabled the city to come up with a plot of land that was not distracting the view of an existing building. So, Hamburg is the example of success in Germany. Hamburg has seen rental growth but it has definitely been slower compared to other cities like Munich or Frankfurt. Therefore, having a common goal and collaboratively approaching housing shortage allowed funds and financial institutions to be part of it without being blamed for all the downsides. Indeed, although funds and financial institutions have been buying rental stock, that did not become the problem. Ultimately, the housing crisis is too big of a problem to be solved by the public sector alone because financial capital and wider knowledge of the market are needed. Hence, the collaboration between public and private sector is key, and therefore the negative aspect that is attached to financialization makes it sometimes difficult ideologically for governments to reach out to the private sector for solutions.
- There is not an issue of affordability in many markets. It's much more an issue of accessibility. Indeed, certain household groups struggle to be able to get certain housing units because of their financial background or ethnicity. Therefore, the problem is how the units are allocated and what is the absolute rent level in many markets. The main question

therefore is how can you circumvent these problems that are mainly related to discrimination within the selection processes and it might have to do with financialization as well. Indeed, if you buy a 'buy to let apartment', you need to be a reliable tenant who is able to pay his rent to allow the landlord to pay off the mortgage. So that produces certain selection criteria. Therefore, it would be necessary to enforce some regulations to enable lower income or marginalized households to access housing by also providing landlords with assurance that their mortgage is safe if these households are not able to pay the rent (perhaps by insurance). Thus, a more supportive structure for both tenants and landlords need to be implemented.

- Berlin is a specific case in Germany which has also to do with the history of the city. Going back to 15/20 years ago, everybody in Berlin was afraid of the vacancies in the housing stock and nobody was building anymore. Now, the public outcry also refers to the fact that many residents of Berlin have not seen as much income growth as new immigrants to the city. So, this makes it hard for old inhabitants to stay and afford to keep living in Berlin which is very specific. Even in cities like Munich, with very high housing prices, existing residents do not risk being pushed out of the housing market as easily as in Berlin.
- There are lots of international funds buying in Hamburg (e.g. Greystar). However, it's both domestic and international capital buying rental housing in Hamburg. Indeed, it is seen as a safe and secure income stream. The capital that enters the real estate market, at least in Germany, today is often capital with a time horizon of 8 or 10 years. Unlike before the GFC, these funds take a long-term view when investing their money. So it's a different kind of investment that doesn't take into account the big quick capital gain. They prefer a stable income stream to be secured through the purchase of rental housing. So, their interest is to keep a stable housing environment without upsetting people living in the surrounding.
- Looking at private capital choices, institutional investors in Germany mostly target mid income earners. They do not target low income households and are not interested in social housing provision. The financial sector might help with loans or financing for the public or local communal entities. Eventually, the holding side of these stocks will belong primarily to government, municipal organizations, charities, or perhaps other jurisdictional forms less tied to financial markets. The returns on these investments may be more predictable, but at a level that will never meet the requirements for a pension fund to be interested. In fact, returns will fluctuate between 0 and 2 percent most of the time.
- Gentrification today has a negative image especially in relation to city change. But looking at cities history, gentrification has always played a key role in cities development. A developing city reflected changes in the urban industrial system but also in its population. So while gentrification processes in the past have helped cities grow and develop, now, there is a need to monitor these processes to help cities move forward, but also to support those families who are affected and are unable to cope with those changes in their urban environment. Therefore, there is no need to stop those process or to turn them around. It's actually impossible to prevent a city from changing or adapting to new realities. Thus, resisting gentrification means resisting change in cities. Given the many challenges that cities face, they will inevitably have to change to adapt and with these changes, some form of gentrification will inevitably take place. So, the only option is to help residents deal with this situation.
- Financialization and gentrification have has a lot to do with the dynamics of change in these cities. If it's a slow process, it's not as visible to many people. But cities like Berlin, London or Vancouver have changed dramatically in two or three years. And if the change is that rapid, it is immediately noticeable. But if the change is slow and takes place over six or eight years, the gentrification process will not be so immediately apparent. At the same time, the challenges it poses to certain family groups will not be concentrated in one or

two or three years. Thus, the success of cities depends in part on their reluctance to accept change.

- City governments often try to please their sitting tenants, while migrants are not really considered. However, the perception of problems in today's political environment provides an opportunity for the most marginalised groups to voice their problems, be heard and possibly trigger a political reaction.
- This is mainly the case that finance is fairly neutral in its choices and invests where it can find the highest returns. However, if finance does not follow the rules, it can be dangerous. There are some examples in Germany that mainly concern rent increases after residential renovations. In fact, there are many cases of landlords increasing rents by claiming to have renovated the house without actually having done the necessary underlying renovations that were required to justify the rent increase itself. There is a dark side of finance and this needs to be acknowledged. Thus, finance is not always neutral. However, a pension fund, insurance company, or bank-regulated vehicle are less likely to be risky because they have to comply with reporting requirements and are closely monitored by their shareholders or equity holders, who ensure that they ultimately follow the rules. So, there is a need to implement a broader framework and control mechanisms to ensure that finance follows the rules and remains accountable. In many German cities, such as Berlin, law enforcement in relation to the financial sector and its investments in real estate has not been taken seriously enough in the past. One reason for this was a shortage of personnel in law enforcement.
- Finance is focusing on investments in new build, as regulation of many investment vehicles is affecting their decision making. Investment criteria and financial products that focus on existing stock tend to be increasingly challenging, especially in relation to their ecological and environmental efficiency. Then, when it comes to social criteria, even though the existing stock might actually be more suitable, it remains very complicated to measure them. So, finance tends to focus on the environmental issue and consequently on new build.
- New builds can more easily meet these environmental efficiency requirements. However, rents tend to be exponential and the question remains, who can afford to pay the soaring rents on these new buildings that reflect their very high efficiency and construction costs? This focus on energy efficiency is a big challenge for the existing real estate market, as it makes a lot of existing stock unfundable for many of these financial institutions. So, there should be a balance between what is environmentally desirable and what is economically feasible. So, looking at the existing housing stock, it seems that the social component is not taken into account enough.
- If you are a developer, you are not developing for holding properties but you are developing for sale. It might be buy to let, owner occupiers, or institutions who want to buy the properties and then rent them out. So if the institutions are not part of the buying universe anymore, private investors and private owner occupiers will be the only buyers. This will definitely result in less construction because there are less buyers.
- There are some foreign buyers in Berlin, Munich and Frankfurt. Most came from China or the Middle East and became owners of a few apartments for their kids studying in Germany or for vacation purposes. The phenomenon is not comparable to what happened in London.
- They are not really interested in student accommodation. People go to local universities mainly. Also, there is some student accommodation but they cannot be considered a palatable investment for overseas investors.
- There is a lot of discussion about senior service related housing because in Germany the proportion of elderly population is expanding. So, there might be a demand for this. The

big challenge would be related, unlike the UK, to the German tradition of the rental market. Many of these renters have limited pensions. And with limited pensions, it is hard to imagine that older households would be able to afford supported housing. However, if the potential group of tenants is large enough to justify supported housing developments, this might become an option for future investment. There are already some developments and the demand for supported housing is increasing, especially in the middle/high income segment. However, pensions are not generous enough for most people to afford the rent levels needed to provide social services.

- Often the investors have asset management and property management at their disposal. The property management is usually a local operator based in the city with an office near the properties, to make sure tenants have a regular point of contact.
- Not yet. There aren't any branded (management) products in Germany at the moment. So branding is possibly something that most of the big owners do not want to have.
- Institutions buy an entire block so they can take care of maintenance themselves. Owning individual units means that they need to discuss with other owners any issues that affect the block of flats.
- Part of the housing spectrum is missing now because social housing is increasingly in decline. That's where some of the housing problems are coming from. This is not a general problem with the housing market, but it is a problem that emerges from a misunderstanding of Germany's changing demographics. In the 1990s, Germany's population began to decline, which led to the misconception that social housing was no longer needed. Now, 20 years later, this has proven to be a miscalculation. In fact, the population of most German cities is stable or continues to grow. At the same time, household sizes have shrunk, there are more moves between cities, more workforce flexibility, and all of these changes have increased the demand for housing. Thus, more housing is needed to accommodate these changes and more flexibility in the housing market.
- There is Airbnb but its role is not significant except for Berlin and Munich. Indeed, in the rest of the cities, it has not had such a big impact overtime as has happened in Paris or Barcelona.
- The demolition of housing in East Germany after reunification is not seen as a mistake because the demand for housing is not concentrated in these cities. They continue to shrink or perhaps remain stable. Perhaps only Leipzig and Dresden are now viewed differently than they were 15 years ago because of their academic and cultural potential. In fact, they have really grown in recent years and have also become the economic backbones of the region. However, in both Leipzig and Dresden, not much demolition has taken place. Instead, old existing stock has been renovated, as new construction in the outskirts is not the solution or what residents want today.

Portugal

Interview

- Financialization of housing refers to the fact that housing has become a financial asset, used by investors worldwide not “just for living” but as an asset to rent, to resell or even as a long-term deposit. It is often discussed as investors are an important share of the demand in the market. Financialization is certainly an important driver on the market. It is different from financing.
- Financialization is happening globally, mainly in growing cities, where the prices are increasing faster. This creates more demand in an age where the offer was already scarce,

so create even more housing inflation, affecting middle-class families. Investors also tend to be much quicker when acquiring housing, with equity, compared to middle-class families that will need mortgages, and this is also damaging the owner-occupier position on the acquisitions.

- At the moment, in Portugal, this is a market more explored by private investors, both domestic and international, rather than institutional investors. International institutional investors are showing their interest for larger scale acquisitions, however the housing leasing market don't give them enough confidence.
- Investors are more focused on the new build market but the private investors are today an important share of the acquisitions of all new built and refurbishment developments in the cities of Lisbon and Porto. They are very quick and with equity to close the deals.
- To have more regulations or restrictions on the housing market will create more issues than solving any problem. However a tax discount for families acquiring their own residence could be created and it could balance the market a bit in their favour.

Sweden

1.1.1 Interviews

These notes are based on two interviews: one with an analyst working for a leading transactions adviser in the Nordic market, and one with the chief economist of a tenants association.

On the meaning of financialization

- This is a familiar term to both, but not used by the Analyst or other real estate professionals. Both interviewees understand it as referring to actors which regard rental housing as assets that are managed to provide maximum returns to the owner and actively traded, rather than owned to provide good living conditions for the tenants. More specifically, it may refer to actors with short horizon, "opportunistic" investors.
- The term has a negative connotation, i e associated with renovictions and the like, and the film Push.
- The term is not associated with owner-occupied housing, even though homeowners may also be said to be "financialized" in the sense of being subject to fluctuating prices and mortgage interest rates.

On the effects of financialization

- The Analyst stresses the distinction between short-term owners making money from buying and selling (e g Blackstone) and long-term owners (perhaps Vonovia) making money from a steady stream of rental income.
- The Chief Economist stresses negative effects relating to aggressive renovations and insufficient maintenance. The Swedish rent setting system aims at equal rents for apartments of equal quality. In practice this means that rents can in principle not be raised unless the visible quality is improved (new kitchen etc.). Buildings are presumed to be properly maintained, but poor maintenance (within limits) is not penalized. This leads to two phenomena, stressed by the Chief Economist and associated with a new category of financially motivated owners.
    - "Concept renovations". This is when individual apartments are renovated one by one as they have been vacated after a previous tenant has moved out. Improved quality allows a substantial rent increase. But concept renovations are often associated with neglected maintenance. First, incumbent tenants may be denied minor fixes making them more likely to move out. Second, long-term

maintenance, which may require building-wide work like fixing the plumbing system may be postponed into the future.
    - "Renovictions". This is when an entire building is renovated, a combination of long-term maintenance, like the exchange of the drain-piping system, and visible quality improvement like new kitchen and bathroom equipment. Tenants are temporarily evacuated during the renovation process followed by a sharp rent increase. Some tenants may be unable or unwilling to pay the higher rent.

On large-scale investors

- Both interviewees agree that large-scale institutional investors, both private and public, tend to be more professional than private small-scale owners. This may be positive for maintenance and quality in general. The Chief Economist stresses that they are also more professional in exploiting the details of the Swedish rent setting system to their advantage at the tenants' expense.
- The Analyst stresses that large private institutional owners (including pension funds as well as international property companies) have stronger financial muscles than many public sector housing companies. This should in principle be positive for new construction. In practice, however, new construction is restricted by the local planning process and the availability of land.
- The Analyst also notes that many institutional investors rely on the bond market for financing. Currently interest margins, relative to treasuries, are low, but there is some concern that interested margins may increase and this section of the bond market may dry up in times of financial stress.

On risk and regulation

- Sweden is seen as an attractive market for long-term investors, the combination of a general shortage of rental housing and centralized rent setting guarantees a stable yield. Rental properties, in most markets, have the return characteristics of long-term low-risk bonds combined with an option related to renovations. This has allowed easy access to the commercial bond market with some highly levered companies. This has raised some concern related to financial stability if interest rates were to increase.
- There are no special restrictions on foreign property ownership.
- Given that the Swedish rental market is tightly regulated, there are obvious risks that these regulations may change. The Chief Economist stresses the need to change the tax laws to provide better incentives for long-term maintenance. He is sceptical towards changing the details of the rent setting system, although this is advocated by many outside economists noting the long queues. In any case, there is a regulatory risk here if Sweden should move towards market rents.
- Airbnb is not a major concern. Both tenants and coop owners need approval to sublet (from the landlord and coop association, respectively) to sublet, and this is given restrictively. There are a few cases – e g in the Stockholm Old Town – of owners of rental apartment buildings letting all, or most, apartments in the building through AirBnB or the like but this may lead to the building to be classified as a hotel which would require a special permit.

Appendix F: Bibliography

Aalbers, M. (2016), The financialization of housing: a political economy approach, Routledge, London

Aalbers, M. (2017), “The variegated financialization of housing”, International Journal of Urban and Regional Research, Vol. 41, No. 4: pp 542-554

Aalbers, M. and Engelen, E. (2015), “The political economy of the rise, fall, and rise again of securitization”, Environment and Planning A, Vol. 47, No. 8: pp 1597-1606

AD (2016), ”GroenLinks wil helemaal af van Airbnb in Amsterdam”, AD, May 18, https://www.ad.nl/amsterdam/groenlinks-wil-helemaal-af-van-airbnb-in-amsterdam~af06147d/ (accessed 29/4-2021)

AfD (2017), “Manifesto For Germany”, https://www.afd.de/wp-content/uploads/sites/111/2017/04/2017-04-12_afd-grundsatzprogramm-englisch_web.pdf (accessed 22/4-2021)

Allen, M. T., Rutherford, J., Rutherford, R. and Yavas, A. (2017), “Impact of Investors in Distressed Housing Markets”, The Journal of Real Estate Finance and Economics”, Vol. 56: pp 622 – 652

Almeida, H. (2020), “Portugal Looks to Cut ‘Golden Visa’ Incentives for Foreign Property Buyers”, Bloomberg, Jan 29, https://www.bloomberg.com/news/articles/2020-01-29/portugal-cuts-incentives-for-foreign-buyers-amid-property-boom (accessed 22/4-2021)

Altstedter, A. (2021), “Forcing Foreign Money Out Is Academic’s Fix for Canadian Housing”, Bloomberg Businessweek, Feb 10, https://www.bloomberg.com/news/articles/2021-02-10/canada-housing-academic-calls-for-higher-tax-rates-on-nonresidents (accessed 21/4-2021)

Alves, S. (2022) Divergence in planning for affordable housing: A comparative analysis of England and Portugal, Progress in Planning, 156, 100536, https://doi.org/10.1016/j.progress.2020.100536.

Amsterdam (2021), “Social housing and private sector rentals”, https://www.amsterdam.nl/en/housing/rental-prices/ (accessed 29/4-2021)

Aranda, J. L. (2021), “España necsita más de un millón de viviendas de alquier a precio asequible, según un estudio”, El País, Apr 28, https://elpais.com/economia/2021-04-28/espana-necesita-mas-de-un-millon-de-viviendas-de-alquiler-a-precio-asequible-segun-un-estudio.html (accessed 29/4-2021)

Arrighi, G. (1994), The Long Twentieth Century: Money, Power, and the Origins of Our Times, London: Verso

Aymerich, R. (2021), “Son tiempos para un nuevo comienzo”, La Vanguardía, Feb 10, https://www.lavanguardia.com/internacional/20210210/6203664/tiempo-nuevo-comienzo-europa-new-deal-plan-marshall-fondo-recuperacion.html (accessed 29/4-2021)

August, M. and Walks, A. (2018), “Gentrification, suburban decline, and the financialization of multi-family rental housing: The case of Toronto”, Geoforum, Vol 89: pp 124-136

Azevedo, A. B. (2020) Como vivem os portugueses — população e famílias, alojamentos e habitação (How do the Portuguese live – population, families and dwellings). Lisboa: Fundação Francisco Manuel dos Santos.

BBC (2019), “The New Age of Capitalism”, BBC Radio 4, Feb 27, https://www.bbc.co.uk/programmes/b0bk1rz3 (accesses 26/4-2021)

Bailey, S. (n.d.), “Getting young Londoners on the housing ladder”, https://www.shaunbailey.uk/plans/getting-young-londoners-on-the-housing-ladder (accessed 26/4-2021)

Bergin, A. and García-Rodríguez, A. (2020) Regional Demographics and Structural Housing Demand at a County Level. Dublin: ESRI.

Bradley, Q. (2020), “The financialistion of housing land supply in England”, Urban Studies, Vol. 58, No. 2: pp 389-404

Brekelmans, S. (2020), ”What is fuelling the Dutch house price boom?”, bruegel, Feb 19, https://www.bruegel.org/2020/02/what-is-fuelling-the-dutch-house-price-boom/ (accessed 29/4-2021)

Broin, E. Ó. (2020), “Delivering Genuinely Affordable Homes for Working People”, https://www.sinnfein.ie/contents/58793 (accessed 28/4-2021)

Bromet, L. (n.d.), “Huren”, https://groenlinks.nl/standpunten/wonen/huren (accessed 29/4-2021)

Burke-Kennedy, E. (2019), “President attacks free-market fundamentalism for creating ‘yawning inequality’, The Irish Times, Nov 12, https://www.irishtimes.com/business/economy/president-attacks-free-market-fundamentalism-for-creating-yawning-inequality-1.4080490 (accessed 28/4-2021)

Balakrishnan, A. (2020), “Canada planning foreign buyers tax in effort to lower country’s housing prices”, The Canadian Press, Dec 1, https://globalnews.ca/news/7495490/canada-foreign-buyers-tax-affordable-housing/ (accessed 21/4-2021)

Ballotpedia (2020), “The Republican Party Platform, 2020”, https://ballotpedia.org/The_Republican_Party_Platform,_2020 (accessed 21/4-2021)

BDO (2019), “Foreign Property Ownership”, https://www.bdo.lu/getattachment/Industries/Real-Estate/2021-IPCS_Foreign_Property_Ownership.pdf.aspx?lang=en-GB (accessed 20/2-2021)

Berger, S. (2014), “How Finance Gutted Manufacturing”, Boston Review, Apr 1, http://bostonreview.net/forum/suzanne-berger-how-finance-gutted-manufacturing (accessed 21/4-2021)

Bernanke, B., Bertaut, C., Demarco, L. P. and Kamim, S. (2012), ”International capital flows and the returns to safe assets in the United States”, Board of Governors of the Federal Reserve System, International finance discussion papers, Vol. 1014

Biswas, A. K. and Hartley, K. (2015), “Asia’ problem with wealth inequality”, The Strait Times, Oct 22, https://www.straitstimes.com/opinion/asias-problem-with-wealth-inequality (accessed 23/4-2021)

Bourdieu, P. (2005), The Social Structure of the Economy, Cambridge, United Kingdom: Polity Press

Branco, R. Alves, S (2020) ‘Outcomes of Urban Requalification Under Neoliberalism: A Critical Appraisal of the SRU Model’. In: Smagacz-Poziemska M., Gómez M., Pereira P., Guarino L., Kurtenbach S., Villalón J. (Eds) Inequality and Uncertainty, pp.139–158. Singapore: Palgrave Macmillan.

Bruno, V. G., Buyuksahin, B. and Robe, M. A. (2013), “The Financialization of Food?”, Bank of Canada Staff Working Paper, No. 2013-29, https://www.bankofcanada.ca/2013/11/working-paper-2013-39/ (accessed 21/4-2021)

Bruun, M. H. (2018), “The financialization of Danish cooperatives and the debasement of a collective good”, Critique of Anthropology, Vol. 38, No. 2: pp 140-155

Burke-Kennedy, E. (2021) ‘Why have foreign funds targeted the Irish property market?’, Irish Times, 29 May, p. 15.

Burns, S. P., Mendonca, R., Pickens, N., D. & Smith, R., O. (2021) America’s housing affordability crisis: perpetuating disparities among people with disability, Disability & Society, 36:10, 1719-1724, DOI: 10.1080/09687599.2021.1960276

Byrne, M. (2015) ‘Bad banks: the urban implications of asset management companies’, Urban Research and Practice, 8(2), pp. 255–266.

Byrne, M. (2016) ‘Bad banks and the urban political economy of financialization: The resolution of financial–real estate crises and the co-constitution of urban space and finance’, City, 20(5), pp. 685–699.

Byrne, M. (2020), “Generation rent and the financialization of housing: a comparative exploration of the growth of the private rental sector in Ireland, the UK, and Spain”, Housing Studies, Vol. 35, No. 4: pp 743-765

Byrne, M. (2021) Institutional investment in the private rental sector in the wake of the Covid-19 pandemic: a review of international ‘grey literature’ and reflections on the Irish context. 4/2021. Dublin.

Canelas, P. (2022) A governança da habitação acessível em parceria com o setor privado. (The governance of affordable housing in partnership with the private sector). Confidencial Imobiliário, Janeiro, Research, Habitação, pp. 26-27.

Canelas, P. and Alves, S. (forthcoming) The governance of affordable housing through PPPs: The limits of public/private dichotomies. In review.

CASA (n.d.), “About Us”, https://nsacasa.wordpress.com/about-us/ (accessed 20/2-2021)

Case, K. E. and Shiller, R. J. (2003), “Is There a Bubble in the Housing Market?”, Brookings Papers on Economic Activity, Vol. 2003, Vo. 2: pp 299-342

CDA (2021), "Volkshuisvesting", https://www.cda.nl/standpunten/volkshuisvesting (accessed 29/4-2021)

CDU (n.d.), "Verkehr, Bau und Infrastruktur", https://www.cdu.de/thema/verkehr-bau-und-infrastruktur, (accessed 22/4-2021)

Central Bank of Ireland (no date) Money and Banking Statistics. Dublin: Central Bank of Ireland.

Central Statistics Office (no date) Dataset HPA02: Residential Dwelling Property Transactions. Dublin: Central Statistics Office.

Chancellor, W., Abbott, M. and Carson, C. (2016), "A study of the factors influencing residential house prices in Auckland and New Zealand", New Zealand Journal of Applied Business Research, Vol. 14, No. 1: pp 55-70

Charles, K. K., Hurst, E. and Notowidigdo, M. J. (2018), "Housing booms, manufacturing decline and labour market outcomes", The Economic Journal, Vol. 129: pp 209-248

Chen, T., Liu, L. X., Xiong, W. and Zhou, L. (2016), "The speculation channel and crowding out channel: Real estate shocks and corporate investment in China", Mimeo, Princeton University

Chinco, A. and Mayer, C. (2016), "Misinformed speculators and mispricing in the housing market", Review of Financial Studies, Vol. 29, No. 2: pp 486-522.

Chiu, R.L.H. (2017) "Housing Affordability & Sustainability in Hong Kong" presented at the seminar Planning, Housing and Sustainability: Contemporary Debates in Hong Kong, United Kingdom and Beyond, jointly organized by the Hong Kong Institute of Planners, Royal Town Planning Institute, Planning Department of Government of HKSAR, and Centre of Urban Planning and Design, The University of Hong Kong, City Gallery, 25 February 2017.

Chiu, R.L.H. (2019) "Housing challenges in Hong Kong's dualistic housing system: Implications for Chinese cities", in R.L.H. Chiu, Z. Liu, B. Renaud (eds.) (2019) International Housing Market Experience and Implications for China, Chapter 10, Routledge, London, New York.

Christophers, B. (2015), "The limits to financialization", Dialogues in Human Geography, Vol. 5, No. 2: pp 183-200

Chua, B. H. (2014), "Financialising public housing as an asset for retirement in Singapore", International Journal of Housing policy, Vol. 15, No. 1: pp 27-42

Clark, E., Grydehøj, A., Lund Hansen, A. and Topal, A. (2016), "Financialization of Built Environments in Stockholm, Copenhagen, and Ankara: Housing Policy and Cooperative Housing", Financialization, Economy, Society & Sustainable Development (FESSUD) Project, Working papers 115.

Clennett, B. and Jakubec, M. (2019), "A lack of affordable housing feeds Hong Kong's discontent", Al Jazeera, Aug 11, https://www.aljazeera.com/economy/2019/8/11/a-lack-of-affordable-housing-feeds-hong-kongs-discontent (accessed 23/4-2021)

CMHC (2020), "The Impact of Short-term Rentals on Canadian Housing", https://www.cmhc-schl.gc.ca/en/nhs/nhs-project-profiles/2020-nhs-projects/impact-short-term-rentals-canadian-housing (accessed 21/4-2021)

Coates, D. et al. (2019) 'Who invests in the Irish commercial real estate market?: An overview of non-bank institutional ownership of Irish CRE.', Financial Stability Notes,. Dublin: Central Bank of Ireland, 6, pp. 1–14.

Cocola-Gant, A. and Gago, A. (2019), "Airbnb, buy-to-let investment and tourism-driven displacement: A case study in Lisbon", Environment and Planning A: Economy and Space, DOI: 10.1177/0308518X19869012

Collins, M. (2015), "Wall Street And The Financialization of the Economy", Forbes, Feb 4, https://www.forbes.com/sites/mikecollins/2015/02/04/wall-street-and-the-financialization-of-the-economy/?sh=782139b15783 (accessed 21/4-2021)

Confidencial Imobiliário (2021) Estrangeiros fazem 40% do investimento. Confidencial Imobiliário, Marco, Dossier cidade de Lisboa. pp. 14.

Conservative (2019), "The Conservative and Unionist Party Manifesto 2019", https://assets-global.website-files.com/5da42e2cae7ebd3f8bde353c/5dda924905da587992a064ba_Conservative%202019%20Manifesto.pdf (accessed 26/4-2021)

Cook, N. and Ruming, K. (2020), "The financialization of housing and the rise of the investor-activist", Urban Studies, DOI: 10.1177/0042098020931320

Copley, C. (2019), "Berlin activists march to demand city seize housing from landlords", Reuters, Apr 6, https://www.reuters.com/article/uk-germany-housing-idUKKCN1RI0FR (accessed 22/4-2021)

CPC (2018), "Conservative Policy Declaration", https://cpcassets.conservative.ca/wp-content/uploads/2020/10/15090948/9f7f204744e7480.pdf (accessed 21/4-2021)

Crouch, C. (2009), "Privatized Keynesianism: An unacknowledged policy regime", The British Journal of Politics and International Relations, Vol. 11, No. 3: pp 382-399

Dachis, B., Duranton, G. and Turner, M. A. (2012), 'The effects of land transfer taxes on real estate markets: Evidence from a natural experiment in Toronto", Journal of Economic Geography, Vol. 12: pp 327-354.

Davidoff, I. and Leigh, A. (2013), "How Do Stamp Duties Affect the Housing Market?", ICA Discussion Paper Series, Institute for the study of labor, http://ftp.iza.org/dp7463.pdf (accessed 20/2-2021)

Department of Education and Skills (2017) National Student Accommodation Strategy. Dublin: DES.

Department of Environment Heritage and Local Government (2009) Sustainable Residential Development in Urban Areas Guidelines for Planning Authorities. Dublin: DEPLG.

Department of Housing Local Government and Heritage (2018) Urban Development and Building Height Guidelines. DHLGH.

Detzer, D. and Hein, E. (2014), "Financialization and the financial and economic crises: The case of Germany", IPE Working Papers 44/2014, https://ideas.repec.org/p/zbw/ipewps/442014.html (accessed 22/4-2021)

Diamond, R. (2018), “What does economic evidence tell us about the effects of rent control?”, Brookings Institute, https://www.brookings.edu/research/what-does-economic-evidence-tell-us-about-the-effects-of-rent-control/ (accessed 20/2-2021)

DNC (2020), “Party Platform”, https://democrats.org/where-we-stand/party-platform/ (accessed 21/4-2021)

Donovan, D. and Murphy, A. (2014) The Fall of the Celtic Tiger: Ireland and the Euro Debt Crisis. Oxford: Oxford University Press.

Downey, D. D. (2014), “The Financialization or Irish Homeownership and the Impact of the Global Financial Crisis”, in MacLaran, A. and Kelly, S. (Eds.), Neoliberal Urban Policy and the Transformation of the City, pp 120-138

DRE (2022) Diário da República n.º 90/2022, Série I de 2022-05-10: 8–32. Available: https://dre.pt/dre/detalhe/diario-republica/90-2022-183230511(accessed 16 May 2022).

DW (2020), “Germany: Berlin parliament passes five-year rent freeze”, Deutsche Welle, Jan 30, https://www.dw.com/en/germany-berlin-parliament-passes-five-year-rent-freeze/a-52210612 (accessed 22/4-2021)

Eaton, B., Hedman, J. and Medaglia, R. (2018), ”Three Different Ways to Skin a Cat: Financialization in the Emergence of National e-ID Solutions”, Journal of Information Technology, Vol. 33, No. 1: pp 70-83

Edwards, M. (2016), “The housing crisis and London”, City: Analysis of Urban Change, Theory, Action, Vol. 20, No. 2: pp 222-237

Esquerda (2021), “Estudo revela consequências da financeirização da habitação”, Esquerda, Feb 16, https://www.esquerda.net/artigo/estudo-revela-consequencias-da-financeirizacao-da-habitacao/72848 (accessed 22/4-2021)

Evans, P. (2021), “It’s not just Toronto and Vancouver – Canada’s housing bubble has gone national”, CBC News, Apr 5, https://www.cbc.ca/news/business/housing-bubble-small-towns-1.5973134 (accessed 21/4-2021)

Farha, L. (2017), “Report of the Special Rapporteur on Adequate Housing as a Component of the Right to an Adequate Standard of Living, and on the Right to Non-Discrimination in this context”, UN Human Rights Council, https://digitallibrary.un.org/record/861179?ln=en (accessed 20/2-2021)

Favara, G. and Imbs, J. (2015), “Credit Supply and the Price of Housing”, American Economic Review, Vol. 105, No. 3: pp 958-992

Favilukis, J., Ludvigson, S. C. and van Nieuwerburgh, S. (2016), “The Macroeconomic Effects of Housing Wealth, Housing Finance, and Limited Risk Sharing in General Equilibrium”, Journal of Political Economy, Vol. 125, No. 1: pp 140-223

Fender, I. and Lewrick, U. (2013), “Mind the gap? Sources and implications of supply demand imbalances in collateral asset markets”, BIS Quarterly Review, September

Fernandez, R. and Aalbers, M. (2016), “Financialization and housing: Between globalization and varieties of capitalism”, Competition & Change, Vol. 20, No. 2: pp 71-88

Fianna Fáil (n.d.), "Securing Homes for All", https://www.fiannafail.ie/our-policies/housing/ (accessed 28/4-2021)

Fields, D. (2018), "Constructing a New Asset Class: Property-led Financial Accumulation after the Crisis", Economic Geography, Vol. 94, No. 2: pp 118-140

Fields, D. and Uffer, S. (2016), "The financialization of rental housing: A comparative analysis of New York City and Berlin", Urban Studies, Vol. 53, No. 7: pp 1486-1502

Financial Services and the Treasury Bureau (2013). The Administration's Responses to Matters Arising from the Meeting of the Bills Committee on Stamp Duty (Amendment) Bill 2013 held on 22 November 2013 (http://www.legco.gov.hk/yr12-13/english/bc/bc05/papers/bc051213cb1-491-2-e.pdf; accessed 20 April 2015).

Foroohar, R. (2019), "The allure of financial tricks is fading", The Financial Times, Mar 3, https://www.ft.com/content/a9f13afc-3c3d-11e9-b856-5404d3811663 (accessed 26/4-2021)

Fourcade, M., Ollion, E. and Algan, Y. (2015), "The Superiority of Economists", The Journal of Economic Perspectives, Vol. 29, No. 1: pp 89-113

Fisher, L. M. and Lambie-Hanson, L. (2010), "Are Investors the Bad Guys? Tenure and Neighborhood Stability in Chelsea, Massachusetts", Real Estate Economics, Vol 40, No. 2: pp 351-386

Forrest, R. and Hirayama, Y. (2015), "The financialization of the social project: Embedded liberalism, neoliberalism and home ownership", Urban Studies, Vol. 52, No. 2: pp 233-244.

Freeman, R. B. (2010), "It's financialization!", International Labour Review, Vol. 149, No. 2: pp 163-183

French, S., Leyshon, A. and Wainwright, T. (2011), "Financializing space, spacing financialization", Progress in Human Geography, Vol. 35, No. 6: pp 798-819

Gao, Z., Sockin, M. and Xiong, W. (2020), "Economic Consequences of Housing Speculation", The Review of Financial Studies, Vol. 33, No. 11: pp 5248-5287

Garha, N. S. and Azevedo, A. B. (2022). Airbnb and the housing market in the covid-19 pandemic: A comparative study of Barcelona and Lisbon. Análise Social, LVII (1.º) 242: 4–31.

Gauder, M., Houssard, C. & Orsmond, D. 2014. Foreign investment in residential real estate. RBA Bulletin, June, 11-18

Gete, P. and Reher, M. (2018), "Review of Financial Studies", Vol. 31, No. 12: pp 4884 – 4911

Gholipour, H. F., Hooi Hooi, L., Tajaddini, R. and Pham, A. K. (2019), "Foreign investment in Australian residential properties", International Journal of Housing Markets and Analysis, Vol. 12, No. 2: pp: 166-180

González, A. N. (2021), "La vivienda de alquiler en España tiene un problema de precio y así pretende solucionarlo el Gobierno", El Blog Salmón, Mar 22, https://www.elblogsalmon.com/economia-domestica/vivienda-alquiler-espana-tiene-problema-precio-asi-pretende-solucionarlo-gobierno (accessed 29/4-2021)

Gorback, C. S. and Keys, B. J. (2020), “Global capital and local assets: House prices, quantities, and elasticities”, NBER Working Paper, No. 27370

Gordon, J. (2020), “Canada plans to clamp new tax on foreign home buyers“, Reuters, https://www.reuters.com/article/us-canada-economy-housing-idCAKBN28B61W (accessed 20/2-2021)

Gottlieb, J. D., Gyourko, J. and Glaeser, E. L. (2010), “Can Cheap Credit Explain the Housing Boom?”, NBER Working Papers

GOV (n.d.), “Stamp Duty Land Tax”, https://www.gov.uk/stamp-duty-land-tax/residential-property-rates (accessed 26/4-2021)

GOV (2020), “New rates of Stamp Duty Land Tax for non-UK residents from 1 April 2021”, https://www.gov.uk/government/publications/new-rates-of-stamp-duty-land-tax-for-non-uk-residents-from-1-april-2021 (accessed 26/4-2021)

GOV (2020), “Rent Pressure Zones”, Department of Housing, Local Government and Heritage, https://www.gov.ie/en/publication/85110-rent-pressure-zones/ (accessed 28/4-2021)

Government of Ireland (2016) Rebuilding Ireland: action plan for housing and homelessness. Dublin.

Greiner, K. T., Rosado, R., Damian, J., Murray, E. and Bachin, R. (2017), “The Dynamics of Housing Affordability in Miami-Dade County”, https://civic.miami.edu/_assets/pdf/housing-initiatives/housing-reports/Dynamics-of-Housing-Affordability-Inclusionary-Zoning-2017-4-19-Final.pdf (accessed 21/4-2021)

Guo, F. and Huang. S. Y. (2010), “Does “hot money” drive China’s real estate and stock markets?”, International Review of Economics & Finance, Vol. 19, No. 3: pp 454-466

Gurstein, P. and A. Yan, “Chapter 9 – Beyond the Dreams of Avarice?: The Past, Present and Future of Housing in Vancouver’s Planning Legacy” in Gurstein, P. and T. Hutton. (eds.) Planning on the Edge: Vancouver and the Challenges of Reconciliation, Social Justice and Sustainable Development. Vancouver BC: UBC Press: 215-246.

Gustafsson, J. (2021), “Renovations as an investment strategy: Circumscribing the right to housing in Sweden”, Housing Studies, 1-22.

Haider, M. and Moranis, S. (2021), “Jury still out on Canada’s housing ‘bubble’, but a national fix would do more harm than good”, Financial Post, Mar 19, https://financialpost.com/real-estate/jury-still-out-on-canadas-housing-bubble-but-a-national-fix-would-do-more-harm-than-good (accessed 21/4-2021)

Haughwout, A., Lee, D., Tracy, J. S. and van der Klaauw W. (2011), “Real estate investors, the leverage cycle, and the housing market crisis”, Federal Reserve Bank of New York Staff Reports

Hansen, P. H. (2014), “From Finance Capitalism to Financialization: A Cultural and Narrative Perspective on 150 Years of Financial History”, Enterprise and Society, Vol. 15, No. 4: pp 605-642

Hargreaves, B. and Squires, G. (2018), “The ‘financialization’ of housing”, https://www.massey.ac.nz/massey/about-massey/news/article.cfm?mnarticle_uuid=96000DA9-4608-458A-B6AC-D46C0E3D54F5 (accessed 29/3-2021)

Henry, J. S. (2012), ”The price of offshore revisited”, The Tax Justice Network, https://www.taxjustice.net/cms/upload/pdf/Price_of_Offshore_Revisited_120722.pdf (accessed 20/2-2021)

Het Parool (2020), “The Amsterdam housing market is not a bubble”, Sep 8, https://www.eur.nl/en/news/amsterdam-housing-market-not-bubble (accessed 29/4-2021)

Higgins, M. D. (2011), “Vision for Presidency”, President of Ireland, https://president.ie/en/the-president/vision-for-presidency (accessed 28/4-2021)

Higgins, M. D. (2019), “”The Future of Europe: Re-Balancing Ecology, Economics and Ethics” – Lecture by Michael D. Higgins, President of Ireland”, President of Ireland Media Library, https://president.ie/en/media-library/speeches/the-future-of-europe-re-balancing-ecology-economics-and-ethics-lecture-by-michael-d-higgins-president-of-ireland (accessed 28/4-2021)

Higgins, M. D. (2020a), “Speech by President Michael D. Higgins ‘Asia Matters’ Global Conference”, President of Ireland Media Library, https://president.ie/en/media-library/speeches/speech-by-president-michael-d-higgins-asia-matters-global-conference (accessed 28/4-2021)

Higgins, M. D. (2020b), “Confronting Planetary Emergencies” OECD Conference, Oct 9, https://www.oecd.org/naec/confronting-planetary-emergencies/OECD_Speech_President_Michael_D_Higgins.pdf (accessed 28/4-2021)

Hilber, C. A. L. and Lyytikainen, T. (2012), ”Stamp duty and household mobility: Regression discontinuity evidence from the UK”, Spatial Economics Research Centre Discussion Paper 115, London School of Economics, London.

HKU (2020), “Game of Homes: The Financialization of Housing”, https://www.arch.hku.hk/event_/game-of-homes-the-financialization-of-housing/ (accessed 23/4-2021)

HMRC (2020), “New rates of Stamp Duty Land Tax for non-UK residents from 1 April 2021”, https://www.gov.uk/government/publications/new-rates-of-stamp-duty-land-tax-for-non-uk-residents-from-1-april-2021/new-rates-of-stamp-duty-land-tax-for-non-uk-residents-from-1-april-2021 (accessed 20/2-2021)

Holden, R. (2021), “Vital signs: to fix Australia’s housing affordability crisis, negative gearing must go”, The Conversation, Apr 9, https://theconversation.com/vital-signs-to-fix-australias-housing-affordability-crisis-negative-gearing-must-go-158518 (accessed 14/4-2021)

Huang, C. (2017), “Forced to deliver speech via video, Hong Kong leader Carrie Lam unveils measures to ease housing crunch”, The Strait Times, Oct 17, https://www.straitstimes.com/asia/east-asia/hong-kong-leader-carrie-lam-unveils-measures-to-ease-housing-crunch (accessed 23/4-2021)

Huang, J., Shen, G. Q. and Zheng, H. W. (2015), “Is insufficient land supply the root cause of housing shortage? Empirical evidence from Hong Kong”, Habitat International, Vol. 49: pp 538-546

INE (Instituto Nacional de Estatística) (2021). *Plataforma de resultados provisórios*. (Platform with intermediate results). Available: https://www.ine.pt/scripts/db_censos_2021.html (accessed 16 May 2022).

IRAS (n.d.), "Additional Buyer's Stamp Duty (ABSD)", https://www.iras.gov.sg/irashome/Other-Taxes/Stamp-Duty-for-Property/Working-out-your-Stamp-Duty/Buying-or-Acquiring-Property/What-is-the-Duty-that-I-Need-to-Pay-as-a-Buyer-or-Transferee-of-Residential-Property/Additional-Buyer-s-Stamp-Duty--ABSD-/ (accessed 23/4-2021)

Jacobs, K. and Manzi, T. (2019), "Conceptualising 'financialization': governance, organizational behaviour and social interaction in UK housing", International Journal of Housing Policy, Vol. 20, No. 2: pp 184-202

JOE NYC (2020), "FAQ", http://www.joenyc.org/faq.html (accessed 22/2-2021)

Johnson, A., Howden-Chapman, P. and Eaqub, S. (2018), "A Stocktake of New Zealand's Housing", https://www.beehive.govt.nz/sites/default/files/2018-02/A%20Stocktake%20Of%20New%20Zealand%27s%20Housing.pdf (accessed 29/3-2021)

INE (Instituto Nacional de Estatística) (2021). Plataforma de resultados provisórios. Available: https://www.ine.pt/scripts/db_censos_2021.html (accessed 16 May 2022).

Kadarik, K. and A. Kährik (2021), "Trends of out-mobility from large housing estates in Stockholm: influences of the housing policy and neighbourhood context", Journal of the Built Environment, 1-20.

Kallifatides, M. and Belfrage, C. (2018), "Financialization and the New Swedish Model", Cambridge Journal of Economics, Vol. 42, No.4: pp 875-900

Kallifatides, M. and Belfrage, C. (2017), "Finansialiseringen av Sverige: På väg mot nästa kris?", Katalys – Institut för facklig idéutveckling, no. 38, https://www.katalys.org/wp-content/uploads/2017/11/Katalys_Finansialisering-av-Sverige_webb.pdf (accessed 26/3-2021)

Kaschel, H. (2021), "COVID worsens Germany's housing shortage", Deutsche Welle, Feb 21, https://www.dw.com/en/covid-worsens-germanys-housing-shortage/a-56618601#:~:text=One%20reason%20for%20the%20shortage,lacking%20around%20670%2C000%20apartments%20nationwide.&text=The%20goal%20was%20to%20create,in%20Germany%20by%20fall%202021 (accessed 22 Apr 2021)

KCL (n.d.), "Geographies of Financialization & Value-Making", https://www.kcl.ac.uk/abroad/module-options/module?id=26553f4b-0725-4e8b-b566-f9a6102dc830 (accesses 26/4-2021)

Keegan, M. (2019), "Are artificial islands the answer to Hong Kong's housing crisis?", The Guardian, Jul 12, https://www.theguardian.com/cities/2019/jul/12/are-artificial-islands-the-answer-to-hong-kongs-housing-crisis (accessed 23/4-2021)

Keely, R. and Lyons, R. (2019) Debt and Taxes: The Sale-Rent House price Ratio in Dublin since 1945. TEP Working Paper No. 0419. Dublin.

Keenan, E. et al. (2016) 'Macroprudential Measures and Irish Mortgage Lending: A Review of Recent Data', Central Bank of Ireland Economic Letters, 3, pp. 1–18.

Kennedy Stewart (n.d.), “Housing Affordability”, https://www.kennedystewart.ca/housing_affordability (accessed 21/4-2021)

KFW (n.d.), ”Baukindergeld”, https://www.kfw.de/inlandsfoerderung/Privatpersonen/Neubau/F%C3%B6rderprodukte/Baukindergeld-(424)/ (accessed 22/4-2021)

Khan (n.d.), “Standing up for London”, https://sadiq.london/standing-up-for-london/ (accessed 26/4-2021)

Kholodilin, K,. Mense, A. and Michelsen, C. (2016), “Market break of simply fake? Empirics on the causal effects of rent controls in Germany”, DIW Discussion Papers, No. 1584

Kitchin, R. et al. (2012) ‘Placing neoliberalism: The rise and fall of Ireland’s celtic Tiger’, Environment and Planning A, 44(6), pp. 1302–1326.

Knight, B. (2021), “Berlin rent cap overturned by Germany’s top court”, Deutsche Welle, Apr 15, https://www.dw.com/en/berlin-rent-cap-overturned-by-germanys-top-court/a-57209268 (accessed 22/4-2021)

Kohl, S. (2020), “Too much mortgage debt? The effect of housing financialization on housing supply and residential capital formation”, Socio-Economic Review, Vol 0, No. 0: pp 1-28

Kopczuk, W. and Munroe, D. (2015), "Mansion Tax: The Effect of Transfer Taxes on the Residential Real Estate Market." American Economic Journal: Economic Policy, Vol. 7, No. 2: pp 214-257

Krippner, G. (2011), Capitalizing on Crisis: The Political Origins of the Rise of Finance, Cambridge: Harvard University Press

Krippner, G. R. (2005), “The financialization of the American economy”, Socio-Economic Review, Vol. 3: pp 173-208

Labor (2021), “A fair go for Australia”, https://www.alp.org.au/media/1539/2018_alp_national_platform_constitution.pdf (accessed 13/4-2021)

Labour (2021), “Housing”, https://www.labour.org.nz/housing (accessed 29/3-2021)

Labour (2020), “We’ll Build Homes and Freeze Rents”, Labour Party Manifesto 2020, https://www.labour.ie/manifesto/well-build-homes-and-freeze-rents/ (accessed 28/4-2021)

Labour (2019), “Housing”, https://labour.org.uk/manifesto-2019/tackle-poverty-and-inequality/ (accessed 26/4-2021)

Latvian, S. L. (2020), “2021, el ano en el que el precio de la vivienda volverá a caer”, El País, Dec 20, https://elpais.com/economia/2020-12-19/2021-el-ano-en-el-que-el-precio-de-la-vivienda-volvera-a-caer.html (accessed 29/4-2021)

Lambie-Hanson, L., Li, W. and Slonkosky, M. (2019), ”Leaving Households Behind: Institutional Investors and the U.S. Housing Recovery”, Federal Reserve Bank of Philadelphia Working Papers, No. 19-1

Landvoigt, T., Piazzesi, M. and Schneider, M. (2015), “The Housing Market(s) of San Diego”, American Economic Review, Vol. 105, No. 4: pp 1371-1407

Lestegas, I. (2019), “Lisbon after the crisis: from credit-fueled suburbanization to tourist-driven gentrification”, International Journal of Urban and Regional Research, Vol. 43, No. 4: pp 705-723

Liao, W., Zhao, D., Lim, L. P. and Wong, G. K. M. (2015), “Foreign liquidity to real estate market: Ripple effect and housing price dynamics”, Urban Studies, Vol. 52, No. 1: pp 138-158

Liberal (2021), “Helping with the cost of living”, https://www.liberal.org.au/our-plan/cost-of-living (accessed 13/4-2021)

Liberal (2019), “Forward: A Real Plan For the Middle Class”, https://www2.liberal.ca/wp-content/uploads/sites/292/2019/09/Forward-A-real-plan-for-the-middle-class.pdf (accessed 21/4-2021)

Lind, H. (2015), “The Effect of Rent Regulations and Contract Structure on Renovation: A Theoretical Analysis of the Swedish System”, Housing, Theory and Society, 389-406.

Liu, S. & Gurran, N. Forthcoming. Foreign investment in Australia housing: Understand how the variations of foreign investment policy settings encourage/discourage global housing demand and its impacts in local housing market. (To be submitted yet)

Liu, S. & Gurran, N. 2017. Chinese investment in Australian housing: push and pull factors and implications for understanding international housing demand. International Journal of Housing Policy, 17, 489-511.

Lomas, N. (2021), “Court overturns Amsterdam’s three-district ban on Airbnb rentals”, Tech Crunch, Mar 15, https://techcrunch.com/2021/03/15/court-overturns-amsterdams-three-district-ban-on-airbnb-rentals/ (accessed 29/4-2021)

Malva, S. (2016), “The Imminent Ruin of the Auckland Housing Crisis: Social Resistance Against the Financialization of Housing”, New Zealand Sociology, Vol. 31, No. 6: pp 10-33

Magendane, K. (2020), ”Vertel de traumatische verhalen van deze crisis”, NRC Handelsblad, Dec 29, https://www.nrc.nl/nieuws/2020/12/28/vertel-de-traumatische-verhalen-van-deze-crisis-a4025428

Majendie, A. (2020), “Why Singapore Has One of the Highest Home Ownership Rates”, Bloomberg CityLab, Jul 8, https://www.bloomberg.com/news/articles/2020-07-08/behind-the-design-of-singapore-s-low-cost-housing (accessed 23/4-2021)

Mares, P. (2020), “When the market is the policy, housing fails”, Inside Story, 25 May, https://insidestory.org.au/when-the-market-is-the-policy-housing-fails/ (accessed 13/4-2021)

Marler, T. (2019) ‘Dublin Landings: BTR/Multifamily in Dublin.’, in Business Post National Property Summit. Dublin.

Marques, T. S., Matos, F. L., Saraiva, M., Maia, C., Ribeiro, D. and Ferreira, M. (2019), “The financialization of the housing market in Porto and Lisbon (PT): CiTown Project report Lisbon and Porto (Portugal) case-studies”, https://hdl.handle.net/10216/124017

Martin, A. and Ryan-Collins, J. (2016), "The Financialization of UK Homes", New Economics Foundation, Apr 21, https://neweconomics.org/2016/04/the-financialization-of-uk-homes (accessed 26/4-2021)

MAU (2021), "Finansialisering av vardagslivet i Sverige. Intersektionella perspektiv på otrygghet i boendet och arbetslivet", https://mau.se/forskning/projekt/finansialisering-av-vardagslivet-i-sverige/ (accessed 26/3-2021)

Menon, P. (2021), "New Zealand taxes investors, spends billions to cool housing market", Financial Review, 23 Mar, https://www.afr.com/property/residential/new-zealand-spends-billions-to-slow-skyrocketing-home-prices-20210323-p57d8u (accessed 29/3-2021)

Metzger, P. (2019), "Verwertung einer Mieternation", neues-deutschland, Jun 14, https://www.neues-deutschland.de/artikel/1120894.wohnungsmarkt-verwertung-einer-mieternation.html (accessed 22/4-2021)

Miami (2020), "City of Miami Affordable Housing Master Plan (Draft)", https://issuu.com/fiumetrocenter/docs/city_of_miami_affordable_housing_master_plan_draft (accessed 21/4-2021)

Miller, D. (2015), "Two Faces of American Financialization", Wharton Magazine, Sep 30, https://magazine.wharton.upenn.edu/digital/two-faces-of-american-financialization/ (accessed 21/4-2021)

Minton, A. (2017), Big Capital, London, United Kingdom: Penguin Books Ltd

Missé, A. (2020), "El verdadero problema de la vivienda", El País, Sep 21, https://elpais.com/economia/2020-09-20/el-verdadero-problema-de-la-vivienda.html (accessed 29/4-2021)

Morgenroth, E. (2018) Prospects For Irish Regions And Counties: Scenarios And Implications. Dublin: ESRI.

Morris, A. (2018), "The financialization of housing and the housing crisis in Sydney", Housing Finance International, Vol. 32, No. 4: pp 63-69

Munoz, M. (2020), "Macroprudential Policy and the Role of Institutional Investors in Housing Markets", ECB Working Paper No. 20202454

National (2021), "Housing, Infrastructure & World Class Cities", https://www.national.org.nz/housing-infrastructure-world-class-cities (accessed 29/3-2021)

Nethercote, M. (2020), "Build to rent and the financialization of rental housing: future research directions", Housing Studies, Vol. 35, No. 5: pp 839-874

Nielsen, J. S. (2017), "Finanssektorn trænger sig ind i alle dele af vores samfund og bevidsthed. Og det skader den bæredygtige udvikling", Information, 21 Nov, https://www.information.dk/udland/2017/11/finanssektoren-traenger-dele-vores-samfund-bevidsthed-skader-baeredygtige-udvikling (accessed 29/3-2021)

Norris, M. (2016) Property, Family and the Irish Welfare State. Basingstoke: Palgrave Macmillan.

Norris, M. and Coates, D. (2014) 'How housing killed the Celtic tiger: Anatomy and consequences of Ireland's housing boom and bust', Journal of Housing and the Built Environment, 29(2), pp. 299–314.

Norris, M, Hayden, A, McMahon E and Palmer, A (2022), An Analysis of Clustered and Dispersed Social Homes in Mixed Tenure Estates, Dublin: The Housing Agency.

Norris, M. and Shiels, P. (2007) 'Housing affordability in the republic of Ireland: Is planning part of the problem or part of the solution?', Housing Studies, 22(1). doi: 10.1080/02673030601024598.

NZP (2018), "Overseas Investment Amendment Bill", https://www.parliament.nz/en/pb/bills-and-laws/bills-proposed-laws/document/BILL_75755/overseas-investment-amendment-bill (accessed 29/3-2021)

Observatori Metropolità de l'Habitatge de Barcelona (2021) Estructura i concentració del parc de lloguer a la demarcació de Barcelona. Laboratoris Continuïtat.

O'Callaghan, C., Di Feliciantonio, C. and Byrne, M. (2018) 'Governing urban vacancy in post-crash dublin: contested property and alternative social projects', Urban Geography, 39(6), pp. 868-891.

O'Hara, J. (2017) Purpose Build Student Accomodation in Dublin: Context, Patterns of Development and Evolving Trends. Dublin.

Office of Tax Simplification (2020), "Capital Gains Tax review – first report: Simplifying by design", https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/935073/Capital_Gains_Tax_stage_1_report_-_Nov_2020_-_web_copy.pdf" (accessed 20/2-2021)

Ollongren, K. H. (2019), "Onderzoek prijseffect op woningen door aankopen door particuliere beleggers", Tweede Kameer Der Staten-Generaal, https://www.tweedekamer.nl/kamerstukken/brieven_regering/detail?id=2019Z19314&did=2019D40200 (accessed 29/4-2021)

Palacio, A. (2020), "Palmetazo a "La mano invisible"", El Mundo, Dec 26, https://www.elmundo.es/internacional/2020/12/26/5fe5e37821efa092798b4675.html (accessed 29/4-2021)

PAP (2020), "PAP Manifesto 2020 – Our Lives, Our Jobs, Our Future", https://issuu.com/pap.sg/docs/pap-manifesto-2020-our-lives-our-jobs-our-future (accessed 23/4-2021)

Partington, R. and Collinson, P. (2020), "Government review urges major overhaul of capital gains tax", Guardian, https://www.theguardian.com/politics/2020/nov/11/government-review-urges-major-overhaul-of-capital-gains-tax (accessed 20/2-2021)

Paul, (2020), "The Berlin rent gap, explained", Berliner-Zeitung, https://www.berliner-zeitung.de/en/the-berlin-rent-cap-explained-li.120839 (accessed 20/2-2021)

Podemos (2021), "Garantías de Justicia Social", Programa de Podemos, https://podemos.info/bloque/garantias-justicia-social/ (accessed 29/4-2021)

Poovey, M. (2015), “On ‘the limits to financialization’”, Dialogues in Human Geography, Vol. 5, No. 2: pp 220-224

PP (2019), ”Más Oportunidades para las Personas”, Programma electoral del Partido Popular, https://www.pp.es/conocenos/programas (accessed 29/4-2021)

Property Industry Ireland (2021) The Significance of International Development Finance in Ireland’s Real Estate Markets. Dublin: PII.

PS (2019), ”Programa Eleitoral Legislativas 2019”, https://todosdecidem.ps.pt/completo/explorar/?tema=demografia (accessed 22/4-2021)

PSP (2020), “Progress Singapore Party Manifesto 2020”, https://drive.google.com/drive/folders/1735kX0p-UVMysOdKWXh-LyUhesaGHYzM (accessed 23/4-2021)

PvdA (2021), “Ons plan voor volkshuisvesting”, Verkiezingsprogramma 2021-2025, https://www.pvda.nl/verkiezingen/verkiezingsprogramma/wonen/?maatregel-pandjesbazen-uit-het (accessed 29/4-2021)

Rehm Article- Rehm, M., & Yang, Y. (2020). Betting on capital gains: housing speculation in Auckland, New Zealand. International Journal of Housing Markets and Analysis.

Residential Tenancies Board (2021) RTB Survey of Landlords, Tenants and Letting Agents Summary Report. Dublin: RTB.

Reuters (2017), “Spreading housing shortage hits over 850,000 people in Germany: report”, Reuters, Nov 14, https://www.reuters.com/article/us-germany-economy-homelessness-idUSKBN1DE2O5 (accessed 22/4-2021)

Revington, N. and August, M. (2019), “Making a market for itself: The emergent financialization of student housing in Canada”, Environment and Planning A: Economy and Space, Vol. 52, No, 5: pp 856-877

Rochon, L-P. (2015), “More regulations needed to survive financialization in the West”, CBC News, Mar 22, https://www.cbc.ca/news/canada/manitoba/more-regulations-needed-to-survive-financialization-in-the-west-1.3004869 (accessed 21/4-2021)

Rodrigues, J., Ana C. Santos & Nuno Teles (2016) A financeirização do capitalismo em Portugal. Observatorio sobre crises e Alternativas. Lisboa: Actual.

Rogers, S. (2016), “President warns of ‘stark’ economic outcomes”, The Irish Examiner, Jun 18, https://www.irishexaminer.com/news/arid-20405595.html (accessed 28/4-2021)

Rozworski, Michal. (2019) “The roots of our housing crisis: Austerity, debt and extreme speculation.” Policy Note, June 14: https://www.policynote.ca/the-roots-of-our-housing-crisis-austerity-debt-and-extreme-speculation/

Ryan-Colins, J. (2021), “Breaking the housing-finance cycle: Macroeconomic policy reforms for more affordable home”, Environment and Planning A: Economy and Space, Vol. 53, No. 3: pp 480-502

Sá, F. (2016), “The Effect of Foreign Investors on Local Housing Markets: Evidence from the UK”, Centre for Macroeconomics (CFM), Discussion Papers 1639

Sanderson, D. & Özogul, S. (2021): Key investors and their strategies in the expansion of European student housing investment, Journal of Property Research, DOI: 10.1080/09599916.2021.1993315

Scully, M. (2020), “Address by President Michael D. Higgins to the International Labour Organisation Global Summit”, Limerick Post, Jul 8, https://www.limerickpost.ie/2020/07/08/address-by-president-michael-d-higgins-to-the-international-labour-organisation-global-summit/ (accessed 28/4-2021)

SEF (n.d.), “ARI – Residence permit for investment activity”, https://www.sef.pt/en/pages/conteudo-detalhe.aspx?nID=21 (accessed 22/4-2021)

Segers, M. (2021),”De tragedie van een land dat alles al weet”, NRC Handelsblad, Mar 6, https://www.nrc.nl/nieuws/2021/03/05/de-tragiek-van-een-land-dat-alles-al-weet-a4034376 (accessed 29/4-2021)

Segú, M. (2020), “The impact of taxing vacancy on housing markets: Evidence from France”, Journal of Public Economics, Vol. 185

Seixas, J. (2021), Lisboa em Metamorfose, Lisboa: Fundação Francisco Manuel dos Santos.

Silver, J., Fields, D., Goulding, R., Rose, I. and Donnachie, S. (2021), “Walking the financialized city: confronting capitalist urbanization through mobile popular education”, Community Development Journal, Vol. 56, No. 1: pp 161-179

Smart, A. (2018), “Financialization and shifting urban growth regimes in Hong Kong and China”, in Low, S (Ed.), The Routledge Handbook of Anthropology and the City (pp 395-408), Routledge: London

Solomon (2021), “Germany’s highest court strikes down Berlin rent freeze”, Financial Times, Apr 15, https://www.ft.com/content/7156504f-6a37-47a2-8c81-2065a6730194 (accessed 22/4-2021)

SP (2021), ”Een Land om te Wonen”, Verkiezingsprogramma 2021-2025, https://www.sp.nl/verkiezingsprogramma-2021 (accessed 29/4-2021)

Spiegel (2019), “So groß ist die Wohnungsnot in deutschen Metropolen”, Der Spiegel, Jul 22, https://www.spiegel.de/wirtschaft/soziales/wohnen-in-koeln-muenchen-und-stuttgart-iw-studie-ueber-groesse-der-wohnungsnot-a-1278358.html (accessed 22/4-2021)

Stiglitz, J. E. (2016), “Globalisation and its new discontents”, The Strait Times, Aug 8, https://www.straitstimes.com/opinion/globalisation-and-its-new-discontents (accessed 23/4-2021)

Suhonen, D., Belfrage, C. and Kallifatides, M. (2017), “Finanssektorns dominans bäddar för kris inom kort”, DN, 25 Nov, https://www.dn.se/debatt/finanssektorns-dominans-baddar-for-kris-inom-kort/ (accessed 26/3-2021)

Summer, M. (2021), "De PvdA wil terug naar de herverdeling van Joop den Uyl", de Volkskrant, Feb 17, https://www.volkskrant.nl/nieuws-achtergrond/de-pvda-wil-terug-naar-de-herverdelingspolitiek-van-den-uyl~b04c2945/ (accessed 29/4-2021)

Todd, D. (2021), "Canadian real-estate market better for foreign investors than locals, admits housing secretary", Vancouver Sun, Apr 15, https://vancouversun.com/opinion/columnists/douglas-todd-canadian-real-estate-market-better-for-foreign-investors-than-locals-admits-housing-secretary (accessed 21/4-2021)

TV 2 Lorry (2020), "Blackstone-indgreb vedtaget: Lov træder i kraft 1. juli", TV 2 Lorry, 4 Jun, https://www.tv2lorry.dk/lorryland/blackstone-indgreb-vedtaget-lov-traeder-i-kraft-1-juli (accessed 29/3-2021)

Ugande, R. (2021), "La caída de precios de la vivienda en Madrid y Barcelona sigue los pasos de la crisis de 2008", Cotizalia, Feb 23, https://www.elconfidencial.com/empresas/2021-02-23/caida-vivienda-comparable-crisis-2008-gloval_2962351/ (accessed 29/4-2021)

van der Ploeg, J. D. (2020), "Laat ons voedsel niet over aan de markt", de Volkskrant, Jul 1, https://www.volkskrant.nl/columns-opinie/opinie-laat-ons-voedsel-niet-over-aan-de-markt~b538c2da/ (accessed 29/4-2021)

Varoufakis, Y. (2019), "The past and future trouble with capitalism", The Irish Examiner, Mar 20, https://www.irishexaminer.com/opinion/commentanalysis/arid-30912026.html (accessed 28/4-2021)

Vaughan, M. (2013), "Singapore's Housing Tax Hits Home", The Wall Street Journal, Jan 29, https://www.wsj.com/articles/SB10001424127887323375204578269940952611204 (accessed 23/4-2021)

Vinnova (2019), "Finansialisering", https://www.vinnova.se/p/finansialisering/ (accessed 26/3-2021)

Vox (2020), "¿Qué medidas propone VOX para impulsar el sector de la vivienda?", https://www.voxespana.es/grupo_parlamentario/actividad-parlamentaria/proposiciones-no-de-ley/que-medidas-propone-vox-para-impulsar-el-sector-de-la-vivienda-20200817 (accessed 29/4-2021)

VVD (n.d.), "Wonen & Vervoer", https://www.vvd.nl/pijlers/wonen-en-vervoer/ (accessed 29/4-2021)

Wainwright, T. and Manville, G. (2017), "Financialization and the third sector: Innovation in social housing bond markets", Environment and Planning A: Economy and Space, Vol. 49, No. 4: pp 819-838

Walks, A. (2014), "From Financialization to Sociospatial Polarization of the City? Evidence from Canada", Economic Geography, Vol. 90, No. 1: pp 33-66

Walks, A. (2013) "Mapping the Urban Debtscape: The Geography of Household Debt in Canadian Cities," Urban Geography. Volume 34, 2013 – Issue 2: 153-187.

Walks, A. and Clifford, B. (2015), "The political economy of mortgage securitization and the neoliberalization of housing policy in Canada", Environment and Planning A: Economy and Space, Vol. 47, No. 8: pp 1624-1642

Watson, M. (2009), “Planning for a Future of Asset-Based Welfare? New Labour, Financialized Economic Agency and the Housing Market”, Planning Practice & Research, Vol. 24, No. 1: pp 41-56

Wenhong, C. (2021), “坦言集：香港改革”, Oriental Daily News, Feb 2, https://orientaldaily.on.cc/cnt/news/20210202/00184_001.html (accessed 23/4-2021)

Wijburg, G. (2020), “The de-financialization of housing: towards a research agenda”, Housing Studies, DOI: 10.1080/02673037.2020.1762847

Wijburg, G. and Aalbers, M. (2017), “The alternative financialization of the German housing market”, Housing Studies, Vol. 32, No. 7: pp 968-989

WP (2020), “The Worker’s Party Manifesto 2020”, https://d3bnzwrhehvhbjiwmja.s3-ap-southeast-1.amazonaws.com/The+Workers+Party+Manifesto+2020.pdf (accessed 23/4-2021)

Wu, F.; Chen, J.; Pan, F.; Gallent, N.; Zhang F (2020) “Assetization: the Chinese Path to housing financialization”, Annals of the American Association of Geographers, 110(5) 2020, pp. 1483–1499.

Yeung, P. (2019), “Portugal Passes ‘Right to Housing’ Law as Prices Surge”, Bloomberg: CityLab, https://www.bloomberg.com/news/articles/2019-07-08/housing-law-in-portugal-to-slow-gentrification (accessed 20/2-2021)

Yushu Zhu, Yue Yuan, Jiaxin Gu & Qiang Fu (2021) “Neoliberalization and inequality: disparities in access to affordable housing in urban Canada 1981–2016.” Housing Studies, DOI: 10.1080/02673037.2021.2004093

Zaobao (2021), “郭树清：房地产领域泡沫仍较”, Zaobao, Mar 2, https://www.zaobao.com.sg/realtime/china/story20210302-1128104 (accessed 23/4-2021)

By
Christine Whitehead
Kath Scanlon
Michael Voigtländer
Jacob Karlsson
Fanny Blanc
Martina Rotolo

Copenhagen
Stockholm
London
Dublin
Berlin
Barcelona
Lisbon
Vancouver
Miami
Singapore
Hong Kong
Sydney
Auckland

www.bvc.dk
ISBN 978-87-93360-43-3