Generation Rent
International Perspectives on Housing & Intergenerational Inequity

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’Generation rent’ is a term (...) referring to the phenomenon whereby young people are excluded from homeownership and spend longer periods of their lives in the private rented sector” (McKee & Moore, 2014: 12)
**The Pinch**
How the baby boomers stole their children's future—and how they can give it back

**Jilted Generation**
How Britain has bankrupted its youth

**What Did the Baby Boomers Ever Do for Us?**

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No parent can dismiss this argument about our collective failure to invest in the future—Guardian

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Ed Howker & Shiv Malik

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Francis Beckett
Japan’s lost Generation

• Waning postwar social mainstream
• Shifting routes into employment, marriage & family
• Inhibited transitions to socioeconomic independence
• Household fragmentation & shifting housing pathways
Work and the Lost Generation

- Post bubble economic restructuring
- Those graduating in 1990s find it difficult to find work (Genda 2001)
- Growth in ‘haken’ & decline in ‘shushin kyou’ and ‘nenko jouretsu’
- Rise of Freeters and NEETS (precariat)


Note: Non-regular employees: part-time, temporary and dispatched employees.

Figure 5. Ratio of non-regular employees by age
At Home with Mum and Dad

Note: a. 'Parasite singles' are defined as children or grandchildren who have neither married nor left home in early adulthood.

b. Hirayama's calculation.

Source: Population Census.

Figure 5. Ratio of 'parasite singles' by age and sex
Household careers of younger people

Source: Author's calculations from Population Census.

Figure 1. Changes in household type by age

Changing homeownership rates by age


Figure 6. Changes in housing tenure of household head aged 25–29 and 30–34
Tenants and Landlords
Boom in younger sharers & living alone (rent)

Buildings/Houses

Rooms

Share houses/rooms in Tokyo (Hitsuji fudosan)
South Korea: Tenure by age cohort

29 years old and under

30-39 years old

Free rent or other
Monthly rent
Monthly rent with deposit
Chonsei
Owner-occupied
EUROPE
House price index (2010 = 100)

- European Union
- Euro area
Total outstanding residential loans to GDP ratio (%)

- EU 28
- Euro area 18
TENURE RATE CHANGES AMONG YOUNG PEOPLE ACROSS EU15, 2007–2012*

* AGES 16–34, EXCLUDING IRELAND

SOURCE: EU-SILC, EUROSTAT
TENURE RATE CHANGES AMONG YOUNG PEOPLE ACROSS EU15, 2007–2012*

*AGES 18–34, EXCLUDING IRELAND

SOURCE: EU-SILC, EUROSTAT
TENURE RATE CHANGES AMONG YOUNG PEOPLE ACROSS EU15, 2007-2012*

*AGES 18-34, EXCLUDING IRELAND

SOURCE: EU-SILC, EUROSTAT
Generation Rent/Landlord in the UK

KEEP CALM AND CARRY ON LETTING
Tenure Status of 25-34, UK

Source: English Housing Survey, various years
Private Landlords & Private Lettings (1000’s)

The chart above illustrates the trend in private rental households and private landlords from 1991 to 2012, measured in thousands. The number of private rental households has increased steadily over the years, while the number of private landlords has also shown a growth pattern, albeit at a slower rate compared to the rental households.
Private rental revival facilitated by ...

- Deregulation of (shorthold) tenancies and rent controls (1988)
- ‘Buy-to-Let’ products (since 1996) – deeper financialisation
- Sluggish returns on investment products, esp. since 2008, and low interest rates
- Increased professionalization of lettings management
THE RISE OF GENERATION LANDLORD

- 89% of landlords are private individuals responsible for 71% of units (DCLG 2010)
- Most are small time investors with just one property (no experience/little profit)
- 22% of landlords let properties for 3 years or less & 69% for 10 years or less (in 2010)
- 80% of BtL landlords consider property income as a pension (NLA 2012)
- Increasing housing asset wealth of established home owners
Home ownership rate (%) by age group

Source: English Housing Survey, 2012-2013
The Changing Distribution of housing Assets (UK)

Source: Savills Research (2014)
Share of private landlords by age cohort

Source: BHPS, US; author’s calculations.
What facilitated the UK ‘Landlord Turn’?

• Past era of augmented housing equity
  – Intensive home ownership among post-war birth cohorts
  – Unsustainable and unrepeateable house prices rises
  – Diminishing housing debt, increasing outright ownership
  – Baby boomers & Gen X inherit from post-war home owners

• GFC: an opportunity to get ahead of credit starved starters

• Surprise policy shift 2015/16 landlord surcharge & MITD revision
Generation Rent in the UK

- from 40% to almost 70% of new households entered private renting 2000-2010
- number of renters under-35 up from 1.1 to 1.9 million (out of 4+ mil) 2001-2011
- 2.9 mil (1.8 mil men & 1.1 women) age 20-40 living with parents (20% rise, 1997 – 2012)
- Since 2005 rents in London rose annually by 7% – more than triple inflation
BANK OF MUM & DAD

9876 5432 1234 5678

VALID FROM: 01/00
EXPIRES END: 12/99

M&D
First time Buyers by Income

- **First quintile (lowest income)**
  - 1994-95: 3%
  - 2014-15: 2%

- **Second quintile**
  - 1994-95: 6%
  - 2014-15: 6%

- **Third quintile**
  - 1994-95: 28%
  - 2014-15: 20%

- **Fourth quintile**
  - 1994-95: 36%
  - 2014-15: 30%

- **Fifth quintile (highest income)**
  - 1994-95: 26%
  - 2014-15: 42%

All first-time buyers

- 1994-95: 1994-95
New Sharing, e.g. The collective, London
Starters in the Netherlands

- No longer a paradigm for social housing
- Shifting from ‘Unitary’ to ‘Dualist’ housing system
- No Gen-Rent, but signs of ‘shift’
  - intergenerational transfers (Boterman et al 2013)
  - younger housing ‘precariat’ (Huiseman 2016,
    - Especially Amsterdam!)
Shifting towards a Dualist Housing System in Amsterdam
Declining Home Ownership Among the Young

**Graph 1:**
Percentage of private households by age of head of household, 2011 vs. 2015.

**Graph 2:**
Average age of house purchasers per year from 1995 to 2016.
Home ownership drifts out of reach

Data: CBS
Rent quotas by age group
Amsterdam 1999-2011

Source: Wonen in Amsterdam, 1999-2011
Revival of private rental sector

- Dominant story: expansion homeownership at cost of social rent

- Important undercurrent: Remarkable revival of private rent since 2008

- Revival of PRS in Amsterdam:
  - State supported
  - Growth and restructuring of PRS
  - “Regulated marketization”
Age Distribution of Home Ownership in the Netherlands

Figur 3.8
Eigenwoningbezit naar leeftijd, 2012

% huishoudens

Leeftijd

Bron: WoON 2012

Figur 3.9
Aandeel huiseigenaren naar geboortecohort en leeftijd

% 1905-1914
1915-1924
1925-1934
1935-1944
1945-1954
1955-1964
1965-1974

Leeftijd


NB Het gaat in deze figuur om de gemiddelde leeftijd van het geboortecohort.
Recent emergence of Buy-to-Let sector
## Restructuring of the Amsterdam housing stock

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<tbody>
<tr>
<td>Owner occupied</td>
<td>21.3</td>
<td>27.0</td>
<td>30.2</td>
<td>30.6</td>
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<td>Housing association (rent regulated)</td>
<td>54.2</td>
<td>49.8</td>
<td>45.9</td>
<td>42.9</td>
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<td>Housing association (rent liberalized)</td>
<td>0.7</td>
<td>0.8</td>
<td>1.4</td>
<td>2.7</td>
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<tr>
<td>Housing association total</td>
<td>54.9</td>
<td>50.6</td>
<td>47.3</td>
<td>45.6</td>
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<tr>
<td>Private rent (rent regulated)</td>
<td>19.6</td>
<td>17.5</td>
<td>15.5</td>
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<td>Private rent (rent liberalized)</td>
<td>4.2</td>
<td>4.8</td>
<td>7.1</td>
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<tr>
<td>Private rent total</td>
<td>23.8</td>
<td>22.3</td>
<td>22.6</td>
<td>23.9</td>
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<tr>
<td>Total stock</td>
<td>100</td>
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Wonen: tijdelijk dakter en duur
Stop de flexibilisering van onze huur!

www.bondprecairenvormen.nl
Amsterdams plan om lagere inkomens in de stad te houden

Van de 50.000 nieuwe woningen tot 2025, is 80 procent bestemd voor lagere en middeninkomens.

Etienne Verschuren  22 juni 2017
Conclusions

1. Generation Rent is a thing! A very real dimension of socio-economic inequality (welfare exclusion)

2. Manifesting in different ways in different contexts, but associated with housing financialisation & commodification

3. Family solidarity rather than Individualization appear to be the outcome of neo-liberalisation processes

4. New forms of exclusion reflect inclusion/exclusion from work and/or family (insiders/outsiders)

5. Post-home ownership society: less home ownership, more renting & sharing (formal or informal, social or alienating); new meanings of ‘emerging adulthood’