

“Make housing markets work for people”

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Non-functioning housing markets in the Nordics

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The underlying contention of the title is that the housing market is not working for people - A rural perspective

Homes transformed from objects of use to objects of investment, from working for people to working for the financial market.

Financialisation of the owner occupied dwellings

Effect of financialisation

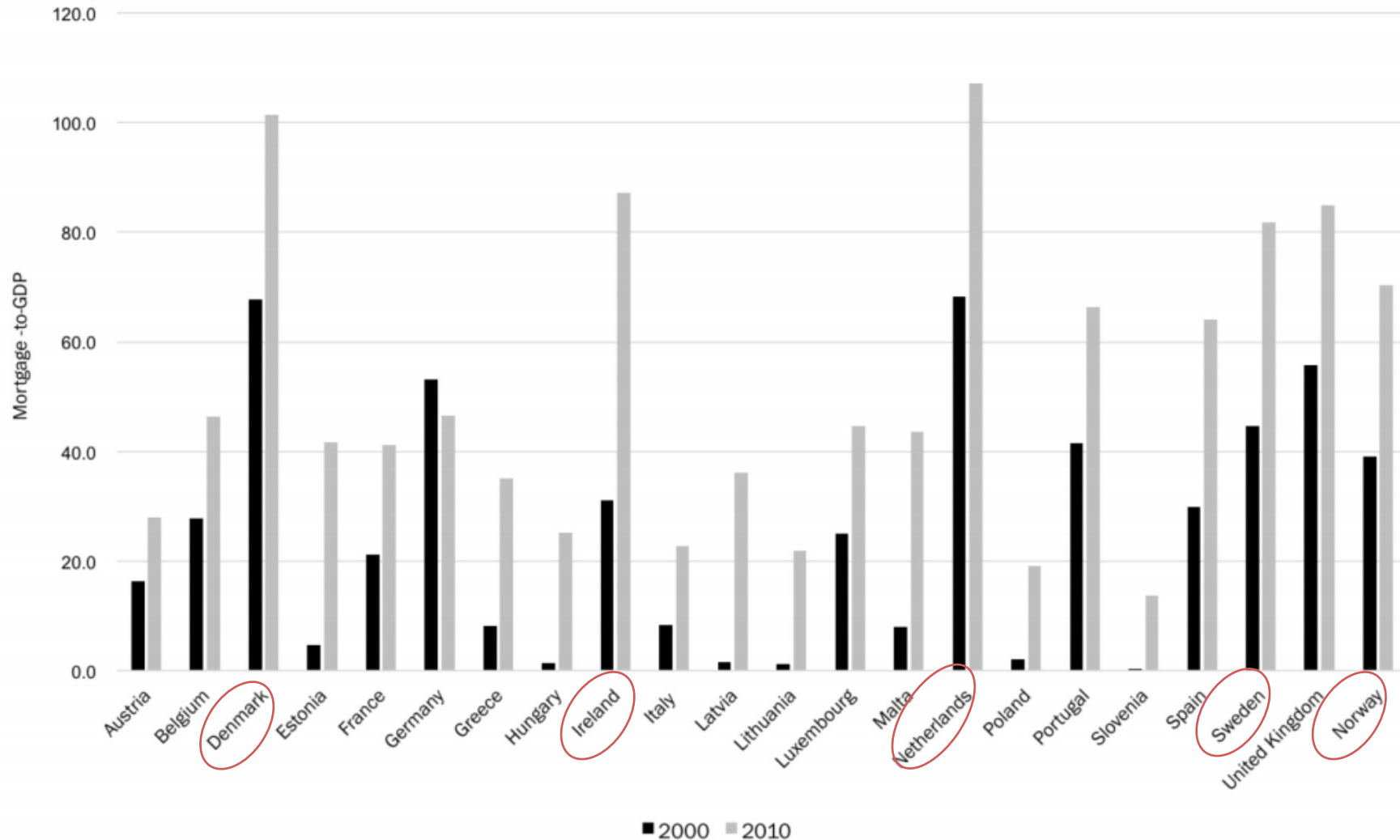
What to do about it?

Financialisation of owner occupied dwellings – A complex of factors and an international phenomenon

- Liberalisation of the financial market (Basel I, II and III)
- Equity of owner occupied dwellings became:
interesting for the financial market – (Exposure of risk to the home owners).
- A policy means to stimulate economic growth (especially small open economies).
- Range of new financial mortgage products (subprime loans)
- From long to short term interest rates
- Decreasing interest rates increasing house prices (House price bubble)
- Equity turned into income.

- And as a result:
 - Homes transformed from objects of use to objects of investment, from working for people to working for the financial market.
 - From social right to means of wealth

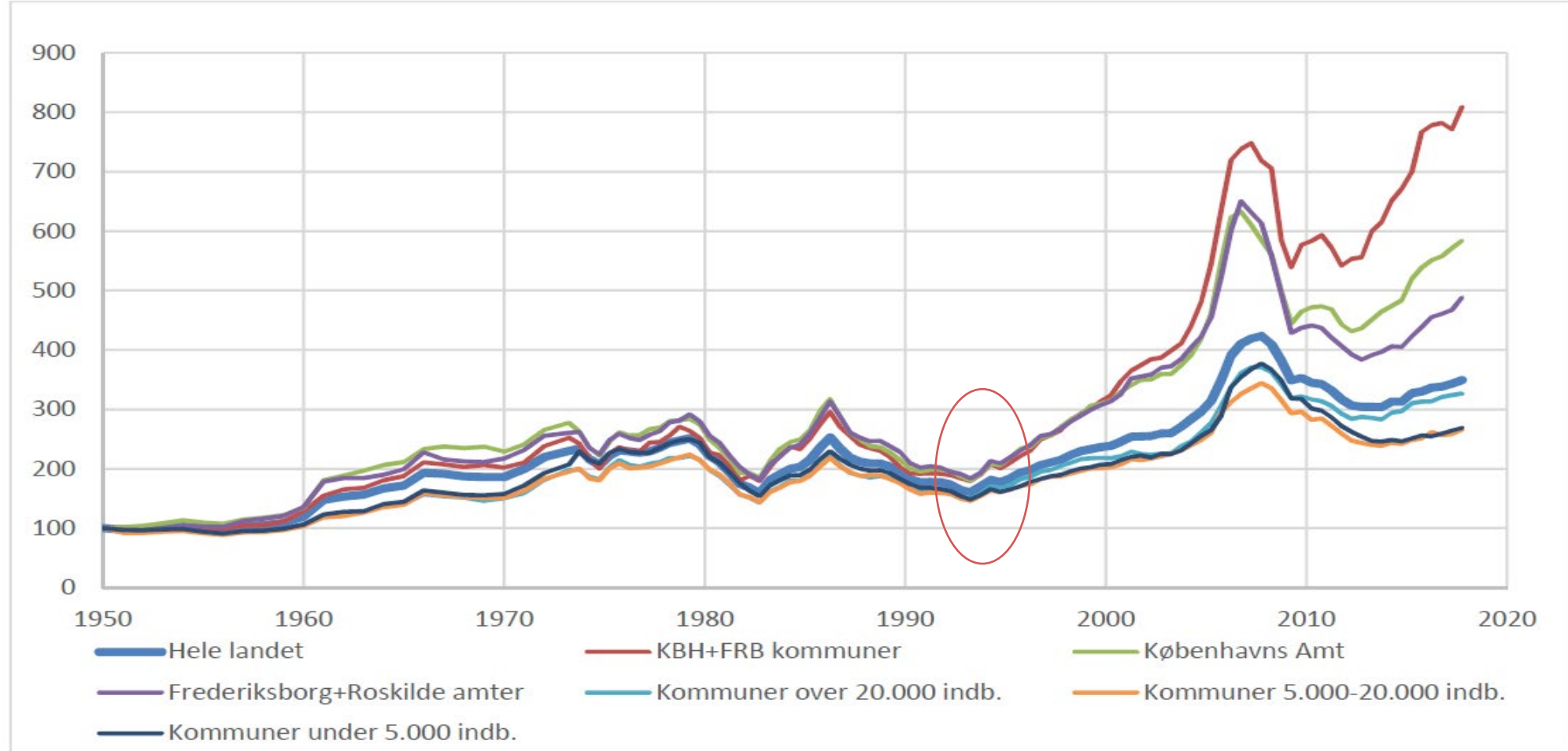
Mortgage to GDP rate



What is the effect of financialisation on the housing market for people?

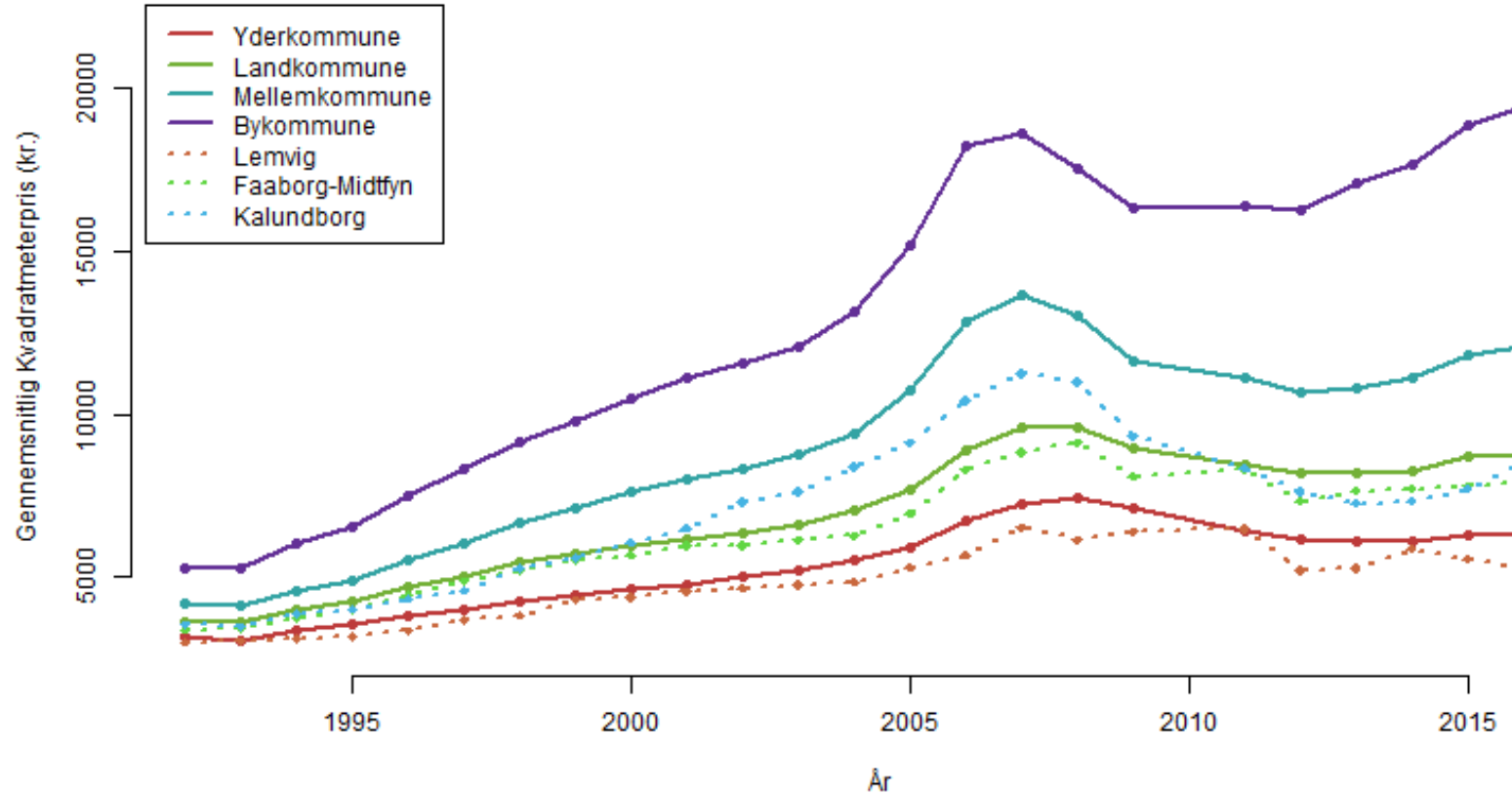
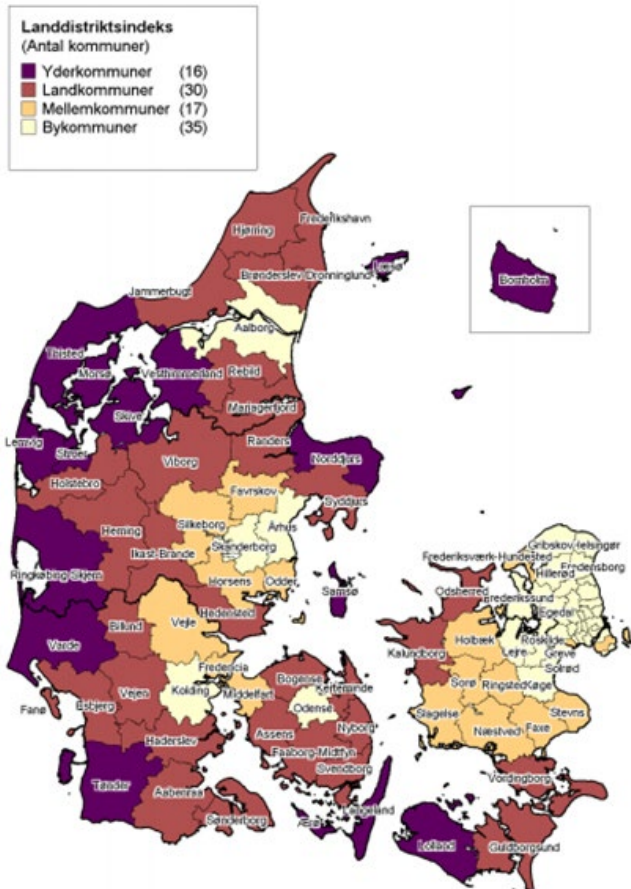
- Self propelling - Agglomeration of wealth from periphery to centre - driven by the uneven development in house prices.
- A giant spatial segregation machine
- Redlining of spatial areas - the area is increasingly defining the threshold potential marked value
- The regulation of the financial market after the financial crisis has enforced this development.
- Some figures from a Danish rural perspective

Development in house prices in DK



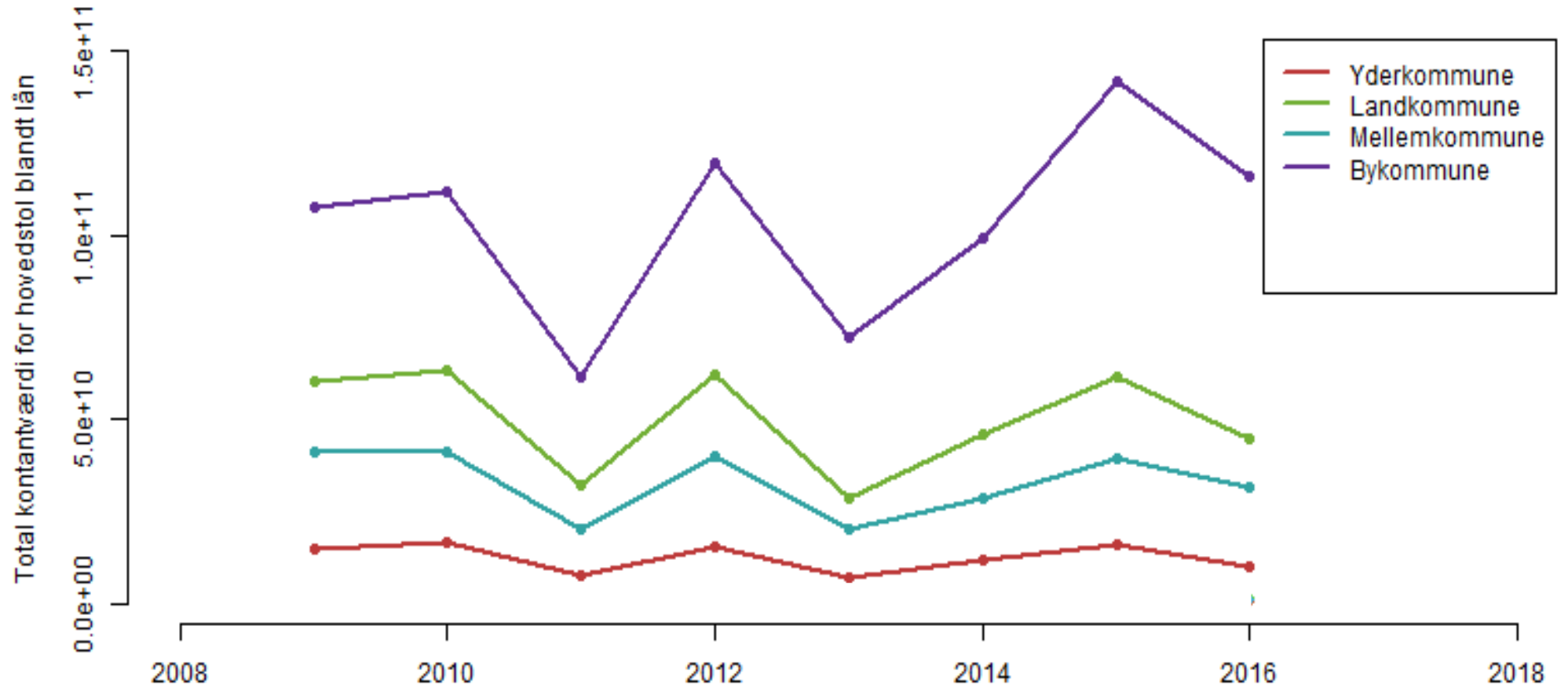
Source: Andersen, Marc Lund. 2019. "Danske boligprisindeks 1938-2017 - samt historiske data om boligmarkedet | Boligøkonomisk Videncenter.

Development in square meter prices calculated for four different kinds of municipalities

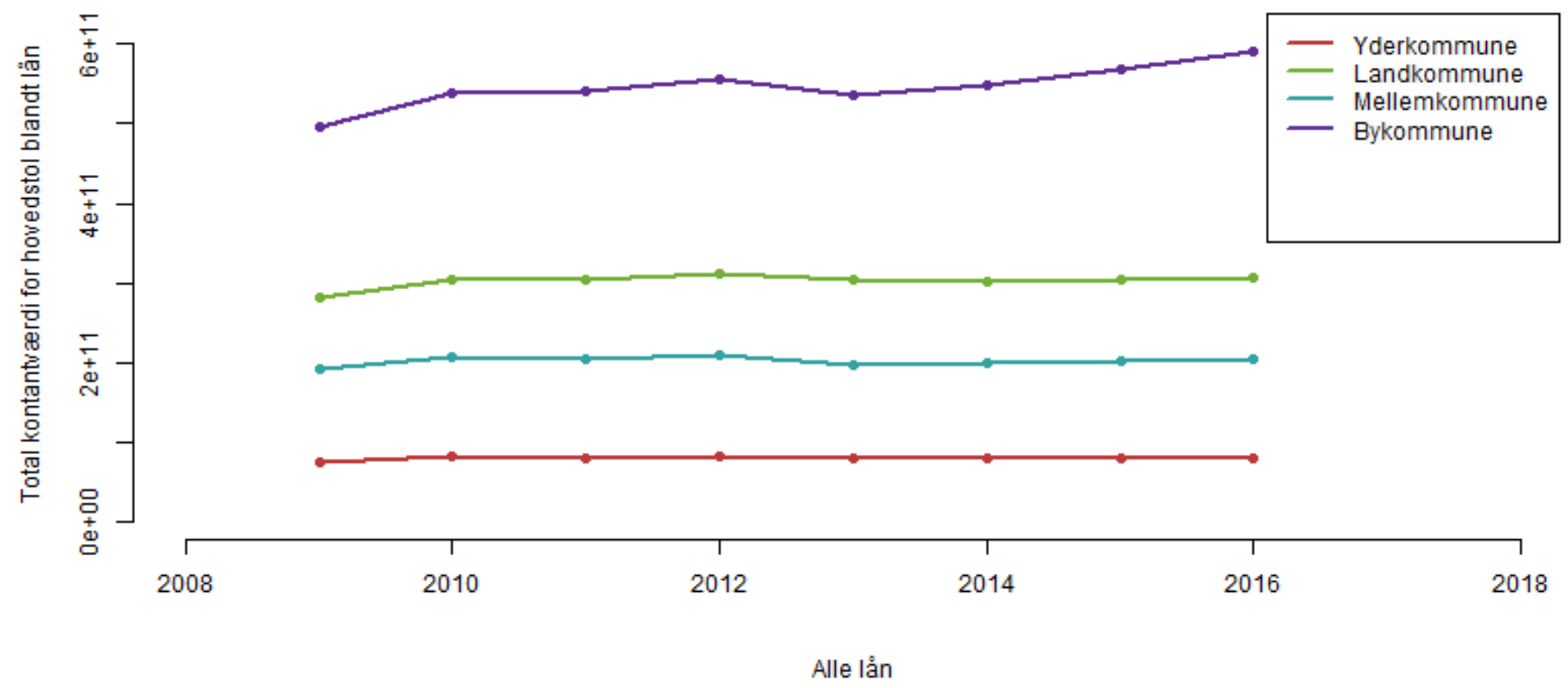


Figur 3.3.3: Udviklingen i gennemsnitlige kvadratmetersalgspriser for enfamilieshuse for de fire kommunetyper og de tre case-kommuner (Data DS, egne beregninger).

Mortgage lending per year in 100 billion Dkr.



Total household mortgage lending in 100 billion Dkr.



How to make the market work for people

- Tame the financialisation of the housing market by restricting the driving forces of this development, eg.:
 - Higher Tax on profit
 - Limit the use of high risk low rate mortgage
 - Limit the use of interest rates only mortgage
 - Rethink the use of area based estimation of the “Real marked value”

- The problem cannot be solved, hardly eased by tackling the symptoms of the financialisation of housing, like:
 - Removing the surplus of houses
 - Stimulation og the creation of new jobs
 - Decentralisation
 - Governmental guaranty for financial risk.

Retransform homes from objects of investment to objects of use

“Make housing marked
work for people and not
only for the financial
market”

Boligfinansiering i landdistrikterne

Historisk og aktuel analyse af mulighederne for
boligfinansiering i landdistrikterne og
konsekvenserne for boligmarkedet i et
landdistriktsperspektiv



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