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Francesco Findeisen

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FRANCESCO FINDEISEN

## *The Housing Crisis in Superstar Cities: Labour Markets, Price Inflation, and Financialization*

### Abstract

This article advances explanations of the housing crisis in modern political economies. It argues that the rise of agglomeration economies is driving the massive increase in housing prices in superstar cities. These concentrate high-paying jobs and life chances in central metropolitan areas, pulling in a highly skilled workforce who are willing and able to pay 'whatever it takes' for access to these opportunities. As a result, the value of homeownership in strategic urban locations has surged. Investors have thus found it rational to capitalize on longer-term price inflation and invest. Based on a comparison between New York City, London, Paris, and Berlin, this article demonstrates that housing prices in superstar cities move in lockstep with the reconfiguration of urban labour markets. Investors follow this trend in their decisions to invest in housing, which further compounds affordability pressures. The article concludes that access to homeownership in strategic urban locations increasingly mediates inequality and class formation in modern political economies.

*Keywords:* Housing crisis; urban labour markets; financialization; inequality.

### Introduction

HOUSING MARKETS are in crisis in the core cities of the member countries of the Organisation for Economic Co-operation and

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Francesco FINDEISEN, Center for European Studies and Comparative Politics (CEE), Sciences Po Paris [[francesco.findeisen@sciencespo.fr](mailto:francesco.findeisen@sciencespo.fr)].

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Development (OECD). Since the 1980s, prices have risen sharply [Ansell 2019], and rental regulations have been watered down [Kholodilin and Kohl 2021]. Increasing fiscal pressures on national and local authorities have caused disinvestment and left social housing provision in dire conditions. When coupled with stagnating real wages [Adkins, Cooper, and Konings 2021], this combination of circumstances has meant that homeownership in urban areas has become unaffordable for many middle- and lower-income earners. At the same time, public policy and professional and private investors alike have reframed housing as an asset class as opposed to a social right or place for shelter [Bohle and Seabrooke 2020]. Housing has morphed into a means to wealth that enables financial actors to diversify their portfolio income and allows households to prepare for unemployment and retirement [Ansell 2014]. This has compounded pressures on housing demand and led to further deterioration in affordability in metropolitan cores. Not surprisingly, homeownership rates have stagnated since the 2008 financial crisis and population levels in cities like Paris, London, and New York have started to fall. The evidence is clear: adjusted for national housing regimes, housing prices are at historic heights in the urban cores of OECD countries. However, the social sciences know surprisingly little about how to explain this trend.

Two of the most thorough engagements with the housing crisis have come from the interdisciplinary literature on financialization and urban economics. The term financialization was coined by political economists and sociologists to theorize the growing role of finance in politics, economy, and society [Epstein 2005; van der Zwan 2014]. This line of scholarship shows how the re-regulation of financial markets along fiscal and welfare policy reconfigured housing into an asset class [Ansell 2014]. In lockstep with the massive growth of financial markets, states began to borrow on capital markets to avoid politically costly decisions [Krippner 2011; Streeck 2014]. Soon faced with growing debt-service obligations, they retrenched welfare spending and relied on financial innovation and tax breaks to encourage private households to borrow for homeownership [Crouch 2009; Quinn 2017]. In Europe, this dynamic has been intensified by the process of European integration. Not only have European treaties institutionalized national debt limits [Verdun 2015], but in 2015, the European Commission also began coordinating the design and implementation of its Capital Market Union policy [Braun, Gabor, and Hübner 2018], which aims to channel capital market investments into European real economies, including real estate [Engelen and Glasmacher 2018]. Complementary literature on family offices shows that the super-rich have long invested in housing in prime locations as

an inheritance strategy [Glucksberg and Burrows 2016]. The result is a dramatic increase in mortgage debt and inflation of housing prices [Fuller, Johnston, and Regan 2020]. Not surprisingly, scholars tie the return of economic inequality to homeownership [Piketty 2014]. Adkins, Cooper, and Konings [2021] argue that asset ownership has evolved into one of the most fundamental determinants of class position, at least in Anglo-American countries. However, despite convergence towards financial liberalization, comparative political economists demonstrate that meaningful national variations in financialization processes persist [Blackwell and Kohl 2019].

Urban scholars expand this analysis and demonstrate that housing is at the core of financialization dynamics [Aalbers 2016; Halbert and Attuyer 2016]. They substantiate this by demonstrating that asset managers re-embedded housing in financial circuits to absorb excess capital market liquidity. In his seminal work, Manuel Aalbers has advanced the definition of financialization as “the increasing dominance of financial actors, markets, practices, measurement and narratives at various scales, resulting in a structural transformation of economies, firms (including financial institutions), states and households” [Aalbers 2016]. Beyond mortgage finance [Aalbers 2008; Gotham 2009], urban political economists scrutinize how institutional investors gained exposure to private rental housing and diversified their portfolio incomes [Beswick *et al.* 2016] as monetary policy reduced yields of government debt and stock market returns became volatile. In the wake of the 2008 financial crisis, professional asset managers bought vast portfolios of undervalued homes and opened up private rental housing as a new frontier of financialization. Paradigmatically, Aalbers [2016: 83] argues, “this wall of money is one of the key drivers of financialization and explains partially why so many assets have been opened up to financialization”. Urban governance scholars have shifted the focus of analysis to urban policy and the agency of urban governments [Deruytter and Möller 2020; Guironnet, Attuyer, and Halbert 2016]. They find that faced with national austerity, cooperatives and city governments pursue capital market investments for the implementation of housing policy [Beswick and Penny, 2018; Vidal, 2019].

The purpose of this article is to advance explanations of the housing crisis in the core cities of OECD countries. Political economists and sociologists foreground state–finance relations and explain the housing crisis as a result of the re-regulation of financial markets and the restructuring of welfare state policy. These cause the financialization of mortgage finance, which translates into massive housing price inflation. Urban scholars, meanwhile, explore city–finance relations and

unearth the agency of capital market investors and finance's extensive search for yield alongside neoliberal austerity policies. However, both lines of research fail to systematically account for the structural transformation of modern political economies and the reconfiguration of urban labour markets that it drives. As a result, they fail to take account of how urbanization dynamics mediate the financialization of housing by undergirding the geography of housing prices.

This article fills this gap. It argues that an explanation of housing dynamics and financialization in urban areas has to start with the restructuring of modern political economies and the spatial reconfiguration of labour markets [Storper 2013]. Urban economists have long demonstrated that high-skilled migration to “superstar cities” [Gyourko, Mayer, and Sinai 2013] is closely tied to housing price inflation [Hsieh and Moretti 2019]. They explain price developments as a result of the inelasticity of housing supply and argue that policy and land-use regulations prevent market adjustments to supply-side dynamics [Glaeser 2010; Glaeser and Gyourko, 2018; Hilber and Vermeulen 2016]. Building on but reframing these insights, this article argues that the financialization of housing is driven by a sharp increase in the strategic value of central locations in metropolitan areas [Rodríguez-Pose and Storper 2020].

Since the 1980s, modern political economies have produced agglomeration economies in finance, high-tech, and high-value business services, concentrating high-paying jobs and life chances in core cities. These pull in a highly educated workforce, who are willing and able to pay “whatever it takes” for housing in areas with access to these opportunities [Autor 2019]. At the same time, technological advancements and low-skilled migration have eroded wages in lower-skilled employment. This polarization of urban labour markets leads high-income earners to compete over finite housing stock with access to urban core locations. As a result, housing markets are behaving more and more like a competition of musical chairs [cf. Scott and Storper, 2015]: the bidding war for housing dramatically increases the value and price of housing in urban cores. Investors—professional, individual, and governmental alike—find it rational to buy into housing and capitalize on the value appreciation of urban assets. The financialization of housing, in other words, layers onto the geography of housing price developments, which is driven by the reconfiguration of labour markets in modern political economies.

With this argument, this paper makes four contributions to analyses of the housing crisis and the financialization debate. First, it theorizes the structural drivers of housing financialization and shows that financialization is mediated by the reconfiguration of urban labour markets.

Second, it provides robust evidence for the decoupling of housing markets in large cities from their national hinterlands and helps explain how fundamental national variations can exist alongside subnational convergence [Blackwell and Kohl 2018; Ansell 2019]: sharp housing price inflation is specific to urban core locations in that it is driven by the formation of agglomeration economies, which sparks housing investments that are relatively independent of institutional underpinnings. Third, the paper underscores the urban dimension of inequality and class formation [Adkins, Cooper, and Konings 2021; Reeves *et al.* 2017]. Homeownership in strategic urban locations mediates the experiences, cultural dispositions, and resources associated with upper-class membership. And access to these assets and their returns rests contingent on income derived from employment in a strategic sector of an urban agglomeration economy. Finally, this paper highlights the limits of urban governments in governing urban housing markets [cf. Glaeser 2008]. In the absence of meaningful redistributive national intervention, urban housing policy will create opportunities for high-skilled workers and fuel interpersonal inequalities.

Methodologically, this paper reviews the existing literature in political economy and sociology, as well as in urban studies and economics, on the housing crisis and the financialization of housing. It then analyses longitudinal labour and housing market data comparatively in order to relate housing price developments in New York City, London, Paris, and Berlin to the reconfigurations of urban labour markets and gauge the role of financialization dynamics.

As a first step, this article reconstructs how market-based finance came to invest in housing. The literature in political economy and sociology shows that the re-regulation of financial and welfare state institutions opened mortgage markets to global capital flows. Complementary work from urban scholars traces how asset managers turn housing in cities into asset classes. As a second step, the article reviews works in urban political economy on the financialization of housing in large cities. These show that housing cooperatives and city governments actively pursue capital market investments to deliver housing policy. But while these literatures have developed a comprehensive account of the treatment of housing as an asset class, they do not explore how the financialization of housing is embedded in the broader restructuring of modern political economies. The third step fills this gap. It builds on the insight from urban economics that urbanization dynamics are key to understanding housing market developments in metropolitan areas and then draws on political geography to substantiate how the formation of agglomeration economies

drives housing price inflation in New York City, London, Paris, and Berlin. From this perspective, housing financialization layers onto the restructuring of urban labour markets. Based on this analysis, the section goes on to argue that while the COVID-19 pandemic is easing some of the centrifugal forces of urbanization dynamics, it is not altering the structural underpinnings of urban housing and labour markets. The conclusion reviews this article's main contributions to the literature on the housing crisis and the financialization of housing.

### *State–Finance Relations and the Financialization of Housing*

Political economy and sociology have shown that the conjunctural rise of market-based finance [Helgadóttir 2016; Thiemann 2018] and the re-regulation of national financial and welfare institutions have reconfigured housing into an asset class. In lockstep with the massive growth of financial markets and the hardening of fiscal constraints, states have come to rely on financial innovations for implementing housing and welfare policies by means other than direct taxation and spending [Krippner 2011; Streeck 2014]. Securitization, in particular, has opened national mortgage markets to global investors and incentivized individuals to borrow on their own accounts [Crouch 2009].

#### *The financialization of mortgage finance*

On the back of post-war reconstruction efforts, institutional investors pooled savings from states, corporations, and households and invested these in government bonds and the equity of listed corporations [Clark, Dixon, and Monk 2013; Harrington 2016]. While hard to pin down exactly, the volume of assets under the management of the likes of sovereign wealth funds, pension funds, and insurance companies increased massively in the late 20th century. For the OECD world alone, it surged from below \$15 trillion in 1990 to more than \$65 trillion in 2017, the equivalent of 125% of the area's GDP [OECD 2019]. In the 1990s, institutional investors began to build exposure to commercial and domestic real estate. Today, they source an average of 20% of their portfolios from these assets [Real Estate *et al.* 2019]. In 2019, the results of an annual survey showed that that year, the German insurer Allianz, the Dutch pension fund APG, and the sovereign wealth fund China Investment Corporation had invested \$187 billion in real estate, out of

an aggregate portfolio of \$2.5 trillion [Lowe 2020]. By comparison, in 2016 the valuation of the global real estate market, the largest financial market by volume, was estimated at \$228 trillion. The housing-related market was estimated at \$170 trillion, of which only 34% was deemed investable [HSBC 2017].

The literature shows that financial innovations have historically realigned national mortgage finance systems with the portfolio considerations of institutional investors. When faced with the multilayered crisis of the late 1960s [Calhoun 2011], US president Johnson privatized mortgage finance institutions—first Fannie Mae, Freddie Mac, and finally Ginnie Mae, all of which were later known as the Governmentally Sponsored Enterprises (GSEs)—and authorized them to repackage mortgages bought from mortgage originators into pass-through securities and sell these on to capital market investors [Quinn 2017]. Commercial banks capitalized on this innovation to create a new asset class attractive to institutional investors and earn substantive fees. They sliced mortgage-backed securities into different risk tranches and restructured them into “collateralized debt obligations”. Assessed by rating agencies, securities built from senior tranches seemingly gained sovereign debt asset characteristics, but yielded much higher returns [Pozsar and Singh 2011]. For issuing banks, these fended off competition from market-based investors in corporate lending and pressures from evolving regulatory obligations, notably on the capital requirements set by national regulators and defined by the Basel Committee [Engelen *et al.* 2011]. Held in special purpose vehicles, they were off-balance sheet and not affected by banking regulations [Thiemann 2018]. For institutional investors, these securities diversified portfolio income at the same time that monetary policy led to the protracted decline of yields earned on sovereign bonds and returns on corporate equities became volatile.

The study of comparative political economy has demonstrated that market-based mortgage finance is deeply intertwined with a broader realignment of welfare state institutions [Ansell 2014] and the return of economic inequality. In the face of austerity policies, states began to retrench welfare regimes and rely on structured finance and fiscal policy to encourage individuals to aspire to homeownership [Fuller, Johnston, and Regan 2020]. They dismantled wage-bargaining arrangements; retrenched and partly privatized unemployment, pension, and health-care insurance; downsized public housing stocks and spending; and re-regulated tenant protection. As a substitute, they legislated permissive mortgage finance regimes, which, coupled with fiscal incentives,



encouraged private households to borrow for homeownership [Crouch 2009]. Recent contributions show that asset-based welfare strategies have escalated housing prices and entailed a massive increase in mortgage debt, but failed to cushion citizens against the dismantling of the welfare state [Goldstein and Tian 2020; Kohl 2020]. As a result, ownership levels started to recede in the aftermath of the 2008 financial crisis [Byrne 2020; Ronald and Kadi 2018].

Complementary research on the investment strategies of the super-wealthy corroborates this finding, showing that residential real estate has become a store of value. Scholarship on family offices demonstrates that the upper classes have long invested in prime domestic real estate as an inheritance strategy [Glucksberg and Burrows 2016] and to keep *pièdes-à-terre* in locations that provide them with access to the opportunities of the world economy [Atkinson, Burrows and Rhodes 2016]. McKenzie and Atkinson [2020] provide evidence of how elites pursue investments in “super-prime property markets” as an accumulation strategy. Their analysis traces how wealth managers use offshore investment vehicles to channel surplus capital into the London Borough of Kensington and Chelsea. This produces what the authors call “buy-to-leave” property: bought to avoid taxes and regularize illicit capital, and left unoccupied to avoid the costs and frictions of landlordship. Along these lines, political economists and sociologists argue that the rise of wealth inequality, described in Thomas Piketty’s [2014] seminal account of that phenomenon, is explained by the returns realized in housing price inflation. Adkins, Cooper, and Konings [2021] take this argument further and conclude that asset ownership has emerged as one of the most powerful sorting mechanisms of class membership as it yields income far higher than that derived from wage labour.

In Europe, the financialization of mortgage finance has been further fuelled by the European integration process [Verdun 2015]. In the 1990s, European rules such as the Stability and Growth Pact, which entered into force in 1998 and 1999, began to discipline member state intervention and impose limits for national deficits. Wolfgang Streeck [2015] has argued along these lines that austerity has become institutionalized, leading member states to commit to balanced budgets and at the same time deepen their reliance on capital market finance. In parallel, the European Commission has harnessed market-based finance to implement its policy objectives. In 2014 it launched its Capital Market Union policy [Braun, Gabor, and Hübner 2018], which aims to diffuse capital market investment throughout the political economies of the European Union and revive economic growth. One of its key pillars are the

“Simple, Transparent, and Standardized Securitization” (STS) criteria, designed to restart and integrate European securitization markets [Endrejat and Thiemann 2020]. Engelen and Glasmacher [2018] argue that in opening new sources of funding for European banks, STS bypasses national housing finance regimes and channels capital market investments into mortgage markets, including in Germany, where mortgage lending and housing prices have surged since 2015.

Despite a global trend towards financial liberalization, scholars of comparative housing finance have demonstrated that fundamental national variations persist in the institutional configurations of housing finance regimes and in the scale and timing of reform [Ansell 2019; Fuller 2015; Schwartz and Seabrooke 2009]. From this perspective, the claim that housing is rapidly financializing in the OECD world seems overstated. Notably, Blackwell and Kohl [2018, 2019] establish the historical path dependency of housing finance institutions and demonstrate that these institutions shape housing in form and tenure. Countries that adopted capital market-based housing finance early on, such as Germany, remain reluctant users of securitization. Nations in which deposit or direct finance was the institutional norm in the 19th century, by contrast, willingly revert to it. State finance circuits, in the authors’ analysis, cut across this binary. Accordingly, most mortgage debt outstanding in the European Union is issued and held by national banking institutions [EMF 2020]. In 2019 in Germany, for example, €2.9 billion of a total €1.5 trillion in mortgage debt outstanding was securitized. In France, the figures were €82 billion and €1 trillion respectively. Even in the UK, a well-documented and extreme case of an early deposit-banking housing system, only €150 billion of a total of €1.7 trillion was securitized, though this figure was twice as high in 2012.

### *The financialization of rental housing*

Urban political economists and geographers have followed these developments and shed light on how institutional investors have been increasing their exposure to the urban built environment through professional asset-management firms since the early 2000s [Halbert and Attuyer 2016]. Paralleling their move into the structured mortgage finance space, institutional investors defined target allocations for “alternative asset classes”—first in commercial real estate, then in housing equities, and later in infrastructure. But with multiple billions under management, most of them lacked the in-house expertise and mandate necessary to invest. To bridge this asset–liability mismatch, they hired private

equity firms who managed equity stakes on their behalf [Badarinza and Ramadorai 2018]. In a pioneering work, Torrance [2008] developed the argument that asset managers are reconfiguring the urban built environment into asset classes that realize returns for capital market investors. In this line of work, the financialization of housing is driven by the return requirements of the “wall of money” [Fernandez and Aalbers 2016].

Urban geographers have traced how private equity funds opened up residential housing stock in large cities to institutional investment and earned themselves handsome management fees. The literature on New York City [Fields 2015; Teresa 2016] shows that these firms were able to make multifamily rental housing investable as a result of deregulations in the affordable housing sector in the early 2000s and the protracted decline of stock-market returns and interests earned in debt markets. Scholarship on Berlin documented that private equity and listed real estate companies started to become major landlords in the German capital from 2004 onwards [Fields and Uffer 2016; Wijburg and Aalbers 2017]. Similar to their counterparts in New York City, they deployed predatory techniques to create shareholder value [Uffer 2014].

Recent contributions have corroborated the claim that the 2008 financial crisis catalysed the diffusion of institutional equity investments into housing. In the USA, the Federal Housing Finance Agency (FHFA) sold investors entire portfolios of single and multifamily homes, which it had repossessed after the owners came under severe financial stress [Beswick *et al.* 2016; Fields 2018]. Nethercote [2020] argues that this shift in the rental housing sector led to the making of the “buy-to-rent market”, in which institutional investors finance the construction of rental housing [see also Brill and Durrant 2021]. Literature on the UK, Ireland, Spain, and Australia confirms this trend and identifies in Real Estate Investment Trusts (REITs) a mechanism that channels institutional investment [Waldron 2018; García-Lamarca 2020]. The literature also suggests that institutional investment shapes the material form of housing developments and, by logical extension, their social form [Sanfelici and Halbert 2019].

Further, the post-financial-crisis environment has been associated with the return of “buy-to-let markets” dominated by individual landlords [Aalbers *et al.* 2020; Byrne 2020]. As mortgage finance access has tightened but housing prices have remained at historic heights, housing insiders—those individuals who borrowed to buy into homeownership in the 1990s and 2000s—are able to rent out their properties at increasingly elevated rates. The middle classes are forced into renting, as they can no longer afford the inflated prices produced by decades of mortgage

financialization, at least in urban areas. The result is the comeback of private renting and the continued financialization of housing at the top. The housing wealthy borrow and “buy-to-let” properties, further supported by dedicated mortgage products and market-value-oriented rental ceilings. This trend has been documented in the UK, Spain, Ireland [Byrne 2020], the USA [Schwartz 2014], and the Netherlands [Aalbers *et al.* 2020].

The literature in political economy and sociology, in sum, argues that housing financialization is driven by state policy and family-based accumulation strategies. In a recursive process, these entail a dramatic escalation of housing prices, making it even more attractive for professional finance to invest. Urban scholarship expands these lines of enquiry by uncovering the workings of finance and bringing a new range of actors into the analysis. It shows how the massive growth of financial wealth induced professional asset managers to reconfigure housing into an asset class [Aalbers 2016]. Neither body of literature, however, systematically relates financialization dynamics to housing market developments, and they both posit a linear relationship between price developments and rents [cf. Christophers 2021]. Substantive evidence shows that rent controls have decoupled rent inflation from housing price developments [Kholodilin and Kohl 2021] and that that divergence is most pronounced in large cities, including New York City, London, and Paris [Hilber and Mense 2021]. In a nutshell, both literatures fail to account for how the financialization of housing is mediated and shaped by urbanization dynamics and embedded in the reconfiguration of modern political economies.

### *City–Finance Relations and the Financialization of Housing*

Urban political economists have foregrounded the urban dimension of housing financialization by placing housing policy in urban areas at the centre of their analysis. They find that neoliberal welfare reforms and austerity have pushed housing cooperatives [Larsen and Lund Hansen 2015] and city governments [Pacewicz 2013; Lagna 2015] to experiment with new financial instruments. The literature concludes that capital-market-based policy implementation recentres institutional architectures and the very nature of housing around financial logics and the return requirements of investors [Deruytter and Möller 2020; Weber 2010].

*The financialization of cooperative and social rental housing*

Scholars working on housing in the Nordic countries show that welfare state retrenchment has exposed cooperatives to financialization pressures [Bohle and Seabrooke 2020: 420–423; Vidal 2019]. Cooperative housing emerged as a third, affordable form of tenure in between owner occupation and rental housing in the early 20th century, when industrialization dynamics drove massive growth in cities like Copenhagen, Stockholm, and Oslo [Larsen and Lund Hansen 2015]. In the aftermath of World War II, states began to subsidize cooperatives and preserved their collective but private status. Research on Copenhagen shows that the welfare reforms of the 1990s laid the foundations of financialization [Vidal 2019]. The Danish government enshrined in law tenants' right to buy and allowed them to borrow against the value of their shares. It also reduced subsidies for the construction of cooperative housing. This translated into financial pressures, and cooperatives began to increase rents and professionalize their financial management.

A small body of literature on social rental housing takes these arguments further and theorizes the implementation of housing policy as financialized municipal entrepreneurialism [Beswick and Penny 2018]. Wainwright and Manville [2017] show that housing associations in London issue bonds on capital markets to offset shortfalls from the austerity measures imposed by the British government in the aftermath of the 2008 financial crisis. They conclude that these instruments sustained housing construction and operation, but also undermined the de-commodification of social housing. Housing associations agreed on bond covenants with international investors that made them pursue rent-collection maximization strategies and reduce spending on maintenance and personnel. Beswick and Penny [2018] probe the creation of a Special Purpose Vehicle formed by Lambeth Council to finance the construction of new affordable homes through capital market investors. The instrument delivered housing units by hypothecating the income stream expected from future tenants as debt service. However, the authors show, it also undermined the Council's ability to implement housing policy, as it obligates the Council to absorb all risks associated with the revenue stream failing to materialize as projected over the long term.

Belotti and Arbaci [2020] deepen the theoretical account of local agency and argue that urban governments are at the frontline of a multi-scalar state hierarchy that leads the financialization of housing. They demonstrate that in Italy the municipality of Milan pioneered the

financialization of social rental housing. Beginning at the national scale, they show that the Italian state defunded rental housing policy in the 1980s at the same time that it devolved policy responsibilities to the regions, without providing them with commensurate resources. At the meso-scale, the region of Lombardy re-regulated the sector and opened it up to private not-for-profit actors. At the local scale, the City of Milan then forged a hybrid governance arrangement that leveraged capital market investments and expertise. Most germane to the authors, the locality created a special purpose investment fund and attracted investment from the Fondazione Cariplo, the banking foundation and majority shareholder of Intesa-San Paolo, the commercial bank. This success motivated the state to legally frame the local experiment and create a national fund-of-funds instrument managed by its arms-length development bank Cassa depositi e prestiti (CDP), which channels capital market finance into subsidized rental housing across Italy's territories.

To summarize, the field of urban political economy pushes the limits of the financialization literature by bringing urban housing policy into the analysis and theorizing the agency of urban governments in financialization processes and its institutional and distributional effects. Belotti and Arbaci [2020] convincingly demonstrate the multi-scalarity of state action. But in foregrounding the relations between cities and finance, this line of research does not account for how the reconfiguration of modern political economies undergirds the value of housing as a financial asset and mediates and shapes financialization processes.

### *State–City–Finance Relations and the Urban Drivers of Housing Financialization*

This section argues that the financialization of housing in the core cities of OECD countries is embedded in the spatial restructuring of modern political economies [Scott 2002; Rosés and Wolf 2018; Rodríguez-Pose and Storper 2020]. It builds on the insights from political economy and sociology and urban studies reviewed in the preceding sections, but then explores how urbanization dynamics mediate the multifaceted financialization of housing. The structural transformation of modern political economies concentrates high-income jobs, amenities, and transport connectivity in metropolitan cores [Storper 2013]. This leads highly educated and well-paid workers, or those aspiring to become so, to enter a bidding war for a finite number of housing units in areas

with access to labour markets that match their skill sets [Rodríguez-Pose and Storper 2020]. The result is a sharp increase in housing prices in strategic locations. Investors then find it rational to buy into housing because they expect to capitalize on longer-term price inflation. Financialization, this section argues, layers onto housing price inflation and compounds affordability crises. This dynamic has an inter- and intra-metropolitan dimension. Many more opportunities are to be found, and more economic dynamism is concentrated in New York City, London, Paris, and Berlin than in, say, Phoenix, Manchester, Bordeaux, or Cologne, and those who can afford it buy into selected areas with direct access to the urban core. Housing in Manhattan, for example, is much scarcer than in Queens. If the COVID-19 pandemic seems to have eased the centrifugal force of urbanization processes, there is no evidence to suggest that it is making inroads into the structural dynamics of modern political economies and the logics of financialization.

*The transformation of modern political economies reconfigures urban labour markets*

Modern political economies are leading to the concentration of extraordinary agglomerations of wealth in metropolitan cores. Technological advancements and the rise of high-value services create economies that are based on knowledge and innovation. These grow and develop through the dense interaction of specialized workers [Storper, 2013] and produce spatially concentrated demand for skilled talent, for which these economies compete with premium salaries. As a result, highly educated workers cluster in and around core cities to accumulate skills and experience and capture urban wage premia [Autor, 2019]. Technology, offshoring, and low-skilled migration keep wages for routine jobs down or drive their relocation. Labour markets recompose themselves spatially and move income and personal wealth into urban centres. It is not just the United States that has seen the rise of superstar cities and interregional inequalities [Kemeny and Storper 2020]; the trend is the same in Europe and in countries like Mexico [Aguilar-Retureta 2016; Rosés and Wolf 2018].

It is a key tenet of urban economics that urbanization dynamics drive housing market dynamics and that policy and land-use regulations escalate housing prices in metropolitan areas [Glaeser 2008; Hilber and Vermeulen 2016]. Cities experience growth or decline as a function of individuals moving to the places that best match their preferences. The locally specific triad between housing prices, amenities, and wage income

sorts people spatially. If prices in one area rise beyond a certain threshold relative to earnings and the perceived value of amenities, people migrate to cities with better-value packages. Urban economists argue that this equilibrium is undermined by policy and land-use regulations [Glaeser and Gyourko 2018]. These stifle new construction and so decouple housing supply from demand and prevent densification and city growth. This translates into housing price inflation and socio-economic inequalities [Hsieh and Moretti 2019]. In a seminal article Gyourko, Mayer, and Sinai [2013] trace how the preference of high-income households in the USA for metropolitan areas dramatically increased housing prices and displaced less affluent incumbents. They coined this the ‘superstar mechanism’. This section builds on the insight that urbanization undergirds housing market developments and their political economies. However, it rejects the notion of individual utility and demonstrates that the reconfiguration of urban labour markets explains who moves to metropolitan areas and at what price.

Metropolitan cores are highly productive, specialized, and attractive for skilled workers. In 2019, New York City contained 2.5% of the US population and accounted for 4.7% of the country’s national GDP [US Census, 2019a]. London was home to 13.5% of the UK population and produced 23% of UK GDP [ONS, 2021c]. The Île-de-France region, with Paris at its heart, was home to 20% of France’s population and produced 30% of its national GDP [INSEE, 2021b]. Berlin was home to around 4.3% of Germany’s population and produced 4.6% of its national GDP [SBB, 2021a]. In 2018, New York City’s labour market consisted of almost 4.5 million jobs, approximately 1.2 million more than in 1984, 84% of which were in service sectors [NY DOL, 2021]. In 2019, 6.1 million people were working in the Greater London area, 1.8 million more than in 1996; more than 90% of these employees were working in services [ONS, 2021a]. In the same year, 2.05 million people were working in Paris, almost 1.96 million of them in the service sector [INSEE, 2021d]. The labour market there is 13% larger than it was in 1998 [SBB, 2021b]. Berlin’s labour market counted 2.01 million jobs in 2019, 30% more than in 1998; of these, 1.84 million were in service sectors.

### *Housing financialization layers onto the reconfiguration of the urban labour market*

The reconfiguration of urban labour markets exerts massive pressures on housing prices in urban areas, though this process is mediated by local



and national histories, policies, and institutions. As further detailed below, New York City, London, Paris, and Berlin have all experienced deep crises and booms. In all four contexts, housing price dynamics moved in lockstep with urban labour market developments. Also, over time, incomes and housing prices decoupled from national trends and intra-regional divergence deepened. Importantly, growth trajectories were driven by the finance, insurance, and real estate industries, also known as FIRE. In the years following the 2008 financial crisis, high-value business services and technology joined in. In all four contexts, the reconfiguration of urban labour markets drove housing price developments and lead financialization dynamics.<sup>1</sup>

New York City experienced painful declines in the 1970s and 1980s, and also in the aftermath of the September 11 terrorist attacks [NY DOL, 2021]. In the 1980s, the city lost almost 1 million residents and more than 600,000 jobs. By 2019, only 70,600 people were working in manufacturing jobs, down from the close-to-1-million peak in 1960. Between 1989 and 1996, median housing prices declined by 30%, and in 2000 the median price-to-income ratio was around 5.5 [NYC Planning, 2000]. Similarly, London declined in the post-war era; it took until the 1980s for this trend to stabilize and until the new century for it to turn around [ONS, 2021a]. The city lost 2 million inhabitants and almost 500,000 jobs. By 2019, manufacturing jobs had come down from 500,000 to 139,000. Between 1988 and 1993, housing prices fell by around 20%, and by 1995 the citywide price-to-income ratio had dropped to 4. In Paris, the 1990s were a decade of stagnation and decline [APUR 2001]. By 1998, employment levels had reached a low point of 1.81 million workers, 215,000 fewer than in 1989 [INSEE 2021a]. The city had lost 30,000 inhabitants since that year. Between 1992 and 1998, housing prices eased by 25%. Berlin also experienced a deep and protracted crisis in the 1990s following Germany's reunification [SBB 2021c].

<sup>1</sup> Comparative analyses of labour market reconfiguration, housing price inflation, and financialization dynamics at an urban scale are hampered by accounting differences and data limitations. Labour market statistics differ across contexts and scales and have been redefined over time. Housing prices in New York City and London are recorded as values of properties. For Berlin and Paris, these are recorded on a m<sup>2</sup> basis. In London, Paris, and Berlin, income data is based on individual annual gross income; in New York City, on household income. For

London and New York, price and incomes are median values. For Berlin, prices are medians and incomes average. For Paris, prices and incomes are averages. As a result, housing prices and incomes, related to one another as price-to-income ratios, are used to demonstrate the overall argument; they are not exact comparisons. To make matters worse, a lack of data and studies on mortgage debt and investments at city scale makes it impossible to probe the financialization of the urban built environment and trace its temporal sequence.

The city lost almost 100,000 inhabitants and its labour market shrank by 100,000 to 1.6 million jobs over the course of that decade. By 2004, housing prices had eased by more than 30% relative to the short-lived post-reunification peak they had reached in 1995 [IBB 2003].

Following decades of decline, all four cities entered momentous growth trajectories, and labour market reconfigurations pulled housing prices to new heights. New York City turned a corner in the early 2000s and the boom accelerated in the aftermath of the 2008 financial crisis. By 2018, FIRE industries employed 759,940 people, slightly fewer than the 1900 peak of 848,510 and 4,000 less than in 2007. A finance professional earned close to \$400,000 [NY DOL, 2019], roughly twice as much as in 2009 and more than 7.5 times the 1990 average [US BLS, 2011]. The same year, professions and business services employed 762,100 people, a strong increase compared to the 2007 figure of 593,000, which itself was up only modestly relative to the 1990s level. Average annual pay in the sector was \$135,000 [NY DOL 2019], almost 70% more than the 2009 average and roughly 3.5 times 1990 levels [US BLS 2011]. Technology employed 142,000 people, roughly 80% more than in 2009, and paid \$152,900 as an annual average [NY DOL 2019]. Accommodation and food services also gained more than 130,000 workers, an increase of almost 55%, over the same time span [NY DOL 2021]. The average hospitality worker, however, made only \$31,500, 10% less relative to 2009. The median household income in New York City was almost \$70,000. London moved on a comparable trajectory from 1996 onwards, with finance and insurance industries in the lead. By 2019 their workforce had expanded by 20%, reaching 406,000 jobs. In 2019, the sector's median pay was £75,511, 170% higher than it had been in 1997 [ONS, 1997]. In 2010, professions and high-tech, information and technology, and real-estate sectors joined the surge. These expanded their respective workforces by 33, 55, and 60% respectively and provided a combined 1.5 million jobs in 2019. Relative to 1997, incomes expanded by more than 100% in the first two sectors and roughly 60% in the latter, with the bulk of these gains made prior to 2010. The median London salary for 2019 was around £39,000 [ONS 2019], almost 30% higher than for the UK as a whole. This was up from almost £34,000 in 2010 [ONS 2010], and was double the 1997 level.

Paris's recovery began in 2001 and was similarly driven by high-value services. This trend eased in the aftermath of the 2008 financial crisis, but it continues. By the end of 2019, the labour market had overtaken its 1989 peak and employed 2.03 million people. The same year, almost half a million people were working in the *tertiaire non-marchand* sector,

a sprawling category of French national statistics that spans finance, business services, real estate and the hospitality professions; this figure had increased by roughly 25,000 since 1998. Hospitality had expanded its workforce by around 70% relative to 1998 levels. Industries, by indicative contrast, employed 60,000 people, one third the number of 1989 [INSEE 2021c]. In 2018, the average annual pay in the finance and insurance sector was €87,035, 23% more than in 2007. The average service worker earned around €60,000. Real estate and business service professionals earned approximately €54,000, up 32 and 13% respectively, relative to 2007. Hospitality workers, by contrast, earned less than €30,000 in 2019. Citywide average pay was €51,074 in 2018, 35% higher than the national average. Berlin returned to growth in 2004. The curve turned exponential in the aftermath of the 2008 financial crisis. By 2019 and relative to 2004, the city had added more than 500,000 jobs, of which 375,000 had been created since 2010. FIRE industries, jointly with business services, had added 170,000 jobs, 113,000 of which had been created since 2010. At around 100,000, the number of jobs in the hospitality sector remained virtually unchanged. The same year, average finance- and insurance-sector pay was above €70,000, close to 30% more than in 2007 [SBB, 2021d]. A real estate employee was earning €60,000, 45% more than in 2007. Those in the professions were earning almost €68,000, around 20% more than in 2007. In the information and communications sector pay was at around €66,000, up more than 15% relative to 2007. Relative to 2000, average annual pay across sectors had increased by almost 60% to €53,432; roughly two thirds of these gains had materialized since 2009 [SBB, 2021b].

In lockstep with labour market reconfigurations, housing prices inflated massively. In New York City these have surged by more than 300% since the turn of the century. As 2015–2019 averages, the price-to-income ratio was 9.4. For Manhattan it was 11.4, for Queens 8.9, and for Staten Island 2.2 [US Census, 2019a]. US-wide the ratio was below 3.5 [US Census, 2019b]. In London, prices increased by more than 170% over the same time span. By 2019 the median price-to-income-ratio had climbed to 12.75, slightly lower than its 13.25 peak, which it had reached in 2017 [ONS, 2021b]. This was up dramatically relative to 2007, when the ratio stood at 8.5. In England and Wales the price-to-income ratio was 7.8 in 2017 and below 4 in 1996. London's housing market is also characterized by extreme intra-regional divergence. In 2017 the price-to-income ratio in Kensington and Chelsea stood at an eye-watering 29.15. This was up from 10.68 in 2002. The Borough of Bexley, by

contrast, was the second most affordable in the Greater London area, with a ratio of 10.01 in 2017 and of 5.56 in 2002.

In Paris, housing prices inflated by 160% between 2001 and 2018, with more than two thirds of that increase materializing between 2001 and mid-2008 [PNS, 2021]. By the end of 2018, the average m<sup>2</sup> sold for €11,950. For indicative purposes, the Paris-wide average price-to-income ratio in 2018 was 13.5, if adjusted by the Paris-wide average apartment size of 58.7m<sup>2</sup> recorded for 2013. In the sixth arrondissement, the city's least affordable borough, a m<sup>2</sup> sold for €13,330; in the 20th arrondissement, one of the most affordable, it sold for €8,080. In 2008, the citywide price-to-income ratio had climbed to 11.2. These numbers also point to a massive divergence from national trends. In France as a whole, apartment prices had increased by only 20% between 2010 and 2018, while average salaries had increased by less than 15% [INSEE, 2021a]. The average m<sup>2</sup> sold for €2,140 in 2018, while the average national salary was almost 40% lower than in Paris. In Berlin, housing prices increased by 195% between 2004 and 2019. Most of this happened after 2010. In 2019 the median m<sup>2</sup> sold for €4,633. In Mitte, Berlin's priciest neighbourhood, a m<sup>2</sup> sold for €5,274, compared to €4,100 in Neukölln, which is among Berlin's low-income neighbourhoods. This compares to respective prices of €2,400 and €1,017 in 2010 [IBB, 2011]. To illustrate, the 2019 median price-to-average-income ratio adjusted by Berlin's 2019 average apartment size of 73.2 m<sup>2</sup> increased to 6.3; this was up from 3.1 in 2010 and 2.2 in 2004. At a national level, a m<sup>2</sup> sold for €2,500 in 2019, and the average household income was €56,808 [Destatis, 2021].

The comparison made here underscores that labour market reconfiguration is an important pull factor in financialization dynamics. There is some limited evidence in the literature to suggest that financialization processes started with the financialization of US mortgage finance in the mid-1990s, were reinforced by monetary policy in the early 2000s, and escalated in the years following the 2008 financial crisis. More specifically, scholars show that institutional equity investors entered New York City's housing market in 2005 [Fields 2015]. Evidence for London dates market-based equity and debt investments to the post-2008-financial-crisis environment [Beswick *et al.*, 2016; Wainwright and Manville 2017]. Research on institutional investment in France provides tentative evidence for the comeback of equity investment in France's residential real estate since 2012 [Nappi-Choulet 2013]. For Berlin, the arrival of market-based investors is linked to the 2004 high-profile purchase of the social housing association GSW by a private equity firm backed by the

US investment bank Goldman Sachs [Uffer 2014]. Financialization has been found to have rapidly diffused since 2010 [Wijburg and Aalbers 2017]. In all four cities, in other words, housing financialization, to the extent that it took place, came after massive booms at the high end of urban labour markets, onto which housing price inflation roughly maps. But for Berlin, employment and incomes in high-skilled service sectors grew massively in the run-up to the 2008 financial crisis and drove a stark increase in housing prices. The German capital has been catching up fast since the mid-2000s and its labour market turnaround.

*Coda: COVID-19 offers a window onto the structural dynamics of modern political economies*

COVID-19 hit labour markets in core cities particularly hard. Infections spread rapidly as a function of global interconnectedness and dense workplace-based social interactions in offices, amenities, and transport. With the contours of the public health crisis emerging, however, highly skilled professionals swiftly moved their work online and, in many cases, relocated to their secondary homes outside of urban cores. Lower-skilled jobs either collapsed in numbers or were declared essential by force of law. This translated into stable employment patterns at the high end of labour markets in New York City, London, Paris, and Berlin, and massive job losses at the lower end of the income spectrum, most significantly in hospitality. But despite the dramatic short-to-medium-term effects on urban life, there is no evidence to suggest that these dynamics are altering the structural underpinnings of wealth creation and housing markets in modern political economies. Most germane here is that demand surged among high-income earners for homes that were spacious enough to work and live in comfortably and that had direct access to urban cores. At the same time, lockdowns and remote working piled disposable income at the top. As a result, housing market developments in core cities remained virtually unaffected by the pandemic as the structure of labour markets stayed intact at the higher end. At an intra-urban scale, a gradual shift in housing markets is beginning to emerge. Prices are easing slightly in some central locations, while they are increasing in outer locations with good transit connectivity.

At the time of writing the public health crisis was still unfolding and data on housing markets, let alone investment flows, were not available in a systematic way. Evidence from London [ONS 2021b], however, offers a window into COVID-related housing market developments. Between September 2019 and September 2020, the city's price-to-income ratio

eased by 2%, from 12.75 to 12.52. Prices in central locations such as Kensington and Chelsea reduced by 2%. By contrast, less expensive outer boroughs, especially those with strategic transit connectivity, experienced housing price inflation. Prices in Barnet, an outer borough in North-West London with a direct link to the City of London via the Northern Line, increased by 8.25%. Similarly, in Paris, prices continued to climb with interregional divergence [PNS 2021]. By the end of 2020, prices in the sixth arrondissement had inflated by 4.6% relative to the end of 2019 and by 6.3% in the 20th. Citywide, they had inflated by 2.4%. Berlin showed the strongest continuation of pre-pandemic trends [IBB, 2021]. Prices in Mitte surged by 8%, in Neukölln 5%, and as a citywide average by almost 7.4%. At the time of writing, official housing market data for New York City had yet to be released. This preliminary evidence, in sum, points to continued demand in the inter-urban core and a jump in demand in suburban areas.

### *Conclusion*

The COVID-19 crisis is having a measurable impact on urban labour markets but it is not altering the structural dynamics of modern political economies and the logics of financialization. While much will depend on the length of the pandemic and the effectiveness of mitigation measures, evidence suggests that remote working and online shopping do not dent the strategic value of urban core locations. Highly rewarding job and career opportunities, along with amenities and transport hubs, remain located in central areas, even if the frequency of face-to-face interaction required by employers has thinned out. High-income earners pay “whatever it takes” for housing that blends connectivity to these locations with more space in which to live and work. Others, especially the young or those who cannot (yet) afford the move, opt for inner-city residential locations that give them access to amenities and office space by biking and walking. At the same time, lower-income workers are coming under even more strain. This is most visible in the hospitality sector. COVID-19 has forced design changes onto amenities such as bars or cultural venues, which reduce capacity and impose safety measures. Employment opportunities are coming under more pressure, which, coupled with increased operational costs, is exerting downward pressure on pay. If, in other words, the pandemic is easing some of the centrifugal force of urbanization dynamics, it is not altering the relevance of core cities to modern

political economies or inequalities within and between metropolitan areas. Quite the opposite: it is the jobs that can be performed remotely that yield high pay and that cluster in urban agglomeration economies. Individuals, asset managers, and governments will continue to invest and try and capture some of this value uplift of property and adjust to the geography of income. This will compound the pressures on property valuations and put homeownership in urban areas out of reach for middle- and lower-income earners.

With these arguments, this paper makes four contributions to the housing debate. First, it demonstrates that the restructuring of modern political economies mediates financialization dynamics. Since the 1980s, the rise of agglomeration economies has led wealth creation, employment opportunities, and service provision to be concentrated in metropolitan cores. As a result, the strategic value of central locations has increased sharply, unleashing a bidding war among high-income earners for housing with access to these life chances. Housing prices in New York City, London, Paris, and Berlin have moved in lockstep with income developments at the high end of urban labour markets. This motivates individuals, asset managers, and governments to invest in residential real estate and try and capture the property value uplift in urban areas. Investments further fuel housing price inflation and put housing in urban areas out of reach for middle- and lower-income earners. The financialization of housing, in short, layers onto housing price inflation, which is driven by the income and wealth structure of urban labour markets.

Second, this paper provides robust evidence for the decoupling of housing markets in large cities from their national hinterlands. While scholars of comparative housing show the path-dependent institutional specificities of national housing finance systems and the degree to which these are integrated with global capital markets, they do not explore variation at a subnational scale. In all four cities, housing prices are dramatically higher than in their national hinterlands. The analysis developed here helps explain how fundamental national variations can exist alongside subnational convergence: as a function of urban labour market reconfiguration, sharp housing price inflation is specific to urban core locations and sparks investment in residential real estate in a way that is to some extent independent of institutional configurations anchored at national scale.

Third, this paper underscores the urban dimension of inequality and class formation. Political economy has shown that monetary, fiscal, and welfare policies have reconfigured homeownership as a key determinant

of class position. As a function of housing price inflation, housing creates income that is far higher than the income derived from wage labour. This paper contributes to this line of analysis by, first, underscoring that asset ownership in strategic urban locations has evolved into a key allocator of life chances, as opposed to homeownership in general. Located at the nexus of economic, political, and cultural networks, and closely connected to other centres, such property affords access to the transnational life chances, networks, and lifestyles codified as upper-middle class, including the high incomes earned with high-skilled jobs. It mediates, in other words, the experiences, cultural dispositions, and resources necessary for pathways into the elite. And second, the close coupling of housing price and income inflation at the top end of urban labour markets highlights that the reconfiguration of modern political economies has elevated employment in a strategic sector of an agglomeration economy into an important prerequisite for ownership of the most highly yielding assets, alongside family wealth. Compensated with incomes far higher than those for other sectors and locations of employment, these positions allow households to build and expand their housing wealth.

Finally, this paper emphasizes the limits of what cities can achieve in terms of governing housing markets. Urban economists argue that urban governments should counter housing price inflation and inequalities by easing regulatory barriers for the construction of new homes in strategic locations. However, this fails to account for the structural underpinnings of the housing affordability crisis in prosperous metropolitan areas. First, while an increase in housing supply would create new opportunities, these would disproportionately favour middle classes. As a result of labour market polarization, the lower-skilled are increasingly unlikely to find employment and the resources necessary to afford the cost of living in urban cores [Autor, 2019]. Research indicates that these increasingly eschew living in metropolitan centres, let alone buying property in them. Additional housing units would become accommodation for skilled workers, or would function as an asset for investors. Their social form would further inflate property values, as it would stabilize the income and skill structures at high levels. And second, urban governments are confronted with well-known spatial limits in their ability to govern housing markets, which the COVID-19 crisis brought once more into sharp relief. High-income earners can choose to relocate to areas adjacent to, but outside of, city jurisdictions and so move their property and potentially their income-tax obligations—important pillars of urban budgets and policy—to the suburbs. This undermines urban fiscal capacity to undertake housing investment and puts the housing question



literally beyond the regulatory reach of urban governments. Governing urban housing markets in equitable ways, in short, requires both regional and national intervention.

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## Résumé

Cet article propose des explications à la crise du logement, observée dans les économies politiques modernes. Il affirme que l'essor des économies d'agglomération est le moteur de l'inflation massive des prix du logement dans les villes dites « superstar ». Ces régions métropolitaines centrales, qui concentrent les emplois bien rémunérés et offrent les meilleures aménités urbaines, attirent une main d'œuvre hautement qualifiée, prête à payer le prix fort pour y vivre. En conséquence, la valeur des logements situés dans ces lieux stratégiques a significativement augmenté. Les investisseurs cherchent donc à tirer profit de cette augmentation des prix à long terme et à y investir. Basé sur une comparaison de New York, Londres, Paris et Berlin, cet article montre que les prix des logements dans les grandes villes évoluent en fonction de la reconfiguration des marchés du travail urbain. Les investisseurs suivent cette tendance dans leurs décisions d'investir dans le logement, ce qui aggrave la pression sur la capacité des ménages à accéder à la propriété. L'article conclut que l'accès à la propriété dans les lieux urbains stratégiques est un facteur clé pour expliquer les inégalités et la formation des classes sociales dans les économies politiques modernes.

*Mots-clés* : Crise du logement ; Marchés du travail urbain ; Financiarisation ; Inégalité.

## Zusammenfassung

Dieser Artikel trägt zu Erklärungen der Wohnungskrise in modernen Wirtschaftsordnungen bei. Er argumentiert, dass die Entwicklung von Agglomerationsökonomien die Wohnungspreisinflation in sogenannten ‚Superstarstädten‘ massiv antreibt. Letztere konzentrieren hochbezahlte Arbeitsplätze und Lebenschancen im Herzen strategischer Metropolregionen und ziehen hochqualifizierte Arbeitskräfte an, die bereit und in der Lage sind, für Wohnraum mit Zugang zu diesen Möglichkeiten das Nötige zu zahlen. Infolge dieser Dynamik steigt der Wert von Wohnimmobilien in zentralen Lagen stark an. Für Investoren wird es so rational, aus der längerfristigen Preisinflation Kapital zu schlagen und in städtischen Wohnraum zu investieren. Anhand eines Vergleichs von New York City, London, Paris und Berlin veranschaulicht dieser Artikel, dass sich Immobilienpreise in Superstarstädten im Gleichschritt mit der Neuordnung urbaner Arbeitsmärkte entwickeln. Investoren folgen diesem Trend bei ihren Investitionsentscheidungen, was den Druck auf die Bezahlbarkeit von Wohnraum weiter erhöht. Der Artikel kommt zu dem Schluss, dass der Zugang zu Wohneigentum in strategischen städtischen Lagen zunehmend zu Ungleichheit und Klassenbildung in modernen Wirtschaftssystemen beiträgt.

*Schlüsselwörter*: Wohnungskrise; städtische Arbeitsmärkte; Finanzialisierung; Ungleichheit