The rise and fall of housing centred financialization

Rodrigo Fernandez

KU Leuven/ SOMO
Financialization and real estate

• What is Financialization?
  • Systemic cycles of accumulation
  • Internalizing the logic of finance
• Overaccumulation and spatial fix
  • From spatial to financial fix
• Different faces of finance and real estate
  • Residential real estate – mortgages
  • Super rich – alpha locations
  • Commercial real estate – portfolio investments
Wall of money looking for investments

- Corporate savings
- Institutional investors
- Global imbalance
- QE
Housing centred financialization

- Economic model based on debt
- Housing as store-of-value
- Housing connecting households with global capital markets
- Politically highly addictive
- No clear exit strategy
Total private debt and mortgage debt as % of GDP in 2000 and 2010

Total private debt-to-GDP ratio

Source: OECD & EMF
Construction as share of total workforce and increase in stock of dwellings from 2000 to 2010 (2000=100)