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Inequality?
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Abstract

This paper compares the structural features of home-ownership systems in EU15 countries (home-ownership rates, mortgages and public subsidisation of this tenure) with data on inequalities in outcomes (variations in home-ownership access, risks and standards between income groups). Its purpose is to assess the relevance of the debate on the convergence and divergence of housing systems which has dominated the comparative housing literature. The paper concludes that, depending on the level of analysis adopted and the particular variables selected for examination, elements of both convergence and divergence are evident in Western European home-ownership systems. The comparative housing literature has also largely failed to capture the key inter-country cleavages in home-ownership systems that are between the Northern and Southern EU15 countries. These shortcomings are related to methodological and conceptual problems in this literature.

Introduction

Since World War II, tenure patterns in Western Europe have changed radically. The rented sector has generally contracted, and in most EU15 countries home-ownership has expanded significantly to the extent that it is now the majority form of housing provision in the vast majority of countries; in several, it is the overwhelmingly dominant tenure accommodating over 70 per cent of households (Federcasa, 2006¹). This development has inspired significant interest among researchers and a substantial literature has accumulated as a result. This paper

¹ Federcasa is the representative agency for social housing providers in Italy.

focuses on two of the most prominent themes in this literature: 1) the housing regimes that have driven growing home-ownership; and 2) the relationship between home-ownership and social inequality.

The comparative housing regimes literature is dominated by two distinctive (albeit sometimes overlapping) theoretical approaches (Doling, 1999; Kemeny & Lowe, 1998). Adherents to the 'convergence' school, such as Michael Harloe (1985, 1995), have suggested that all systems of housing provision are driven by the same underlying imperatives, so they are fundamentally similar or will become more so in the future. Reflecting the Marxist-structuralist roots of many analyses in this genre (inspired by Castells, 1977), Harloe (1985, 1995) and most other convergence school proponents (e.g., Ball, Harloe & Martens, 1988), the dynamics of the capitalist economy were identified as the key driver of change in housing systems. Donnison (1967) proffered an alternative economically driven convergence theory rooted in the 'logic of industrialism' thesis. A minority of theorists, most notably Saunders (1990), linked international convergence of tenure patterns to a psychological preference for home-ownership and an instinctual resistance to renting. The alternative 'divergence' approach emphasises the differences between housing systems and proposes typologies for understanding these variations derived from cultural, ideological or political dominance or other relevant theories. The most influential proponent of this view is Jim Kemeny (1981, 1995, 2006; Kemeny, Kersloot & Thalmann, 2005), who linked the two contrasting housing regimes to 'political tenure strategies', that is, public policies that have modified the balance of costs and benefits attached to different tenures. These were, in turn, related to ideological and cultural orientations towards individualist or collectivist solutions to social problems.

The literature on the relationship between home-ownership and social inequality has generated three prominent themes. First, much of the early research on home-ownership and inequality has focussed on the influence of wider structural inequalities on access to the

tenure. These factors include: socio-demographic characteristics such as age, income, class and generation (Kurz & Blossfeld, 2004; Murie, 1983); labour market position, particularly employment status and security (Horsewood & Neuteboom, 2006); ethnicity, citizenship and immigrant status (Lewin-Epstien, Adler & Semyonov, 2004; Masnick, 2004); regional and urban/rural location (Fielding, 1992; Groves, Murie & Watson, 2007); and national context (Horsewood & Neuteboom, 2006). Kurz and Blossfeld's (2004) review of ten European countries suggested that class and income impact more on the transition to home-ownership today than they did in the past because ease of access to the tenure has generally deteriorated. Second, this evidence of inequalities in access has inspired interest in the implications of unequal social distribution of home-ownership for wider social inequalities. The potential gains that individuals can generate from home-ownership, compared with rented housing, include: savings and wealth accumulation; security for access to credit; an asset that could be liquidated to generate income; and a means of protection from contingencies, especially in older age (Boelhouwer, Doling, Elsinga & Ford, 2004; Kurz & Blossfeld, 2004; Murie, 1983; Ronald, 2006). These gains may reinforce income-, gender- or age-related inequalities. Other contributors to this debate on the implications of home-ownership inequalities have focussed on inter-tenure variations in housing outcomes. Home-owners have been found to enjoy higher levels of neighbourhood satisfaction (Hipp, 2009), better quality housing and greater housing satisfaction than renters (Dekker, Musterd & van Kempen, 2007; Elsinga & Hoekstra, 2005; Iwata & Yamaga, 2008; Kurz & Blossfeld 2004; Schlottman & Boehm, 2008). Third, repeated housing market crashes have highlighted the risk of mortgage arrears and repossession and the unequal distribution of this risk among home-owners. In this vein, Horsewood and Doling (2004) suggested that a decline in the number of rented dwellings has effectively forced lower income households into home purchase. The risks associated with this 'marginal' home-ownership have increased, due to: labour market deregulation; the

rolling back of social security systems in many European countries; increasing marital breakdown and single parenthood; higher mortgage loan to value ratios and low inflation, which means that the value of mortgage debt is no longer eroded by rising incomes (see also Ford, Burrows & Nettleton, 2001).

Despite their prominence, these themes are largely unconnected in the literature. The objective of the study was to integrate them by examining variations: a) in the three key types of home-ownership inequalities (access to home-ownership and housing risks and standards associated with this tenure); and b) in home-ownership rates, mortgages and public subsidisation of this tenure, in EU15 countries that exemplify the convergent and divergent housing regimes identified by Harloe (1985, 1995) and Kemeny (1981, 1995). Examining the patterns of housing inequality in the various housing regimes should make it possible to assess the continued relevance of these typologies in a systematic way, focusing on the outcomes they achieve rather than solely on the policy inputs and outputs (in terms of housing tenure patterns) associated with them, as per standard practice to date in the comparative housing research literature (Kemeny, 1992; Norris & Domanski, 2009, among others, are critical of this traditional approach). This exercise should also help to elucidate the impact, if any, that housing regimes have on patterns of home-ownership inequalities and to address some key shortcomings in the existing comparative literature on home-ownership inequalities. Much of this literature has focused on a small number of countries or has consisted mainly of single-country studies. Where comparative analysis has been attempted, it has often drawn on national level data which may not be fully comparable on a cross-country basis. The small number of studies that employ comparative data are now rather dated (e.g., Horsewood & Doling, 2004; Horsewood & Neuteboom, 2006).

The next section outlines the methodology and data that underpin this analysis. This is followed by a discussion of the expected impacts of the various housing regimes on home-

ownership inequality. The next four sections present the analysis under the following headings: home-ownership rates and subsidies, access, risks, and outcomes. The closing section sets out the findings regarding inter-country variations in home-ownership inequalities in the EU15, what these patterns reveal about the relevance of convergence and divergence approaches, and the relationship between housing regimes and home-ownership inequalities.

Data and methods

The main data source for the study was the 2007 European Quality of Life Survey (EQLS). This is a survey of households in the 27 EU member states, the three current (as of autumn 2010) EU candidate countries, and Norway. Approximately 1,000 adults (aged 18 years and over) were interviewed in each country. However, larger samples were employed in France, Italy and the UK (1,500) and Germany (2,000). The sampling procedure was a multi-stage stratified random sample. The national samples provide a representative picture of each country. However, in some cases the size of the samples precluded more detailed sub-group analyses (such as those for immigrants or unemployed people).² Data were collected via face-to-face interviews. The questionnaire covered a range of topics relevant to quality of life and well-being, including a number of questions on housing. Most importantly, unlike most other pan-European surveys, it included a detailed question on housing tenure, which distinguishes outright home-owners from mortgage holders. It also included a range of questions that made it possible to test the study's key hypotheses about income inequality, housing risk and dwelling and neighbourhood quality.

² The EQLS data on housing tenure have been compared with both a) official data on tenure, drawn from the census of population or administrative data in the various countries, and b) data from the 2007 EU Survey on Income and Living Conditions (EUSILC). These comparisons reveal that there are some discrepancies between the EQLS, EUSILC and the official data, but they also indicate that the EQLS data are just as reliable as the EUSILC data.

The study focused on western European countries because the very high rates of home-ownership in the central and eastern European, former communist, EU members were driven primarily by the mass privatisation of formerly state-owned dwellings in the early 1990s following the fall of communism, rather than as a result of the housing regimes under examination in the study (Roberts, 2003). As mentioned above, the study examined three dimensions of inequality in relation to home-ownership. Access to home-ownership was measured in terms of home-ownership rates and variations in access by income. Home-ownership risks were assessed by the extent to which home-owner households felt that housing costs were a heavy burden, somewhat a burden, or no burden at all, and whether mortgage holder households were in mortgage arrears at any time in the 12 months prior to the study. The literature on the implications of the unequal social distribution of home-ownership contains two distinct sub-themes: the potential gains which individuals can generate from home-ownership, and the extent to which home-owners enjoy better housing and neighbourhood conditions. The EQLS data do not shed light on the former, so this analysis concentrated on the latter issue which was measured by home-owner households' assessments of the quality of their dwelling and neighbourhood. To assess housing quality, an index was created based on six items in the survey, namely, whether the household had problems with: shortage of space; rot in windows, doors or floors; damp or leaks in walls or roof; lack of indoor flushing toilet; lack of bath or shower; and lack of place to sit outside (e.g., garden, balcony, terrace). The household was given a value of 1 for each problem it did not report having, which resulted in an index consisting of scores from 0 (*poorest quality*) to 6 (*highest quality*). Given the very high level of housing quality in the countries under investigation, the analysis focused on those with the highest quality housing (households with a score of 6). An index to assess neighbourhood environmental quality was created from responses to questions on the quality of the immediate neighbourhood of the home. These

examined the extent to which the household had very many reasons, many reasons, a few reasons, or no reason at all to complain about: noise, air pollution, lack of access to recreational or green areas, water quality, crime, violence or vandalism, and litter or rubbish in the street. Those who indicated that they had no reason to complain about each of these items were given a score of 1 which led to an index ranging from 0 (poorest quality) to 6 (highest quality). For some of the analyses, these were recoded into low (scores of 0–2), medium (3–4) and high (5–6) quality neighbourhood environments.

The analysis also drew on various secondary data sources to elucidate relevant contextual issues. These included data on housing tenure, mortgage debt per capita and government support for home-ownership (Atterhög, 2006; European Mortgage Federation, various years; Federcasa, 2006).

Housing regimes, home-ownership, and income inequality

Jim Kemeny's analysis of divergent housing regimes was first comprehensively outlined in his 1995 book *From Public Housing to the Social Market: Rental Policy Strategies in Comparative Perspective*. As its name implies, this study was based primarily on an analysis of relevant housing policies (direct and indirect government support for and regulation of rented and owner-occupied housing) and tenure patterns (size and institutional structure). On this basis, Kemeny identified a 'dual' housing system that operates principally in English-speaking countries – the USA, Canada, Australia, New Zealand, the UK and Ireland. In a later work, however, Kemeny also included Belgium, Finland, Iceland, Italy and Norway in this category (Kemeny, 1995, 2006; Kemeny et al., 2005). In these countries, governments support home-ownership via subsidies and favourable legal treatment. The private for-profit rental sector is both unregulated and unsubsidised by government, but is protected from competition with the small non-profit, social rental sector, because access to the latter is

restricted to disadvantaged groups and its size is controlled by government limits on borrowing and public subsidies for new building and renovation. These arrangements ‘push’ households into home-ownership, which consequently dominates in dual systems. Kemeny (1995) identified a contrasting ‘unitary’ housing system that operates in Germany, Sweden, The Netherlands, Switzerland, Austria, Denmark and France. Here, housing policy is ‘tenure neutral’, that is, each tenure is afforded similar levels of government support. In contrast to the dualist system where social housing is provided directly by central and local government, in unitary countries this tenure is delivered by the third sector or agencies at arms length from government, and tenancies are not allocated strictly on the basis of means. The for-profit rental sector is highly regulated, but also highly subsidised by government, so both rental sectors compete against one another on equal terms, are widely used, and home-ownership rates are lower than the norm in dual systems (Kemeny, 1995).

From the perspective of home-ownership inequalities, Kemeny’s (1995) analysis suggests that dual housing regimes are characterised by overwhelmingly dominant home-ownership sectors, accommodating a wide range of income groups generally, except for the very poorest who live in social housing. He suggested that as home-ownership sectors expand, home-owner supports are often withdrawn by governments in countries of this type and replaced with targeted supports for low-income households and first-time buyers. This indicates that low- to middle-income home-owners, who may not qualify for these supports, experience poor housing standards and high levels of mortgage arrears and default, particularly during economic downturns. Kemeny (1995) did not elucidate all of the characteristics of owner occupation in unitary regimes in his publications. However, based on his analysis of renting in these countries, we would expect to see much lower levels of home-ownership, but probably also a more equal distribution of access across the income spectrum, because tenure-neutral subsidies, widely available social housing tenancies, and efficiently

regulated for-profit renting enable low-income households to access home-ownership and encourage higher income households to remain renting over the long term. Kemeny (1995) linked unitary housing systems to relatively high historic and tenure-neutral public spending on housing, which indicates that home-ownership sectors in these countries would be characterised by high housing standards and low levels of risk. The hypotheses regarding the relationship between home-ownership, housing regimes and income inequalities arising from Kemeny's work are summarised in Table 1. Most of these are derived directly from Kemeny's publications; however, because he has not discussed the full implications of his housing regimes for home-ownership (he is, after all, fundamentally concerned with renting), some hypotheses reflect the authors' interpretations of the implications of his analysis for this tenure.

Table 1 here

Michael Harloe (1985, 1995) presented his analysis of housing regimes in two comparative studies of social and private rented housing, also based primarily on an analysis of government housing policies and tenure patterns. He argued that trends in housing provision in Europe and the USA broadly reflect the requirements of the form of capitalism dominant at the time. Private renting dominated during the laissez-faire capitalist period in the 19th century. Large-scale, widely accessible 'mass' social housing provision emerged during the Fordist period in the mid 20th century; however, since the rise of Post-Fordism in the 1970s, social housing provision has declined and is increasingly targeted on disadvantaged groups. The for-profit rented and emergency housing sectors have expanded to compensate for the decline in social housing, but a system of 'mass home-ownership' now accommodates the vast bulk of the population (Harloe, 1995: 6). The dominance of home-ownership is associated with the withdrawal of government housing subsidies from social housing, efforts to privatise dwellings in this sector via discounted sales to tenants and the introduction of

additional subsidies for home-owners. Although Harloe (1995: 547) acknowledged that ‘nationally specific differences continue to effect the pace and nature’ of this convergence process, from the perspective of the discussion at hand, his analysis points to the emergence of a more widespread and extreme version of Kemeny’s (1995) dual system whereby housing systems in all Western European countries are more or less dominated by home-ownership and the tenure includes many high risk, economically marginal households that often live in poor quality accommodation. The hypotheses regarding the relationship between home-ownership, housing regimes and income inequalities raised in Harloe’s work or, which according to the authors’ interpretation, are implied by his analysis, are summarised in Table 1.

Key structural features of home-ownership regimes

Table 2 summarises long-run data on the three key structural features of the home-ownership sector in EU15 countries, namely, home-ownership rates, mortgage finance and public subsidies. These data reveal that between 1980 and 2004 home-ownership rates expanded in 11 of the 15 countries under examination. As a result, by 2004 home-ownership was the majority tenure in all EU15 countries, with the exception of Germany. In four countries (Belgium, Finland, Luxembourg and the United Kingdom) it accounted for more than 60 per cent of occupied dwellings, and in another four (Greece, Ireland, Italy and Spain) it accounted for over 70 per cent of dwellings. This trend would seem to support Harloe’s (1985, 1995) rather than Kemeny’s (1995) thesis, particularly the substantial growth in home-ownership in The Netherlands (the archetypal integrated unitary system according to the latter).

Table 2 here

However, over the shorter period of 1990 to 2004, the home-ownership growth rate eased in the majority of countries under examination. Owner occupation rates declined in five countries (Austria, Denmark, Finland, Greece and Sweden) and remained static in another (Ireland). This trend further intensified between 2000 and 2004. During this period, home-ownership rates grew in only five of the 12 EU15 countries for which data are available, and in four countries (Denmark, Finland, Luxembourg and Spain) the proportion of dwellings in this tenure declined.

It is important to acknowledge that the 2004 Danish and Swedish home-ownership rates presented in Table 2 are inflated by 6 and 17 per cent, respectively, due to the inclusion of co-operative ownership housing within this tenure. This decision reflects the increased marketisation of this tenure in recent decades. It originally had strong social objectives, but due to recent reforms residents now share the vast majority of the rights and responsibilities of mainstream home-owners (Karlberg & Victorin, 2004). However, if co-operative ownership is treated as a tenure in its own right, the home-ownership rate in both countries declined to below 50 per cent in 2004.

While the data indicate that home-ownership has increased in most EU15 countries in recent decades – in many cases significantly so – contrary to Harloe's (1985, 1995) prediction it has not yet become overwhelmingly dominant across the EU15 and, unless government supports for the sector or other relevant inputs change radically, it appears to have a structural ceiling of around 80 per cent of households in most Western European countries (Doling, [2006] shares this view). These data also provide some support for Kemeny's (1995) view that owner occupation would be higher in dual rather than unitary regimes. The owner occupation rate in Austria, Denmark, France, Germany, The Netherlands and Sweden was below 58 per cent in 2004, while in dual regimes (Belgium, Ireland, Italy and the UK) it stood at a minimum of 68 per cent. However, due to rising home-ownership in a majority of unitary

countries, coupled with stagnating home-ownership in dual countries, the gap between the two regimes appears to have narrowed in recent decades. These data also revealed particularly high home-ownership rates in Southern EU15 countries – of over 70 per cent in Spain, Italy, Greece and Portugal. This indicates that, in this regard, differences between Southern and Northern states are greater than the variations between dual and unitary regimes located mainly in the north.

This view is reinforced by the data on mortgage holding among the Western European home-owning households presented in Table 2. In 2007, mortgage holding rates in Greece, Italy and France were significantly below the EU15 average (40.5 per cent), and were also relatively low in Spain and Portugal (35.3 per cent in both cases). The opposite is the case in many northern unitary countries such as Denmark, Sweden and The Netherlands where rates of mortgage holding were approximately twice the EU15 average. Above average levels of mortgage holding were found in three of the dual regimes (the UK, where 55.5 per cent of home-owners have mortgages, Ireland 48.8 per cent, and Belgium 47.1 per cent). Allen et al. (2004) related these differences to the very extensive use of non-monetary, familialist home-ownership supports in southern countries, such as extended family contribution to house purchase or construction costs either in cash or in-kind (land or labour), and the self-promotion of housing whereby the home-owner provides the labour for the construction of the dwelling. These strategies are far less common in the northern EU15.

Allen et al.'s (2004) thesis is confirmed by the data on trends in mortgage debt per capita since 1980, which are also set out in Table 2. These reveal that in some of the Southern European countries, specifically Greece, Spain and Italy, mortgage debt per capita was very low between the mid-1980s and 2000. Although it has grown significantly since 2000, household mortgage indebtedness in these countries, along with France and Portugal, remained below the EU15 average in 2007. Sharply rising mortgage indebtedness since 2000

is also evident in most of the northern EU15 member states, but despite this, mortgage indebtedness levels still vary between these countries. Ironically, countries in both the dual (the UK and Ireland) and unitary (Denmark, Sweden and The Netherlands) housing regimes were characterised by relatively high levels of mortgage debt per capita in 2007 ($>€20,000$ per household). Some of the dual and unitary regimes form an intermediate group between these two extremes (Finland, Belgium, France and Germany), while in one of the unitary countries (Austria), mortgage debt per capita was very low in 2007.

Table 2 also examines levels of government support for home-ownership using the only comprehensive, long-run data available – estimates collated by Atterhög (2006) on the basis of a survey that asked housing researchers to respond to seven questions about the generosity of home-ownership supports in their respective countries in 1980, 1990 and 2000. Specifically, the experts were asked about whether or not and to what extent the governments in their countries supported home-ownership via: a) direct grants for buying a home; b) making it easier for households to buy a home in other ways than direct grants, c) through mortgage interest tax deductibility; d) through grants and other tax deductions than mortgage interest; e) through the property tax system; and f) through housing allowances if the household income is too limited to maintain home-ownership compared with households that live in dwellings with other types of tenure. Response categories ranged from 5 (*very generous*) to 0 (*no support*) or *don't know*. The average values for each country are given in Table 2. In line with Kemeny's (1995) analysis, the data revealed that government support for home-ownership during the three decades under examination was below the EU15 average (<2.0) in two of the unitary regimes (The Netherlands and Denmark) and highest in one of the dual regimes (Ireland >2.3). However, unexpectedly, support was relatively low in the UK (dual model) and relatively high in Austria (unitary). Notably, in both of the Southern European countries included in Atterhög's (2006) analysis (Spain and Portugal), government

home-ownership supports were significantly above the EU average throughout the three decades under review, and these are among the few countries where these supports were not reduced in the last decade. This evidence is significant not only from the perspective of assessing housing regimes, but also because Atterhög's (2006: 27) analysis revealed a 'strong and statistically significant [positive] correlation between government support and home-ownership rates'.

Inequality and access to home-ownership

Table 3 examines the relationship between income inequality and access to home-ownership, risk and housing outcomes in Western Europe using the 2007 EQLS. As expected, these data revealed that home-ownership increased in line with income in the vast majority of EU15 countries – Greece being the sole exception. However, there were significant inter-country differences in the extent to which lower income households have access to the tenure and in the extent to which access varied between those with the highest and lowest incomes.

Kemeny's (1995) analysis suggested that access to home-ownership should be more equally distributed between income groups in unitary regimes. When access by households in the top and bottom income quartiles is compared, this hypothesis is supported by the data for Austria, France and Sweden but not by the data for The Netherlands, Denmark, and particularly Germany where low-income households were significantly less likely to own a dwelling than their high-income counterparts. In the dual regimes, we would expect significant differences in access to home-ownership between households in the highest and lowest quartiles. This is true for the UK and Ireland but not for Finland, Belgium and Italy where there are relatively high levels of home-ownership among the lowest income households. The Southern European countries (especially Greece, Italy and Spain) are all distinguished by relatively equal access

to home-ownership for different income groups and by very high rates of owner occupation (over 70%) among low-income households.

Table 3 here

Inequality and home-ownership risk

Table 3 also examines two indicators of housing risk – home-owner households who report that their housing costs are a heavy burden and their mortgages have been in arrears during the 12 months preceding the study. As would be expected, in most countries the perceived burden of housing costs declined as income rose. However, the data revealed some marked inter-country variations in burdensome housing costs which are significant from the perspective of assessing housing regimes. Unexpectedly, in view of the low rates of mortgage holding and mortgage debt per capita in southern European countries, levels of burdensome housing costs were more common among low-income home-owners in Greece, France and Italy than in the EU15 as a whole, and this problem was also widespread in Spain. Also contrary to what Kemeny's (1995) thesis implied, a very low proportion of low-income households in Finland and the UK (both dual regimes) reported that housing costs were burdensome, whereas among low-income households in Germany, Austria and The Netherlands (all unitary regimes), levels of burdensome housing were closer to (but still below) the EU15 average. Other trends in the distribution of burdensome housing costs support Kemeny's (1995) thesis. Low-income households in two unitary regimes (Sweden and Denmark) reported levels of burdensome housing costs that are amongst the lowest in the EU15, whereas in two dual countries (Belgium and Ireland) the reported extent of this problem was closer to the EU average

In a significant number of EU15 countries, mortgage arrears did not follow the same pattern as burdensome housing costs³. This might be due to the fact that the data on housing costs included all home-owners, whereas those relating to mortgage arrears included only mortgage holders. Comparing low-income households across EU15 countries revealed some unexpected findings. Contrary to what Kemeny's analysis implied, mortgage arrears were most common in Germany and Austria (both unitary regimes), but as expected, arrears were above the EU average in two of dual regime states (Belgium and Finland) and relatively low in two other unitary regimes (Sweden and Denmark). Denmark and Sweden were also distinguished by both low levels of mortgage arrears among all income groups and a relatively small gap between low- and high-income home-owners in this regard, which supports Kemeny's (1995) thesis. Notably, mortgage arrears were very high among low-income groups in the Southern EU15 countries (Spain is an exception in this regard), but they were also relatively high among higher income households in Spain, Italy, Greece and France.

Inequality and dwelling and neighbourhood quality

Housing standards in the countries under consideration here were generally very high, particularly for higher income home-owners, as in all of the EU15 countries they increased in line with incomes. Despite this, Table 3 reveals that the distribution of high housing standards by income varied between countries. As expected, in view of Kemeny's (1995) analysis, low-income home-owners in many of the unitary regimes enjoyed relatively good housing conditions (e.g., Sweden, The Netherlands, Denmark and Germany) compared with their low-income counterparts in other countries. However, in Austria, another unitary regime, housing conditions for this group were 10 per cent below the EU average. Contrary to what Kemeny's

³ In some of the countries, there are very small numbers of cases in arrears, which indicates that these results should be interpreted with caution.

(1995) analysis implied, housing conditions among low-income home-owners in the dual regimes of Ireland and Finland were significantly above the EU average, although in the UK they were 5 per cent below average. In Southern European countries, poor housing conditions were concentrated among households on the lowest incomes.

Turning to neighbourhood standards, as expected, lower income households in unitary regimes lived in relatively good neighbourhoods compared with their counterparts in other countries. Moreover, in Austria, Denmark and Sweden, those in the lowest income bracket were more likely to live in good neighbourhoods than those in the highest income group. Results were mixed for the dual regimes. As Kemeny's (1995) analysis predicted, neighbourhood standards among low-income home-owners in Belgium were significantly worse than the EU average (28.3% compared with 40%), but this was not the case for similar households in Finland, the UK or Ireland. Moreover, in Finland and the UK, home-owners in the lowest income bracket were more likely to live in better neighbourhoods than their high-income counterparts. Finally, in terms of inequalities in neighbourhood quality, the Southern European countries exhibited unusual diversity compared with many of the other indicators examined in Table 3. Low-income home-owners in Spain and Italy reported neighbourhood conditions that were significantly worse than the EU average. The opposite was the case in Portugal, and neighbourhood standards among low-income home-owners in Greece were close to the EU15 average. Housing density, as measured by proportion of households in multi-family dwellings, does not explain the variation in these findings. Additional research is required to investigate some of these findings, including the relatively poor perceptions of neighbourhood quality among Italian households.

Conclusions

The preceding analysis of inter-country variations in the key structural features of home-ownership systems and associated inequalities in Western Europe has revealed a number of significant shortcomings in the comparative literature on housing regimes. These relate to the accuracy of predictions regarding the future development of housing systems, and the housing regime typologies proposed, as well as the concepts and methodologies which underpin these analyses.

Depending on the level of analysis adopted and the particular variables selected for examination, elements of both convergent and divergent approaches are evident in contemporary home-ownership systems in the EU15. Macro-level analysis points to marked convergence in home-ownership rates in EU15 countries. This tenure has expanded significantly over the last three decades, and now accommodates the majority of households in all except one EU15 country (Germany is the sole exception), and in a significant minority of countries (Belgium, Greece, Ireland, Italy, Luxembourg, Portugal and Spain), it accounts for more than 2/3rds of dwellings. These developments support Michael Harloe's (1985, 1995) thesis that home-ownership will become the dominant tenure in Western Europe. However, contrary to Harloe's prediction, more detailed analysis has revealed that in the majority of Western European countries the growth of home-ownership has stalled or reversed since 2000, and many commentators believe that this will be reinforced by the post-2008 international economic and credit crisis (see, e.g., Stephens, 2008). This indicates that in most EU15 countries home-ownership has a structural ceiling of around 80 per cent of dwellings and is therefore unlikely to become overwhelmingly dominant as Harloe (1985, 1995) suggested. Furthermore, micro-level examination of the key structural features of home-ownership systems and of the relationship between income inequalities and home-ownership access, risks and quality has revealed marked inter-country differences, which indicates that significant divergence remains.

However, analysis of these micro-level variations indicates that Kemeny's (1995) typology failed to capture the most significant inter-country cleavages. These are not among the Northern countries of the EU15, as he suggested, but rather between Northern and Southern Europe. The countries of Southern Europe share the majority of both key structural features of ownership regimes and the home-ownership inequality patterns examined here. Home-ownership rates were found to be very high in Spain, Greece, Italy and Portugal (70% +), access to the tenure was evenly distributed between income groups, and residential debt per capita and mortgages holding rates were below the EU average in all cases. Despite the fact that most housing in these countries is provided by the private rather than non-profit sector, a decommodified home-ownership regime has emerged here, enabled by a mix of non-monetised, familialist supports and (in Spain and Portugal at least) generous government subsidies. Rather unexpectedly, therefore, low-income households in these countries also have relatively burdensome housing costs and poor housing standards. In terms of size and housing outcomes, owner-occupied sectors in the Northern EU15 countries are less uniform than their Southern European counterparts. As Kemeny's (1995) thesis suggested, home-ownership rates were higher in dual regimes (68% + in Britain, Ireland, Finland and Belgium) than in unitary countries (46–56% in Austria, Germany, Denmark, The Netherlands, Sweden). But patterns of inequality in home-ownership outcomes in Northern Europe generally did not conform to those predicted by Kemeny's typology (or at least to the authors' interpretations of these). For instance, access to this tenure was evenly distributed among income groups in some unitary countries (Sweden and Denmark) but not in others (Austria and Germany); burdensome housing debt was not common among low-income home-owners in some dual countries (Ireland and the UK) but more common in others (Belgium), and low-income home-owners in both dual and unitary regimes enjoyed good housing and neighbourhood standards (e.g., UK, Ireland, Finland, Sweden and Denmark). At the same time, the analysis indicated

that home-ownership sectors in Northern Europe share some crucial structural features and housing outcomes in common, which indicates that the meaning of home-ownership within this group is also distinctive. Government supports for home-ownership were generally lower than in Southern Europe (Ireland is an exception), and mortgage debt and mortgage holding rates were higher. Thus, Northern European home-ownership systems are strongly commodified and, as a result, low-income households in these countries are less likely to live in this tenure.

This disconnection between the patterns of home-ownership inequalities in Northern Europe and the comparative housing regimes literature is the result of conceptual and methodological problems in the latter. Ironically, some of these were highlighted two decades ago in Jim Kemeny's (1992: 1) *Housing and Social Theory*, in which he complained that housing research 'retains a myopic and narrow focus on housing policy and housing markets and neglects broader issues'. The failure to connect housing policies with other policy domains may have contributed to the disconnection between home-ownership inequalities and housing regimes. For instance, variations in the prevalence of mortgage arrears among low-income households in the unitary housing systems of Austria and Sweden could be due to the intervening role of different social security systems rather than housing policies. Barlow and Duncan (1994), among others, sought to address this issue by integrating Esping-Andersen's (1990) typology of social security systems into their comparative housing analysis. However, it is likely that the irrelevance of government housing policies to home-ownership outcomes and the greater difficulty in ascertaining the scope of housing policies compared with other policy fields are of more significance. In relation to the former, in the context of rising home-ownership rates, convergence of financial and mortgage markets in developed countries are likely to be a more significant driver of housing system convergence than public policies (Aalbers, 2009). In addition, Fahey and Norris (2010) highlighted the greater number, variety

and complexity of the instruments employed by governments to intervene in housing, compared with other fields. Unlike social security policies, which are implemented principally by direct public spending in Europe, housing policies are usually operationalised by indirect interventions, tax reliefs (on mortgage interests) and non-monitored regulation (of rents, building standards etc.) which are difficult to measure and compare across countries. This means that the comparative analyses of housing policy systems proposed to date might be insufficiently sophisticated and comprehensive to capture the policy related drivers of inter-country variations in home-ownership outcomes. These methodological problems are reinforced by an important conceptual error that has blinded the key writers on housing regimes to the most significant cleavages among Western European countries. Harloe (1995: 6) treated the growth of home-ownership and decline of social renting as synonymous with housing 'recommodification', while for Kemeny (1995), owner occupation was an individualist rather than collective solution. However, this conceptualisation is based on a misinterpretation of the real meaning and function of this tenure for many households. Familialist methods of provision in Southern Europe mean that home-ownership functions as a largely decommodified tenure, and even in Northern Europe, where mortgage debt is larger and more widespread, many households, mainly headed by older people, have amortised their housing debt. For outright home-owners, this tenure is a decommodifying force that enables them to reduce their dependence on the market and the state to maintain their lifestyle. The findings presented in this paper suggest that, in the context of high levels of home-ownership and rising indebtedness, future research should explore the different meanings of home-ownership in various national and housing regime contexts to assess the extent to which home-ownership is in fact a commodified tenure.

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Table 1. Relationship between home-ownership, housing regimes and income inequality: summary of hypotheses.

| <i>Characteristics</i> | <i>Housing regime</i> | | |
|-------------------------------------|--|--|--|
| | <i>Dual</i> | <i>Unitary</i> | <i>Convergence</i> |
| <i>Proposed by</i> | <i>Jim Kemeny</i> | <i>Jim Kemeny</i> | <i>Michael Harloe</i> |
| EU15 countries | Ireland, UK, Belgium, Finland, Italy | Sweden, Netherlands, Austria, Germany, Denmark, France | His work examines Britain France, the former West Germany, The Netherlands and Denmark, but implies that his arguments are relevant to most EU15 countries |
| Home-ownership rate | High to very high | Moderate to low | High and growing |
| Residential mortgage debt | Generally high and rising as public subsidies are targeted on marginal buyers. Among low income households debt is high as a proportion of income. | Not specified in Kemeny's publications, | Not specified in Harloe's publications, but his analysis implies that debt is high particularly as a % of income in the marginal owners. |
| Public subsidies for home-ownership | High and historically available to most home buyers. Often targeted on marginal buyers as home-ownership rates increase. | Kemeny does not mention the level of subsidies but highlights the tenure neutral nature of public spending on housing and the absence of widespread, discounted sales of social housing. This implies that in unitary housing systems home-ownership subsidies are equal to those available to other tenures, but lower than the home-owner subsidies available in dual systems. | Low/ declining |
| Access to home-ownership | Accommodates a wide range of income groups, but excludes the poorest. | Relatively equally distributed across the income spectrum. | Accommodates the vast majority of the population except for the poorest households |
| Home-ownership risks | Risk of mortgage arrears and default are high, particularly for low income households, during recessions and if more than 2/3rds of households are owners. | Not specified in his publications but likely to be low due to the availability of tenure neutral subsidies. | High, particularly for low income households |
| Home-ownership outcomes | Quality of dwellings and neighbourhoods strongly and positively related to income. | High quality dwellings and neighbourhoods not strongly related to income. | Strongly related to income. Very poor housing and neighbourhood quality among low income owners. |

Source: Harloe (1981, 1995), Kemeny (1995, 2005, 2006) and the authors' own interpretations of the implications of Harloe and Kemeny's analyses for home-ownership and income inequality patterns.

Table 2. Key structural features of home-ownership regimes in EU15 countries, 1980, 1990, 2000, 2004/2007.

| Country | Home-ownership (% of occupied dwellings) | | | | Residential mortgage debt per capita (000s) | | | | % of home-owner households | | Generosity of government support for home-ownership | | | |
|----------------------|--|-----------------|------|-----------------|---|------|------------------|------|----------------------------|------------------|---|------|------|----------------|
| | 1980 | 1990 | 2000 | 2004 | 1980 | 1990 | 2000 | 2007 | Mortgage Free (2007) | Mortgaged (2007) | 1980 | 1990 | 2000 | Mean 1980–2000 |
| Austria | 52 | 55 | 52 | 51 | Nav | Nav | 3.7 [#] | 7.82 | 58.3 | 41.7 | 2.7 | 2.7 | 2.5 | 2.6 |
| Belgium | 59 | 67 | 68 | 68 | 1.9 [~] | 3.1 | 6.8 | 11.5 | 52.9 | 47.1 | Nav | Nav | Nav | Nav |
| Denmark ⁺ | 56 | 59 | 59 | 56 | Nav | Nav | 24.5 | 38.7 | 22.1 | 77.9 | 1.0 | 1.0 | 1.2 | 1.1 |
| Finland | 63 | 72 | 64 | 63 | 3.7 [~] | 5.6 | 7.7 | 11.7 | 56.8 | 43.2 | 2.3 | 2.2 | 1.8 | 2.1 |
| France | 47 | 54 | 55 | 57 | 2.5 [~] | 3.3 | 5.2 | 10.2 | 72.5 | 27.5 | Nav | Nav | Nav | Nav |
| Germany | 39 [*] | 42 [*] | Nav | 45 [*] | 5.0 [~] | 6.4 | 13.4 | 14.1 | 53.7 | 46.3 | 2.4 | 2.1 | 1.7 | 2.1 |
| Greece | 70 | 76 | 74 | 74 | 0.1 [~] | 0.2 | 1.0 | 6.2 | 87.7 | 12.3 | Nav | Nav | Nav | Nav |
| Ireland | 76 | 79 | Nav | 79 | Nav | 1.9 | 8.6 | 32.2 | 51.2 | 48.8 | 2.7 | 2.8 | 2.7 | 2.7 |
| Italy | 59 | 68 | 71 | 73 | 0.3 [~] | 0.5 | 2.1 | 5.1 | 77.3 | 22.7 | Nav | Nav | Nav | Nav |
| Luxembourg | 60 | 64 | 70 | 68 | Nav | Nav | 12.7 | 29.0 | 61.8 | 38.2 | Nav | Nav | Nav | Nav |
| Netherlands | 42 | 45 | 53 | 56 | Nav | Nav | 18.0 | 34.1 | 10.5 | 89.5 | 1.3 | 1.2 | 0.8 | 1.1 |
| Portugal | 52 | 67 | 75 | Nav | Nav | Nav | 5.0 | 9.5 | 64.7 | 35.3 | 0.7 | 3.3 | 3.3 | 2.4 |
| Spain | 73 | 78 | 84 | 82 | 0.5 [~] | 1.1 | 4.7 | 14.5 | 64.7 | 35.3 | 2.3 | 2.3 | 2.3 | 2.3 |
| Sweden [^] | 58 | 56 | 53 | 55 | Nav | 10.0 | 13.4 | 20.7 | 19.6 | 80.4 | 2.0 | 2.0 | 1.7 | 1.9 |
| United Kingdom | 58 | 65 | 69 | 69 | 3.8 [~] | 7.2 | 14.8 | 28.8 | 44.6 | 55.4 | 1.8 | 1.8 | 1.1 | 1.6 |
| EU15 | Nav | Nav | Nav | 62.0 | 2.2 | 3.9 | 9.4 | 18.2 | 59.5 | 40.5 | 1.9 | 2.1 | 1.9 | 2.0 |

Source: Federcasa (2006), European Mortgage Federation (2008), Atterhög (2006) and data generated by the authors from the European Quality of Life Survey.

Note: Nav means not available. ⁺: includes co-operative ownership, which accounts for 1% of occupied dwellings in 1980; 5% in 1990; 7% in 2000 and 6% in 2004. ^{*} refers to the former German Federal Republic only. [^]: includes co-operative ownership, which accounts for 16% of occupied dwellings in 1980; 17% in 1990; 15% in 2000 and 17% in 2004. [~]: 1985 data; [#]: 2001 data

Table 3. Home-ownership access, risk and outcomes in EU15 countries, by OECD Income Quartile, 2007.

| | Access | | | | Risk | | | | | | | | Outcomes | | | | | | | |
|-------------|---------------------------------------|------|------|------|---|------|------|------|--|------|------|------|---|------|------|------|---|------|------|------|
| | % of all households in home-ownership | | | | % of home-owner households reporting burdensome housing costs | | | | % of home-owner households in mortgage arrears | | | | % of home-owner households living in high quality housing | | | | % of home-owner households living in quality neighbourhoods | | | |
| Country | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Austria | 45.7 | 44.9 | 61.5 | 68.4 | 17.7 | 13.1 | 4.9 | 1.1 | 29.6 | 12.9 | 5.7 | 4.3 | 45.3 | 66.2 | 77.0 | 77.4 | 80.6 | 59.7 | 67.1 | 67.1 |
| Belgium | 60.2 | 62.5 | 79.5 | 83.2 | 14.3 | 14.4 | 10.9 | 7.0 | 26.5 | 2.3 | 5.0 | 6.5 | 55.6 | 66.5 | 71.4 | 71.1 | 28.3 | 32.7 | 32.7 | 32.7 |
| Denmark | 48.6 | 51.7 | 74.5 | 84.5 | 4.6 | 2.2 | 4.9 | 2.4 | 1.8 | 1.6 | 1.4 | 2.3 | 59.0 | 59.3 | 70.5 | 75.5 | 74.7 | 74.2 | 81.7 | 81.7 |
| Finland | 59.3 | 80.1 | 87.9 | 92.7 | 5.4 | 5.0 | 1.2 | 3.0 | 21.1 | 9.7 | 6.8 | 8.0 | 60.3 | 67.2 | 67.5 | 70.3 | 72.3 | 67.3 | 66.1 | 66.1 |
| France | 52.5 | 59.6 | 70.4 | 80.9 | 30.9 | 32.3 | 29.2 | 13.1 | 18.6 | 4.0 | 3.9 | 4.4 | 53.2 | 56.7 | 62.2 | 73.5 | 43.6 | 33.3 | 41.6 | 41.6 |
| Germany | 22.9 | 43.4 | 54.4 | 63.5 | 20.5 | 10.7 | 4.1 | 0.9 | 33.3 | 15.9 | 8.5 | 13.2 | 57.8 | 77.1 | 77.8 | 80.2 | 52.6 | 69.3 | 62.8 | 62.8 |
| Greece | 76.9 | 75.6 | 69.5 | 77.8 | 36.0 | 24.4 | 15.4 | 11.9 | 27.3 | 16.7 | 10.5 | 14.3 | 50.0 | 53.9 | 59.1 | 69.6 | 42.9 | 31.6 | 22.0 | 22.0 |
| Ireland | 47.7 | 71.6 | 71.7 | 87.6 | 13.2 | 3.9 | 0.0 | 1.1 | 12.5 | 3.7 | 0.0 | 1.7 | 60.9 | 74.3 | 80.7 | 78.3 | 46.2 | 61.5 | 46.5 | 46.5 |
| Italy | 72.1 | 76.2 | 83.9 | 90.5 | 27.3 | 20.4 | 26.0 | 14.7 | 25.0 | 0.0 | 23.8 | 17.2 | 53.7 | 54.5 | 66.9 | 64.8 | 16.3 | 12.9 | 16.2 | 16.2 |
| Luxembourg | 72.2 | 78.8 | 84.5 | 86.4 | 20.0 | 16.8 | 10.0 | 6.1 | 4.2 | 5.7 | 0.0 | 2.6 | 58.6 | 69.9 | 72.2 | 78.0 | 32.1 | 35.2 | 33.6 | 33.6 |
| Netherlands | 44.3 | 69.6 | 73.7 | 88.0 | 15.0 | 3.1 | 7.9 | 4.4 | 11.3 | 2.7 | 1.4 | 1.8 | 62.4 | 67.4 | 75.6 | 77.4 | 57.3 | 68.0 | 56.7 | 56.7 |
| Portugal | 49.5 | 58.5 | 59.0 | 64.5 | 17.0 | 10.6 | 19.4 | 8.5 | 28.6 | 36.4 | 22.6 | 0.0 | 42.3 | 58.0 | 52.3 | 64.5 | 52.1 | 30.6 | 27.0 | 27.0 |
| Spain | 71.8 | 77.8 | 81.5 | 81.1 | 21.7 | 13.5 | 20.8 | 22.6 | 0.0 | 5.0 | 17.9 | 12.0 | 56.2 | 52.5 | 66.7 | 61.9 | 27.7 | 45.1 | 37.4 | 37.4 |
| Sweden | 55.4 | 74.7 | 79.4 | 79.4 | 6.2 | 4.1 | 2.0 | 0.6 | 1.1 | 1.5 | 1.7 | 0.0 | 67.5 | 75.6 | 72.4 | 80.3 | 68.2 | 66.1 | 59.2 | 59.2 |
| UK | 40.0 | 58.6 | 75.0 | 82.6 | 6.5 | 7.5 | 6.1 | 1.6 | 13.5 | 13.6 | 6.3 | 1.3 | 50.3 | 59.7 | 58.2 | 65.3 | 50.0 | 54.7 | 44.7 | 44.7 |

Note: 1 = lowest income.

Source: generated by the authors from the European Quality of Life Survey.