

# Aspirational, Still? Local House Price Increase and Political Preferences

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## Abstract

Housing is a growing policy concern in advanced democracies. As prices surge, concerns about homeownership intensify, particularly among younger generations who increasingly feel priced out of the housing market. While existing research indicates that rising house prices lead to increased conservatism among homeowners, the effects on renters remain poorly understood. This paper argues that political responses to housing booms depend on perceptions of affordability, which vary across individuals' life stages. Focusing on the United Kingdom, I employ a shift-share instrument leveraging variation in local housing stock composition and regional price trends across property types to identify the causal effect of house price shocks. Using panel data and instrumental variable estimates, I find that exogenous increases in house prices strengthen anti-redistributive attitudes among homeowners. Among renters, rising prices increase support for Reform UK. These findings highlight a deepening political cleavage between asset-owning homeowners and disenfranchised renters, offering new insights into the political consequences of housing inequality in advanced capitalist democracies.

# 1 Introduction

Since Margaret Thatcher promised to turn Britain into a “property-owning democracy,” moving into a desired home has become a dream for many families. According to the Office for National Statistics, the average house price in England has more than tripled in real terms since 1995. Rising house prices alone do not necessarily block the way to homeownership, provided incomes rise at a comparable rate. However, median house prices have grown roughly eight times faster than median gross household income, fueling a long-term trend of housing unaffordability ([Major 2025](#)). This emerging scenario has begun to generate serious political consequences, with affordable housing emerging as a central issue in UK politics, exemplified by Labour’s 2024 election campaign.

Rising house prices are politically contentious for several reasons. As prices rise, the divide between homeowners and renters widens. Buying a home, although costly upfront, is an effective long-term investment. The asset — the house — appreciates, and ownership saves households’ future rental costs ([Ansoll 2014](#)). Beyond private wealth accumulation, homeownership provides security against income shocks and can be directly monetised through rent or sale ([Ansoll and Adler 2019](#)).

Those who entered the housing market during Thatcher’s years have seen their assets appreciate, while today’s renters struggle to save for a deposit or secure a mortgage ([Dewilde and Flynn 2021](#)). Renting increasingly threatens economic stability for two key reasons. First, as labour incomes stagnate and housing becomes unaffordable for the median earner ([Ansoll and Cansunar 2021](#)), many remain locked into the rental market. Rental costs themselves are rising, further straining incomes and eroding households’ savings ([Abou-Chadi et al. 2023](#)). Clearly, homeownership is the primary route out of this spiral and a potential source of future ownership relief from current housing anxiety. Yet, when prices outpace expectations and renters lose hope of buying, renting becomes a long-term threat to financial security, while eroding savings and heightening economic anxiety. Being priced out of the housing market profoundly shapes the economic dimension of politics, as non-owners reliant on labour income alone and without assets to fall back on increasingly demand state funding of social insurance.

At the same time, buying in an era of rising prices often means relocating to less desirable or affordable areas ([Chou and Dancygier 2021](#)). Being priced away from the housing market may as well shape the cultural dimension of politics, undermining the sense of belonging to a community and one’s place-based identity. Downward housing mobility, namely the shift from hopeful expectations of ownership to the reality of settling for less desirable areas, often carries symbolic and material consequences. When people lose the

expectation of homeownership in their chosen area of residence, the prospect of moving to less expensive regions can foster feelings of marginalisation, which may evolve into cultural grievances ([Adler and Ansell 2020](#)). Rising house prices constitute effectively a status threat that can be easily exploited by populist parties appealing to disaffected communities. In both ways, rising house prices threaten the economic security and mainstream political support of non-owners, whose preferences increasingly diverge from those of homeowners.

However, most of the available research in political science focuses on the economic and political consequences of homeownership ([André and Dewilde 2016](#)), the impact of housing booms on owners ([Ansell 2014](#)), or housing inequality ([Scheve and Stasavage 2017](#); [Ansell and Cansunar 2021](#)). Yet, the political consequences of rising prices for non-owners remain largely underexplored ([Ansell 2019](#)). Part of the reason is that, while rising house prices tend to reinforce anti-redistribution attitudes, renters do not always display distinct political preferences compared to owners. Empirically, renters display a similar behaviour to that of owners ([Breckwoldt 2024](#)). Housing tenure pushes owners to the economic right as they anticipate asset appreciation, while renters who expect to buy in the future also refrain from demanding greater social protection, aligning with homeowners' preferences, as they expect future income to increase ([Rueda and Stegmueller 2019](#)). Studying housing is, therefore, methodologically difficult: individuals largely self-select into housing markets based on perceived affordability. Without accounting for self-selection, the impact of rising prices may appear muted, as preferences become endogenous to local economic conditions and the expectations that derive from them.

This paper addresses this challenge by examining how rising house prices affect the political attitudes and vote choices of renters using a causal inference approach. The central question is: what is the impact of rising house prices on the political behaviour of non-owners? As discussed, I argue that observational research cannot fully capture this relationship because it fails to overcome the endogeneity of preferences, location, and homeownership expectations. People self-select into areas they believe they can afford, and non-owners who expect to buy may already identify as future homeowners. Thus, the political effects of house price increases are mediated by subjective expectations of future homeownership. To isolate these effects, price dynamics must be separated from other local characteristics. Isolating house price increases — making them independent of local economic conditions — allows for observation of their direct effect on individual political preferences.

Following this approach, I test two mechanisms: being priced out and being priced away from the local housing market. For this purpose, the paper introduces in political science

a shift-share instrument for house prices, adapted from economics ([Graham and Makridis 2023](#)). This method exploits the fact that localities vary in their housing stock composition, and different property types (terraced, detached, semi-detached, flats) are subject to regional price shocks. The dataset used in this paper combines MSOA-level housing stock composition in the UK with average MSOA and regional price trends for each property type. This is then merged with geocoded individual-level survey data from the BES Internet Panel, which tracks the same individuals across 25 waves from 2014 to 2024.

In this framework, local average house prices are the weighted sum of regional price shocks, where weights reflect local housing stock shares. Exogeneity stems from regional shocks to property types, which occur independently of local economic conditions ([Borusyak et al. 2024](#)). This instrument ensures that variation in house prices across MSOAs is not driven by local factors correlated with political preferences. Exogenous house price increases are expected to influence politics both economically, as renters feel more insecure being locked in the rental market, and culturally, as individuals are forced to relocate away from desired areas.

The paper proceeds as follows. First, I review the political science literature on housing, highlighting key contributions and gaps. Next, I outline the hypotheses. I then explain the empirical strategy, detailing the construction of the shift-share instrument. The analysis presents results and situates them within the broader literature. The conclusion reflects on the theoretical implications, offering directions for future research on the political consequences of housing in advanced democracies.

## 2 Literature Review and Theory

Political science research on housing has expanded significantly in recent decades, in parallel with the dramatic rise of house prices across advanced democracies. Drawing on insights from housing studies and economics, this scholarship has examined housing as a source of political conflict, shaping both long-term welfare regimes and contemporary electoral change ([Kemeny 2001](#); [Ansoll 2014](#); [Marble and Nall 2021](#)). The political salience of housing reflects its dual role as shelter and as the most widely diffused form of wealth in advanced capitalist societies ([Scheve and Stasavage 2017](#); [Johnston and Kurzer 2020](#)). The rapid expansion of credit, financialisation of housing, and recurrent booms and busts have made housing a central arena in which inequalities of class, generation, and geography are produced and politicised.

Two main themes dominate the existing literature. First, homeownership status has been shown to shape political preferences and voting behaviour in systematic ways. Housing

is not only a consumption good but also a key component of households' balance sheets, meaning that changes in property values affect risk perceptions and welfare demands (Ansell 2019). Secondly, scholars have investigated the political consequences of housing market expansion, highlighting how credit-fuelled price increases transform distributive coalitions and reinforce asset-based inequalities (Ansell and Cansunar 2021). Together, these literatures establish that housing markets significantly structure political preferences. Yet much of the focus has been on homeowners, leaving the political behaviour of non-owners under-theorised. This paper extends these insights to understand how renters react to house price shocks and the political channels through which these reactions operate.

## 2.1 Housing, Welfare Regimes, and Asset-Based Security

Housing has long been linked to the development of welfare states. Kemeny (2001) seminal work showed the coexistence of distinct housing regimes alongside welfare regimes, with some countries relying heavily on social housing provision and others privileging private ownership. In liberal market economies such as the UK, where state welfare is relatively limited, households' welfare tends to be asset-based. Homeownership thus becomes a central source of economic security and life-long risk insurance, effectively substituting for the demand for income redistribution (Iversen and Soskice 2001). Schwartz and Seabrooke (Schwartz and Seabrooke 2008) argue that the Anglo-liberal model embeds a form of "asset-based welfare" in which households ensure not through the state but through the appreciation of their properties.

Homeownership can be achieved via financial markets through mortgages and savings, or via family markets through inheritance and family transfers. States often facilitate access to the housing market by supporting credit, loosening mortgage requirements, or reducing interest rates, which injects liquidity into the housing system. In turn, this expansion can fuel an inflationary spiral, as exemplified in the UK during Thatcher's era, where easier credit substantially boosted house prices and disproportionately benefited existing homeowners in the long run. The outcome is what may be described as an anti-redistribution cycle: credit expansion inflates asset values, rising prices enrich homeowners, and homeowners as a constituency resist redistribution or higher taxation (Ansell 2019). Reduced demand for government spending, in turn, sustains a policy environment of limited redistribution and further financial liberalisation, completing the cycle. In this sense, the political economy of housing is a self-reinforcing anti-welfare expansion spiral.

The literature has also demonstrated clear links between homeownership status and preferences on the economic dimension of politics (Hall and Yoder 2022). Ansell (2014) conceptualises homeownership as a form of permanent income functioning as private insurance. Rising house values reduce reliance on government protection, leading to resistance to wealth taxation and redistribution (Haslberger et al. 2022). In this vein, Dewilde and Flynn (2021) that homeowners constitute a natural constituency for smaller government: they prefer low taxation, limited social spending, low interest rates that sustain credit access, and moderate inflation that reduces debt burdens while enhancing capital gains. Electorally, homeownership has long structured partisan alignments in advanced democracies, especially in the UK. Rising house values create incentives for homeowners to support parties that protect property wealth from taxation, resist large-scale public housing expansion (Marble and Nall 2021), and oppose stricter rental regulation. The UK Conservative Party, in particular, has positioned itself as the defender of homeowners, making them the primary beneficiaries of housing booms. There is heterogeneity within the category of homeowners, where differences also matter. Younger mortgage-holders may oppose redistribution more strongly than outright owners, since they are more exposed to interest rate fluctuations and market volatility (André and Dewilde 2016). Generational dynamics are also central: cohorts that entered the housing market during periods of low prices and easy credit accumulated substantial wealth, whereas younger cohorts face far higher entry barriers, with implications for their redistributive preferences (Flynn 2020).

On the cultural dimension, housing may also have disruptive effects (Ansell et al. 2022). Sharp price growth transforms the social composition of localities through gentrification, generating divides between long-term residents and newcomers. These processes alter community identity and may be mobilised by populist movements (Adler and Ansell 2020). Rising prices also lock some households into increasingly unaffordable neighbourhoods while enabling more mobile, often professional households to relocate and buy in the most wanted areas. This points to a rising divide between the “stuck” and the “mobile”, where rising prices and gentrification reshape community attachments, deepening the gap between owners and renters, as well as between locals and outsiders (Goodhart 2017). Evidently, housing markets structure not only economic attitudes but also cultural and territorial grievances.

## 2.2 Renters and Political Behaviour

Despite these advances, the scholarship has paid comparatively little attention to non-owners. Renting has often been seen as a transitory status, a stepping-stone toward eventual ownership. Consequently, renters have been assumed to lack material self-interest in house price trends ([Ansell 2019](#)). Yet, it has been shown that, with rising rental costs, renting directly erodes disposable income and savings, creating vulnerability and a new form of economic insecurity ([Abou-Chadi et al. 2023; Fetzer et al. 2023](#)). In contexts like the UK, where homeownership is a strong cultural norm, renters often aspire to buy. When the aspiration of becoming asset-holders is realistic, the risk associated with rental status might still be absorbed by future homeownership expectations, and the rising prices are thought of as future asset growth. Yet, when aspirations collide with rising prices, it may generate political consequences.

Observational research shows that when house prices rise faster than incomes, preferences for redistribution widen ([Ansell and Cansunar 2021](#)). Some renters adopt attitudes closer to homeowners, while others demand stronger government intervention. I argue that expectations of future ownership are crucial in explaining this heterogeneity. Those who believe they will eventually buy behave politically as if they were homeowners, whereas those who lack confidence in future ownership prospects may start to diverge, demanding more redistribution and state intervention.

Importantly, the literature still lacks a clear explanation for how and why these patterns play out. The reason is that expectations are likely both subjective and endogenous to local price dynamics. Many non-owning households move to affordable areas precisely to sustain the hope of eventual ownership. Thus, local house prices shape future homeownership expectations. Thus, house prices increase have political consequences when they are unanticipated or not tied to self-selection into specific markets. To study the causal impact of house price shocks on political attitudes, thus, local price dynamics must be isolated from local economic conditions that may affect individuals' moving decisions. To further understand how housing expectations affect political preference, age and the life cycle are key. At younger ages, individuals tend to have more positive expectations about their career trajectories and thus absorb the insecurity of renting with greater optimism ([Evans 1993](#)). At midlife, however, expectations get closer to reality, and the risks of exclusion from ownership may become stronger ([Beckert 2016](#)). Aspirational renters may tolerate high prices when young but become more politically alienated as ownership prospects vanish with age. Consequently, the political impact of price increases is moderated by life stage: younger renters are less responsive to shocks, whereas older renters, whose expectations are more constrained, react more strongly. These dynamics

underscore the interplay between age, expectations, and insecurity in shaping how renters respond to housing booms. From these arguments, I derive the following expectations:

### Economic dimension

**H1a:** Local house price increases shift renters' attitudes toward higher demand for income redistribution.

**H1b:** Local house price increases shift renters' attitudes toward greater support for government intervention in the economy.

**H1c:** The effect of house price increases on renters' demand for redistribution is moderated by age: younger renters are less responsive to rising prices than older renters.

As discussed, the consequences of booming house prices are not only economic. A rich body of scholarship in political science links social status loss to populist attitudes and electoral support ([Gidron and Hall 2017](#); [Kurer 2020](#)). For non-owners in particular, being stuck in the rental market threatens social status and undermines community belonging. Rising house prices represent a social status threat as long as they block housing mobility, forcing renters into their status of non-owners. When housing costs heighten visible inequality, renters may respond not only by demanding more income redistribution but also by embracing cultural grievances against out-groups. This reflects broader patterns in which insecurity is channelled into hostility toward migrants or newcomers, groups perceived as competitors in the context of scarce public service provision. Furthermore, rising house prices can displace renters from desired areas, eroding settlement security and fuelling feelings of social marginalisation. Non-owners who feel forced to relocate to afford to buy a house interpret their exclusion as a signal of material downgrade and diminished social worth, making them more receptive to populist frames that tie personal decline to elite betrayal or the threat of outsiders.

### Cultural dimension

**H2a:** Local house price increases shift renters' attitudes toward more negative views of migrants.

**H2b:** Local house price increases shift renters' electoral preferences toward anti-status quo parties such as Reform UK.

In sum, existing research demonstrates how homeownership influences political behaviour by substituting public with private security, fostering anti-redistributive preferences, and creating electoral constituencies for parties defending asset-holders. This paper

extends these insights to renters, arguing that their political reactions depend on expectations of ownership and life-cycle stage. Exogenous house price shocks erode the plausibility of future ownership, prompting renters to demand stronger redistribution and, in some contexts, to embrace cultural resentment and populist politics. Rising house prices thus entrench divides between homeowners and renters while sharpening cleavages within the renter population itself, generating new and crucial political fault lines in advanced democracies.

## 3 Data and Methodology

### 3.1 Description of the Dataset

The empirical analysis draws on an original dataset that integrates individual-level panel data from the British Election Study (BES) Internet Panel with administrative data on local house prices across the United Kingdom. The dataset has been constructed in several stages.

First, I collected housing market data from multiple sources. From the Office for National Statistics (ONS), I obtained monthly average house prices from 1995 to 2024 at the Middle Layer Super Output Area (MSOA) level. Middle layer Super Output Areas (MSOAs) are groups of Lower layer Super Output Areas (LSOAs), usually four or five. They comprise between 2,000 and 6,000 households and have a usual resident population between 5,000 and 15,000 people. MSOAs fit within local authorities. There are 6,856 MSOAs in England and 408 in Wales. The ONS data repository uses data from the HM Land Registry (LR) to provide statistics on the price paid and number of residential property transactions for properties sold in England and Wales. Secondly, I used data from the Urban Big Data Centre to obtain information on the housing stock composition at the MSOA level in England and Wales in 2014. These data classify properties into four categories: detached, semi-detached, terraced, and flats/maisonettes. Additionally, using the UK House Price Index, I extracted average monthly sale prices for each of the aforementioned housing types at the Local Authority District (LAD) and regional levels over the same period (1995- 2024). More information about the data sources and how they have been compiled can be found in the Appendix. Combining these sources, I constructed a panel dataset covering house prices and housing stock characteristics across three geographic scales: MSOAs, LADs, and UK regions. The second stage involved pooling data from 25 waves of the BES Internet Panel, conducted between 2014 and 2023. This survey reports respondents' MSOA of residence, allowing for spatial merging with

the housing dataset. The BES data, accessed through the UK Data Service under safeguarded conditions, were merged with the constructed housing panel using MSOA and time (months) as the key matching variables. Since the BES samples around 30k individuals per wave, with a mean retention rate across waves of 70%, the resulting dataset is a multi-level panel ( $N = 2,766,000$ ), with  $N = 110,664$  individuals as the units of analysis, nested within 6,580 MSOAs, 336 local authorities and 10 regions, observed across 25 time points corresponding to the BES survey waves.

### 3.2 Empirical Strategy

This study examines the causal effect of local house price increases on political attitudes and voting intentions in the United Kingdom, during the period 2014-2023. To make causal claims, the analysis relies on an instrumental variable approach that leverages a Bartik-style shift-share instrument for exogenous local house price growth, as recently proposed in the US case by [Graham and Makridis \(2023\)](#).

These two authors developed a novel instrument for exogenous increases in local house prices in US counties to measure the effects on household consumption, developing a Bartik-style shift-share instrument ([Goldsmith-Pinkham et al. 2020](#); [Borusyak et al. 2024](#)). The logic of their approach is the following. For each US county, they measure the composition of the local housing stock as the shares of different housing characteristics in a specific year chosen as the pre-treatment baseline. Then, they interact the shares with the price changes for the corresponding housing characteristic at the regional level. The instrument for the average house price of each county in the US is thus the summary of changes in regional prices for each type of housing stock, weighted by initial shares of houses with specific characteristics. Where geographic areas - counties - vary in the composition of their initial housing stock, the instrument produces differential local exposures to regional changes in the prices of different housing characteristics.

The identifying assumption relies on the exogeneity of the local housing stock composition to the most likely determinants of households' consumption. As [Borusyak et al. \(2024\)](#) argues, one could imagine the shares as being as-good-as-randomly assigned to units (MSOAs), and satisfying an exclusion restriction (that the shares affect the outcome only via the treatment of interest). Alternatively, when the outcome is measured in changes, one may interpret share exogeneity as a set of parallel trends similar to a difference-in-differences, that is, if not for any change in the treatment, outcomes would have trended similarly across units with different shares.

In this paper, I replicate the same Bartik instrument for the UK context. I use MSOA

as local level geographies and limit my analysis to England and Wales for reasons of data availability. To construct the instrumental variables, I calculate the shares of property type in each MSOA in 2014, chosen as the baseline year for the shift-share. I use four types of houses: flats, terraced, semi-detached, and detached houses. These four types represent the standard housing stock breakdown available at the House Price Index, from which I can derive local authority and regional prices. 2014 MSOA stock is an essential component of the Bartik instrument, as it represents the local shares capturing the structural composition of local housing markets. These fixed shares exogenously determine the exposure of MSOAs to regional house market trends, the shifts. To capture price trends, I use prices of each different property type at both the Local Authority District (LAD) and regional levels from 2014 to 2023 and log-transform them to compute percentage growth rates.

In sum, the instrument exploits variation in the broader housing markets - the shifts - to predict exogenous variation in the average house price at the MSOA level based on the pre-existing housing stock of the local areas - the shares. The following formulation defines the structure of the Bartik Instrument:

$$\text{Average House Price}_{zt} = \sum_{k=4}^K \text{Share}_{zk}^{(2014)} \cdot \Delta(\text{Price}_{ktr}) \quad (1)$$

where  $z$  indexes local areas (MSOAs),  $t$  denotes the year, and  $k$  refers to one of four housing types: flats, terraced, semi-detached, and detached houses.  $\text{Share}_{ik}^{(2014)}$  represents the share of housing type  $k$  in MSOA  $z$  in the baseline year 2014, capturing the pre-determined composition of the local housing stock.  $\Delta(\text{Price}_{kr})$  is the change in average house prices for property type  $k$  at the Local Authority District (LAD) or regional level between 2014 and year  $r$  at time  $t$ .

In a two-stage instrumental variable regression framework, I study how changes in average house prices at the MSOA level induced by my Bartik instrument influence the political attitudes and voting intentions of individuals living in those MSOAs.

### 3.3 Assumptions of Exogeneity

By interacting stable local housing stock shares with broader regional price shocks, my instrument generates plausibly exogenous variation in MSOA-level average house prices. This strategy allows me to identify how shifts in local house prices affect individual political preferences. The central challenge for exogeneity is separating the causal effect of price changes from self-selection into MSOAs driven by local economic dynamics or un-

observed individual traits. Threats to identification would arise if local shocks—such as new infrastructure, public housing investments, or firm relocations—directly influenced both house prices and political outcomes. The instrument addresses this concern for two reasons. First, local housing composition is highly persistent and largely predetermined by historical planning decisions ([Graham and Makridis 2023](#)), making it unlikely to adjust to short-term shocks. Second, regional price fluctuations act as aggregate shocks that are plausibly unrelated to local political dynamics. Thus, differences in price trajectories across MSOAs reflect only pre-existing housing structures that condition exposure to these shocks ([Goldsmith-Pinkham et al. 2020](#); [Borusyak et al. 2024](#)). Importantly, I assume that individuals may sort into areas based on prevailing price levels, which are endogenous, but not on the historical housing composition that underlies the instrument. While households may select into houses with particular characteristics within an MSOA, they are much less likely to select across MSOAs according to average house characteristics ([Graham and Makridis 2023](#)). Since composition evolves slowly, it should not covary with short-run political shifts. Moreover, individual fixed effects absorb unobserved heterogeneity within MSOAs, ensuring identification stems from within-person changes in attitudes following exogenous price shocks and mitigating ecological bias ([Nathan and Sands 2023](#)). Under these conditions, regional housing-type shocks shift local average prices for reasons orthogonal to both MSOA-level political shocks and individuals' unobserved traits. This satisfies the exclusion restriction and supports a valid causal interpretation of the effect of local house price changes on political preferences.

## 4 Descriptive Data on the UK Housing Market

How many people are renting in Great Britain, and how have house prices changed over the past decade? In what follows, I will examine these trends. Figure 1 shows the time trend of the share of rented properties in Great Britain using dwelling stock data from the Office for National Statistics. It reveals that the share of properties on rent over total dwellings has doubled in the past ten years.

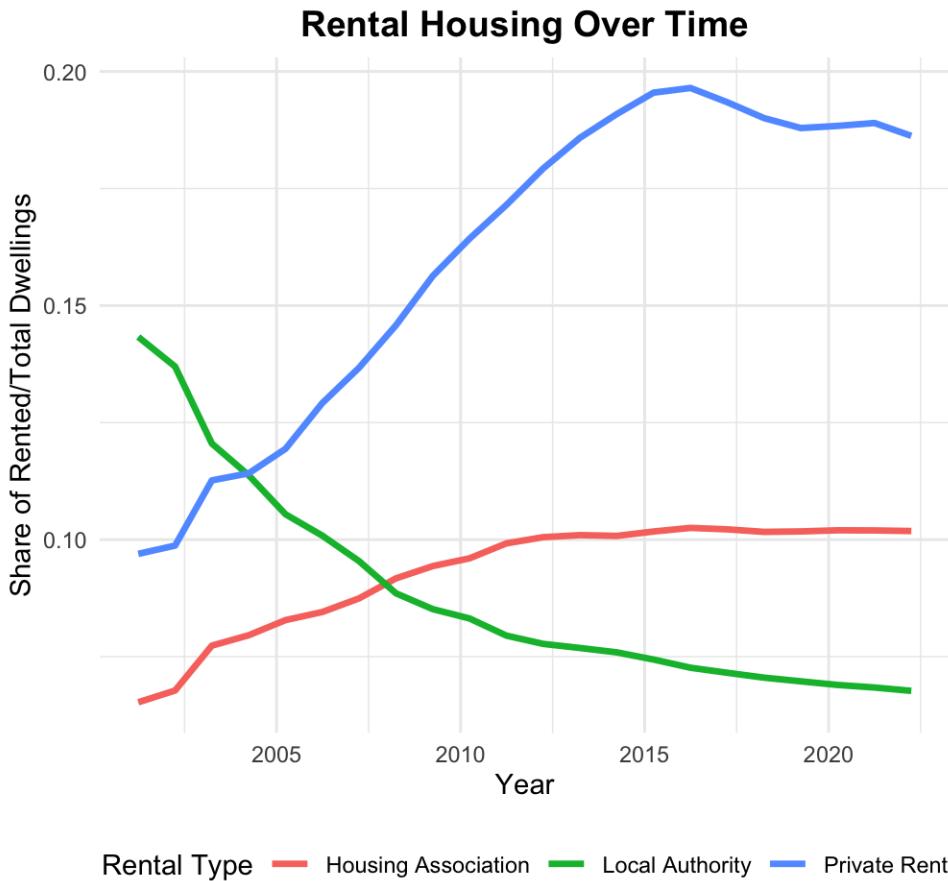


Figure 1: Share of rented dwellings over total dwellings in Great Britain 2001-2022.

According to ONS data, as per the latest Census data, nearly 19% of the population in England and Wales lives on private rent. While the number of properties for rent has massively increased over the past decade, the price of houses has also notably increased. These two dynamics, plausibly correlated, clearly suggest that, in recent Great Britain, housing market dynamics may pose serious concerns for the population of individuals on rent, especially among younger cohorts ([Hoolachan et al. 2017](#); [Flynn 2020](#)). In addition, rising costs of housing have outpaced the rise of wages in real terms in the overall economy. As shown in the Figure below, while wages in real terms, adjusting for inflation, have slowly increased, the prices of houses in the UK have increased faster. The gap between median house prices and median wages in real terms, adjusting for inflation, is a proxy measure for housing unaffordability.

## UK House Prices vs Wages 1995...2024

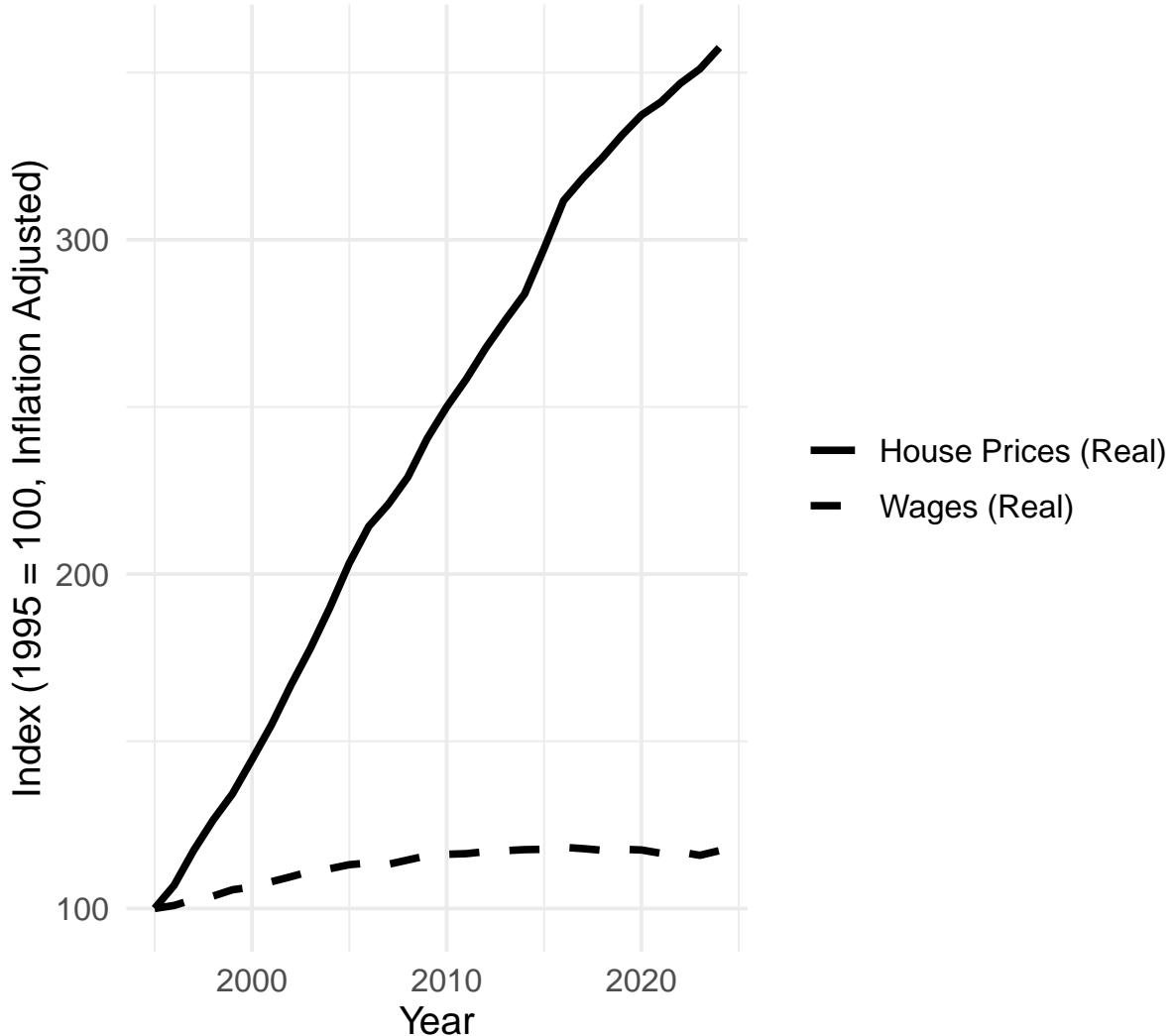


Figure 2: Median House Price and Median Wage growth since 1995 in the UK, adjusting for inflation

Over the past few decades, housing unaffordability has significantly increased, likely creating a twofold scenario. On the one hand, for homeowners, the appreciation of their asset likely keeps renters out of the housing ladder for longer, so that individuals who already own assets can buy new houses and invest in rent, fostering further housing inequalities ([Ansell and Cansunar 2021](#)). On the other hand, young non-owners who enter the labour market with wages that are insufficient to access the housing market through mortgages remain outside wealth ownership for longer ([Arundel and Lennartz 2020](#)), with increased costs and rising economic and cultural insecurity. While such descriptive evidence makes it extremely timely to research the political effects of house price dynamics

in the UK, employing a causal inference approach is essential because otherwise the effect of rising prices among non-owners is muted by endogenous expectations.

## 5 The Instrument for Average MSOA House Price

### 5.1 IV Components: Shares and Shifts

Figure 5 documents the increase in house prices in England and Wales between 2014 and 2023. Simple maps of house prices in 2014 and 2023 show the scale of this growth, but they also highlight a fundamental challenge: raw price changes are misleading. As discussed previously, local prices hide broader housing market dynamics and individuals' self-selection into particular locations, as well as unobserved local economic shocks. Descriptive trends thus conflate housing market dynamics with individual sorting or unobserved context effects, raising endogeneity issues in the estimation of causal effects (Graham and Makridis 2023; Nathan and Sands 2023). To isolate exogenous variation in local house prices, an instrumental variable approach is essential.

My strategy builds on a shift-share design inspired by Graham and Makridis (2023). Figure 3 shows the distribution of different types of housing stock across MSOAs in 2014, the treatment baseline period. The maps show that housing stock is highly uneven: flats are heavily concentrated in London and other metropolitan centres; terraced houses dominate older industrial and urban areas; semi-detached and detached homes are more prevalent in suburban and rural settings. These geographic differences are effectively fixed in the short run, as housing stock changes only slowly, so they provide a plausibly exogenous baseline of local exposure.

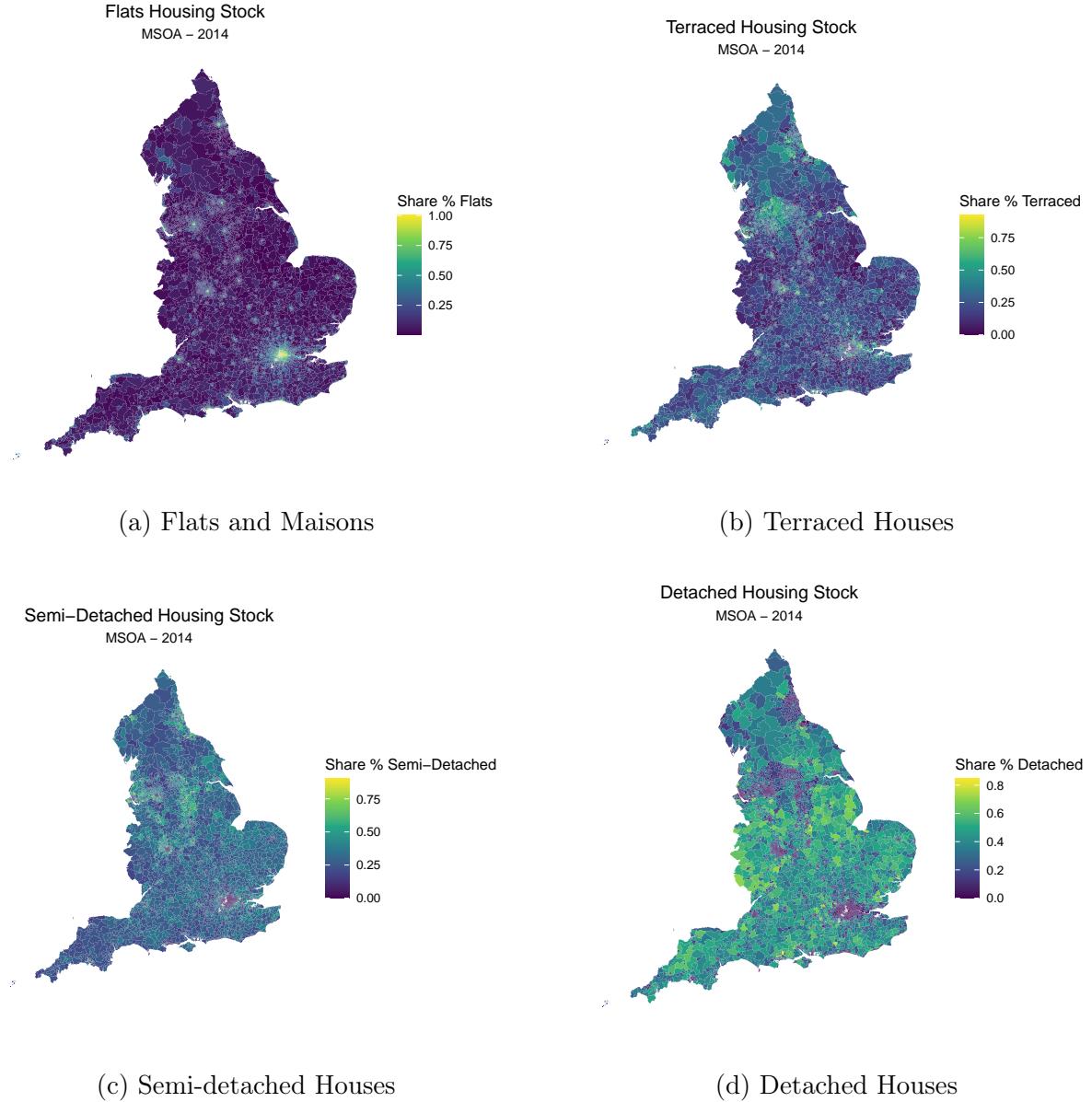


Figure 3: Housing stock distribution in 2014 across MSOAs. These constitute the shares.

Secondly, I show the time-varying component of my instrument, the shifts in regional house prices. Figure 4 plots the evolution of average house prices for each property type across ten regions between 2014 and 2023, expressed as percentage changes relative to 2014. The figure highlights substantial regional heterogeneity: detached houses in the South East and East of England rose more than 40% relative to 2014, while flats in the North East or Wales saw far smaller increases. These represent the time-varying shocks that interact with the fixed local stock composition.

## Regional House Price Shifts 2014...2023

Percentage change relative to 2014 by House Type

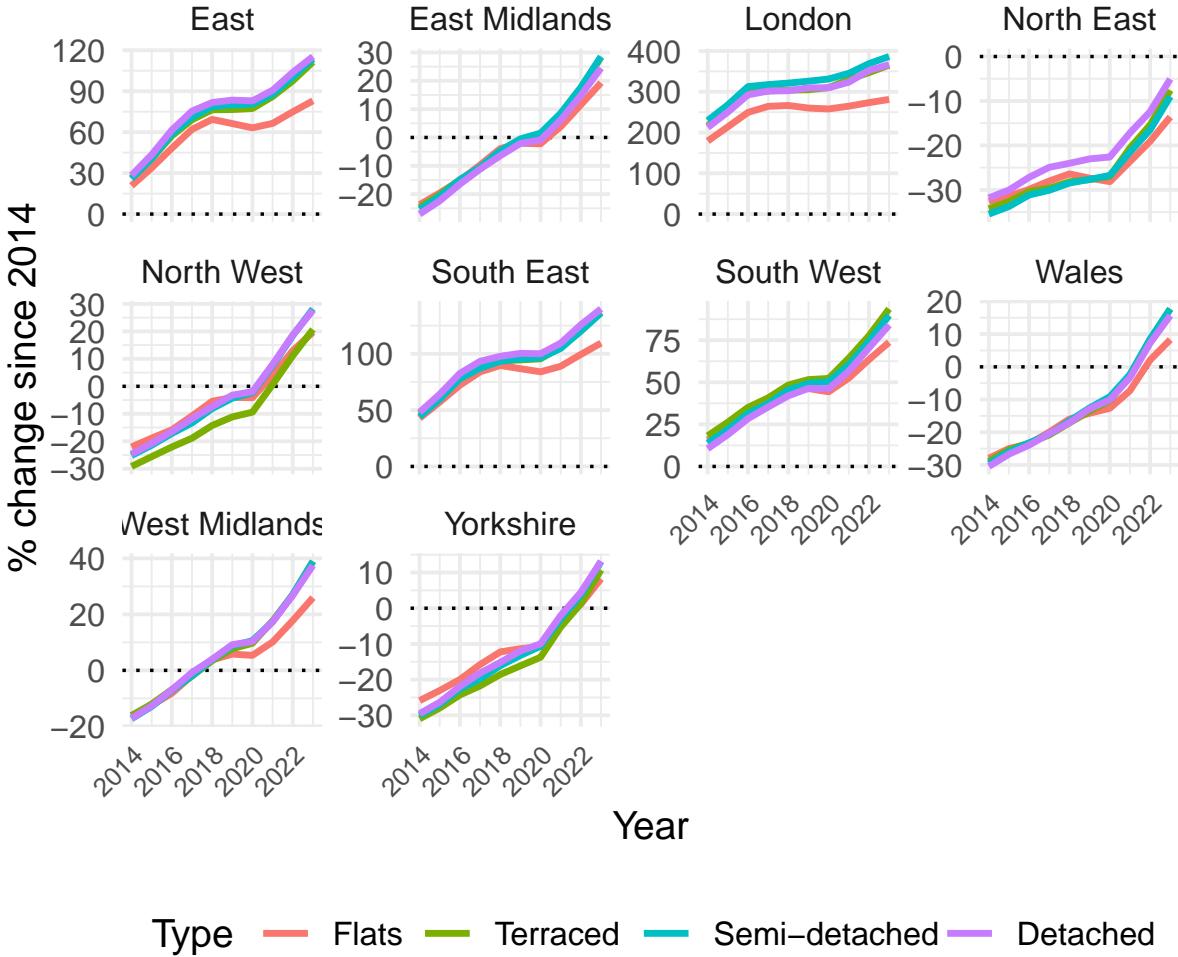


Figure 4: Regional house price shifts 2014–2023, by housing type. These constitute the shifts.

Taken together, Figures 3 and 4 illustrate the logic of the instrument. Local exposure to housing price growth depends not only on being in a booming region, but also on the type of housing that predominates locally. For instance, two MSOAs in the South East may face very different price trajectories: one dominated by detached housing will experience stronger price increases than another dominated by flats, even though both are subject to the same regional housing market. Importantly, such differential exposure arises from the interaction of preexisting housing stock composition with broader regional price shocks, rather than from contemporaneous local demand shifts.

## 5.2 MSOAs Average House Prices

Finally, I present my endogenous variable, the MSOA level average house prices, and illustrate how they change between 2014 and 2023. Maps clearly show an increase in house prices since 2014, mostly localised in the southern regions of the country and around the greater area of London. Yet, house price increases are widespread, with the South East, South West, the Midlands, and the North West witnessing a significant appreciation.

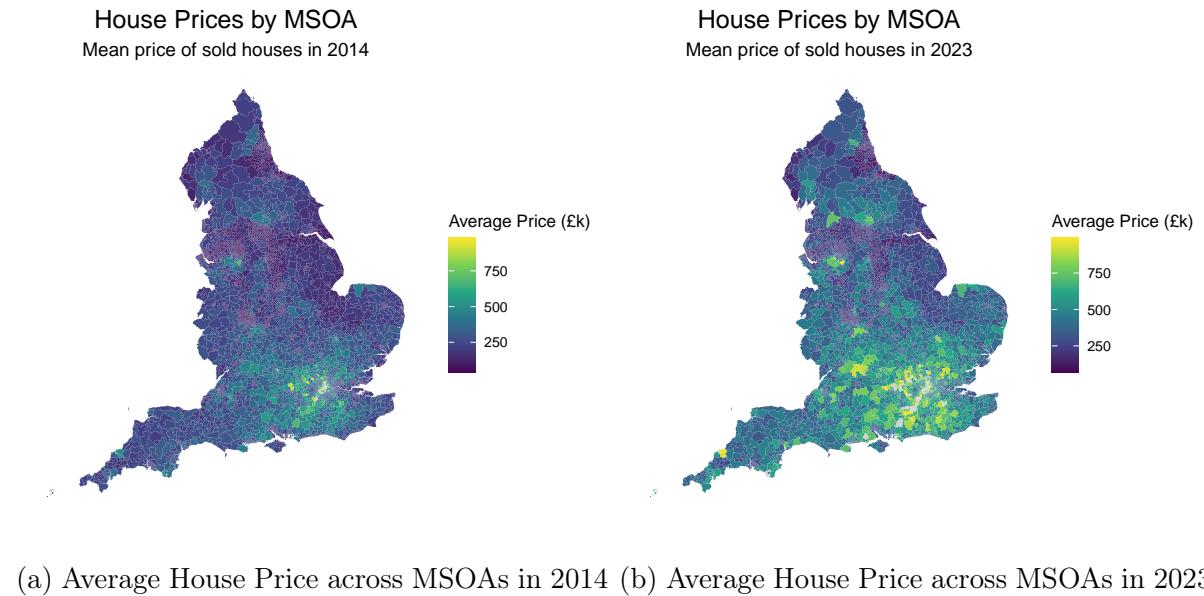


Figure 5: Average House Prices across MSOAs in 2014 and 2023

## 5.3 Validation of the Shift-Share IVs

I now turn to examining how variation in the shift-share instrument predicts variation in average house prices over time, expressed in thousands of British pounds, in the fashion of a first-stage regression.

As discussed, I use four Bartik (shift-share) instruments: two based on price levels and two on price growth, each measured at both the Local Authority District (LAD) and regional levels. The level instruments capture weighted exposure to prevailing market conditions, while the growth instruments capture exposure to cumulative price changes since the baseline year (2014). Operationally, each instrument equals the interaction of pre-determined MSOA housing shares (2014) with either area-specific average price levels or area- and type-specific log price changes, thus delivering plausibly exogenous variation in local prices driven by broader market shocks rather than contemporaneous local demand or sorting.

Table 1: Summary statistics of house prices and Bartik instruments

Variable	Obs	Mean	Std. Dev.	Min	Max
MSOA Avg. House Price (£1,000s)	2,417,290	277.9	157.4	38.2	999.7
Bartik Region Level (£1,000s)	2,326,600	254.9	135.6	75.1	1159.4
Bartik Region Growth (%)	2,326,600	60.6	98.2	-32.8	400.6
Bartik LAD Level (£1,000s)	2,325,944	251.4	143.9	55.2	1529.3
Bartik LAD Growth (%)	2,325,944	51.8	106.9	-61.4	1189.7

Table 1 reports descriptive statistics for the outcome and instruments. Average MSOA house prices are around £278,000, with a wide spread from below £40,000 to nearly £1 million. The instruments in levels, expressed in thousands of pounds and reflect substantial cross-sectional heterogeneity. The growth instruments, expressed as percentage changes relative to 2014, show average exposure to 50–60 % cumulative price increases, but with considerable variation: some localities experienced declines of over 30%, while others were exposed to increases above 400% at the regional level and even more at the LAD level. This distribution illustrates both the smooth regional dynamics and the more volatile local price movements on which the identification strategy relies.

Table 2: First-Stage Regression Results

	(1)	(2)	(3)	(4)
<b>DV: Avg House Price (£1,000s)</b>				
Bartik LAD Level (£)		<b>0.974***</b>		
		(0.014)		
Bartik LAD Growth (log pct change)			<b>1.182***</b>	
			(0.027)	
Bartik Region Level (£)			<b>0.837***</b>	
			(0.017)	
Bartik Region Growth (log pct change)				<b>1.117***</b>
				(0.025)
MSOA Fixed Effects	Yes	Yes	Yes	Yes
Year Fixed Effects	Yes	Yes	Yes	Yes
<b>Observations</b>	<b>2,325,944</b>	<b>2,325,944</b>	<b>2,326,600</b>	<b>2,326,600</b>

Note: Robust standard errors clustered at the MSOA level in parentheses. \*\*\* p<0.01, \*\* p<0.05, \* p<0.10.

Table 2 reports the results of the first-stage regressions linking the Bartik instruments to average MSOA house prices. All four specifications include MSOA and year fixed effects, and standard errors are clustered at the MSOA level. Column (1) shows that the Bartik LAD-level instrument is a highly relevant predictor: a £1,000 increase in the instrument is associated with a £974 increase in average MSOA prices. Column (2) indicates that the Bartik LAD growth instrument is also strongly predictive, with a one percentage point increase in cumulative LAD price growth since 2014 translating into a £1.18 rise in average MSOA prices. Turning to the region-level instruments, column (3) demonstrates that a £1,000 increase in the Bartik region-level instrument is associated with an £837 increase in local prices. Finally, column (4) shows that a one percentage point increase in the Bartik region growth instrument is linked to a £1.12 increase in MSOA prices. Across all models, the coefficients are highly significant, confirming the strong relevance and precision of the instruments for predicting real housing prices.

## 6 Results

### 6.1 Economic Effects

As discussed, to make results interpretable, I rescale all instruments. Level instruments are divided by 1,000, so estimates read as the effect of a £1,000 increase in exogenous house prices. Growth instruments are constructed from log price deviations relative to 2014 and then converted to exact percentage terms; coefficients therefore read as the effect of a 1 percentage point increase in instrumented prices since 2014.

In Table 3, I examine my first two hypotheses. I explore how the attitudes of the same individuals over time change as a reaction to exogenous house price increases across different MSOAs. I analyse two different sets of attitudes: preferences for income redistribution (H1a) and left-right economic ideology reflecting the extent to which one supports the government to intervene in the market economy (H1b). The first outcome is a 5-point scaled answer to the question "should the government redistribute income from the well-off to the less well-off", with higher values meaning strongly agree. The second outcome is a 10-point self-placement scale where higher values mean right.

I estimate exogenous house price increases using a two-stage OLS regression using the regional shift-share instrument measured as price growth in percentage terms to predict average MSOA house prices.

The results in Table 3 provide clear evidence of heterogeneous effects of exogenous house price increases on political attitudes. For redistribution, the IV estimates without interaction show that a £1,000 increase in local house prices significantly decreases redistribution preferences ( $-0.43$ ,  $p < 0.01$ ). This effect becomes stronger in the interaction model ( $-0.86$ ), but the interaction term with renters is positive and highly significant ( $+0.94$ ), suggesting that renters are less affected, or even insulated, from the negative impact of rising house prices on redistribution preferences. For the Left-Right self-placement, the simple IV model shows no significant effect, but once interactions are introduced, house price increases shift individuals significantly to the right ( $+0.98$ ,  $p < 0.01$ ). Importantly, the renter interaction here is negative ( $-1.35$ ,  $p < 0.01$ ), implying that while homeowners become more right-leaning as prices increase, renters move in the opposite direction. Taken together, these findings indicate that exogenous house price growth polarises political attitudes, reducing demand for redistribution and reinforcing rightward economic shifts among homeowners, while renters diverge in the opposite direction.

DV:	Redistribution		Left-Right	
	No Inter.	Inter.	No Inter.	Inter.
	(1)	(2)	(3)	(4)
IV Average House Price	-0.430*** (0.051)	-0.859*** (0.081)	0.071 (0.081)	0.977*** (0.136)
x Renter		0.939*** (0.098)		-1.35*** (0.167)
Observations	682,940	296,341	650,873	284,257
R <sup>2</sup>	0.777	0.784	0.826	0.834
ID fixed effects	Yes	Yes	Yes	Yes

Table 3: The Attitudinal Effects of Exogenous House Price Increase. IV Models with Interactions, with Individual FE and MSOA Clustered SEs.

In Table 4, I subset the analysis to focus only on people on private rent and assess whether the effects among renters are moderated by age differences (H1c). Age differences are indeed a powerful proxy for economic expectations ([Evans 1993](#)), and in particular housing. The results provide evidence that the attitudinal effects of house prices among renters are heterogeneous across the life cycle, consistent with H1c. Compared to the youngest cohort, 17–24-year-old renters, higher house prices are associated with greater redistribution support among those aged 25–34. For the older cohorts, the effect on redistribution is non-significant. Middle-aged groups (35–54, 55–69) show instead a significant leftward shift in ideology. Notably, older renters who are likely to be retired diverge: they turn against redistribution while showing no significant left-right movement. These patterns highlight that exposure to housing costs shapes political attitudes differently depending on life stage, because at different life stages prospect of homeownership is different.

DV (Ref: 17-24)	Redistribution	Left-Right
	(1)	(2)
IV Average House Prices	0.282** (0.126)	-0.395** (0.192)
× Age 25–34	0.278*** (0.082)	-0.661*** (0.123)
× Age 35–54	0.137 (0.138)	-0.667*** (0.217)
× Age 55–69	0.021 (0.190)	-0.873*** (0.304)
× Age 70–85	-0.439** (0.223)	0.202 (0.394)
Observations	71,902	68,041
R <sup>2</sup>	0.797	0.841
ID fixed effects	Yes	Yes

Table 4: The Effects of Exogenous House Price Increase Among Renters and by Age. IV Models with Interactions, with Individual FE and MSOA Clustered SEs.

## 6.2 Cultural Effects

I now turn to examining the causal effect of rising house prices on cultural attitudes and vote choice. I start by analysing the causal effect of rising house prices on renters' attitudes towards migrants. The outcome used is a survey item asking respondents if they agree that migrants are a burden on the welfare state, with higher values meaning strongly agree.

DV: Immigration attitudes	OLS		IV	
	No Inter.	Inter.	No Inter.	Inter.
	(1)	(2)	(3)	(4)
IV Average House Price (£1,000s)	-1.59*** (0.067)	-2.20*** (0.111)	-2.48*** (0.100)	-3.18*** (0.158)
× Renter (£1,000s)		1.31*** (0.130)		2.00*** (0.198)
Observations	223,926	114,020	215,622	109,568
R <sup>2</sup>	0.803	0.812	0.803	0.812
ID fixed effects	Yes	Yes	Yes	Yes

Table 5: The Cultural Effects of Exogenous House Price Increases. IV Models with Individual FE and Clustered SEs.

The results indicate that rising house prices are consistently associated with less negative immigration attitudes: higher prices significantly reduce agreement with the idea that migrants are a burden on the welfare state. This pattern is robust across both OLS and IV specifications. However, the interaction terms show that renters respond oppositely —among renters, higher house prices increase welfare-related anti-immigrant sentiment, with strong and significant coefficients. This suggests a clear divergence: while homeowners view rising prices as positive and become more accepting of immigration, renters experience them as a cost burden and express greater hostility. These results strongly support the hypothesis that housing market dynamics shape immigration attitudes through tenure-specific economic experiences.

Table 6 below compares OLS (End) and IV (2SLS) estimates of the effect of house prices on support for Conservative, Reform, and Labour parties. For the Conservatives, coefficients are small and statistically insignificant, suggesting null effects. In contrast, both Reform and Labour support increase significantly with higher house prices, and the IV estimates are larger in magnitude than OLS, indicating that endogeneity may bias downward the OLS results. The Reform coefficient implies that a £1,000 increase in average house prices raises the probability of Reform support by roughly 0.23 points, while for Labour the effect is 0.096 points. Fixed effects and clustered SEs account for unobserved heterogeneity, strengthening confidence in the robustness of the findings.

DV:	Conservative		Reform		Labour	
Model:	(End)	(IV)	(End)	(IV)	(End)	(IV)
Average House Price (1k£)	-0.0079 (0.0131)	0.0309 (0.0205)	0.1285*** (0.0058)	0.2333*** (0.0091)	0.0616*** (0.0120)	0.0957*** (0.0200)
<i>Fixed-effects</i>						
id	Yes	Yes	Yes	Yes	Yes	Yes
<i>Fit statistics</i>						
Observations	659,404	633,908	659,404	633,908	659,404	633,908
R <sup>2</sup>	0.65240	0.65298	0.29619	0.29573	0.68322	0.68441

Table 6: The Electoral Effects of Exogenous House Price Increases. IV Models with Individual FE and Clustered SEs.

In Table 4, I test whether renters react differently to exogenous house price growth. This table shows heterogeneous partisan effects of house prices by renter status. Higher house prices increase support for Conservatives and Reform while also raising Labour support, but the effects vary by tenure. The negative interaction with renters indicates that renters are substantially less responsive to price increases in terms of Conservative and Reform support, while their Labour support rises more strongly compared to owners. Substantively, this suggests that rising house prices polarise political preferences across tenure groups, reinforcing support for Labour among renters and for right-wing parties among owners.

DV:	Conservative	Reform	Labour
Model:	(1)	(2)	(3)
IV Average House Price	0.1050*** (0.0374)	0.3406*** (0.0160)	0.0613** (0.0287)
x Renters	-0.0781** (0.0384)	-0.2036*** (0.0156)	0.0882** (0.0363)
<i>Fixed-effects</i>			
id	Yes	Yes	Yes
<i>Fit statistics</i>			
Observations	325,695	325,695	325,695
R <sup>2</sup>	0.65776	0.30386	0.70549

Table 7: The Electoral Effects of Exogenous House Price Increases Among Renters. IV Models with Interactions, Individual FE and Clustered SEs.

## 7 Conclusions

This paper has demonstrated that housing markets are crucial political battlegrounds in advanced democracies. By employing a novel shift-share instrument that leverages the interaction of local housing stock composition with regional price shocks ([Graham and Makridis 2023](#)), I have isolated the causal effect of rising house prices on individual political behaviour in the United Kingdom. This methodological step makes an important contribution to the current scholarship in political science by allowing us to observe the causal effect of local house price increases at the individual level.

The results reveal a sharp divide between homeowners and renters. Among homeowners, exogenous increases in house prices reinforce anti-redistributive and right-wing economic attitudes, in line with theories of asset-based welfare and self-insurance, and consistent with earlier observational findings (?). Renters, by contrast, respond very differently: rising house prices increase their demand for redistribution and push them toward left-wing economic preferences. These effects are not uniform across life stages: younger renters—still aspiring to ownership—are less responsive, whereas older renters display stronger attitudinal shifts as house prices rise. At the same time, renters become more hostile toward migrants, reflecting how housing pressures can spill over into

cultural grievances. This attitudinal divide carries into electoral behaviour. The homeowner-renter gap is most visible in support for Reform UK, yet renters remain more likely to back Labour, suggesting that while house prices influence renters' cultural attitudes, these have not yet translated into stronger support for right-populist parties.

These results provide new knowledge about the effect of housing booms among renters, a crucial development in contemporary politics. They show the extent to which housing affordability functions as a political cleavage. Homeownership continues to anchor constituencies supportive of limited redistribution and conservative economic platforms, while the growth of “generation rent” has given rise to a new axis of political disaffection ([McKee et al. 2020](#)). Importantly, the study shows that the political effects of housing are mediated not only by tenure status but also by expectations of future ownership and life-cycle position ([Breckwoldt 2024](#)). Renters’ political behaviour cannot be understood as a uniform bloc; instead, it is stratified between the aspirational and the excluded, the young and the middle-aged, the mobile and the stuck.

Beyond advancing our understanding of the political economy of housing, the paper contributes to methodological debates by demonstrating how shift-share instruments can be fruitfully adapted to study political behaviour. By disentangling exogenous house price shocks from endogenous residential sorting and local confounders, the approach strengthens the causal claims political science can make about the distributive consequences of asset markets ([Graham and Makridis 2023; Schoch 2021; Hall and Yoder 2022](#)).

The broader implications are clear. As housing affordability declines, the gap between those insulated by property wealth and those locked out of ownership will deepen, entrenching political divisions that map onto generational, geographic, and cultural lines. In the UK, this dynamic has already bolstered both mainstream conservative parties and populist challengers, while leaving centre-left strategies uncertain. Finally, the findings point to housing as a central driver of democratic conflict in the twenty-first century. Access to housing and asset wealth is now reshaping the foundations of political competition.

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