Book review


Geoff Meen’s book may well be the first to give comprehensive coverage to all three scales of housing market modelling: the national, regional and urban levels. Its convenient starting point is the distinction between the two basic lines of housing market modelling: macro/life-cycle models and micro/urban models. In between these two extremes we have regional models – a comparatively undeveloped line. Meen’s multiple perspective shows up in the book’s scope too: it covers theory (chapters 3–5), empiry (chapters 6–8) and policy (chapters 9–10) under one and the same umbrella. The target variables are house prices, housing construction and property transactions. In its empirical material, the book compares the UK with the US and a few other countries. Also the quality of data sets receives some deserved commentary (chapter 2).

One of Meen’s arguments is that housing should not be analysed in isolation but in general equilibrium. This is why many of the issues discussed do not directly relate to the topic of the title. Actually, the national models may be considered ‘aspatial’, as they only deal with price changes in time (issues such as life-cycle and reduced form equations, arbitrage and efficiency etc.). One empirical question that arises here is: What kind of factors cause the housing stock adjustment process to differ across countries with different regulatory environments? Meen shows that housing market cycles in the UK are stronger than in the US, which might be an expression of reduced supply responses caused by an imperfect land market and stringent planning controls. (However, Meen does not mention that in many Continental European contexts the planning apparatus has a market ensuring function.) Meen also notes that housing markets suffer from volatility when governments use monetary policy for wider macroeconomic goals.

Turning to the regional scale (chapters 4 and 7), the spatial dimension becomes explicit – in Britain the change in price relationships between North and South is a topic of great importance. This is where Meen seems to make
the most significant contribution to the literature; his argument is that current regional models are leaning too much towards the macro-approach. Differentials in house price changes across regions have been relatively unexplored. We learn that significant disparities in patterns may be attributed to regional economic conditions, but they may also be due to a different regional housing market structure. In looking for a ripple effect across these regions, Meen finds that in both upswings and downturns, the South is the leader. Furthermore, households in the South are much more exposed to changes in interest rates than their Northern counterparts. (Here the evidence from other countries differs.) For policy implications (chapter 10), Meen admits that even after his study, the quantitative effect of land use controls on regional price differentials is still unclear.

When the analysis reaches the urban level (chapters 5 and 8), the housing quality variable and the spatial dimension are strongly emphasised. How does moving behaviour form patterns and submarkets? What is the exact relationship between income and location, and what are the implications for labour markets and spatial polarisation? Meen points out that the main implications for intra-urban housing market segmentation are *neighbourhood quality and deprivation*. He also confirms the common perception that locational attributes such as crime rate and school quality have increased in importance in recent years as a determinant of household residential choice, overtaking the traditionally dominant variable of dwelling size. Meen also finds evidence against the commonly held belief that housing tends to ‘crowd-out’ industrial investment; this should be good news for planners and policymakers.

Meen maintains that dwellings in different locations are *not* perfect substitutes. The London housing market in particular is polarised between wealthy suburbs and a poor inner city. In the earlier discussion, Meen (implicitly) applies the *price criterion* to empirical submarket classification – although Rothenberg et al. (1991) is surprisingly absent among the references listed in the book. However, in the policy part (chapter 10) Meen recognises the possibility of *multiple equilibria*, as evidence from Melbourne shows that wealthy and well-educated households may be accommodated in the city centre. Meen does not, however, suggest that redirecting location processes between the suburb and the city would be a straightforward solution to spatial polarisation in cities like London, simply because it would only displace the problem.

My overall opinion of Meen’s book is that it provides a well-structured overview of *formal* spatial housing market modelling. It makes up a bundle of concise technical and empirical information, the likes of which have not been seen in recent years – perhaps never on this side of the Atlantic. Some