

Keeping up with the Muellers: Housing Inequality and Status Competition

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This paper investigates status competitive behaviour along the social structure and across various localities. We want to know whether rising inequality shapes individual behaviour uniformly or income-group-specifically, and in how far different contexts (region, neighbourhoods) matter for status competitive behaviour. We draw on classical theories of people's consumption behaviour that argues that people's consumption behaviour is oriented towards those slightly above them in the status ladder – in the form of a 'Keeping up with the Joneses'. Therefore, we understand status competition as a process in which 'individual's desire for a higher *relative* standing in the social hierarchy in terms of esteem, respect, and influence' (Fligstein et al. 2017; Goldstein and Hastings 2019; Paskov et al. 2017) makes them act accordingly. With rising inequality, people tend to compare themselves increasingly with others and therefore invest into status across the income and occupational class structure. Most centrally, housing serves as a positional good that reflects investment into status.

Empirical Strategy

We draw on data from the Socio-Economic Panel (SOEP, v35). Our sample covers the years 1990-2018. We proceed in two steps: In a *first step*, we employ residual quantile regression (RQR; Borgen et al. 2021; Borgen et al. 2020) to describe the quantile differences in housing size and housing size increase across various income- and occupational class groups and spatial scales. In a *second step*, we run panel fixed effects regressions to model individual responsiveness towards developments on the aggregate level. We are particularly interested to study the responsiveness of individual increases in housing sizes in relation to overall trends among the population.

Results

Studying the increase in housing size over time across various income groups (Step 1), results from RQR reveals no significant changes for lower- and middle-income groups over time compared to the middle-income group. In contrast, the top income groups are particularly increasing their housing size in the top size segment: This is true for those 150-200% above the median but particularly those with more than 200% are pulling away in reference to the middle-income group. These effects become even stronger in large municipalities and – most strikingly so – among families with children compared to other household types. The second set of results (Step 2) reveals similarly interesting findings: We find a significant positive effect of (last years) median housing size changes on individual housing size changes of 0.10. In other words, if individuals observe an increase in collective housing sizes by 1 sqm, they will increase their individual housing by 0.1 sqm.