

Discussion of
“How do house prices affect social mobility”

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Background

Some background:

1. Income and wealth inequality have risen in many countries over recent decades
2. Higher inequality is associated with lower social mobility – across countries, regions, and over time (e.g. Blinder 1973, Blanden, Doepke and Stuhler 2023)

Key concern:

- ▶ Is social mobility decreasing or bound to decline?

UK context:

- ▶ Rapid house price growth – especially in southern England and London – has been a major driver of wealth inequality
- ▶ Economic opportunities are concentrated in the most expensive regions
- ▶ Intergenerational persistence in homeownership has increased (Blanden, Eyles and Machin 2023)

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Key Findings of Sturrock and Levell

This paper identifies an important mechanism through which housing wealth affects **children's location and career choices** – and thus intergenerational mobility:

Rising house prices make homeownership harder for younger generations and increase the intergenerational persistence in housing wealth

Parental housing wealth:

- ▶ Surprisingly, does not increase likelihood that children own a home in adulthood
- ▶ Instead, it affects **where they live and buy** – in particular, increases the probability that they move to expensive cities like London – and raises home value
- ▶ Influences career choices and increases the likelihood of becoming a top earner

Overall, the house price boom **doubled the persistence of wealth across generations.**

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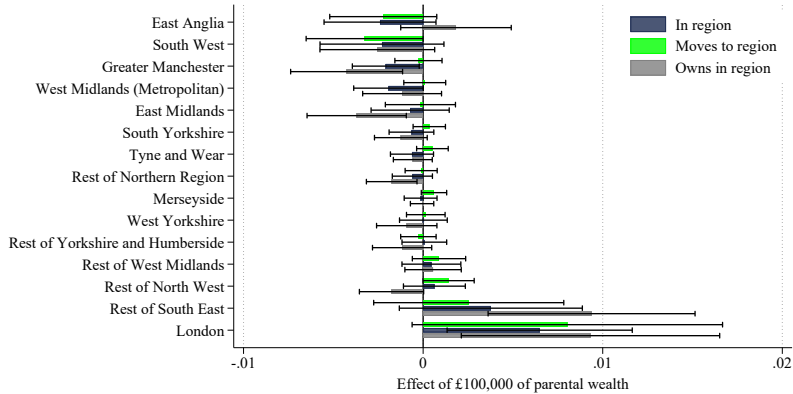
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Figure 6: Effect of parental housing wealth on living in, moving to, leaving and owning a home in London



Source: ONS Longitudinal Study. Each bar shows the estimated coefficient on parental wealth from an IV regression analogous to specification (4) in main results tables.

Wealth vs. Housing Wealth Inequality

Is this story specifically about **housing wealth**, or **wealth more broadly**?

- ▶ Wealth inequality has increased across different asset classes – not only housing
- ▶ Do other forms of parental wealth have a similar effect on children's location and career choices?
- ▶ **What, if anything, makes housing wealth distinct?**

Change in house prices operate through **two (reinforcing?) channels**:

1. They raise the costs of purchasing a home for everyone
2. They increase wealth only for families who already own property

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Broader Implications

The mechanisms highlighted in the paper might have **wider consequences**:

- ▶ Rising house prices may **increase segregation and widen regional inequalities**
 - ▶ Where children grow up matters
 - ▶ It shapes educational opportunities and long-term prospects (e.g., Durlauf 1996, Chetty, Hendren and Katz 2016, Chetty and Hendren 2018)
- ▶ **Feedback effect on productivity**
 - ▶ Inequality and segregation may reinforce each other through productivity spillovers (Fogli, Guerrieri, Ponder and Prato 2025)
 - ▶ i.e., what makes London more productive is the inflow of highly educated young workers from other regions

The mechanisms highlighted in this paper have **broad implications for inequality and social mobility**, extending well beyond wealth persistence alone.

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