

Urban History Matters: Explaining the German-American Homeownership Gap

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Abstract

Jim Kemeny once noted that English- and German-speaking countries have different housing regimes. The homeownership rate in the United States has continuously been about twenty percentage points higher as compared to Germany. This homeownership gap is for the first time traced back to before World War I on the urban level. Existing approaches, relying on socio-economic factors, demographics, culture or housing-policy, cannot explain the persistence of these differences in homeownership. This article fills this explanatory gap by making a path-dependence argument. It argues that 19th century urban conditions either began to create suburbanized single-family house cities like in the US or compact multi-unit-building cities like in Germany. The denser the historically grown building structure of a city, the lower its homeownership rate today. Economic and political reinforcing mechanisms kept the two countries on their paths. The article's contribution is to give a historic and city-focused answer to a standing question in the housing literature.