



# Institutional investment in urban housing markets: Global trends, local manifestations and the state

European Urban and Regional Studies  
1–8

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DOI: 10.1177/09697764251399551

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## Abstract

This special issue examines the evolving relationship between the state and institutional investors in the financialization of housing across Europe. Moving beyond narratives that cast the state merely as an enabler, it reconceptualizes housing financialization as a relational process anchored in a state–investor nexus, a dynamic and contested field in which the boundaries between regulation, deregulation, and non-regulation blur through the interplay of financial strategies, political lobbying, and social contestation. Drawing on comparative insights from the Housing Policy under the Condition of Financialization (HoPoFin) project, the contributions demonstrate that housing financialization advances not through straightforward market liberalization, but through the contradictions, loopholes, and frictions embedded within state policies and governance practices. Together, the articles reveal that financialization is contingent, uneven, and geographically embedded, unfolding through both collaboration and conflict between state and non-state actors. By adopting a conjunctural and comparative perspective, the special issue foregrounds the co-production of financialized housing markets and regulatory frameworks, calling for renewed attention to the political economy of the state, the variegated geographies of financialization, and the contested processes through which housing is continually reconstituted as a vehicle for capital accumulation.

## Keywords

Comparative urbanism, housing financialization, institutional investors, state–investor nexus, urban political economy

## Introduction: towards a nuanced understanding of the process of housing financialization

In the past two decades, housing financialization scholarship has explored the role of the state in enabling, facilitating, and indeed orchestrating the

transformation of housing into an asset class (Belotti and Arbaci, 2021; Beswick et al., 2016;

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Can, 2025; Fields, 2018; Gabor and Kohl, 2022). From the privatization of public housing, non-performing mortgage securitization and deregulation of rent controls to tax incentives and planning regimes tailored to institutional capital, much of the literature has documented how states have acted as market-makers of financialized urbanism (Janoschka et al., 2020; Abreu et al., 2024; Çelik, 2024; Li et al., 2025). Building on this, recent scholarship has traced an important shift in the underlying dynamics of housing financialization: what began in the post-global financial crisis period as a largely debt-driven process of asset accumulation, propelled by state-mediated debt management policies and investors' search for yield in a historically low-interest environment (Fernandez and Aalbers, 2016; Janoschka et al., 2020) has, more recently, consolidated into a wealth-driven process. This latter phase has extended the reach of financial logics well beyond specialist asset managers, drawing in a wider spectrum of investors and real estate developers who increasingly structure their activities around the imperatives of capital appreciation, liquidity, and portfolio diversification (Cocola-Gant et al., 2025; Hochstenbach and Aalbers, 2024).

This special issue builds on insights first developed within the 'Housing Policy under the Condition of Financialization (HoPoFin)' project (Holm et al., 2023), a comparative investigation of institutional investors in seven European cities: Athens, Berlin, Brussels, London, Malmö, Milan, and Warsaw. Based on in-depth analysis of the relations between financialization and local policies, the study argued that while the financialization of housing is a transnational process, its concrete trajectories are decisively shaped by local political economies, welfare systems, and regulatory architectures. It demonstrated that the state's reconfiguration under financialization is not uniform at all, but historically and geographically contingent, producing highly uneven forms of market-state relations.

Crucially, this process is not confined to the conventional rental sector: the state's deregulation and withdrawal from diverse forms of welfare provision, including student housing, elderly care facilities, and

other segments once shielded from market logics, has set in motion a process of creative destruction (see Schumpeter, 1942). In dismantling public or non-profit provision, such retrenchment generates new market opportunities, inviting institutional investors to take over and reconfigure these spaces according to the imperatives of asset appreciation and yield maximization. In this view, the rise of institutional investment in rental housing, from single-family homes to care facilities, from student housing to build-to-rent schemes, is inseparable from a set of deliberate – yet contested – state strategies aimed at reconstituting housing as a vehicle for capital accumulation (Wijburg et al., 2024).

### **The state–investor nexus in housing financialization: regulation, loopholes and market expansion**

Yet the contributions assembled in this special issue call for an even more nuanced understanding of the state's role and its shifting, often contested, relations with financial investors, foregrounding what we conceptualize as the *state–investor nexus*: the relational field through which state regulation, deregulation, and non-regulation interact with market strategies, political attachment, and lobbying aimed at institutional transformation. Within this nexus, housing financialization frequently advances through the frictions and unintended consequences of state intervention. Across diverse contexts, from Eastern and Southern to Central and Northern Europe, and from mature to emergent rental markets, a common thread emerges: financialization frequently advances not solely through the active facilitation of the state, but in the *loopholes* of state regulation. These loopholes, often the product of inherited legal frameworks, fragmented jurisdictions, and contradictory policy mandates, create the interstitial spaces in which institutional investors operate, innovate, enmesh and expand. Sometimes these gaps reflect regulatory lags, as older housing policies fail to anticipate novel asset structures (see Kadioğlu and Listerborn, 2025); sometimes they result from the scalar complexity of governance, where local, regional, and supranational bodies

pursue divergent objectives (see Alexandri and Hodkinson, 2025). In Eastern European contexts, such as Romania, these gaps are often embedded in historically specific housing regimes, where global investors and state actors engage in a process of *reciprocal catching-up*, each adapting to the other's constraints and opportunities over time (see Florea and Vincze, 2025). If earlier work on housing financialization tended to cast the state as the architect of market-friendly transformation, the cases discussed here reveal an arena of constant adjustment, where investors exploit, circumvent and at times are constrained by the evolving architecture of regulation. This is not a withdrawal of the state, but its uneven and fragmented reconfiguration: an ongoing recalibration of power within the state–investor nexus, where regulation and market practice evolve in response to one another.

In these shifting regulatory geographies, financialization unfolds not as the execution of a coherent master plan but as a series of contingent, locally embedded negotiations over capital's access to housing markets. Rather than being linear or uniform, these processes emerge from a dialectical relationship between state and non-state actors, financial investors, developers, landlords, and intermediaries, whose strategies are shaped by path dependencies, institutional legacies, and place-specific political economies (Aalbers, 2017 [2016]). The state, far from acting as a neutral arbiter, plays multiple and sometimes contradictory roles: enabling capital inflows through privatization and deregulation, mediating risks via guarantees and subsidies, while simultaneously attempting to address the affordability crises these very dynamics generate.

In line with HoPoFin's comparative findings, this special issue foregrounds the co-production of these 'loopholes' through local political economies and governance structures. Institutional investors' activities intersect not only with fiscal and planning instruments but also with evolving understandings of affordable housing provision. In some contexts, investors emerge as partners in the construction of social or mixed-tenure housing; in others, they exploit regulatory ambiguities to convert

affordability itself into a financial asset. This duality of collaboration and conflict sits at the core of the state–investor nexus explored in the following contributions.

What emerges, then, is a complex and uneven terrain of financialization, embedded within historically specific institutional configurations and sustained by the frictions, loopholes, and contradictions of state regulation. These processes highlight the variegated nature of financialization: its trajectories differ not only across national contexts but also between urban and regional settings, depending on how local governments, housing regimes, and financial actors interact. It is within these situated constellations that the contributions to this special issue locate their analyses, each showing from a different vantage point how housing financialization is simultaneously enabled, constrained and contested through regulatory arrangements that blur the boundary between state intervention and market logic.

### Special issue contributions

Long-standing assumptions that robust social housing provision or highly regulated rental systems are effective bulwarks against financialization are effectively challenged by empirical results. In detail, Kadi et al.'s (2025) study of Vienna, a city often held up as the archetype of decommodified social housing provision, demonstrates that institutional investors have nonetheless secured a significant foothold, not only in private rental markets but also indirectly within limited-profit social housing providers. Their approach is methodologically innovative: by triangulating land registry records, corporate ownership data and the city's housing register, they construct a finely grained picture of ownership structures and investment flows that are typically obscured in aggregated statistics. This methodological assemblage is particularly valuable for investigating 'atypical' cases or contexts where conventional indicators would suggest a low degree of financialization, yet where investors may already be establishing strategic positions. Importantly, they develop a novel typology of investor participation in real-estate schemes, distinguishing

between direct owners, majority owners and shareholders, which allows them to reveal differentiated patterns of involvement across tenures. This typology brings into view the distinct sets of corporate actors whose market positions and strategies vary depending on whether the target assets are in the private rental sector or the limited-profit housing stock.

By contrast, Oxenaar et al.'s (2024) analysis of Brussels traces financialization from the margins: in a housing market lacking large-scale privatization of the social sector, institutional investment has emerged in niche rental submarkets, notably student housing and serviced apartments, often in partnership with local real estate developers adept at navigating regulatory loopholes. Together, these cases reveal that financialization does not require the wholesale dismantling of social housing regimes; rather, it thrives in the interstices of regulatory frameworks, exploiting the specific institutional configurations, governance scales, and market niches that local contexts afford. In both contexts, financialization advances not through overt deregulation, but through the loopholes of state regulation: in Vienna, embedded in the path-dependent arrangements of a mature welfare housing regime, and in Brussels, carved out in market niches where local developers and institutional capital align.

In a similar vein, Belotti et al. (2025) offer a nuanced understanding of the state–investor nexus by revealing the state not as a mere facilitator or bystander but as a co-producer of financialized housing markets. Through their analysis of ‘state de-risking’, they show how regulation and non-regulation intersect as the state actively reshapes risk environments assembling land, relaxing planning rules, and guaranteeing returns, while investors adapt to and lobby within these evolving frameworks. By comparing London and Milan, the paper further underscores that this nexus is spatially and temporally contingent, taking distinct forms through exceptional planning regimes and local governance contexts that together co-produce the institutional conditions for Build-to-Rent investment.

If the Vienna, Brussels, London and Milan cases show where financialization can take root, the studies of Sweden and Berlin, Athens and Barcelona

reveal the dynamic and relational character of the state–investor nexus, revealing how these relationships are continually negotiated within the structural constraints of specific housing and rental systems. Kadioğlu and Listerborn's (2025) analysis of Sweden frames the housing system as a *playing field* in which institutional investors, policymakers, and housing activists manoeuvre to defend or advance their interests without necessarily seeking to change the underlying rules of the game. In this setting, ‘gaming’ refers to the tactical moves between actors within the rental system, where institutional investors do not simply exploit existing loopholes but actively strain the system to create new openings for profit. Such moves include the systemic use of selective renovation strategies targeting specific tenant groups, aggressive negotiation tactics that circumvent collective bargaining, in some cases by having tenants sign non-disclosure agreements, and other practices designed to weaken rent regulation from within.

Bernt and Holm's (2025) study of Berlin complements this focus on strategic interaction by offering a periodization of five distinct phases in the city's two-decade exposure to global corporate landlords. Their analysis contributes to urban studies theory by revisiting growth machine and urban regime perspectives, showing that while large-scale investors have become too significant to ignore, and cooperation with the local state can at times deliver mutual benefits, these are outweighed by asymmetries in capacity and reliability that ultimately disadvantage local politicians. They argue that the widespread assumption of a conflation between state and investor interests is undermined over the long term: local governments often receive too little and face too much political and administrative pressure, from social movement contestation to multi-level governance coordination and party-political constraints to remain uncritically supportive of housing financialization. Likewise, investors must navigate the volatility of global capital markets while simultaneously cultivating a supportive local business climate, leaving both sides unable to sustain stable, long-term partnerships. What emerges instead are contradictory logics and significant instability, suggesting that while state enabling

may explain market entry, it is too narrow a framework for capturing the evolving, contested relationship between financial investors and the state.

If Sweden and Berlin reveal the tactical manoeuvres and shifting alliances that characterize state–investor relations within relatively mature regulatory environments, the cases of Athens and Barcelona push the analysis towards contexts where multi-scalar governance and competing policy orientations generate sharp tensions between structural selectivities that facilitate capital inflows and strategic selectivities that seek to mitigate housing vulnerability. In Athens, Alexandri and Hodkinson (2025) show how the pressures of EU-imposed austerity, combined with the introduction of policies to attract foreign capital, created fertile ground for investor entry into previously under-financialized segments such as distressed asset portfolios and short-term rentals. Under the acute financial instability of the early debt crisis years, the national state engaged in *strategic selectivity* aimed at rescuing national and financial stability, protecting primary residences, and avoiding mass evictions. Yet as the economy recovered, and especially as tourism boomed, state policy shifted towards *structural selectivity* favouring capital inflows, including the liberalization of non-performing loan (NPL) securitization, the loosening of insolvency laws and the active promotion of housing financialization. In Barcelona, by contrast, a more established rental sector intersected with a politically assertive municipal government and a regional Catalan administration that actively sought to address housing vulnerability and affordability. This produced a terrain marked by sharp contradictions between central government policies which reinforced *structural selectivities* supportive of institutional investment and regional/municipal strategies that pursued *strategic selectivities* aimed at curbing rent increases, mandating affordable housing quotas, and preventing evictions. These countermeasures compelled investors to echo housing affordability objectives and engage in corporate social responsibility projects to secure a supportive local environment. Grounded in a Marxist political theory reading of the state as a social relation (Poulantzas, Jessop), the authors conceptualize the state–investor nexus

here as a contingent and multi-scalar social relation, shaped by both market imperatives and the pressures of housing movements and social demands.

If the Athens and Barcelona cases underscore how financialization adapts to the contradictions of the scaled state, the studies of Romania and Poland show how it advances in contexts where ‘super-homeownership’ regimes have long been assumed to insulate housing systems from large-scale investor penetration. Florea and Vincze’s (2025) analysis of Romania examines how institutional investors gain a foothold in a housing system dominated by owner-occupation and marked by a weakly regulated rental sector. They show how state policies, from favourable tax treatment to permissive corporate frameworks, combine with the absence of robust tenancy protections to create conditions in which large-scale landlords can enter and operate. This is not the dismantling of homeownership, but the construction of profitable niches in purpose-built and redeveloped rental housing that remain largely outside public policy concern.

Audycka’s (2025) study of Poland focuses on the emergence of an institutional private rental sector through legal and procedural innovations such as the ‘institutional lease’ contract, which bypasses standard tenant protections. She documents how investors adapt global-standardized rent management practices, selective tenant screening, short fixed-term contracts and rapid eviction protocols, to the Polish legal environment, while exploiting planning and building law loopholes to operate quasi-residential developments beyond the reach of tenant rights. Together, these contributions reveal that in ‘super-homeownership’ societies, institutional financialization advances not through wholesale regime change, but through the exploitation of loopholes, inconsistencies and selective priorities of state regulation, openings produced as much by governance fragmentation and piecemeal reform as by deliberate investor-friendly policy design.

Collectively, the contributions to this special issue advance a more nuanced and variegated understanding of the relationship between financial investors and the state in the financialization of housing. Across diverse contexts, they demonstrate that

financialization rarely proceeds through wholesale deregulation or straightforward policy liberalization. Instead, it takes shape through the exploitation of loopholes, contradictions, and uneven enforcement embedded in evolving regulatory frameworks. This observation unsettles binary accounts that cast the state solely as either an enabler or opponent of financialization. Rather, the state emerges as a fragmented and relational entity, continually reshaped through the interplay of market imperatives, political pressures, and the agency of tenants, social movements, and housing justice campaigns.

### **Towards an integrative research agenda on housing financialization: global trends, local manifestations and the state**

A central insight that runs across the contributions is that the state–investor nexus is conditioned by historical path dependencies and place-specific institutional architectures. Financial actors rarely confront ‘empty’ housing markets; they operate within, and strategically adapt to existing systems of provision, welfare legacies and property regimes. Importantly, this requires investors not only to navigate regulatory environments but also to negotiate forms of public scrutiny, resistance, and social mobilization that can shape or even block financial strategies. The resulting picture is one of financialization as contingent and contested, marked as much by limits and frictions as by expansion. By comparing cases across mature welfare states, ‘super-homeownership’ societies and rapidly transforming economies, this special issue highlights how strategies of financial investors are constantly recalibrated in response to the differentiated institutional landscapes and political economies they encounter.

Moreover, this special issue makes a further contribution to comparative urban studies by advancing a conjunctural approach to engaging with these diverse modalities of housing financialization and the state–investor nexus across Europe. Rather than treating cities as discrete or commensurable cases positioned side by side within a global

process of housing financialization, all articles draw attention to the power relations that cut across and connect cities at multiple spatial and temporal scales (Hart, 2018; Robinson, 2022), teasing out how the strategies of local actors can actively reshape and redefine the general processes of housing financialization (as per Leitner and Sheppard, 2020). This perspective situates housing financialization within specific economic and political conjunctures shaped by the interplay of international pressures, policy regimes, and local political economies. It reveals how general tendencies, such as the expansion of institutional investment, the diffusion of financial logics, and the reconfiguration of the state, are continually reworked through place-based contingencies, governance practices, and historical trajectories. This opens up pathways towards a dialectical interrogation of the relationship between the general trend and the particular place-specific outcome, by distinguishing shared tendencies from spatially and temporally specific particularities. In this sense, the special issue constructs a conceptual framework that highlights how housing financialization is neither uniform nor sequential but unfolds through conjunctural intersections of global and local dynamics, generating multiple and spatially variegated paths of transformation.

Taken together, these findings invite a reconceptualization of housing financialization as a dynamic and situated process. Rather than viewing financialization as a linear or universal trajectory, future research must attend to the local struggles, state practices and institutional improvisations through which it unfolds. This requires comparative attention to different types of housing systems, welfare regimes and political economies, as well as to the ways in which financial actors adjust their strategies across them. Equally important is the study of contexts that have received less attention in mainstream urban scholarship, where distinctive developmental paths and forms of social mobilization produce alternative dynamics of financialization. By foregrounding these tensions, the special issue seeks to open new research pathways that connect housing financialization more closely to debates on the political

economy of the state, the co-production of regulatory environments and the contested geographies of urban capitalism.

### Declaration of conflicting interests

The authors declared no potential conflicts of interest with respect to the research, authorship and/or publication of this article.

### Funding

The authors disclosed receipt of the following financial support for the research, authorship and/or publication of this article: This special issue builds on the project Housing Policy under the Conditions of Financialization: The Impact of Institutional Investors on Affordable Housing in European Cities (HoPoFin), funded by the SciencesPo Cities, Housing and Real Estate Chair, as well as on additional support provided by the EURS journal for a themed workshop.

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