Environment and Planning A 2008, volume 40, pages 2296 – 2312

doi:10.1068/a39358

The emotional economy of housing

Hazel Christie
Institute of Geography, University of Edinburgh, Drummond Street, Edinburgh EH8 9XP, Scotland; e-mail: hazel.christie@ed.ac.uk

Susan J Smith
Department of Geography, University of Durham, Science Laboratories, South Road, Durham DH1 3LE, England; e-mail: susanj.smith@durham.ac.uk

Moira Munro
Department of Urban Studies, University of Glasgow, 25 Bute Gardens, Glasgow G12 8RS, Scotland; e-mail: moira.munro@socsci.gla.ac.uk
Received 15 November 2006; in revised form 6 March 2007; published online 4 August 2008

Abstract. This paper offers an interpretation of the role of emotions in animating housing markets which complements more traditional economic and behavioural studies of locally based house-price inflation. Looking to debates within social psychology and cultural studies we suggest that emotions permeate the materiality and meaning of housing markets as well as the experience of individuals acting within them. Drawing on qualitative interviews conducted in Edinburgh, with households who bought in a rising market, we argue that housing transactions are emotional as well as economic affairs. We reconsider the fears that underpin what might appear to be 'irrational exuberance' and we argue that housing markets are propelled by a search for returns on emotional as well as financial investments.

Introduction: bringing emotions into the analysis of housing-market dynamics

Housing-market dynamics are usually studied by economists who describe the process of buying and selling property, model the volatility in house prices, and variously critique the institutions which govern the workings of the market. These traditions have many strengths. For example, there have been investigations of the connections between household composition, housing migration, and housing submarkets (Leishman and Watkins, 2004; Meen and Meen, 2003; Siebrits, 2005); spatial differences in house-price inflation (Ashworth and Packer, 1997; Johnes and Hyclak, 1999); how the market for property is animated by changes in legislation and in interest rates (Anderson, 2005; Foster, 2004); and by the balance of credit constraints, income shocks and risk aversion (Diaz-Serrano, 2005; Ortalo-Magne and Rady, 2006). What is striking, however, in housing economics (as in other styles of economics) is that (housing) markets themselves are rarely open to scrutiny. New institutional approaches add an element of agency (Guy and Henneberry, 2000; Kauko, 2004), but for the most part, even in work in a behavioural framework, the market tends to be taken for granted as an essential economic mechanism which exists apart from any actions and intentions of consumers and investors. This perpetuates an assumption, common in neoliberalism, that the market is the backdrop against which actions are taken, rather than something which is itself embodied and performed.

Recently, there has been growing interest among researchers within sociology, anthropology, geography, and science and technology studies in the traditional domain of economists—the economy. Of the many areas of economy scrutinised in this way, 'the market' is perhaps one of the last black boxes to be opened up for consideration. Nevertheless, there is an emergent interest in the complex, socially inflected and power-filled nature of the marketplace. The consensus here is that markets are made, not given. If actions, beliefs, and behaviours appear classically economic, the questions to be asked are: how has the rich texture of social life been pared down in this way; how is the economic constituted as such (Callon, 1998; Hay, 2004); and how are markets performed (Mackenzie, 2004; Mackenzie and Millo, 2003; Smith et al, 2006). From this perspective, markets are fragile and contested terrains, not detached and autonomous structures. Old certainties about price and value, scarcity and competition are being challenged, and social scientists are beginning to expose the multiplicity of markets, exploring their local variations, their emotional qualities, and their embodied materiality.

This shift connects with broader concern across the social sciences to rescue emotions from their assumed position beyond rational knowledge (Barbalet, 2002; Bondi, 2005). Within science, emotions have long been understood as an 'interference' with the capacity for logical thinking, and the triumph of reason depends on their control and on the advance of detachment and objectivity. But in developing a non-essentialist approach to emotions, commentators such as Barbalet (2001), and Williams (2000) reject binaries between rationality and emotion or reason and emotion and regard thoughts and feelings as continuous. Indeed, Hochschild (1979) argues that qualities of detachment, objectivity, scepticism, and so on are simply specific forms of 'emotion work' which have been privileged within accounts of scientific method. In this non-essentialist view of emotions, multiple logics exist, each of which encompasses thoughts and feelings, with no binary of rational and irrational and no separation between reason and emotion. Recasting emotions as critical elements of social interaction and decision making opens up for scrutiny the contingent conditions under which a desired outcome—buying a house—may be possible. Here, behaviour and decision making are conceptualised as the result of thoughts and feelings which may be conscious and/or unconscious and which reflect the amalgam of emotions associated with experiences in different times and spaces (Ettlinger, 2004).

All the indications are that passions and emotions shape the contours of all individual and collective bodies: emotions permeate the social and physical environment of markets as well as the subjective experience of individuals acting within them (Davidson et al, 2005; Lupton, 1998; Thrift, 2004). This is already recognised in a growing literature around cultural economy, in which it is increasingly de rigeur to claim that markets are as passionate as they are rational. Where the passions of markets are explored in this literature, however, the emphasis has tended to be on the strategic, and cynical, manipulation of 'feeling rules' for commercial ends. This is the case, for example, for the articles gathered together by Amin and Thrift (2004) under the label "The economy of passions". With this as the yardstick, it seems difficult to move away from the passion to accumulate, even within a framework explicitly concerned with other emotional energies (though for a fuller account, see Ettlinger, 2004)

Our wider starting point, however, is that markets are saturated with all kinds of emotions, sometimes calm and predictable, sometimes wild and out of control, sometimes dependent on aggressive behaviour, but also infused with humour, warmth, affection, even love. Some emotions are already integral to how markets are imagined and portrayed, with profound implications for the experiences of the individuals who act within them. Others remain to be excavated; they may even be a resource for reshaping the conduct and ethic of market relations (Smith, 2005). Either way, a study of markets needs to attend to a broad 'sociality of emotions': to how a wide range of feelings circulate and generate effects (see Ahmed, 2004). This is a radical departure from accounts which deny the emotional character of some kinds of transaction, or which emphasise the interiority of emotions (that is, which see them as residing solely within objects or individuals). Recognising that the economy is driven by emotional energy as well as calculative imperatives is part of a project which aims to deessentialise markets: to engage in the empirical detail which describes their particularity, valorises their diversity, and draws from their 'texture' to emphasise their distinctions rather than to presume their similarity.

That said, however, there are some pointers to the emotional economy of housing in the established literatures on financial markets and economics. In particular, two sets of debates have attended to the affective dimensions of (housing) market processes: first, deliberations on the nature of house-price bubbles highlight the role of certain emotions (most notably of confidence, optimism, and greed) in driving up the prices paid for properties; and second, work positioning the home as an emotional space includes accounts not only of home as an expression of identity, but also as a pivotal theme in the struggle for financial security. By considering each of these debates in turn we set the scene for our own empirical investigation of the diverse ways in which affective energy permeates the working of one local housing market.

Emotions and house-price bubbles

Although economic theory is rarely concerned directly with emotional issues, the volatility in housing, as well as in financial, markets is conceptualised affectively when it is described in the language of 'speculative bubbles'. Stiglitz (1990, page 13) points to the importance of emotions, particularly optimism about future prices, in creating price bubbles:

> "If the reason that the price is high today is only that the selling price will be high tomorrow—when fundamental factors do not seem to justify such a price—then a bubble exists."

While this explanation begins from an economic account of price (the fundamental factors), it provides some insight into the role of perceptions and confidence in guiding the decisions which households make about paying for stocks and shares and, by inference, for property.

The relevance of discourses of confidence in specific housing markets was considered by Case and Shiller (1988, page 223) who used survey work in the US to argue that localised housing booms occur because "people seem to form their expectations on the basis of past price rather than on any knowledge of fundamentals." Bubbles, they suggest, are the result of the interplay between 'fundamental factors', 'factors providing a dynamic adjustment', and 'equilibrium price'. The discrepancy between the price suggested by economic theory and that achieved in practice is accounted for by the affective energy of the market. This energy encompasses exaggerated expectations, excitement, and the passing of word-of-mouth information about price. Useful here are inferences made from studies of stock-market behaviour—inferences quite explicitly drawn out by Shiller (2005)—where bubbles are explained by reference to the 'irrational exuberance' of investors: that is, the pervasive and optimistic human belief that market prices have risen in the past, will continue to rise in the future, and will thus provide a risk-free investment in the long run. Hearing about, believing, and acting upon the expectation that prices will continue to rise thus fuels locally based appreciation, and this 'herd behaviour' is offered as an explanation of why "speculative bubbles appear to be a local phenomenon, occurring in one city but not in another relatively nearby city" (Shiller, 1990, page 60). Similarly, in work on US housing cycles, Glaeser et al (2005) conclude that in coastal towns, where appreciation has been greatest, some psychological component must have been at play, such that 'irrational exuberance' magnifies the effect, for instance, of scarcity of properties (an economic fundamental).

There is agreement amongst housing economists, then, that an emotional energy underpins 'irrational exuberance', but its form and animation are rarely opened to scrutiny. Indeed, it is something that economists have rarely found easy to account for, leaving their conclusions sounding less than conclusive:

"The effect on house prices of intra-urban location appears to be dominated by the idiosyncratic influences of individual homes and their immediate environments" (Archer et al, 1996, page 334).

"Many mysteries remain" (Abraham and Hendershott, 1994, page 17).

But rereading these statements in the light of the literature on emotions outlined above suggests that this inconclusiveness might stem from the limited conceptualisation of emotions in studies of house-price bubbles—as a restricted set of positive (exuberance, optimism) interiorised emotions. It is possible that other emotions—fear, desire, love, desperation—feature in driving up prices, or that anxiety or distress might play a part in housing transactions, especially in the light of the multilayered nature of different kinds of emotions anchored in and around the home. In this reading, decisions about what price to pay for property may be motivated as much by the emotional values which households can extract from properties as by the potential for economic investment. Debates on bubbles, which position housing as an economic investment, may be inconclusive precisely because of the limited attention paid to the emotional economy of markets.

Emotions and the meaning of home

Housing studies also has a reasonably long tradition of interest in households' emotional investments in their home—that is, in the property they purchase and/or live in (see Blunt and Dowling, 2006). The attainment of owner-occupation, for example, has often been associated with ontological security, and much has been made of the strong emotional connections between home ownership and feelings of privacy and security (Saunders, 1990). Studies have investigated the home as an expression both of moral respectability and of individual identity (Leslie and Reimer, 2003; Tolia-Kelly, 2004). In particular, the literature on the meaning of home makes reference to the emotional power of aspirations, identities, and ideologies in the decisions which households make about where and how to live, whether in terms of the paradoxical meanings of home for lesbian households (Valentine, 1993) or of the connections between home, taste, and desire in studies of gentrification (Bridge, 2006; Caulfield, 1989). Other work contains important—if tangential—insights about the role of passion, insecurity, anxiety, and stress in underpinning people's relationships to housing and home (see, for example, Robinson et al, 2004; Warrington, 2001).

What tends to be less well aired in this literature is the interweaving of emotion and economy: the meaning of the home and the conduct of the market are often conceptually distinct, reflecting the tendency within the social sciences to equate emotions with individual experience (the psychology of buying property) at the expense of understanding the fundamentally relational qualities of the more rounded 'emotionalisation' of economic life (including the marketplace) (Williams, 2000). One exception here is research tapping into the psychosocial stress associated with marginal home-ownership. This work draws attention to the emotional costs of mortgage default, the risk of repossession and a range of other financial concerns associated with the sustainability of owner-occupation (Christie, 2000; Nettleton and Burrows, 2001; Smith et al, 2004) Apart from this work, which tends to be associated with exit from, rather than entry into, the market for homes, there is very little elaboration on how and why the economics of housing or home are underpinned by a range of emotional affairs. There is limited commentary on the complex relationship between emotions and price, and on the way in which housing markets are emotional landscapes which are implicated in creating and sustaining house-price volatility.

The anatomy of a housing boom

To work towards a more textured account of the emotional economy of housing we draw from a qualitative study of a local housing market in Britain conducted at a time when house prices were rising steeply. Although the study was not specifically designed to capture the emotional dynamics of housing-market behaviour, an interesting characteristic of the sample of households was that they all described the emotional impulse to their eventual house purchase. This introduced a new and exciting dimension to the study: namely, an investigation of the links between emotions and economic behaviour. The work is set in Edinburgh, Scotland, and involved in-depth qualitative interviews with households who had bought property in one of four urban neighbourhoods. The choice of Edinburgh for the purposes of this paper is notable because prices in the city were rising dramatically and ahead of prices elsewhere in the UK, with the exception of Greater London. Between 1996 and 1999 residential property prices increased by at least a third in more than half of the city's postcode sectors. It is precisely at a time of rapid house-price inflation that the economic meaning of price might most evidently be infused with other kinds of affects. Exuberance at the prospect of getting onto the housing ladder, fears about being priced out of the market, anxieties about location, or desperation to move, may be more evident (and more open to scrutiny by researchers) when prices are volatile than during periods of market stability. This is not to suggest that a quiet market is devoid of emotional energy—far from it—but to argue that at times of rapid price increase individuals and households may be more likely to convey their emotional states through descriptions of their experiences. The case study is thus well placed to elucidate the emotional turbulence that characterises a rising market.

The particular ways in which property is conveyed also construct the emotional terrain of marketplaces, and in order to contextualise the more detailed evidence which follows, it is useful to describe the process of house purchase in Scotland. The common price mechanism is a closed auction, inviting sealed bids by a set date. Homes are typically offered at a price inviting 'offers over' (called the 'upset price' in Edinburgh). Potential buyers have to work out what the property is worth (usually securing a survey or valuation). They can find out, through their solicitors, how many people have expressed interest in the property, and how many have had the dwelling surveyed. This gives them an indication of the likely competition. Buyers (together with their legal advisor) decide what price to bid. Sellers (together with their legal advisor) decide which offer to accept, usually as soon as the closing date is past. The decisions taken at that point (the offer made, the bid accepted) are experienced as legally binding (although in fact this perception reflects the power the intermediaries have to enforce the contract).

This system of house purchase may appear to be a risky process for the buyer. It is costly to lose by a small margin or to win by a large one. But in steady market conditions the 'rules of the game' are widely understood (SCC, 2000). As we shall see, bidding for a property is always an intrinsically emotional process, bringing with it worries and anxieties about pricing the bid and losing the property, as well as the thrill and exhilaration of making a successful purchase. So when prices rise rapidly and traditional market signals break down, discourses about the market become more evidently infused with emotions. This allows us to engage with questions of how markets, variously conceived, are encountered as sources of excitement, distress, pleasure, and despair, *both* producing winners and fostering a sense of well-being *and* producing losers and creating a sense of exclusion.

Participation in the project was invited from households who had bought into the areas of the city where prices of properties were rapidly appreciating. A database of all house prices and transactions for the City of Edinburgh from 1996 to 1999 was acquired from the Land Value Information Unit at the University of Paisley. This set the context for the choice of four areas which were at the leading edge of the boom in a range of price brackets and across a range of types of neighbourhood. These included two high-price locations: area G was characterised by town housing and access to good state schools; in N, Georgian flats predominated in an area of high cultural status. A medium-price neighbourhood, M, had a mix of purpose-built Victorian flats and conversions. Finally L—with low prices—was a rapidly appreciating neighbourhood dominated by tenement flats.

A further database of prices and other information (including the previous address of the buyer) for each individual transaction in the study period (January 1998 to September 1999) was compiled from the Registrar of Sasines for the four case-study areas. This information was used to construct a sample, stratified by date of purchase and house price, of house purchasers for potential interview. In total 174 households from the four areas were contacted by letter and asked to participate in an interview. A relatively good response rate was achieved for an opt-in survey and 66 households (38% response rate) took part in the study; this paper is based on their narratives. The interviews were semistructured and designed to pay special attention to households' property searches, to experiences of price and pricing, and to perceptions of the rising market. The recordings were transcribed and coded for computer-assisted retrieval. The argument presented here is based on a systematic and rigorous analysis of transcripts which involved: drawing out the major themes of the interviews; examining how far common themes/values were shared across respondents; identifying the themes and characteristics associated with expressed views; and highlighting any relatively uncommon themes. Close reading was used to place each expressed theme within the context of the wider household's circumstances.

Throughout the paper the detail of the households' experiences is used to illustrate the emotional dynamics of the housing market, including the complex interplay between the emotional experiences of individual households and abstract emotional discourses about the rapidly changing market. Although studies of emotions often draw upon data garnered from a series of research methods (Anderson, 2006) the rich texture of the information gathered in skilfully executed interviews provided a window through which to study the relations between emotions and (economic) decision making (for a similar approach see Milligan, 2005). In what follows, these experiences provide a more nuanced account than is currently available of the emotionally charged terrain that constitutes the 'housing market'. The analysis of interview material also allows us to conceptualise housing transactions as an emotionally charged arena in which feelings of anxiety and desperation, or of exhilaration and excitement, infuse rational economic judgments about price.

In this paper we suggest that the emotional and the economic are intimately linked in the way in which housing markets work, in at least three ways. These form the three sections of the discussion.

First, we show how housing markets are infused with emotional qualities and experienced as emotional subjects every bit as much as (and perhaps more than) economic objects by buyers of homes. In this example the dominant emotional subject is a landscape of fear. In the second section we focus on the price effects of these affective qualities of the market; we draw attention to the economics of emotion.

We show in particular how modes of engagement with appreciating housing markets may be mediated by fear and desperation (rather than by greedy speculation) in ways that drive up prices. We go on in section 3 to show that the flip side of these fears is the hope inspired by the objects of attachment within markets: by the homes and neighbourhoods that people are trying to buy. People pay high prices for property because they are attracted to particular houses or neighbourhoods—objects they fall in love with and build emotional relationships around. Housing attainment is as much about emotional returns as it is about financial investment; as much about affective ties (binding people and 'things') as about speculating on the prospects for wealth accumulation (on the options for tying the financial present to the economic future).

The emotional character of the market

Financial, rather than housing, markets have been most closely scrutinised from a social perspective in recent years. This work has revealed the extent to which emotions on the trading floor are played out around a competitive imperative: interactions are about high performance, about (macho and sometimes sexually charged) aggression and violence, about playing to win (Hassoun, 2004). Where the affective qualities in housing markets appear in the literature they are (at least tacitly) presented as being drawn from rational and calculative imperatives and directed towards investment gains and speculation. Our discourse implies direct parallels between financial and housing markets, suggesting that they too are aggressive and competitive, concerned with the excitement of speculation, investment, and growth, and, above all, based on the actions of self-interested economic individuals who are playing to win. As Smith (2005) demonstrates, this particular economic scripting of the market is consistent with a wider neoliberal discourse about how markets ought to work: an emphasis on competitive individualism and economic efficiency sets up markets as places where particular kinds of emotions help buyers to succeed. Not surprisingly, these are the emotions which are endowed with institutional and political authority, and which contribute to the ways in which housing-market activity driven by professional intermediaries becomes (increasingly) economic in orientation.

Among buyers' experiences of the Edinburgh housing market, however, there were remarkably few references to a market with this aggressive 'business model' character. N8[(1)] referred to a market which "was gonna be a bit punchy", even though this buyer was not particularly "playing to win", and claimed not to have bought as an investment. G8 also talked about the disappointment of putting in an 'exciting' offer only to be "well beaten". Initial reactions to these volatile conditions were tinged with fear and many buyers considered withdrawing from the market, reporting that crowded viewings and numerous expressions of interest were off-putting rather than enticing or exciting:

> "All the properties with 'offers over', they were just completely swamped [with viewers]. So we actually didn't ever put an offer on any properties because we were just completely scared off by the amount of people on the Thursday and Sunday viewings .... I was actually petrified of getting into this bidding war and just haemorrhaging money on surveys" (G3).

> "I got put off, I definitely got put off. If there were too many notes of interest or too many surveys I wouldn't take it any further" (L10).

This reveals a dominant and explicit fear of the competition in the market that increased as the perceived ferocity of that competition increased.

(1) Respondents are identified by a letter (giving the area they bought in) and a number (giving the order in which interviews were undertaken). Any identifying details have been removed.

The limited references to any excitement involved in engaging in the market, about playing to win or enjoying the thrill of the contest, were notable precisely because of the degree of competition most buyers had encountered: all purchases had been made in rapidly appreciating neighbourhoods and buyers had typically won a bidding war. Comments about any excitement of the market were instead restricted to pleasure in the outcomes—the successful purchase or the (profitable) sale of a previous property. G10's successful bid "felt great actually" while L11's experience of selling a flat and waiting for bids was that you "found yourself becoming quite greedy ... wondering maybe if you could get even more for it." Another (G2) "had a wee shottie at ... playing around" when they sold their flat on a high fixed price.(2)

The dominant characterisation of the market by buyers was its uncertain, dangerous, quite frightening, qualities. Buyers at first expected the market to be a relatively stable, knowable and manageable entity. But in practice they encountered something they characterised as "out of control", "crazy" or "wild". "It's mad, completely mad" said one buyer (G3), commenting on a property which sold for more than twice its upset price. And "the market has just gone wild", said another (G6) to account for having "no idea what to offer" on a property. The same buyer used terms like "spiralling out of control" to explain why, as far as house prices were concerned, Edinburgh had become "nightmare city".

As Ahmed (2004) points out, emotions are relational, so drawing on discourses of the market as 'mad' is to construct its recent history as 'sane' and consistent. By implication, the 'old' market was understood, while this 'new' market was experienced as uncertain and unknowable. "Incredibly uncertain and incredibly unguided" was how one buyer (G6) described the process of deciding how much to offer on a house. "I did a lot of research but no one really had answers" was L5's experience of the market; while L10 found that you "don't really know what you're gonna pay, you could pay £1k over or you could pay £10k over, just depending on how the market is at the time. It's not consistent by any means."

This uncertainty was experienced as frightening. What is interesting here is how, by experiencing the encounter with the market as scary or stressful, the respondents apprehended the market as the cause of the feeling. As the buyer becomes fearful, worried, and anxious, the market becomes increasingly characterised as fearsome, something to be afraid of. L17 missed being the highest bidder by only "a few hundred pounds" and described how this made her feel "really despondent" and subsequently 'absolutely distraught' about looking again in a market which was "obviously a nightmare". Indeed, some went so far as to characterise the market as dangerous—not just for its financial risks, but for other reasons. G13 felt that the market was "quite dangerous in that we might end up then buying something that we didn't really want." There is a suggestion here of a fear that the encounter with an irrational market might even prove contagious—that the buyer risks becoming infected with its madness.

Understanding how markets become infused with feelings of uncertainty and fear raises questions about what these emotions do, both in terms of how individual buyers orientate themselves towards and away from them, and of how these discourses are performed through their subsequent actions. For the buyers their construction of the market as uncertain and inconsistent radically disrupted their sense of being in control: they felt unable either to read or to understand the market, at least in the first instance. What became clear to them was that to succeed they had to build a new and different kind of relationship with this fearsome market, which involved repositioning

(2) Sellers can choose to offer their property on a 'fixed', or set, price. The first person to offer this amount secures the sale.

themselves as knowledgeable actors working within a new set of market discourses. They had to take stock of it and (re)learn how it was operating. This learning process too was an intensely emotional experience as buyers went through the 'stress', 'shock' and 'devastation' of discovering—and adjusting to—Edinburgh's rising house prices. These processes were most pronounced amongst buyers who were new to the (Scottish) market. The first-timer buyers like L2 "felt very naïve being a first-time buyer". Another, L4, was typical in recounting that "we didn't realise quite how bad it was until we started actively looking for things"; they recalled their "first shock" on bidding for a flat which sold for an "astronomical" price. And buyers who were new to the Scottish system of sealed bids also wrestled with the market practices and conditions. N2, who were moving to Scotland, "agonised" over a first bid, were "devastated" when they lost the house by a large margin, and were forced to the realisation that they "were completely naïve about the Edinburgh property market."

But emotions are also multilayered, and enjoyment and fear can coexist, as G2 suggests in his comments about the potential pleasure of learning how to succeed in the new marketplace. He argued that learning the new rules involved "getting a feel for the market"; you have to "engross yourself in it" for a few months before you could know how to proceed. So there was recognition of the importance of being attached to the market, to being a part of it, and an idea that this involved learning new "feeling rules" (Hochschild, 1983). G14 expressed this immersion in the market in blunt terms, commenting that "I think you learn bitterly from experience but that's the way to learn." N10 knew that they could finally achieve a successful bid because "we [had] got ourselves familiarised with it by then."

The qualities of this market seem quite different from those suggested in the tone of political debate and economic theory. Certainly, households viewed the market as competitive and as a structure of power, but they felt they could not engage with it, or control it, in any meaningful economic sense. Economic 'fundamentals' could not be used in any reliable way to decide on a winning price, and securing a property was more often characterised as 'lucky' than logical. If prices are not driven rationally in response to the economic environment, what does propel the kind of price appreciation that set off the Edinburgh housing boom? In the next section we show that fear has its own price effects; in the final section we show that these gain purchase through the power of a complementary set of emotions, through the hopes invested in people's love for a home.

Affective effects

Respondents were selected because they had succeeded in buying property at the cutting edges of Edinburgh's inflationary market. The average price paid across all four areas was £176 000 (much more than the national average at the time). For many the process had been fraught with difficulty. Over half of the interviewees (35/66) had made one or more unsuccessful offers, and 11 were unsuccessful on three or more occasions. Most ended up paying more than they had anticipated for the properties they finally bought. And they often paid more than seemed 'rational': 44/66 paid more than 10% over the asking price, and a third (21/66) paid more than 10% over the surveyor's valuation of their property. Not surprisingly, compromises made over price, space, and location were differentiated across the housing market. In the low-price area some purchasers felt they had been forced out of more attractive areas of the city or had compromised on the number of bedrooms; while in the higher priced areas the majority response was to pay more—up to as much as £100 000 more—for the desired property in the desired location. But it is to the emotional aspects of these compromises that we turn, and to the ways in which particular emotions—most notably fear, anxiety and desperation—have material price effects. Constructing the market as a fearful place evokes the feelings of loss of control described above and creates anxieties about exclusion from the desired end. These emotional discourses create conditions under which buyers behave in particular ways, giving an impetus to bidding high, so their search for a property can be brought to an end.

Although, as argued above, the initial response to a crowded market was fear of the competition, and the exercising of caution and control, fear could ultimately lead buyers in the opposite direction. As G12 explained:

> "although it should have made us maybe be more cautious it suddenly made us panic ... that was something that should have put us off but actually made us more inclined to look really, I think. So it was quite a sort of bizarre experience."

Clearly, emotions play an important role in house purchase in a rising market. The key point here is that these emotions are shaped through contact with the market, and are not simply 'in' the buyer or 'in' the market. Emotions are social and cultural practices, and this is evident in the respondents' accounts of their fearful relationship with the market. Across the sample as a whole they drew attention to two aspects of this relationship: first an overriding desperation to move; and secondly anxiety about securing (or not) the property of their choice. The impact of these two factors is considered in turn.

First, there was a strong sense of the desperation which underpinned the behaviour of individual households who wanted to move for family reasons or who were having problems with their existing property or neighbourhood. Classic accounts of housing choices in relatively difficult market conditions stress that decisions about moving become formulated as 'needs', typically triggered by life-cycle factors such as job changes, moving cities, or new or growing families (Munro and Madigan, 1998, page 732). But the respondents in this study show how these 'classic' factors come into play precisely because of their emotional dimensions. It is the desperation to accommodate new needs—the anxiety about not having a home (a place to live in a new city, or a room for a new baby) rather than exclusion from financial returns—which underpins and becomes entangled with more rational trade-off processes. For some the pressures were tied up with changes in household size and composition:

> "it was a flat we were in ... before, and we had enough bedrooms but it was on a fairly busy street and it was just really difficult with one child and I thought 'two'? ... the pressure increased when I got pregnant and also further into the pregnancy the more it was like ... crunch time [laughter]—an ultimatum—'I am not looking after two children in this flat'" (G4).

For others the desperation was structural in nature—they wanted to move across tenures or they were relocating to Edinburgh as part of a broader life change. M7 was "desperate to move out of the rented house" and M12 were relocating from the Midlands:

> "we were in rented accommodation at the time, all our belongings were in storage and we were getting married in the August ... so there was some pressure on time ... and I think that ... was part of the ... desperation."

Secondly, anxiety to secure a property, and to exit from this 'crazy' market, was a common theme. Respondents expressed their nervousness about finding a property to move to, and their fear of being excluded from some sectors of the market as prices continued to rise. This was particularly evident amongst the first-time buyers in the low-priced neighbourhood whose economic decisions were infused by an emotional energy about losing a place on the housing ladder. L16 was typical in wanting to "hurry up and find somewhere otherwise the kind of place that I would like would move quickly out of what I could afford." But this nervousness about securing (or not) a property held across the sample because people wanted a particular neighbourhood or a certain size of house and could see it rapidly becoming less affordable to them. Like N10, most people were conscious that

> "components of the market were rising as you were looking so that led to quite a bit of anxiety [about exclusion] as well because you were aware that prices were going up ... even while you were trying to find somewhere to buy."

There is a sense of a ticking time bomb, where the inevitable real-time delays before a transaction can be secured compound anxiety in ways which are, again, quite distinct from conditions in the near-instant exchanges of the financial market speculators.

This characterisation of the market as a place of fear, as a place of potential loss and exclusion, created the conditions in which households paid high prices for property. In this study, fear had a material effect on price. Buyers recounted their decision to pay "higher prices", to 'up the offer", even to work with "sums of money you would never gamble with" in order to get out of a fearsome market as fast as possible. G4, for example, talked of getting more and more desperate as she and her husband trawled different areas of the city. In the end, she said, "I pushed our offer up quite significantly" because "I can't bear looking any more. I've had enough." Another household, L4, described being "really upset" about losing an earlier bid and "really worried" that they would be priced out of the area—especially when they had put in a "high offer". Fear drove their pricing decisions: it made it "very difficult to think rationally about it [price]" and encouraged them to bid a higher price than economic fundamentals suggested. They recounted how losing out "made us even more worried the second time round ... we paid way over the odds for this just out of fear more than anything else, that we'd better not lose another one."

For the majority of the respondents, bidding a high price was one way to conquer the fearsome market—to bring certainty back into their relationship with it and to bring to a close an encounter that had been "stressful", "horrible" and "nerve wrecking". G10's relief on buying a property was palpable despite the high price paid:

> "I felt it was a hunt that was over."

And many, like L4 above, felt uncomfortable about the prices they eventually paid precisely because they recognised their complicity with the rising market:

> "we did the same [bid a high price] and we ... were really annoyed that we had to perpetuate this thing that someone else was gonna go 'God, that's ridiculous that they put in that offer'."

An understanding of the role of emotions in housing markets, then, extends beyond a description of the feelings embodied by an individual's interaction with the market to an analysis of the emotional discourses that they draw upon and how these generate concrete economic effects. The use of emotive terms such as "swamped", "haemorrhaging" and "desperation" evokes the sensation of individuals being overtaken by others in the market and suggests that the buyers felt unable to cope with the new conditions. Overall, though, the households did manage to buy in a rising market where the lack of predictability, the dearth of useful information, and the desire to get out of it as quickly as possible all prompted them to bid higher than seemed sensible—to work with 'silly prices' simply to bring closure to a process that seemed chaotic and uncertain. Again, it is the emotional scripting of the market terrain, and how people act on this, rather than any economically rational assessment of it, which figures most significantly in the households' accounts. The next section shows that desperation is powerfully fuelled by other emotional qualities in housing, particularly by the love, hope, and anticipation which buyers experience in their relationships with specific properties. Bidding a high price for a property is also driven by the buyers' emotional relationships with the objects being traded: houses are not widgets, stocks, or shares—they are homes that people fall in love with, or hope to make their very own, and that buyers are prepared to pay a high price for.

Winners and losers?

> "It is, as I say, an emotional roller coaster in terms of you've got to really like the place to offer for it. But you know you've got to keep your feet on the ground because you may well not get it" (G6).

All of the study households conveyed their strong emotional reaction to the properties they eventually bought. They spoke of their "love" of and "feelings" for the properties, of knowing that "this is it, this is the one." And they spoke too of the emotional values they hoped to extract from the property—of their new homes as embodying desirable social and cultural identities. In this section we show that 'rational' judgments about housing are saturated with intense emotions—love, hope, and anticipation—which are not adequately captured in more conventional accounts of house-price inflation. In this study, love for a property was narrated as the emotion that energised buyers to act within an uncertain market. And love—like fear—has a material effect on price. It was out of love (or the hope for this affective tie to home) that the buyers undertook to pay high prices for specific properties, and which prices subsequently became a core element of the spiralling market uncertainty.

Again, economy and emotion interweave in ways that unsettle more conventional accounts of 'irrational exuberance' in rising housing markets. Rather than explaining the affective energy of the market by drawing on discourses of confidence and optimism about house prices, the buyers referred to their love of and desire for the properties they eventually bought. So for N6:

> "we just fell in love with it ... you know what it's like when you walk through the front door and get this wonderful hall ... and we just said 'this is where we want to live.' "

For others, the potential pleasures to be extracted from the property were to the forefront of their discussion—the pleasures of finding a house that was "perfect" or "just the right thing", of knowing "we could be so happy here." Expressions of love for the properties themselves were also bound up with emotional appeals to the status and identity that ownership would bring. For L2, for example, making a purchase was a rite of passage, a transition to the adult world:

> "being a first-time buyer there's a great feeling of maturity buying a house ... you really feel you've come into your own and you can be considered a grown-up."

Anticipation about different neighbourhoods was also a feature of the emotional allure of the properties. Love for a neighbourhood is about more than just the relationship between buyer and area: it is also about choosing a spatial ideal, a place in which to identify with a particular image or lifestyle. And, of course, emotions are relational: delineating a place of love, and moving towards it, is sustained by the lack of such affection and feeling for other (possible alternative) areas and desire to move away from them. The factors that buyers identified as cementing their desire for a particular place were, unsurprisingly, differentiated across the neighbourhoods. In the high price neighbourhood, N, for example, great emphasis was placed on the aesthetic appeal of "the Georgian architecture ... if you afford to live in N it's the obvious place to be because it is so dramatically beautiful" (N2). To love this area, and to want to live in it, was an affective expression of a collective understanding that cultural identities are constructed in relation to place.

In contrast to N, in G and M considerable emphasis was placed on the attractions of the local facilities, including good state schools and easy access to jobs, shops, and green spaces; for many it was intimately bound up with an ideal of a (good) family life. G2, for example, wanted to "move within the [local school] catchment area because my son had been at [primary school] for several years and I didn't really want him moving schools". And although the property they ultimately bought fulfilled "all the requirements" for the neighbourhood and the school, it was the feeling from the house itself that was crucial to acting in the market and to making a high bid:

> "I felt instinctively ... that the house was right and it was perfect."

And in L, the low-price neighbourhood, much more appeal was made to the fearful consequences of loss—of buying in less expensive or less desirable neighbourhoods, or even of leaving the city altogether. Delineating L as an area of love was suffused with negative emotions about other places, about not living in "dodgy", "miserable" or "dumpy" neighbourhoods.

But it is to the ways in which love, hope, and pleasure have a bearing on price that we now turn. Desire for the right property—a property matched in all kinds of intangible as well as tangible ways with households' needs and personalities—became entwined with economic behaviour. As Ahmed (2004) suggests, the interesting question is about what these emotions 'do', both in terms of how individuals draw upon them, and of how emotional discourses become entangled with economic behaviour—in this case, with the decision to pay high prices for property. Love and desire for the property infuse the buyer's actions in the market: they enable the households to name a positive emotion, something which allows them to bond with the market and which takes shape through such bonding. Across the sample as a whole the respondents described the process by which their emotional attachment to a house 'stuck' them to the market and encouraged them to bid higher than seemed sensible to secure the sale. G10, for example, commented that "I just felt I was waiting for this house, that I had some feelings for it in some way." To realise this love, to secure the object of their affection, the households were prepared to bid a high price, and in this way the emotional relationship assumed an economic form. G10 continued:

> **Man**: "we pretty well bid our limit ..."
>
> **Woman**: "I feel in the circumstances it was the right thing to do but I still think we'd have got better value elsewhere or if we'd waited longer ... but I didn't think about it very much. I feel we had to do that and I feel it's the price we had to pay to get it."

And desire for the right neighbourhood also has an effect on price. High prices are a way to realise the love, hope, and anticipation that buyers construct in their relationship with the neighbourhoods they eventually bought into, as well as a way to avoid moving to less appealing ones. L17 was fairly typical of the households buying at the lower end of the market where the potential disadvantages of moving to a less desirable area were sharpest. She was put off moving to another area where a lot of the flats were "just horrible ... stairs full of rubbish, entry phones didn't work and stuff like that." To escape from this undesirable situation, she "ended up paying more than I'd originally intended" for a flat in L, which she regarded as an attractive location. The emotional appeal of a 'decent' area underpinned her decision to pay more than had initially seemed economically rational.

Issues about location, identification, and (high) price also open up for scrutiny the extent to which buyers orientate themselves towards or away from more conventional neoliberal accounts of economic behaviour as driven by financial and speculative calculation. In the high-price area, N, much more direct appeal was made to the investment potential of the properties as a justification for paying a higher price. Here, emotional discourses about the buyers' relationship with the neighbourhood elided in a mutually constitutive way with the familiar scripting of housing as an economic investment. N1, for example, upped their offer at the very last minute and talked about paying a high price for a 'better address" compared with other areas of the city they had looked at, in the expectation that they would "get a lot more interest when it comes to selling." Love, in this neighbourhood, would be returned with economic value.

In sum, then, participation in this market was not about the thrill of the chase, or about making a market killing. Love of and desire for a particular flat or house can easily outweigh financial calculation or anticipated returns on investment, and is a potent element in the complex cocktail of emotions which suffuse market action. The emotional investment in making a connection with a possible home, with ideals and collective identities, binds the buyer to the market, heightens and broadens the fear of anticipated loss, and underpins the decision to bid high prices for property, in ways that are not adequately captured in conventional analyses of housing markets. Winning and losing in housing markets is only partly about buying, or not, an appreciating asset: it is also about securing, or not, an object of desire.

Conclusion

In this paper we have drawn on ideas about the social and relational character of emotions to broaden accounts of the emotional economy of housing beyond the rhetoric of individual psychology presumed in economic and psychological studies of house-price inflation. We set out to demonstrate what an explicit account of emotions might add to our understanding of the housing transactions that take place in rapidly appreciating local markets. To conclude, we return to debates about the connections between economy and emotion that have the potential to animate accounts of housing-market behaviour: to accounts of how emotions become integral to ways of imagining and portraying markets, and to the implications of these emotional discourses for the experiences of individuals, for the materiality and meaning of markets, and for the price of housing.

For Ahmed (2004), emotions are 'things' which circulate and generate effects, and her work shows how emotional discourses are central to the making and shaping of individual and collective bodies—such as markets. It is not enough simply to claim that there is a connection between emotions and (economic) behaviour: instead, as we attempt to do here, it is more valuable to understand the particular connections between emotions and certain sorts of beliefs about what is valuable and important and how these are put into play in a particular instance. In our study, emotion, evidenced in respondents' narratives, shaped the market terrain as well as driving individual actions. Constructing the market as a 'frightening', 'scary', and 'alarming' place, and Edinburgh as a 'nightmare city' in which to buy property, was worked through tumultuous expressions of the desperation to move and the fierce desire for particular kinds of properties or neighbourhoods, and brought forward into the high price paid for housing. Our analysis shows that the 'emotional economy' of housing transactions depends on the interweaving of the meaning of home and the conduct of the market.

There has been a tendency in economists' studies of (house) price bubbles to assume that the emotions associated with rapidly rising markets are drawn from a limited range of positive feelings—most notably of buoyant confidence and optimism about future (house) prices. Our analysis upsets these conventional interpretations of 'irrational exuberance' by providing empirical evidence about the wider panoply of emotions which animate markets for housing. Emotions such as fear, desperation, and anxiety as well as love, hope, and anticipation, all infuse economic behaviour and help to explain why households pay seemingly irrational prices for property. We have argued that calculations of future gains and anticipated losses may be as much, if not more, concerned with considerations of emotional attachment and imagined loss than drawn from a calculus of expected price trajectories.

Further, while some previous work has foregrounded the emotional investment individuals make in their homes, concentrating on themes of identity and ontological (in)security, these studies have tended to concentrate on the expressed emotions of individuals rather than on the emotional terrain in which decisions are made. Our study is able to offer a more complex reading of the role of emotions *within* housing markets by scrutinising what the gamut of emotions actually 'do', both by way of shaping the market materiality, and by way of infusing the encounters, actions, and, ultimately, pricing decisions of the purchasers.

Although we have chosen to study the role of emotions in a rapidly appreciating market, the findings have wider applicability as part of a larger process of opening up (housing) markets for scrutiny. Markets are experienced as emotional terrains whether they are rising, falling, or relatively flat, although some particular emotional qualities may be more evident and sharply experienced at a time of rising prices. While our account does not attempt a systematic theorisation of the emotional economy of housing-market activity, it does offer some pointers to the more complex and nuanced ways in which emotional discourses shape the contours of housing markets and the actions of the buyers therein.

Acknowledgements. The data cited in this paper are drawn from an ESRC-funded study, "The Anatomy of a Housing Boom" (award no. R000222902), which also involved Liz Bondi and Shonagh McEwan. Susan Smith was supported by an ESRC Professorial Fellowship (RES 051-27-0126). The final version of this paper benefited from the thoughtful and positive comments of three reviewers.

References

Abraham J, Hendershott P, 1994, "Bubbles in metropolitan housing markets", WP 4774, National Bureau of Economic Research, Harvard University, Cambridge, MA

Ahmed S, 2004 *The Cultural Politics of Emotion* (Edinburgh University Press, Edinburgh)

Amin A, Thrift N (Eds), 2004 *The Cultural Economy Reader* (Blackwell, Oxford)

Anderson B, 2006, "Being and becoming hopeful: towards a theory of affect" *Environment and Planning D: Society and Space* **24** 733 – 752

Anderson S, 2005, "What do borrowers make of the mortgage industry?" *Housing Finance* **64** 1 – 10

Archer W, Gatzlaff D, Ling D, 1996, "Measuring the importance of location in house price appreciation" *Journal of Urban Economics* **40** 334 – 353

Ashworth J, Packer S, 1997, "Modelling regional house prices in the UK" *Scottish Journal of Political Economy* **44** 225 – 246

Barbalet J, 2001 *Emotion, Social Theory and Social Structure: A Macrosociological Approach* (Cambridge University Press, Cambridge)

Barbalet J (Ed.), 2002 *Emotions and Sociology* (Blackwell, Oxford)

Blunt A, Dowling R, 2006 *Home* (Routledge, London)

Bondi L, 2005, "The place of emotions in research: from partitioning emotion and reason to the emotional dynamics of research relationships", in *Emotional Geographies* Eds J Davidson, L Bondi, M Smith (Ashgate, Aldershot, Hants) pp 231 – 246

Bridge G, 2006, "It's not just a question of taste: gentrification, the neighbourhood, and cultural capital" *Environment and Planning A* **38** 1965 – 1978

Callon M, 1998, "Introduction: the embeddedness of economic markets in economics", in *The Laws of the Market* Ed. M Callon (Blackwell, Oxford) pp 1 – 57

Case K, Shiller R, 1988, "The behaviour of home buyers in boom and post boom markets", WP 2748, National Bureau of Economic Research, Harvard University, Cambridge, MA

Caulfield J, 1989, "Gentrification and desire" *Canadian Review of Sociology and Anthropology* **26** 617—632

Christie H, 2000, "Mortgage arrears and gender inequalities" *Housing Studies* **15** 877 – 905

Davidson J, Bondi L, Smith M (Eds), 2005 *Emotional Geographies* (Ashgate, Aldershot, Hants)

Diaz-Serrano L, 2005, "On the negative relationship between labour income uncertainty and homeownership: risk aversion vs. credit constraints" *Journal of Housing Economics* **14** 109 – 126
Ettlinger N, 2004, "Towards a critical theory of untidy geographies: the spatiality of emotions in consumption and production" *Feminist Economics* **10** 21 – 54
Foster K, 2004, "Has devolution made a difference? The pace of change in Scottish housing policy" *Housing Finance* **63** 58 – 69
Glaeser E, Gyouroko J, Saks R, 2005, "Why have house prices gone up?" *American Economic Review* **95** 329 – 333
Guy S, Henneberry J, 2000, "Understanding urban development processes: integrating the economic and the social in property research" *Urban Studies* **37** 2399 – 2416
Hassoun J P, 2004, "Emotions on the trading floor: social and symbolic expressions", in *The Sociology of Financial Markets* Eds K Cetina, A Prada (Oxford University Press, Oxford) pp 102 – 120
Hay C, 2004, "The normalizing role of rationalist assumptions in the institutional embedding of neo-liberalism" *Economy and Society* **33** 500 – 527
Hochschild A, 1979, "Emotion work, feeling rules and social structure" *American Journal of Sociology* **85** 551 – 575
Hochschild A, 1983 *The Managed Heart* (University of California Press, Berkeley, CA)
Johnes G, Hyclak T, 1999, "House prices and regional labour markets" *The Annals of Regional Science* **33** 33 – 49
Kauko T, 2004, "Towards infusing institutions and agency into house price analysis" *Urban Studies* **41** 1507 – 1519
Leishman C, Watkins C, 2004, "Intra-urban migration and housing submarkets: theory and evidence" *Housing Studies* **19** 269 – 283
Leslie D, Reimer S, 2003, "Gender, modern design and home consumption" *Environment and Planning D: Society and Space* **21** 293 – 316
Lupton D, 1998 *The Emotional Self* (Sage, London)
Mackenzie D, 2004, "The big, bad wolf and the rational market: portfolio insurance, the 1987 crash and the performativity of economics" *Economy and Society* **33** 303 – 334
Mackenzie D, Millo Y, 2003, "Constructing a market, performing theory: the historical sociology of a financial derivatives exchange" *American Journal of Sociology* **109** 107 – 145
Meen D, Meen G, 2003, "Social behaviour as a basis for modelling the urban housing market: a review" *Urban Studies* **40** 917 – 935
Milligan C, 2005, "From home to 'home': situating emotions within the caregiving experience" *Environment and Planning A* **37** 2105 – 2120
Munro M, Madigan R, 1998, "Housing strategies in an uncertain market" *The Sociological Review* **46** 714 – 734
Nettleton S, Burrows R, 2001, "Families coping with the experience of mortgage repossession in the 'New Landscape of Precariousness'" *Community, Work and Family* **4** 253 – 272
Ortalo-Magné F, Rady S, 2006, "Housing market dynamics: on the contribution of income shocks and credit constraints" *Review of Economic Studies* **73** 459 – 485
Robinson V, Hockey J, Meah A, 2004, "'What I used to do on my mother's settee': spatial and emotional aspects of heterosexuality in England" *Gender, Place and Culture* **11** 417 – 435
Saunders P, 1990 *A Nation of Homeowners* (Unwin Hyman, London)
SCC, 2000, "Home truths: a report on research into the experiences of recent home buyers in Scotland", Scottish Consumer Council, Royal Exchange House, 100 Queen Street, Glasgow G1 3DN
Shiller R, 1990, "Market volatility and investor behaviour" *American Economic Review* **80** 58 – 62
Shiller R, 2005 *Irrational Exuberance* (Princeton University Press, Princeton, NJ)
Siebrits J, 2005, "An overview of the national housing and mortgage markets in the UK" *Housing Finance* **64** 1 – 17
Smith S J, 2005, "States, markets and an ethic of care" *Political Geography* **24** 1 – 20
Smith S J, Easterlow D, Munro M, 2004, "Housing for health: does the market work?" *Environment and Planning A* **36** 579 – 600
Smith S J, Munro M, Christie H, 2006, "Performing (housing) markets" *Urban Studies* **43** 81 – 98
Stiglitz J, 1990, "Symposium on bubbles" *Journal of Economic Perspectives* **4** 13 – 18
Thrift N, 2004, "Intensities of feeling: towards a spatial politics of affect" *Geografiska Annaler, Series B* **86** 57 – 78

Tolia-Kelly D, 2004, "Locating processes of identification: studying the precipitates of re-memory through artefacts in the British Asian home" *Transactions of the Institute of British Geographers, New Series* **29** 314 – 329
Valentine G, 1993, "Negotiating and managing multiple sexual identities: lesbian time – space strategies" *Transactions of the Institute of British Geographers, New Series* **18** 237 – 248
Warrington M, 2001, " 'I must get out': the geographies of domestic violence" *Transactions of the Institute of British Geographers, New Series* **26** 365 – 382
Williams S, 2000 *Emotions and Social Theory* (Sage, London)