HEIDI DENEWETH

Real Property, Speculation and Housing Inequality

Bruges, 1550-1670

Introduction

The financial and housing crises of 2007 and 2008 sparked a renewed interest in the causes and consequences of crises. In particular the impact of rising inequality worried social scientists. It was feared that disproportionate social inequality, undermining the position of the middle class, might threaten societal stability and check economic growth. The same concerns stimulated historians to investigate the causes and – to a lesser extent – consequences of rising inequality in the past (Blondé, Hanus & Ryckbosch 2018; see also ch. 9 in this book). The link between inequality and economic growth was particularly high on the agenda. In the last decade, the research group around Guido Alfani has collected a large number of data on wealth inequality in Italy and Europe in a longitudinal perspective (Alfani 2015, online 2019). After Lindert (Lindert 2000a and b) had already rejected Kuznets' hypothesis (Kuznets 1955), which says that inequality rose during the first phase of economic growth but would decline again once a certain level of development had been achieved, Scheidel demonstrated that Europe had witnessed only three periods of declining inequality in its entire history: after the collapse of the Roman Empire, after the Black Death, and after both World Wars (Scheidel 2017). During all other periods, inequality was constantly on the rise. Furthermore Alfani stressed that it proves difficult to point out exact causalities since different forces were acting in different periods and places, and 'similar trends might have had deeply dissimilar underlying causes'. He therefore pleaded for new research that should look 'for complex and more case-specific explanations instead of trying to devise simple universal laws' (Alfani online 2019, 20).

In this chapter, I will investigate a single case – Bruges between 1550 and 1670 – in order to expose the mechanisms behind increasing wealth inequality in that particular period. My focus will be on the housing market, for three reasons. First, real property was one of the main components of wealth in early modern societies, hence, changes in property patterns might explain divergent trends in inequality. Second, real property was one of the ways of gaining access to financial markets in the sense that owners' access to larger and longer-term loans was facilitated because of their property that could be used as collateral. When used for productive investments, this contributed to economic growth. After the real property bubbles of 2007-08, house prices dropped below mortgage levels, prompting creditors to take measures to recoup as much of their capital as possible, or to seize and

Heidi Deneweth • Vrije Universiteit Brussel

Inequality and the City in the Low Countries (1200-2020), ed. by Bruno Blondé, Sam Geens, Hilde Greefs, Wouter Ryckbosch, Tim Soens & Peter Stabel, SEUH 50 (Turnhout, 2020), pp. 253-270.

 DOI 10.1484/M.SEUH-EB.5.120449

Figure 1 Location of the three neighbourhoods

Source: Deneweth (2008a)

auction properties and convert them into rentals. The resulting shift in property rates can also result in increasing inequality. Third, substantial research by Wouter Ryckbosch on inequality in the early modern Low Countries has been based on fiscal sources concerning the rental value of houses, unique sources that are comparable over time and space. Combining these with other sources, Ryckbosch found that inequality was the consequence of a changing functional distribution of income favouring capital over labour. The early modern period was not only characterised by an increasing concentration of property, but (income from) property was also better protected by urban governments than income from labour (Ryckbosch 2016; see also van Zanden 1995). Indeed, governments were far more lenient towards house-owners and their investment behaviour, even in periods when tenants were the ones who needed protection. I will therefore pay attention to housing/income ratios as well.

Literature on wealth inequality attributes a significant role to housing, but how exactly demand and supply on the housing market itself triggered inequality is less clear. Bruges is an interesting case in which to study these phenomena since economic change and high inflation undermined the purchasing power of the working classes and forced them to switch from owned to rented houses. Here, income inequality caused housing inequality. When the severe food crisis around 1580 was over, a massive emigration in 1585 caused house prices to drop, and wages doubled around 1600, one would expect that this would have countered the housing crisis and that lower social groups would eventually acquire property again. This was not the case because the elites were already massively investing in housing at that time. Their financial dealings and speculation reshuffled the housing market and property patterns, and drove house prices beyond the reach of workers' households. In this period, it was the dynamics on the real property market itself that induced higher housing inequality.

In what follows I will first introduce the case of Bruges with attention to economic and demographic variables, and present the research for this case study. I will then describe the nature and frequency of transactions on the housing market and their interaction with the financial market between 1550 and 1670. Since the aggregate level tends to flatten out divergent patterns for different submarkets, I will use a micro-historical analysis of three socially different neighbourhoods to explain different investment patterns and shifts in property patterns leading to increasing inequality.

Bruges

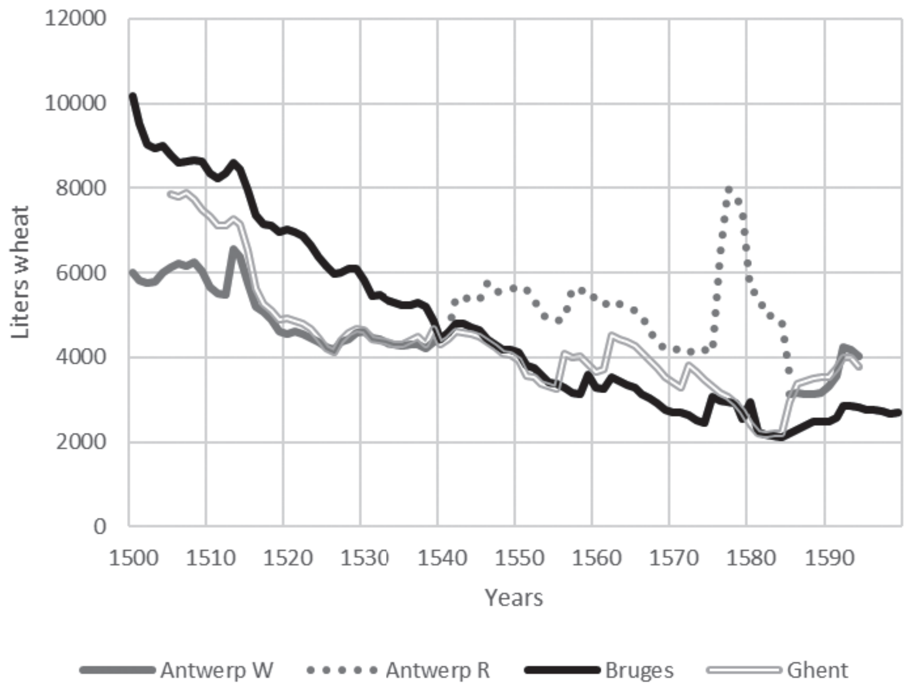
Bruges had been the main gateway for international trade and the main financial centre of Western Europe until a shift in the international trade routes and networks made Antwerp a better gateway from the end of the fifteenth century onwards. Still, both cities continued to operate as complementary ports throughout the sixteenth century, and international trade remained important until 1585, when the Scheldt connection to the North Sea was blocked during the Dutch Revolt (Brown & Dumolyn 2018; Bertels et al. 2011). During the seventeenth century, alternative connections with the ports of Ostend and Dunkirk made Bruges an important node in a network of waterways connecting the seaports with the hinterland of the southern Netherlands. The 1660s witnessed a short revival of international trade with the construction of a new trade basin, wharves and warehouses in the north of Bruges, the establishment of a new Chamber of Trade and Commerce, and the founding of the Greenland Company (whaling), all in 1665. Although trade volumes remained below those of Bruges' heyday in the late Middle Ages, the city continued to play a central role in transhipment and regional trade (Ryckaert et al. 1999).

Graph 1 Real wage (in litres of wheat) of master masons in Bruges, 1500-1670

Annual income of a master mason (Scholliers 1965a, 87-160) in litres of wheat (Verhulst 1965, 2, 3-70).

Bruges' second pillar was the textile industry which provided the bulk of exports. Around 1500, competition from rising textile centres in Brabant and neighbouring regions in the County of Flanders prompted product innovation and differentiation, which eventually created a shift from cloth to cheaper woollens and linen. Structural changes based on subcontracting and lower wages allowed the textile sector to survive. Craft guilds, however, never acquired a strong position in these new sectors and the incomes of linen workers were substantially lower than those of cloth workers (Vermaut 1974). Apart from textiles, luxury products such as tapestries, paintings, printed books and silver and golden objects were also highly sought after on the international markets until the sixteenth century, when they gradually faded away in early modern Bruges (Stabel forthcoming).

Whereas merchants and entrepreneurs profited from the reorientation and partial recovery of Bruges' economy until the 1670s (see also ch. 16 by Inneke Baatsen), the lower classes fell on hard times. The decline of international trade in the early sixteenth century had reduced employment in supporting sectors such as packing, weighing and transport. At the same time, increasing competition from the cottage industry undermined employment in the preparatory sectors of the textile industry, whereas the shift from cloth to linen production required less employment in the finishing sectors. The main problem, however, was the rapid deterioration in purchasing power during the sixteenth century (graph 1). Around 1500, craftsmen in Bruges still earned the highest wages in the Low Countries, and an estimated 45 per cent of the population lived in their own houses (Deneweth, Leloup & Speecke 2018). Sticky wages and high inflation during the sixteenth century let the purchasing power drop by 75 per cent (Blockmans 1998). Inflation was



Graph 2 Comparison of real wages in Antwerp, Bruges and Ghent in the sixteenth century

Annual real wages of master masons in litres of wheat: Bruges: Verhulst 1965, 2, 3-70; Scholliers 1965a, 87-160; Antwerp: Scholliers 1960; Ghent: Toch 1973, 4, 326-400; Scholliers 1965b, 353-461. Full information on wheat prices (W) for Antwerp was not available. Since rye prices (R) are often defined in a fixed correlation to wheat prices, I reconstructed hypothetical wheat prices (based on rye) for Antwerp.

high all over the Low Countries, but wages in Antwerp and Ghent were adjusted earlier and more substantially than those in Bruges. When, around 1540, real wages in Bruges dropped below those in Antwerp and Ghent (graph 2), master craftsmen left Bruges for better opportunities elsewhere. At the same time, structural changes in the textile industry attracted many lower skilled workers from southern Flanders, Hainaut and Artesia (Vermaut 1974; Thoen 1994; Deneweth 2011). These opposite migration trends gradually changed the social composition of the population, whereas the impoverishment of the lower social groups remaining in Bruges started to erode the position of the middling groups as well. Local producers and shopkeepers saw their sales volumes and profit margins drop to unprecedented levels (Dewitte & Viaene 1977, 66; compare with Van der Meulen, ch. 2 in this book). A grain crisis and extreme dearth around 1580 drove purchasing power to an absolute minimum. This coincided with the Calvinist Republic (1578-84) when Bruges, just like Ghent and Antwerp (compare Rogier van Kooten, ch. 13), revolted against Spain. Soon afterwards, Farnese reconquered the rebellious cities and Spain left their inhabitants the choice between (re)converting to Catholicism or leaving the country. In 1585, about one third of the population left Bruges, a decline from 38,000 to 25,000 inhabitants, partly for ideological reasons but mainly because of diminishing job opportunities and poor living standards (Deneweth 2010). It would take almost 15 years for the Bruges economy to recover and for population numbers to start to rise again, mainly by attracting low-skilled textile workers. Bruges' population reached 35,000 again in 1680, but already around 1600 wages were adjusted to the same levels as those in Antwerp and Ghent. The purchasing power almost tripled, compared to the crisis of 1580, but remained at only 60 per cent of what it had been around 1500. During the first half of the seventeenth century, it would decline again, however, with about one third (graph 1).

The question is how these economic and social changes in general, and the demographic crisis of 1585 in particular, impacted on property patterns and housing inequality. To answer this question, I first investigated the evolution of housing values and property patterns between 1583 and 1667, based on tax registers on housing values (Deneweth, Leloup & Speecke 2017, 2018). Second, I used the so-called *registers van de zestendelen,* a pre-cadastral source, to study the frequency and nature of land transactions, mainly sales, mortgages, sequestrations and public auctions. At the time of research, all transactions between 1580 and 1800 were integrated in a database for 23 per cent of all houses (1,875 out of 8,129), spread over the city centre and peripheral zones. Third, I made an in-depth analysis of the evolution of a sample of about 150 houses distributed over three neighbourhoods, with different locations (figure 1) and different socio-economic profiles. All notarial deeds relating to these houses were used to calculate the relationship between mortgages and property prices, and between housing and rental prices (Deneweth 2008a). Although this sample is very small, it provides a first impression of the price evolution for different housing categories, which is quite exceptional for the early modern period.[1]

Housing values, property rates and inequality

The tax registers on housing values were adjusted to real market prices in 1583 and 1667. They mention all housing values as a fixed percentage of the market price, respectively 6.25 and 5.0 per cent. Since rental fees were usually calculated in the same way, all housing values offer a representative image of the entire housing market (residential properties and rentals) for both years. A third tax register is available for 1382, although only for the administrative section of St James. We do not know the exact rate between housing values and market prices for that year, but the spread of housing values can be extrapolated with some reliability because all administrative districts extended from the central market square to the city walls and equally covered elite neighbourhoods, important access roads and poor neighbourhoods. Ryckbosch demonstrated that inequality in the housing market in Bruges diminished slightly with Gini coefficients of 0.49 (1382), 0.46 (1583) and 0.45 (1667) (Ryckbosch 2016 and online appendix). Based on a tax register of 1394-96, Stabel (forthcoming) demonstrates that St James was one of the more equal districts, with a Gini of 0.35 versus 0.4 and 0.44 in other parts of the city. This means that housing inequality in Bruges was declining in early modern Bruges, which is counter-intuitive in light of the social and economic context sketched earlier. Ryckbosch stipulated that an increasing

1 The only exception is Eichholtz and Lindenthal (2014) for early modern Amsterdam, based on a similar research methodology.

concentration of property was one of the explanatory factors. Indeed, the percentage of owners living in their own houses dropped from 43 through 34 to 27 per cent. But what caused this concentration? Variety in housing was reduced as well: variation coefficients of houses declined from 1.55 in 1382 through 1.01 in 1583 to 0.95 in 1667 (Deneweth, Leloup & Speecke 2018, 27). Could it be that housing values do not reflect changing inequality that well, and that the housing market itself was one of the main catalysts of changing inequality instead?

Two important trends in the housing market can be discerned. In 1382, many houses in the city centre and along the main entrance roads were already constructed in stone and masonry, in combination with (partly) wooden façades. Most roofs were covered with durable, more fireproof materials, which made housing in the city centre quite expensive. The urban periphery, on the other hand, had very modest houses, often a combination of wood and loam, with straw roofs. Since these cheaper building materials kept housing prices down, access to property was easier for the lower social groups. During the Late Middle Ages, the purchasing power of craftsmen was quite high in Bruges, certainly when compared to other cities. Stimulated by urban fire prevention measures and subsidies, both residential owners and investors renewed or renovated their houses. By 1583, all houses were of brick construction with hard and fireproof roofing, although some kept their often highly decorated wooden façades until the nineteenth century. The change in building materials was one of the reasons for the diminishing variation in housing prices, although changing demand must have impacted on them as well. The strong erosion of the purchasing power of the lower social classes also affected the lower middling groups in the second half of the sixteenth century. This must have increased demand for cheap houses and, as a result, also raised relative prices in the lower segment of the market, therefore causing the variation in prices to decline. Sources are lacking for this period, but we can document a similar trend much better for the following period.

Our focus, indeed, is on the period between 1583 and 1667, when a second important trend can be identified in the dynamics of the property market itself. During that period, the concentration of property further increased from 34 to only 27 per cent of owners living in their own houses. Remarkably, median housing values increased from 480 to 1,680 Flemish groats, an increase with a factor of 3.5. Taking into account that housing values represented respectively 6.25 and 5.0 per cent of house prices, this means that median market prices in reality increased from 7,680 to 33,600 Flemish groats, a nominal increase of a factor of 4.4. This increase had nothing to do with new building materials, new construction techniques or new housing types, but was nothing more than the outcome of the dynamics of the housing market itself (Deneweth 2020).

This rapid surge in housing prices is quite surprising, given that in 1585 one third of the population left Bruges for new opportunities elsewhere. At least one third of all houses, but also many warehouses and workshops, were vacated at that time, which must have led to falling housing prices at first. We would have expected that the combination of falling house prices and increasing purchasing power as soon as nominal wages doubled in around 1600 (graph 1) would have led to improved access to housing and increasing property prices again. This was not the case; on the contrary, many households of the lower middling groups and below moved from their own homes to rented accommodation, whereas newcomers continued to prefer rental housing since they remained highly mobile.

On the other hand, wealthier groups extended their investments in property. These trends are well documented by our micro-analysis of neighbourhoods.

The micro-analysis of three neighbourhoods (figure 1), each with a different socio-economic composition, clearly shows that property patterns evolved very differently according to location and the social identity of their inhabitants. The first housing block (*Riddersstraat*) belonged to an elite neighbourhood in the city centre where most houses had very high housing values and were inhabited by mayors, councillors, merchants, lawyers, clergymen and rentiers. Contrary to the aggregate trend, the percentage of residential owners increased from 37 to 47 per cent. They invested in the expansion of their residences by joining houses into larger units and converting adjacent houses into stables, coach houses, kitchens and living quarters for servants. As a consequence, the number of individual houses declined from 35 (1550) to 25 (1667). The second neighbourhood (*Eekhoutstraat*) was situated along one of the main entrance roads, close to the city centre, and was inhabited by guild officials and master craftsmen – in 1550 mainly leather workers, later craftsmen of mixed occupations. The housing values were quite high (upper middle class). Property rates were exceptionally high in the 1580s but declined from 51 to a still impressive 44 per cent of residential owners in the 1670s. The number of houses in two adjacent housing blocks declined from 42 to 37, merely due to the conversion of former rental houses into warehouses, workshops or larger housing units along the side streets. The third housing block (*Sint-Clarastraat*) was more peripheral to the city centre, housing values belonged to the second lowest quintile, and the houses were inhabited by weavers, tapestry weavers, journeymen and labourers. The number of houses declined from 53 to 33 units between 1550 and 1667, partly due to the consolidation of former plots into larger units and partly due to the demolition of former rental houses. Property patterns witnessed a dramatic decline from 74 to only 25 per cent of resident owners (full details in Deneweth 2020).

An in-depth analysis of what exactly happened during the period under discussion establishes very divergent trends, originating from different causes: shifts in supply and demand for housing, urban regulations related to vacancy, manipulation of the supply side of the rental market, and different forms of speculation and investment in property. The timing of these processes was different, but subsequent trends reinforced each other. On the one hand, higher middling groups and elites profited from the massive emigration and falling housing prices by acquiring better located houses, extending their residences, and improving their personal comfort. Lower social groups, on the other hand, lost their property at first, but should have been able to improve their position once the economy rebounded and housing prices were still reasonably low. This was not the case, because investment strategies and speculation by the higher social strata drove prices up so fast that they were no longer affordable for labourers and craftsmen. Let us first focus on the housing situation of the lower social groups.

Crisis, mortgages and sales

Whereas craftsmen in Bruges had earned the highest wages in the Low Countries around 1500, and a presumed 45 per cent of the population still inhabited their own houses around

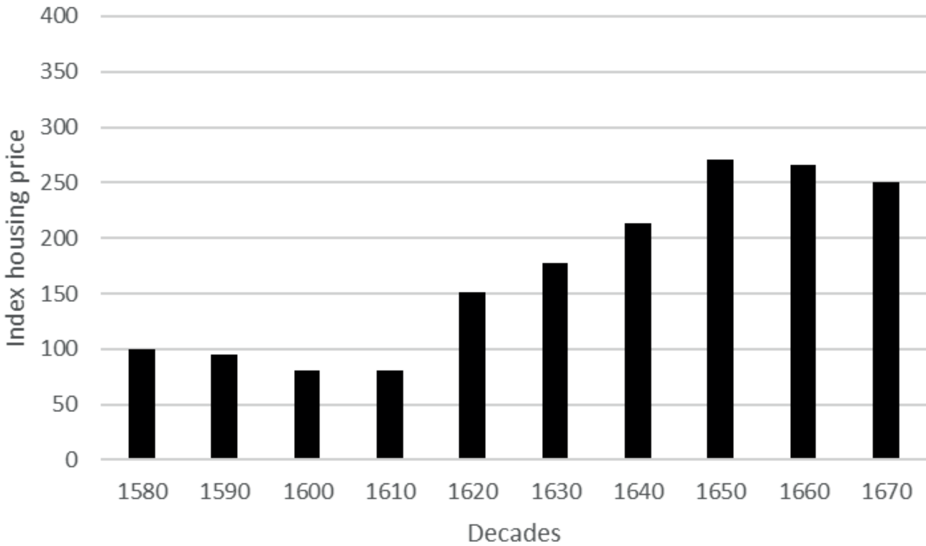
1550, the end of the sixteenth century was a bitter period for labourers and lower middling groups. Sustained sticky wages and high inflation, together with the extreme dearth around 1580, brought their purchasing power down to an absolute minimum. The prolonged crisis had consumed the few savings they had, if any, and induced high indebtedness, especially among lower (middling) groups in neighbourhoods such as the *Sint-Clarastraat*. In those streets, most houses were relatively small in 1583, but they still had their own gardens. Their rental values were in the second lowest quintile, but they were affordable for the lower middling groups, since 74 per cent of all houses were inhabited by their owners. On closer inspection, however, the situation was less rosy. Many households could ill afford even the basic foods and they had postponed maintenance works on their houses for many years, indicating that they were now on the verge of poverty. Several houses were in such a bad state of repair that they were eventually sold for the value of the land and with a note that the new owner could re-use the building materials that could be recovered from the ruins.[2]

Additionally, many owners had accumulated arrears of rent and annuity payments at a time when they needed additional loans or credit most urgently. It must be stressed that most creditors did not manifest immediate predatory behaviour in the crisis of the late 1570s. For instance, many ecclesiastical institutions owned rents and annuities that the original landlords had donated to them during the Middle Ages. Since 1304, it had been forbidden to adjust existing rents to current market prices and these rents therefore represented only a very small percentage of the total value of the houses (Gilliodts-van Severen 1874-75, 1, 314). Nevertheless, several owners accumulated arrears for many years without any reaction from the institutions. Private creditors who had granted informal loans or loans on collateral were also quite lenient towards their debtors during this crisis. Unfortunately, the crisis lasted for a long time and at one point creditors had to intervene in order not to lose their priority claims: within three years for non-mortgaged and informal credit, within ten years for all forms of mortgaged credit (including land rents). The period during which most creditors needed to initiate sequestration and auctions in order not to lose their priority claims unfortunately coincided with a crisis of a different kind.

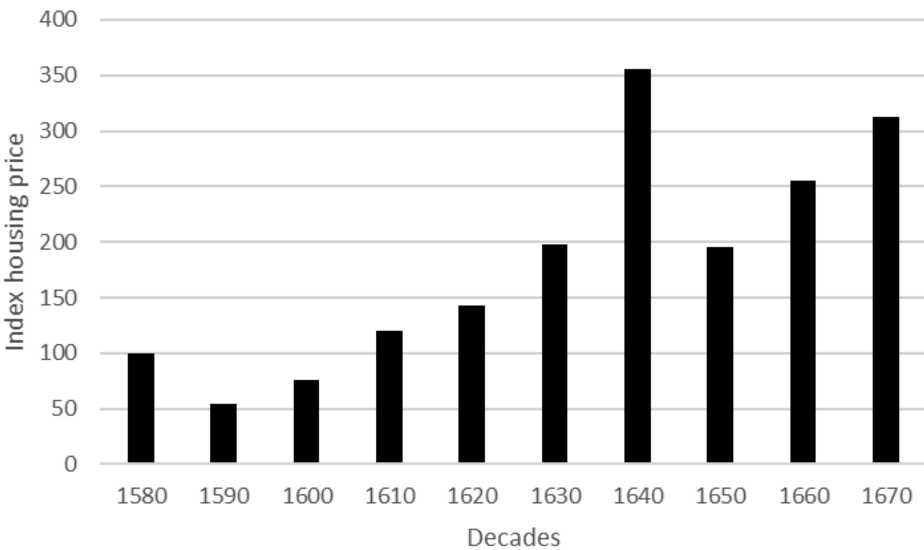
From 1585 onwards, the mass emigration of at least 13,000 people not only destabilised the economy and the labour market, but it also created an enormous gap in the housing market in which house prices declined by 40 to 50 per cent (graph 3 a, b). The decline was most noticeable in the category of cheap houses which were the first victims of over-mortgaging, as we can see in the block near *Sint-Clarastraat*. To modern standards, over-mortgaging means that the mortgage exceeded the value of the house. For early modern cities, however, this should be interpreted differently. Mortgages did not usually exceed 30 per cent of the house price. This was the customary rule in medieval Paris (Godding 1960, 227), but such rules lack any legal basis in the Low Countries. Still, this rate seems to have been an implicit norm there as well, which must be explained by the high occurrence of other personal and non-mortgaged debt. Society thrived on credit and every household had personal debts for consumption, rent, taxes and small personal loans, all secured by the person and the

2 CAB, OA, 198, *Klerken van de vierschaar,*186, f. 21r, 24 September 1601 (houses NIK/0843 and 844).

A General image



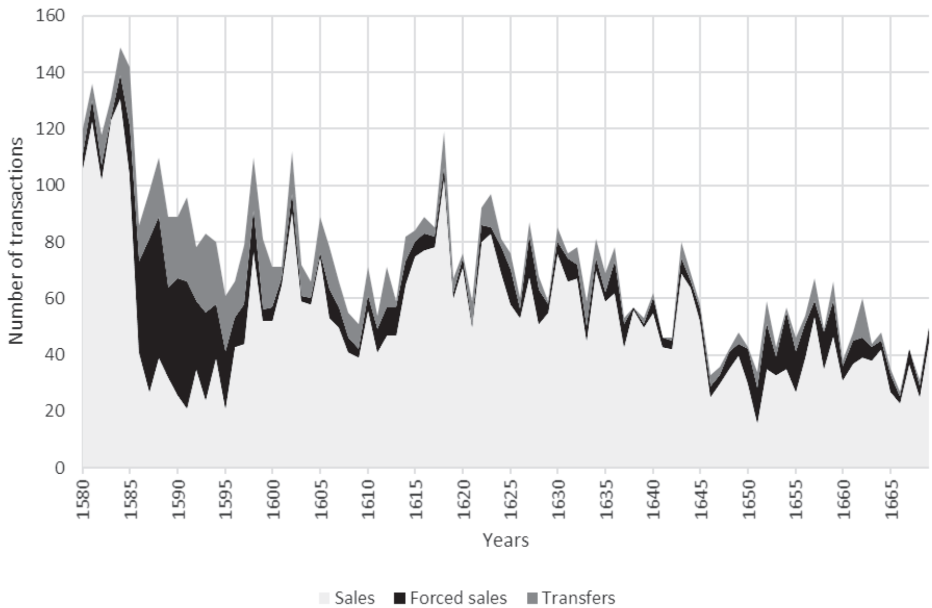
B Cheap houses



Graph 3 Prices of houses

3.A. Based on a sample of 462 sales (1580s-1670s) in the three neighbourhoods under discussion. Sale prices could be reconstructed for 196 sales.

3.B. Based on a sample of 100 sales of cheap houses. Sale prices could be reconstructed for 49 sales. Obviously, the trend is only indicative for the market.



Graph 4 Sales, forced sales and transfers (1580-1670)

The number of property transfers relates to a sample of 23 per cent of all houses in Bruges (1,875 out of 8,129). Between 1580 and 1670, the total number of sales was 6,070, forced sales 1,085 and transfers of property rights 847. For full details see Deneweth 2008a, 562-622 (sales), 697-714 (forced sales), 717-729 (transfers of property rights).

goods of the debtor (Muldrew 1998; Stabel forthcoming). The remaining 70 per cent of the housing value can be considered as security for the creditors of non-mortgaged credit (Van Bochove, Deneweth & Zuijderduijn 2015). In Bruges, the average mortgaged debt during the 1580-1800 period equalled 27 per cent of the housing value. As soon as the weight of mortgages rose from an average 24 per cent of the housing price in the 1580s to 34 per cent in the 1590s, creditors were in a higher state of alert and proceeded to sequestration more easily, the more so since their maximum terms for intervention after the crisis of the 1580s were reached as well. The impact of sequestrations and auctions was never as high as it was during the 1585-95 period (graph 4).

This in turn, created an additional supply of houses and led to further declining housing prices, with ever higher rates of over-mortgaging. The *tRoot Hertkin* inn along the *Sint-Clarastraat* might be an extreme example. It changed owners 15 times between 1580 and 1630, in both voluntary sales and enforced auctions, while two parts of the garden were sold to neighbours. In 1620, the mortgage reached no less than 79 per cent of the value of the house, which kept the creditors of the successive owners in a high state of alert. Since buyers took over existing mortgages, they only had to make a very small down payment for the house, but soon found out that they were also incapable of paying the required interest on the mortgage, which left them without money for the maintenance works needed. The turnover of real property was high in these neighbourhoods, and the quality of lower-class housing deteriorated even more. Eventually, this particular inn, together with seven adjacent houses, was demolished for the construction of a new house intended for a higher-class investor.[3]

In lower class neighbourhoods, the combination of a prolonged period of declining living standards and extreme dearth around 1580, and of accumulated debts and falling housing prices proved to be detrimental for many small owners who were eventually forced to switch from owned to leased property. In this first phase, a large supply of housing created fertile ground for property concentration. But who bought property and for what purpose?

Investments and speculation lead to increasing inequality

Mayors, councillors, public servants, merchants, guild governors and entrepreneurs who decided to stay in Bruges were less affected by declining living standards. Many could fall back on their assets or income from business and investments. As a matter of fact, the enormous number of empty properties and the collapse of property prices at the end of the sixteenth century offered them the right opportunities to resettle in well-located neighbourhoods and expand their residences and workspaces. The micro-study of the *Riddersstraat* revealed that this former nucleus of international trade had become a residential neighbourhood in the sixteenth century. It was conveniently located near the *Burg,* where the administration of the city, of the Liberty of Bruges and of the bishop were all concentrated, a perfect location for the elites. Some owners profited from the property crisis of the 1580s to acquire houses there, or to expand existing residences and gardens, and reconvert adjacent houses into stables or coach houses. In the third case-study property patterns along the *Eekhoutstraat,* one of the main entrance roads to the old city centre, were analysed. The favourable commercial location ensured that none of these houses remained vacant for too long. They were in high demand from master craftsmen and shopkeepers and they were, therefore, never joined into larger units. Vacated houses in the side streets or backstreets, on the other hand, were often converted into workshops or warehouses. Both neighbourhoods maintained relatively high levels of residential owners throughout the seventeenth century, with 47 and 44 per cent in 1667, well above the urban average of 27 per cent (Deneweth 2020).

While the first years after the emigration shock of 1585 offered wealthier groups the opportunity to (re)settle in better locations or expand their own residences, soon afterwards they began to detect additional investment and even speculation opportunities in real property. The narrow definition of 'speculation' is 'to buy or sell in expectation of profiting from market fluctuations', but a more general definition is 'assuming a risk in hope of future gain' (Merriam Webster online dictionary). This future gain was expected on two levels: rent and sales.

The rental market seemed to be a good investment opportunity since small owners were massively switching to leased property. Since the general supply of housing was still too high, and thus housing prices were low, several investors took action to manipulate

3 CAB, OA, series 198, 713, f. 111 and f. 155; 69, p. 469; 775, f. 176; 1108, f. 184; series 138, Sint-Niklaas, f. 1477.

Graph 5 Comparison of sale price and rental price indices

This sale price index is based on a small sample of 196 houses and should be considered as indicative of a trend rather than representative of the entire market. Full details are in Deneweth 2008a, 609-618. The rental price index is based on Masson 1972, 3-94.

the rental market. Urban regulations, being promulgated in the – perhaps too optimistic – expectation that Bruges would be repopulated in the near future, forbade the demolition of houses.[4] Reality, however, differed from the norm, and we observe a divergent evolution between the city centre and peripheral neighbourhoods. In the city centre empty or existing rental houses in well-located neighbourhoods, such as the side streets of *Riddersstraat* and *Eekhoutstraat*, were joined into larger units, simply by making an additional opening between two houses on the upper floors. This had nothing to do with extending houses and creating more comfort for the residing owners as was the case with elite housing, but was meant to preserve the existing patrimony of rental houses. Even if the total number of houses declined, these larger units generated higher prices. It was often master craftsmen in construction who bought existing houses, joined them together, leased them for a couple of years and sold them again. In peripheral neighbourhoods, on the contrary, poorly maintained houses were simply demolished, integrated into neighbouring plots, or retained by the owners in the hope of future development (Deneweth 2008a, 253-303). A second evolution was not directly linked to speculation but eventually reinforced it. Since wars and looting in the countryside had driven many religious communities to their urban refuges, the spirit of the Counter Reformation stimulated them to build new convents and expand their domains in surrounding lower-class neighbourhoods. This was quite obvious around the *Ten Duinen* abbey in the north-east of Bruges, but several other

4 First proclamation: CAB, OA, series 120, reg. 1, f. 352 (1499); repeated in CAB, OA, series 120, reg. 9, f. 276v (1587), reg. 10, f. 375 (1602), reg. 11, f. 66 v (1605).

convents incorporated adjacent houses as well (Deneweth 2008b). The result of both evolutions was that by 1600 the demand for and supply of houses had adjusted again, and this finally countered the drop in housing prices.

In this very same period, between 1600 and 1620, the textile industry started to revive, wages in other sectors were adjusted to similar levels to those current in Antwerp and Ghent, and textile workers from southern Flanders and northern France started to repopulate Bruges, even if it was at a slower pace than hoped for. These immigrants were often lower skilled workers who could not afford their own houses and did not really intend to buy one, since they formed highly mobile groups which travelled between textile centres according to employment opportunities (Junot 2012). As a result of changing demographics, rental prices started to rise again, and investors were rewarded for their patience (graph 5). Since housing prices would soon follow the same trend, especially after the wages of master craftsmen had doubled, others realised that it was the right moment to buy cheap houses and make nice returns from rent, or from future sales. Unfortunately, the few prices I could collect for that period are insufficient to document speculation by buying and selling, but the combination of rising prices (graph 3) and high activity on the market for sales (graph 4) justifies this hypothesis that should be corroborated by future research.

Since wage adjustments in Bruges coincided with a period of declining food prices, we would expect an improved standard of living in combination with low housing prices to lead to more investment by the lower middling groups as well. This was not the case, for three main reasons. First, the previous crises of the sixteenth century (sustained declining living standards and an extreme dearth around 1580) had induced high indebtedness on the personal level. This not only affected the creditworthiness of possible buyers but made it also increasingly difficult to make the required down payments, since mortgages had to remain around 30 per cent. Second, the manipulation of housing supply and investments by the higher social groups drove house prices up much faster than labourers and master craftsmen could afford, especially in the market segment of cheap houses (graph 3b). The impact was disastrous for them. Wages of masons, for example, doubled at the beginning of the seventeenth century, from 3,024 to 6,048 Flemish groats for a bricklayer's assistant, and from 6,048 to 12,096 Flemish groats for a master mason. House prices, on the other hand, increased by a factor of 4.4 between 1580 and 1670. Whereas a bricklayer's assistant needed 1.6 annual incomes to purchase a cheap house in the 1580s, he needed 5.4 annual incomes to buy the same house in 1670. Obviously, it took him many more years before he could save the necessary amount for his deposit. Even if wages doubled, the cost of living increased much faster. Where a bricklayer's assistant spent 7 per cent of his annual income on a median rent in the lowest quintile of houses in 1580, he paid 11.2 per cent in 1670; a master mason's rent budget for houses in the second lowest quintile rose from 5.4 to 7.9 per cent of his annual income. One would expect that this was not that bad in the light of doubled wages. However, considering that during the first half of the seventeenth century food prices rose again by 49 per cent, and prices for combustibles tripled (firewood) or even quadrupled (peat), their savings capacity was severely affected, which is clearly reflected in property rates. The number of households living in their own houses dropped from 43 per cent in 1382 (perhaps a bit more around 1500) to 34 per cent in 1583 and a mere 27 per cent in 1667 (Deneweth 2008a). A third reason was the result of speculation. Wealthier families had invested in property with the purpose of leasing it. Although some of them must have profited from buying and selling in the period of fast rising housing prices, most families preferred to lease their property. This is clear from the average period of ownership of cheap housing which increased from 10 years for houses acquired in the 1580s to 39.4 years for houses purchased in the 1630s. Compared to the housing price at the date of purchase, the return from further increasing rents was quite lucrative. On the other hand, even if craftsmen were willing to buy a house – many of them were lower skilled and highly mobile migrants working in the textile sector – the opportunities to do so were much fewer from the 1630s onwards since wealthier investors were active on this very same market and drove housing prices up faster than craftsmen could afford. These three trends reinforced each other and led to a sustained concentration of property that was not countered once the crisis of the late sixteenth century was over.

Conclusion

Rental values of houses have often been used as indicators for changing income inequality over time or for differences in inequality between cities, often departing from the notion that everyone lives in the house he can afford (Ryckbosch 2016). Ryckbosch already suggested that rental values were perhaps not always representative of incomes, especially during periods of concentration of property. This case study of Bruges, with micro-studies for different neighbourhoods and social groups, has demonstrated that changes in the housing market itself prompted housing inequality.

During the Late Middle Ages, the introduction and wider use of new construction materials such as brick and tiles (instead of wood and straw) made housing more expensive and less accessible for the lower social groups. During the early modern period, investment strategies by wealthier groups, combined with a certain degree of manipulation of supply and demand on the housing and rental markets, influenced housing prices. However, it was the speculation strategies of wealthy investors that drove these prices up beyond the reach of the lower social (middling) groups. The differential price evolution of different housing categories reduced price variations on the housing market, suggesting that housing or income inequality was diminishing, whereas the social reality was that (rental) housing became more expensive and less accessible for the lower social groups, which was shown by the dropping property rates. This makes us question the representativeness of housing values of income inequality. The focus should be on changes in the housing market itself.

Concentration of property is indeed an important factor, but this can happen only in a context in which owners are willing or have been forced to sell their houses. Sixteenth-century Bruges witnessed the right circumstances for a larger supply on the housing market. Shifts in international trade and structural changes in textile production led to a slowdown in economic growth (especially when compared to Antwerp) and to social polarisation. Opposite migration trends (emigration of middling groups and immigration of labourers) gradually changed the social composition of the population. These processes eventually favoured the market for rental housing. The biggest problem, however, was the successive crises (see also Friedrichs 1975) that undermined the position of the lower social groups: a sustained decline in real wages, the erosion of the savings capacity, the extreme dearth around 1580, and the mass emigration of 1585 that not only destabilised the labour market but also created such a vacancy on the housing market that prices dropped. This in turn caused the over-mortgaging of houses and finally resulted in major shifts on the property market. We can compare this mechanism very well to what Thijs Lambrecht described in this book (Chapter 8). In his case study, it was increased taxation that undermined the purchasing power and savings capacity of lower social groups in the countryside.

Whereas the very much reduced purchasing power of lower social groups in Bruges prompted housing inequality at the end of the sixteenth century, this process was not countered when, around 1600, the wages of craftsmen and labourers doubled in a period when housing prices were still low. Unfortunately, the indebtedness of lower social groups was still such that they could not react in time, and the investment and speculation strategies of wealthy groups drove housing prices up too fast and took them beyond reach of many. Since rental prices usually reflect housing prices, the rapidly increasing rents took up an increasing share of the budget, which reduced the savings capacity once again. Dynamics in the housing market itself caused further inequality. Very similar mechanisms have been established by Thijs Lambrecht (chapter 8) and Sam Geens (chapter 12). Lambrecht demonstrated how increased taxation resulted in the loss of land formerly owned by lower social groups. It was urban elites who were the first to invest in this land. Sam Geens found that after wars the destruction of property (and lives) in the countryside opened up similar opportunities for urban elites to invest in land. In both cases the resulting concentration of property induced higher inequality as well.

Alfani (online 2019) has pointed to the institutional context as an explanatory factor in processes of inequality. The same link between institutions and inequality also resonates from Griet Vermeesch's chapter 11 in this book. She stipulates that lower courts could have been accessible for lower social groups, but it was exactly these groups that participated less frequently in court cases, the majority of which concerned credit relations. Institutions have not been the subject of my research, but it is clear that the urban authorities and existing legal systems mainly protected property and creditors, not tenants and debtors. For a large part of the population, it was regrettable that nothing was done to combat the excesses of speculation or to provide affordable social housing for workers. The lack of intervention reinforced the processes of inequality.

References

Alfani, Guido. 2015. "Economic Inequality in Northwestern Italy: a Long-Term View (Fourteenth to Eighteenth Centuries)." *Journal of Economic History* 75, no. 4 (December): 1058-1096.

Alfani, Guido. Online 2019. "Wealth and Income Inequality in the Long Run of History." In *Handbook of Cliometrics*, ed. Claude Diebolt and Michael Haupert. Berlin: Springer. https://doi.org/10.1007/978-3-642-40458-0_29-1.

Bertels, Inge, et al., eds. 2011. *Antwerpen. Biografie van een Stad*. Antwerp: De Bezige Bij.

Blockmans, Wim. 1998. "'Fondans en Melencolie de Povreté'. Leven en Werken in Brugge 1482-1584." In *Brugge en de Renaissance. Van Memling tot Pourbus*, ed. Maximiliaan Martens, 26-32. Bruges: Stichting Kunstboek.

Blondé, Bruno, Jord Hanus and Wouter Ryckbosch. 2018. "The Predatory State? Urban Finances, Politics and Social Inequality in Sixteenth-Century 's-Hertogenbosch." In *Entrepreneurs,* *Institutions & Government Intervention in Europe (13th-20th Centuries). Essays in Honour of Erik Aerts*, ed. Brecht Dewilde and Johan Poukens, 101-115. Brussels: ASP.

Brown, Andrew, and Jan Dumolyn, eds. 2018. *Medieval Bruges c. 850-1550*. Cambridge: Cambridge University Press.

Deneweth, Heidi. 2008a. "Huizen en Mensen. Wonen, Verbouwen, Investeren en Lenen in drie Brugse Wijken van de Late Middeleeuwen tot de Negentiende Eeuw." Unpublished PhD thesis. Brussels: Vrije Universiteit Brussel.

Deneweth, Heidi. 2008b. "De Identificatie van Enkele Verdwenen Straten nabij de Potterierei in Brugge." *Brugs Ommeland* 48, no. 4 (October): 222-227.

Deneweth, Heidi. 2010. "Een Demografische Knoop Ontward? Brugse Bevolkingscijfers voor de Vroegmoderne Tijd." *Handelingen van het Genootschap voor Geschiedenis* 147, no. 1: 3-48.

Deneweth, Heidi. 2011. "Migratiebeleid, Armenzorg en Arbeidsmarktregulering. Brugge in de Zestiende Eeuw." In *Werken aan de Stad. Stedelijke Actoren en Structuren in de Zuidelijke Nederlanden 1500-1900. Liber Alumnorum Catharina Lis en Hugo Soly*, ed. Margo De Koster et al. 103-118. Brussels: ASP.

Deneweth, Heidi. 2020. *Goede Muren Maken Goede Buren. Verbouwingen en Buurtleven in Brugge (1500-1800)*. Bruges: Genootschap voor Geschiedenis.

Deneweth, Heidi, Ward Leloup and Mathijs Speecke. 2017. "Visualising Urban Change. Bruges (Belgium) 1300-1700." In *Mapping Urban Changes. Mapiranje Urbanih Promjena,* ed. Ana Plosnić Škarić, 336-363. Zagreb: Institute of Art History.

Deneweth, Heidi, Ward Leloup and Mathijs Speecke. 2018. "Een Versteende Ruimte? De Impact van Stedelijke Veranderingsprocessen op de Sociale Topografie van Brugge, 1380-1670." *Stadsgeschiedenis,* 13, no. 1: 19-40.

Dewitte, Alfons, and Antoon Viaene. 1977. *De Lamentatie van Zeghere van Male: Brugge na de Opstand tegen Spanje, 1590*. Bruges: Gidsenbond.

Eichholtz, Piet, and Thies Lindenthal. 2013. "That's What We Paid for It. The Spell of the Home Purchase Price through the Centuries." Working paper, version of 23 January 2013. http://www.cgeh.nl/sites/default/files/That%27s%20what%20we%20paid%20for%20it_2013-01-21_TL.pdf

Friedrichs, Christopher R. 1975. "Capitalism, Mobility and Class Formation in the Early Modern German City." *Past and Present,* 69, no. 4 (November): 24-49.

Gilliodts-van Severen, Louis. 1874-1875. *Coutumes des Pays et Comté de Flandre. Quartier de Bruges. Tome second. Coutumes de la ville de Bruges*. Brussels: Gobbaerts.

Godding, Philippe. 1960. *Le Droit Foncier à Bruxelles au Moyen Age*. Brussels: ULB – Institut de sociologie Solvay.

Junot, Yves. 2012. "Heresy, War, Vagrancy and Labour Needs: Dealing with Temporary Migrants in the Textile Towns of Flanders, Artois and Hainaut in the Wake of the Dutch Revolt (1566-1609)." In *Gated Communities? Regulating Migration in Early Modern Cities,* ed. Bert De Munck and Anne Winter, 61-80. Farnham: Ashgate.

Kuznets, Simon. 1955. "Economic Growth and Income Inequality." *American Economic Review* 45, no. 1 (March): 1-28.

Lindert, Peter H. 2000a. "Three Centuries of Inequality in Britain and America." In *Handbook of Income Distribution*, ed. Anthony B. Atkinson and François Bourguignon, 167-216. London: Elsevier.

Lindert, Peter H. 2000b. "Making the Most of Capital in the 21st Century." NBER Working Paper no. 20232, National Bureau of Economic Research, Cambridge, MA.

Masson, Freddy. 1972. "Huishuren te Brugge (1500-1796)." In *Dokumenten voor de Geschiedenis van Prijzen en Lonen in Vlaanderen en Brabant, XVe-XVIIIe eeuw,* ed. Charles Verlinden et al., 3, 3-94. Bruges: De Tempel.

Muldrew, Craig. 1998. *The Economy of Obligation. The Culture of Credit and Social Relations in Early Modern England*. Basingstoke: Palgrave.

Ryckaert, Marc, et al., eds. 1999. *Brugge: de Geschiedenis van een Europese Stad*. Tielt: Lannoo.

Ryckbosch, Wouter. 2016. "Economic Inequality and Growth Before the Industrial Revolution: the Case of the Low Countries (Fourteenth to Nineteenth Centuries)." *European Review of Economic History* 20, no. 1 (February): 1-22; https://academic.oup.com/ereh/article/20/1/1/2465267. Online appendix.

Scheidel, Walter. 2017. *The Great Leveler. Violence and the History of Inequality from the Stone Age to the Twenty-First Century.* Princeton, NJ, and Oxford: Princeton University Press.

Scholliers, Etienne. 1960. *Loonarbeid en Honger. De Levensstandaard in de XVe en XVIe Eeuw te Antwerpen.* Antwerp: De Sikkel.

Scholliers, Etienne. 1965a. "Lonen te Brugge en in het Brugse Vrije (XVe-XVIIe eeuw)." In *Dokumenten voor de Geschiedenis van Prijzen en Lonen in Vlaanderen en Brabant, XVe-XVIIIe Eeuw*, ed. Charles Verlinden et al., 2, 87-160. Bruges: De Tempel.

Scholliers, Etienne. 1965b. "Lonen te Gent (XVe-XIXe eeuw)." In *Dokumenten voor de Geschiedenis van Prijzen en Lonen in Vlaanderen en Brabant, XVe-XVIIIe Eeuw,* ed. Charles Verlinden et al., 2, 353-461. Bruges: De Tempel.

Stabel, Peter. Forthcoming. *A Capital of Fashion. Guilds and Economic Change in Late Medieval Bruges.* Oxford: Oxford University Press.

Thoen, Eric. 1994. "Immigration to Bruges during the late Middle Ages." In *Le Migrazioni in Europa (secc. XIII-XVIII). Atti della "Venticinquesima Settimana di Studi", 3-8 maggio 1993*, ed. Simonetta Cavaciocchi, 335-353. Prato: Istituto Internazionale di Storia Economica F. Datini.

Toch, M. 1973. "Prijzen uit Gentse Instellingsrekeningen (16de Eeuw)." In *Dokumenten voor de Geschiedenis van Prijzen en Lonen in Vlaanderen en Brabant, XVe-XVIIIe Eeuw,* ed. Charles Verlinden et al., 4, 326-396. Bruges: De Tempel.

Van Bochove, Christiaan, Heidi Deneweth and Jaco Zuijderduijn, 2015. "Real Estate and Financial Markets in England and the Low Countries, 1300-1800." *Continuity and Change* 30, no. 1 (May): 9-38.

van Zanden, Jan Luiten. 1995. "Tracing the Beginning of the Kuznets Curve: Western Europe During the Early Modern Period." *Economic History Review* 48, no. 4 (November): 643-664.

Verhulst, Adriaan. 1965. "Prijzen van Granen, Boter en Kaas te Brugge Volgens de 'Slag' van het Sint-Donatiaanskapittel (1348-1801)." In *Dokumenten voor de Geschiedenis van Prijzen en Lonen in Vlaanderen en Brabant, XVe-XVIIIe Eeuw*, ed. Charles Verlinden et al., 2, 3-70. Bruges: De Tempel.

Vermaut, Joseph. 1974. "De Textielnijverheid in Brugge en op het Platteland, Westelijk Vlaanderen voor 1800: Konjunktuurverloop, Organisatie en Sociale Verhoudingen." Unpublished PhD thesis, Ghent: University of Ghent.