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Abstract

The housing boom of t housing investment as an entrepreneurial activity within U.S. capitalism. In 2005, approximately one sixth of all mortgage-financed home purchases in the United States were for investment purposes. This article develops a sociological account that links the geographic distribution of popular investment to the social and institutional organization of communities. Regression analyses of 1,566 municipalities from 2000 to 2006 indicate that non-occupant investment (but not conventional owner-occupant investment) occurred at significantly greater rates in places where local development institutions were organized in accordance with laissez-faire principles to a greater degree, where economic activities in other domains were *less* locally embedded in place, and where greater residential instability produced more tenuous connections between residents and places. The magnitudes of these associations suggest that social organization and cultural-institutional conditions were at least as informative as variations in housing price appreciation in shaping the incidence of investor activity during the bubble. Social organization also moderated the behavioral effects of price appreciation. The article advances research on locally-embedded bases of economic action by examining how community environments provide more or less fertile ground for mass-participatory housing speculation and instrumental orientations toward places as exchange-values.

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