

My friend Jaye and her husband raised their two children in a 560-square-foot apartment in New York City. Most of their domestic life unfolded in a sprawling living room framed by two minimalist bedrooms. Loneliness was rarely an option.

“We just embraced it,” she said.

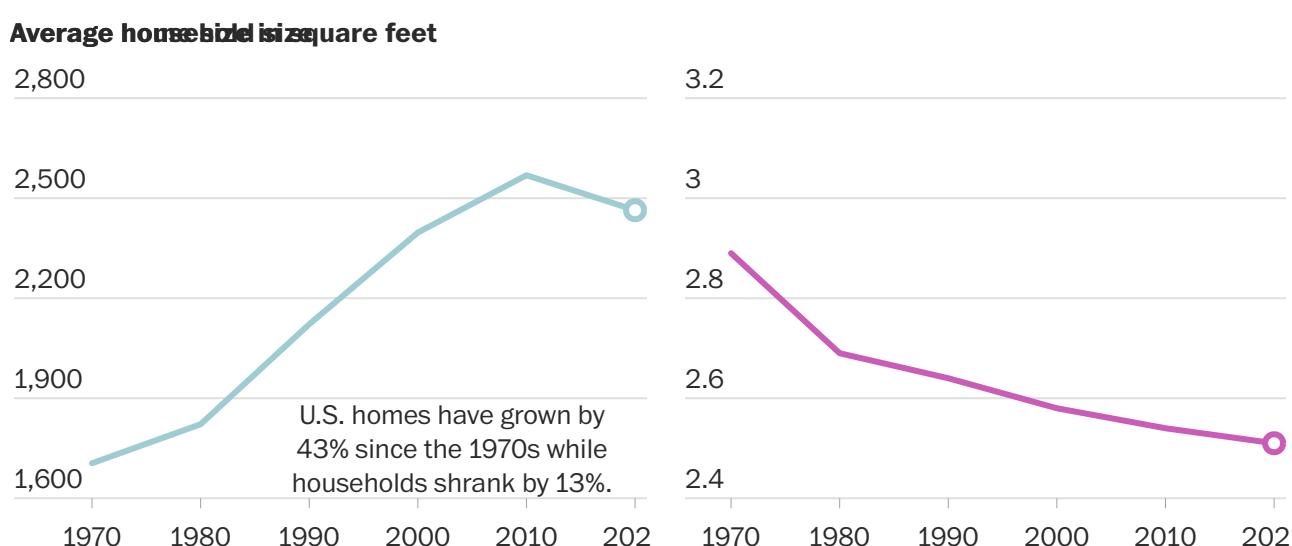
So did their friends. Many nights, the family’s different social circles coalesced in the tiny apartment’s living room despite living in more spacious homes nearby. Jaye, who still lives there, recalls those years as among the best of her life.

And she might have been onto something.

The American Dream is virtually synonymous with a larger, suburban house. But as the size of the average American home has nearly doubled, the people living in them aren’t any happier.

Space is only one of many variables in the equation of a happy life, says Mariano Rojas, an economist at the National Technological Institute of Mexico. It’s not the most important.

American homes have gotten bigger as households got smaller



Decadal averages. Data for the 1970s covers the years 1973 to 1979.

Source: [The U.S. Census Bureau](#)

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The average newly built American home includes more than 940 square feet per person, up from about 550 square feet in 1973. That’s because

even as the typical single-family home has grown to 2,400 square feet, the number of people living in them has fallen to a record low of 2.5, according to the U.S. Census Bureau.

But after meeting our basic need for shelter, square footage has, at best, a tenuous relationship with life satisfaction.

“What matters is not really the size of the house but what happens inside that house with relationships,” Rojas said. “If you move to a larger house, and you sacrifice that, then you have a problem.”

We may have the American Dream backward.

Sizing up may be getting you down

I grew up in a Florida suburb where the implicit message was clear: Bigger is better. Learning that big homes might undermine your happiness was like learning apple pie is a French dessert.

But the data lines up. After a brief initial burst of satisfaction with new homes, people typically report their life satisfaction returning to near its prior state. In many cases, it even declines. It turns out the question “Are you happy with your home?” yields a very different answer than “Are you happy with your life?”

Humans aren’t very good at prioritizing what makes them happy, economists say, especially when it comes to living arrangements. We systematically overlook the costs (mortgages, commuting, maintenance) while dramatically undervaluing intangible benefits that actually dictate our happiness (seeing our kids at night, hanging with friends, knowing our neighbors and walking places).

It’s not that big houses *make* us unhappy. It’s what we give up in pursuit of them. That’s why so many people can end up house-rich but relationship-poor, vaguely unsatisfied in their bigger homes.

Jaye, it turns out, intuited something profound.

Happiness is other people

Social scientists call it the “inverted U” hypothesis: The relationship between happiness and the number of people in our household is not a straight line. It’s a parabola.

On one side, living alone or with one other person can promote isolation or loneliness. On the other, excessive crowding (about 140 square feet per person, one study in Asia suggests) leads to stress, anxiety and depression. Happiness peaks somewhere in the middle, said Gerardo Leyva, an economist and researcher at Iberoamerican University in Mexico City.

Happiness peaks in households of four people in Europe

But the relationship to house size is very limited. Average reported life satisfaction by household size (scale of 0 to 10).



Number of people in household

Source: [European Social Survey \(2020\)](#)

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Leyva analyzed data from tens of thousands of households in Mexico and Europe. He found that people living alone report the most satisfaction with their financial lives. But when it comes to *overall*

happiness, the happiest households had about four to six people in them, regardless of home size.

This aligns with previous research: After crossing a minimum threshold of space for safety and comfort, every new bedroom or second floor yields less and less benefit. A brief spike in housing satisfaction from moving into “larger accommodations” produces no durable effects on overall life satisfaction. It may even erode it.

A bustling household, Leyva theorizes, strengthens the emotional bonds between family members, creating a loving, resilient shock absorber for life’s challenges. This even compensates for smaller homes. In Latin America, people are far happier than per capita gross domestic product alone would predict, most likely because of positive interactions among larger households (despite smaller homes).

Of course, it matters whom you are living with, and whether it’s by choice or necessity.

But the American aspiration for ever larger homes — especially if it comes at the expense of relationships — may end up being a recipe for ennui.

How McMansions lured us into an unhappiness trap

A simple equation can sum up the post-World War II housing market: More room equals more freedom equals more happiness. But they may “tax” your happiness at higher rates than the satisfaction extra space returns.

Take features like home theaters, formal dining rooms and game rooms. These often turn into expensive dead zones — pricey square footage that is very rarely used. Rather than social hubs, they serve as glorified storage for our stuff. Clutter is clearly equated with unhappiness.

Then there's the tax of moving to distant, affordable suburbs or taking out big mortgages: More debt, longer commutes, more maintenance and less time for socializing and exercise, among other trade-offs. We can end up, Rojas said, overworked and under-relating.

Finally, there's the coup de grâce of contentment: keeping up with the Joneses.

“Comparison is the thief of joy,” a wise person once said, anticipating one of the strongest findings in modern social science. Humans tend to care less about what they have and more about what they have relative to others.



A neighborhood with large houses being constructed. (Gerville/iStock)

While many people might say they want a bigger house (in absolute terms), people will still opt for a smaller home — as long as it's bigger than their neighbors'. Our individual life satisfaction, one study found, is negatively correlated to our neighbors' income.

That's what behavioral economist Clément Bellet calls the “McMansion effect.”

In his [2024 peer-reviewed study](#) in the *Journal of Public Economics*, the assistant professor at Erasmus University Rotterdam in the Netherlands found that just the presence of bulky domiciles down the street virtually erased any satisfaction people gained from moving into their own bigger homes. “Larger homes do not increase well-being *per se*,” Bellet wrote me. “What matters most is how close [the size of one’s house] is to the largest houses in the neighborhood.”

No one can win this game. Consider watching a sports game in a stadium. If one person stands up, the person behind them can’t see. So they stand up. Then another. Soon, no one is left sitting because everyone is trying to see over the person in front of them. No one is better off, and the experience of watching the game is ruined.

That’s life in many American communities today, Rojas says. “You will never have enough,” he said. “When you live in a castle, you will say, well, it’s not Windsor Castle.”

How do we fix this?

I don’t live in Windsor Castle (although I’m considering renaming my 978-square-foot condo on the windblown edge of San Francisco). Nor am I here to convince you a tiny home is the secret to happiness.

Truthfully, my own flat feels a bit cramped at times with two rambunctious toddlers and a mad husky zooming around. Are there mornings I covet a second bathroom? You bet. Would it make me any happier? I’m not so sure anymore.

What is clear is that many of us are asking the wrong questions. Rather than, “How big a house can I afford?” (a depressing question for many),

Rojas says we should ask, “What kind of home will sustain the kind of life I want?”

Everyone’s answer will be different. You can’t even measure it with a ruler. But the optimal number of square feet in your life may be smaller than you think — potentially much smaller. Here is how social scientists say you should really calculate the value of your next dream home.

Prioritize your neighborhood

Neighborhoods drive our happiness (or unhappiness) more than we think.

When [Lina Martinez](#),  [Source comment](#) director of POLIS, the Center for Wellbeing Studies at Universidad Icesi in Colombia, studied the happiness of households in the city of Cali, she couldn’t find much difference between poorer and richer areas. “Their happiness is pretty much the same,” she said. But that changed when she isolated neighborhood conditions, such as access to transit, health care and parks. “The conditions of the neighborhood affect happiness,” she said. “I can’t link that to the space where [people] live.”

That aligns with findings from a [2023 study of the Vancouver metro area](#): Researchers found no significant differences in well-being between people living in single detached homes, duplexes, townhouses, laneway houses and apartment buildings (basement units smaller than 300 square feet were the only negative exception). What did people say they missed most in their neighborhood? Affordability, proximity to family and friends, and a sense of community. Home design was eighth on the list.

Prioritize quality space over quantity

How you use the space is more important than how much you have. If you have many unused rooms but ignore shared common spaces to eat

and socialize, you're sitting on an untapped gold mine of contentment.

A [2012 study by UCLA](#) researchers found up to 60 percent of homes sit largely unused. Position-tracking data reveals that families — even in large homes — cluster in a few small high-traffic rooms, usually the dining, kitchen and family rooms. That means a 1,200-square-foot home with a central hub may outperform (from a happiness perspective) a 3,000-square-foot home with a fragmented layout.

The key is fostering social connection, the currency of happiness.

Optimize for relationships

I call this the “Jaye Test.” Does your home (and neighborhood) act as a center of gravity for your friends and family or does it isolate you in favor of status and storage?

This difference helps explain why Europeans report higher well-being than their American counterparts, despite having smaller homes and smaller households. Daily life in Europe relies less on the home itself, Bellet said, because walkable neighborhoods, accessible public spaces and dense social networks take pressure off the home as the primary living space.

“The American ideal home often emphasizes comfort, privacy and status,” Bellet said. “Europeans tend to place more weight on whether their home is connected to existing social and public infrastructure.”

When Jaye was considering a larger home, she toured other neighborhoods. Buying a few hundred extra square feet, she found, couldn’t compensate for what she’d lose: friends next door, a neighborhood she adored and less financial stress. She ended up back where she started. “When I remember all those things,” she said, “it was great.”
