



# Intergenerational transmission of homeownership in Europe: Revisiting the socialisation hypothesis



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## ABSTRACT

Socialisation towards homeownership during childhood has been proposed as one transmission channel of homeownership across generations in previous literature, but tests of this socialisation hypothesis are scarce. This study presents the yet most rigorous test of the socialisation hypothesis using retrospective life-history data (SHARELIFE,  $N = 19,567$  individuals) from 13 European countries. Event history and panel regression models are applied. Results show that socialisation in homeownership positively affects the hazard rates of entering homeownership for the first time and the probability to be a homeowner throughout individuals' lives net of other parental background variables and material transfers. We find a socialisation effect across divergent (but not all) examined countries. Further sensitivity analyses using a placebo test and a hypothetical confounder support the conclusion that being socialised in homeownership during childhood increases the chances of becoming and being a homeowner in later life.

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## 1. Introduction

The transmission of advantages across generations is a central theme in sociological research of social stratification. Increasingly, interest is directed towards the transmission of wealth from parents to children (e.g. [Semyonov and Lewin-Epstein, 2013](#)), as wealth is a central determinant of life chances. Homeownership constitutes the main component in most personal wealth portfolios and net housing wealth shares many benefits with other forms of wealth: It provides services, e.g. accommodation for owner-occupier. It can provide income independently from the labour market, may be liquefied, and can be used as collateral. Wealth provides financial security and a safety net for times of need especially in old age. Finally and especially relevant for the present study, wealth can be directly handed down to the next generation which has been identified as an important motivation to accumulate wealth in the first place ([Kurz and Blossfeld, 2004](#); [Spilerman, 2000](#)).

A positive, intergenerational correlation of homeownership across generations is found in diverse societal contexts, e.g. France ([Spilerman and Wolff, 2012](#)), Sweden ([Öst, 2012](#)), and the US ([Aratani, 2011](#)). The specific channels linking homeownership across generations in divergent contexts are not fully understood, however ([Mulder, 2007](#)). While a number of potential channels have been elaborated on in previous research, rigorous tests of particular channels across contexts remain few. In the present study previous literature is advanced by providing the yet most thorough test of one of these channels, namely the socialisation channel, which links childhood experience in homeownership to the propensity of being in homeownership in later life. The transmission channel is tested in 13 European countries with divergent housing provision

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systems using retrospective life history data from respondents born between 1907 and 1956 ( $N = 19,567$  individuals) from the SHARELIFE survey. The main innovative contribution of our study is that we establish a positive effect of having lived for a longer time in parental homeownership during one's childhood on entering and being in homeownership later in life controlled for other parental influences.

In general, the intergenerational transmission of wealth has been found to be an important source of household's wealth (Spilerman, 2000). Parents can be expected to be even more relevant for the homeownership status of their offspring than with regard to the acquisition of other forms of wealth. First, homeownership requires a very large financial investment before buyers receive a sufficiently high labour market income as most potential buyers are in their 20s to 30s. Home buyers often need financial support from their parents to be able to make the necessary investment – a situation similar to parental support for attending higher education (Henretta, 1984). Second, in some countries, e.g. in Italy, homeownership is a prerequisite for a “normal” standard of living; not the least, because no adequate housing alternatives are available. In these countries, parents may be especially inclined to support their children in their entries to homeownership which constitutes an important step in their transitions to adulthood, because mortgage markets are not well developed (Poggio, 2008). Third, the family *home* is laden with emotions and reminiscences and is not only a store of financial wealth which makes investment in homeownership distinct from investment in other forms of wealth (Elsinga, 2011). Therefore, parental influence and personal experience during childhood may be especially relevant in acquiring homeownership.

In the analysis of the intergenerational transmission of homeownership, the test of the socialisation mechanism deserves special attention. In the general status attainment paradigm, it is often assumed that parents influence the educational aspirations and attitudes of their offspring to explain the positive association of social status across generations (e.g. Blau and Duncan, 1967). This idea has also been introduced to the literature on the transmission of homeownership across generations (Henretta, 1984), but has not received full attention in empirical research as most studies focus on the direct transmission of economic resources instead (e.g. Morgan and Scott, 2007). The latter plays arguably a more important role in the transmission of wealth across generations than with regard to the transmission of occupational status (Spilerman, 2000), but this should not justify the ignorance of the former. A better understanding of potential non-economic mechanisms of homeownership transmission will therefore substantially advance knowledge in this field. At the same time, it is highly relevant to examine the role of socialisation vis-à-vis other transmission channels to better understand how homeownership is passed on across generations in divergent housing provision systems.

### 1.1. Channels of transmission

Households' homeownership status is shaped by their members' preferences, resources, and housing market conditions (Mulder and Wagner, 1998). The positive correlation between the homeownership statuses of parents and their offspring may be explained by various channels of parental influence on the preferences and resources of their children within the conditions of distinct housing provision systems, i.e. the regularities in access to different types of housing in national housing markets. It can be expected that the various channels of parental influence are complementary rather than competing and the relative importance of each channel will be determined by the context of the housing provision system and the role of the family within this system (Spilerman and Wolff, 2012).

#### 1.1.1. Socialisation and homeownership

The socialisation hypothesis states that socialisation towards homeownership increases the propensity to buy a home net of other parental influences. Socialisation is broadly defined as the acquisition of (1) aspirations, (2) preferences, (3) knowledge and (4) habitual behaviours which is actively and passively shaped by parents. Socialisation processes unfold over time. For the present analysis, socialisation agents other than parents are ignored.

First, parents' homeownership may affect the housing aspirations of their children (Henretta, 1984). Henretta's argument is based on Easterlin's (1980: 40ff) assumption that children's lifestyle aspirations are shaped by the lifestyles in their families of origin. This argumentation highlights the social status that is associated with being a homeowner in most societies where ownership can serve as a “symbol of achievement” (Mulder and Smits, 1999: 323) to distinguish oneself from others (Bourdieu, 1984: 66). Aiming for a reproduction of their parents' relative social position inscribed in their habitus (Bourdieu, 1984: 169ff), children of homeowners strive to also achieve homeownership. Parents may actively and passively support these aspirations through “ownership promotion” (Mulder and Smits, 2013: 101), e.g. through financial transfers (see below).

Second, the social construction and cultural mediation of tenure preferences is examined in the literature which contests the existence of any “natural” dispositions towards a specific type of tenure (Rowlands and Gurney, 2000). Instead, children acquire a taste for homeownership that is manifest in habitual dispositions and classification schemes moulded early in life by their experiences in the parental home (Bourdieu, 1984: 169ff). These dispositions and classification schemes shape housing choices at later stages making children of homeowners more likely to have a taste for homeownership. This argument highlights the variation in taste that occurs even between individuals originating from the same social positions. This variation will become more relevant to explain tenure choice the less homeownership is a symbol of achievement in a given society. In the extreme, children that have spent all their childhood in homeownership may have little idea about other types of tenure and indeed homeownership becomes a “natural” tenure for them shaping their tenure choices in later life. Homeownership during childhood is not necessarily shaping a taste in favour of homeownership, though. For example,

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