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German Socio-Economic Panel (SOEP)
DIW Berlin
Mohrenstrasse 58
10117 Berlin, Germany
Contact: soeppapers@diw.de

The Keys to the House - How Wealth Transfers Stratify Homeownership Opportunities

Jascha Dräger [1], Nora Müller [2] & Klaus Pforr [2]

[1] Socio-Economic Panel, German Institute for Economic Research, Berlin, Germany

[2] Research and Data on Society, GESIS – Leibniz Institute for the Social Sciences, Mannheim, Germany

Corresponding author: Jascha Dräger, Socio-Economic Panel, German Institute for Economic Research, Mohrenstraße 58, 10117 Berlin, Germany. Email: jdraeger@diw.de.

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The Keys to the House - How Wealth Transfers Stratify Homeownership Opportunities

Abstract

This study investigates how actual and anticipated intergenerational wealth transfers (i.e., inter-vivo gifts and inheritances) contribute to social stratification in the transition to homeownership. Utilizing discrete-time survival analysis on data from the German Socio-Economic Panel Study (N=13,018), we find that individuals whose parents were manual workers or service workers are less likely to become homeowners. Receiving inheritances or inter-vivo gifts substantially increases the probability of becoming a homeowner, with the effect being most pronounced in the transfer year and diminishing rapidly after that. Anticipated future transfers also increase homeownership probability before transfer receipt. Anticipated and received together transfers explain up to 56% of the variation in homeownership transition rates by parental socio-economic status but the importance of transfers for the transition to homeownership varies strongly across class contrasts. Ignoring expected transfers leads to a significant underestimation of the importance of transfers on the effect of parental SES on homeownership.

Keywords: Social stratification, homeownership, inheritance, intergenerational transfers

1. Introduction

Homeownership (i.e., owner-occupied residential property) is a highly stratified phenomenon, with individuals born into families of higher socio-economic status (SES) being significantly more likely to become homeowners themselves (Aratani 2011; Bedük and Harkness 2024; Filandri and Bertolini 2016; Henretta 1984; Kurz 2004; Lersch and Luijkx 2015; Mulder et al. 2015; Spilerman and Wolff 2012; Suh 2020). In turn, being a homeowner helps individuals to accumulate wealth (Turner and Luea 2009; Wainer and Zabel 2020) and increases health and well-being (Munford, Fichera, and Sutton 2020). Therefore, homeownership contributes to the intergenerational transmission of advantages.

A homeownership advantage for those from higher SES backgrounds can be considered fair on meritocratic grounds, if higher parental SES translates into higher earning potential for offspring, making them more likely to purchase a home, or if it is solely caused by different preferences for homeownership. In contrast, intergenerational wealth transfers (in the following we use "transfers" as an umbrella term for inheritances and inter-vivo gifts), pose a greater challenge to the meritocratic fairness principle. Such transfers can directly facilitate the transition to homeownership, allowing individuals from privileged backgrounds to acquire property with significantly less (financial) effort (Cigdem and Whelan 2017; Spilerman 2004:201; Suh 2020), or they may even receive the property directly without any effort involved.

While children of high SES parents can anticipate future inheritances, receiving these transfers often occurs later in life, beyond the typical age of becoming a homeowner. This suggests that gifts (in the following, we use the terms inter-vivo transfers and gifts as synonyms), which are received earlier, may play a more immediate role in facilitating homeownership compared to inheritances (Cigdem and Whelan 2017). However, even anticipated transfers can influence homeownership decisions. Individuals who anticipate future inheritances may adjust their saving and consumption patterns, making them more likely to purchase a home earlier (Basiglio, Rossi, and Van Soest 2022). Moreover, the expectation of wealth transfer receipt can influence current behavior because these expected transfers can buffer against adverse life events. This has been labeled the psychological insurance function of wealth (Heidenreich and Broschinski 2023; Müller, Pforr, and Dräger 2023).

Our study examines the impact of expected and actual intergenerational wealth transfers on homeownership stratification. Specifically, we aim to answer four research questions:

1) How does parental SES affect the transition to homeownership?
2) How do expected transfers affect the transition to homeownership?
3) How do actual receipts of inheritances and gifts affect the transition to homeownership?
4) To what extent can social stratification in homeownership be attributed to social stratification in expected and received transfers?

We utilize data from the German Socio-Economic Panel Study (SOEP) to directly measure expected and actual transfers in a large sample. Our study makes three important contributions to the literature. First, we assess the relative importance of intergenerational transfers in perpetuating social stratification in homeownership. Second, we examine the impact of expected transfers on current behavior, which can be understood as a direct test of the psychological insurance function of wealth. While this wealth function has been discussed as a potential mechanism for transmitting homeownership advantage (Hällsten and Pfeffer 2017; Heidenreich and Broschinski 2023; Müller et al. 2023), we are unaware of any study that provides an empirical test of it. Finally, we also consider the differences in the transition to homeownership among older adults, whereas most existing research is restricted to young adults (typically below 35 years). Particularly in contexts with low homeownership rates and late transition to homeownership, such as Germany, this allows us to uncover stratification processes occurring later in life.

In the following, we will first review the existing literature on the underlying mechanisms of social stratification of homeownership (section 2), particularly the role of wealth transfers (section 3). Next, we will introduce the German context (section 4) and derive hypotheses (section 5). After that, we describe the dataset, measurement, and analytical strategy (section 6) before turning to the results (section 7). Section 8 concludes.

2. Mechanisms leading to the social stratification of homeownership

Homeownership is a profoundly stratified phenomenon. Individuals whose parents were homeowners, have high levels of wealth or belong to higher occupational classes are significantly more likely to become homeowners themselves, fostering a cycle of wealth accumulation and perpetuating social inequality (Aratani 2011; Filandri and Bertolini 2016; Henretta 1984; Kurz 2004; Lersch and Luijkx 2015; Mulder et al. 2015; Spilerman and Wolff 2012; Suh 2020). The existing literature has discussed several potential mechanisms causing the social stratification of homeownership.

Intergenerational Transmission of SES. The intergenerational transmission of SES plays a pivotal role in shaping homeownership patterns. Children of high-SES parents are more likely to attain higher education, secure higher-paying jobs, and accumulate wealth, all of which enhance their financial capacity to purchase homes (Spilerman and Wolff 2012).

Socialization and Preference Formation. Parental homeownership not only provides economic benefits but also instills a preference for homeownership among offspring. Children raised in homes owned by their parents are more likely to develop a positive attitude towards homeownership, viewing it as a desirable aspiration (Henretta 1984; Lersch and Luijkx 2015).

Reduced Housing Costs. The living arrangements of offspring can significantly impact their ability to save for a home. Children who live rent-free or at reduced rates in the parental home can significantly enhance their savings, making homeownership more attainable (Suh 2020). This advantage is particularly pronounced for children of wealthy parents who own spacious homes or multiple properties.

Knowledge and Access to Expertise. Parental homeownership can impart valuable knowledge and expertise to offspring, facilitating their transition to homeownership (Charles and Hurst 2002; Troy et al. 2023). Children who witness the process of purchasing, maintaining, and managing a home gain practical insights that can inform their homeownership journey. Additionally, parents may provide direct guidance or assistance in navigating the complexities of the housing market, further enhancing their children's chances of becoming homeowners.

Access to Credit and Collateral. Parents can play a crucial role in facilitating their children's access to credit and collateral. By co-signing mortgage agreements or providing financial guarantees, parents can significantly increase their children's likelihood of securing loans, enabling them to purchase homes (Lersch and Groh-Samberg 2023; Suh 2020). This access to credit is disproportionately available to individuals from higher-SES backgrounds.

Local Housing Markets and Social Networks. Children often reside near their parents. This proximity exposes them to the same housing dynamics and market conditions, potentially influencing their homeownership aspirations and affordability (Helderman and Mulder 2007). Additionally, children's social networks are often shaped by their parental connections, potentially limiting their exposure to diverse housing options and opportunities.

Assortative Partnerships. Assortative mating, a phenomenon where individuals with similar socio-economic backgrounds tend to form relationships, further exacerbates homeownership stratification. Individuals from higher-SES backgrounds are more likely to form partnerships with others from similar backgrounds (Cui et al. 2021; Fagereng et al. 2020; Kalmijn 1994; Lersch and Schunck 2023; Schwartz 2013; Trinh, Lersch, and Schunck 2023), increasing their household earnings and wealth.

Family transitions. The timing of family transitions, like marriage and childbirth, are stratified by parental SES (Billari, Hiekel, and Liefbroer 2019). In turn, marriage and childbirth increase the probability of becoming a homeowner (Bayrakdar et al. 2019).

Wealth transfers. Individuals with high parental SES receive larger wealth transfers which enables them to become homeowners (see next section).

3. The role of wealth transfers for stratified access to homeownership.

Figure 1 shows a conceptual model of how wealth transfers contribute to differences in homeownership by parental SES. Parental SES is a distal cause of homeownership (arrow H1 in Figure 1). Parental SES affects whether and how much wealth transfers individuals expect and receive (arrows H2a, H2b, H2c), which in turn affects whether they become homeowners (arrows H3a, H3b, H3c). Moreover, parental SES affects other proximal homeownership causes ("Other mediators" in Figure 1), like individuals' SES and family transitions. These other proximal causes have to be considered when analyzing the contribution of transfers because they might affect both transfers and homeownership (Bayrakdar et al. 2019; Leopold and Schneider 2011) and, therefore, confound the association between transfers and homeownership.

[Figure 1 about here]

3.1 Social Stratification of Transfer Receipt

Recent research has uncovering a robust relationship between SES and the likelihood of receiving inheritances or gifts. This literature suggests that individuals from higher SES backgrounds are not only more likely to receive inheritances but also tend to receive larger amounts (Albertini and Radl 2012; Hansen and Toft 2021; Hansen and Wiborg 2019). A recent study in Germany found that 19% of individuals whose parents were large employers received transfers, compared to only 8% of individuals whose parents were unskilled workers. Furthermore, the average value of inheritances received by large employers was significantly higher compared to those received by unskilled workers (Trinh 2024).

3.2 The Impact of Transfers on Homeownership Transition

Research has consistently demonstrated the significant influence of wealth transfers on individuals' likelihood and timing of transitioning to homeownership. These transfers can provide a critical financial boost, enabling individuals to afford down payments, cover closing costs, and maintain homeownership

expenses (Blickle and Brown 2019; Lee et al. 2020; Suh 2020). Alternatively, individuals can inherit entire dwellings, or parents can buy property for their children directly.

A comprehensive review by Wang and Squires (2023) highlights the substantial body of evidence supporting the positive association between transfer receipt and homeownership. Studies across diverse geographical contexts have consistently shown that individuals who receive transfers are more likely to become homeowners. In the United States, Engelhardt and Mayer (1998) found that receiving a gift of at least $5,000 increases the probability of transitioning to homeownership by 15.1%. Similarly, Lee et al. (2020) observed that receiving a gift of any size significantly increases the likelihood of homeownership. Cigdem and Whelan (2017) demonstrated that transfers disproportionately benefit individuals already on the cusp of homeownership in Australia, further exacerbating existing social disparities. In France, Spilerman and Wolff (2012) found that transfer receipt positively influences the timing of homeownership, the cost of the purchased home, and the proportion of the downpayment made with savings. However, the impact of transfers on homeownership is not uniform across all contexts (Cohen Raviv and Hinz 2022). Guiso and Jappelli (2002) found a relatively small effect of transfers on homeownership in Italy compared to other countries. Additionally, Kolodziejczyk and Leth-Petersen (2013) did not observe a significant relationship between parental transfers and housing tenure in Denmark.

These findings suggest that the impact of transfers on homeownership may depend on a range of factors, including the generosity of the transfers, the prevailing housing market conditions, and the broader socio-economic context. Nevertheless, the overall body of research consistently points to the substantial influence of wealth transfers in facilitating homeownership.

3.3 Quantifying the Role of Transfers in Social Stratification of Homeownership

The role of wealth transfers in perpetuating social stratification of homeownership is widely acknowledged in the literature. Despite this recognition, there is no consensus on the relative importance of transfers compared to other mediating factors. Spilerman and Wolff (2012) found that in France, direct parental transfers play a more significant role in facilitating homeownership for offspring than investments in their human capital. Yet, they did not quantify the relative importance of these two factors. Helderman and Mulder (2007) offered a more direct assessment of the role of transfers in the intergenerational transmission of homeownership in the Netherlands. Their findings suggest that approximately 15% of the differences by parental background are mediated by inter-vivo gifts. Nonetheless, their estimate likely underrepresents the importance of transfers, as they have no information on the timing and the amount transferred. Bedük and Harkness (2024) found that wealth transfers only account for 6% of the intergenerational transmission of homeownership in the UK. However, they largely had to rely on imputed wealth transfers because wealth transfers were not measured across all relevant time spans in the data they analyzed.

3.4 Consequences of Expected Transfers

Previous research has predominantly focused on analyzing the impact of received transfers. However, investing in homeownership depends not only on past transfers but might also on anticipated future transfers.

The *permanent income hypothesis* posits that households will base their consumption on their predicted permanent income over their life course rather than continuously adjusting their consumption behavior to their current income levels. Thus, if individuals anticipate an increase in earnings, they will increase their consumption even before their earnings rise (Basiglio et al. 2022). Similarly, if individuals expect to receive transfers in the future, they will adjust their consumption behavior and invest in homeownership before receiving the transfers. For instance, households might accept higher monthly mortgage payments if they expect to receive a transfer later that will allow them to pay off a significant portion of the remaining mortgage. Indeed, a study of the Deutsche Bank AG (2018) found that 29% of potential heirs plan to use inheritances to repay debt. While these expected shocks are incorporated into consumption behavior in advance, only unexpected windfalls should affect consumption behavior after they occur (Basiglio et al. 2022). This argument is supported by the study of Malo and Sciulli (2023), who find that households who expect wealth transfers consume as if they were up to three wealth deciles higher than they are. In contrast, households facing income uncertainty due to lower job security are less likely to become homeowners (Lepinteur, Clark, and D'Ambrosio 2024).

Another explanation for why expected transfers will affect the transition to homeownership is that the wealth held by parents could serve as insurance against adverse events (like job loss, illness, divorce, and unexpected maintenance works at the house), reducing risk aversion among households. This phenomenon is referred to as the *psychological insurance function* of wealth (Müller et al. 2023). If individuals expect that they will receive transfers in the future, they might be more likely to become homeowners, anticipating that future transfers could mitigate the impact of potential adverse events. However, existing studies have only considered how much wealth the family owns (Trinh et al. 2023), instead of measuring expected transfers directly.

4. The German context

Germany presents an interesting context for studying the impact of parental SES and wealth transfers. At 44% (26% outright owners plus 18% owners with mortgage), Germany has one of the lowest homeownership rates among OECD countries (OECD 2023). The literature suggests several reasons to explain this low homeownership rate.

First, homeownership in Germany is less subsidized than in other countries. There are substantial transfer taxes on real estate transactions and no mortgage interest tax deductions for owner-occupiers (Voigtländer 2009). *Second*, a well-developed and regulated rental market makes renting a stable and

attractive option (Breidenbach, Eilers, and Fries 2022; Kaas et al. 2021). The German rental market can be defined as a "unitary rental market" (Kemeny 2001), with broad eligibility criteria for social housing and direct competition between profit and non-profit sectors. In contrast to other countries like the UK or Australia, renting for life is socially well-accepted (Helbrecht and Geilenkeuser 2010). *Third*, stringent mortgage criteria, high down payment requirements, and inflexible mortgage terms with higher early termination fees make it challenging to secure homeownership. *Finally*, significant increases in property prices in major cities have seen housing prices rise much faster than rents (Breidenbach et al. 2022).

Financial transfers to children are hardly constrained by regulations and taxes. Germany allows an untaxed allowance of €400,000 from each parent to each child every ten years. Transfers exceeding the allowance are progressively taxed (from 7% for less than €75k to 30% for more than €26m). An exception exists for inheriting a parent's primary residence, which is tax-exempt if the recipient lives in the property for at least ten years post-inheritance. While intergenerational transfer taxes in Germany are higher than in most Anglo-Saxon and Scandinavian countries, they are lower compared to France or the Netherlands.

Given the attractiveness of the rental market, high financial barriers to homeownership, and relatively low taxation on wealth transfers, we can assume that a high parental SES and wealth transfer receipt are particularly important for transitioning to homeownership. This inference is supported by studies indicating that parental homeownership and wealth transfer receipt are more predictive of homeownership in Germany than in many other European countries (Cohen Raviv and Hinz 2022; Mulder et al. 2015).

5. Hypotheses

We derive the following hypotheses from the existing literature and the theoretical considerations (see Figure 1):

Hypothesis 1: Respondents with high parental SES are more likely to transition to homeownership.

Hypothesis 2a: Respondents with high parental SES are more likely to expect wealth transfers.

Hypothesis 2b: Respondents with high parental SES receive higher amounts of inter-vivo gifts.

Hypothesis 2c: Respondents with high parental SES receive higher amounts of inheritances.

Hypothesis 3a: Respondents who expect to receive wealth transfers are more likely to transition to homeownership.

Hypothesis 3b: Respondents are more likely to transition to homeownership after receiving inter-vivo gifts.

Hypothesis 3c: Respondents are more likely to transition to homeownership after receiving inheritances.

Hypothesis 4 (Mediation, the combination of paths H2a, b, c, and H3a, b, c): Expected and received transfers will partially explain the relationship between parental SES and the transition to homeownership.

6. Methods

6.1 Data

For our analysis, we use the data of the German Socio-Economic Panel SOEP (SOEP; Goebel et al. 2019), version 38.1 (doi:10.5684/soep-core.v38.1eu). The SOEP is an annual household panel that has been running since 1984 and is representative of persons living in private households in Germany.

We restrict our sample to SOEP respondents who were asked about their expectations regarding gifts and inheritances in the future. This question was only surveyed in 2001 (N=22,351). Since we are interested in the transition to homeownership, we exclude individuals who were already homeowners in 2001 (leaving N=13,018). Therefore, our sample is only representative of non-homeowners. Individuals whose parents are business owners or were born in West Germany are more likely to be homeowners in 2001 and are therefore underrepresented in our analysis sample (see Table 1).

We apply multiple imputations based on Categorization and Regression Trees to deal with missing values (Burgette and Reiter 2010). Following the approach of von Hippel (Von Hippel 2007), we impute all variables but then delete individuals with missing outcomes (here, homeownership). We imputed 20 datasets and applied Rubin's rules to obtain standard errors (Rubin 1987).

6.2 Outcome – Transition to homeownership

We consider all individuals who do not live in a self-owned house or were not head of the household or partner of the head of the household in 2001 to be "at risk" to transition to homeownership. We define homeowners as individuals who own their home and are head of the household or partners of the head of the household (Coulter 2018; Davidov and Weick 2011). We consider all transitions between 2001 and 2021, the latter being the most recent publicly available wave of the SOEP.

Of the initial 13,018 individuals who were at risk of a transition to homeownership in 2001, 2,652 (20.2%) individuals transitioned to homeownership before 2021 (or before they stopped participating in SOEP).

6.3 Expected transfers

In 2001, all respondents were asked about expected transfers in the future. '*What do you think, are you going to inherit something or receive a gift of substantial value (again) in the future*?'. Possible responses were:

1. "Yes, this is certain" (5.6% in the sample at risk of becoming homeownership),
2. "Yes, probably" (9.3%),
3. "No" (60.7%),
4. "Do not know" (24.4%).

Since "Do not know" was a valid response option, we also treat it like the other responses and not as a missing value. [1] The proportion of individuals who expect transfers in the future is low relative to the wealth held by the generation of the parents of the respondents (see Appendix F). However, Gritti (2024) finds similar values based on the data of another representative survey collected in Germany in 2014.

As expected, individuals who expected a transfer were also much more likely to receive transfers in the following years than individuals who did not expect transfers. Individuals who responded "do not know" fall in between (see Appendix A).

6.4 Receipt of transfers

Households were asked annually since 2001 whether they received inheritances or gifts in the last year. However, there are some differences regarding the minimum value of inheritances and gifts that are reported: before 2004, households were asked for transfers worth at least 2,500 EUR; from 2005 to 2015, for transfers worth at least 500 EUR, and from 2016 onwards for "large sums" of transfers.

In our analysis sample, about 10% of respondents received an inheritance between 2002 and 2021, and 7% received gifts. Cumulated across all years, respondents received, on average, 49,000 EUR gifts and 64,000 EUR inheritance if they received anything. We take the logarithm of inheritances and gifts in the analysis to deal with their skewed distribution and to lower the leverage of the few extremely high transfers.

6.5 Parental SES

We measure parental SES using the Oesch occupational class scheme (Oesch 2006). The Oesch scheme offers a nuanced differentiation of the upper occupational classes, capturing both vertical and horizontal stratification (Trinh 2024; Waitkus and Minkus 2021). This detailed approach is particularly relevant in the German context, where wealth accumulation is concentrated within the upper-middle class (Waitkus and Groh-Samberg 2018). As a result, the Oesch scheme is well-suited to investigate the influence of parental SES on children's homeownership through transfers despite focusing primarily on occupational

[1] Individuals who expected a transfer, were then asked whether they expect a transfer of more or less than 50,000 German Mark (approximately 25,000 EUR). In the analysis, we only use information on whether individuals expect transfers. Individuals who expect larger transfers are more slightly more likely to transition to homeownership, but cell sizes are small and differences by the expected amount are not statistically significant.

characteristics. Additionally, the Oesch scheme has established itself as a preferred measure of parental background in wealth and housing research (Lersch and Groh-Samberg 2023; Trinh 2024).

Oesch vertically differentiates labor market positions based on employment relationships that depend on workers' marketable skills and horizontally segments them by work logic: independent, organizational/administrative, technical, and interpersonal. The intersection of these vertical and horizontal dimensions results in a comprehensive classification scheme that captures the complexity and diversity of labor market positions. We utilize the eight-class Oesch scheme (see Table 1).

[Table 1 about here]

These classes refer to parents' labor market positions when respondents were 15 years old. If only one parent was in the labor force, we used this parent's class. If both parents were in the labor force, we follow the approach by Hansen and Toft (2021) and Trinh (2024) and use the class with larger economic capital (large employer > else; technical experts & managers > manual workers, clerks, socio-cultural professionals, service workers; petite bourgeoisie & socio-cultural professionals > manual workers, clerks, service workers). If it is unclear whether the father's or mother's class is associated with more economic capital (e.g., petite bourgeoisie vs. technical expert), we use the father's class.[2] We obtained the following distribution of parental SES:

1. Large employers (2.2%),
2. Petite bourgeoisie (10.5%),
3. Technical experts (8.4%),
4. Manual workers (46.1%),
5. Managers (14.5%),
6. Clerks (5.0%),
7. Socio-cultural professionals (4.5%),
8. Service workers (6.4%)
9. Not in the labor force (2.4%).

6.6 Control variables

We control for factors that will affect both parental SES and respondents' transition to homeownership: gender, migration background (native vs. first-generation vs. second-generation immigrant), the number of siblings, the age of the respondents in 2001, and age of respondents squared to capture non-linear age effects, and the place where the respondent lived in the last year before the German reunification (West vs. East vs. abroad) to account for the significant and persistent differences in homeownership

[2] We obtain similar results when using only father's or mother's class instead of the class with the highest economic capital but effect sizes are slightly smaller.

rates and wealth accumulation patterns between these regions. Migration background, birth cohort (captured by age), and where the respondent lived before reunification will affect parental SES and the probability of transition to homeownership. In the following, we will refer to these factors as "baseline controls". The baseline controls do not lie on the causal pathway between parental SES and the transition to homeownership.

6.7 Other mediators between parental SES and homeownership

Several other mediators between parental SES and homeownership might also affect transfers and confound the association between transfers and the transition to homeownership. To address this problem, we try to measure these other mediators (see section 2) and include them in the analysis.

To capture intergenerational *transmission of SES* and *assortative partnerships*, we consider individuals' own social class and their partners' social class, again measured with the 8-class Oesch scheme, and their household income. To capture *family transitions*, we consider individuals' family and partnership status. Individuals are more likely to receive intergenerational transfers and become homeowners after marriage and childbirth (Bayrakdar et al. 2019; Leopold and Schneider 2011). We consider the *degree of urbanity* to approximate the local housing market structure. We consider the housing status and relationship to the head to approximate *reduced housing costs*. Living rent-free or reduced in the house of the parents or other relatives allows individuals to save money for the transition to homeownership (Suh 2020). All these factors were measured in 2001. In the following, we will refer to these factors as "other mediators".[3]

In a robustness check, we assess whether our results hold when controlling for time-varying measures of income, individuals' own social class and their partner's social class, family status, and childbirth.

[Table 2 about here]

6.8 Statistical analysis

We use linear regression to analyze the value of gifts or inheritance (hypotheses 2b and 2c) and multinomial logistic regression to analyze whether respondents expect an inheritance or gift (hypothesis 2a). In these analyses, we only control for the "baseline controls" gender, migration background, age, and place of residence in 1989.

We apply a discrete-time survival analysis (Prentice et al. 1978) to analyze the effect of parental SES (hypotheses 1), expected transfers (hypotheses 3a), received inheritances (hypotheses 3b), and received gifts (hypotheses 3c) on the transition to homeownership. The quantity of interest in this analysis is the

[3] Other mechanisms like preferences for homeownership or social capital were not measured in SOEP or only measured in other years.

hazard rate. The hazard rate is the probability that individuals who are not yet homeowners will become homeowners in the next year. We estimate the impact of parental SES and wealth transfers on the hazard rate by applying logistic regression to all person-years where individuals were still "at risk" of transitioning to homeownership.

In the first step (testing H1), we regress homeownership only on parental SES, baseline controls, and year dummies:

$$Model\ 2: Hazard_{it} = \beta * PSES_i + \gamma * Controls_i + \delta * t + \varepsilon_{it}$$

In other words, the hazard of person *i* in year *t* is a function of parental SES and control variables, which are both time constant, and the year *t*. For the mediation analysis (H4), in the second step, we add the other mediators (other than transfers) as predictor variables.

$$Model\ 2: Hazard_{it} = \beta * PSES_i + \gamma * Controls_i + \delta * t + \theta * other\ mediators_i + \varepsilon_{it}$$

Finally, we add expectations of transfers, the logarithms of the amount of received inheritances, and the logarithms of the amount of received gifts to the regression. The amount of inheritances and gifts received are time-varying variables. We include leads (up to 5 years before the transfer) and lags (up to 10 years after the transfer) of transfers to estimate how transfers are related to the timing of homeownership.

$$Model\ 3: Hazard_{it} = \beta * PSES_i + \gamma * Controls_i + \delta * t + \theta * other\ mediators_i + \vartheta * Expected\ transfers_i + \sum_{t-5}^{t+10} \mu * \log(inheritance\ value_{it}) + \sum_{t-5}^{t+10} \sigma * \log(gift\ value_{it}) + \varepsilon_{it}$$

The change in the ß from model 1 to model 2 provides an estimate of the contribution of the "other mediators" to differences in the transition to homeownership by parental SES. The change in ß from model 2 to model 3 gives us an estimate of the contribution of transfers to differences in the transition to homeownership by parental SES and allows us to test hypothesis 4. We apply the method proposed by Karlson, Holm, and Breen (2012) to avoid the scaling problem when comparing coefficients across nested logistic regressions. Confidence intervals of the effects of mediators are estimated using bootstraps on the imputed data (Schomaker and Heumann 2018).

7. Results

7.1 Social stratification of transition to homeownership (H1).

Figure 2 shows the hazard ratios of transitioning to homeownership by parental SES. The reference category is manual workers. Individuals whose parents were petite bourgeoisie, technical experts, managers, clerks, or socio-cultural professionals when they were 15 years old are more likely to become homeowners. Their hazard rates are between 1.20 and 1.26 times higher than for individuals whose

parents were manual workers. Except for socio-cultural professionals, all differences are statistically significant ($p<0.05$).

Individuals whose parents are large employers or service workers are slightly less likely to become homeowners. However, the difference is not statistically significant. Note that the sample of large employers is small and that only individuals who are still at risk of becoming homeowners are considered in the analysis.

Overall, the results confirm hypothesis 1; there are marked differences in the transition to homeownership by parental SES. These differences emerge both on the vertical axis (technical experts vs. manual workers, socio-cultural professionals vs. service workers) and the horizontal axis (e.g., petite bourgeoisie vs. manual workers) of the Oesch scheme.

[Figure 2 about here]

7.2 Social stratification of transfers (H2).

Figure 3 shows the social stratification in expected transfers and received inheritances and gifts (cumulative across all years from 2001). For brevity, we only present differences in whether individuals expect transfers in the future (certain or probably) compared to not expecting transfers or answering "Do not know". The dashed horizontal line shows the sample averages.

Both expected and received transfers are highly stratified by parental SES, supporting hypotheses 2a, 2b, and 2c. Differences emerge particularly on the vertical axis of the Oesch class scheme: Children of large employers receive substantially larger amounts of gifts than children of the petite bourgeoisie, technical experts more than manual workers, managers more than clerks, and socio-cultural professionals more than service workers (see right part of Figure 3). We observe a similar pattern for expected wealth transfers (see left part of Figure 3), and, except for managers vs. clerks, for received inheritance (see middle part of Figure 3). Additionally, there are some differences on the horizontal axis of the Oesch class scheme: Among the professional/associate professional classes, large employers are most likely to expect wealth transfers and receive the largest inheritance. Among the general/vocational and unskilled classes, differences in the amounts of gifts and inheritance received are small and unsystematic. Still, children whose parents belong to the petite bourgeoisie are more likely to expect wealth transfers in the future.

[Figure 3 about here]

7.3 The effect of transfers on the transition to homeownership (H3).

Figure 4 shows the effect of expected transfers, received inheritances, and received gifts on the hazard of transitioning to homeownership.

Individuals who expect future transfers are more likely to transition to homeownership (see left part of Figure 4). The major divide emerges between individuals who do not expect transfers (reference category) and individuals who expect transfers or are uncertain about receiving them. Compared to individuals who do not expect transfers, individuals who expect transfers have a 1.26-times (transfer certain) and 1.37-times (transfer probable) higher hazard rate.

Furthermore, individuals who inherit or receive gifts are much more likely to transition to homeownership (see middle and right part of Figure 4). Inheritances and gifts particularly increase the hazard of homeownership in the year they are received. A log increase in received gifts is associated with a 1.21-fold increase in the hazard ratio and a log increase in received inheritances with a 1.14-fold increase in the hazard ratio. Thus, receiving a gift of 50,000 EUR (slightly more than the average gift amount among gift recipients; log(50,000)=10.82) is associated with an 8.11-fold (1.21^10.82) increase in the hazard rate.

Transfer receipt has an immediate effect on the transition to homeownership. Additionally, we find a small increase in the hazard ratio in the year after transfer receipt (see effects in year 1 in Figure 4). There is no evidence of an increased hazard ratio in the years preceding transfer receipt (see years -3 to -1), nor is there evidence of delayed effects in the subsequent years (see years 2 to 5).

[Figure 4 about here]

To contextualize the effects of expected and received transfers, Figure 5 shows predicted hazard rates (left side of Figure 5) and survival curves (right side of Figure 5) for four ideal types of expected and received transfers:

1) *Not expected – not received*: individuals who did not expect to receive a transfer and did not receive it (light blue line, 57.7% of the sample, 95.1% of individuals who did not expect transfers),
2) *Expected – not received (yet):* individuals who were certain to receive a transfer but have not received it yet (pink line, 4.3% of the sample, 79.6% of individuals who expected transfers),
3) *Unexpectedly received:* individuals who did not expect a transfer but received a gift of 50k EUR in 2004 (yellow line, 0.5% of the sample, 0.8% of individuals who did not expect transfers received at least 50k EUR gifts),
4) *Expected and received:* individuals who expected transfers and received a gift of 50k EUR in 2004 (green line, 0.4% of the sample, 6.9% of individuals who expected transfers received at least 50k EUR gifts).

Individuals who neither expected nor received transfers are least likely to transition to homeownership; individuals who expected and received transfers are mostly likely to transition to homeownership.

An interesting comparison is the one between individuals who unexpectedly received transfers (yellow line) and individuals who expected transfers but have not received transfers yet (pink line). Expected transfers consistently increase the hazard of homeownership over time, whereas receiving a transfer has a pronounced effect only in the year it occurs. Consequently, the ideal type "Unexpectedly received" has a much higher hazard rate than the ideal type "Expected – not received (yet)" but only in the years 2004, the year of the hypothetical transfer, and 2005. In all other years, the ideal type "Expected – not received (yet)" has a higher hazard rate. These differences in the hazard rates translate into lower survival rates for the "Expected – not received (yet)" group in the years before the hypothetical transfer. In the year of the hypothetical transfer, the survival curve for the "Unexpectedly received" group decreases strongly and surpasses the group of "Expected – not received (yet)". However, in the following years, the survival curves are approaching because the "Unexpectedly received" (yellow) group slowed down and almost crossed the "Expected – not received (yet)" group in the last year again. Whether and when the two survival curves cross depends on the transfer's timing and amount.

[Figure 5 about here]

Altogether, our findings support our hypotheses 3a-c that both expected and received wealth transfers increase the probability of transitioning to homeownership. In contrast to the predictions of the permanent income hypothesis, we do not find that transfer receipt has a different effect depending on whether respondents expected a transfer or not (see Appendix C). Furthermore, we find a similar association between expected and received transfers and the transition to homeownership for different age groups (see Appendix D).

7.4 How much of the social stratification in homeownership can be attributed to transfers (H4)?

Finally, we turn to the question of how much of the social stratification in homeownership can be attributed to transfers, i.e., our mediation analysis. As discussed in section 7.1, individuals whose parents were petite bourgeoisie, technical experts, managers, clerks, or socio-cultural professionals are more likely to become homeowners than the reference group, i.e., individuals whose parents were manual workers (see Figure 2 and the column “Hazard Ratio” in Table 3). Table 3 shows how much of these differences can be attributed to 1) expected and received transfers (column “% via wealth transfers” in Table 3), and 2) to the other pathways between parental SES and child homeownership (family status and number of children, household income, individual's and partner's Oesch class; column “% via other mediators” in Table 3). The small differences between individuals whose parents are large employers, service workers, and manual workers are not considered in the mediation analysis.

Other mediators account for 23-31% of the differences in the hazard rate of individuals whose parents were petite bourgeoisie, technical experts, or managers, each compared to manual workers. For individuals whose parents were socio-cultural professionals, other mediators explain 79%.

Likewise, wealth transfers are an important mediator between parental class and the transition to homeownership. However, wealth transfers are much more important for some class contrasts than others. Transfers only account for 6% or respectively 10% of the advantage of individuals whose parents were petite bourgeoisie or clerks, each compared to individuals whose parents were manual workers. However, transfers account for 24% of the advantage of individuals whose parents were technical experts, 29% of the advantage of managers, and 56% of the advantage of socio-cultural professionals, each compared to individuals whose parents were manual workers. The contribution of transfers to differences in homeownership by parental SES is statistically significant for all class contrasts, except for clerks compared to manual workers. This supports hypothesis 4; differences in the transition to homeownership by parental SES can be partially attributed to transfers.

Transfers and our other mediators together can explain a large share of the differences in the hazard ratios between technical experts, managers, and socio-cultural professionals compared to manual workers, However, differences in the hazard rates between petite bourgeoisie, clerks, and manual workers remain largely unexplained.

[Table 3 about here]

All three measures of transfers (expected transfers, received inheritances, received gifts) contribute to differences in homeownership by parental SES. Excluding any of the three, for instance, by ignoring expected transfers, leads to a significant underestimation of the importance of transfers to the effect of parental SES on homeownership (see Appendix B).

In a robustness check, we evaluated how the results change when considering time-varying measures of income, family status, number of children, own social class, and partner's social class instead of only considering 2001 measures of them. All these factors could be consequences of earlier transfer receipt but could also be confounders of the association between later transfers and the transition to homeownership. When considering them as time-varying factors, they explain a larger share of the differences by parental SES. However, the finding that a large share of differences can be attributed to transfers remains (see Appendix E).

8. Conclusions

In this study, we evaluated (1) differences in the transition to homeownership by parental SES, (2) how expected and received transfers affect the transition to homeownership, and (3) how much of the differences in the transition to homeownership by parental SES can be attributed to transfers.

We find that parental SES plays a significant role in the transition to homeownership. The differences in homeownership are similar to those reported by Kurz (2004) but smaller than the differences by parental homeownership status (Bayrakdar et al. 2019).

Using the 8-class Oesch scheme, we find that individuals whose parents were manual workers or service workers when they were 15 years old are less likely to become homeowners. In contrast, individuals whose parents were petite bourgeoisie, technical experts, managers, clerks, or socio-cultural professionals are more likely to become homeowners. Individuals whose parents were large employers also have a comparably low probability of becoming homeowners, but there were too few of these parents to make reliable estimates. In this regard, our analysis also points to the usefulness of the Oesch class scheme, highlighting the multiple class dimensions. Other class schemes might miss the advantage that the petite bourgeoisie has compared to other vocational or unskilled classes in terms of the transition to homeownership and wealth transfers.

Next, our results corroborate existing findings on the importance of wealth transfers for the transition to homeownership. Receiving inter-vivo gifts drastically increases the probability that individuals become homeowners. Most individuals become homeowners directly in the year of the transfer receipt, indicating that these gifts were given to support them in the transition to homeownership.

In contrast to the mixed findings on the effect of inheritance on the transition to homeownership (Cigdem and Whelan 2017), we also find that receiving inheritances strongly accelerates the transition to homeownership. The most plausible explanation is that research on the homeownership transition has almost exclusively considered young adults. Since young adults are less likely to receive inheritances, these studies might have had too little statistical power to find meaningful effects of inheritances. When also considering older adults, the effect of receiving inheritances is almost as large as the effect of receiving gifts.

In addition to the effect of receiving wealth transfers, we also find that already the expectation of future wealth transfers is associated with a higher probability of becoming a homeowner. The important contrast is here between those individuals who are certain that they will not receive transfers compared to all others. In contrast, whether individuals thought they would certainly or probably receive transfers and what amount they anticipated was less important. The partial association between expected wealth transfers and becoming a homeowner is comparatively large. Individuals who expect a transfer but have not yet received it might be more likely to become homeowners than those who have unexpectedly received transfers.

We do not find that individuals react differently to receiving transfers depending on whether they are expected, which is incongruent with the permanent income hypothesis. An alternative explanation could be that the expectation of receiving transfers in the future reduces risk aversion and allows individuals

to rely on transfers of their family in case of adverse life events like a divorce or job loss (Hällsten and Pfeffer 2017; Müller et al. 2023).

Finally, we find that wealth transfers are the single most important factor in explaining differences in the transition to homeownership by parental SES. Received inter-vivo gifts, inheritances, and expected transfers explain up to 56% differences by parental SES. This supports the finding of Spilerman and Wolff (2012) that wealth transfers are the main reason behind differences in homeownership by parental SES. However, our study also shows that this only applies to some class contrasts but not to others. Transfers are particularly important in explaining the advantage of technical experts, managers, and socio-cultural professionals compared to manual workers (24-56% mediated by transfers) but less relevant for explaining the contrast between the petite bourgeoisie, clerks and manual workers (less than 10% mediated by transfers). Thus, transfers can explain much of the differences on the vertical axis of the Oesch scheme but little of the differences on the horizontal axis. A potential explanation for this could be the other mechanisms between parental SES and homeownership that we could not measure, such as preferences for homeownership, knowledge of the housing market, social capital, and access to credit.

Importantly, both expected and received transfers contribute to differences in homeownership by parental SES, and ignoring expected transfers results in an underestimation of the role that transfers play in the social stratification of homeownership. The inclusion of expected transfers and the more detailed measurement of received transfers in SOEP could explain why we find that wealth transfers play a more important role in the transition to homeownership than reported in previous studies (Bedük & Harkness 2024; Heldermann & Mulders 2007).

The result that differences in the transition to homeownership can be largely attributed to transfers also points to policies that would reduce inequalities in homeownership. Among others, Bach (2021) proposed introducing a "Universal Capital Endowment"; thus, each citizen receives a wealth transfer of, for instance, 20k EUR on their eighteenth birthday. Stricter taxation of large wealth transfers could finance this. The German population might support stricter taxation, but only if they are informed about the currently large allowances for wealth transfers (Bellani et al. 2024). Yet, this would only limit the inequalities that can be attributed to transfers. Other pathways leading to social stratification in homeownership, like intergenerational status transmission, require different interventions.

Despite the valuable insights provided by this study, several limitations must be acknowledged. (1) Operationalizing parental SES solely in terms of occupational class might lead to underestimating its effect. SES is a multidimensional construct that can only be fully captured if all dimensions are incorporated. For instance, parental homeownership and parental wealth might have unique effects on homeownership. Parental occupational class only approximates parental homeownership and wealth (see Appendix F). Yet, in many datasets, including the SOEP, parental homeownership and wealth are

only observed if the respondents themselves were already survey participants by the time they were still living in their parent's household. This requirement on the part of the survey drastically reduces the number of transitions to homeownership that can be observed in the data (Bayrakdar et al. 2019) and might lead to selection bias because many participants drop out of panel studies when they move out of the parental home (Luo, Nur, and Jin 2024). (2) Received and expected transfers in the SOEP are likely underreported. Measurement error in transfers likely leads to underestimating its effect on the transition to homeownership and its contribution to differences in homeownership by parental SES (VanderWeele, Valeri, and Ogburn 2012). (3) We could not measure all the other potential mediators between parental SES and homeownership, for instance, preferences for homeownership, knowledge of the housing market, social capital, and access to credit. Households expecting future transfers might have better access to credit, which in turn facilitates homeownership. Future research should explore the interplay between expected transfers and credit access more thoroughly. (4) We have only evaluated whether transfers account for homeownership differences by parental SES. However, wealth transfers likely also contribute to differences between ethnic groups and regional disparities in homeownership. (5) The context of this study is limited to Germany. Future studies could evaluate how housing markets and wealth transfer regulations moderate the impact of parental social class and transfers on the transition to homeownership.

In summary, our findings underscore the significant role of both expected and received wealth transfers in facilitating the transition to homeownership and highlight the need for policy interventions to address the inequalities arising from these transfers.

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Figures & Tables

Table 1. Oesch 8-class scheme

Self-employed *Independent work logic*	Employees *Technical work logic*	*Organizational work logic*	*Interpersonal work logic*	Skills level
Large employers & self-employed professionals	**Technical experts** (computer experts, engineers)	**Managers** (administrators, managers, bookkeepers)	**Socio-cultural professors** (teachers, doctors)	*Professional / Associate Professional*
Petite bourgeoisie (small shop owners)	**Manual workers** (mechanics, carpenters)	**Clerks**	**Service workers** (cooks, waiters)	*General/vocational and unskilled*

Note: Based on Oesch (2006:60); Waitkus and Minkus (2021:143)

Table 2. Descriptive statistics.

		Homeowners		**At risk**		**All**	
		Mean	SD	Mean	SD	Mean	SD
Parental Oesch	Larger employer	0.022		0.022		0.022	
	Petite bourgouisie	0.167		0.105		0.131	
	Technical experts	0.062		0.084		0.075	
	Manual workers	0.445		0.461		0.455	
	Managers	0.127		0.145		0.138	
	Clerks	0.055		0.050		0.052	
	Socio-cultural prof.	0.032		0.045		0.040	
	Service workers	0.051		0.064		0.058	
	Not in labor force	0.039		0.024		0.030	
Age		52.303	13.962	41.775	18.107	46.171	17.301
Gender	male	0.481		0.479		0.480	
Migration background	None	0.908		0.770		0.828	
	Direct	0.082		0.177		0.137	
	Indirect	0.010		0.053		0.035	
Place of residence in 1989	East	0.231		0.315		0.280	
	West	0.749		0.616		0.672	
	Abroad	0.020		0.069		0.048	
Status in 2001	Head & Owner	1.000		0.000		0.418	
	Renting & head	0.000		0.776		0.452	
	Owner but not head	0.000		0.137		0.080	
	Renting and not head	0.000		0.087		0.051	
Family status	Married	0.791		0.523		0.635	
	Single	0.031		0.274		0.172	
	Divorced	0.056		0.102		0.083	
	Widowed	0.122		0.101		0.110	
Children		1.308	0.893	0.843	0.959	1.037	0.960
Own Oesch (2001)	Larger employer	0.021		0.010		0.014	
	Petite bourgouisie	0.055		0.028		0.039	
	Technical experts	0.058		0.044		0.050	
	Manual workers	0.120		0.173		0.151	
	Managers	0.105		0.082		0.092	
	Clerks	0.065		0.064		0.065	
	Socio-cultural prof.	0.067		0.055		0.060	
	Service workers	0.072		0.102		0.089	
	Not in labor force	0.437		0.442		0.440	
Partners Oesch 2001	Larger employer	0.019		0.007		0.012	
	Petite bourgouisie	0.049		0.018		0.031	
	Technical experts	0.055		0.026		0.038	
	Manual workers	0.115		0.107		0.110	
	Managers	0.094		0.047		0.067	
	Clerks	0.061		0.032		0.044	
	Socio-cultural prof.	0.060		0.031		0.043	

	Service workers	0.069		0.064		0.066	
	Not in labor force	0.369		0.234		0.290	
	No partner	0.019		0.007		0.012	
Urbanity	Large city	0.170		0.252		0.218	
	Medium city	0.147		0.195		0.175	
	Small city	0.207		0.225		0.217	
	Rural	0.477		0.328		0.390	
Log. Equivalized hh income		7.507	0.416	7.330	0.437	7.404	0.437
Siblings		2.109	1.856	2.137	1.932	2.125	1.901
Expected	Yes, this is certain	0.061		0.056		0.058	
transfers	Yes, probably	0.101		0.093		0.096	
	No	0.640		0.607		0.621	
	Do not know	0.198		0.244		0.225	
Received inheritance	Yes	0.165		0.104		0.129	
Inheritance value	Mean (unconditional)	15627	73655	7034	46090	10623	59334
Received gift	Yes	0.081	0.273	0.093	0.290	0.088	0.283
Gift value	Mean (unconditional)	3853	47684	4410	33779	4177	40176
Inheritance	Min	570		525		525	
(conditional on any)	p10	5423		3300		4391	
	p25	11976		8100		10050	
	p50	36320		22831		29851	
	Mean	94505	159229	67851	127920	82070	146069
	p75	108814		70173		90799	
	p90	245052		176678		217628	
	Max	2626050		1534112		2626050	
Gifts	Min	473		498		473	
(conditional on any)	p10	2320		1674		2010	
	p25	5988		4464		4973	
	p50	12594		11416		11976	
	Mean	47651	161354	47623	101313	47634	127811
	p75	38783		43231		42249	
	p90	112989		134731		122141	
	Max	3859838		1224693		3859838	
N		9,333		13,018		22,351	

Table 3. Mediation of difference by parental Oesch-class via transfers and other mediators. 95% confidence intervals in brackets.

	Hazard ratio		% via other mediators		% via wealth transfers	
Petite bourgouisie	1.262	[1.080,1.475]	24.4	[5.4,43.4]	9.5	[3.1,15.8]
Technical experts	1.241	[1.076,1.432]	22.8	[-13.2, 58.8]	23.9	[12.0,35.7]
Manual workers	*Reference*		-		-	
Managers	1.228	[1.080,1.396]	30.6	[-1.9,63.2]	29.2	[17.9,40.5]
Clerks	1.232	[1.025,1.481]	8.3	[-26.4,43.1]	5.6	[-5.0,16.1]
Socio-cultural prof.	1.205	[0.993,1.461]	79.3	[-1.8,160.4]	56.1	[26.8,85.4]

Note: Mediation of the contrasts between large employers and service workers compared to manual workers are not shown because differences in the hazard ratio are small and statistically insignificant. Confidence intervals were estimated with 1000 bootstrap resamples.

Figure 1. Conceptual model of the mediating processes of the effect of parental SES on the transition to homeownership.

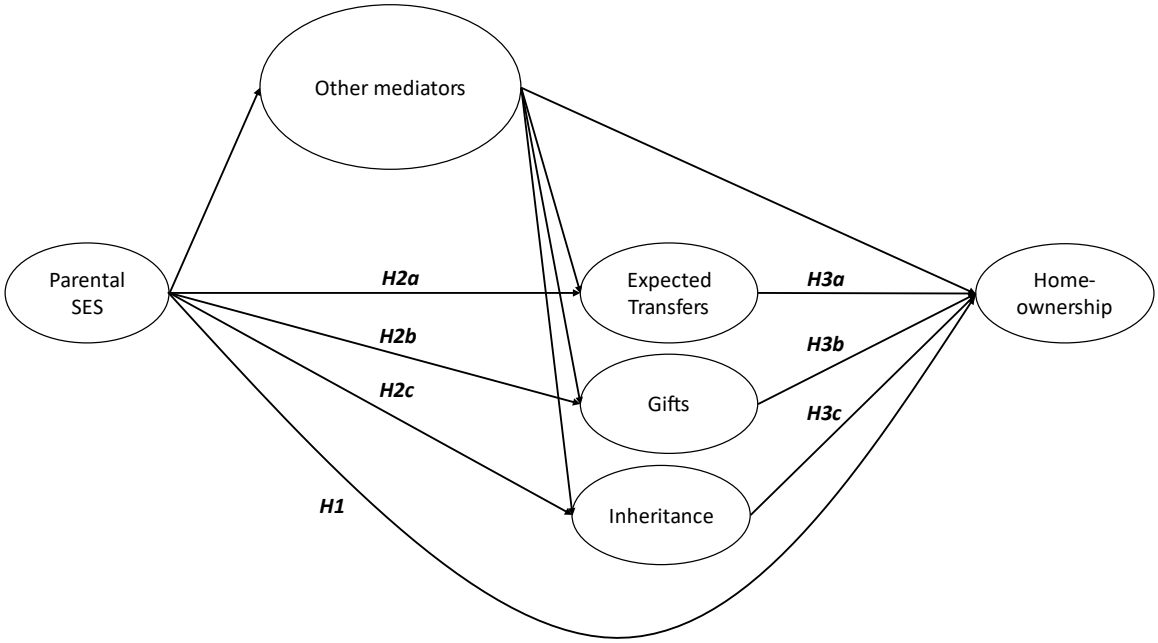
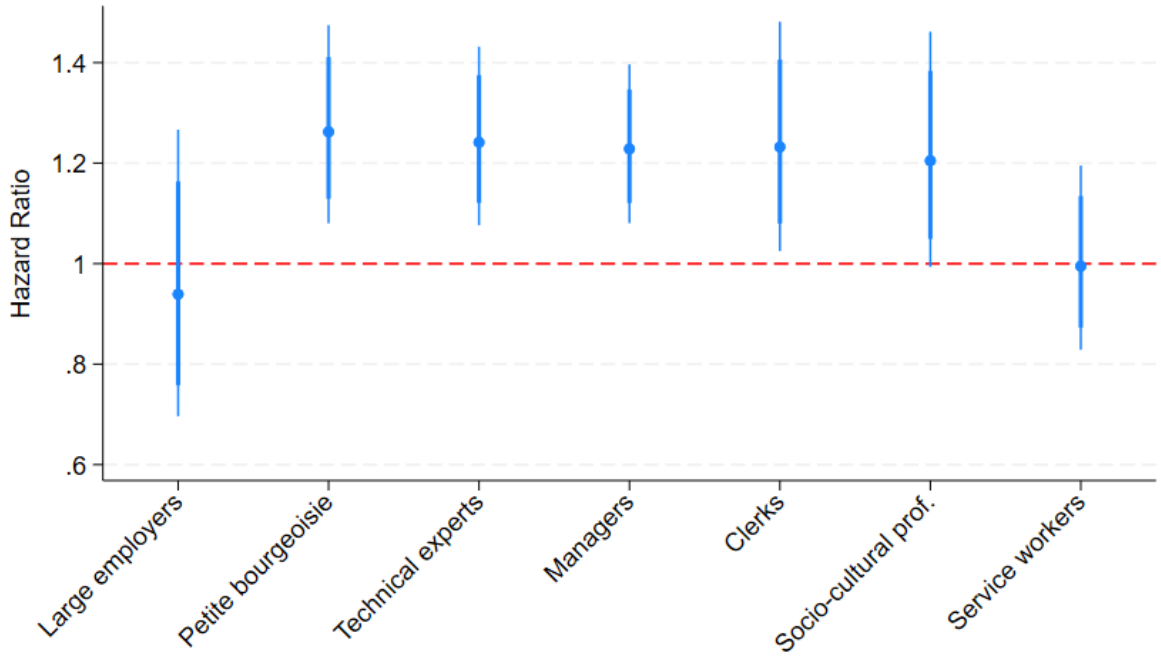
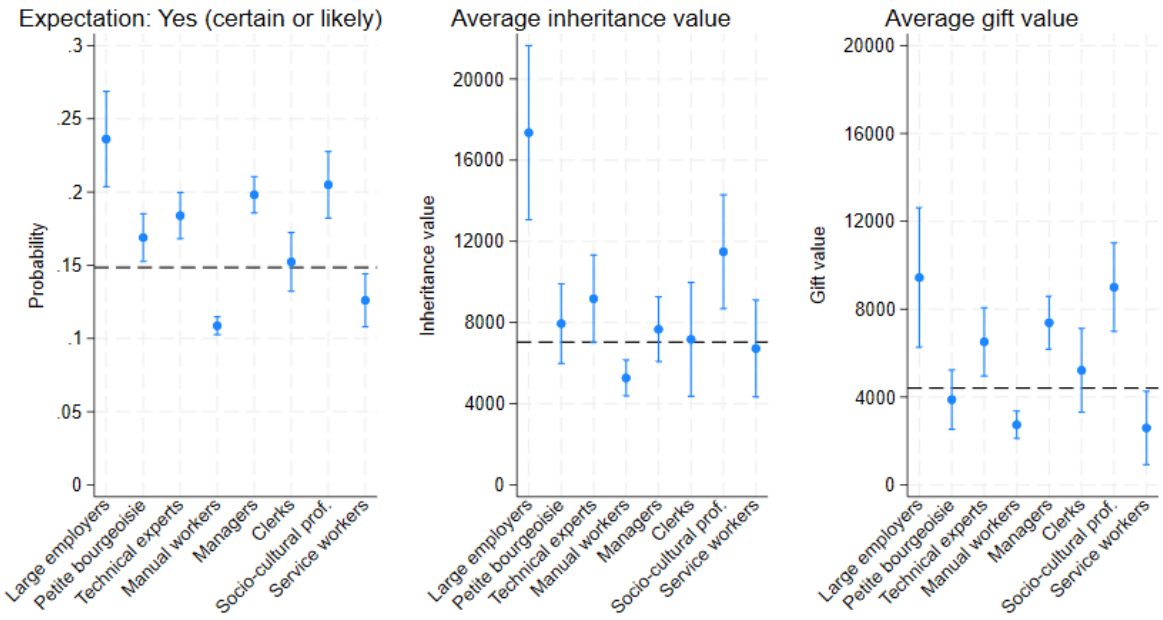


Figure 2. Differences in the transition to homeownership by parental SES (Hazard Ratios).



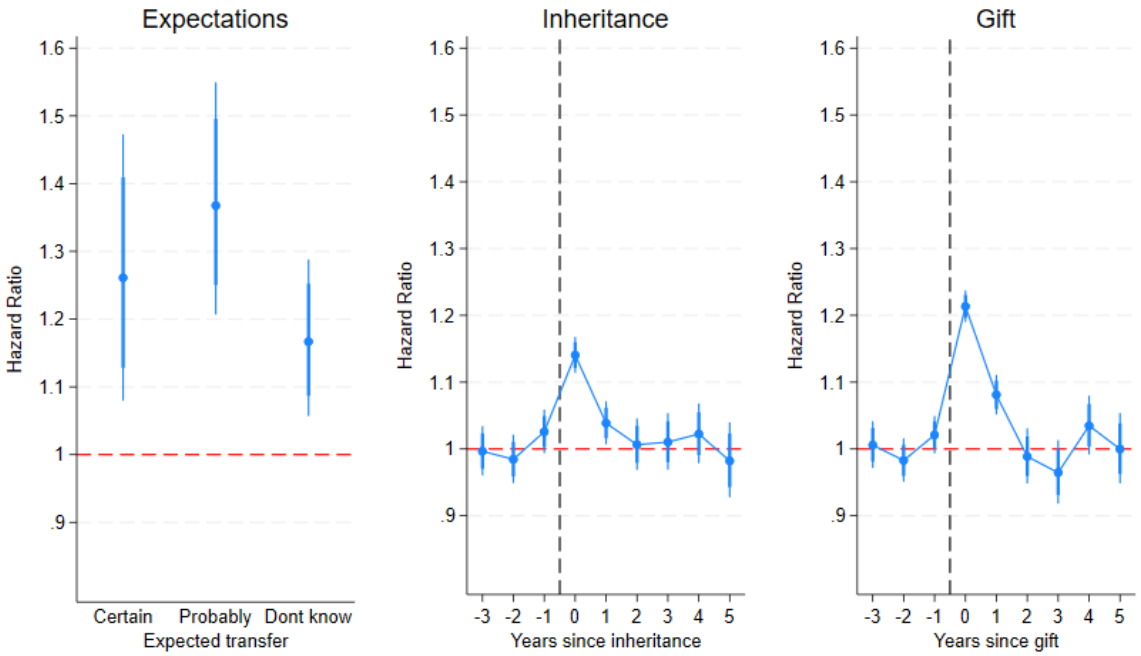
Note: Multiple imputed data. Reference category: manual workers. Thick vertical lines indicate the 84%-confidence interval, thin vertical lines indicate the 95%- confidence interval. Non-overlapping 84%-confidence intervals indicate that estimates are statistically significantly different on the 95%-level (MacGregor-Fors and Payton 2013).

Figure 3. Differences in expected transfers, received inheritances, and received gifts by parental SES.



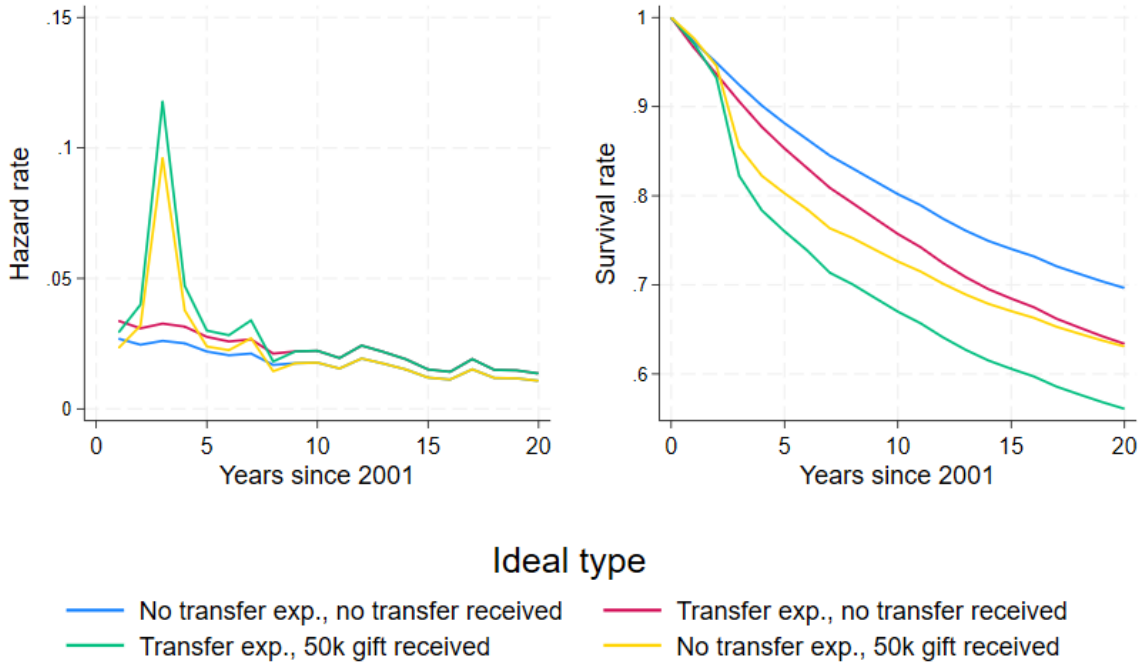
Note: Multiple imputed data. Reference category: manual workers. Vertical lines show 84%-confidence intervals. Non-overlapping 84%-confidence intervals indicate that estimates are statistically significantly different on the 95%-level (MacGregor-Fors and Payton 2013). Dashed horizontal lines show the sample averages.

Figure 4. Effect of receipt of inheritance or gift on the hazard of transition to homeownership.



Note: Multiple imputed data. Reference category: No inheritance or gift expected. The effects on actual inheritances and gifts show the effect of a log increase. 95% confidence intervals.

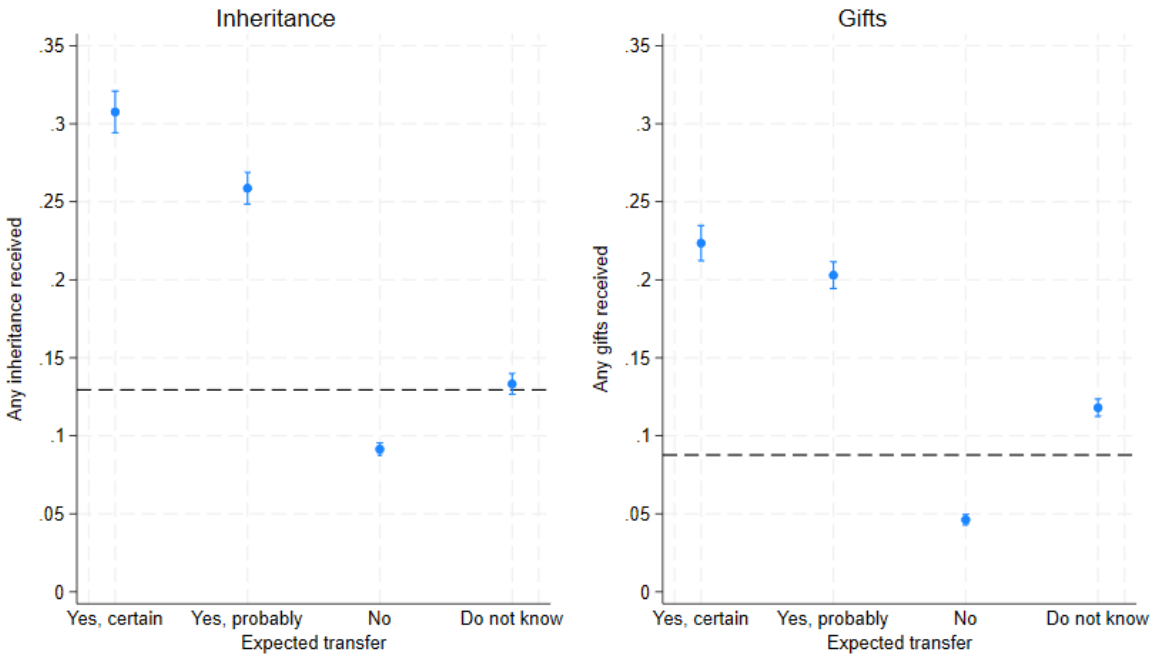
Figure 5. Predicted hazard and survival rates for different combinations of expected and received transfers.



Appendix

A. Association between expected and received transfers.

Figure A1. Transfer receipt by expected transfer.



Note: Multiple imputed data. Vertical lines show 84%-confidence intervals. Dashed horizontal lines show the sample averages.

B. Importance of transfer components.

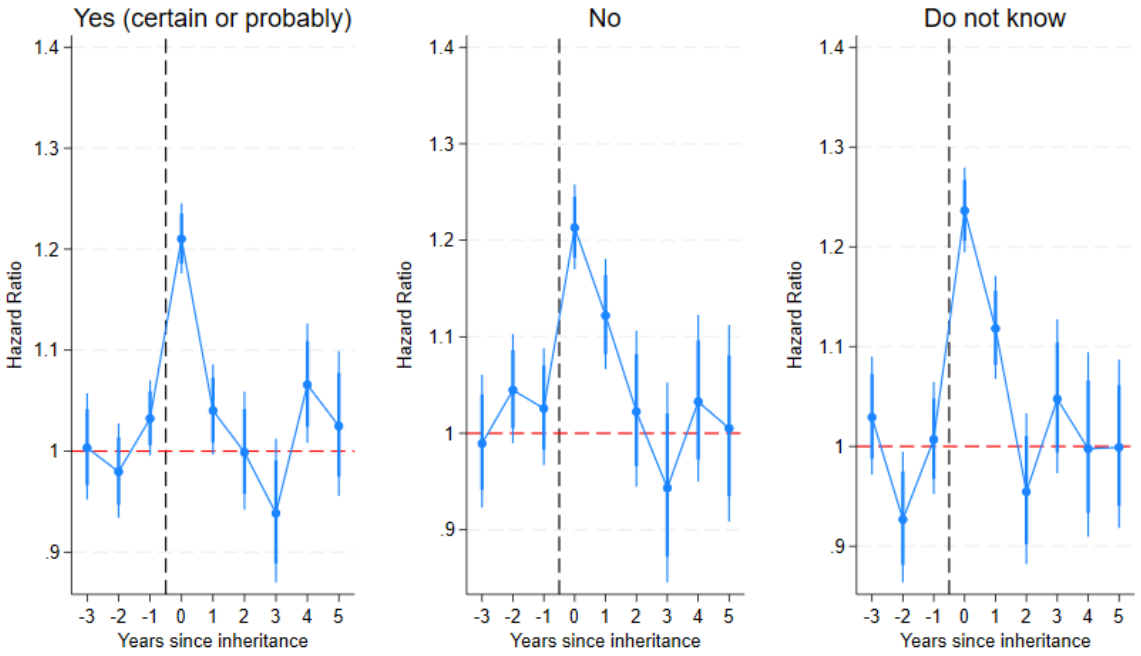
Table B1. Proportion of differences in the transition to homeownership mediated by transfers; with different operationalizations of transfers.

	Petite bourgeoisie	Technical experts	Managers	Clerks	Socio-cultural prof.
Only expected transfers	8.5	12.6	17.3	2.5	16.5
Only received inheritances	1.1	2.7	4.8	1.8	9.1
Only received gifts	2.1	10.9	8.7	3.2	18.4
Excluding expected transfers	3.0	13.0	13.7	4.7	33.5
Excluding received gifts	8.8	14.0	20.8	3.4	26.0
Excluding received inheritances	9.1	22.5	25.3	4.6	38.4
All three	9.5	23.9	29.2	5.6	56.1

Note: Reference category: manual workers. Mediation of the contrasts between large employers and service workers compared to manual workers are not shown because differences in the hazard ratio are small and statistically insignificant.

C. Interaction between expected and received transfer.

Figure C1. Effect of gift receipt on transition to homeownership by expected transfers.



Note: "Yes, certain" and "Yes, probably" were combined to "Yes" to avoid small cell sizes.

D. Association between transfers and transition to homeownership by age group.

Table D1. Effect of receipt of inheritance or gift on the hazard of transition to homeownership by age group (Hazard ratios and 95%-Confidence intervals).

	All		Age: 17-29		Age: 30-49		Age: 50+	
Received transfers								
Inheritance	1.139	[1.113,1.167]	1.112	[1.065,1.160]	1.151	[1.112,1.192]	1.200	[1.136,1.267]
Gift	1.210	[1.187,1.234]	1.194	[1.160,1.230]	1.213	[1.179,1.247]	1.246	[1.121,1.385]
Expected transfer								
Yes, certain	1.267	[1.086,1.478]	1.396	[1.045,1.864]	1.206	[0.986,1.476]	1.516	[0.884,2.599]
Yes, probably	1.359	[1.200,1.539]	1.211	[0.966,1.519]	1.378	[1.168,1.627]	1.432	[0.909,2.255]
Do not know	1.164	[1.055,1.285]	1.160	[0.977,1.376]	1.122	[0.976,1.288]	1.565	[1.176,2.082]
No	*Reference*		*Reference*		*Reference*		*Reference*	
N	13,018		3,979		4,924		4,115	

Note: "Inheritance" and "Gift" show the effect receiving transfers in the same year. Regression coefficients of all other covariates are omitted.

E. Allowing other mediators to vary over time.

Table E1. Decomposition of social stratification in homeownership with time-varying "other mediators".

	"Other mediators" measured in 2001		**Time-varying "other mediators"**	
	Other mediators	Transfers	Other mediators	Transfers
Petite bourgeoisie	24.4	9.5	26.3	9.0
Technical experts	22.8	23.9	55.5	21.7
Managers	30.6	29.2	24.5	23.0
Clerks	8.3	5.6	6.7	3.6
Socio-cultural prof.	79.3	56.1	159.7	62.9

Note: Mediation of the contrasts between large employers and service workers compared to manual workers not shown because differences in the hazard ratio are small and statistically insignificant.

F. Homeownership and net worth by Oesch class in the parent generation

The SOEP does not contain information on parental homeownership or wealth unless the parents have also participated in the SOEP. Table F1 shows the homeownership rate and average net worth in 2002 (the earliest wealth measure available in SOEP) by Oesch class among SOEP households with household heads born before 1958 thereby approximating the association in the generations of the parents of the individuals considered in the analysis, which were born in 1984 and earlier.

Table F1. Homeownership and net worth by highest household Oesch-class in 2002 among individuals born between 1903 and 1958.

Oesch-class	Homeowner (Percent)	Household Net Worth (Mean, in thousand 2002 EUR)
Larger employer	78.3	1200.9
Petite bourgouisie	74.5	491.3
Technical experts	79.1	266.5
Manual workers	48.5	111.6
Managers	68.5	314.6
Clerks	56.9	239.3
Socio-cultural prof.	63.7	286.0
Service workers	41.9	182.5
Not in labor force	48.3	164.8
Average	56.0	253.0

Note: N=8,114.