

# Can social stratification in homeownership be attributed to wealth transfers?

Jascha Dräger <sup>a</sup>, Nora Müller <sup>b</sup> & Klaus Pforr <sup>b</sup>

<sup>a</sup> Socio-Economic Panel, German Institute for Economic Research, Berlin, Germany

<sup>b</sup> Research and Data on Society, GESIS – Leibniz Institute for the Social Sciences, Mannheim, Germany

Homeownership depends strongly on social origin, but the underlying mechanisms of this association are not well understood. This study evaluates how much of the differences in homeownership by social origin can be attributed to wealth transfers (gifts and inheritances). In addition to received transfers, we consider whether individuals expect to receive wealth transfers in the future. We use the data of the German Socio-Economic Panel Study and apply discrete time survival models to assess the importance of transfers for differences in homeownership by social origin. We find that individuals with high parental SES have a higher hazard rate of transitioning to homeownership, particularly those individuals whose parents have been business owners. Moreover, individuals with high parental SES are more likely to anticipate transfers, are more likely to receive transfers, and receive larger amounts. Individuals are much more likely to transition to homeownership immediately after receiving a gift or an inheritance. Yet, even individuals who have not yet received transfers, but anticipate that they will receive transfers in the future, are more likely to become homeowners. At least 15%, and for some class contrasts up to 70%, of differences in the transition rate to homeownership by parental social class can be attributed to wealth transfers.