Explaining variation in intergenerational downward mobility in homeownership across Europe

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Introduction

Parental homeownership has been argued to be a crucial factor for individuals to acquire their own home, especially in contexts with structural barriers towards homeownership, such as due to high housing prices, bad mortgage conditions, or increased population pressure (Mulder et al. 2015; McKee 2012). However, against the background of universally decreasing homeownership rates of young adults within Europe, recent research suggests that acquiring homeownership seems to have become universally more challenging, even for those who have previously been assumed to be advantaged because their parents were homeowners (Bedük et al., 2025). In fact, although relative homeownership mobility has actually remained stable, the prevalence of the downwardly mobile—those renting their home although their parents owned theirs—has been estimated to have more than doubled, from 14% to 36%, among individuals born between the 1950s and 1980s. Conversely, the share of upwardly mobile children has been declining (Bedük et al., 2025). Importantly, as the level and increase in downward mobility vary notably across European countries, it remains unclear, under which circumstances individuals experience downward mobility and who is particularly prone to do so.

In this paper, we focus on the group of downward mobile and investigate which factors explain downward mobility and its variation across countries and cohorts. We ask: (1) Who are the downward mobile? And (2) which factors explain downward mobility, and how does their influence differ between contexts? This study contributes to the broader social inequality and mobility literature through investigating the drivers of declining intergenerational transmission of advantage and their context dependency, with a focus on homeownership as a particularly crucial dimension of wealth inequality (Pfeffer & Waitkus, 2021). Using the novel DECIPHE [1] contextual data base, which provides a comprehensive collection of relevant indicators on, amongst others, housing markets, social policy contexts, and demographic factors, linked to EU-SILC data from 2011 and 2019, we explicitly test theoretically relevant marco-level indicators and explore the role of individual and family-related socio-economic and demographic factors within those contexts from a comparative perspective.

[1] The Demographic Change and the Intergenerational Persistence in Homeownership in Europe (DECIPHE) research project investigates how demographic change shapes the intergenerational transmission of homeownership across Europe (https://www.deciphe.eu).

Background

This study is of an explorative nature. Rooted in the life course framework and employing a cost-benefit approach, we integrate prior theoretical and empirical discussions on the acquisition and intergenerational transmission of homeownership as well as social mobility more broadly.

Relevant characteristics describing the probability of downward mobility are identified across micro-, meso-, and macro-levels and relate to both childhood and current life stages, as shown in the conceptual model in Figure 1. Drawing on the concepts of path dependency and linked lives within the life course framework (Elder, 1994; Bernardi et al., 2018) and resembling the classic social-origins-path diagram or OED-triangle (Hout & DiPrete 2006), we expect various characteristics of the family of origin to directly and indirectly influence homeownership. Although many studies suggest that parental homeownership is directly associated with a higher propensity for children to own a home (e.g., Bedük & Harkness, 2024), other research questions whether parental homeownership as such predicts children's homeownership. Instead, other–partially unobserved–family-of-origin characteristics were argued to be more important (e.g., Aratani 2011). These characteristics may explain why some children of homeowner-parents are more disadvantaged than others.

Moreover, we expect children's own socio-economic and demographic characteristics to increase aspirations or the ability to own a home, such as having stable employment, children and a partner (Feijten, 2005; Lersch & Dewilde, 2015; Bayrakdar et al., 2018).

Beyond micro- and meso-level characteristics, the probability of downward mobility likely varies across contexts, potentially reflecting differing barriers towards owning a home despite parental homeownership. We explicitly account for such barriers, including demographic and economic dimensions, such as housing prices, loan-to-income ratios, demographic pressure on the housing market, and homeownership taxation attractiveness (e.g., Castles & Ferrera, 1996; Duca et al., 2021; Lee et al., 2022). Importantly, both family-of-origin characteristics and individual's own socio-economic, demographic and family-related indicators, are likely to operate differently across welfare and housing contexts (e.g., McKee 2012; Mulder et al. 2015; Bayrakdar et al., 2018). Following a cost-benefit-approach, in places where structural barriers, e.g., housing prices, are lower or where renting is more common and seen as a fair alternative to owning (Dewilde et al., 2018), access to homeownership, and thus the likelihood of downward mobility, may be less stratified by children's own and other parental socio-economic resources.

Data and Methods

We rely on data from two cross-sectional waves of the European Union Statistics of Income and Living Conditions (EU-SILC) from 2011 and 2019, in which information on the respondents' current individual homeownership as well as the parents' tenure during the respondents' childhood is available. We use data from N = 25 European countries and examine n = 83,317 individuals who were born between 1965-1979 and aged 40 to 50 at the time of the interview, and whose parents owned their home when the respondents were 14 years old

(having homeowner parents). We do not include individuals who lived with their parents at the time of the interview.

Homeownership is defined through a combination of self-reported homeownership and information on tenure status of the household reference person. Thus, among the children of homeowner parents, the probability of downward mobility is defined as

$$\Pr(down) = \frac{C_r}{C_r + C_{ho}},$$

where C_r is the number of children who are renters and C_{ho} is the number of children who are homeowners.

The DECIPHE contextual database is designed to capture the institutional and normative contexts underlying intergenerational persistence in homeownership across European countries. It includes 134 indicators across 27 EU countries and the UK, covering national, regional, and birth-cohort levels. The indicators span five thematic areas: demographic change, housing system, welfare state characteristics, normative context, and socio-economic factors. Data are drawn from 14 official sources, such as Eurostat, OECD, and the European Mortgage Federation, and cover the periods 1950–2024 and cohorts born between 1920–1979, with some differences between the countries. For the current study, we select around ten theoretically relevant indicators to assess their direct association with the likelihood of downward mobility.

Our analytical approach consists of three steps: After describing country differences in downward mobility probability, we use Kitagawa-Oaxaca-Blinder decomposition to examine the degree to which differences in the socio-economic composition explain the between-country variation. Lastly, we employ multilevel mixed effects models with cross-level interactions to test our expectations regarding the explanatory power of micro-, meso-, and macro-level indicators in different countries.

Preliminary and expected results

Variation in downward mobility across countries (preliminary)

Among respondents with homeowner parents, downward mobility lies around 25% for individuals born between 1965 and 1979, on average, but varies considerably across countries, from 19% in Slovakia to 58% in Bulgaria (Figure 2, red bars). This suggests that homeownership is not guaranteed when parents owned their home. Importantly, downward mobility in relation to all individuals of the same cohorts and age range–irrespectively of their parents' tenure–shows different levels and, thus, different variability across countries (Figure 2, blue bars). This relates to pronounced cross-country differences in the prevalence of parental homeownership.

Explaining variation in downward mobility (expected)

Macro-level indicators

First, we expect the probability of downward mobility to be higher in countries with more structural barriers towards owning a home, as the acquisition of homeownership becomes less

likely overall (*structural barriers expectation*). Moreover, the number of homeowner children in a society is a function of parental homeownership. Given the persistently higher likelihood of owning a home when the parents did (Bedük et al., 2025), we expect the probability of downward mobility to be smaller in countries where parental homeownership is more prevalent (*homeownership prevalence expectation*).

Meso- und micro-level indicators

Second, we expect lower individual and family socio-economic status to be associated with a higher likelihood to be downward mobile. We account for the respondents' family of origin, investigating the demographic composition of the household (e.g., number of siblings, migration background) (Keister, 2003; Kauppinen & Vilkama, 2016) as well as various socio-economic indicators, such as parental highest education and occupation (Coulter, 2017; Aratani, 2011). These indicators may explain which other family characteristics matter for owning a home above and beyond parental homeownership (*family of origin SES expectation*). Moreover, as with buying a home in general, downward mobility should also be lower for individuals with specific socio-demographic characteristics (e.g., being a man and being healthier) (e.g., Smith, 1990; Coulter 2017) and higher socio-economic resources of an individual (e.g., higher education and income) (*individual's SES expectation*). Lastly, we also explore the role of the individual's partnership and family status, accounting for potential resource pooling and assortative mating within partnerships and approximating a person's life stage and family norms (*individual's family expectation*) (e.g., Fiejten, 2005; Lersch & Dewilde, 2015; Coulter 2017).

Cross-level interactions

Third, we expect the importance of individual and family characteristics to vary between contexts. Most importantly, the predictive power of parental homeownership for explaining intergenerational transmission of advantage/disadvantage may be weaker than often anticipated, especially in contexts with high (parental) homeownership rates where owning a home is barely socially stratified (Aratani, 2011). Structural barriers in these contexts can also be expected to be lower, reflecting a more equitable access to homeownership. Thus, we expect the above-mentioned individual- and family-level characteristics to matter less in contexts of high homeownership prevalence (*interaction expectation*) (Mulder et al., 2015; Coulter, 2017; Bayrakdar et al., 2019). We also expect family socio-economic status to be more strongly associated with downward mobility likelihood when intergenerational family links are stronger, relating to both, the overall country-cohort context (*family regime expectation*) and the respondent's family directly (*family link expectation*).

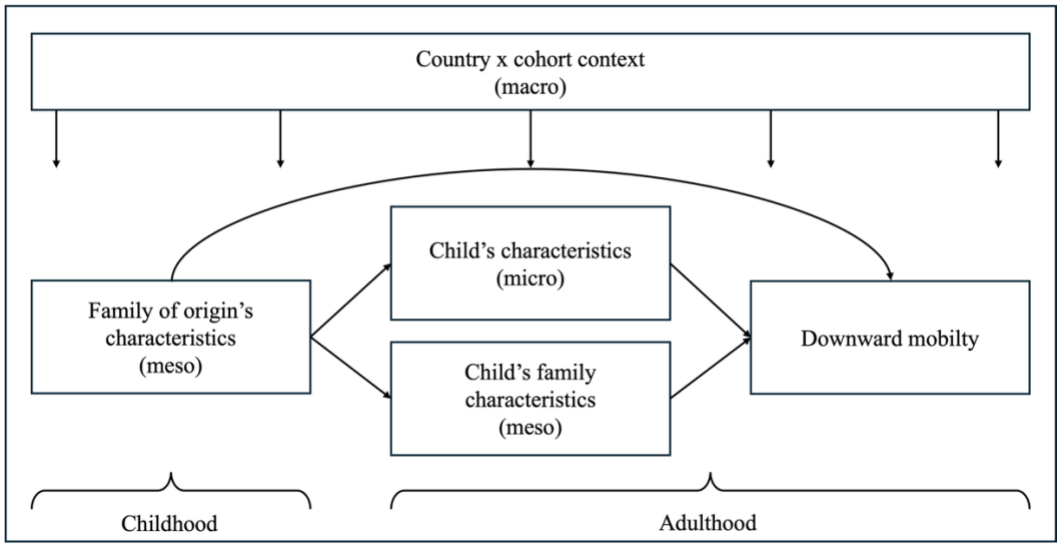

Figure 1 Conceptual framework.

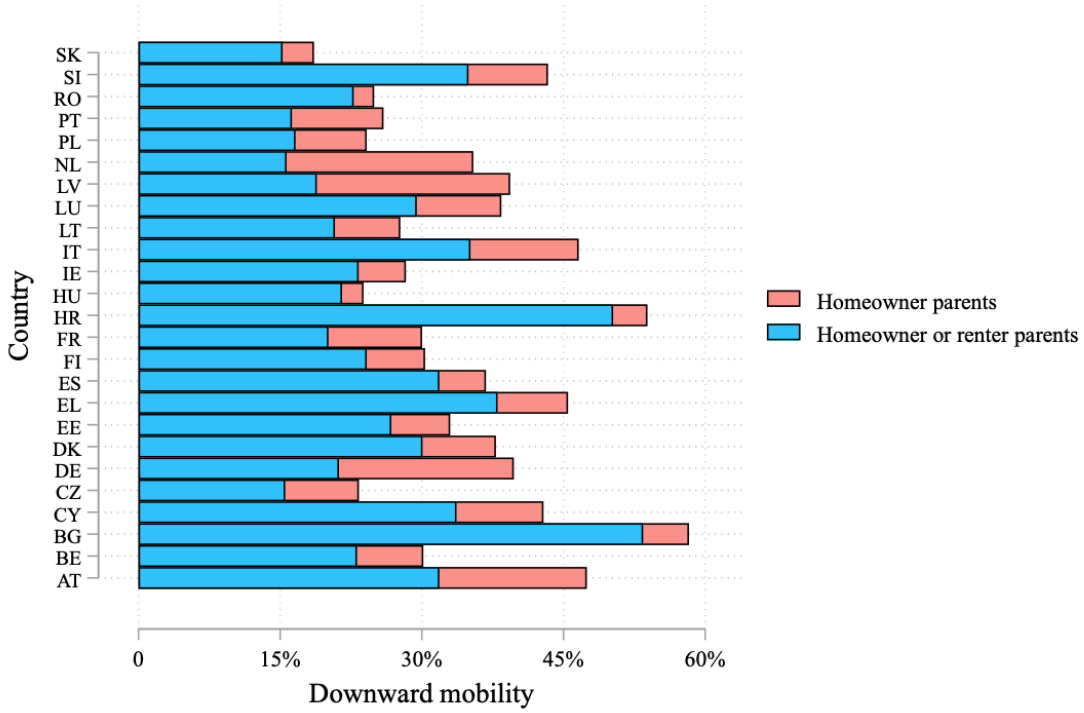

Figure 2 Probability of downward mobility.

Notes: Bars indicate the probability of downward mobility in relation to two samples: respondents whose parents owned their home (red bars; our analytical sample) and individuals of the same cohort and age range, irrespective of the parents' tenure (blue bars). Predicted values are country-specific and controlled for age and year fixed effects.

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