

HOMEOWNERSHIP NORMS AND HOUSING SATISFACTION ACROSS EUROPE: A CROSS-NATIONAL MULTILEVEL ANALYSIS

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Extended abstract

Introduction

Homeownership functions as both an economic asset and a socially valued status marker. It symbolizes stability, success, and adulthood, but its significance extends beyond individual finances. Homeownership reflects a powerful social norm embedded in collective expectations about what constitutes a “normal” or “successful” life course. These norms shape not only people’s housing choices but also how they evaluate their own situations, linking tenure status to subjective well-being through processes of social comparison and conformity.

Despite the central role of homeownership in shaping life trajectories, existing research rarely treats homeownership norms as contextual variables that vary across regions and countries. This is partly due to the lack of comparable cross-national data on housing aspirations and tenure preferences. As a result, much of the existing evidence remains limited to single-country studies that use innovative but context-specific methods to capture how homeownership norms influence behaviour and well-being. This lack of cross-national evidence leaves open important questions about how the strength and meaning of homeownership norms differ across institutional settings, housing markets, and welfare regimes.

A growing body of research shows that housing behaviour and satisfaction are affected by such norms. For instance, Huber & Schmidt (2022) demonstrate that second-generation migrants in the United States are more likely to own homes if homeownership was common in their parents’ countries of origin, suggesting that housing norms are socially transmitted and persist over generations. Foye et al. (2018) find that life satisfaction among homeowners increases when homeownership is highly valued within their reference group, while renters experience reduced satisfaction under the same conditions. Vera-Toscano & Ateca-Amestoy (2008) show that renting in predominantly owner-occupied areas significantly reduces housing satisfaction in Spain. By interpreting the local homeownership rate as a proxy for an external norm or peer effect, their study demonstrates that local tenure patterns can act as contextual social pressures shaping individual well-being. This framework provides a useful way to measure and understand homeownership norms empirically.

Building on these insights, we extend the analysis of homeownership norms to a cross-country, multilevel framework using data from the EU-SILC ad-hoc housing modules for 2007, 2012, and 2023, covering 26–27 EU countries. We treat homeownership rates in reference groups as indicators of contextual homeownership norms, and examine how these norms shape housing satisfaction, while accounting for housing market conditions (e.g., price growth, mortgage accessibility) and individual socioeconomic status (SES). Accordingly, the research question is: How do homeownership norms – captured by contextual homeownership prevalence – affect housing satisfaction, and how are these effects conditioned by housing market conditions and socioeconomic status across EU countries?

To address this question, the study pursues the following objectives:

1. To quantify how contextual homeownership norms influence individuals’ housing satisfaction across EU countries, controlling for individual and household characteristics.

2. To examine the mediating role of tenure status in the relationship between homeownership norms and housing satisfaction, distinguishing between the direct social-norm effect and the indirect material effect of homeownership.
3. To assess how housing market conditions and socioeconomic status moderate the impact of homeownership norms on housing satisfaction.

We conceptualize homeownership norms as contextual social forces that influence both housing behaviour and subjective well-being. In societies where ownership is the dominant tenure ideal, individuals internalize it as a standard of success. Consequently, renters in high-ownership contexts may experience reduced satisfaction due to perceived exclusion or nonconformity, while owners may derive greater satisfaction from aligning with prevailing norms. The framework further proposes that these relationships are mediated by tenure and moderated by housing market conditions and socioeconomic status. Specifically, we expect that: (i) stronger homeownership norms amplify well-being gaps between owners and renters; (ii) favourable housing market conditions strengthen the positive effects of ownership; and (iii) lower-SES individuals experience greater psychological strain from nonconformity in contexts with strong ownership norms. Together, these mechanisms illustrate how the social meaning of homeownership interacts with structural and economic contexts, shaping inequality and well-being across Europe.

Methodology and Data

This study employs a multilevel analytical strategy to examine how contextual homeownership norms – operationalized as the prevalence of homeownership within an individual’s reference group – affect housing satisfaction, and how these effects vary with housing market conditions and socioeconomic status. Because housing satisfaction is measured on a four-point Likert scale, we estimate multilevel ordered logit models, accounting for both individual- and contextual-level variation. The hierarchical structure of the data reflects individuals nested within reference groups and countries.

The empirical strategy proceeds in three stages. Before discussing each stage, it is important to define the reference groups. In the literature, reference groups have been conceptualized in various ways, including individuals within the same country, region, or age cohort (Foye et al., 2018). Following Ferrer-i-Carbonell (2005), we define reference groups as individuals sharing the same age cohort, educational level (low, medium, or high), and regional location (NUTS 1). For each group and survey year, we calculate the homeownership norm as the leave-one-out weighted proportion of homeowners, applying the EU-SILC sampling weights.

$$HN_{gt} = \frac{\sum_{j \in g, j \neq i} w_j H_{jt}}{\sum_{j \in g, j \neq i} w_j} \quad (1)$$

where $H_{jt} = 1$ if person j is a homeowner in survey year t and 0 otherwise, and w_j denotes the survey weight for person j . The summation excludes the focal individual ($j \neq i$) to avoid mechanical reflection (leave-one-out).

First, a **baseline** multilevel ordered logit model estimates the direct association between homeownership norms and individual housing satisfaction, controlling for tenure, socioeconomic status, other household-level covariates, and housing market conditions. This model establishes whether individuals living in reference groups with higher ownership prevalence report systematically higher or lower housing satisfaction, after accounting for personal characteristics and country-year fixed effects. We estimate a multilevel ordered logit model of the following form:

$$\begin{aligned} Y_{igt}^* = & \beta_0 + \beta_1 HN_{gt} + \beta_2 HT_{it} + \beta_3 (HN_{gt} \times HT_{it}) \\ & + \beta_4 HM_{ct} + \beta_5 (HN_{gt} \times HM_{ct}) \\ & + \beta_6 SES_{it} + \beta_7 (HN_{gt} \times SES_{it}) \end{aligned} \quad (2)$$

$$+\gamma' \mathbf{X}_{it} + \delta_c + \tau_t + u_g + \varepsilon_{igt}$$

The observed outcome Y_{igt} is defined as:

$$Y_{igt} = k \text{ if } \mu_{k-1} < Y_{igt}^* \leq \mu_k, k = 1, \dots, 4$$

where μ_k are the estimated thresholds between satisfaction categories.

where:

- Y_{igt} : Housing satisfaction (4-point Likert scale)
- HN_{gt} : Homeownership prevalence within reference group (homeownership contextual norm)
- HT_{it} : Tenure status, $HT_{it} = 1$ if individual is a homeowner and 0 if a renter.
- HM_{ct} : National or macro-regional housing market indicators (house price growth, mortgage accessibility)
- SES_{it} : Individual socioeconomic status indicators (income quintile (1-5) and employment status)
- \mathbf{X}_{it} : Individual-level control variables (age, gender, household size, marital status, dwelling quality, overcrowding, urban/rural, etc.)
- δ_c : Country fixed effects
- τ_t : Year fixed effects (2007, 2012, 2023)
- u_g : Random intercept for reference-group g (captures unobserved social-group-level heterogeneity)
- ε_{igt} : idiosyncratic error term

The coefficient β_1 captures the effect of reference-group homeownership norms on the baseline group. The parameter β_2 represents the average difference in housing satisfaction between owners and renters. The mediation interaction term β_3 specifically tests whether the impact of homeownership norms differs between owners and renters. A positive β_3 would indicate that homeowners benefit more from strong ownership norms, while a negative value would suggest that renters are more negatively affected under such conditions. Additionally, the cross-level interaction β_5 examines whether the effect of the homeownership norm is amplified or diminished by market conditions. The parameter β_7 allows for cross-level heterogeneity, showing whether the influence of homeownership norms varies according to individual socioeconomic status. Therefore, the main hypotheses are:

1. $\beta_1 > 0$: Living in high-ownership reference groups increases satisfaction overall.
2. $\beta_3 < 0$: Renters in high-ownership groups report lower satisfaction (social comparison effect).
3. $\beta_5, \beta_7 \neq 0$: Normative effects vary by housing market conditions and SES.

Second, to uncover the mechanisms underlying this relationship, **mediation model** is estimated to test whether the effect of homeownership norms on housing satisfaction operates indirectly through tenure status (owner vs. renter). This approach distinguishes the direct normative effect of ownership prevalence (reflecting social comparison and conformity pressure) from the indirect material pathway operating through tenure. The mediation analysis thus decomposes the total effect of norms into direct and indirect components, enabling an assessment of how much of the subjective well-being advantage associated with homeownership is explained by social rather than financial mechanisms.

The mediation pathway ($HN \rightarrow HT \rightarrow Y$) is estimated by combining a binary logit (or probit) model for tenure with the main outcome model specified in Equation (2).

First-stage equation (mediator model):

$$\text{logit}(\text{Pr}(HT_{it} = 1)) = \alpha_0 + \alpha_1 HN_{gt} + \alpha_2 HM_{ct} + \alpha_3 SES_{it} + \alpha_4 X_{it} + \delta_c + \tau_t + u_g \quad (3)$$

Second-stage model (outcome model in Equation 2):

$$\begin{aligned}
Y_{igt}^* &= \beta_0 + \beta_1 HN_{gt} + \beta_2 HT_{it} + \beta_3 (HN_{gt} \times HT_{it}) \\
&+ \beta_4 HM_{ct} + \beta_5 (HN_{gt} \times HM_{ct}) + \beta_6 SES_{it} + \beta_7 (HN_{gt} \times SES_{it}) \\
&+ \gamma' \mathbf{X}_{it} + \delta_c + \tau_t + u_g + \varepsilon_{igt}
\end{aligned}$$

The indirect effect is given by $\alpha_1 \times (\beta_2 + \beta_3 HN)$, capturing how norms influence satisfaction through tenure; the direct effect is $(\beta_1 + \beta_3 HT)$.

Third, to capture heterogeneity in these processes, we estimate **moderated mediation** models to test whether the indirect effect of norms through tenure varies across market conditions and SES. We compute conditional indirect effects by including interaction terms between the homeownership norm and the moderator in the mediator equation. For example, the mediator (tenure) model, moderated by housing market conditions, can be expressed as:

First-stage equation (mediator model):

$$\begin{aligned}
\text{logit}(\Pr(HT_{it} = 1)) \\
= \alpha_0 + \alpha_1 HN_{gt} + \alpha_2 HM_{ct} + \alpha_3 (HN_{gt} \times HM_{ct}) + \alpha_4 X_{it} + \delta_c + \tau_t + u_g
\end{aligned} \tag{4}$$

Second-stage model (outcome model in Equation 2):

$$\begin{aligned}
Y_{igt}^* &= \beta_0 + \beta_1 HN_{gt} + \beta_2 HT_{it} + \beta_3 (HN_{gt} \times HT_{it}) \\
&+ \beta_4 HM_{ct} + \beta_5 (HN_{gt} \times HM_{ct}) + \beta_6 SES_{it} + \beta_7 (HN_{gt} \times SES_{it}) \\
&+ \gamma' \mathbf{X}_{it} + \delta_c + \tau_t + u_g + \varepsilon_{igt}
\end{aligned}$$

The conditional indirect effect is $(\alpha_1 + \alpha_3 HM) \times (\beta_2 + \beta_3 HN)$, reflecting how the mediating role of tenure changes under different housing market conditions. The direct moderation effect of housing markets on the relationship between norms and satisfaction is represented by β_5 .

Together, this empirical strategy integrates social, economic, and institutional dimensions of housing into a coherent analytical framework. It enables a rigorous test of how and under what conditions homeownership norms shape housing satisfaction across Europe, advancing our understanding of the interaction between social norms, material inequality, and well-being in housing systems.

We draw on the EU Statistics on Income and Living Conditions (EU-SILC) ad hoc housing modules for 2007, 2012, and 2023, which cover between 26 and 27 EU member states. These modules provide harmonized microdata on housing satisfaction, tenure status, and dwelling characteristics, allowing for consistent cross-country comparisons over time. The inclusion of a regional identifier (NUTS 1 level) in EU-SILC enables the linkage of individual and household data to contextual indicators at the regional level.

To capture broader housing market conditions, we use contextual variables from the newly developed Cross-Country Comparative Contextual Dataset for Intergenerational Persistence in Homeownership (DECIPHE contextual database), assembled as part of the DECIPHE project¹. The database includes 134 indicators across 27 EU countries and the UK at national, regional (NUTS 1–3), and birth cohort levels, covering demographic change, housing systems, welfare state characteristics, normative context, and socio-economic factors. Data are drawn from fourteen official sources, including Eurostat, OECD, and the European Mortgage Federation, with all necessary copyright permissions obtained. The dataset will be made publicly available in the near future.

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

This integration combines individual- and contextual-level data, allowing us to examine how social norms surrounding homeownership interact with macro-level housing dynamics –such as price growth, mortgage accessibility, and affordability – to shape housing satisfaction and well-being across Europe.

Current and Expected Findings and Contributions

Preliminary results from the baseline model reveal that reference-group homeownership prevalence negatively affects renters' housing satisfaction in most EU countries, while a smaller number of countries display a positive association. This cross-national divergence highlights the socially embedded nature of tenure experiences. In societies where homeownership is the dominant tenure ideal, renters tend to experience lower subjective well-being, likely due to feelings of relative deprivation and social nonconformity. Conversely, in countries with strong rental sectors or tenure-neutral housing regimes, such as Germany, Austria, or the Netherlands, renting appears less stigmatized, and renters' satisfaction may even increase in high-ownership environments, reflecting institutional and cultural acceptance of diverse housing choices.

Building on these initial findings, we expect that homeownership norms will have a significant and context-dependent influence on housing satisfaction across Europe. Specifically, stronger norms are anticipated to amplify well-being disparities between owners and renters, with renters faring worse in more ownership-oriented societies. However, the magnitude and direction of these effects are expected to vary with housing market conditions and socioeconomic status. In tighter housing markets and among lower-SES groups, social pressure to own—combined with limited affordability—may exacerbate dissatisfaction among renters and financially constrained owners. Conversely, in more balanced housing systems, where renting is secure and socially legitimate, these normative penalties are expected to weaken or disappear.

This study will offer three major contributions. First, it provides the first cross-national, multilevel assessment of homeownership norms as contextual influences on housing satisfaction, drawing on harmonized EU-SILC microdata. Second, it elaborates the mechanisms underlying tenure-related disparities in well-being by demonstrating how contextual norms and housing market conditions interact to amplify or attenuate satisfaction gaps between owners and renters. Third, the research offers actionable policy insights, highlighting how social norms and market constraints contribute to housing inequalities and subjective well-being – an evidence base to inform targeted interventions aimed at reducing social exclusion and promoting housing security across diverse European contexts.

Reference

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