

## Rising inequalities in access to home ownership among young households in France, 1973-2013

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### ABSTRACT

Amongst young households (ages 25 to 44), inequalities in first-time home-ownership and in the amount of acquired real estate assets have increased between the most modest and the most affluent groups over the past forty years. According to Insee's Housing surveys, 32% of young low-income households were homeowners in 1973, as compared to only 16% in 2013. Beyond the role of macroeconomic and institutional factors (real estate prices, interest rates, term of loans granted, etc.), a decomposition of changes in ownership rates over the period using the "Oaxaca-Blinder" method highlights the role of changes in family structures (increasing proportion of single-parent families, decline in the share of couples with children in the most modest households) and the sharp decline in small rural home ownership. Family support – gift assistance, inheritance and other forms of aid – also played an important part in the 2000s: four out of ten recent homeowners benefited from it, two out of ten even receiving direct financial assistance for their purchase. This support increased significantly among wealthier households during the 2000s, contributing to a widening gap with the share of homeowners in the least well-off populations.

**Keywords:** homeownership, real estate wealth, family transfers, gift assistance, Oaxaca decomposition, inequalities

**JEL classification:** D63 ; D64 ; J10 ; R21

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## NON-TECHNICAL SUMMARY

The apparent stability of home ownership among young households aged 25 to 44 between 1973 and 2013 masks growing disparities between the best and the least well-off.

Over the past 40 years, the lowest-earning households aged between 25 and 44 have experienced a considerable decline in their ability to get on to the property ladder (Graph). In 1973, 34% of households in this category owned their home. Yet by 2013, this proportion had more than halved, to 16%. In contrast, the percentage of well-off young households owning property increased by more than 50% over the period, from 43% to 66%.

Several factors have influenced this dynamic. The decline in the likelihood of low-income young households becoming homeowners between 1978 and 2013 can largely be explained by demographic changes in this segment.

First, the composition of low-income families has changed considerably, with a threefold rise in the share of single-parent households over the period, from 9% to 29%. Conversely, the share of couples with children has dropped sharply. In 1973 they accounted for 78%, while by 2013 this proportion had plummeted to 38%. Given that couples with children are more likely than average to purchase property – unlike single-parent families – this trend explains a large part of the fall in homeownership among the poorest households. In addition, the share of young low-income households living in rural areas has declined considerably. Moreover, the share of young households on low incomes living in the countryside has more than halved, from 31% to 15%, as people have migrated increasingly to larger cities, notably Paris, in line with shifts in the labour market. The sharp decline in small rural property has also contributed to the decline in the rate of the most modest owners.

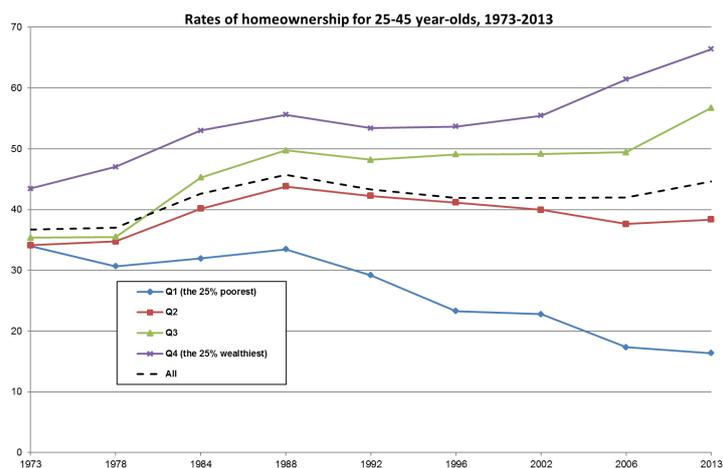
Gifts and bequests received from family have also played an important role in this unequal trend. The share of young households assisted by their families increased during the 2000s. 20% of the first recent homeowners aged 25 to 44 are concerned in 2002. They are 27% in 2013. Although property prices almost doubled in the 2000s, the share accounted for by bequest in the purchase price of housing remains fairly stable over the period. This relative stability in a context of property price growth may cover different mechanisms. Some families may have adapted their assistance to rising property prices, households may have bought cheaper (possibly lower quality) goods or, finally, some households may have been forced out of the market, not benefiting from sufficient family assistance to acquire housing.

The probability for modest households renting their home and not having received gift assistance, of buying their first main place of residence is 4%. This probability rises to 28% for those who received gift assistance. The gap is also large for other households: the probability of owning a home is more than twice as high for the wealthiest who receive assistance. It is the wealthiest who most often receive donations: almost a quarter (compared to 16% for the poorest) say they received direct assistance at the time of purchase.

Lastly, since the early 2000s, changes in the frequency of donations widened the gap between the most modest and the most affluent. Low-income young households received slightly less support (8% in 2002 compared to 7% in 2013) and became homeowners less often, probably because the amounts of aid received were unable to offset the rise in real estate prices over this period. Meanwhile, the change in the role of gift assistance and inheritance for the wealthiest households is diametrically opposite and seems to be the most spectacular. Between 2002 and 2013, the share of wealthy young households assisted

by their families rose from 20% to 24%, an increase of 20%. As a result, their probability of home ownership increased by 9 percentage points (from 57% to 66%), from which 13% is explained by the growing role played by these aids. For these households, however, some of the changes remain unexplained by the variables under consideration; this may reflect the effects of economic conditions, changes in the purchasing behaviour of the better off

This historical perspective highlights a growing difficulty in accessing home ownership among the poorest young households. It reinforces the need for a reassessment of public housing policies and better targeting towards this population whose situation has deteriorated over the past 40 years.



## Hausse des inégalités d'accès à la propriété entre jeunes ménages en France, 1973-2013

### RÉSUMÉ

Parmi les jeunes ménages (25 à 44 ans), les inégalités d'accès à la propriété et de montant de patrimoine immobilier acquis se sont accrues entre les plus modestes et les plus aisés au cours des quarante dernières années. Selon les enquêtes Logement (Insee), 32 % des jeunes ménages modestes étaient propriétaires en 1973, et seulement 16 % en 2013. Au-delà du rôle de facteurs macroéconomiques et institutionnels (prix de l'immobilier, taux d'intérêt, durée des prêts accordés, etc.), une décomposition des évolutions du taux de propriétaires à l'aide de la méthode « Oaxaca-Blinder » permet de mettre en évidence le rôle de l'évolution des structures familiales (proportion croissante de familles monoparentales, baisse de la part des couples avec enfants parmi les plus modestes) et de la forte diminution de la petite propriété rurale. L'aide de la famille – dons, héritages et autres formes – joue aussi un rôle important dans les années 2000 : quatre propriétaires récents sur dix en ont bénéficié, deux sur dix recevant même une aide financière directe pour l'achat. Ces aides ont augmenté de manière importante parmi les ménages aisés au cours des années 2000, contribuant à accroître l'écart avec la part de propriétaires parmi les plus modestes.

**Mots-clés :** propriété, richesse immobilière, transferts familiaux, donation, décomposition Oaxaca, inégalités.

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## 1- Introduction

In France, many public policies aim to promote first-time home ownership (Worms, 2009), particularly since the 1977 reform which “tends to make home ownership ‘the logical outcome’ of any upward residential path” (Bonvalet & Bringé, 2013). Few studies have succeeded in giving an economic legitimacy to this political drive to encourage first-time home ownership<sup>1</sup> (Bozio *et al.*, 2016); however, most do highlight the positive externalities associated with ownership status, or the economic advantages of owning one’s home as a reserve of wealth. Household well-being, in particular, would be higher amongst homeowners, and home ownership would generate externalities that might increase children’s chances of success (Spilerman & Wolff, 2012; Haurin *et al.*, 2002). Being the main asset of the majority of households<sup>2</sup>, real estate reportedly provides insurance against risks of falling income during individuals’ active periods or upon retirement (Angelini *et al.*, 2013), risks of increases in house prices (Agarwal *et al.*, 2016), or even of rising inflation (Malmendier & Steiny, 2016).

The issue of the inequality in real estate assets has been the subject of renewed interest in the academic field in recent years. First of all, following the research carried out by Piketty (2014) and Piketty and Zucman (2014), debate has emerged on the measurement of real estate wealth and its effect on the measurement of wealth inequality.<sup>3</sup> Secondly, the results of the Eurosystem’s Household Finance and Consumption Survey (HFCS<sup>4</sup>) called attention to the connection between net wealth inequality and the share of home-owning households: the countries where inequalities are the greatest are also those with the lowest share of home-owning households (for example, Germany and Austria), especially among households belonging to the poorest half of the population in terms of accumulated wealth (Kaas *et al.*, 2015; Garbinti & Savignac, 2018). We look here at the change in inequalities in access to real estate ownership in France, paying particular attention to the initial acquisitions made by young households.

Analyzing inequalities in first-time home ownership requires considering all the determinants of access to property, beyond public policies alone. In particular, the macroeconomic factors – such as

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<sup>1</sup> As Bozio *et al.* (2016) report, many studies focusing on the positive externalities of ownership show correlations, but not causality. We refer the reader to this report for a complete listing of research on this issue.

<sup>2</sup> In 2015, real estate accounts on average for 61% of households’ gross wealth, and in half of home-owning households, real estate represents more than 80% of their total gross wealth (Ferrante *et al.*, 2016).

<sup>3</sup> Some authors argue that real estate wealth should be measured on the basis not of market values but on the present value of income flows from housing services (Bonnet *et al.* 2014) on the grounds that in periods of real estate bubbles, market values are thought to artificially increase the value of total assets. Others (Carbonnier, 2015; Garbinti *et al.*, 2016) stress that during these periods, the use of market values causes total wealth inequalities to be underestimated, as more real estate wealth is attributed to the middle class: the choice is more transparent, but also more “conservative”.

<sup>4</sup> [The HFCS Survey](#) (coordinated by the European Central Bank) provides harmonised information on the composition and breakdown of household wealth (in both gross and net terms). The data regarding France are taken from the Household Wealth Survey (Insee) run as part of a partnership with the Banque de France.

real estate prices or borrowing terms (interest rates, term of loans) – significantly affects first-time home-ownership, which increases during periods of economic expansion and declines when unemployment rises (Arnold & Boussard, 2017). However, these effects do not impact all households uniformly regardless of their characteristics, thus encouraging the microeconomic approach which we develop here. Arnold and Boussard also point out that first-time homeownership by young households held steady despite the 2008 crisis, in particular thanks to the provision of own capital, including the gift assistance received, larger under these circumstances. However, this steady rate of first-time homeownership among all young households seems to have come along with an increase in disparities within this population. Some studies have suggested this trend without, however, looking at young households in detail. Fack (2007), for example, indicates that between 1973 and 2002 the percentage of homeowners amongst the poorest households declined while it steadily increased in the better-off households. Clerc *et al.* (2011) point out that “between middle managers or professions and workers or employees, inequalities [in access to home ownership] have widened considerably since the early 1990s, particularly among young people”. This widening gap was also discussed before the start of the 1990s, by Meron and Courgeau (2004) as well as by Bugeja (2011).

The role of family gift assistance and assistance in housing purchases definitely has a bearing on these trends. Several studies have highlighted the positive role of family transfers (in the broad sense: financial support, gift assistance and inheritances) in the acquisition of housing<sup>5</sup>, in France as well as in other countries<sup>6</sup>. On French data, the important role of family transfers is confirmed by Spilerman and Wolff (2012), Le Bayon *et al.* (2013) and Arrondel *et al.* (2014), particularly in the period of sharp increases in real estate prices since the early 2000s (Le Bayon *et al.*, 2013; Arrondel *et al.*, 2014), while gift assistance and inheritances are mainly made by households from higher social categories such as managers or intermediate professions (Garbinti *et al.*, 2012).

The contribution of this article is twofold. First of all, we analyze the increase in disparities in first-time home-ownership among young households (defined here as households whose reference person is aged 25 to 44<sup>7</sup>) over the last forty years (from 1973 to 2013) according to their standard of living. Secondly, we study the role played by family assistance in purchasing a home, over the longest period

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<sup>5</sup> Note the exception of Kolodziejczyk and Leth-Petersen (2013) who, on Danish data, find very little effect of transfers on first-time home ownership.

<sup>6</sup> Based on American data, Engelhardt and Mayer (1998) conclude that family transfers can have an impact in three ways: a reduction in the time needed to acquire housing, a reduction in the amount borrowed, and the higher value of the property purchased. Luea (2008) indicates that beneficiaries of intergenerational transfers have a 20% greater chance of acquiring housing than those who do not. The same effect of transfers on ownership is also shown in Barrett *et al.* (2015), for which the benefit of gift assistance increases the ownership rate (by 4 to 8 percentage points). Duffy and Roche (2007) deem meanwhile that transfers represent 21% of the initial contribution for the purchase of a home.

<sup>7</sup> Our results are robust to the choice of a different age group, for example ages 25-40. While the levels vary slightly, the trends are the same.

available. These changes have so far been little or not documented.

## 2- Data, scope and definitions

The nine waves of the Insee *Housing* surveys, reference in France for the study of housing characteristics, first-time home-ownership and its determinants, are used here. They cover the period from 1973 to 2013, with one wave approximately every five years. The information makes it possible to distinguish whether the purchase is a first-time acquisition: a question is explicitly asked from the 2002 survey on; as for the previous surveys, a home purchase is assumed to occur for the first time when no real estate sale is reported to finance the purchase of the main place of residence. We are particularly interested in “recent first-time home- owners”, defined as households that acquired their dwelling in the four years preceding the survey. Almost all of them (97%) were in the process of repaying a loan (first-time buyers), while the others were full-owners after a recent purchase. We restrict the analysis to households in which the reference person is between ages 25 and 44 and is not a student. These households accounted for 67% of recent homeowners (excluding students) in 1973 and 78% in 2013. To ensure comparability between the different years of the Housing survey, only homes located in mainland France were included.

To study the relationship between home ownership and the standard of living, households are distinguished by standard of living quartiles, computed over the young household population as defined above. Households belonging to the first standard of living quartile (Q1), i.e. the bottom 25% of the distribution, are referred to as the “least well-off”, and those belonging to the last standard of living quartile (Q4) are called the “most well-off”. The standard of living is computed here using the equivalence scale equal to the square root of household size.<sup>8</sup>

Among the variables that can help explain differences in first-time home ownership, family assistance is of particular interest, especially when it is financial and takes place at the time of purchase, but also in its other forms, either indirect financial (through a gift or inheritance received previously, or with no apparent link to the purchase), or non-financial. Studying family assistance over a long period proves difficult, due to a change in the wording of the respective questions before and after 2002, causing a series break.<sup>9</sup> The analyses on this point therefore focus on the period 2002-2013.

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<sup>8</sup> This scale is used in particular by the OECD. Our conclusions remain identical with the “OECD-modified” scale (the one used by Eurostat and Insee).

<sup>9</sup> We detail this point precisely in Appendix 1.

### **3- The gap in home ownership among young households has widened over the past 40 years**

#### **3-1- Home ownership increases among wealthier households and decreases among the most modest**

In 1973, 32% of young low-income households were homeowners. The figure was only 16% in 2013 (Figure 1). In contrast, the share of owners among young well-off households increased over the period: in 2013, 66% of them were owners, as compared to 45% in 1973. The overall stability in the proportion of young homeowners since the 1990s, around 45%, thus masks a highly unequal long-term trend.

The increase in real interest rates from the mid-1980s to the mid-1990s, followed by the doubling of property prices between 1996 and 2010, slowed down access to the property market especially for modest households (Arnault & Crusson, 2012), and housing policies<sup>8</sup>, in particular all subsidies for access to ownership, did not halt this dynamic. They may even have accentuated it (Bonvalet & Bringé, 2013). Zero-interest loans, for example, although they reduce the loan to property value ratio (Labonne & Welter-Nicol, 2015), did not reach the most modest populations (Gobillon & Le Blanc, 2005).

#### **3-2- Value of acquired real estate assets: the gaps also increased over the period**

The growing difference between the percentages of homeowners by standard of living quartile is coupled with a difference in the value of homes purchased.<sup>10</sup> The difference between the average purchase price of housing units in the first quartile and the last quartile appears to be much higher from the 1990s onwards (in euros 2013, €77,000 on average over the period 1992-2013, as compared to €45,000 between 1973 and 1988). After large differences in 1992 and 1996 (€87,000 and €89,000 in euros 2013), this difference decreases slightly (in euros 2013: €61,000 in 2013) but remains at higher levels than in the previous period.

However, since the late 1990s, as house prices rose, the ratio between average purchase prices fell both between the first three income quartiles (which reach a comparable level at the end of the period) and between the better-off and the worse-off. The average price of housing purchased by the better-off is thus more than twice as high as that purchased by the worse-off in 1992 and 1996, when this price ratio is at its highest. The gap then narrowed until 2013, when it reached the lowest level of the period, namely an

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<sup>10</sup> Measured in constant euros 2013.

average purchase price one-third higher for the better-off (35% in 2013, versus a gap of 82% in 2002 and 71% in 2006). The difference in average purchase prices thus seems very polarized at the end of the period: the wealthiest quarter buys properties that are significantly more expensive than the rest of the population, while the average prices of properties purchased are very close for the rest of the young first-time owners (Figure 2).

While the least well-off do purchase a home, when they can, at prices as high as those paid by young middle-class households<sup>11</sup>, fewer and fewer of them are able to become homeowners overall. The share of recent new homeowners decreased significantly in the first quartile (Figure 3).

By combining these changes in house prices and the number of buyers<sup>12</sup>, it is possible to calculate the flow of the amount of real estate assets acquired by quartile of standard of living. This flow is measured as the product of the number of young recent first-time homeowners in the quartile by the average price of homes purchased in that quartile.

Figure 4 shows that the most modest households have acquired a property portfolio that is much lower than that acquired by the better-off. In 2013, this acquired real estate wealth is thus five times lower for the least well-off young households than for those enjoying the top standard of living. While the ratio was only around 2 to 3.5 until the early 1990s, it has risen sharply since then and has varied from 5 to 8 over the last twenty years. It can also be noted that, in the 1<sup>st</sup> quartile, the total amount of assets acquired shows only slight variations (in constant euros), while it increases overall in the last quartile<sup>13</sup>.

#### **4- Family support, location and family configurations: three important factors for understanding the differentiated changes in ownership rates among young households**

The growing importance of the flow of gift assistance and inheritances in France as well as in other European countries and the United States<sup>14</sup> has been documented in various works. This growth in the share of family transfers in national income and private wealth is stirring interest as to how they are used and how they affect the economy and wealth of younger generations. In a context of sharply rising property prices in France in the 2000s, the influence exerted by family transfers on the acquisition of the main residence raises questions. We will begin by giving some orders of magnitude relating to the link between the help received from the family and the acquisition of the first main place of residence. Then, prompted by our historical approach, we will question the role that certain

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<sup>11</sup> That is, those whose living standard is between the 1st and the 3rd quartile (Q2 and Q3).

<sup>12</sup> For each survey year, the number of buyers is defined as the (weighted) number of young households having bought their property during the last four years.

<sup>13</sup> The drop in the last quartile of living standards in 2013 is linked to the fall in the number of buyers not offset by the rise in the average price of housing.

<sup>14</sup> See for example Piketty (2011), Alvaredo et al. (2017).

changes have played over a longer period of time. Many socio-demographic factors can explain the differentiated changes in the shares of owner households according to the standard of living presented above – the assistance received from the family is one of the central elements, but other explanations are possible. Among the factors explaining home ownership, it seems important to detail the evolution of the places of residence, on which both the price of housing and, over a long period, the type of property (farms or urban housing) depends, as well as family configurations – the share of lone individuals and single-parent families, less often owners on average, having increased over the period in the population of young households (Chardon *et al.*, 2008).

#### **4-1- Family financial support decisive for access to property and more often received by wealthy young households**

The *Housing* surveys include two questions on family transfers. The first concerns the aid received at the time of the purchase of the property and is therefore only asked of owners. Another question is asked of the entire sample about possible exceptional cash inflows during the last four years preceding the survey, including inheritances or gift assistance (see detailed wording in the Online complement C1).

*At the time of purchase, nearly four in ten first-time homeowners were assisted by their families*

Family financial support often comes in the form of gift assistance received at the time of purchase; 20% of the first recent home-owners ages 25 to 44 benefited from it in 2002. This proportion rose during the 2000s, reaching 27% in 2013 (Figure 5). Family financial support at the time of purchase can also come in other forms, also identified in the *Housing* survey (see Online complement C1). It can be previous gift assistance, which is not declared as direct aid at the time of purchase<sup>15</sup>, exceptional cash income due to gift assistance or an inheritance in the four years preceding the survey (excluding direct or indirect aid declared elsewhere) or other types of support such as a loan, a transfer of loan entitlements accrued through a housing savings plan, or the payment of rent or the provision of housing in the years preceding the purchase.

When all these forms of financial support are considered, nearly four out of ten recent first-time homeowners say they were helped by their family at the time of purchase. This proportion remains stable between 2002 and 2013, with the higher frequency of gift assistance in 2013 being offset by the decline in other forms of aid (cf. Figure 5). The proportion of first-time homeowners reporting having received financial assistance for their purchase by a recent inheritance remained stable at 6% over the entire period.

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<sup>15</sup> As the questionnaire allows multiple answers to these different questions on family assistance, we present here a variable constructed so that the answers to the different modalities are exclusive.

This order of magnitude, with four out of ten first-time homeowners assisted by their family at the time of purchase, applies to the most modest (Q1) as well as to the wealthiest (Q4) (Figure 6), with a slightly higher proportion of households assisted in the bottom quartile (39% versus 33%). Some differences can be found in the forms of assistance received. The share of households that received gift assistance is lower in the first quartile, at around 16%, compared to 24% in the last quartile. The most modest receive more assistance in a form other than gift assistance or inheritance.

Receiving gift assistance at the time of purchase is associated with acquiring a home at a higher price, especially for less well-off households. Thus, among households in the top two quartiles of living standards, those who received assistance purchased housing at 20% more than those who did not receive assistance. The gap is 11% for households at the top of the distribution.

#### *Becoming a homeowner is more common among recipients of family assistance*

By combining the answers to the question on direct assistance received at the time of purchase and the answers to the question on possible exceptional cash receipts in the form of inheritances and gift assistance (see Online complement C1), the correlation between receiving a family transfer and becoming a first-time home owner can be estimated (Table 1).<sup>16</sup>

The probability of having become a home-owner in the four years preceding the survey, rather than remaining a tenant, is 32 points higher for a household that receives financial support from its family (cf. Table 1). As regards the difference in the probability of access to home ownership, the effect of gift assistance on the probability of becoming a first-time homeowner is the highest for young households in the middle quartiles of the income distribution, but the odds ratio of home ownership is the highest for the poorest.

Thus, the probability for modest households (1<sup>st</sup> quartile) renting their home in the four years up to the survey and not having received gift assistance, of buying their first main place of residence is 4%. This probability rises to 28% for those who received gift assistance, i.e. an increase of 24 points, and a 7-fold increase in the odds of becoming a first-time homeowner. This seems considerable but is linked to the fact that only a small proportion of the poorest receive financial assistance from their families.

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<sup>16</sup> Using a variable to build our gift assistance variable applicable only to buyers could cause the effect of the gift assistance on the purchase to be overestimated. Online complement C1 presents the results obtained by excluding the aids that are declared received at the time of purchase, i.e. by using only the answers to the question on exceptional cash inflows (as in Bonnet et al., 2016). As expected, while the likelihood of home ownership is then lower, the conclusions on quartile differences in standards of living are similar. Similarly, in the Oaxaca-Blinder decomposition presented below, we look at the trend in this variable which is not likely to be biased.

Moreover, the study dealing with young households, certainly more sensitive to the assistance received in the purchase process, first of all, and being based on the *Housing* survey, that focuses on property purchase and financing issues, secondly, also contribute to this strong correlation between family assistance and access to home ownership.

The effect of gift assistance is also important for young households in the second and third quartiles of living standards. The difference in probability of first-time home ownership is 40 and 36 points in both cases, the higher, but the odds ratios are multiplied by 4 in the second quartile and 3 in the third. The best-off see their chances of access multiplied by only 2 if their family helps them (cf. Table 1).

*Gift assistance received accounts on average for one-fifth of the price of the housing purchased*

Although property prices almost doubled in the 2000s, the share accounted for by gift assistance in the purchase price of housing remains fairly stable over the period. Thus, the assistance received represents between 22% and 19% of the price of housing on average, and on average between 15% and 12% (Table 2).

This relative stability in a context of property price growth may cover different mechanisms. Some families may have adapted their assistance to rising property prices, households may have bought cheaper (possibly lower quality) goods or, finally, some households may have been forced out of the market, not benefiting from sufficient family assistance to acquire housing.

If we consider beneficiaries by standard of living, the percentage of the price of housing covered by family gift assistance is slightly lower at the top of the distribution (19%) than at the bottom (23%), this for all the surveys over 2002-2013 combined. The average price of housing purchased by the most modest households is €139,000 (constant Euros 2013), compared with €193,000 at the top of the living standards distribution.

#### **4-2- The share of modest owners is declining sharply in rural areas**

It is in rural areas that the distribution of ownership between the poorest and the wealthiest has undergone the most marked changes (Figures 7). While the least well-off (1<sup>st</sup> quartile of standard of living) accounted for more than one-third (36%) of rural homeowners in the 1970s, they now represent only 11% of rural homeowners in 2013 (Figure 7a). During the same period, the percentage of the best-off (last quartile) rose from 16% to 28% and, more broadly, that of the better-off half of the population (Q3 and Q4) from 37% to 64% of homeowners in rural areas. The vast majority of home ownership in urban areas consists of the best-off population since the 1970s, and this phenomenon has increased slightly over the period (Figure VII-B). The best-off quarter of the

population (Q4) accounted for 38% of homeowners at the beginning of the period, and 42% in 2013. In the same period, the share of the least well-off homeowners in urban areas, already marginal in 1973 (15%), was halved from 15% to 8%.

More generally, the location of all households according to their standard of living has changed over the period studied, accompanying changes in the labour market, which may partly contribute to the respective changes in access to home ownership in rural and urban areas. Over the period, we note in particular that the modest categories increasingly live in large cities and the Paris agglomeration (44% in 2013 against 25% in 1973), at the expense of rural areas, whose share in the most modest households housing (Q1) fell from 35% in 1973 to 14% forty years later (Table 3). Better-off households live slightly more often in rural areas in 2013, and in large cities, except for Paris (24% in cities with more than 200,000 inhabitants, as compared to 16% in 1973).<sup>17</sup>

Thus, rural areas are marked both by a decline in the proportion of small farms whose owners could have a modest standard of living, and the arrival of wealthier categories wishing for better quality of life, especially in peri-urban areas. In urban areas, already marked by strong inequalities at the beginning of the period, it is difficult for the modest categories to gain access to property, while access for the more affluent extends to very large cities outside the Paris conurbation.

#### **4-3- Fewer couples with children and more single-parent families among the least well-off**

From the 1970s to the 2000s, the family structure of young households in the first quartile of living standards changed profoundly, with a sharp rise in the proportion of single-parent families (31% in 2013, compared to 9% in 1978) and, conversely, a sharp fall in the proportion of couples with children, from 79% in 1978 to 37% of modest households in 2013. Unlike single-parent families, couples with children have a higher than average propensity to own their own home, a trend that could partly explain the decline in home ownership rates among the poorest over the long-term (Table 4).

#### **4-4- A strong contribution of structural change and family support to changing inequalities in home ownership**

Changes in the ownership rate may stem from changes in household characteristics (age, location, family structure, share of gift assistance received, etc.) and changes in the propensity to become a homeowner. In order to better quantify the role that changes in these various factors may have played in changes in the rate of home ownership among young households, we propose a decomposition of the “Oaxaca-Blinder” type (Oaxaca, 1973; Blinder, 1973).

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<sup>17</sup> The research carried out by Cavailhès (2005) effectively sheds light on these trends, showing that the income elasticity of demand for available living space is higher than that of demand for ease of access among managers, and the reverse among workers. For the author, these results “suggest that workers located in the city center place greater emphasis on accessibility than on the surface of their housing, and, conversely, that the preference for the outskirts, seen in managers, reflects greater concern about having space”.

#### **4-5- The “Oaxaca-Blinder” decomposition applied to the change in inequalities in home ownership rates**

The general principle of this decomposition is to distinguish, in a gap, that which is due to a structural difference (“explained” by the observed characteristics) from what is a change in the effect of these characteristics (“unexplained” difference). Here, we try to distinguish what, in the change in the percentage of homeowners, is due to changes in the observable characteristics of households, from what comes from changes in the effect of given characteristics on home ownership.

We denote  $P_a$  the probability of becoming an owner in year  $a$ ,  $X_a$  the vector of the means of the characteristics in year  $a$  and  $\beta_a$  the vector of the coefficients estimated for year  $a$ . The change in ownership rate between 1978 and 2013 can then be written:

$$P_{2013} - P_{1978} = (X_{2013} - X_{1978}) \beta_{2013} + X_{1978}(\beta_{2013} - \beta_{1978})$$

$(X_{2013} - X_{1978}) \beta_{2013}$  represents the effect of changes in household structure (age, marital status, etc.) and corresponds to the so-called “explained” part of the change. In addition to the socio-demographic characteristics of the young household population, whose role is analyzed over a long period, we introduce gift assistance and inheritances to study their importance during the 2000s. The term  $X_{1978}(\beta_{2013} - \beta_{1978})$  represents changes in the propensity to become homeowners (for given household characteristics), which may stem from changes in behaviour, linked to changes in preferences, from public policies that may influence the latter, or the economic environment.

#### **4-6- Structural changes especially among young low-income households**

Between 1978 and 2013, the probability of becoming a homeowner fell by 14 percentage points among young low-income households, from 30% to 16% (see Table 5). Over 60% of this decline is attributable to the changing structure of this population over time. This confirms the key role of the two factors examined above: family configurations (including the share of single-parent families and couples with children) and location (mainly in rural areas).

First of all, the family structures of young low-income households varied greatly during this period, as seen above: the percentage of single-parent families increased more than threefold and the number of couples with children was cut in half (see Table 4). This explains more than half of the structural effect (61%). Secondly, the proportion of households living in rural areas has fallen considerably: it has also been halved among young low-income households (cf. Table 3). This decrease makes the other half of the structural effect (table 5).

For young households in the lowest quartile of living standards, the evolution over the same period is diametrically opposite. Their likelihood of becoming homeowners increased by almost 20 percentage points, of which only one-tenth can be explained by structural effects. Most of this increase comes from the increase in the probability of buying among the reference population. The relative fall observed in large conurbations, and especially in Paris, appears significant (see Appendix 2, Table A2-2) and probably reflects a greater rise in property prices in these areas, though the observed increase in the probability of becoming homeowners remains valid. This may seem surprising at a time when housing prices are rising, and could be due to the possibly greater role of family assistance received by these households.

#### **4-7- The growing role of financial support from the family**

In order to bring out this role, we now introduce into the decomposition the variable reflecting the receipt of gift assistance or an inheritance. As we have reliable information on this issue only for 2002-2013, we focus on a shorter period of time.

As to young households in the 1<sup>st</sup> quartile of living standards, the probability of buying their main place of residence decreased by 6 percentage points between 2002 and 2013. We can confirm here that more than half of this decline (52%) is due to changes in the structure of the population (family structure, in particular, and place of residence). The share of households that report having received assistance from their family stagnated or even decreased slightly over the period, from 8% to 7% (see Appendix 2, Table A2-3). In addition, the link between receipt of assistance and home ownership has lessened slightly over the period, although it remains largely significant and positive. This seems consistent with the decline in average household purchasing capacity for real estate observed during the 2000s (Arnold & Boussard, 2017), and could indicate that the amounts of aid received were unable to offset the rise in real estate prices over this period.

It is among the wealthiest young households that the change in the role of gift assistance and inheritance is the most noticeable. Between 2002 and 2013, their probability of home ownership increased by 9 percentage points. 13% of this increase is explained by the increasing role played by these aids.<sup>18</sup> The share of wealthy young households assisted by their families rose from 20% to 24% (see Appendix 2, Table A2-4), which is the largest increase out of all the explanatory variables introduced. Adding the receipt of gift assistance or inheritance to the analysis increases the explained share of the difference in homeowners' rate from 24% to 37% (see Appendix 2, Table A2-5), thus

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<sup>18</sup> This 13.2 % results from multiplying the share explained by the share of inheritances and gifts in this explained share, i.e., 36.9% x 35.8%.

underlining the importance of this type of assistance for the better-off households.<sup>19</sup> Finally, 63% of the gap remains unexplained, a larger share than in the sample of the least well-off households (in which only 48% remain unexplained). This may reflect the effects of economic conditions, changes in the purchasing behaviour of the better-off or the effect of public policies to foster first-time home ownership from which the better-off might benefit. In particular, the zero-interest loan (*prêt à taux zero*, PTZ), created 1996, has been rather poorly targeted and many households in the 4<sup>th</sup> standard of living quartile have been able to benefit from it, as noted by Gobillon and Le Blanc (2004; 2005). Their theoretical modelling of the effect of the PTZ on the purchase decision is almost directly transferable to our question of the effect of donations on access to property: family transfers, like the PTZ, essentially loosen the budgetary constraint and increase the maximum budget devoted to housing, which increases the chances of accessing a property at least as satisfactory as the one the household could have rented. This assistance received by the households, whether public or family, also make it possible to reduce the user cost of capital (of which the interest rate), which can make a loan more attractive in comparison with the payment of a rent, and thus influence the trade-off between purchase and rental.

## 5- Conclusion

The apparent stability of home ownership among young households aged 25 to 44 between 1973 and 2013 masks growing disparities between the best and the least well-off. These disparities appear more marked than those already highlighted in previous research on all households (Laferrère *et al.*, 2017). This difference results from the combined effect of the scope of our study, restricted to young households, and the choice of a social position indicator defined on quartiles of living standards rather than on socio-professional categories. This choice makes it possible to avoid the problem of variations in occupational structure across cohorts, and to explain the disparities by the differential socio-demographic changes that affected households according to their financial wealth. The decomposition of the change in ownership rates inequality between the least and the best well-off highlights the important role played by changes in family structures (increasing proportion of single-parent families and decline in the share of couples with children among the least well-off) and in the location of households (sharp fall in the share of households living in rural areas), particularly among the least well-off. In contrast, changes in the socio-demographic composition of the quartiles of standard of living contribute less to the change in ownership rates among young well-off households. For them, the role of family assistance increased considerably over the period 2002-2013. However, some of the evolutions remain unexplained by the variables considered, perhaps reflecting changes in behaviours or the role of macroeconomic factors, including the housing market.

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<sup>19</sup> Conversely, the explained share did not change in the least well-off households when this variable is introduced. It should also be noted that the other coefficients remain similar after these variables are introduced (see Appendix 2, Table A2- 5).

While it is not possible to study the contribution of changes in family assistance on first-time home ownership over the entire period covered by the *Housing* surveys, it is plausible, in view of the results for the period 2002-2013, that family financial support also played an important part; this would have to be analyzed in more detail with other data, in the context of the trend in inequalities since the 1970s. We initiated this work drawing on the *Household Wealth* survey (see Appendix 3), over the period 1998-2014. Comparing changes in ownership rates with those in gift assistance and inheritances received by owners consistently shows concurrent shifts in the disparities in first-time home ownership and family transfers from as early as 1998. The share of young owner households in the first quartile of standard of living fell slightly, while it rose very markedly in the last quartile. At the same time, the share of young households that received family financial assistance rose noticeably among the wealthiest, while it stagnated among the least well-off households.

Highlighting this role of intergenerational transfers invites further analysis of their impact on inequality between young households in two directions. First of all, beyond home ownership in the strict sense, family transfers could influence the characteristics of the housing purchased: households receiving family assistance could acquire more spacious, better-quality, better-located, better-equipped housing, etc.. Secondly, analysis of inequalities in terms of objective characteristics of the housing acquired (such as the value of the main residence or the surface area) could be furthered by a study of their appreciation by the household (ratings of the housing and the neighbourhood). This would provide a subjective measure of housing quality and adequacy with individual preferences, which could be analyzed in relation to location and occupancy status. Research could then focus on whether family assistance, in addition to influencing first-time home ownership, facilitates mobility and access to housing likely to improve well-being.

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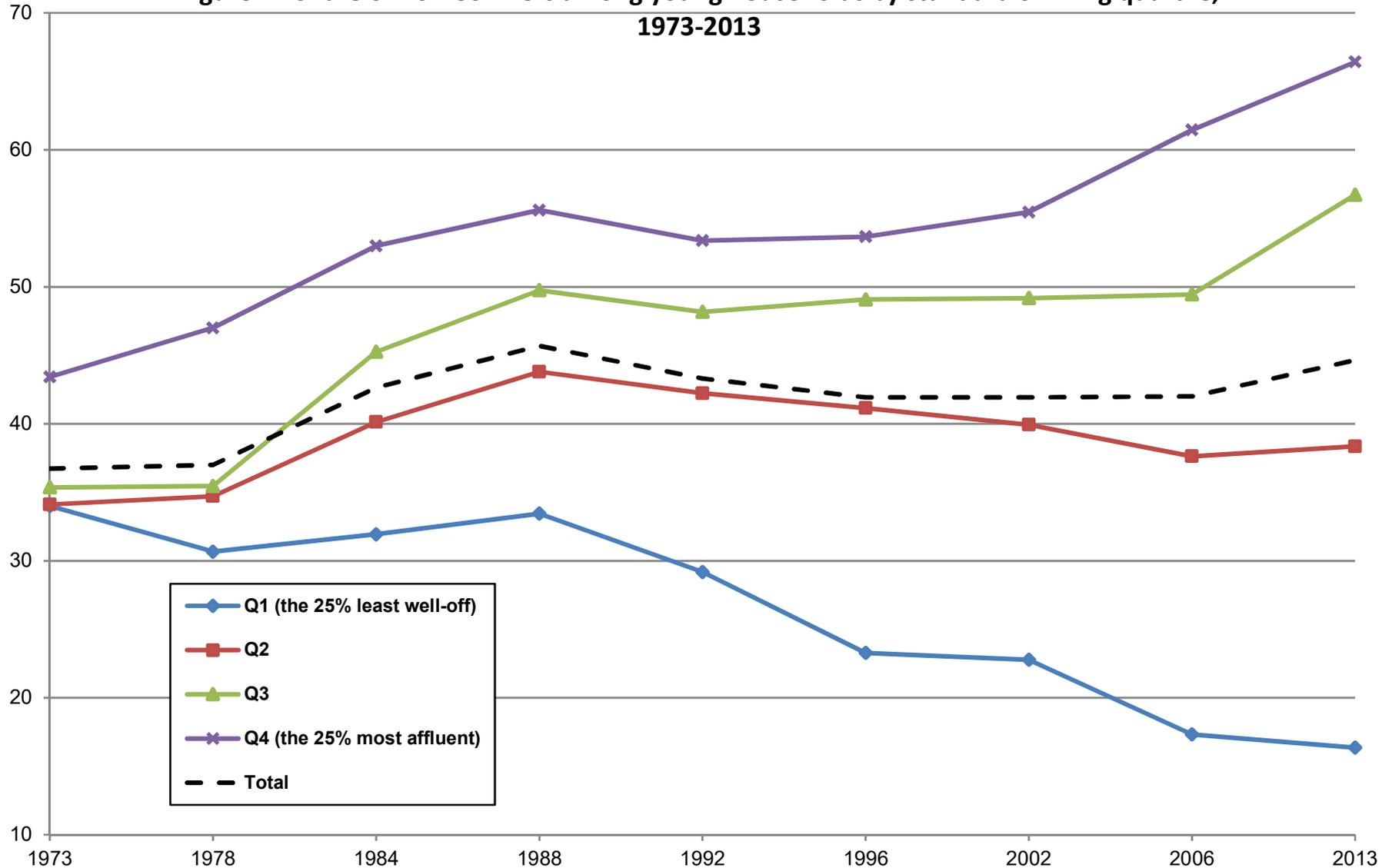
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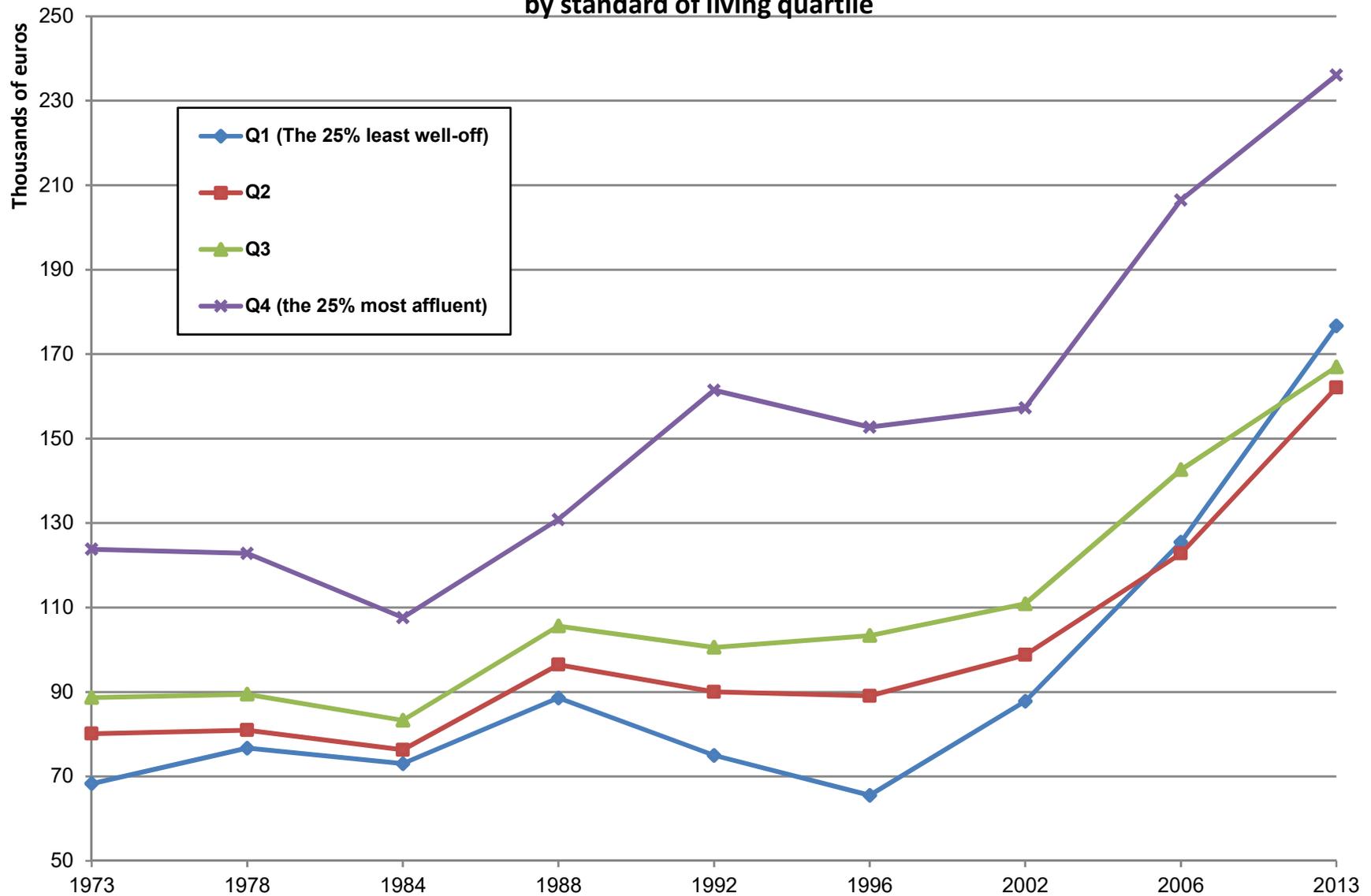
**Figure 1 - Share of homeowners among young households by standard of living quartile, 1973-2013**



*Reading note: Among those aged 25-44, 32% of households in the first standard of living quartile (Q1, the lowest 25%) owned their home in 1973, compared to 16% in 2013. Out of the wealthiest (Q4, the wealthiest 25%), the share of owners rose from 43% in 1973 to 66% in 2013.*

*Coverage: households whose reference person is aged 25 to 44, excluding students, residing in mainland France. Sources: Insee, Housing surveys 1973-2013.*

**Figure 2 - Change in average prices (in euros 2013) of the first dwellings purchased recently, by standard of living quartile**



Coverage: Households whose reference person is between ages 25 and 44, excluding students, first recent owners, residing in mainland France.

Sources: Insee, Housing surveys 1973-2013.

Figure 3 - Share of recent first homeowners by standard of living quartile (%)

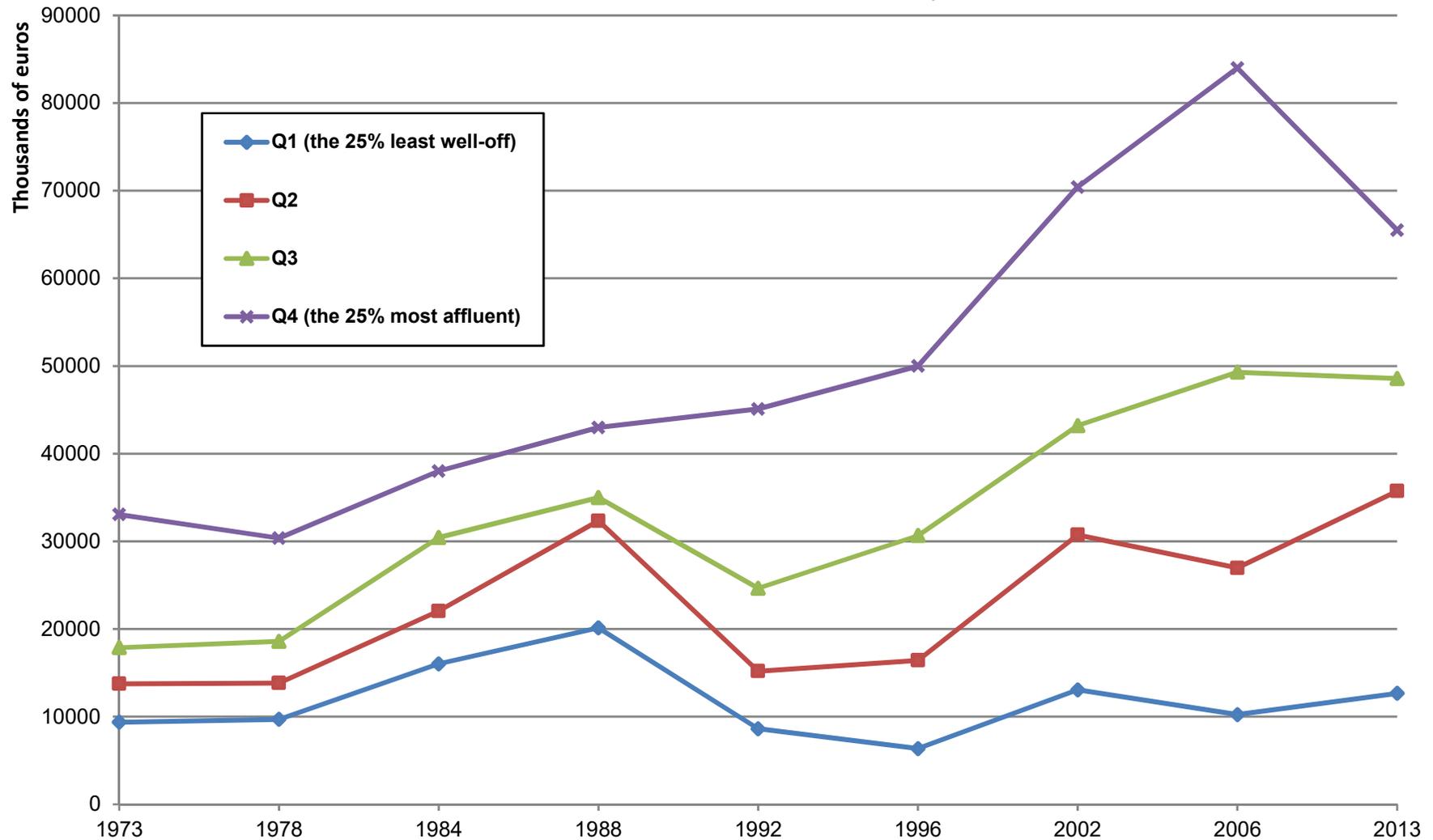


Note: The first recent owners are households who became owners of their main residence for the first time in the four years preceding the survey.

Coverage: Households whose reference person is aged 25 to 44, excluding students, first recent owners, residing in metropolitan France.

Sources: Insee, *Housing* surveys 1973-2013.

**Figure 4 - Trend in total amount of real estate acquired, by standard of living quartile (in millions of constant euros 2013)**

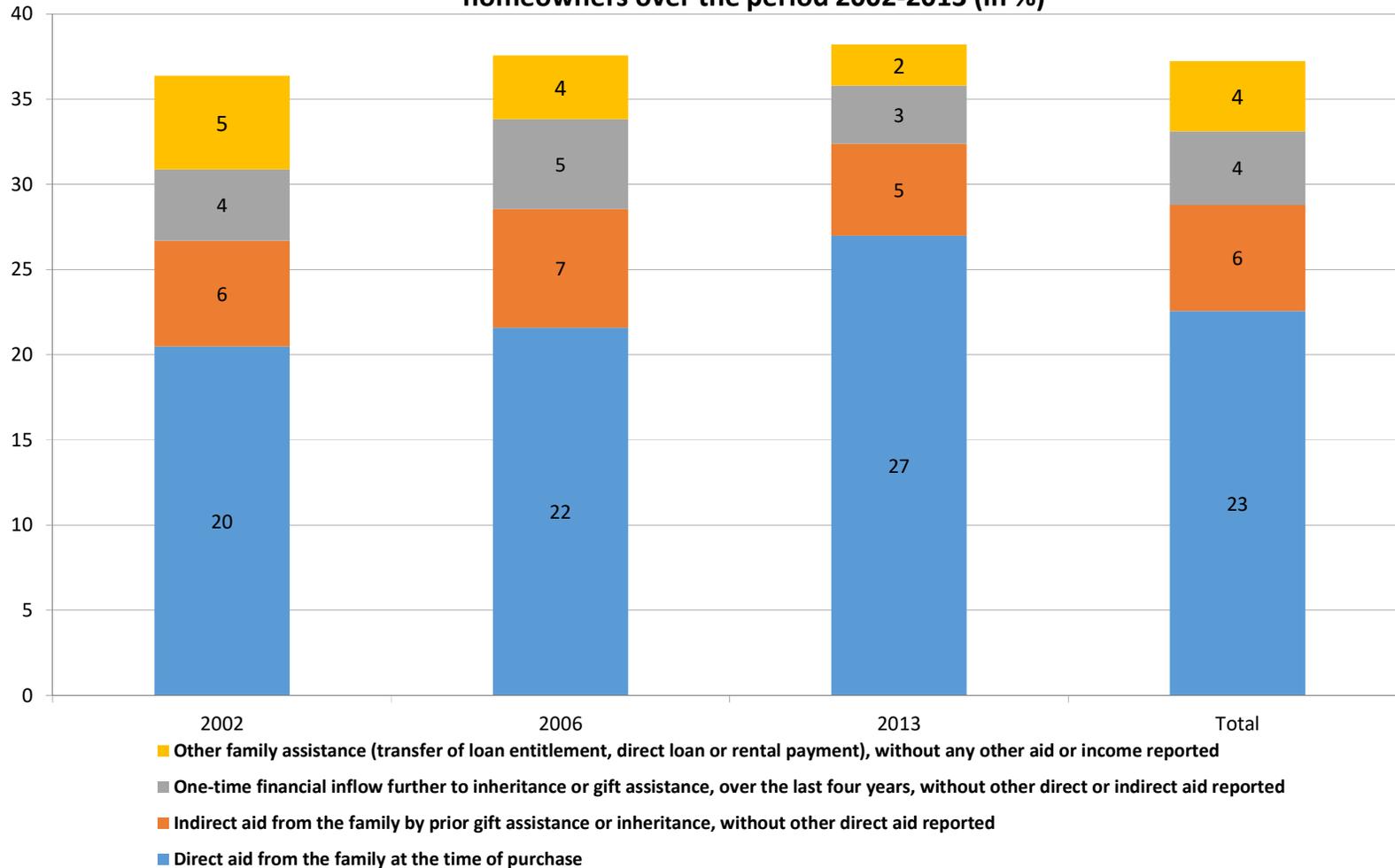


Note: The amount of real estate assets acquired is defined as the product of the number of first owner households in the quartile (weighted number of households) and the average purchase price of the quartile.

Coverage: Households whose reference person is between ages 25 to 44, excluding students, first recent owners, residing in mainland France.

Sources: Insee, *Housing surveys 1973-2013*.

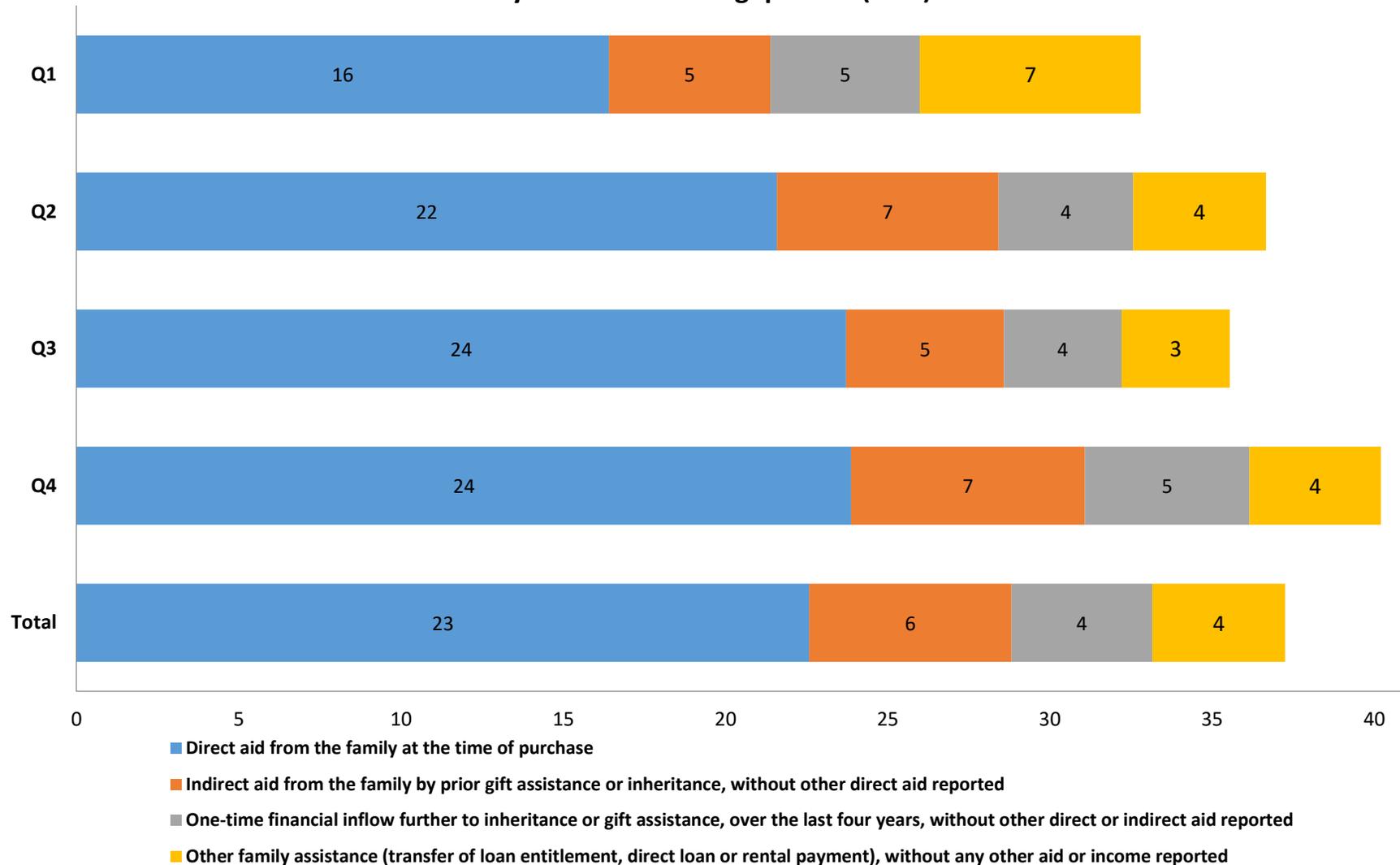
**Figure 5 - Changes in forms of family financial support received by young recent first-time homeowners over the period 2002-2013 (in %)**



Reading note: In 2002, among the first recent homeowners aged 25 to 44, 20% were directly assisted by their family at the time of purchase. Coverage: Households whose reference person is aged 25 to 44, excluding students, first recent owners, residing in mainland France.

Sources: Insee, *Housing* surveys 2002-2013.

**Figure 6 - Forms of family financial support received by young recent first-time homeowners by standard of living quartile (in %)**

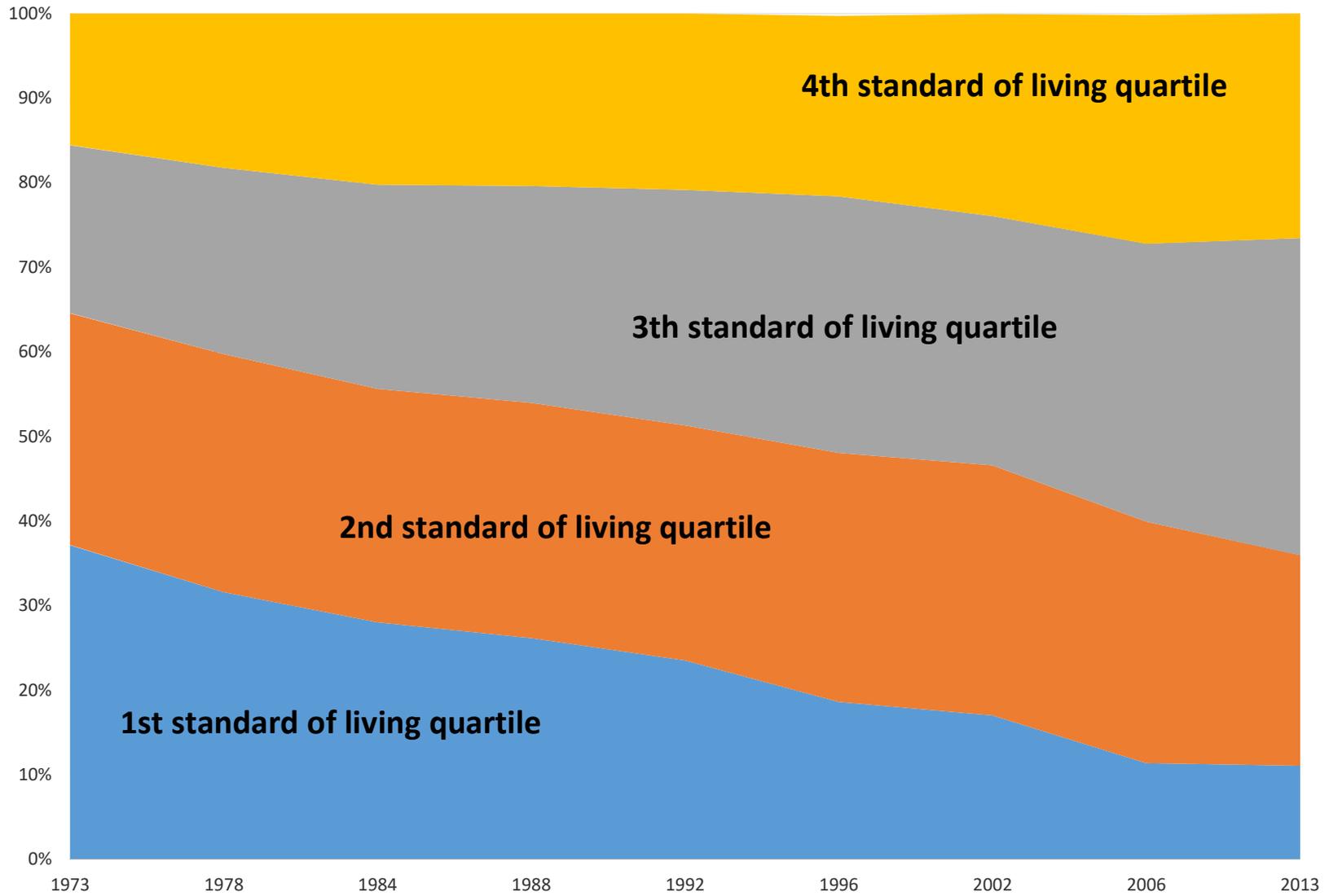


Reading note: 16% of recent homeowning households ages 25-44 in the top standard of living quartile were assisted directly by their families at the time of purchase through gift assistance, compared to 24% of the better-off.

Coverage: Households whose reference person is between ages 25 and 44, excluding students, first recent owners, residing in mainland France.

Sources: Insee, *Housing surveys 2002-2013*.

**Figure 7a - Proportion of rural homeowners by standard of living quartile, 1973-2013**



Coverage: Households of owners whose reference person is aged between 25 and 44, excluding students, residing in mainland France.  
Sources: Insee, *Housing* surveys 1973-2013.



**Table 1 - Probability of buying one's first main place of residence in the last four years, according to whether gift assistance or an inheritance was received, by standard of living quartile (logistic regression)**

| Standard of living quartiles | Total (in %) | Received gift assistance | Did not receive gift assistance | Effect of gift assistance*                               |  |
|------------------------------|--------------|--------------------------|---------------------------------|--|--|
|                              |              | (A)<br>(in %)            | (B)<br>(in %)                   | Differences in probability of first- time home ownership | Ratio of probability of first- time home ownership |
|                              |              |                          |                                 | (B)-(A)<br>(in points)                                   | (B)/(A)  |
| 1 <sup>st</sup> quartile     | 6            | 4                        | 28                              | 24   | 7.0  |
| 2 <sup>nd</sup> quartile     | 17           | 13                       | 53                              | 40   | 4.1  |
| 3 <sup>rd</sup> quartile     | 27           | 22                       | 58                              | 36   | 2.6  |
| 4 <sup>th</sup> quartile     | 34           | 28                       | 60                              | 32   | 2.1  |
| Total                        | 19           | 15                       | 47                              | 32   | 3.1  |

\* The differences reported in this table are significantly different from zero at the 1% threshold, the odds ratios are significantly different from 1 at the 1% threshold.

Note: The control variables used are age, living in a couple versus alone, urban unit and number of children. Weighted regression on 16,912 households: 6,519 in Q1, 4,220 in Q2, 3,328 in Q3 and 2,845 in Q4.

Reading note: Without a donation, renters in the lowest 25% of households have a 4% chance of becoming homeowners, compared to a 28% chance of becoming homeowners if they received a donation, a difference of 24 points. The probability of first- time home ownership is thus multiplied by 7. Coverage: Households whose reference person is aged 25 to 44, excluding students, residing in mainland France, tenants 4 years before the survey date.

Sources: Insee, *Housing* surveys 2002-2013.

**Table 2 - Change in amount of gift assistance (in euros 2013)**

|   |             | 2002   | 2006   | 2013   |
|---|-------------|--------|--------|--------|
| Amount of gift assistance (in constant euros 2013)        | 25% lowest  | 8,900  | 11,800 | 10,000 |
|   | Median      | 17,900 | 25,900 | 25,000 |
|   | Mean        | 28,700 | 35,700 | 39,800 |
|   | 25% highest | 35,900 | 47,100 | 50,000 |
| Proportion of gift assistance in price of dwelling (in %) | Median      | 15     | 14     | 12     |
|   | Mean        | 22     | 19     | 19     |
| Total numbers   |             | 342    | 373    | 180    |

Note: Amounts are rounded to the nearest 100 euros.

Reading note: The median amount of gift assistance received by those aged 25- 44 who became owners for the first time during the last four years preceding the survey was 17,900 euros in 2002 (amount in euros 2013) and 25,000 euros in 2013. The

amount of gift assistance received at the time of purchase represents approximately one- fifth of the price of the unit over the entire period. Coverage: Households whose reference person is aged 25 to 44, excluding students, first recent owners to receive gift assistance at the time of purchase and entered its amount in the survey (i.e. 20.3% of the first recent owners aged 25 to 44), residing in mainland France.

Sources: Insee, *Housing surveys* 2002-2013.

**Table 3 - Change in the location of households according to their standard of living quartile, 1973 and 2013 (In %)**

|  | Q1   |      | Q2   |      | Q3   |      | Q4   |      | Total |      |
|--|------|------|------|------|------|------|------|------|-------|------|
|  | 1973 | 2013 | 1973 | 2013 | 1973 | 2013 | 1973 | 2013 | 1973  | 2013 |
| Rural municipality                               | 35   | 14   | 24   | 23   | 18   | 26   | 14   | 18   | 23    | 20   |
| Urban unit with less than 10,000 inhabitants     | 11   | 11   | 11   | 14   | 10   | 13   | 7    | 8    | 10    | 12   |
| Urban unit with 10,000 to 49,999 inhabitants     | 14   | 12   | 14   | 11   | 14   | 10   | 11   | 9    | 13    | 10   |
| Urban unit with 50,000 to 199,999 inhabitants    | 15   | 19   | 17   | 14   | 17   | 13   | 14   | 11   | 16    | 14   |
| Urban unit with 200,000 to 1,999,999 inhabitants | 17   | 28   | 19   | 24   | 19   | 23   | 16   | 24   | 18    | 25   |
| Paris conurbation                                | 8    | 16   | 15   | 14   | 22   | 15   | 38   | 30   | 21    | 19   |
| Total  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100   | 100  |

Coverage: Households whose reference person is aged 25 to 44, excluding students, residing in mainland France.

Sources: Insee, *Housing surveys* 1973 and 2013.

**Table 4 - Structure by type of household, by standard of living, 1978 and 2013 (In %)**

|                          | Q1   |      | Q2   |      | Q3   |      | Q4   |      | Ensemble |      |
|--------------------------|------|------|------|------|------|------|------|------|----------|------|
|                          | 1978 | 2013 | 1978 | 2013 | 1978 | 2013 | 1978 | 2013 | 1978     | 2013 |
| Single-parent family     | 9    | 31   | 6    | 11   | 3    | 4    | 1    | 2    | 5        | 12   |
| Couples with children    | 79   | 37   | 75   | 50   | 68   | 58   | 61   | 53   | 71       | 49   |
| Couples without children | 6    | 7    | 6    | 10   | 14   | 14   | 22   | 22   | 12       | 13   |
| Person living alone      | 4    | 23   | 11   | 27   | 13   | 21   | 13   | 20   | 10       | 23   |
| Other households         | 2    | 2    | 2    | 2    | 2    | 3    | 3    | 3    | 2        | 3    |
| Total                    | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100  | 100      | 100  |

Coverage: Households whose reference person is aged 25 to 44, excluding students, residing in mainland France.

Sources: Insee, *Housing surveys* 1978 and 2013.

**Table 5 - Decomposition in change in ownership rate (“Oaxaca-Blinder” method) (In %)**

|                                 | 1978-2013                                   |       | 2002-2013  |      |
|---------------------------------|---|-------|--|------|
|                                 | With the variable on assistance/inheritance |       | With the variable on gift assistance/inheritance |      |
|                                 | Q1  | Q4    | Q1   | Q4   |
|                                 | Total ownership rate                        |       |  |      |
| 1978                            | 30.2  | 47.0  |  |      |
| 2002                            |   |       | 22.1   | 57.3 |
| 2013                            | 15.7  | 66.2  | 15.7   | 66.2 |
| Gap                             | -14.4                                       | 19.2  | -6.4   | 8.9  |
|                                 | Explained and unexplained share             |       |  |      |
| Unexplained share               | 37.9  | 89.7  | 48.0   | 63.1 |
| Explained share                 | 62.1  | 10.3  | 52.0   | 36.9 |
|                                 | Decomposition of explained share            |       |  |      |
| Inheritance or gift assistance  |   |       | 9.6  | 35.8 |
| Ages 25-29                      | -7.3  | 122.9 | 6.7  | 21.9 |
| Ages 30-34                      | -2.2  | 26.2  | -1.8   | 4.0  |
| Ages 35-39 ans (ref.)           |   |       |  |      |
| Ages 40-44                      | -4.9  | 26.0  | -8.2   | 8.5  |
| Paris                           | 6.0   | -18.0 | 2.1  | 12.2 |
| Large cities                    | 5.5   | 0.0   | 10.0   | -3.2 |
| Medium-sized cities (ref.)      |   |       |  |      |
| Rural                           | 41.5  | 43.9  | 34.9   | 3.3  |
| Single-parent families          | 13.7  | -2.9  | 9.6  | -0.2 |
| Couples without children (ref.) |   |       |  |      |
| Lone individuals                | 11.6  | -40.2 | 8.9  | 5.6  |
| Couples with children           | 36.1  | -57.9 | 28.1   | 12.2 |
| Total                           | 100   | 100   | 100  | 100  |

Note: Columns 2 and 3 show the results for the years 1978-2013, without the gift assistance and inheritance variable, while the two following ones relate to years 2002- 2013, including the gift and inheritance variable, available only for this period (see Section 2). The third and fifth columns include the best-off, the second and fourth the most modest.

Reading note: The change in population structure explains 62% of the change in the ownership rate between 1978 and 2013 in the 1st quartile. Almost half of this 62% is due to changes in the share of households living in rural areas (42%) and more than half to changes in family patterns (61%).

Coverage: Households whose reference person is between ages 25 and 44, excluding students, residing in mainland France.

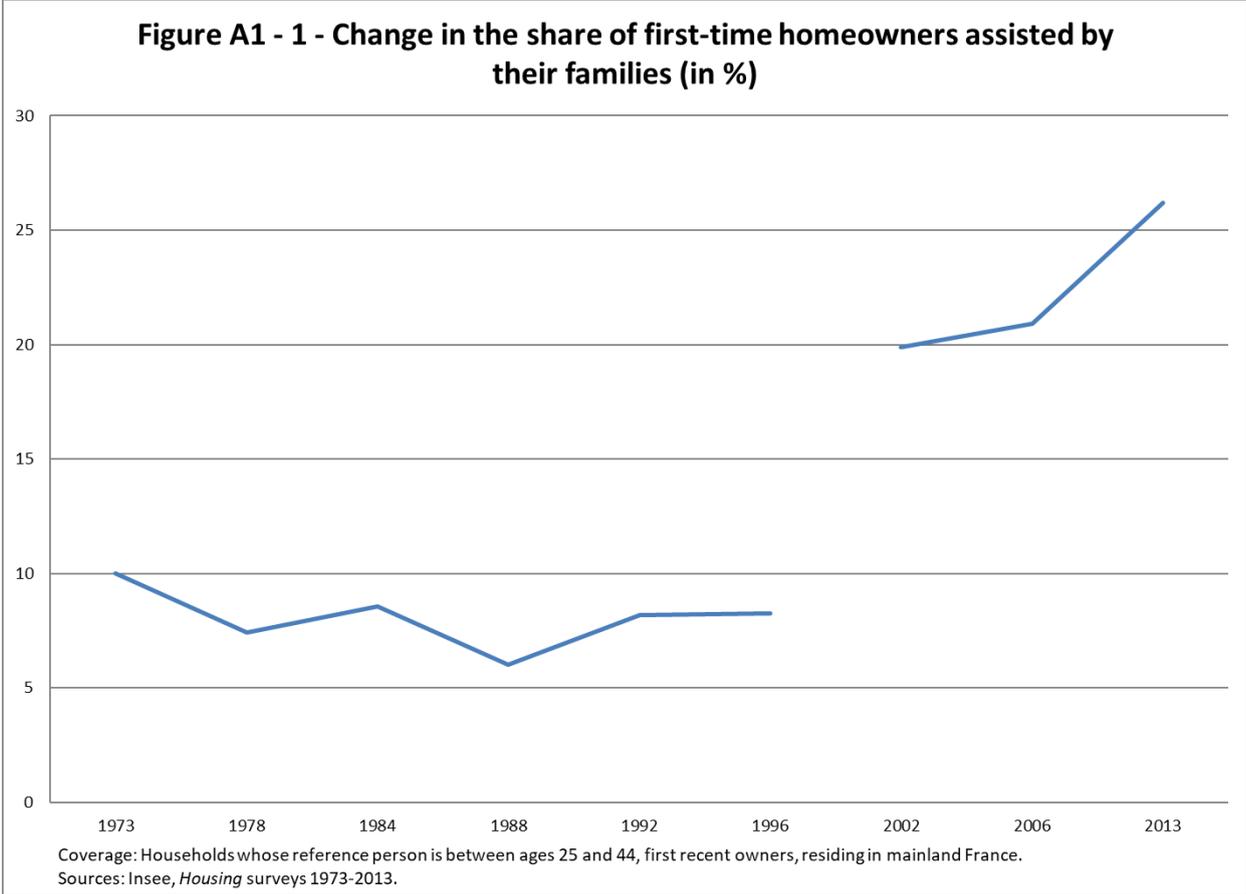
Sources: Insee, *Housing* surveys 1978-2013.

# APPENDIX

**APPENDIX 1- Understanding the role of family financial assistance over the long term, using the *housing* surveys**

Several questions make it possible to describe the financial support received from families when buying. However, it was not possible to construct a homogeneous series over an extended period, in particular because of the significant change in the order and nature of the questions in the 2002 survey. Starting in 2002, individuals were first asked about their various loans and the related amounts. Then, when “the total amount of the initial loans is less than the purchase price”, they are asked how they formed their individual contribution.

This introduces a significant break in the level of family assistance measured between 1996 and 2002 (figure A1-1). The use of this variable between 1996 and 2002 would have led to the conclusion that there had been a sharp increase in the share of first-time homeowners assisted by their families. However, it is very likely that some of this increase will actually be observed, in particular because of the significant rise in property prices from the end of the 1990s.



## APPENDIX 2 - Oaxaca-blinder decompositions: regression result

**Table A2-1 - Decomposition of changes in home ownership rates in the first standard of living quartile, 1978-2013**

|                                 | 1978    |             | 2013    |             | Decomposition     |   |
|---------------------------------|---------|-------------|---------|-------------|-------------------|---|
|                                 | Average | Coefficient | Average | Coefficient | Structure effects | Changes in relative chances of purchasing |
| Ages 25-29                      | 0.26    | -0.23***    | 0.22    | -0.09***    | 0.01**            | 0.04***                                   |
| Ages 30-34                      | 0.27    | -0.11***    | 0.24    | -0.02(ns)   | 0.002*            | 0.02**                                    |
| Ages 35-39 (ref.)               |         |             |         |             |                   |   |
| Ages 40-44                      | 0.24    | 0.11***     | 0.30    | 0.06**      | 0.004**           | -0.01(ns)                                 |
| Paris                           | 0.07    | -0.16***    | 0.17    | -0.01(ns)   | -0.005***         | 0.01***                                   |
| Large cities                    | 0.29    | -0.05**     | 0.37    | -0.06***    | -0.005***         | -0.002(ns)                                |
| Medium-sized cities (ref.)      |         |             |         |             |                   |   |
| Rural                           | 0.30    | 0.23***     | 0.14    | 0.26***     | -0.04***          | 0.008(ns)                                 |
| Single-parent families          | 0.09    | 0.01(ns)    | 0.31    | -0.06**     | -0.01**           | -0.007(ns)                                |
| Couples without children (ref.) |         |             |         |             |                   |   |
| Lone individuals                | 0.04    | -0.04(ns)   | 0.23    | -0.06**     | -0.01**           | -0.003(ns)                                |
| Couples with children           | 0.79    | 0.11***     | 0.37    | 0.07**      | -0.03***          | -0.03(ns)                                 |
| Constant                        |         | 0.24***     |         | 0.16***     |                   | -0.08(ns)                                 |
| Total ownership rate            | 0.30    |             | 0.16    |             | -0.09             | -0.05                                     |

Note: Rural cities = rural cities or cities with less than 20,000 inhabitants; large cities = more than 200,000 inhabitants; medium-sized cities = 20,000 to 199,999 inhabitants (reference category).

Reading note: The home ownership rate decreased from 30% to 16% between 1978 and 2013, or 14 percentage points. The structural effects account for 9 points of this decline and the change in the relative chances of buying (ie unexplained share) 5 points.

Coverage: First standard of living quartile in households whose reference person is between ages 25 and 44, excluding students, residing in mainland France, years 1978 and 2013.

Sources: Insee, *Housing* surveys 1978 and 2013.

Significance determined from the following p-value and thresholds: \*\*\* 1 % \*\* 5 % \* 10 %; ns = not significant.

|  | 1978 |  | 2013 |  | Decomposition |            |
|--|------|--|------|--|---------------|------------|
|  |      |  |      |  |               | Changes in |
|  |      |  |      |  |               |            |

|                                 | Average | Coefficient | Average | Coefficient | Structure effects | relative chances of purchasing |
|---------------------------------|---------|-------------|---------|-------------|-------------------|--------------------------------|
| Ages 25-29                      | 0.22    | -0.293***   | 0.14    | -0.28***    |                   |                                |
| Ages 30-34                      | 0.28    | -0.177***   | 0.24    | -0.106***   | 0.005**           | 0.018(ns)                      |
| Ages 35-39 (ref.)               |         |             |         |             |                   |                                |
| Ages 40-44                      | 0.26    | 0.032**     | 0.36    | 0.056*      | 0.005**           | 0.007(ns)                      |
| Paris                           | 0.24    | 0.084*      | 0.30    | -0.17***    | -0.004**          | -0.068***                      |
| Large cities                    | 0.28    | 0.047**     | 0.28    | -0.075***   | 0(ns)             | -0.034***                      |
| Medium-sized cities (ref.)      |         |             |         |             |                   |                                |
| Rural                           | 0.13    | 0.239(ns)   | 0.18    | 0.111(ns)   | 0.009***          | -0.02***                       |
| Single-parent families          | 0.01    | 0.089*      | 0.02    | -0.128***   | -0.001(ns)        | -0.004*                        |
| Couples without children (ref.) |         |             |         |             |                   |                                |
| Lone individuals                | 0.13    | -0.089***   | 0.20    | -0.109***   | -0.008***         | -0.002***                      |
| Couples with children           | 0.61    | 0.134(ns)   | 0.53    | 0.172(ns)   | -0.011***         | 0.023(ns)                      |
| Constant                        |         | 0.441(ns)   |         | 0.69(ns)    |                   | 0.249***                       |
| Total ownership rate            | 0.47    |             | 0.66    |             | 0.02              | 0.17                           |

**Table A2-2 - Decomposition of changes in home ownership rates in the last standard of living quartile, 1978-2013**

Note: cf. tableau A2-1.

Coverage: Fourth standard of living quartile of households whose reference person is aged 25 to 44, excluding students, residing in mainland years 1978 and 2013.

Sources: Insee, *Housing* surveys 1978 and 2013.

**Table A2-3 - Decomposition of changes in ownership rate in the first standard of living quartile, 2002-2013, taking into account family transfers**

|                                 | 2002    |             | 2013    |             | Decomposition     |   |
|---------------------------------|---------|-------------|---------|-------------|-------------------|---|
|                                 | Average | Coefficient | Average | Coefficient | Structure effects | Changes in relative chances of purchasing |
| Inheritance or gift assistance  | 0.08    | 0.408***    | 0.07    | 0.384***    |                   |   |
| Ages 25-29                      | 0.20    | -0.157***   | 0.22    | -0.075***   | -0.002 (ns)       | 0.017***                                  |
| Ages 30-34                      | 0.25    | -0.077***   | 0.24    | -0.025 (ns) | 0.001 (ns)        | 0.012 (ns)                                |
| Ages 35-39 (ref.)               |         |             |         |             |                   |   |
| Ages 40-44                      | 0.25    | 0.072***    | 0.30    | 0.043***    | 0.003***          | -0.008***                                 |
| Paris Large cities              | 0.15    | -0.076***   | 0.17    | -0.003 (ns) | -0.001 (ns)       | 0.012**                                   |
| Medium-sized cities (ref.)      | 0.32    | -0.064***   | 0.37    | -0.056***   | -0.003***         | 0.003 (ns)                                |
| Rural                           | 0.20    | 0.162***    | 0.14    | 0.242***    | -0.012***         | 0.014***                                  |
| Single-parent families          | 0.26    | -0.081***   | 0.31    | -0.049*     | -0.003**          | 0.009 (ns)                                |
| Couples without children (ref.) |         |             |         |             |                   |   |
| Lone individuals                | 0.19    | -0.078***   | 0.23    | -0.065***   | -0.003***         | 0.003***                                  |
| Couples with children           | 0.48    | 0.087***    | 0.37    | 0.075**     | -0.009***         | -0.005 (ns)                               |
| Constant                        |         | 0.216***    |         | 0.13***     |                   | -0.086*                                   |
| Total ownership rate            | 0.22    |             | 0.16    |             | -0.03             | -0.03                                     |

Note: cf. Table A2-1.

Coverage: First standard of living quartile in households whose reference person is between ages 25 to 44, excluding students, residing in mainland France, years 2002 and 2013.

Sources: Insee, *Housing* surveys 2002 and 2013.

**Table A2-4 - Decomposition of changes in ownership rate in the last standard of living quartile, 2002-2013, taking into account family transfers**

|                                | 2002    |             | 2013    |             | Decomposition     |  |
|--------------------------------|---------|-------------|---------|-------------|-------------------|--|
|                                | Average | Coefficient | Average | Coefficient | Structure effects | Change in relative chances of purchasing |
| Inheritance or gift assistance | 0.2     | 0.149***    | 0.24    | 0.119***    |                   |  |
| Ages 25-29                     | 0.16    | 0.53***     | 0.14    | -0.097 (ns) | 0.007**           | 0.001 (ns)                               |
| Ages 30-34                     | 0.25    | 0***        | 0.24    | -0.102***   | 0.001 (ns)        | -0.004 (ns)                              |
| Ages 35-39 (ref.)              |         |             |         |             |                   |  |
| Ages 40-44                     | 0.32    | 0.26***     | 0.36    | 0.637***    | 0.003**           | -0.01 (ns)                               |

|                                 |      |             |      |           |             |             |
|---------------------------------|------|-------------|------|-----------|-------------|-------------|
| Paris                           | 0.33 | -0.28***    | 0.3  | 0***      | 0.004**     | -0.029**    |
| Large cities                    | 0.27 | -0.101***   | 0.28 | 0***      | -0.001 (ns) | -0.01 (ns)  |
| Medium-sized cities (ref.)      |      |             |      |           |             |             |
| Rural                           | 0.17 | -0.125***   | 0.18 | -0.284*** | 0.001 (ns)  | -0.001 (ns) |
| Single-parent families          | 0.02 | -0.071***   | 0.02 | -0.094*** | 0 (ns)      | -0.002 (ns) |
| Couples without children (ref.) |      |             |      |           |             |             |
| Lone individuals                | 0.22 | -0.065 (ns) | 0.2  | -0.08***  | 0.002 (ns)  | -0.001 (ns) |
| Couples with children           | 0.51 | -0.099***   | 0.53 | -0.054**  | 0.004 (ns)  | 0.008 (ns)  |
| Constant                        |      | 0.158***    |      | 0.122***  |             | 0.107**     |
| Total ownership rate            | 0.57 |             | 0.66 |           | 0.03        | 0.06        |

Note: cf. tableau A2-1

Coverage: Fourth standard of living quartile in households whose reference person is between ages 25 and 44 excluding students, residing in main- land France, years 2002 and 2013.

Sources: Insee, *Housing Surveys* 2002 and 2013.

**Table A2-5 - Summary of the decomposition of changes in ownership rates in the first and last quartile of living standards, 2002-2013, with or without the variable “gift assistance or inheritance” (In %)**

|                                   | Q1 (2002-2013)   |                         | Q4 (2002-2013)   |                         |
|-----------------------------------|--|-------------------------|--|-------------------------|
|                                   | With the variable<br>“gift assistance<br>or inheritance” | Without the<br>variable | With the variable<br>“gift assistance<br>or inheritance” | Without the<br>variable |
|                                   | Ownership rate   |                         |  |                         |
| 2002                              | 22.1   |                         | 57.3   |                         |
| 2013                              | 15.7   |                         | 66.2   |                         |
| Gap                               | -6.4   |                         | 8.9  |                         |
|                                   | Explained and unexplained share                          |                         |  |                         |
| Explained                         | 52   | 50.8                    | 36.9   | 24.2                    |
| Unexplained                       | 48   | 49.2                    | 63.1   | 75.8                    |
|                                   | Decomposition of explained share                         |                         |  |                         |
| Inheritance<br>or gift assistance | 9.6  |                         | 35.8   |                         |
| Ages 25 to 29                     | 6.7  | 7.4                     | 21.9   | 33.5                    |
| Ages 30 to 34                     | -1.8   | -1.8                    | 4  | 5.9                     |
| Ages 35 to 39 (ref.)              |  |                         |  |                         |
| Ages 40 to 44                     | -8.2   | -9.4                    | 8.5  | 13.2                    |
| Paris                             | 2.1  | 2.6                     | 12.2   | 18.2                    |
| Large cities                      | 10   | 10.9                    | -3.2   | -4.4                    |
| Medium-sized cities (ref.)        |  |                         |  |                         |
| Rural                             | 34.9   | 39.9                    | 3.3  | 4.8                     |
| Single-parent families            | 9.6  | 11.7                    | -0.2   | -0.4                    |
| Couples without children (ref.)   |  |                         |  |                         |
| Lone individuals                  | 8.9  | 9.7                     | 5.6  | 9.4                     |

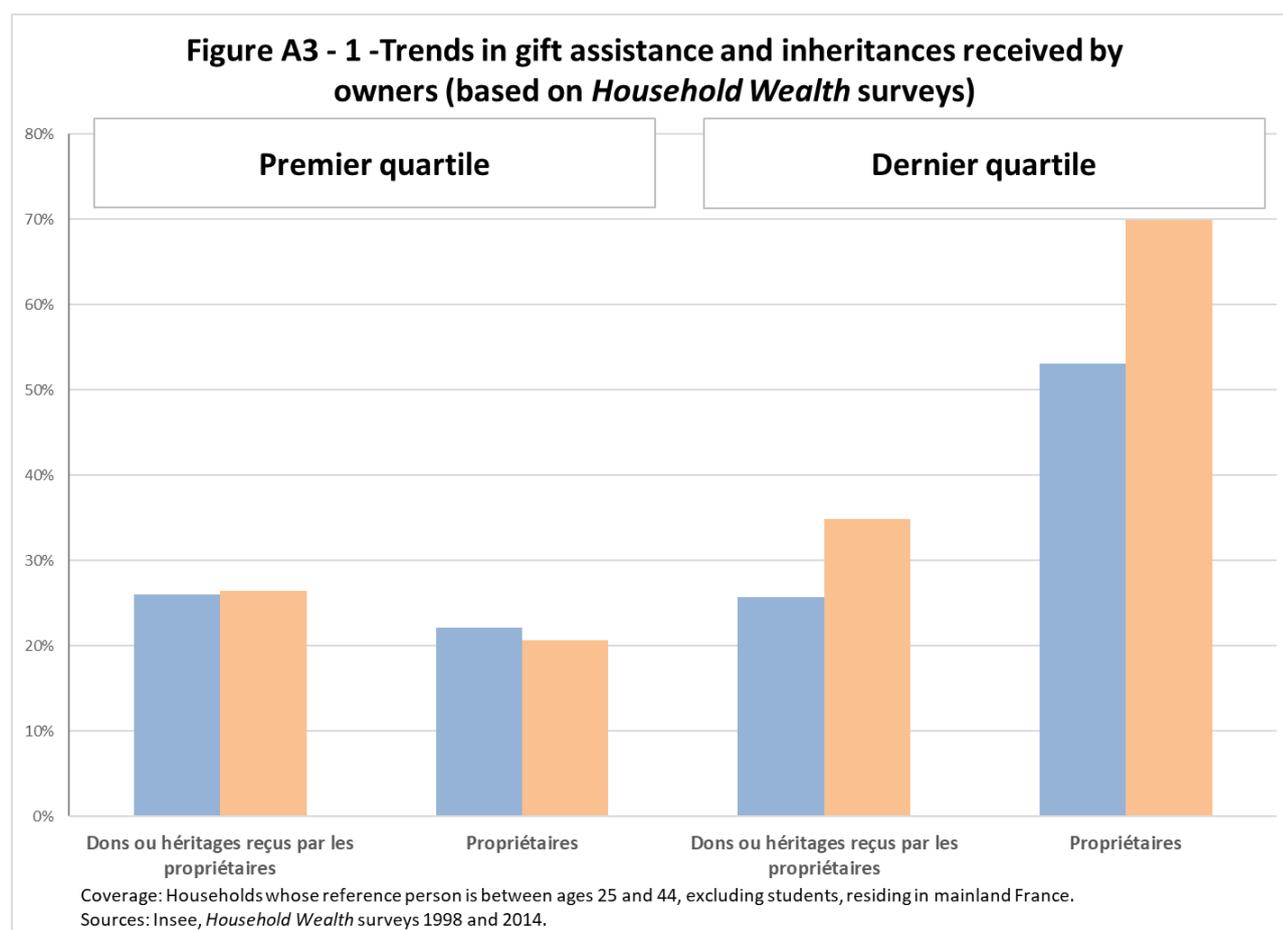
|                       |      |      |      |     |
|-----------------------|------|------|------|-----|
| Couples with children | 28.1 | 29.1 | 12.2 | 20  |
| Total                 | 100  | 100  | 100  | 100 |

Coverage: First and fourth standard of living quartile in households where the reference person is between ages 25 and 44, excluding students, residing in mainland France.

Sources: Insee, *Housing* surveys 2002-2013.

### APPENDIX 3 - Trends in gift assistance and inheritances received by homeowners from the 1998 and 2014 household wealth surveys

Insee's *Household Wealth* surveys allow to confirm the findings of the *Housing* surveys on the growing importance of the role of intergenerational transfers, by extending the period before 2002. The *Household Wealth* surveys from 1998 and 2014<sup>1</sup> can be used to this end. However, since these surveys contain significantly fewer observations than the *Housing* surveys<sup>2</sup>, the degree of precision is reduced, particularly on a subsample such as young households broken down into standard of living quartiles. Thus, rather than computing breakdowns of the same type as those carried out with the *Housing* surveys, we put in parallel, in Figure A3-1, the trends in ownership rates and in gift assistance and inheritances received by homeowners.



<sup>1</sup> It is only possible to calculate a household standard of living for the 1998 to 2014 surveys, as only income brackets are available in previous years.

<sup>2</sup> About 10,000 households in mainland France in the Household Wealth surveys, as compared to 40,000 in the Housing surveys