Title: Homeownership and Saving in a Life-Course Perspective

Abstract: Previous literature has found homeowners to be wealthier than renters even net of their home equity. On top of inequalities generated by housing markets dynamics, e.g. due to house price inflation, homeowners also seem to be more likely to accumulate non-housing wealth. One explanation for higher net worths of homeowners compared to renters may be found in different saving behaviours in both groups. Hence, this sociological study tackles the following research question: Do homeowners save more than renters? A life course perspective, in which saving is conceptualised as an inter-temporal transfer of resources to enable future agency of forward-looking individuals, is applied to answer this question. It is argued that next to forced saving through mortgage repayments, previous experience with saving for a down payment and the life course risk of house price losses may further increase the amount of saving for homeowners compared to renters. However, only high income homeowners may be able to additional accumulate non-housing savings next to their mortgage repayments. In addition, contextual conditions affect saving in both groups. For example, the effect of house price risks on saving can be expected to be stronger in more volatile housing markets such as in Britain compared to Germany. To test these expectations, comparative, longitudinal data from the BHPS and SOEP are used. To account for the positive selection of households with high saving rates into homeownership, fixed-effects panel regression models are estimated to quantify within-household changes in saving. Preliminary multivariate results for Britain show that higher saving of homeowners is partly due to selection effects. At the same time, households do not reduce their non-housing saving when entering homeownership on average which – combined with their mortgage repayments – adds to higher overall savings of homeowners compared to renters. These differences increase with higher economic resources.

Keywords: Homeownership, Saving, Life Course, Comparison

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