

# Inherited Housing, Collateral, and Household Wealth Accumulation

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## Abstract

While an unprecedented amount of real estate is expected to be transferred across generations in the near future, the literature on intergenerational transfers has largely overlooked households' differential responses to asset-specific wealth shocks. This perspective becomes particularly relevant in a context where low-wealth households find it increasingly difficult to access homeownership, which historically represents their primary means of wealth accumulation. Unveiling households' responses to the inheritance of properties can help understand the mechanisms underlying the current housing affordability crisis, and be better prepared for what many describe as the "Great Wealth Transfer".

Using the panel component of the Household Finance and Consumption Survey (HFCS) and fixed-effects models, this paper decomposes inheritances by asset type, transfer size, and time since receipt, and evaluates their effect on households' changes in net wealth and balance sheet composition. The findings reveal that real assets are the main channel of households' wealth accumulation, especially in the short term. In addition, real-assets inheritance is associated with a higher likelihood of owning other properties than the household main residence, which in turn enables new residential investments by relaxing credit constraints through collateral. Moreover, the analysis shows that households exploit the property shock to earn additional income from real estate, with compounding effects found at the top of the transfer wealth distribution.

**Keywords:** Bequests, Household Assets, Wealth, Mortgages, Investment Decisions

**JEL Classification:** D14 , D31 , G51

# 1 Introduction

In most OECD countries, housing represents the largest component of households' portfolios (Causa et al. 2019), and high homeownership rates have historically been associated with lower overall wealth inequality (Kaas et al. 2015; Pfeffer and Waitkus 2021; Darvas et al. 2025). However, rising house prices, limited social housing, and stringent regulations are making homeownership increasingly unaffordable for young and low-wealth households (Licchetta et al. 2025). These developments are threatening housing's equalizing role, and raising concerns about a growing wealth divide between homeowners and renters (Hick et al. 2024; Balestra et al. 2025).

A large body of literature shows that homeownership is associated with higher long-run wealth accumulation relative to renting. For instance, Di et al. (2007) document that homeowners accumulate significantly more wealth than comparable renters, even during periods when alternative investments other than housing performed well and rents grew slowly. Similarly, Turner and Luea (2009) estimate that each additional year of homeownership increases net wealth by approximately \$13,700 on average. Other studies emphasize the role of parental housing wealth in driving children's homeownership rates. For example, Mulder et al. (2015) show that growing up in a homeowner household significantly increases the likelihood of becoming a homeowner, particularly in contexts where house prices are high. Likewise, Blanden et al. (2023) find a steady rise through time in the intergenerational persistence of homeownership, while Daysal et al. (2023) demonstrate that parental housing wealth gains during childhood have large causal effects on children's adult wealth.

While these findings suggest that limited access to housing can exacerbate inequality, fewer studies have looked directly at how the asset composition of intergenerational transfers affects household wealth accumulation. This is particularly relevant in a context where property holdings are frequently inherited (Arrondel et al. 2014), and households' expenditure share on housing across OECD countries hovers around 40% for the bottom income quintile (OECD 2020).

This paper fills this gap by studying the wealth-generating mechanisms associated with real estate inheritance. Using data from the ECB's Household Finance and Consumption Survey (HFCS), I construct a panel dataset from the subset of households observed in all survey waves (2010, 2014, 2017, and 2020), and ask two main questions: *Does inheriting a real asset open new wealth-generating opportunities?* and *How do these effects vary by transfer size and asset type?*

To answer these questions, I exploit the detailed information collected in the interviews on the type of assets received at each wave. While the HFCS reports any bequests received during a person's lifetime, I follow Mathä et al. (2017) and construct a *time-since-receipt* measure that accounts for time heterogeneity, thereby isolating inheritance movements over time. Moreover, to identify asset-specific effects, I focus on households that inherit only one type of asset during the observation period, allowing for a clean comparison of asset-specific estimates.

The analysis reveals three main insights into household wealth creation. First, inheritances consisting exclusively of financial assets are not associated with subsequent wealth growth, whereas real estate inheritances are positively related to wealth accumulation in the short term. This confirms the importance of property

assets in household balance sheets (Wolff 2016; Wind et al. 2017). Second, households tend to retain the inherited properties and to engage in leveraged borrowing to expand their real estate holdings, consistent with a borrow-to-invest motive, as developed by Crossley et al. (2024), where increased housing equity relaxes credit constraints and facilitates investment (Goodman and Mayer 2018). Third, inheriting real assets significantly increases the likelihood of receiving rental income, indicating that households seize the positive property shock as an opportunity to generate additional revenue streams. While this finding is particularly pronounced for small and medium bequests, only large transfers are associated with increments in earnings from properties, consistent with a mechanism of compounding gains at the top.

This paper makes three main contributions. First, it provides the first empirical evidence on the mechanisms through which real estate inheritances affect household wealth accumulation. In doing so, it bridges the literature on intergenerational transfers and housing wealth. While previous studies have focused primarily on the impact of bequests on wealth inequality (Elinder et al. 2018; Keister et al. 2019; Palomino et al. 2022; Horioka 2024), less consideration has been given to the channels driving these effects. This omission is particularly relevant given that real assets represent the major mechanism of wealth accumulation in most OECD countries (OECD 2020). At the same time, house price appreciation and increasingly restricted access to home-ownership put further pressure on the inheritance-inequality nexus, reinforcing the need for micro-level, disaggregated analyses of inherited assets.

Second, the findings resonate with studies emphasizing the collateral role of housing equity in relaxing credit constraints and shaping household financial decisions (Mian et al. 2013; Mian and Sufi 2014; Aladangady 2017). By interpreting real estate transfers as a positive, quasi-exogenous shock to households' balance sheets, akin to rises in house prices, the analysis highlights households' investment responses rather than consumption alone, contributing a novel perspective to the literature on household finance and wealth accumulation.

Finally, the paper builds on existing HFCS-based studies (see, among others, Korom 2016; Humer et al. 2017; Fessler and Schürz 2018; Spiteri and Von Brockdorff 2023) by providing the first longitudinal analysis of the dataset. By employing linear and logistic fixed-effects models, the analysis removes time-invariant unobserved heterogeneity from the observed outcomes and offers a novel within-household perspective to the inheritance-wealth relationship. At the same time, as no specific panel weights are available, the HFCS panel is best regarded as experimental (Household Finance and Consumption Network 2023a), and the findings should be interpreted with caution in terms of national representativeness. Nevertheless, the results provide new insights into how inheritances shape households' balance sheets, and show that what households inherit, and how much, matters at least as much as whether they inherit.

The remainder of the paper is structured as follows. Section 2 reviews the related literature and develops the testable hypotheses. Section 3 describes the data and empirical strategy. Section 4 presents the results, and Section 5 concludes with a summary of the findings and main contributions to the literature.

## 2 Literature Review

Intergenerational transfers have become an increasingly important factor in household wealth accumulation in advanced economies. Recent research shows that the share of inherited wealth relative to total wealth has followed a U-shaped trajectory, reversing the low levels seen in the mid-20th century (Piketty and Zucman 2014). For instance, France, Germany, and the UK saw the ratio drop under 40% around 1970–1980, then increase substantially to about 50–60% of total wealth by 2010 (Alvaredo et al. 2017).

These trends spurred a growing body of research to capture their effect on wealth accumulation, with results varying according to the methodology used. For example, using Norwegian administrative registers, Black et al. (2020, 2024) find that inheritances play only a limited role in lifetime accumulation of resources, as their size is relatively small compared to other sources of wealth. Similarly, Karagiannaki (2017) leverages the British Household Panel Survey to assess their effect on household wealth accumulation and inequality, revealing that inheritances were too small to substantially affect overall wealth inequality, especially compared to housing wealth dynamics. Conversely, Palomino et al. (2022) build a counterfactual wealth distribution across four OECD countries to quantify how much of observed wealth inequality is associated with intergenerational transfers and family background. The authors show that inheritances matter more than family background, and account for up to 36% of overall wealth inequality<sup>1</sup>.

As shown by Boserup et al. (2016), the measure used to evaluate wealth inequality can profoundly impact the results of the analysis. By exploiting Danish population and wealth registers, the authors document that average bequest increases recipients' wealth by roughly 36%. In addition, the authors demonstrate that wealth transfers stretch the wealth distribution to the right, as gains are larger in absolute levels toward the top. At the same time, top wealth shares fall, because middle and lower parts of the distribution gain proportionally more relative to their baseline wealth. This finding suggests that bequests increase absolute levels of inequality while decreasing relative inequality, and is confirmed in a number of other studies (Wolff and Gittleman 2011; Crawford and Hood 2016; Elinder et al. 2018).

Nevertheless, Nekoei and Seim (2023) show that this effect is short-lived and tends to disappear within about 10 years after the inheritance receipt. The authors argue that, while the average heir depletes most of the inheritance on consumption, richer heirs earn high rates of return on the transfer, fully reversing the equalizing effect. These findings highlight diverging rates of accumulation along the wealth distribution, and are consistently found in other strands of literature (Fagereng et al. 2020; Bach et al. 2020; Xavier 2021; Balloch and Richers 2023).

This heterogeneity resonates with the focus of this paper, where the asset composition of inheritance is analyzed to identify micro-mechanisms that lead to compounding rates of wealth accumulation. In this regard, housing assets are especially relevant since they represent more than half of the total assets of households in the middle three quintiles of the wealth distribution (OECD 2021). In addition, as noted by Ioannides and Ngai (2025), housing can perpetuate inequality by enabling owners to use it

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<sup>1</sup>For other studies documenting a negative impact of wealth transfers on wealth inequality, please refer to Feiveson and Sabelhaus (2018); Adermon et al. (2018); Keister et al. (2019); Horioka (2024).

as collateral for other investments or to obtain higher returns to human capital investments. This understanding is crucial in a context where real estate holdings are closely tied to intergenerational transmission of wealth (Arrondel et al. 2014), and transfer wealth is more unequally distributed than non-transfer wealth and total wealth (Nolan et al. 2021; Morelli et al. 2021), threatening to widen the gap between asset-rich and asset-poor families.

The positive role of owning a house on wealth accumulation is broadly acknowledged in the literature<sup>2</sup>. For instance, Rognlie (2015) disputes the *accumulation view* of Piketty (2014), according to which the increase of capital’s income share in advanced economies is due to higher saving and a shift of aggregate income from workers to those who own capital. Instead, Rognlie supports a *scarcity view* that follows from limited land availability, the inelasticity of housing supply, and tighter regulation. These factors make residential investment more expensive and rents to rise sharply, increasing the housing’s share of income and contributing to wealth redistribution from renters to homeowners. Therefore, as argued by Ioannides and Ngai (2025), policymakers concerned about inequality should monitor housing costs.

Several studies show that housing prices have been steadily increasing in recent decades. For instance, Knoll et al. (2017) compiled very long-run housing price indices for 14 advanced economies and found that real house prices were essentially flat until around 1950. After that, prices rose strongly in almost all countries, mostly due to general scarcity of land. Similarly, Jordà et al. (2019) estimate for the first time the long-run returns of housing across 16 advanced economies, and reveal that housing delivers similar average real returns than equities (around 7% per year), but with much less volatility.

Taken together, these findings underline the central role of housing as both a consumption unit that provides shelter and a profitable long-term investment, and provide the backdrop for the first hypothesis of this paper:

*Hypothesis 1:* Real asset inheritances contribute more to wealth accumulation than financial asset bequests, due to differential returns and long-term stability.

This assumption rests on the fact that inheriting a property does not merely change household net wealth, but it impacts the overall structure of its balance sheet. Exploiting a quasi-exogenous variation in homeownership status of tenants of a Swedish municipality, Sodini et al. (2023) show that housing increases net wealth by providing collateral and facilitating access to credit. Similarly, Crossley et al. (2024) develop a borrow-to-invest motive in which the authors challenge the traditional narrative that links household borrowing to consumption spending, and argue that house price increases affect net wealth by relaxing credit constraints for additional residential investments. In other studies, housing value appreciation is associated with job growth and entrepreneurial activity, as households leverage the home equity windfall to open their own small businesses (Black et al. 1996; Adelino et al. 2015).

Following this logic, I interpret property transfers as a sudden, wealth-enhancing shock to households’ balance sheet that improves credit conditions and enables borrowing against collateral, which leads us to the second hypothesis:

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<sup>2</sup>See, among others, Killewald and Bryan (2016); Fuller et al. (2020); Wainer and Zabel (2020).

*Hypothesis 2:* Dwelling bequests increase the likelihood that households leverage inherited housing wealth to expand their real estate holdings.

Albeit largely overlooked by the literature on housing and asset-based welfare, secondary property ownership is strongly conducive to new income generation, as households buy (or inherit) property to let. For instance, in countries like Germany, France, Belgium, and others, well over 50% of secondary properties are utilized as rentals, with Germany reporting nearly 80% of second homes being let to tenants or tourists (Wind et al. 2020). Single family rentals also represent a large chunk of the housing market in the U.S., where they account for around \$2.3 trillion of total assets, and are highly profitable (Demers and Eisfeldt 2021). According to the authors' estimate, rental yields contribute to roughly half of the average nominal total return (net rental yield + house price appreciation), which stands at about 8.5% per year, and is comparable to equities.

These findings suggest that rational, asset-rich households have an incentive to enter the rental market to generate additional revenue streams and fully exploit the potential of their property holdings:

*Hypothesis 3:* Receiving a real asset increases the likelihood that households generate rental income, thereby contributing to further wealth accumulation.

Overall, these hypotheses provide the bedrock of the empirical analysis, and are evaluated in the next sections.

## 3 Data and Empirical Method

### 3.1 Data Source

The dataset used for this analysis is the Household Finance and Consumption Survey (HFCS)<sup>3</sup>, a recurring survey conducted approximately every three years that investigates the consumption patterns and financial decision-making of households across Europe. To date, four waves of the survey have been conducted by the national central banks of participating countries, covering a period from approximately 2010 to 2020. While the data are centrally coordinated by the European Central Bank (ECB) and rely on a common template for the country questionnaires and output variables, important aspects of survey implementation remain country-specific, and should therefore warrant caution in the cross-country comparability of simple summary statistics (Fessler and Schürz 2013).

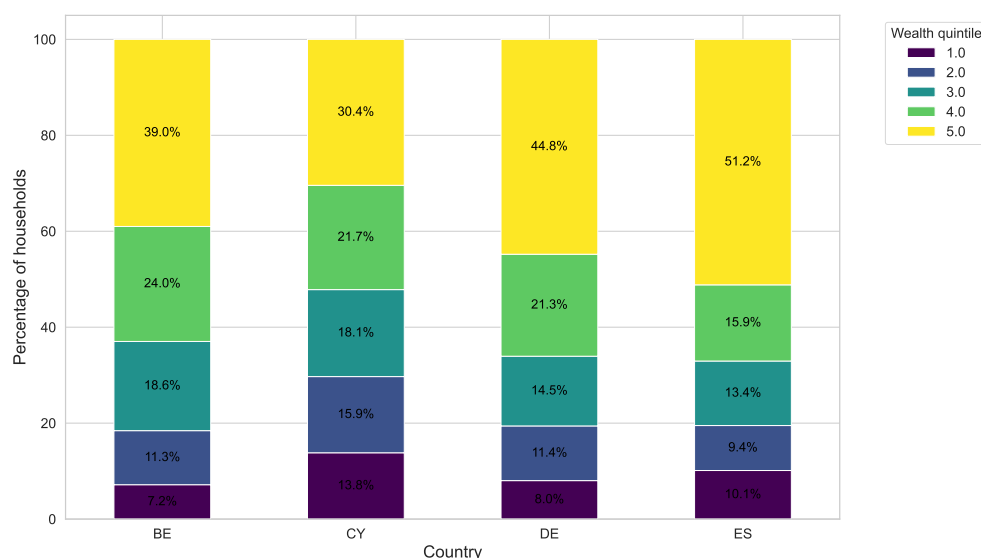
This paper leverages the longitudinal component of the HFCS, that is, households that are consistently interviewed in all four survey waves. This allows the construction of a balanced panel dataset to measure the within-household changes in the outcome variables over time, a first for this dataset. The countries that provide the mentioned panel component are four: Belgium, Cyprus, Germany, and Spain, for a total sample of around 12,000 observations. To mitigate the well-documented under-reporting of assets and the differential unit non-response affecting surveys, particularly at the top of the wealth distribution (Tiefensee and Grabka 2016; Vermeulen 2016), each country implemented ad hoc imputation methods and oversampling strategies

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<sup>3</sup>European Central Bank: Household Finance and Consumption Survey (HFCS). [https://www.ecb.europa.eu/stats/ecb\\_surveys/hfcs/html/index.en.html](https://www.ecb.europa.eu/stats/ecb_surveys/hfcs/html/index.en.html). Accessed 02 March 2025

that led to diverging sample composition. For instance, while Belgium and Germany used regional indicators to map households with a bigger income dispersion and a higher taxable income, respectively, Spain leveraged personal taxable wealth to progressively oversample households based on wealth and income tax returns. In contrast, Cyprus applied a fixed oversampling rate by taking the top 10% of the distribution of annual domestic electricity consumption as a proxy for wealth ([Household Finance and Consumption Network 2023b](#)). These strategies, although at different country rates, effectively captured a sizable share of wealthy respondents, which is also reflected in the composition of this panel dataset.

Figure 1 shows the distribution of households by wealth quintile across countries. The fifth and wealthiest quintile is consistently the longest bar across all countries, with percentages varying according to the measure of oversampling adopted. This suggests that, unlike other survey studies where the rich population tends to be under-represented ([Waltl and Chakraborty 2022](#)), this sample is skewed toward the upper tail of the wealth distribution.



**Fig. 1** Households' Wealth Quintiles, by Country

While the HFCS provides cross-sectional weights to address this distributional unbalance, no dedicated panel weights are available, and, as such, the analysis is best considered experimental and not intended to be nationally representative ([Household Finance and Consumption Network 2023a](#)). Instead, by employing fixed-effects models, the empirical strategy relies on within-household variation, which mitigates concerns related to the over-representation of wealthy households in the balanced panel, as identification does not depend on cross-sectional differences in wealth levels. Therefore, the results are best interpreted as evidence on wealth-generating mechanisms among

households that experience intergenerational transfers, rather than as estimates of aggregate effects.

### 3.2 Inheritances and Gifts

As mentioned earlier in the text, one of the distinguishing features of the HFCS is the collection of the specific asset types received at each wave. In the questionnaires, bequests are defined as any substantial gift or inheritance received by a member of the household from someone outside the current household<sup>4</sup>. In addition, the interviewers record information about the net-of-tax value and receipt year of the three largest inheritances *ever* received by the household. As such, households can report transfers that have occurred many years prior to the interview. To account for this timing component, I adopt a similar strategy to Mathä et al. (2017), and identify the most recent inheritance event reported at each wave. Then, I subtract it from the interview year to obtain the number of years elapsed since receipt, and create three timing categories: (1) inheritances received 0 to 2 years since the interview, (2) inheritances received since between 3 and 7 years, and (3) transfers received 8 or more years prior to the interview. This strategy successfully isolates within-household changes in inheritance receipt between consecutive interviews, enabling the evaluation of immediate responses to a recent movement in transfer wealth by comparing it with non-inheritors and inheritances accumulated during a lifetime (Spiteri and Von Brockdorff 2023).

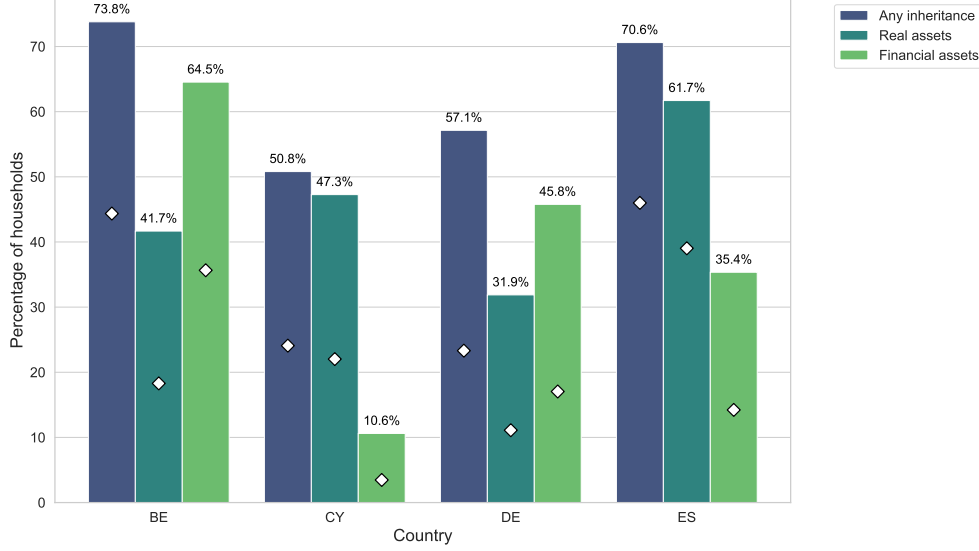
In addition, to evaluate the impact of property transfers on households' financial decisions, I adopt the categorization provided by the European Central Bank (2023) to group asset specific inheritances into real and financial assets. Specifically, the HFCS collects ten types of transfers: (1) money, (2) dwelling, (3) dwelling use, (4) land, (5) business, (6) securities & shares, (7) valuables, (8) life insurance, (9) vehicles, and (10) other assets. Among them, money, securities & shares, and life insurance make up the *Financial Assets* category, while the remaining bequests are grouped as *Real Assets*.

Figure 2 shows the percentage of households included in the panel that have inherited at least once. A few things are noteworthy: first, for Belgium and Spain, nearly three quarters of households have received at least one bequest during their lifetime, while Germany and Cyprus display lower values, at 57.1% and 50.8%, respectively. Due to the greater representation of the wealthy population in the sample, these figures are naturally higher than those found in other studies (Tiefensee and Westermeier 2016; OECD 2021). At the same time, the higher frequency of the inheritance events observed in the panel ensures sufficient within-household variation in the empirical analysis, hence resulting in fewer dropped units. For instance, as indicated by the white diamond on each bar, almost one in two families in Belgium and Spain receives a transfer at any given wave, whereas the figure is closer to one in four in Germany and Cyprus.

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<sup>4</sup>For the purpose of this study, inheritances and gifts will be treated interchangeably.





**Fig. 2** Bars report the percentage of households that ever received an inheritance of a given asset type during the observation period. White diamonds indicate the percentage of households that received an inheritance in a given survey wave.

In addition, the asset composition of the inheritance varies widely across countries. While real assets dominate the transfer distribution in Cyprus and Spain, they only account for slightly more than half of the transfers in Belgium and Germany. In contrast, financial bequests are very common in Belgium and Germany, with around 65% of households declaring to have received them at least once in Belgium and roughly 47% in Germany, whereas they represent only a small portion of inheritance in Cyprus (10.6%), and, to a lesser extent, in Spain (35.4%).

When looking at the single inherited assets, dwellings and money are the most frequently observed events overall, having been received at least once by slightly more than one third of households each. Land follows closely behind, with around 23.5% of households having inherited it at least once, while the other assets are observed less often, ranging from about 6% for securities and shares to less than 1% of households for vehicles and life insurance. Figure 3 in Appendix A shows the cross-country distribution of the three most common bequests: dwellings, land, and money.

Finally, to examine how the value of each inherited asset impacts households' wealth decisions, I identify households that reported receiving only one type of asset across the entire observation period. This restriction ensures that the recorded transfer value can be attributed solely to that specific asset type, revealing novel insights into households' investment responses based on the asset received. Moreover, to capture the transfer size heterogeneity found in Morelli et al. (2025), I group each inheritance into small, medium, and large value categories, defined relative to the asset-specific distribution among recipient households.

Formally, let  $V_{iat}$  denote the value of inheritance of asset type  $a$  received by household  $i$  at time  $t$ . For each asset type, I compute the median ( $p_{50}^a$ ) and the 90th

percentile ( $p_{90}^a$ ) of  $V_{iat}$  among households that received a positive transfer of that asset. Inheritance values are then classified as:

$$\text{Size}_{iat} = \begin{cases} \text{Small} & \text{if } 0 < V_{iat} \leq p_{50}^a, \\ \text{Medium} & \text{if } p_{50}^a < V_{iat} \leq p_{90}^a, \\ \text{Large} & \text{if } V_{iat} > p_{90}^a. \end{cases}$$

Households that did not receive an inheritance of asset  $a$  are assigned to a separate “no transfer” category. Table 1 shows detailed summary statistics of each category among inheriting households. While focusing on households inheriting a single asset type enhances interpretability of asset-specific effects, it reduces the sample at the cost of external validity, which is mitigated through complementary specifications using total inheritance.

**Table 1** Inheritance Values and Category Composition by Asset Type

Asset type	Inheritance value among recipients (>0)					Category composition (%)			
	Obs.	Mean (all >0)	Small	Medium	Large	Small	Medium	Large	Total
Total (any inheritance)	3,682	269,354	21,964	146,348	1,992,684	50.0	39.9	10.0	100.0
Real assets only	1,345	211,885	27,689	177,767	1,271,697	50.0	40.0	10.0	100.0
Financial assets only	777	50,971	10,193	53,239	291,147	50.6	41.2	8.2	100.0
Dwellings only	348	123,830	30,248	145,782	575,795	50.0	41.7	8.3	100.0
Land only	245	117,194	12,901	111,649	799,735	51.3	40.6	8.2	100.0
Money only	699	43,557	9,827	50,657	251,072	52.2	40.7	7.1	100.0

*Notes:* Means are computed for the most recent observations (by receipt year) with positive inheritance value. Asset-specific rows further restrict to households inheriting only one type of asset.

### 3.3 Empirical Methodology

To test the validity of the hypotheses stated in the previous sections, I start by evaluating the impact of the total amount of inheritance on two measures of household wealth accumulation: (1) changes in net wealth levels between consecutive survey waves, and (2) changes in a household’s relative position within the national wealth distribution. In the HFCS, net wealth is defined as “total household assets excluding public and occupational pension wealth, minus total outstanding household liabilities”, and its change in levels between consecutive waves is given by:

$$\Delta \text{Levels}_{i,t} = \text{Net Wealth}_{i,t} - \text{Net Wealth}_{i,t-1}, \quad (1)$$

where  $i$  denotes the household and  $t$  the survey wave.

The second measure of wealth accumulation is captured by the households’ rank in the national wealth distribution. The ranks are normalized into percentile scores on a 0–100 scale, such that the wealthiest household approaches 100 and the least wealthy approaches 0. The change in these percentile ranks between waves provides the second dependent variable:

$$\Delta \text{Rank}_{i,t} = \text{Wealth Percentile}_{i,t} - \text{Wealth Percentile}_{i,t-1}. \quad (2)$$

This measure accounts for differences in sample size across countries and waves, and reflects shifts in households' relative position in the wealth distribution. Focusing on two metrics of wealth *change* in the analysis addresses the possibility that the effects are driven by richer households inheriting assets of greater value (Spiteri and Von Brockdorff 2023), and provides robustness checks across specifications. The underlying fixed-effects model is shown in Equation 3:

$$Y_{it} = \beta_1 \text{Inh}_{it} + \beta_2 [\text{Inh}_{it} \times A_{it}] + \mathbf{X}'_{it}\gamma + \alpha_i + \lambda_t + \varepsilon_{it}, \quad (3)$$

where  $Y_{it}$  is one of the two measures of net wealth change for household  $i$  at time  $t$ . Following Pence (2006), all monetary variables are transformed using the Inverse Hyperbolic Sine (IHS) function because, unlike the logarithmic transformation, the IHS can handle zero and negative values without requiring data truncation, and has become standard practice in the wealth literature (Causa et al. 2019).

The coefficient of interest  $\beta_1$  captures within-household changes in the aggregate amount of inheritance accumulated over time, and corresponds to inherited-wealth exposure rather than a pure contemporaneous shock. Accordingly, this represents the reference model, whose estimates are assessed against models that include receipt-year indicators, to evaluate the extent to which the effects are driven by differential time response. In addition,  $\beta_1 + \beta_2$  represents the effect for individuals with  $A_{it} = 1$ , where  $A_{it} \in \{\text{Real Asset}_{it}, \text{Financial Asset}_{it}\}$ , depending on the specification, and  $A_{it} = 0$  in the baseline specification.

The control vector  $\mathbf{X}'_{i,t}$  comprises financial and demographic covariates as traditionally found in the household wealth literature, such as age, household size, gender, labor status, education, marital status, household income, and household wealth quintile in the country wealth distribution. In addition,  $\alpha_i$  are household fixed effects, which absorb unobserved, time-invariant heterogeneity, and  $\lambda_t$  account for time fixed effects, that is, macroeconomic shocks common to all households. Lastly,  $\varepsilon_{i,t}$  denotes the residual.

The timing component is then introduced in Equation 4. While the timing of the inheritance event is plausibly exogenous, as it is largely driven by family deaths or arbitrary transfers (Spiteri and Von Brockdorff 2023), the inclusion of household fixed effects and common time shocks further mitigates concerns related to unobserved heterogeneity and macroeconomic conditions coinciding with receipt. Therefore,  $\widetilde{\text{Inh}}_{it}$  calculates the inheritance value of the most recent transfers only, effectively isolating heterogeneous wealth responses to inheritance shocks between consecutive interviews. In particular, the coefficient  $\beta_b$  identifies the effect for households whose inheritance falls in timing category  $b$ , where  $b \in \{0-2, 3-7, 8+\}$  years since receipt, while  $A$  indexes the asset dimension of the specification (total inheritance, real assets, or financial assets).

$$Y_{it} = \sum_b \beta_b^{(A)} [\widetilde{\text{Inh}}_{it} \times \mathbb{1}\{\text{Time}_{it}^{(A)} = b\}] + \mathbf{X}'_{it}\gamma + \alpha_i + \lambda_t + \varepsilon_{it}. \quad (4)$$

In addition, to evaluate how bequests affect households' investment decisions, I estimate conditional fixed-effects logistic regressions on a number of  $I_{it}$  outcomes, where  $I_{it}$  takes the form of binary variables for (1) ownership of other properties, (2)

mortgages using other properties as collateral, (3) mortgages using other properties as collateral to purchase additional real estate, and (4) rental income receipt. Consequently, the model relies on households that change outcome status over time, and ensures robustness to time-invariant unobserved heterogeneity.

In Equation 5,  $\text{InhSize}_{it}$  corresponds to one of the transfer size category introduced in Section 3.2, which means that  $s \in \{\text{Small, Medium, Large}\}$  for household  $i$  at time  $t$ , and does not account for years since receipt. As such, it corresponds to the reference model of financial exposure to a lifetime of accumulated transfers.

$$\Pr(I_{it} = 1 \mid \mathbf{X}_{it}) = \Lambda \left( \alpha_i + \sum_s \beta_s^{(a)} \mathbb{1}\{\text{InhSize}_{it}^{(a)} = s\} + \mathbf{X}_{it}'\gamma + \lambda_t \right). \quad (5)$$

Moreover, the model examines different samples based on  $a$ , where  $a \in \{\text{Total Inheritance, Real Asset, Financial Asset, Dwelling, Land, Money}\}$ . Specifically, to highlight the effect of each inherited asset type, I restrict the sample to households that inherit only one kind of asset during the entire observation period, thereby isolating the investment responses associated with each inherited asset  $a$ . While this restriction might undermine the external validity of the results, it represents a complementary analysis to the total inheritance specification, and provides novel insights into households' investment responses to asset-specific bequest.

Equation 6 replicates the same model, while including the time component  $b$ :

$$\Pr(I_{it} = 1 \mid \mathbf{X}_{it}) = \Lambda \left( \alpha_i + \sum_s \sum_b \theta_{sb}^{(a)} \mathbb{1}\{\widetilde{\text{InhSize}}_{it}^{(a)} = s\} \mathbb{1}\{\text{Time}_{it} = b\} + \mathbf{X}_{it}'\gamma + \lambda_t \right). \quad (6)$$

Finally, I employ linear fixed-effects models to investigate the impact of each asset  $a$ , and transfer size  $s$ , on the IHS transformed value of gross rental income from real estate property. This estimation provides additional findings related to the intensive margin effect of the inheritance event on households' investment outcomes, and complements the impact of inheritance receipt highlighted in the logistic regressions.

$$R_{it} = \sum_s \beta_s^{(a)} \mathbb{1}\{\text{InhSize}_{it}^{(a)} = s\} + \mathbf{Z}_{it}'\delta + \alpha_i + \lambda_t + \varepsilon_{it}. \quad (7)$$

The corresponding control vector  $\mathbf{Z}_{i,t}'$  includes the same baseline demographics as  $\mathbf{X}_{i,t}'$ , with adjustments reflecting the household income control. As before, (7) serves as the reference model measured without the years-since-receipt indicator, which is then included in Equation 8:

$$R_{it} = \sum_s \sum_b \beta_{sb}^{(a)} \mathbb{1}\{\widetilde{\text{InhSize}}_{it}^{(a)} = s\} \mathbb{1}\{\text{Time}_{it} = b\} + \mathbf{Z}_{it}'\delta + \alpha_i + \lambda_t + \varepsilon_{it}. \quad (8)$$

### 3.4 Descriptive Statistics

In choosing the set of control variables to be included in the regressions, I follow standard economic reasoning and practices in the household wealth literature (Killewald and Bryan 2016; Karagiannaki 2017; Goodman and Mayer 2018). Table 2 presents summary statistics for the variables used in the analysis. To mitigate the impact of item non-response, the monetary values are multiply imputed using Rubin’s rules (Rubin 1987), inferring their imputed value from a set of observable variables that yield five complete datasets.

While household net wealth represents the dependent variable of model (3) and (4), four binary variables are used as regressand in the fixed-effects logistic models (5) and (6). In particular, *Owns Other Property* is equal to 1 if the household possesses any properties other than the Household Main Residence (HMR), including real estate outside the survey country, and is used to evaluate the heterogeneous effects of asset-specific inheritances on households’ balance sheet composition. Moreover, these other properties can be leveraged to open new credit channels, as captured by *Mortgage on Other Property*, which reports whether the household has, at the time of the interview, any outstanding mortgages or loans using other property as collateral. Furthermore, *Mortgage for Additional Real Estate* is even more specific, as it focuses on households using mortgages on other property to purchase additional real estate. Together, these variables test the validity of *Hypothesis 2*, according to which receiving a real asset is equivalent to an increase in house prices, that relaxes credit constraints and enables new property investments.

**Table 2** Descriptive Statistics

Variables	Obs.	Mean	SE	Min	Max
<b>Dependent Variables</b>					
Net Wealth (€)	11,932	1.10m	68.20k	-57.3m	355.0m
Owns Other Property	11,932	0.46	0.0046	0	1
Mortgage on Other Property	11,932	0.11	0.0030	0	1
Mortgage for Additional Real Estate	5,356	0.10	0.0041	0	1
Receives Rental Income	11,932	0.22	0.0038	0	1
Gross Rental Income (€)	2,615	17.9k	0.71k	0.012k	650.0k
<b>Control Variables</b>					
Total Gross Income, Equalized (€)	11,932	40.3k	0.76k	-965.0k	5.03m
Wealth Quintile	11,932	3.75	0.013	1	5
Nr. Household Members	11,932	2.62	0.012	1	10
Age	11,932	57.79	0.132	19	100
Married	11,732	0.69	0.004	0	1
Tertiary Education	11,700	0.48	0.004	0	1
Female	11,736	0.29	0.004	0	1
Employed	11,922	0.57	0.004	0	1

*Notes:* Means and standard errors are obtained from five multiply imputed datasets using Rubin’s rules. Binary variables take value 1 if the condition is satisfied and 0 otherwise. Monetary values are reported in euros. Gross rental income is conditional on receiving positive rental income.

Finally, two measures of *Rental Income* assess the soundness of *Hypothesis 3*, which states that rational households exploit the sudden property shock to generate additional revenue streams by renting their real estate. The impact is evaluated both on the extensive margin, through the dummy variable that identifies the inheritance effect on market entrance, as well as on the intensive margin, via the continuous value of gross rental income.

The estimates control for a number of economic confounders, such as the total gross annual household income, which is equalized by the number of economically active members in the household. The latter is constructed by summing several revenue streams that might influence wealth accumulation, such as labor wage, income from financial assets and pensions, regular social and private transfers, rental income from real estate, and other sources of income. For the purpose of models (7) and (8), total income control is net of rental earnings, so as to avoid misspecification.

In addition, dummies for the country wealth quintile, among households, serve as a proxy for initial wealth, and ensure that the inheritance effect is not inflated by factors such as differing saving behaviors or the receipt of larger transfers. The fifth quintile represents the richest part of the population, while the first the poorest.

The models also control for several demographic covariates known for being associated with wealth and financial outcomes, such as household size, age, education, gender, marital status, and labor status (Fessler and Schürz 2018; Spiteri and Von Brockdorff 2023). Following the UNECE (2011) guidelines, these are defined according to the household reference person’s responses, and may therefore vary over time<sup>5</sup>. Table A1 reports the HFCS survey items and definitions for the variables used.

## 4 Estimation Results

This section introduces the results of the models outlined above. Specifically, Section 4.1 shows that real-assets inheritance is the primary contributor to wealth accumulation in the short term, whereas receiving financial assets does not significantly improve households’ financial conditions at any time point. In addition, Section 4.2 evaluates households’ investment responses to asset-specific inheritances, demonstrating that inheritors of real assets are significantly more likely to hold additional properties other than the HMR, and to leverage these properties as collateral for new investments. Finally, Section 4.3 reveals that receiving real assets of small and medium size significantly increases the likelihood of having rental income, while only large transfers positively contribute to value increments.

### 4.1 Wealth Accumulation

Table 3 provides the results of the models on households’ net wealth change. In particular, *Inheritance value* is the IHS-transformed amount of transfers that households receive during their lifetime. Accordingly, this measure captures wealth exposure to inheritance rather than a sudden shock between successive survey waves. Since both

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<sup>5</sup>The reference person is uniquely determined by applying the following sequential criteria: first, a partner in a de facto or registered marriage with dependent children; then, a partner in such a union without dependent children; next, a lone parent with children; if none of these apply, the person with the highest income; and finally, the oldest individual in the household.

inheritance and wealth are IHS-transformed variables, the specification behaves like a log–log model for large values, allowing coefficients to be interpreted approximately as elasticities, while remaining closer to a linear relationship for small values (Burbidge et al. 1988).

The estimates show that within-household changes in the total amount of inheritance received over time do not significantly affect wealth levels, supporting the findings by Black et al. (2020, 2024), who argue that other sources of wealth are more relevant than inheritance for the accumulation of resources over a lifetime. However, its interaction with a dummy for real-assets receipt reveals that households gain about 1.13 percentile points in the national wealth distribution for a 10% increase in the transfer received. This is an important finding that has not been previously observed in the literature, and suggests that real-assets inheritance significantly enhances wealth accumulation relative to households that did not receive any real asset.

**Table 3** Inheritance Value, Timing, and Wealth Accumulation

	$\Delta$ Wealth Levels			$\Delta$ Wealth Rank		
	Total (1)	Real Assets (2)	Financial Assets (3)	Total (4)	Real Assets (5)	Financial Assets (6)
<b>Inheritance value</b>	0.026 (0.044)	0.064 (0.057)	−0.037 (0.058)	0.049 (0.047)	0.113** (0.056)	0.013 (0.053)
Observations	8,608	8,608	8,608	8,608	8,608	8,608
<b>Timing since receipt</b>						
0–2 years	0.096* (0.052)	0.120* (0.066)	0.021 (0.063)	0.116* (0.066)	0.186** (0.087)	0.091 (0.075)
3–7 years	0.015 (0.073)	0.037 (0.089)	0.056 (0.082)	−0.020 (0.069)	0.020 (0.084)	0.012 (0.079)
8+ years	−0.030 (0.061)	0.036 (0.068)	−0.167* (0.092)	0.031 (0.063)	0.093 (0.073)	−0.075 (0.077)
Observations	8,608	8,608	8,608	8,608	8,608	8,608
Household controls	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Individual FE	Yes	Yes	Yes	Yes	Yes	Yes

*Notes:* The table reports household fixed-effects estimates of the effect of inheritance value on wealth outcomes. Baseline rows report the average marginal effect of inheritance value. Subsequent rows allow the marginal effect to vary by time elapsed since receipt (0–2, 3–7, and 8+ years). Estimation is performed using multiple imputation across five complete datasets. Standard errors clustered at the household level are reported in parentheses. Significance levels: \*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ .

Moreover, the inclusion of the variable tracking the number of years elapsed since inheritance receipt shows additional heterogeneity, as the effect appears largely concentrated in the short term. Specifically, while the total amount of inheritance also becomes positive and significant in the 0 to 2 years time category, the effect is mostly driven by real assets, as financial transfers remain insignificant in both wealth measures. Yet, even for real assets, the findings highlight the short-lived nature of the inheritance effect, which primarily contributes to wealth in the immediate years after receipt.

The following sections examine the channels through which households can convert these transfers into long-term strategies of wealth accumulation.

## 4.2 Balance Sheet Composition

The central argument proposed in this paper is that receiving real assets does not only affect households' net wealth, but also their balance sheet composition, facilitating access to credit and increasing investment opportunities. In this regard, Table 4 reports conditional fixed-effects logit estimates for the likelihood of owning at least one property other than the HMR, distinguishing effects by asset type, transfer size, and years since receipt. To capture the exposure to transfers accumulated during a lifetime, the *No timing* column indicates that the value of the given asset does not differentiate by the time at which the transfer was received, whereas the remaining columns allow effects to vary with years elapsed since receipt.

**Table 4** Inheritance Value Category, Timing since Receipt, and Ownership of Other Property

	Ownership of other property (FE logit)			
	No timing	0–2 years	3–7 years	8+ years
<b>Panel A: Total inheritances</b>				
<i>Value category (ref.: None)</i>				
Small	1.033*** (0.135)	0.540** (0.214)	1.263*** (0.237)	1.247*** (0.197)
Medium	1.394*** (0.156)	1.595*** (0.258)	1.484*** (0.260)	1.388*** (0.226)
Large	1.487*** (0.379)	2.003*** (0.760)	0.562 (0.619)	1.870*** (0.617)
Observations	3,538	3,534	3,534	3,534
<b>Panel B: Real Assets</b>				
<i>Value category (ref.: None)</i>				
Small	2.742*** (0.320)	2.804*** (0.618)	2.613*** (0.553)	2.684*** (0.421)
Medium	2.014*** (0.303)	3.701*** (1.021)	1.963*** (0.454)	1.885*** (0.400)
Large	2.745*** (0.889)	–	–	3.146*** (0.962)
Observations	2,133	2,131	2,131	2,131
<b>Panel C: Financial Assets</b>				
<i>Value category (ref.: None)</i>				
Small	0.028 (0.285)	–0.033 (0.418)	–0.030 (0.553)	–0.113 (0.485)
Medium	0.531* (0.307)	–0.452 (0.514)	1.572*** (0.584)	0.980** (0.491)
Large	0.005 (0.543)	–0.981 (0.871)	–0.016 (1.358)	0.803 (1.092)
Observations	1,672	1,671	1,671	1,671
Household controls	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
Individual FE	Yes	Yes	Yes	Yes

*Notes:* The dependent variable is an indicator for owning at least one property other than the household main residence. All columns are conditional fixed-effects logistic regressions, with standard errors reported in parentheses. Conditional FE logit is identified from within-household variation in the outcome; cells exhibiting sparse within-household variation are omitted. Estimation is performed using multiple imputation across five complete datasets. Significance: \*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ .



Overall, receiving any type of inheritance significantly increases households' odds of owning additional properties, with the effect being strongest for large inheritances within two years after receipt, where the odds of owning other properties are approximately seven times higher (e.g.,  $e^{2.003} \approx 7.41$ ).

While financial assets do show some significant effect in the medium transfer category, particularly 3 to 7 years after receipt, the main factor driving this phenomenon is attributable to real-assets inheritance. Also for real assets, the largest magnitude is found in the years immediately following the receipt, where the odds of owning other properties are about 40 times higher for the medium transfer size, after exponentiating the coefficient. While due to sparse within-household variation we don't know the effect of large real assets in two timing interactions, the magnitude appears to decrease over time in most specifications, suggesting that some households might sell their holdings over time. In contrast, other households might exploit the inheritance windfall as leverage for new investments. This relationship is captured in Table 5, where the dependent variable takes value 1 if the household uses other properties than HMR as collateral for any mortgage or loan.

The results of the model without the time indicator reveal that inherited-wealth exposure is positively and significantly associated with the likelihood of having an outstanding mortgage using other properties as collateral. This pattern holds for both total inheritance and real assets, and across all transfer sizes, validating the hypothesis according to which receiving real estate improves households' balance sheets by relaxing credit constraints and opening new wealth-generating channels.

Furthermore, accounting for the years since receipt uncovers additional insights. Specifically, the effect is no longer observed in the 0–2 years category, but is more pronounced in later years, indicating that households need some time to adjust to their new holdings. Receiving small real assets seems particularly effective in driving households to access new credit, as the odds of having a mortgage backed by other property are nine times higher 3 to 7 years after receipt. Since small transfers are predominantly received by households belonging to the least wealthy quintiles (Tiefensee and Westermeier 2016; Nolan et al. 2021), this suggests that more credit-constrained households are quicker at taking advantage of the property shock for new investments. Nevertheless, the finding remains true for any transfer size of real assets 8 or more years after receipt, as the odds of having a mortgage increase monotonically by value size, suggesting that the effect is not confined to a specific wealth group.

**Table 5** Inheritance Value Category, Timing since Receipt, and Mortgages on Other Property

	Mortgage on other property (FE logit)			
	No timing	0–2 years	3–7 years	8+ years
<b>Panel A: Total inheritances</b>				
<i>Value category (ref.: None)</i>				
Small	0.345** (0.168)	0.143 (0.285)	0.972*** (0.321)	0.294 (0.224)
Medium	0.527*** (0.174)	0.326 (0.272)	0.756*** (0.272)	0.503** (0.244)
Large	0.678** (0.310)	−0.147 (0.530)	0.423 (0.490)	0.657 (0.401)
Observations	2,087	2,080	2,080	2,080
<b>Panel B: Real Assets</b>				
<i>Value category (ref.: None)</i>				
Small	0.889*** (0.251)	0.885 (0.613)	2.245*** (0.632)	0.675** (0.300)
Medium	0.724*** (0.257)	0.566 (0.487)	0.536 (0.431)	0.754** (0.325)
Large	1.180** (0.540)	1.079 (0.930)	1.316 (0.925)	1.253** (0.572)
Observations	1,306	1,300	1,300	1,300
<b>Panel C: Financial Assets</b>				
<i>Value category (ref.: None)</i>				
Small	−0.158 (0.445)	−0.385 (0.597)	0.490 (0.757)	−0.225 (1.042)
Medium	0.229 (0.441)	0.133 (0.633)	0.958 (0.769)	0.182 (0.733)
Large	0.191 (0.615)	−2.621* (1.471)	1.296 (1.259)	0.492 (1.260)
Observations	884	884	884	884
Household controls	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
Individual FE	Yes	Yes	Yes	Yes

*Notes:* The dependent variable is an indicator for holding a mortgage using other properties as collateral. All columns are conditional fixed-effects logistic regressions, with standard errors reported in parentheses. Conditional FE logit is identified from within-household variation in the outcome; cells exhibiting sparse within-household variation are omitted. Estimation is performed using multiple imputation across five complete datasets.  
Significance levels: \*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ .

In addition, the HFCS registers the purpose for which the mortgage was taken in a factor variable of nine categories. Category number two corresponds to a mortgage taken using other properties as collateral for the purpose of purchasing additional real estate, and represents the dependent variable of the estimates shown in Table 6. Although the number of observations declines substantially, as the outcome variable is conditional on having a mortgage on other properties and restricted to a single purpose, the results provide original insights into asset-driven mechanisms of households' investments.

In particular, the findings are not statistically distinguishable from zero in the model that uses the aggregate measure of inheritance as main regressor, while receiving dwellings of medium value is significantly associated with a greater likelihood of having mortgage with the intent of expanding the households' property holdings. These

patterns are consistent with households leveraging the home equity gain to accumulate additional resources, and is in line with findings from [Sodini et al. \(2023\)](#) and [Crossley et al. \(2024\)](#). In contrast, extra cash availability is significantly associated with lower odds of having the mortgage. This reflects the heterogeneous nature of the inherited assets, as households receiving exclusively money lack the possibility of backing the mortgage with substantial collateral, and may instead prefer to repay any existing debt with the cash windfall or to finance non-collateralized expenditures. The differential asset-response discovered in the model also underlines the importance of a micro-level analysis of households' balance sheets, as traditional aggregate measure of inheritance tend to obscure relevant wealth-generating mechanisms in household finance.

**Table 6** Inheritance Value Category, Timing since Receipt, and Mortgages to Purchase Additional Real Estate

	Mortgage for additional real estate (FE logit)			
	No timing	0–2 years	3–7 years	8+ years
<b>Panel A: Total inheritances</b>				
<i>Value category (ref.: None)</i>				
Small	−0.234 (0.270)	−0.282 (0.458)	−0.169 (0.478)	−0.133 (0.364)
Medium	−0.183 (0.270)	0.131 (0.419)	−0.507 (0.416)	−0.139 (0.353)
Large	0.287 (0.459)	0.450 (0.766)	0.191 (0.677)	−0.748 (0.780)
Observations	1,065	1,062	1,062	1,062
<b>Panel B: Dwellings</b>				
<i>Value category (ref.: None)</i>				
Small	−0.416 (0.836)	−0.017 (1.654)	−0.528 (1.884)	0.095 (0.980)
Medium	1.731** (0.876)	2.175 (1.360)	2.564* (1.509)	0.145 (1.213)
Large	–	–	–	–
Observations	338	334	334	334
<b>Panel C: Money</b>				
<i>Value category (ref.: None)</i>				
Small	0.195 (0.918)	−0.456 (1.148)	–	0.111 (1.996)
Medium	−1.543** (0.774)	0.236 (1.081)	−1.965** (0.973)	–
Large	−0.646 (1.200)	–	2.798 (3.050)	−0.906 (1.426)
Observations	361	361	361	361
Household controls	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
Individual FE	Yes	Yes	Yes	Yes

*Notes:* The dependent variable is an indicator for holding a mortgage using other properties as collateral to purchase additional real estate. All columns are conditional fixed-effects logistic regressions, with standard errors reported in parentheses. Conditional FE logit is identified from within-household variation in the outcome; cells exhibiting sparse within-household variation are omitted. Estimation is performed using multiple imputation across five complete datasets. Significance levels: \*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ .

### 4.3 Income from Real Estate

The last set of models evaluates *Hypothesis 3*, which claims that real-asset inheritance is associated with a greater likelihood of being a landlord.

Table 7 reports conditional fixed-effects logit estimates for the extensive margin, i.e., the effect of inheritances on households' odds of receiving rental income from real estate. While the *No timing* column suggests that the effect is positive and statistically significant across all value categories for both the total inheritance and real-asset specifications, including the time indicator reveals additional heterogeneity. Specifically, the effect becomes statistically more relevant for small and medium transfers, particularly in the 3–7 years window. This finding is confirmed also in Panel C, where receiving dwellings of small and medium size is associated with a sizable increase in the odds of rental-income receipt. Among households that change rental-income status over time, the implied odds are around 11.5 times higher in the small size category (e.g.,  $e^{2.444}$ ). By contrast, liquid inheritances (money) display weaker and less stable patterns, including a short-run decline in rental-income receipt for medium transfers and a positive association only at longer horizons.

**Table 7** Inheritance Value Category, Timing since Receipt, and Rental Income

	Received Rental Income (FE logit)			
	No timing	0-2 years	3-7 years	8+ years
<b>Panel A: Total inheritances</b>				
<i>Value category (ref.: None)</i>				
Small	0.428*** (0.147)	-0.225 (0.249)	0.737*** (0.238)	0.572*** (0.198)
Medium	0.755*** (0.150)	0.578** (0.251)	1.029*** (0.234)	0.916*** (0.204)
Large	0.603** (0.239)	-0.052 (0.412)	0.446 (0.419)	0.535 (0.327)
Observations	2,629	2,625	2,625	2,625
<b>Panel B: Real Assets</b>				
<i>Value category (ref.: None)</i>				
Small	0.921*** (0.243)	-0.069 (0.516)	1.358*** (0.435)	1.229*** (0.307)
Medium	0.965*** (0.253)	1.192** (0.466)	1.021** (0.412)	0.823*** (0.294)
Large	0.897** (0.429)	0.393 (0.839)	0.259 (0.799)	0.823* (0.486)
Observations	1,421	1,419	1,419	1,419
<b>Panel C: Dwellings</b>				
<i>Value category (ref.: None)</i>				
Small	0.745* (0.412)	-0.145 (0.756)	2.444** (0.975)	0.642 (0.514)
Medium	0.513 (0.434)	1.074 (0.745)	1.245* (0.744)	0.141 (0.587)
Large	-0.100 (0.705)	0.251 (1.949)	- (0.798)	-0.662 (0.798)
Observations	838	838	838	838
<b>Panel D: Money</b>				
<i>Value category (ref.: None)</i>				
Small	-0.415 (0.355)	-0.704 (0.509)	1.153 (0.728)	-0.637 (0.547)
Medium	0.325 (0.366)	-1.541** (0.726)	0.858 (0.635)	1.074* (0.618)
Large	0.140 (0.650)	- (1.426)	0.476 (1.426)	- (1.426)
Observations	921	921	921	921
Household controls	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
Individual FE	Yes	Yes	Yes	Yes

*Notes:* The dependent variable is an indicator for receiving rental income from real estate property. All columns are conditional fixed-effects logistic regressions, with standard errors reported in parentheses. Conditional FE logit is identified from within-household variation in the outcome; cells exhibiting sparse within-household variation are omitted. Estimation is performed using multiple imputation across five complete datasets.  
Significance levels: \*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ .

Table 8 turns to the intensive margin of asset-specific inheritances by estimating fixed-effects linear models on the IHS-transformed value of gross rental income. The dependent variable is conditional on having earnings from real estate, hence it shows the incremental effect that each transfer has on their amount over time. Across panels, the estimates indicate that increases in rental-income flows are largely driven by large inheritances, whereas small and medium transfers are not systematically associated with higher rental income once households are already landlords. This pattern suggests

that large real-estate windfalls translate into higher rental yields, and, combined with evidence that large inheritances are disproportionately concentrated among wealthier households (Tiefensee and Westermeier 2016; Nolan et al. 2021), is consistent with a compounding channel through which inherited assets amplify income and potentially reinforce wealth concentration.

**Table 8** Inheritance Value Category, Timing since Receipt, and Gross Rental Income

	Gross Rental Income (FE linear)			
	No timing	0–2 years	3–7 years	8+ years
<b>Panel A: Total inheritances</b>				
<i>Value category (ref.: None)</i>				
Small	−0.040 (0.073)	−0.048 (0.144)	−0.009 (0.117)	−0.004 (0.092)
Medium	0.018 (0.056)	−0.026 (0.096)	0.032 (0.085)	0.009 (0.064)
Large	0.308*** (0.099)	0.258* (0.156)	0.358** (0.144)	0.263** (0.108)
Observations	2,518	2,516	2,516	2,516
<b>Panel B: Dwellings</b>				
<i>Value category (ref.: None)</i>				
Small	−0.201 (0.143)	−0.529* (0.313)	−0.309 (0.380)	−0.142 (0.166)
Medium	−0.190* (0.103)	−0.339*** (0.120)	0.122 (0.192)	−0.097 (0.140)
Large	0.212 (0.288)	−0.057 (0.254)	0.498** (0.221)	0.273 (0.558)
Observations	785	785	785	785
<b>Panel C: Land</b>				
<i>Value category (ref.: None)</i>				
Small	0.625* (0.338)	0.394 (0.253)	—	0.633* (0.340)
Medium	−0.058 (0.326)	−0.616*** (0.139)	0.006 (0.843)	−0.042 (0.405)
Large	1.011** (0.437)	1.110*** (0.343)	—	1.051 (0.827)
Observations	585	585	585	585
<b>Panel D: Money</b>				
<i>Value category (ref.: None)</i>				
Small	−0.014 (0.217)	−0.042 (0.225)	0.091 (0.126)	−0.069 (0.451)
Medium	−0.017 (0.144)	0.055 (0.194)	−0.075 (0.198)	−0.059 (0.195)
Large	0.196 (0.324)	1.074*** (0.348)	0.380 (0.445)	0.563 (0.610)
Observations	803	803	803	803
Household controls	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
Individual FE	Yes	Yes	Yes	Yes

*Notes:* The dependent variable is the inverse-hyperbolic-sine transformation of gross rental income from real estate property. All models are fixed-effects (within) linear regressions, with standard errors clustered at the household level reported in parentheses. Estimation is performed using multiple imputation across five complete datasets.  
Significance levels: \*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ .

## 5 Conclusions

Recent projections estimate that by 2030, approximately \$10.6 trillion will be transferred across generations in the U.S., \$3.5 trillion in Europe, and \$2.8 trillion in Asia<sup>6</sup>. It is safe to assume that most of these transfers will be in the form of real estate, bringing about an unprecedented level of change to inheriting households' balance sheets. Nevertheless, the literature on intergenerational transfers is still missing a thorough analysis of the asset composition of inheritance, leaving one to wonder how households adjust their portfolios according to the different asset inherited. This becomes particularly important in a scenario where transfer wealth is consistently more unequally distributed than both non-transfer wealth and total wealth (Nolan et al. 2021), and the richest 10% of households in OECD countries own roughly 69% of secondary properties (Causa et al. 2019). Perpetuating asset disadvantages across generations might worsen the already concerning housing affordability crisis experienced today in many urban centers, where young people and low-wealth households are forced to spend more than 40% of their income on rent (Licchetta et al. 2025).

By leveraging the longitudinal component of the Household Finance and Consumption Survey (HFCS), this paper provides the first systematic analysis of the asset composition of inheritance, and shows that what is inherited matters at least as much as whether one inherits. In particular, by employing linear and logistic fixed-effects models, the results reveal that real-asset inheritances are the dominant channel of household wealth accumulation, especially in the short term, whereas receiving financial assets is not associated with a corresponding wealth increase.

In addition, the findings demonstrate that households' balance sheets respond differently based on the asset type and value size of the transfer received. For instance, unlike most financial assets, receiving real assets largely increases the households' odds of owning other properties than the household main residence. In turn, this affects the possibility to use the property windfall as collateral for additional investments. Indeed, the estimates show that receiving real assets is associated with a higher likelihood of having a mortgage using other property as collateral, particularly in the medium-to-long term, reflecting a necessary period of portfolio adjustment. This suggests that inheriting real assets opens new wealth-generating opportunities, by relaxing credit constraints and facilitating borrowing against collateral.

Finally, the analysis reveals that receiving properties, especially of small and medium value, is associated with a higher likelihood of having rental income, reflecting households' decision to exploit the home equity gain to earn additional earnings from renting real estate. In contrast, conditional on being a landlord, only large transfers are able to raise the value of income earned from properties, suggesting that medium and small property transfers may help households to enter the rental market, while large real estate contributes to wealth accumulation for landlords.

Overall, this paper contributes the first empirical analysis of the asset composition of inheritance, and shows how its distribution affects households' wealth and financial decisions. By linking the literature of intergenerational transfers and housing wealth,

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<sup>6</sup>Vanguard: The Great Wealth Transfer. <https://d1e00ek4ebabms.cloudfront.net/production/uploaded-files/The%20Great%20Wealth%20Transfer-f910ae70-5ab7-4ba4-a3f7-e86377ecc56d.pdf>. Accessed 02 March 2025.

this work represents a relevant stepping stone for future analyses of inheritance and the housing market. Given the unprecedented amount of real estate that is about to be passed across generations, micro-level studies of households' responses to asset-specific bequests can help understand future local market dynamics, a particularly salient subject given the housing affordability crisis affecting many cities around the world. As families with access to inherited real estate can fully leverage the property transfer for additional investment, those without risk being left further behind, especially in contexts where property prices rise more quickly than earnings. This raises concerns about social cohesion, and threatens human development and economic competitiveness.

Similar to what was done by [Mian and Sufi \(2014\)](#), future research could also evaluate how the transfer of ownership of major assets affect macro-outcomes, for instance by increasing consumption spending or relaxing credit constraints.

Finally, the findings speak to ongoing policy debates on the expansion of short-term rental (STR) platforms and their impact on housing markets ([Bei and Celata 2023](#); [Duso et al. 2024](#); [Colomb 2025](#)). By showing that real estate inheritances facilitate property accumulation and the generation of rental income, the paper opens the door to future work that links intergenerational transfers to STR participation more directly, potentially revealing insights about who is able to benefit from the growing monetization of housing services and why.

## Declarations

**Funding:** The author has no relevant financial or non-financial interests to disclose.

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**Ethics approval:** 'Not applicable'.

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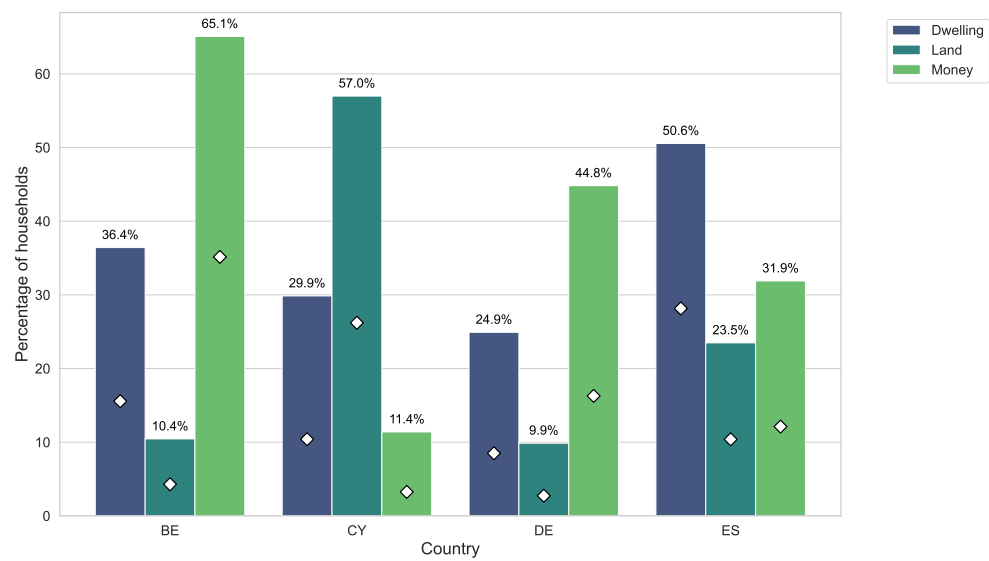
**Data availability:** The dataset analyzed during the current study is available to researchers upon request at [https://www.ecb.europa.eu/stats/ecb\\_surveys/hfcs/html/index.en.html](https://www.ecb.europa.eu/stats/ecb_surveys/hfcs/html/index.en.html).

**Materials and Code availability:** All materials and code used in the analysis are available upon request to the author.

**Author contribution:** The author confirms the sole responsibility for the conception of the study, performed analysis and manuscript preparation.

## Appendix A Additional Tables and Figures





**Fig. 3** Bars show the percentage of households that ever received a dwelling, land, or monetary transfer at least once during the observation period. White diamonds report the corresponding wave-level incidence of each transfer type.

**Table A1** HFCS survey items and variable definitions used in the analysis

Analysis variable	Survey question / definition	Coding
<b>Wealth outcomes</b>		
Net wealth (EUR)	Total household assets excluding public and occupational pension wealth minus total outstanding household liabilities.	Numeric (EUR)
<b>Real estate outcomes</b>		
Owns other properties (dummy)	“Apart from your house/apartment, do you/does your household own any (other) properties, such as houses, apartments, garages, offices, hotels, other commercial buildings, farms, land, etc.?” Includes properties in the survey country and abroad. <sup>a</sup>	1=Yes, 2=No
Mortgage on other property (dummy)	“Are there currently any outstanding mortgages or loans that use this property as collateral?” (asked for each other property).	1=Yes, 2=No
Mortgage to purchase additional real estate (dummy)	“When you/your household first took out this mortgage, what was the purpose for which the money was used?” Category 2 corresponds to “To purchase other real estate.”	1–9 categories <sup>b</sup>
Received rental income (dummy)	“Did you/your household receive any income from renting real estate in the last 12 months / the last calendar year?”	1=Yes, 2=No
Gross rental income (EUR)	“What was the total gross amount over the last 12 months / the last calendar year?” (asked conditional on receiving rental income).	Numeric (EUR)
<b>Income and baseline wealth controls</b>		
Gross household income, equivalised (EUR)	Total gross annual household income aggregate, equalised using the modified OECD equivalence scale.	Numeric (EUR)
Wealth quintile (1–5)	Household position in the national net wealth distribution, computed within country.	1–5
<b>Demographic controls (reference person, Canberra definition)</b>		
Household size	Number of household members (all household members included).	Numeric
Age of reference person	Age of the household reference person.	Numeric (years)
Marital status	“What is X’s (your) marital status?”	Ordered categories <sup>c</sup>
Labour status	Main labour status of the reference person.	Ordered categories <sup>d</sup>
Gender	Gender of the reference person.	1=Male, 2=Female
Education	Highest educational attainment of the reference person (Canberra definition).	Ordered categories <sup>e</sup>
<b>Inheritance receipt and characteristics</b>		
Any inheritance / substantial gift (dummy)	“Have you/has any member of the household ever received an inheritance or a substantial gift, including money or any other assets (from someone not part of your current household)?”	1=Yes, 2=No
Year of receipt	“In what year did you/your household receive it?” (asked for up to three most important inheritances).	Numeric (year)
Type of assets received	“What kinds of assets were received?” Multiple answers allowed; records whether each asset category was included.	Binary indicators <sup>f</sup>
Value at receipt (net of tax)	“At the time you/your household received it, how much was it worth?” Net of inheritance or donation taxes at the time of receipt.	Numeric (EUR)

*Notes:* The household reference person follows the UN/Canberra definition. Questions referring to inheritances are asked for up to the three most important gifts or inheritances reported by the household.

<sup>a</sup> Business properties are included only if fully or partially owned directly by the household; properties owned by a business are excluded.

<sup>b</sup> Purpose categories: (1) purchase/construct this property; (2) purchase other real estate; (3) refurbish/renovate residence; (4) vehicle/transport; (5) finance business/professional activity; (6) consolidate/refinance debts; (7) education; (8) living expenses/other purchases; (9) other.

<sup>c</sup> Marital status coding: 1=Single, 2=Married, 3=Consensual union, 4=Widowed, 5=Divorced

<sup>d</sup> Labour status coding: 1=Employee, 2=Self-employed, 3=Unemployed, 4=Retired, 5=Other

<sup>e</sup> Education coding: 0=Early childhood/no education; 1=Primary (ISCED 1) or no formal education; 2=Lower secondary (ISCED 2); 3=Upper secondary (ISCED 3) or post-secondary (ISCED 4); 5=Tertiary education (ISCED 5–8).

<sup>f</sup> Asset categories recorded through binary indicators (1=Yes, 2=No): money; dwelling; use of a dwelling (usufruct or similar); land; business; securities or shares; jewellery, furniture, artwork; life insurance; car/vehicle; other assets.

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