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Unequal wealth: Exploring socioeconomic disparities across the EU

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Eurofound

European Foundation for the Improvement of Living and Working Conditions

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Executive summary

Introduction

Wealth inequality shapes economic and social outcomes, including education, healthcare, housing and upward mobility, which are important elements of social cohesion. This study examines wealth inequality trends across the EU using data from the European Central Bank's Household Finance and Consumption Survey from 2010 to 2021. Special attention is given to saving behaviours, housing wealth and the wealth accumulation patterns of the middle class.

Policy context

The EU prioritises economic, social and territorial cohesion, reinforced by the European Pillar of Social Rights. Policies such as the European Affordable Housing Plan and the Gender Equality Strategy aim to reduce economic and social disparities between Europeans. Measures including financial literacy initiatives, poverty reduction efforts and tax reforms aim to create equitable opportunities for disadvantaged groups. Addressing low effective tax rates for the top wealth holders could help reduce inequality while supporting public finances. Understanding wealth distribution is crucial for effective policy development.

Key findings

Wealth concentration and inequality trends

- Wealth inequality varies across the EU. Eastern and southern European countries have the lowest levels of inequality, while Germany, Spain and Ireland rank among the most unequal. Negative wealth (where people's debts exceed their assets) is more common in northern and western Europe due to high non-mortgage debt.
- Wealth inequality remained largely unchanged from 2010 to 2021, although some convergence of countries occurred. Countries with high levels of inequality historically saw slight reductions, whereas countries like Slovenia and Spain, with low inequality in 2010, experienced increases.
- Wealth distribution is highly unequal and exceeds income inequality. The top 5 % of the wealth distribution controls a disproportionately large share of wealth, while the bottom 20 % often holds negligible or negative net wealth. But there is variation: the wealthiest 5 % of the population holds a much smaller share of total wealth in Slovakia (25 %) than in Estonia (46 %).
- Income inequality and wealth inequality do not always align. Austria, Finland and Denmark have low income inequality but high wealth inequality.

Social differences in wealth

In single-person households, men generally have more wealth than women. At higher wealth levels, the gender gap is more pronounced. Men also hold more diversified and higher-yield assets.

- Wealth peaks at ages 55–64 and declines thereafter. Younger people have less wealth and are less likely to own high-yield assets. Inheritances widen the wealth gap between those who receive them and those who do not. However, it has an equalising effect when measured only among recipients.
- Higher education correlates with greater wealth, suggesting bidirectional causation: wealthier families can provide better education for their children, and higher education leads to better jobs and higher incomes.
- The self-employed are over-represented in the top 10 % wealth bracket.
- Non-EU migrant families tend to have lower wealth. In Cyprus, Austria, Greece, Finland and Italy, over 80 % of non-EU-born people are in the bottom 50 % of the wealth distribution.

Saving patterns

- Saving rates rise with income and are higher among employees, individuals with lower educational attainment, women, younger households, homeowners and smaller households. However, higher saving rates do not always translate into higher absolute savings.
- The main motives behind saving behaviour are as a precaution against unexpected events and retirement. Younger households prioritise homeownership, while middle-aged people focus on retirement savings. Larger households allocate more towards education and child support.
- Lower-wealth households increased their saving rates significantly between 2017 and 2021 in some countries (such as Cyprus, Estonia and Slovakia), while in others (for example, Spain, Belgium and Germany) the wealthiest 10 % increased their saving rates most.

Housing wealth and inequality

- Housing wealth trends vary across the EU: rising property prices boosted wealth in most countries, although some saw declines. Housing wealth is more evenly distributed than non-housing wealth. Countries with higher homeownership rates, like Czechia and Slovakia, exhibit lower overall wealth inequality than those with high tenant populations, like Germany and the Netherlands.
- The distribution of housing status substantially differs between countries and has remained largely unchanged, with renters disproportionately represented among lower-wealth and lower-income households.
- Housing is the primary asset of middle- and lower-wealth households. Housing costs range from 15 % to 35 % of gross household income across the EU. Renters face a higher cost burden than mortgage holders due to lower incomes.
- Lower-income mortgage holders face financial strains, with housing costs exceeding 30 % of gross income in all 22 countries surveyed. In some countries, such as Latvia, Slovakia, Slovenia and Greece, mortgage payments consume nearly all household income. Rental costs are similarly excessive for low-income households in many Member States.
- A 20 % rise in housing costs would sharply worsen affordability, especially in Belgium, Cyprus, Finland, Slovakia and Spain.
- More young adults staying in parental homes reflects housing inaccessibility, driven largely by rising costs relative to income, beyond cultural factors.
- Single mothers have lower homeownership and higher housing costs than two-parent families in all countries.

Wealth and the middle class

- The middle class generally holds a smaller share of wealth than its population share, due to wealth concentration at the top of the wealth distribution. People with a secondary education comprise the largest share of the middle class; the largest occupational groups are professionals, clerical workers, and services and sales workers.
- Despite persistent class membership, upward and downward mobility are significant: 11–29 % of individuals in the lower class transitioned to the middle class between 2017 and 2021. Mobility is lower when the middle class is defined by wealth rather than income, indicating that wealth status is more persistent than income status.
- Higher educational attainment is associated with greater upward mobility and lower downward mobility in every class. It shields people from slipping from the middle to the lower class and from the upper to the lower class and is also associated with a higher probability of moving from the middle to the upper class and staying there.
- Younger households have higher upward mobility potential, while older households face greater risks of downward mobility. Homeownership stabilises middle-class status and enhances upward mobility. Single-parent households, the unemployed and those with lower educational levels are more exposed to downward movement and have less chance of upward mobility.

Policy pointers

- A compulsory EU-wide wealth declaration integrated with the tax filings of EU citizens could enhance transparency, improve monitoring of wealth distribution and support effective social policy design. It would also combat hidden wealth and encourage financial awareness without necessarily increasing or harmonising wealth taxation.
- Improving financial literacy is crucial for better financial decision-making, particularly among women, low-wealth individuals and young people. Member States could integrate financial education into curricula and offer lifelong learning opportunities.
- Progressive wealth taxation could address concerns about wealth inequality and compensate somewhat for the ability of wealthy households to reduce their tax load, while generating revenue. However, implementation requires EU-wide cooperation and careful design to balance equity and efficiency.
- Policies should prioritise affordable rental housing, improved social housing systems and targeted support for high-cost burdens, as rising housing costs disproportionately affect young people and renters, particularly in vulnerable groups like single mothers. Demand-side incentives for homeownership should be calibrated not to worsen affordability.
- Targeted energy-efficient renovation subsidies for low-income groups can reduce utility costs, lower housing burdens and improve financial stability while supporting environmental goals.
- Addressing the significant disparities in women's wealth requires comprehensive policies, including affordable childcare and elderly care and pension system adjustments. Tackling these issues will help reduce the economic vulnerabilities faced by women, especially single mothers and older women, and promote equality.

Introduction

Social disparities are receiving increasing attention in both policy discussions and academic research. Recent studies have focused on various aspects of inequality, such as inequality of opportunity (in areas such as access to education, employment, finance and the judicial system) and inequality of outcome (such as income, wealth, health and educational attainment). As demonstrated in earlier research (Eurofound, 2021), wealth, or the lack thereof, can have significant implications for opportunities.

The study of wealth inequality has gained growing importance in recent years due to its profound implications for economic stability, social cohesion and policymaking. High levels of wealth concentration can reinforce social divisions by limiting opportunities for upward mobility and can shape policy debates on taxation, social protection and housing affordability. While income inequality has long been a focal point in public discourse, wealth inequality warrants equal attention. Unlike income, which provides a steady flow of resources, wealth acts as a buffer against financial instability and determines the extent to which individuals can invest in housing, education and entrepreneurship. The extreme concentration of wealth, particularly in western European countries, such as Germany, Ireland, and Austria, reinforces structural disparities. The top 1 % in many EU Member States continues to hold a disproportionately large share of total wealth, while the bottom 20 % often has minimal or even negative wealth.

The relevance of wealth inequality

Wealth plays a unique and pivotal role in shaping individuals' and households' financial well-being. Wealth disparities influence access to education, healthcare, housing and political influence, making wealth inequality not just an economic issue but a societal one. Across Europe, housing wealth is a particularly relevant factor. Homeownership is a strong determinant of financial stability and intergenerational mobility, yet renters – who are over-represented in the bottom wealth quintiles – face disproportionately high housing cost burdens. The Gini coefficient measuring housing wealth inequality varies significantly across the EU, ranging from 0.50 in Slovakia to 0.77 in Germany, demonstrating large between-country differences in the role of housing as an equaliser.

The stakes are particularly high in contexts where wealth inequality is rising. Social mobility, a cornerstone of equitable societies, is a critical challenge, particularly as the wealthiest deciles control a disproportionately large share of total wealth. This concentration exacerbates economic disparities and limits opportunities for lower-income groups to achieve upward mobility.

The COVID-19 pandemic highlighted the fragility of many households' financial situations, with wealth gaps widening as asset prices soared and housing became less accessible for younger and lower-income segments of society. This trend risks intensifying generational wealth divides, particularly in countries like Spain, France and Greece, where young individuals already face significant barriers to moving out from home.

Generational wealth disparities reflect a growing divide between younger age groups struggling to enter the housing market and older generations who benefited from decades of rising asset values. Moreover, the gap between young households expecting inheritances or substantial gifts and those without such support is further deepening intergenerational inequality.

Wealth inequality is intertwined with other forms of inequality, such as those based on gender or education. For example, women often hold less wealth than men due to a combination of gender norms, financial literacy disparities and labour market dynamics such as the gender pay gap. Although gender gaps in homeownership are relatively small, men tend to accumulate more wealth through high-yield assets such as shares and private business, while women are more likely to prioritise safer but lower-return investments such as life insurance. In addition, the gender wealth gap widens with age, reflecting disparities in pension adequacy and long-term financial security.

The EU has long recognised these challenges and is committed to fostering inclusive growth, with 'the strengthening of its economic, social and territorial cohesion' as a core principle outlined in Article 174 of the Treaty on the Functioning of the European Union. The 2017 European Pillar of Social Rights introduced 20 principles to build a strong, fair and inclusive social Europe. Key principles addressing wealth inequality include gender equality, equal opportunities, and access to education, training and lifelong learning. The accompanying European Pillar of Social Rights Action Plan encompasses initiatives such as the Minimum Wage Directive and the recommendation on minimum income, which aim to reduce income inequality and, indirectly, will affect wealth inequality across the EU.

Beyond its social and political implications, wealth inequality also has profound macroeconomic consequences. It influences patterns of consumption,

saving behaviour and even economic growth. High concentrations of wealth in fewer hands can stifle consumption-driven growth, reduce social mobility and increase reliance on debt among lower-wealth households. On the other hand, higher wealth concentration might support capital accumulation and, thereby, economic growth.

Contribution of this study

This study provides a comprehensive analysis of wealth inequality in the EU, focusing on its trends, drivers and implications across multiple dimensions. Drawing on data from the Household Finance and Consumption Survey (HFCS) of the European Central Bank (ECB) and other sources, wealth distribution between countries, demographic groups and socioeconomic categories is explored.

For simplicity, 2021 will be used to represent the fourth wave of the HFCS. However, survey dates varied across countries and coincided with different phases of the COVID-19 pandemic, which disrupted the world in 2020. Research on the income inequality impact of the pandemic is widespread, but much less is known about its effect on wealth inequality. For more information on the fieldwork period, see Table A1 of Annex 1. (The annexes are available in the working paper *Unequal wealth: Exploring socioeconomic disparities across the European Union: Annexes* accompanying this report (Eurofound, 2025). As the ECB (2023a, p.62) notes, 'countries conducted the HFCS fieldwork in different stages of the COVID-19 pandemic and this should be considered when making cross-country comparisons'.

This study places a special focus on three issues. First, it delves into households' saving characteristics and motives, to better understand the drivers and implications of households' asset allocation. Second, it examines housing wealth and housing market developments, to uncover the specifics of the main assets held by most households and detect vulnerabilities. Third, it analyses wealth developments within the middle class, including the chances of transitioning from a lower income level to a higher one, as well as the opposite transition. The persistence of class membership remains a key concern, as vulnerable groups, such as single-parent and unemployed households, face a significantly higher risk of downward mobility and less chance of upward mobility. Meanwhile, a higher level of education is strongly associated with a better prospect of upward mobility and a lower risk of falling out of the middle class. In addition, homeownership emerges as a stabilising force, supporting upward mobility, particularly among mortgage holders.

By integrating these dimensions, this study aims to provide a comprehensive understanding of wealth inequality in Europe, its structural determinants and the policy measures that can help mitigate disparities and foster economic resilience.

Roadmap of the study

The report is structured as follows:

- Chapter 1 'Overview of earlier findings' – a synthesis of existing literature on wealth inequality, covering its relationship with income inequality, the role of housing wealth and long-term trends;
- Chapter 2 'Main methodological points: key variables and definitions' – a presentation of the key variables, units of analysis and inequality measures used in the report including methodological choices such as per person wealth and gross income;
- Chapter 3 'Wealth and inequality, 2010–2021' – an exploration of changes in wealth inequality and concentration over a decade, including between-country comparisons and the impact of external shocks like the pandemic;
- Chapter 4 'Understanding saving patterns in Europe' – an analysis of saving patterns and their influence on wealth accumulation across different socioeconomic groups and wealth levels;
- Chapter 5 'Housing wealth and inequality' – a focused analysis of housing's contribution to wealth distribution, affordability trends and demographic disparities;
- Chapter 6 'Trends in wealth accumulation of the middle class' – insights into the challenges facing the middle class, including declining wealth shares and mobility patterns.
- Chapter 7 'Conclusions and policy impliations' – summarises key findings and draws implications for wealth declarations, financial literacy, wealth taxation, housing policies and gender disparities.

A supplementary working paper includes analyses of the COVID-19 pandemic's impact on wealth inequality (Eurofound, 2025, Annex 3). It summarises the main policy measures adopted to address the adverse implications of the pandemic and examines how the pandemic reshaped wealth dynamics, highlighting diverging outcomes for different income and wealth brackets.

This report aims to deepen our understanding of wealth inequality and provide a foundation for informed policy discussions aimed at reducing disparities and promoting equitable growth.

1 Overview of earlier findings

'Wealth concentration' refers to the degree to which wealth is held by a small fraction of the population, while 'wealth inequality' refers to the disparities in its distribution between individuals, households or groups. Wealth inequality can be measured by the Gini coefficient, top wealth shares (such as the top 1 % or top 10 %) and wealth gaps by age, gender or region.

This chapter provides an overview of recent studies examining the factors influencing wealth inequality, long-term trends and the impact of the COVID-19 pandemic.

Wealth concentration and inequality

Over the past 15 years, there has been renewed interest in the long-term evolution of income and wealth distribution. Building on the pioneering work of Kuznets and Jenks (1953) and Atkinson and Harrison (1978), many studies have used tax data to construct top income and wealth shares between various countries (for an overview, see Roine and Waldenström, 2015).

However, tax data are often viewed sceptically due to issues like tax avoidance and evasion. Alstadsæter et al. (2018) estimate that about 10 % of global gross domestic product (GDP) in household wealth is hidden in tax havens, with significant variation between countries. As hidden wealth is mostly held by the rich, this complicates any analysis of wealth inequality. Surveys also underestimate the wealth of the rich due to sampling issues and inaccurate asset valuation (Curtin et al., 1989; Frick et al., 2007; Kennickell, 2017). Agarwal (2007), for instance, found that homeowners overestimate their house value by 3.1 %. Despite these challenges, research has established some key findings.

Wealth concentration

One of the earliest findings on wealth was that inequality in net worth is surprisingly high in some countries that have relatively low-income inequality. For example, Sweden ranks high in wealth inequality despite its relatively equal income distribution (Sierminska et al., 2006; Eurofound, 2021).

The concentration of wealth is much higher than that of earnings and income. Balestra and Tonkin (2018), using the OECD Wealth Distribution Database, found that wealth concentration is twice that of income, with the wealthiest 10 % holding 52 % of total household wealth. Data from the World Inequality Database shows even higher wealth concentration: 77.2 % of total household wealth was in the hands of the top 10 % of wealth owners in 2022.

Income inequality as a factor in wealth inequality

Heterogeneity in earnings contributes to wealth inequality. Huggett (1996) demonstrated that a life-cycle model, in which households differ only in their earnings outcomes, can explain a significant portion of observed wealth inequality. However, earnings alone cannot fully account for wealth disparities. Hendricks (2007) finds that the correlation between lifetime earnings and retirement wealth is 0.61. Overall, research suggests that, while differences in labour income are significant, they are insufficient to explain the substantial wealth concentration observed in the data (De Nardi and Fella, 2017). Huggett (1996) also notes that his model fails to generate the extreme concentration of wealth in the upper tail of the distribution. Variations in saving behaviours between different groups may help clarify these observations. Fagereng et al. (2019) found that wealthy individuals do not necessarily have higher saving rates in the traditional sense of net or active saving, but they accumulate more wealth through capital gains.

Other key factors shaping wealth disparities

Eurofound (2021) highlighted a significant gender and education gap in net wealth and echoed earlier findings regarding the persistence of wealth across generations, led by gifts and inheritance, an effect further strengthened by educational outcomes. Regarding homeownership, data showed that a household's main residence accounted for more than half of assets for most households (the bottom 80 %) and that homeownership was an important factor in increasing wealth among low-wealth households. Explanations for wealth accumulation and wealth inequality typically focus on either macro-level influences or individual and family-level processes.

Macro processes

Recent papers shifted attention from heterogeneity in human capital returns to heterogeneity in financial and physical capital returns. Using administrative data from Norway, Black et al. (2020) found that labour income is the most important determinant of wealth along the wealth distribution, except among the top 1 %, where capital income and gains on financial assets are more significant. Market fluctuations, especially in stock and real estate markets, significantly affect wealth distribution. Stock market booms benefit the wealthy, who are more likely to own stocks (Bach et al., 2020; Fagereng et al., 2019; Kuhn et al., 2020), while rising real estate values increase the net worth of homeowners, something which has increased the wealth of the

middle class. However, the wealthiest households tend to benefit from both housing and stock market booms, as they hold diversified asset portfolios that include both real estate and financial assets (Waltl, 2022).

Many scholars have evaluated the wealth creation effects of homeownership over different time periods and have agreed on the positive role of homeownership (Turner and Luea, 2009; Kaas et al., 2019a). Less is known about the impact of homeownership on wealth inequality. Causa et al. (2019), Kaas et al. (2019b) and Eurofound (2021) found that the homeownership rate is negatively associated with wealth inequality. In other words, countries with relatively high homeownership rates, such as Hungary, Japan, Slovakia and Spain, exhibit higher wealth shares among the bottom 40 % and lower wealth shares among the top 10 % than countries with low homeownership rates, such as Austria, Germany and the Netherlands.

When studying wealth accumulation among the economic elites, financial and business assets are central (Piketty, 2014; Godechot, 2016). As highlighted by Chancel et al. (2023), individuals in the top wealth decile of rich countries hold a significant portion of business assets (5–10 %), housing assets (30–40 %) and financial assets (40–60 %). In contrast, the very poor, when they possess positive net wealth, primarily hold cash or bank deposits, while the middle class tends to own real estate wealth as well. In other words, the richer individuals are, the higher is the share of financial assets in their wealth, not just among the top 1 % but especially among the top 0.1 % (Saez and Zucman, 2016), whose global wealth share rose from 7 % in 1995 to 11 % in 2021. In an Oxfam briefing paper, Christensen et al. (2023) reported that, since 2020, 63 % of new global wealth has been captured by the richest 1 %, while 37 % went to the rest of the world. Similarly, Chancel et al. (2023) indicate that global billionaires' wealth increased by more than EUR 3.6 trillion in 2020 alone, the steepest increase in global billionaires' share of wealth on record ([1]). The wealth share of global billionaires decreased between 2018 and 2020 from 2.62 % to 2.20 %, but reached 3.34 % in 2021.

The discussion on wealth inequality is closely linked to debates on wealth taxation. High wealth inequality stems from disparities in inherited and self-made wealth, influencing the effectiveness of and support for labour income taxes versus inheritance taxes (Saez and Zucman, 2019; Fisman et al., 2020). Fisman et al. (2020), in an investigation of individuals' preferences over wealth taxation, show that Americans would prefer higher taxes on wealth from inheritance than on wealth from savings.

Individual and family processes

Individual and family characteristics also contribute to wealth inequality. Family income positively affects saving and wealth accumulation, alongside other attributes such as age, race and family structure (Black et al., 2020; Daysal et al., 2022). According to the life-cycle hypothesis, net worth should increase until retirement and then fall sharply (Ando and Modigliani, 1963). In other words, young people tend to borrow to invest in education and purchase a property, pay off these debts and accumulate financial and other wealth over their working lives, and then draw on their savings after retirement. Therefore, the 20- to 30-year-old cohort always holds much less wealth than the 50- to 70-year-old cohort. Furthermore, Alvaredo et al. (2017) point out that wealth inequality is higher among younger cohorts. This highlights the importance of wealth transfers from the older generations to the younger generations, creating a divide between heirs and non-heirs. Bequests can partly explain why some cannot climb up the housing ladder. As shown by Wagner (2014), households that have received an inheritance have a higher probability of ownership than of renting.

Piketty (2014) and Feiveson and Sabelhaus (2019), using data from France and the United States, respectively, find that gifts and inheritance are skewed towards the top of the wealth distribution. Using Swedish data, Nekoei and Seim (2023) find that inheritance reduces wealth inequality in the short run, but not in the long run (as poorer people are more likely to spend the inheritance). Druedahl and Martinello (2022) reach a similar conclusion using Danish data. Eurofound (2021) found that inheritance plays a strong role in wealth persistence. In several countries, the average advance in wealth due to inheritance is greater than the advance associated with having a university degree compared with only a primary school education. The timing and amount of transfers play a crucial role. Gender disparities are notable: men tend to inherit larger sums than women during their working life, whereas women, who often outlive their male partners, receive larger inheritances at older ages (Bartels et al., 2025).

Family structure affects wealth ownership, with marriage and widowhood increasing wealth, while larger family size and divorce reduce it (Sharma, 2015; Lin and Brown, 2021). Sharma (2015) found that older divorced or separated individuals endure a significant loss in total wealth due to a marital disruption, and that women are worse off than men. Schmidt and Sevak (2006) show that married couples accumulate more wealth than single-female-headed households. Among

([1]) Billionaires are individuals owning at least USD 1 billion in nominal terms.

the most financially vulnerable are single parents; Sierminska (2018) finds that, in Canada, the United Kingdom and the United States, single-parent households have less than half the wealth of coupled parents. Similarly, Yamokoski and Keister (2006) report that single parents, especially single mothers, face the most severe economic penalties in household wealth accumulation.

Financial literacy also plays a significant role in wealth inequality, as more knowledgeable individuals better manage their finances and accumulate more wealth (Lusardi et al., 2017). Evidence from Dutch households showed a strong effect of knowledge on stock market participation (Van Rooij et al., 2011). More financially literate households earn greater returns on their investments (Clark et al., 2017; Deuflhard et al., 2019) and pay lower fees on their mutual fund holdings (Hastings et al., 2011). More investments in financial literacy could have large positive effects on household wealth accumulation (Behrman et al., 2012; Jappelli and Padula, 2013). This has consequences beyond the short term. According to Hasler and Lusardi (2019), individuals who are financially fragile are less likely to plan for retirement.

Key points

- **Wealth inequality versus income inequality.** Wealth concentration is significantly higher than income concentration. In member countries of the Organisation for Economic Co-operation and Development (OECD), the wealthiest 10 % held over 52 % of total household wealth in 2022. In contrast, 24 % of total income was held by the 10 % of people at the top of the income distribution.
- **Income inequality's role in wealth inequality.** While income disparities contribute to wealth inequality, they do not fully explain it. Wealth accumulation is also influenced by capital gains and losses, saving behaviours and family wealth transfers.
- **Factors shaping wealth disparities.** Gender, education, homeownership and inheritance play critical roles in wealth distribution. Wealth concentration is also affected by financial literacy and family structure, with marriage and inheritance contributing to wealth accumulation.
- **Macro-level factors.** Market fluctuations, such as stock and real estate booms, disproportionately benefit the wealthy, reinforcing wealth inequality. Countries with high homeownership rates show lower wealth inequality.
- **Wealth taxation debate.** High wealth inequality is linked to disparities in inherited and self-made wealth, fuelling debates over the effectiveness of and support for labour income taxes versus inheritance taxes.

Housing wealth and its critical role in the distribution of wealth

Housing wealth constitutes a significant portion of total wealth in most countries, and Eurofound (2021) has shown that real estate wealth is typically less unevenly distributed than other forms of wealth.

While homeowners are wealthier on average (Eurofound, 2021), the relationship between homeownership and wealth accumulation is not clear. Some argue that homeownership leads to wealth generation (Turner and Luea, 2009; Killewald and Bryan, 2016), while others find its impact to be minimal (Causa et al., 2019) or even negative (Kaas et al., 2019a).

Nonetheless, higher homeownership rates have been associated with lower wealth inequality. Causa et al. (2019) and Kaas et al. (2019b) find that homeownership rates are negatively associated with wealth inequality, suggesting an equalising role of housing wealth. However, only a joint analysis of wealth inequality, income inequality and consumption inequality can provide a full picture of the overall economic inequalities.

This raises the question of whether access to homeownership is equitable. Unaffordable housing is an issue of great concern throughout the EU, as about 10.6 % of European households spend more than 40 % of their disposable income on housing costs (Eurostat, 2023). The main constraints that prevent people from becoming homeowners are purchase affordability (relating to down payments) and repayment affordability (relating to income) (Gan and Hill, 2008). Homeowners with mortgages have had to contend with rising interest rates, which worsen repayment affordability for those with variable-rate mortgages (Eurofound, 2023a). Rising rental fees compared with income have made it increasingly difficult for tenants to save or accumulate wealth (Eurofound, 2023b). These affordability issues – driven by factors such as exclusion from the housing market, financial insecurity, rising living costs and inadequacy – prevent many households from accumulating wealth through homeownership (Eurofound, 2023b).

Unaffordable housing is tightly linked to the unavailability of housing. The supply has failed to keep up with the demand, particularly in the affordable housing segment (Dewilde and Waitkus, 2023). Public

investment in housing development declined relative to GDP between 2001 and 2018 in OECD countries. Rising land and construction costs, stagnant incomes and demographic shifts such as smaller households, an ageing population and immigration also contributed to inadequate housing supply (OECD, 2021a). A significant share of homes are unoccupied despite growing demand, indicating inefficient resource allocation and further reducing the supply of homes. In 2022, vacancy rates of dwellings ranged between 2 % and 30 % when including seasonal dwellings and between 2 % and 15 % when excluding them (OECD, 2024a). Most dwellings in European countries are concentrated in urban areas, with Latvia and Slovenia having the highest proportions of urban dwellings, at around 50 % in 2021 (OECD, 2024a). The scarcity of available housing disproportionately affects the most disadvantaged, particularly low-income and younger households, as well as homeless individuals, who are the least able to afford rising housing or rental costs (Housing Europe, 2023). Many EU tenants struggle to transition into homeownership, a key pathway to wealth accumulation, as highlighted by Eurostat (2023).

Wealthier and middle-income households are better equipped to navigate competitive housing markets, securing property and building wealth through ownership, which further exacerbates wealth inequality.

Key points

- **Housing wealth as a major component of total wealth.** Housing represents a large share of household wealth and is generally less unequally distributed than other asset types.
- **Homeownership and wealth inequality.** While the wealthiest households are more likely to own homes, higher homeownership rates are associated with lower wealth inequality across countries.
- **Barriers to homeownership.** Housing unaffordability, both in terms of purchase and repayment, prevents many, especially low-income and younger households, from entering the housing market and accumulating wealth.
- **Housing supply constraints.** Limited availability of affordable housing, declining public investment and demographic changes have contributed to housing shortages, particularly in urban areas.
- **Inefficient housing markets.** High vacancy rates alongside unmet demand point to misallocated resources, exacerbating affordability issues and access to wealth-building through ownership.

Long-term trends in wealth inequality

Wealth inequality in the Western world declined sharply in the first half of the 20th century but has increased since the 1980s, particularly in the United States compared with Europe (Saez and Zucman, 2016; Piketty, 2014).

In 1910, the top 1 % of wealth holders in western Europe owned 55 % of all private wealth. However, the 1929 financial crisis, the two world wars and the independence of Western colonies had a significant negative impact on the wealthiest. The introduction of inheritance taxes and highly progressive income taxes, along with a wave of nationalisation and capital controls from the 1920s into the period after the Second World War, further compressed wealth inequality (Chancel et al., 2023).

Wroński (2023) compared wealth inequality in interwar Poland with other European countries and found that, while the very top wealth shares (of the top 0.01 % and 0.1 %) were exceptionally high, the wealth share of the top decile was relatively low. A small elite of the super-rich (the top 0.1 %) controlled a substantial share of wealth, whereas the remainder of the top decile held comparatively less wealth than their European counterparts. As measured by the top decile's share, wealth inequality was highest in Sweden and the United Kingdom and lowest in Norway and Czechoslovakia.

By 1970, the wealth share of the top 1 % in Europe had fallen to less than 25 %, facilitating the rise of the middle class, whose assets mainly consisted of housing and retirement savings. While Europe has maintained a relatively strong middle class, in the United States this group has been squeezed by escalating debt, particularly in housing (Chancel et al., 2023), contributing to rising inequality since the 1980s. Blanchet and Martínez-Toledano (2023) attribute the more moderate rise in wealth concentration in Europe to weaker increases in labour income inequality and stronger growth in house prices compared with stock prices.

Wealth inequality was historically high across Europe at the start of the 20th century but declined in most countries during the following 80 years (Roine and Waldenström, 2015). However, trends have diverged more recently. In Spain, wealth inequality has remained relatively stable over the last 30 years, partly explained by the sell-off of housing assets by Spain's wealthiest during the 2008 real estate bust (Chancel et al., 2023). Meanwhile, in the Netherlands the 2009 financial crisis triggered a steep rise in wealth inequality (Van Bavel and Frankema, 2017). In Germany, Albers et al. (2020)

document a clear rise in wealth inequality between 1993 and 2018. Households at the top made substantial capital gains from rising equity valuations, which were counterbalanced by large middle-class capital gains from rising house prices. In Poland, the wealthiest 10 % of the population have owned around 60 % of total household wealth since 1995 without any significant changes (Chancel et al., 2023).

Key points

- **Wealth inequality trends.** Wealth inequality in the Western world sharply declined in the first half of the 20th century but has increased since the 1980s, particularly in the United States, while Europe saw more moderate increases.
- **Impact of historical events.** The 1929 financial crisis, two world wars and decolonisation, alongside progressive taxes and nationalisation, significantly reduced wealth inequality in Europe during the early 20th century.
- **Middle class and wealth in Europe and the United States.** Europe has maintained a relatively strong middle class with assets in housing and savings, while in the United States middle-class wealth has been squeezed by rising debt, particularly in housing.
- **Diverging trends since the 1980s.** While Spain saw stable wealth inequality due to a housing asset sell-off following the 2008 financial crisis, countries like Germany and the Netherlands experienced sharp rises in wealth inequality, with capital gains driving wealth concentration at the top. In most Member States, wealth concentration was relatively stable between 2010 and 2021.

Wealth accumulation during and after the COVID-19 pandemic

The COVID-19 pandemic significantly affected economic activities, labour markets, financial assets and housing markets, and thereby wealth dynamics and inequality. Despite extensive government support, job losses disproportionately affected low-skilled workers, women and migrants, with sectors like retail and hospitality hit hardest. While EU employment levels returned to pre-pandemic levels by late 2021, disparities persisted. Studies indicate mixed effects on income inequality: while some show increases due to income losses among low-paid workers, others find that effective social protection measures mitigated these losses, reducing inequality below pre-crisis levels. Wealth inequality, however, received less attention. High-income households benefited from forced savings due to reduced consumption, widening the wealth gap. Moreover, rising asset prices, particularly in real estate and equities, further concentrated wealth among affluent groups.

Housing markets saw increased demand during the pandemic, driven by low interest rates and government policies. This boosted homeownership wealth for high-income groups while exacerbating challenges for tenants and first-time buyers, especially younger households, who faced rising housing costs and limited access to affordable homes. The economic shock disproportionately strained tenants' budgets, reducing their ability to save and accumulate wealth. While US studies highlight gains in financial assets among younger adults due to increased equity exposure, these dynamics underline persistent and possibly widening inequalities in wealth and access to housing, requiring targeted policy interventions.

A more detailed study of the impact of the COVID-19 pandemic on wealth inequality is provided in the supplementary working paper accompanying this report, see Eurofound, 2025, Annex 3.

2 Methodology: key variables and definitions

This chapter introduces the key variables used in the analyses and explains the methodological approach adopted.

Key variables

Net wealth

Net wealth in the HFCS is the difference between total household assets and total household liabilities, taking into account only those components of assets and liabilities about which information is available.
It excludes public and occupational pension wealth.
This report uses household wealth per person, which is calculated by dividing the total household wealth by the number of individuals in the household, assigning each person an equal share.

Assets

Total assets according to the HFCS are the sum of non-financial assets and financial assets. Non-financial assets correspond to the self-assessed current market value of the household main residence, other real estate, vehicles, valuables and self-employed businesses. Financial assets comprise bank deposits (which can be withdrawn from a bank either without notice, i.e. sight accounts, or with notice, i.e. savings accounts), mutual funds and other investment funds, bonds, non-self-employed private businesses, shares, managed accounts, money owed to the household, voluntary pension entitlements, whole life insurance and other assets.

Liabilities

The HFCS divides liabilities into two main components: outstanding balance of mortgage debt and outstanding balance of other, non-mortgage, debt.

The first refers to the sum of mortgage debt associated with the household main residence as collateral and the mortgage debt collateralised on other household properties. Non-mortgage debt includes outstanding balances on credit lines or overdrafts, outstanding balances on credit cards for which the owner of the card is charged interest and outstanding balances on all other loans (car loans, consumer loans, instalment loans, and private loans from relatives, friends, employers and so on).

Pension entitlements

Mandatory pension plans, both public and occupational, are excluded from the total asset calculations. While these pensions represent a substantial portion of assets, particularly for older generations, data on them are limited. There is a variable that captures the expected pension as a percentage of final labour income; however, such expectations are often inaccurate (Killewald et al., 2017). The exclusion of public pension entitlements has significant implications for inequality measurement, as highlighted by Sierminska and Wroński (2023). They show that wealth inequality is significantly reduced after accounting for public pension wealth. Voluntary pension savings are included in the assets.

In addition to mandatory and voluntary pension plans, individuals often save for retirement through conventional financial instruments such as savings accounts. In countries where mandatory pension schemes are less generous, individuals are likely to save more independently. D'Addio et al. (2020) look at whether the heterogeneity in savings is partly due to differences in pension wealth between individuals and between countries. They find a significant displacement effect of mandatory pension wealth on savings at the mean: USD 1 of additional mandatory pension wealth reduces financial wealth by USD 0.53 at the mean. Excluding mandatory pension claims might distort the comparability of assets (and therefore wealth) across countries.

Housing wealth

A significant proportion of households' net wealth is housing wealth; therefore, the report explicitly focuses on housing assets and housing costs in Chapter 5. In the analysis, housing net wealth is defined as the sum of the value of the household main residence and the value of other real estate properties, but excluding any business property directly owned by the business, minus the outstanding balance of mortgage debt owed by a household on all properties owned.

Non-housing net wealth is also used in the analysis, defined as net wealth minus the values of the household main residence and other properties plus the outstanding balance of mortgage debt.

Income

The variable used in the HFCS is the total gross annual household income aggregate, including transfers. It comprises total employee income, self-employment

income for all household members, rental income from real estate property, and income from financial assets, pensions and other sources. It also includes regular social transfers (such as unemployment benefits and gross income from regular social transfers) and regular private transfers. When the analysis is conducted at the individual level, equivalised income levels are used based on the OECD's equivalence scale, where the number of consumption units per household is derived as follows: 1 unit for the first adult household member, 0.5 for each additional household member aged 14 or more and 0.3 for each additional household member aged 13 or less. The OECD equivalence scale is chosen because it is widely used in the literature, including by Eurostat, and because the HFCS data include a variable that provides the number of consumption units in a household based on the modified OECD scale. For the reasons behind using household size equivalised income levels, see Box 1.

The income indicator in the HFCS is gross income, which differs from the commonly used concept of disposable income. Disposable income accounts for benefits and transfers received while deducting taxes and various payable contributions. To approximate disposable income for HFCS observations, one option is to estimate the tax and contribution burden at the individual level by matching HFCS records with household and individual-level data from the European Union Statistics on Income and Living Conditions (EU-SILC) survey, which include both gross and disposable income. This matching process could consider individual and family-specific characteristics such as age, education level, sector of employment, occupation and income sources (wages, financial returns, self-employment and pensions, for instance). However, such a matching process is often complex, prone to poor matches and challenging due to differing tax rates for different income sources. Therefore, following the approach of other studies using HFCS data (European Commission: Directorate-General for Justice and Consumers and Sierminska, 2017; Du Caju et al., 2023; Girshina et al., 2024), this report relies on gross income.

Methodological explanations

Reference person

The household is defined according to the characteristics of the household reference person (the head of the household). The reference person is chosen based on the Canberra definition ([2]), which is defined as follows:

- one of the partners in a registered or de facto marriage, with dependent children,
- one of the partners in a registered or de facto marriage, without dependent children,
- a lone parent with dependent children,
- the person with the highest income,
- the eldest person.

The reference person is therefore loosely defined as the highest income earner in the household.

The gender of the household is defined according to the gender of the household reference person, in other words the gender of the person with the highest income. This is in contrast to some studies that define the head of the household as the financially knowledgeable person, in other words the person who knows most about the finances of the household. The reason for using the Canberra definition is to achieve comparability between countries.

Household wealth per person: reference unit

Most of the analyses in this report are conducted at the individual level, as explained in Box 1. In this report, household wealth per person is used, which is calculated by dividing the total household wealth by the number of individuals in the household, assigning each person an equal share. For example, for a household with EUR 100 000 and four members, EUR 25 000 would be allocated to everyone. In a few cases, total household wealth is used.

([2]) The Canberra Group was created in 1996 to address the common conceptual, definitional, and practical problems that national and international statistical agencies faced in the area of household income distribution statistics.

Box 1: Household versus per person analysis of net wealth

Wealth data can be assessed using different units: total household wealth, wealth per person or wealth per equivalised household size, which accounts for economies of scale.

While household wealth is commonly used in reporting (Balestra and Tonkin, 2018; ECB, 2020), the wealth of a household varies depending on the number of earners and members. Assets such as a main residence or financial savings serve all household members. A six-person household needs a larger main residence than a single-person household, potentially a larger car and more savings to face unexpected shocks. More earners also contribute more to the repayment of mortgages. Therefore, household size must be considered when comparing net wealth.

In income analysis, equivalised income accounts for household size and composition, making between-household comparisons meaningful. Larger households require more resources to maintain the same standard of living, though costs do not increase linearly with each household member. Equivalising income helps reflect available resources accurately.

Equivalised wealth is rarely considered in the literature ([3]), as wealth is a stock rather than a fluctuating flow like income. No internationally agreed equivalence scale exists for wealth, and there is no consensus on whether income-based scales apply. As a result, household wealth per person is typically used, assuming shared financial and non-financial benefits. This method probably underestimates the wealth of larger households (Balestra and Tonkin, 2018).

Total household wealth is used in some analyses, such as comparisons by age, education or employment status. When studying life-cycle wealth accumulation, total household wealth alongside the age of the household reference person is preferred, to avoid misrepresenting wealth distribution between family members. Using wealth per person would distort findings by over-allocating wealth to young individuals in affluent families while under-allocating it to those in less wealthy households. It has to be noted, though, that, as information is available on only the reference person, assigning personal characteristics to a household also means in most cases producing an inaccurate picture of the total household.

In contrast, equivalised income is applied when defining the middle class based on income, following the modified OECD equivalence scale.

Country aggregates

In addition to country-specific data, results are also reported for two aggregate groups: the combined group of the 22 Member States (EU-22) covered by the 2021 HFCS and the subset of 15 countries (EU-15) that were included in all four editions ([4]). These aggregates are computed by pooling all people across countries into a single distribution.

While social policies, taxation and personal redistribution mechanisms are primarily shaped at national level, examining wealth inequality from an EU-wide perspective remains valuable for several reasons. First, the EU represents 450 million people, and statistics at EU level are meaningful in their own right, as reflected by Eurostat's publication of EU-wide data. Second, one of the EU's goals is to promote harmonious development and strengthen social cohesion. Measuring progress towards this goal requires EU-wide statistics, as national statistics capture only within-country trends. Third, inequality within the EU as a whole can influence other key issues, such as migration from poorer to richer countries.

The aggregate including all 22 countries serves as the best available proxy for wealth inequality at the EU level as of 2021. However, when analysing changes over time, the 15-country aggregate is used to avoid distortions caused by the inclusion of new countries in later waves of the HFCS.

Poland participated in the HFCS in 2014 and in 2017 but not in 2021.

Currency and inflation adjustments

Data are provided in euro terms and adjusted for inflation in previous HFCS waves when presented in absolute terms. The values for the 2010, 2014 and 2017 waves were inflation-adjusted by multiplying the original euro amounts by the total change in the price level from the survey year to 2021 (see ECB, 2023a, for details on the inflation adjustments used).

([3]) For instance, Balestra and Tonkin (2018) and Chancel et al. (2023) do not use equivalised wealth.

([4]) The EU-15 comprises Austria, Belgium, Cyprus, Finland, France, Germany, Greece, Italy, Luxembourg, Malta, the Netherlands, Portugal, Slovenia, Slovakia and Spain. The EU-22 includes in addition Croatia, Czechia, Estonia, Hungary, Ireland, Latvia and Lithuania.

For income variables, euro values are adjusted for both inflation and purchasing power parity (PPP) using price level indices (EU27_2020 = 100) for 'Household final consumption expenditure' from Eurostat (prc_ppp_ind). However, PPP adjustments were not applied to wealth data. This is partly due to the absence of a dedicated wealth PPP indicator, unlike for consumption, and partly because wealthier individuals often hold a significant share of their assets outside their country of residence. However, in certain applications, such as the comparison of housing wealth, as it is predominantly held domestically and housing PPP indices are available, PPP corrections will be made.

Box 2: Inequality measures

The arithmetic mean is often used to measure wealth levels by summing all wealth components and dividing by the number of observations. Its advantages include simplicity and the fact that the sum of the means of different wealth components equals the mean of total wealth. However, it is highly sensitive to outliers and right-skewed distributions, meaning that increases in top wealth disproportionately raise the mean while leaving the median unchanged.

The median, being more stable and robust, better represents the wealth of a 'typical' household, as it is less affected by extreme values. This report prioritises median values but uses the mean when analysing average wealth portfolios, where wealth components must sum to 100 % of total gross assets.

Standard inequality measures are used in this report. The Gini coefficient, a widely applied measure, represents inequality as a numerical value derived from the Lorenz curve. It ranges from 0 (perfect equality) to 1 (perfect inequality), although in wealth analysis it can exceed 1 due to zero and negative values (Neves Costa and Pérez-Duarte, 2019). Since the sample includes households with negative net wealth, these values are incorporated into Gini. The Gini coefficient is most sensitive to transfers around the middle of the distribution and less so among the very wealthy or the very poor (Clementi and Gallegati, 2016).

To supplement the Gini coefficient, top wealth shares and quantile ratios are also used. Top wealth shares measure the proportion of total wealth held by households above a given percentile. A higher top share indicates greater wealth concentration.

Quantile ratios compare percentiles within the distribution, such as P90/P50, which shows how much more wealth a household at the 90th percentile holds than the median. Similarly, P75/P25 captures inequality in the middle of the distribution. However, since lower wealth percentiles can be near zero or negative, these ratios can be challenging to interpret.

The Gini coefficient is multiplied by 100 for ease of reading in this report.

3 Wealth and inequality, 2010–2021

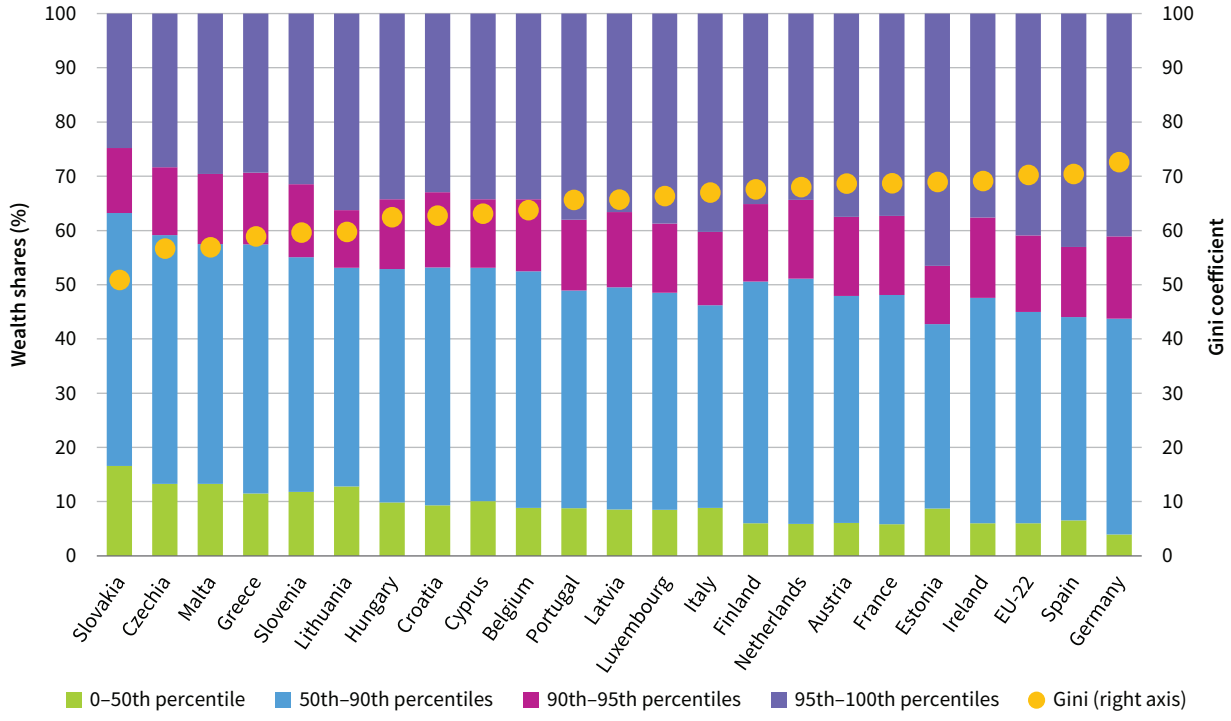
This chapter reviews the concentration of net wealth and how it changed between 2010 and 2021, from both a Europe-wide and a country-specific perspective, using data from four waves of the HFCS ([5]). It then analyses asset composition and investigates social differences between and across populations and their influence on the wealth distribution. Finally, it explores the relationship between the distributions of income and wealth.

Concentration of net wealth – between-country comparisons

Figure 1 presents an overview of wealth inequality by depicting the shares of wealth held by groups in different parts of the wealth distribution and the Gini index across HFCS countries, using the most recent edition of the survey. Since wealth inequality is rather persistent, the variation in timing of interviews for the survey between countries is less problematic for the between-country comparison reported in Figure 1.

This figure highlights significant disparities in wealth inequality between European countries, as shown by both the Gini coefficient and the wealth shares. These disparities exist not only between countries, with some exhibiting higher Gini coefficients than others, but also within countries, where wealth is highly concentrated at the top – far more than income, for instance. The ranking of countries by these indicators is fairly consistent: countries with higher Gini coefficients tend to have higher concentrations of wealth in the top percentiles (90th–95th and 95th–100th), with only minor differences.

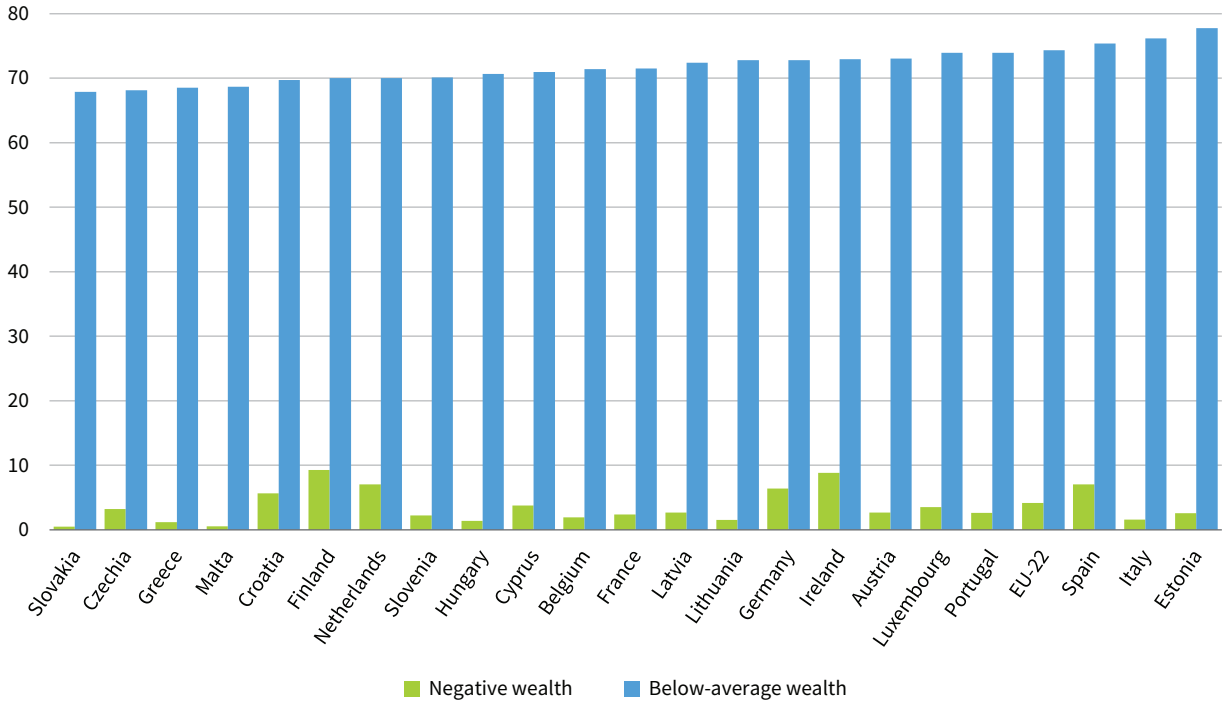
Figure 1: Net wealth inequality, wealth share by wealth percentile, EU-22 and Member States, 2021



Note: *Countries are ranked from lowest to highest Gini coefficient. The bars show the wealth shares of certain quantiles of the wealth distribution. For example, the green sections show the wealth shares of the bottom 50 % of the population in the total net wealth of the country. 'EU-22' refers to all countries surveyed in the latest survey wave.*
Source: *HFCS 2021.*

([5]) Since survey dates varied between countries and coincided with different phases of the pandemic, during which asset price dynamics fluctuated, the comparability of wealth levels across countries may be affected.

Figure 2: Individuals holding below-average net wealth or negative net wealth, EU-22 and Member States, 2021 (%)



Note: *Countries are ranked from lowest to highest proportion of individuals whose wealth is below the average.*
Source: *HFCS 2021.*

Within-country wealth inequality (measured by the Gini coefficient) is lowest in several eastern and southern European Member States: Slovakia, Czechia, Malta, Greece, Slovenia, Lithuania and Hungary. Conversely, wealth inequality is highest in certain western European countries, such as Germany and Ireland. Spain stands out as an exception to the regional pattern, as it has the second-highest wealth inequality among the countries included in the HFCS. The comparison between Slovakia and Germany illustrates the stark differences in wealth inequality and concentration: the Gini coefficient is 51 in Slovakia compared with 73 in Germany. The wealthiest 5 % of the population holds a much smaller share of total wealth in Slovakia (25 %) than in Germany (41 %).

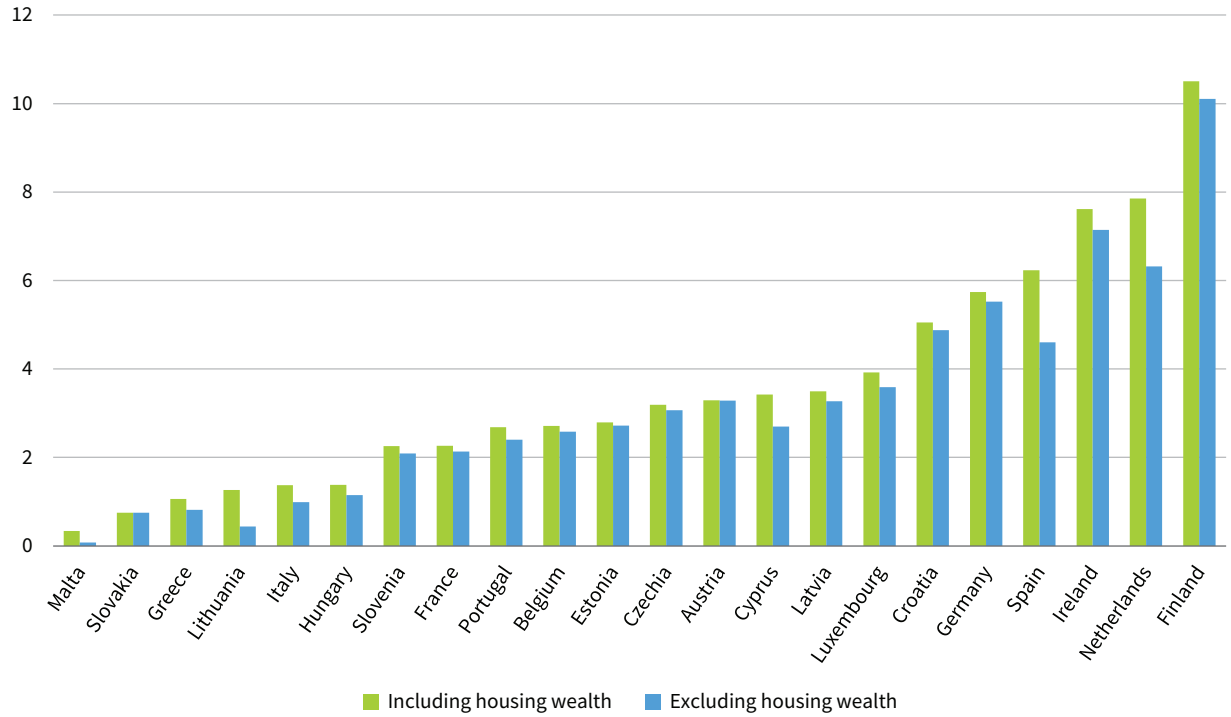
Another way of looking at wealth inequality is to examine the proportion of individuals whose wealth falls below the average ([6]). In the aggregate of 22 countries in 2021, 74 % of individuals possessed less than half of the overall average wealth. However, this figure varies significantly between countries, ranging from 68 % in Slovakia to 78 % in Estonia (Figure 2). These high percentages highlight the significant rightward skew in the wealth distribution.

The proportion of people with negative net wealth – meaning the value of their assets is lower than the value of their liabilities – was lowest in Slovakia and Malta (0.5 %) and highest in Finland (9.3 %) (Figure 2). On average, about 4 % of individuals across the 22 countries examined in 2021 had negative net wealth.

Housing-related assets and liabilities play a relatively minor role among individuals with negative net wealth: excluding housing net wealth does not significantly change the status of individuals with negative wealth in most countries (Figure 3). Exceptions include Cyprus, the Netherlands and Spain, where about a quarter of individuals with negative wealth would not be in that situation without liabilities related to housing. This is consistent with previous findings (Eurofound, 2021).

([6]) In the remainder of the report, median values will be used instead of averages due to the skewness of wealth data. However, since the proportion of individuals below median wealth is always 50 % and thus not informative, the share of individuals below average wealth is reported instead.

Figure 3: Individuals with negative wealth including and excluding housing wealth, Member States, 2021 (%)

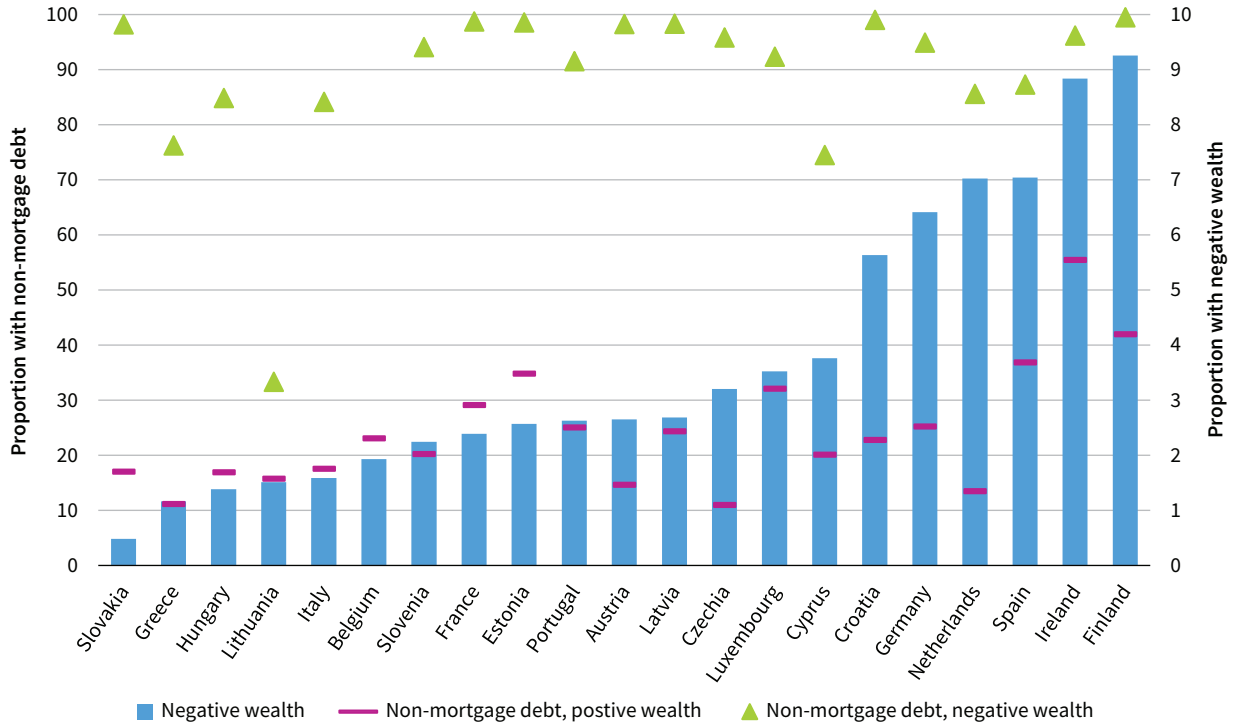


Notes: *Countries are ranked from lowest to highest proportions of individuals having negative total net wealth (i.e. the bars 'Including housing wealth'), which include both housing and non-housing assets and liabilities. The bars 'Excluding housing wealth' exclude real estate assets and mortgage debt.*
Source: *HFCS 2021.*

Households with negative net wealth are also much more likely to hold non-mortgage debt than those with positive wealth (Figure 4). In 13 countries, over 90 % of households with negative net wealth hold non-mortgage debt. In the remaining countries this share ranges between 70 % and 90 % except in Lithuania, where it is notably lower at 33 %. In contrast, non-mortgage debt is held by only 11–55 % of households with positive net wealth, highlighting the widespread reliance on non-mortgage debt among households with negative net wealth [7].

[7] For a more detailed analysis on the characteristics of households with negative wealth using HFCS data, see Eurofound (2021).

Figure 4: Incidence of non-mortgage debt in households with positive and negative wealth, Member States, 2021 (%)



Note: *Countries are ranked from those with the lowest proportion of individuals with negative wealth to the highest. Malta is not included owing to the small number of observations.*
Source: *HFCS 2021.*

Key points

- **Lowest wealth inequality in eastern and southern Europe.** Wealth inequality, as defined by the Gini coefficient and top wealth shares, is high everywhere across the EU but varies significantly across countries. It is lowest in many eastern and southern European countries, including Slovakia, Czechia, Slovenia, Lithuania, Greece, Malta, and Croatia, while it is highest in several western Member States, such as Germany, Ireland and Austria.
- **Exceptions to regional patterns.** Spain and Estonia are exceptions to the typical regional pattern, as they have the second- and fourth-highest levels of wealth inequality, respectively, among the HFCS countries, based on the Gini coefficient.
- **Negative wealth more common in western and northern European countries.** The proportion of individuals with negative wealth (where the value of their assets is lower than the value of their liabilities) is highest in Finland, Germany, Ireland and the Netherlands. These individuals are more likely to hold non-mortgage debt.

Trends in wealth concentration

Changes in wealth inequality from 2010 to 2021

The four editions of the HFCS provide an opportunity to analyse the evolution of net wealth inequality between 2010 and 2021. This period witnessed significant changes in the European economy, including the euro-area sovereign debt crisis, balance of payments crisis and banking crisis of 2010–2012. More recently, the COVID-19 pandemic disrupted the world economy. These events presumably influenced wealth inequality, through multiple channels, including changes in housing and financial asset values, labour market conditions affecting household income and saving capacity, and policy responses that either mitigated or exacerbated disparities across socioeconomic groups. However, as the economic impacts of the COVID-19 pandemic and the speed of recovery varied between Member States, the implications for wealth inequality also differed.

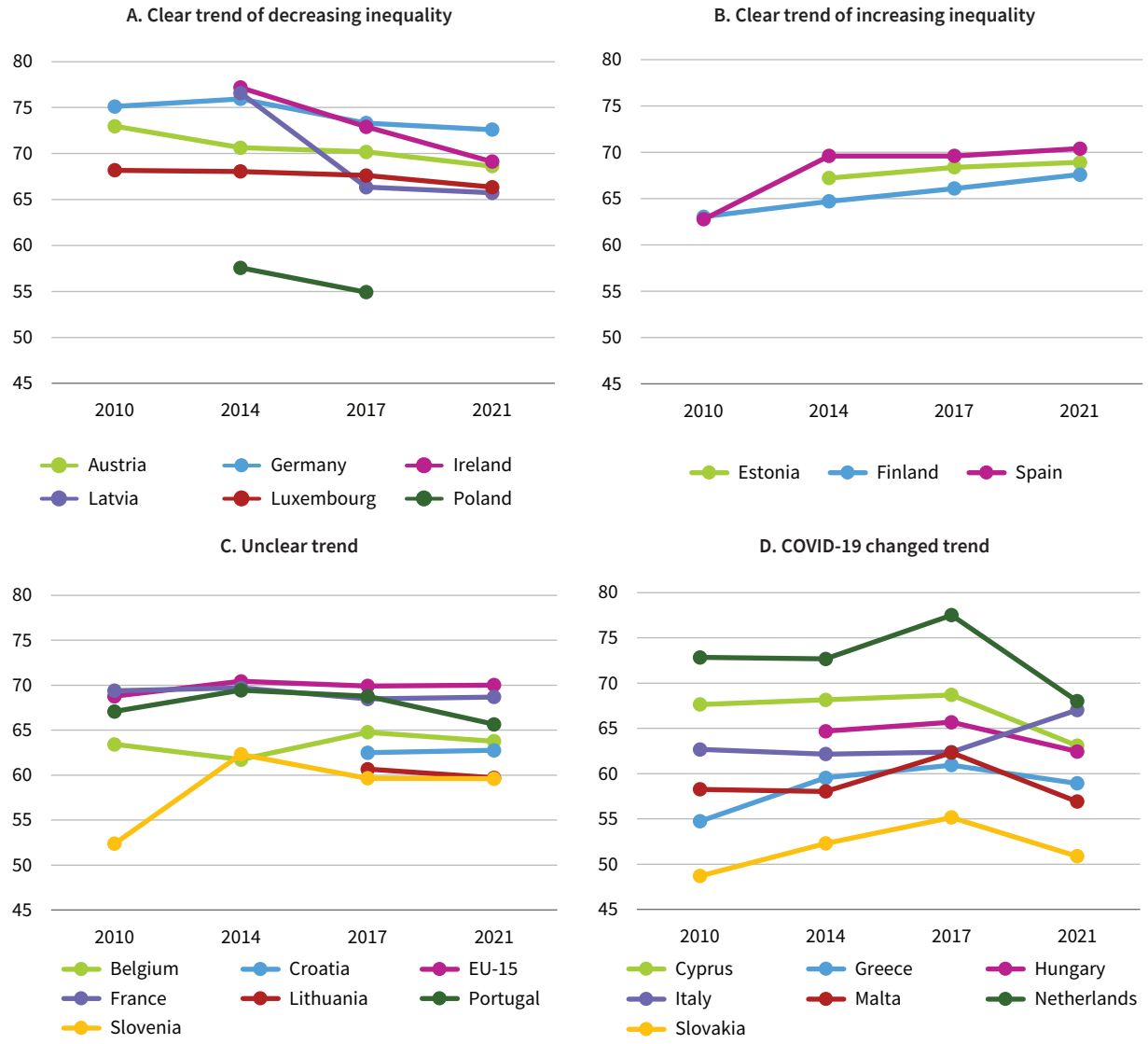
Overall, in the EU-15 countries (those included in all HFCS waves), wealth inequality has remained relatively stable (Figure 5, Panel C) and so has the weighted average of country-specific Gini coefficients. The stability of both metrics implies that both within-country inequality and between-country

inequality have remained relatively constant during the observed period.

However, within-country trends have varied (Figure 5).

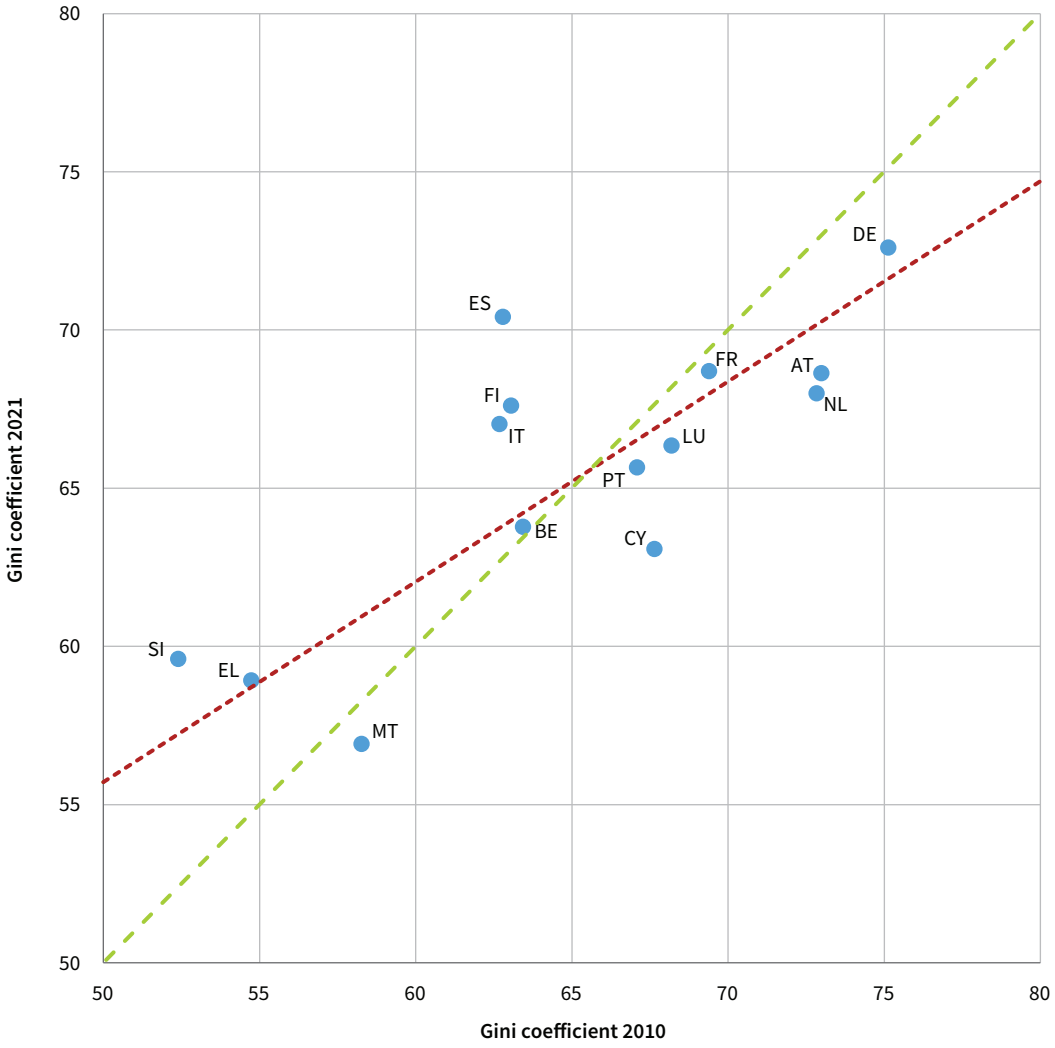
- In some countries – Latvia, Austria, Germany, Ireland and Luxembourg – wealth inequality has decreased since 2010, and COVID-19 does not seem to have adversely affected this trend (Panel A). Austria, Germany and Luxembourg have experienced a gradual decline in wealth inequality, with their Gini coefficients decreasing by approximately 3 % between 2010 and 2021. In contrast, Latvia and Ireland saw a more abrupt reduction in inequality between 2014 and 2017, with their Gini coefficients declining by around 10 % and 5 %, respectively. There was also a significant decrease in Poland from 2014–2017.
- On the other hand, wealth inequality has steadily increased over the past decade in Finland, Spain and Estonia (Panel B).
- In the group of countries shown in Panel C, including Belgium, France, Croatia, Lithuania, Portugal and Slovenia, there is no clear pattern, and the recent pandemic does not seem to have made any particular impact on the Gini coefficient in these countries.
- Lastly, in a few countries (Panel D), the pandemic may have altered the direction of existing trends. In the Netherlands, Cyprus, Greece, Hungary, Malta, and Slovakia, a slight upward trend in inequality was reversed in the latest edition. In Italy, the Gini coefficient remained stable between 2010 and 2017 but then surged by over 5 points between 2017 and 2021. The sudden change in these countries does not seem to be attributable to the timing of the interviews. For example, in Italy, where inequality increased, the survey was conducted around the same time as in Cyprus, Greece and Slovakia, where inequality declined. In countries where the pandemic has shifted the existing trend of Gini coefficients, it appears that the overall effect has been a reduction in wealth inequality.

Figure 5: Change in wealth inequality, Member States grouped by inequality trend, 2010–2021 (Gini coefficient)



Note: *Czechia is not included, as data are available only for the last edition.*
Source: *HFCS 2010–2021.*

Figure 6: Convergence of Gini coefficients of net wealth inequality, Member States, 2010 and 2021



Notes: *Only countries that were surveyed in 2010 and 2021 are included. The green line is the 45° line of equal proportionality, while the red line represents the best-fit linear regression.*
Source: *HFCS 2010–2021.*

Not all the abovementioned changes were statistically significant. The increase in the Gini index between 2010 and 2021 was statistically significant at the 95 % confidence level in Finland, Italy, Slovenia and Spain, while the decrease between 2014 and 2021 in Latvia was also statistically significant. Focusing on the changes between 2017 and 2021, the increase in the Gini index was statistically significant only in Italy, while the decreases were statistically significant in Cyprus, Malta and the Netherlands (for details, see Eurofound, 2025, Annex 4.1).

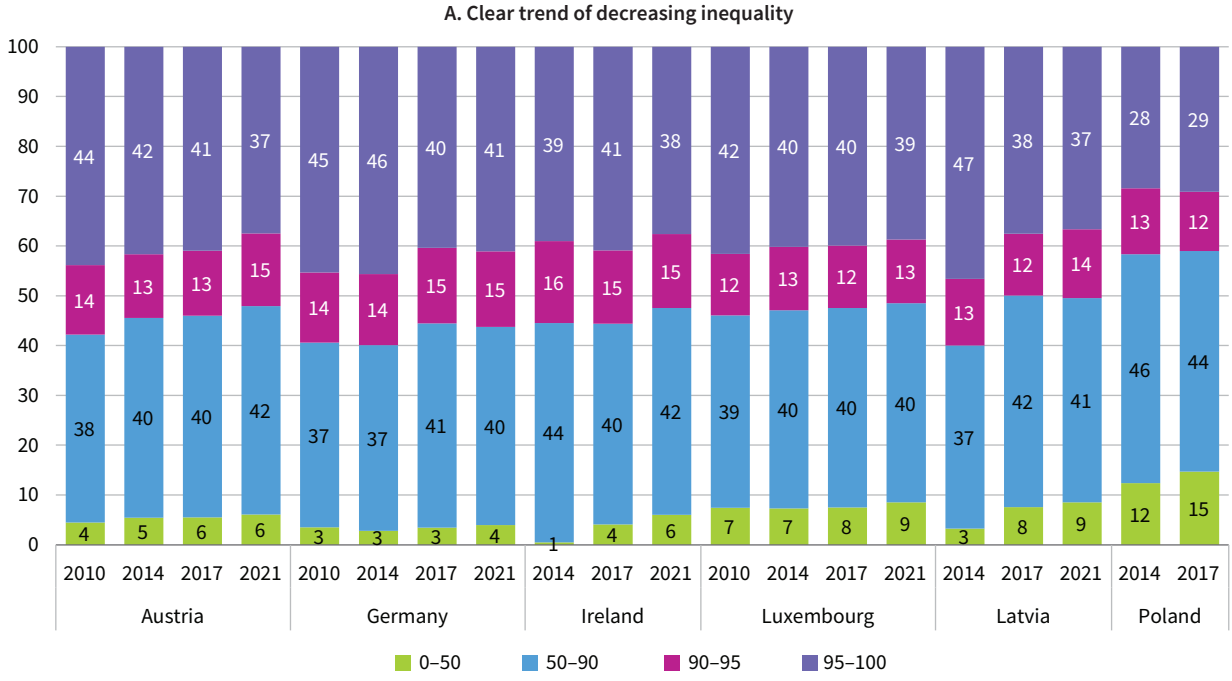
Across all 15 countries surveyed between 2010 and 2021, regressing the change in wealth inequality – measured as the difference in Gini coefficients between these years – on the initial level of inequality in 2010 reveals a statistically significant negative coefficient. This indicates that countries with lower initial wealth inequality in 2010 experienced greater increases in inequality over time. This result can also be seen in a graph that plots the Gini coefficient of 2010 (x-axis) against the Gini coefficient of 2021 (y-axis) (Figure 6). The red line represents the best-fit linear regression, showing the statistical relationship between the data points. The green line is the 45° line representing no change from 2010 to 2021. The estimated slope of the red line is lower than that of the green line, indicating convergence. Countries below the green line, such as Germany and Austria, had lower wealth inequality in 2021 than in 2010. Conversely, countries above the green line, such as Spain, Italy and Finland, experienced wealth inequality increases over the same period.

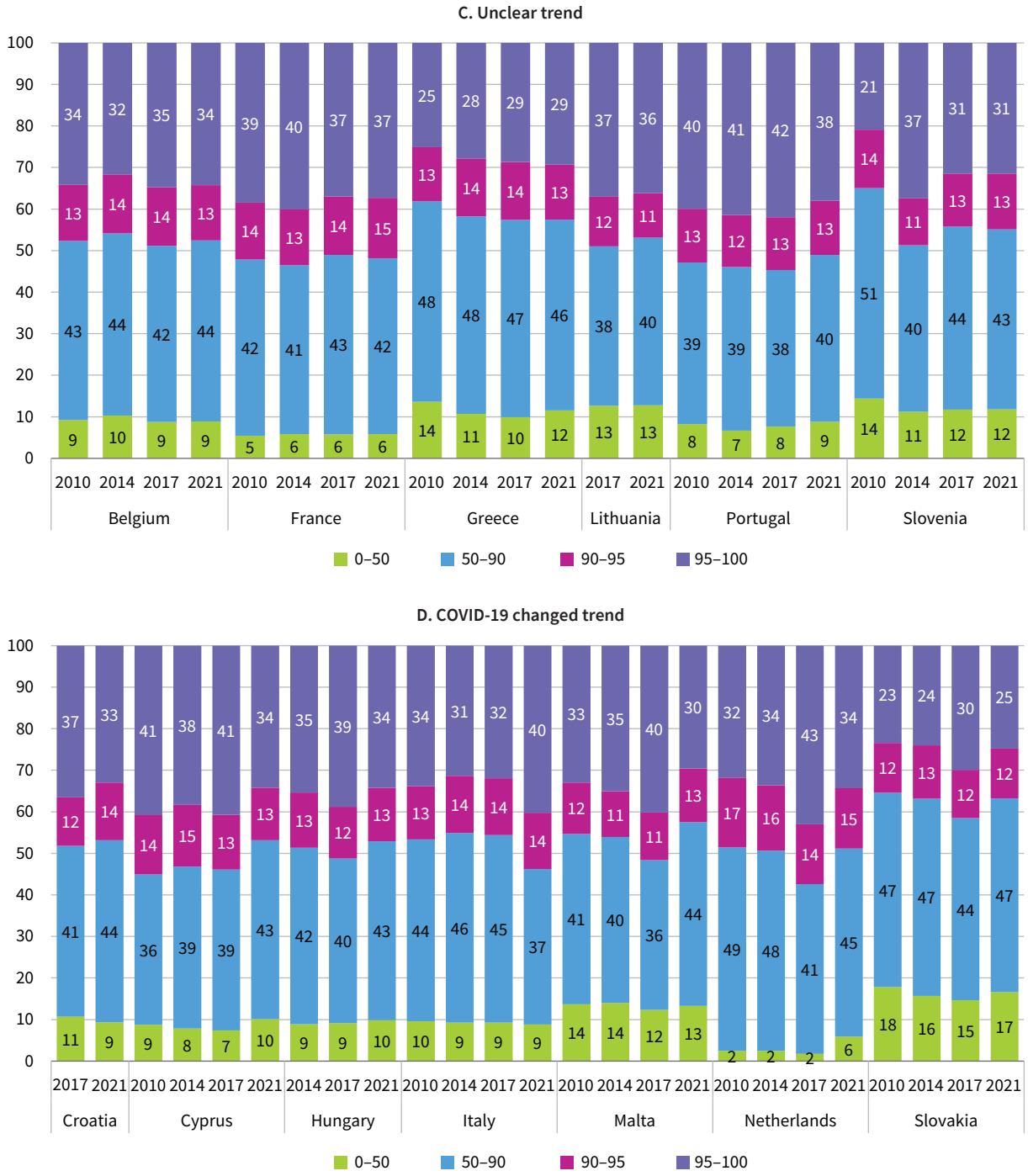
The changes in wealth shares are more or less consistent with the changes in the Gini coefficient highlighted so far: countries experiencing increases in wealth inequality as defined by the Gini coefficient also experience increases in wealth shares at the top (Figure 7).

As shown in Figure 7, Panel A, the wealth shares of the bottom 50 % increased, and the wealth shares of the top 5 % declined in all five countries for which the Gini coefficient indicated a clear decrease in wealth inequality from 2010 to 2021 (seen in Figure 5, Panel A). For example, the wealth share of the top 5 % decreased in Latvia from 2014 to 2021, while the wealth shares of the bottom 50 % increased. In Germany, there was only a slight decrease in the Gini coefficient, and the wealth shares of the bottom 50 % remained practically unchanged, while the wealth shares of the middle 50–90 % increased. The wealth shares of the middle 50–90 % increased in all countries except in Ireland, where especially the share of the bottom 50 % increased.

In those countries for which the Gini index suggested an increase in wealth inequality, it is mainly the wealth share of the top 5 % that increased. In Estonia, Spain and Finland, the wealth shares of the middle 50–90 % of the wealth distribution also declined, suggesting that the gains of the richest were at the expense of both the poor and the middle class in terms of wealth.

Figure 7: Wealth shares, by percentile, Member States grouped by inequality trends, 2010–2021 (%)





Notes: *Czechia is not included, as data are available only for the last edition. The bars show the wealth shares of certain quantiles of the wealth distribution. For example, the dark blue bars show the wealth shares of the top 5 % of the population in the total net wealth of the country. Increasing inequality means higher wealth shares at the top. Only 2014 and 2017 data are available for Poland.*
Source: *HFCS 2010–2021.*

In countries where the Gini coefficient decreased, this change is primarily driven by a reduction in the wealth share held by the top of the wealth distribution. For example, the wealth share of the top 5 % in the Netherlands dropped from 43 % to 34 % between 2017 and 2021, in Malta from 40 % to 30 % and by approximately 5 percentage points in Hungary, Croatia, Slovakia and Cyprus. Meanwhile in these countries, the middle (50–90 %) segments of the wealth distribution saw an increase in their shares of total wealth, as well as the bottom 50 % except in Croatia. Italy, which experienced an increase in its Gini coefficient, appears to have been influenced by rising inequality at the top of the wealth distribution.

These findings demonstrate consistency between results derived from the Gini coefficient and those based on wealth shares.

Key points

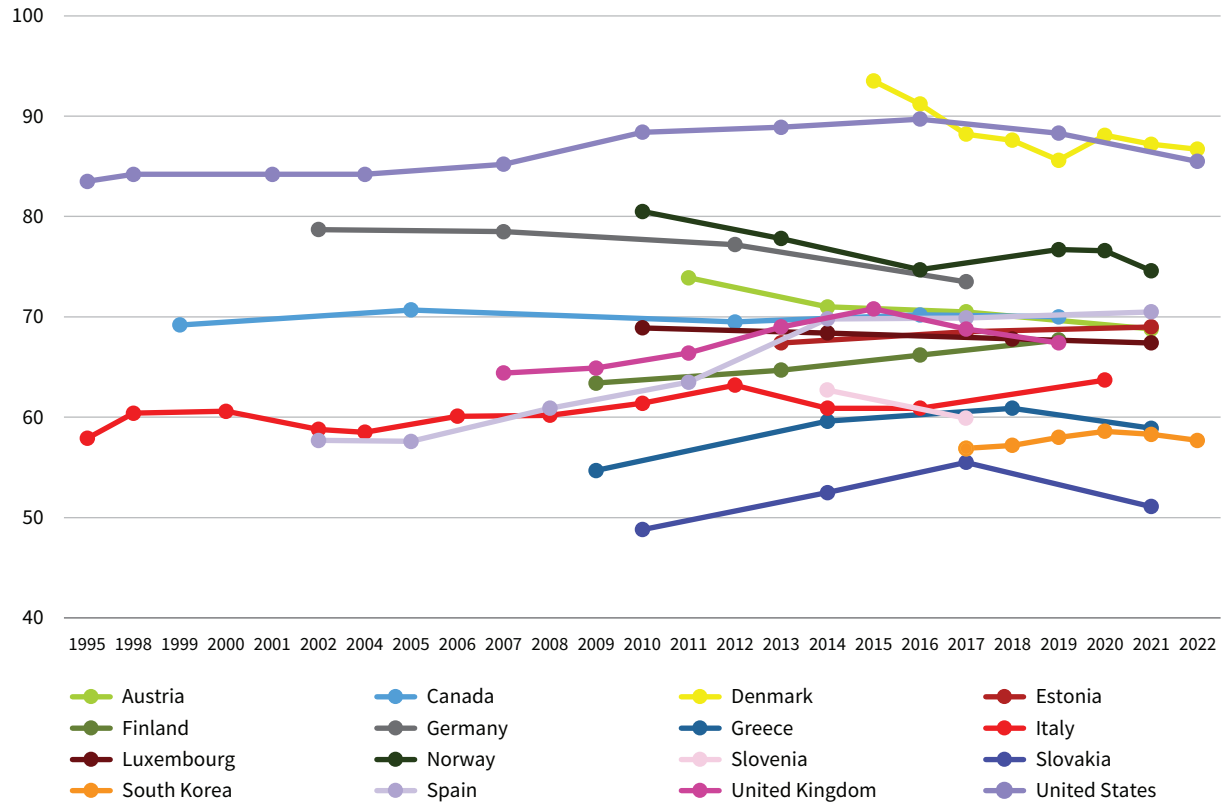
- **Stability in EU wealth inequality.** Wealth inequality within the combined population of the 15 countries included in all four HFCS waves remained largely unchanged between 2010 and 2021.
- **Convergence pattern.** An analysis of country-specific developments reveals a convergence pattern, whereby countries with initially high levels of inequality tend to experience declines, while countries with lower initial inequality levels often see increases. However, there are some exceptions to this overall trend.
- **Impact of COVID-19.** In Cyprus, Greece, Hungary, Italy, Malta, the Netherlands and Slovakia, the COVID-19 pandemic disrupted pre-existing Gini coefficient trends. The pandemic generally reduced wealth inequality in these countries, except in Italy. Statistically significant changes were observed in Cyprus, Italy, Malta and the Netherlands.
- **Correlation between higher Gini coefficients and top 5 % wealth share increase.** Rising Gini coefficients were associated with increased wealth shares for the top 5 %, whereas falling Gini coefficients corresponded to rising wealth shares for the bottom 50 %.
- **Consistency between Gini coefficients and wealth shares.** Changes in the Gini coefficient and changes in wealth shares are consistent with one another across countries.

International comparisons

A comparison of wealth inequality between EU Member States and five non-EU countries – Canada, Norway, South Korea, the United Kingdom and the United States – was conducted using harmonised estimates from the Luxembourg Wealth Study (LWS) database. In the United States, wealth inequality increased between 1995 and 2017, reaching levels significantly higher than those observed in Member States, except Denmark – a Member State not included in the HFCS (Figure 8). Since 2019, wealth inequality has decreased in Norway and the United States, similarly to some Member States (Austria and Luxembourg).

Wealth inequality in Canada has remained relatively stable at a medium to high level compared with the other countries. South Korea started with a lower level

Figure 8: Net wealth inequality within and outside the EU, LWS countries, 1995–2022 (Gini coefficient)



Note: *As the underlying microdata and the data harmonisation processes used by the LWS differ from those in the HFCS, the Gini coefficients reported in this figure differ from the HFCS-based Gini coefficients reported elsewhere in this report.*
Source: *LWS.*

of wealth inequality than other non-EU countries, with a notable increase between 2017 and 2020 followed by a small decline. The United Kingdom experienced an increase in wealth inequality between 2007 and 2015, but this trend generally reversed in the following years, placing the country in the middle range.

Around 2015, Denmark had the highest wealth inequality among the countries analysed; by 2019, the United States had taken over. However, between 2019 and 2022, wealth inequality in the United States declined, while Denmark saw a sharp increase between 2019 and 2020. Further research should explore the possible role of the pandemic in this sharp increase. Trends observed in LWS data align with HFCS results for the countries that are covered in both, confirming previous findings.

Alternative indicators of changes in wealth inequality

This section examines changes in wealth inequality using various inequality indicators, including the proportion of individuals with net wealth below the average, those with negative wealth (as in Figure 2), and the P90/P50 and P75/P25 ratios. Overall, these indicators align with trends observed in the Gini coefficient and wealth shares.

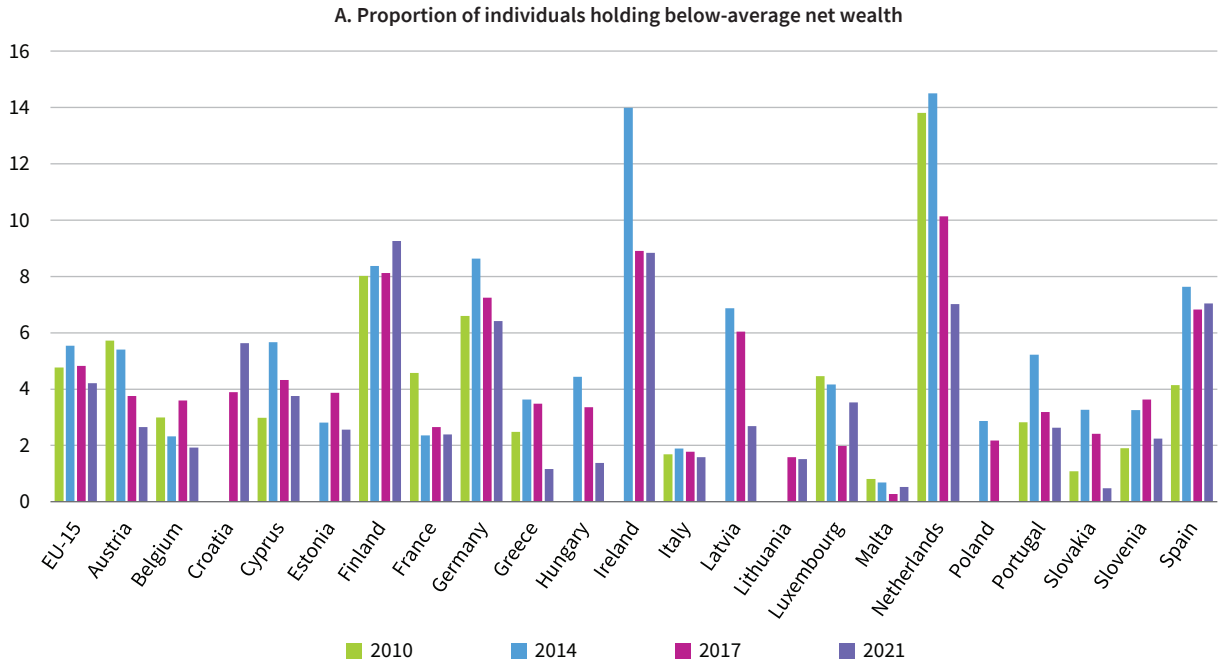
Countries experiencing rising wealth inequality – such as Estonia, Spain and Finland – show an increasing proportion of individuals with below-average wealth and negative wealth, except for Estonia, where the share of individuals with negative wealth declined in 2021 (Figure 9).

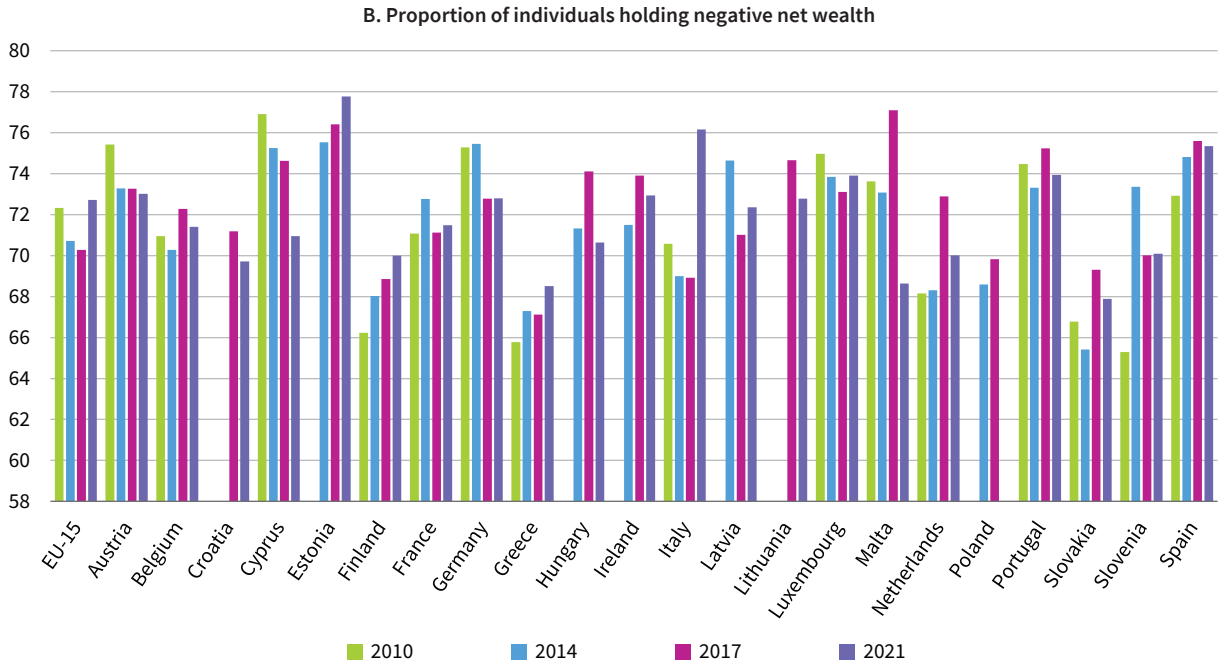
Conversely, countries previously identified as having declining wealth inequality – such as Austria, Germany and Latvia – also saw reductions in the proportion of individuals with below-average and negative wealth (Figure 9). Luxembourg and Ireland, despite a downward trend in their Gini coefficients over time, exhibit slightly different patterns. Luxembourg experienced a decline in both indicators between 2010 and 2017, followed by an increase from 2017 to 2021. In Ireland, the proportion of individuals with negative net wealth steadily decreased, while the share of those with below-average wealth initially rose between 2014 and 2017 before declining thereafter.

In countries where trends in Gini coefficients and wealth shares reversed in 2021, possibly due to the COVID-19 pandemic, a clear relationship emerges: in Hungary, Malta, the Netherlands and Slovakia, where wealth inequality notably decreased in the latest HFCS wave, the proportions of individuals with below-average wealth and those holding negative net wealth have also declined. Conversely, in Italy, where wealth inequality sharply increased in the latest wave, the proportion of individuals holding negative net wealth has risen substantially, highlighting the interconnected dynamics of wealth distribution and inequality.

While there was an increase in the proportion of individuals with negative net wealth between 2017 and 2021 for the aggregate of 15 countries included in all four editions – reversing a trend of decline from 2010 to 2017 – this increase seems largely driven by a significant rise in Italy, where the proportion jumped from 69 % in 2017 to 76 % in 2021.

Figure 9: Additional indicators of wealth inequality and wealth poverty, Member States, 2010–2021 (%)





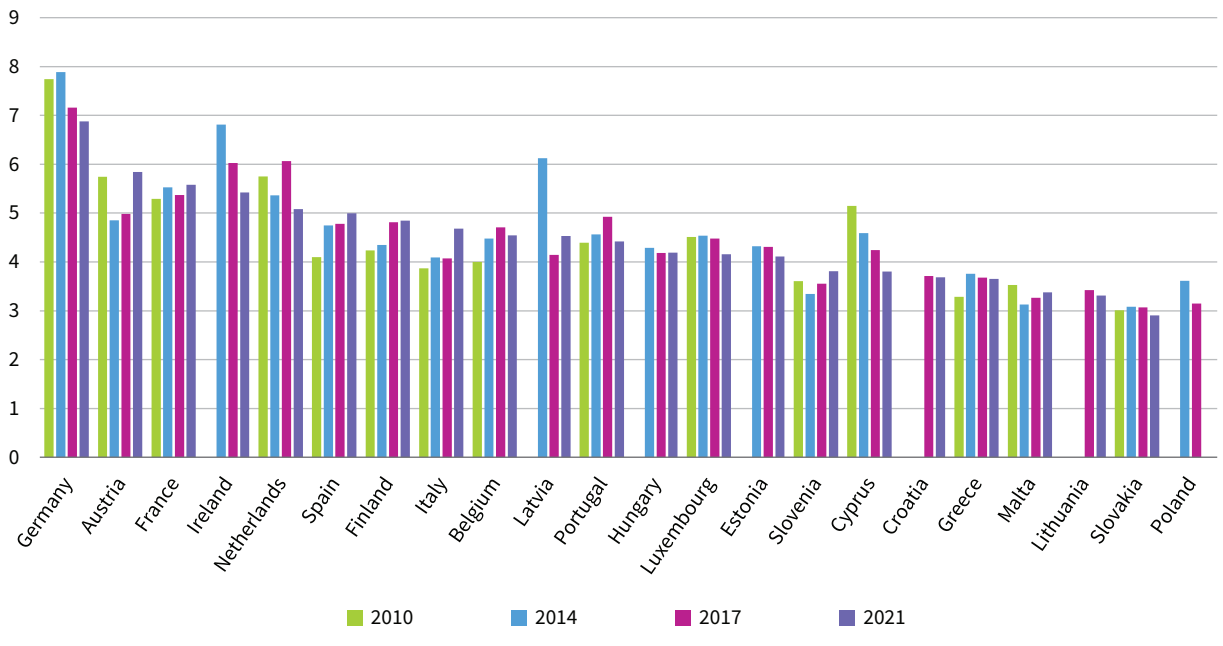
Note: *Czechia is not included, as data are available only for the last wave.*
Source: *HFCS 2010–2021.*

Wealth inequality as defined by the Gini coefficient has one important limitation: its insensitivity to the extremes of the distribution, which are particularly where inequality can be most pronounced. This underlines the importance of focusing on the tails of the wealth distribution.
A common indicator used for this is the P90/P50 ratio (for more details, see Box 2). A high P90/P50 ratio indicates greater inequality in the upper half of the distribution.

Figure 10 illustrates changes in the P90/P50 ratio in Member States between 2010 and 2021. Two takeaways from Figure 10 are, first, that wealth inequality defined by the P90/P50 ratio also varies significantly among Member States and, second, that trends in this ratio are largely consistent with trends as defined by top wealth shares and Gini coefficients.

In terms of differences between countries, wealth inequality in the upper half of the distribution is more pronounced in Germany, Austria and France than in Slovakia, Poland and Lithuania. For example, in 2021 the 90th percentile was 6.8 times the median in Germany.

Figure 10: P90/P50 ratios, Member States, 2010–2021



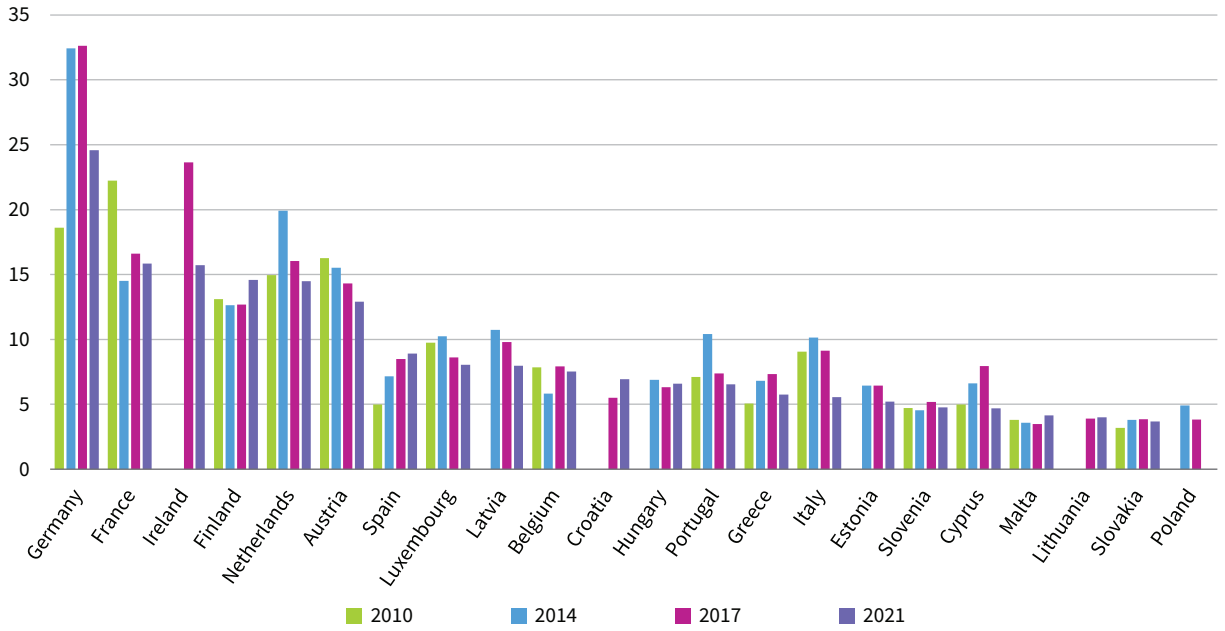
Notes: *Czechia is not included, as data are available only for the last wave. Countries are ranked from largest to smallest ratio in 2021.*
Source: *HFCS 2010–2021.*

The P90/P50 ratio increased most between 2010 and 2021 in Spain, Italy and Finland, whereas it decreased most in Germany, the Netherlands and Cyprus. This is consistent with the findings of Figure 7 that highlighted that Spain, Finland and Italy experienced an increase in the wealth share held by the top 10 % between 2010 and 2021, while the wealth share of the bottom 50 % either remained stagnant or declined.

Estonia is an exception, as its Gini coefficient increased between 2014 and 2021 without a corresponding rise in the P90/P50 ratio. Since the Gini coefficient captures inequality across the entire population, even if the wealth gap between the top 10 % and bottom 50 % is narrowing, rising inequality could still occur in the middle segment (for example, between the 40th and 90th percentiles).

Therefore, a similar analysis focusing on the middle of the distribution using the P75/P25 ratio was conducted (Figure 11). A higher P75/P25 ratio indicates greater inequality in the middle of the distribution, reflecting a wider gap between the upper middle and lower middle parts of the population. In most countries, this ratio has remained relatively stable or shows no clear trend. However, in some cases, such as Austria, Luxembourg, Latvia and Italy, the ratio has declined, suggesting reduced inequality in the middle, as the lower middle group has moved closer to the upper middle.

Figure 11: P75/P25 ratios, Member States, 2010–2021



Notes: *Czechia is not included, as data are available only for the last wave. Countries are ranked from largest to smallest ratio in 2021. Ireland's 2014 value has been omitted from the graph due to its very high value of 69. While the 2014 value might initially appear an outlier, Figure 7 highlights that the bottom 50 % of the population held only 1 % of total wealth in that year, meaning the 25th percentile value was exceptionally low.*
Source: *HFCS 2010–2021.*

Key points

- **Consistency between alternative indicators.** Trends in other inequality indicators, such as below-average wealth and negative wealth, are consistent with broader measures of inequality, such as the Gini coefficient and wealth shares.
- **Skewness of the wealth data.** A small proportion of the population holds a disproportionately large share of total wealth, resulting in a skewed wealth distribution. Alternative indicators capture this skewness differently. For example, the proportion of individuals with negative or below-average wealth primarily reflects the lower and middle parts of the distribution rather than the position of the wealthiest households.
- **P90/P50 ratio trends.** Spain, Italy and Finland saw increases in the P90/P50 ratio between 2010 and 2021, which is in line with rising top wealth shares and Gini coefficients in these countries. In contrast, countries such as Germany and Luxembourg experienced declines.
- **Stability of the middle of the distribution.** The P75/P25 ratio, which reflects inequality within the middle of the distribution, remained stable in most countries. However, declines in this ratio in countries such as Austria, Luxembourg and Ireland suggest a convergence between the lower middle and upper middle wealth groups.

Differences in absolute wealth levels across European countries

Large differences across countries exist in absolute levels of wealth as well. The limitations of net wealth comparability between countries must be highlighted: the problem of non-response and under-reporting is a serious problem in household wealth surveys. Vermeulen (2016) show that between 6 % in Belgium and 47 % in the Netherlands of net wealth was missing in the 2010 HFCS.

With this limitation in mind, the average net wealth per person in Luxembourg is more than 16 times as high as in Latvia (Table 1). The gap between Luxembourg and the second-richest country is already large, suggesting that Luxembourg is something of an outlier rather than a representative benchmark for economic attainability.

The poorest countries in terms of average net wealth per person after Latvia are Slovakia and Hungary.

The differences across the quantiles are also substantial. In six countries, the average net wealth per person in the bottom 20 % of the population is negative. The bottom 20 % is the only quantile category in Table 1 in which Luxembourg is not the leader; the bottom 20 % in Malta is on average richer than the bottom 20 % in Luxembourg. In several countries, the average net wealth of the bottom 20 % is around or below EUR 1 000, suggesting that these people have hardly any savings. In contrast, the top 1 % in terms of net wealth own more than EUR 10 million in Luxembourg, highlighting the huge gaps in wealth holdings. The middle classes, such as those in the 40th–60th percentiles bracket, also vary widely across Europe.

Table 1: Average net wealth, by net wealth percentile, Member States, 2021 (nominal EUR)

Country	0–20 %	20–40 %	40–60 %	60–80 %	80–95 %	95–99 %	Top 1 %	Total
Luxembourg	5 115	106 653	264 932	475 887	1 022 506	2 674 564	10 366 939	529 030
Belgium	4 011	37 622	90 755	178 259	366 114	875 422	2 630 445	177 943
Malta	8 949	58 524	103 641	176 006	330 371	835 771	2 145 446	169 176
Germany	– 1 613	12 505	55 726	141 770	343 229	950 150	2 715 987	158 031
Italy	3 453	33 193	67 525	124 206	290 362	781 803	2 982 130	149 603
Ireland	– 2 812	19 882	63 422	129 967	304 433	727 239	2 454 375	140 667
Austria	1 501	18 319	58 978	131 250	305 717	812 015	2 122 665	140 458
France	827	15 729	54 225	123 464	276 373	662 404	2 141 028	128 134
Cyprus	– 3 574	36 817	69 225	123 596	248 227	630 830	1 827 501	125 197
Spain	– 1 101	18 395	46 930	94 854	212 953	548 986	2 629 237	111 875
Finland	– 3 737	15 905	53 608	113 040	237 659	558 900	1 655 330	110 091
Netherlands	– 5 773	16 492	50 614	108 162	232 856	514 010	1 557 063	104 713
Portugal	1 394	17 166	38 580	71 516	154 945	399 488	1 422 035	78 951
Slovenia	3 199	23 878	44 705	78 483	156 168	366 246	1 045 448	78 157
Estonia	2 701	16 025	31 224	57 560	119 122	322 441	2 181 082	73 690
Czechia	753	21 400	39 375	64 072	117 430	245 773	709 880	59 590
Greece	1 541	15 368	32 470	57 596	110 862	245 773	657 719	53 755
Lithuania	3 325	14 242	25 781	42 892	77 417	206 069	880 448	45 190
Croatia	590	9 871	24 489	44 951	90 025	216 549	612 364	44 018
Hungary	1 814	10 297	22 777	43 738	86 485	202 247	688 850	43 632
Slovakia	4 796	17 757	30 439	46 852	84 178	166 933	416 246	43 293
Latvia	216	6 877	16 101	31 180	66 149	157 197	641 350	32 662

Notes: *The net wealth shown is the household wealth divided by the number of people living in the household. The header line refers to net wealth percentiles, where for example 0–20 % is the bottom 20 % of the population. Countries are ranked according to average net wealth in the total population.*
Source: *HFCS 2021.*

Table 2: Median net wealth, by net wealth percentile, Member States, 2021 (nominal EUR)

Country	0–20 %	20–40 %	40–60 %	60–80 %	80–95 %	95–99 %	Top 1 %	Total
Luxembourg	7 532	105 473	262 962	473 394	962 180	2 620 348	7 980 510	261 925
Malta	3 750	59 333	104 667	176 250	304 378	710 800	1 563 000	104 250
Belgium	2 224	35 003	88 641	171 501	353 762	809 779	2 165 168	88 595
Cyprus	1 834	37 766	70 095	120 025	235 560	558 090	1 694 607	69 871
Italy	2 400	30 000	66 700	120 000	269 602	729 000	2 026 600	66 700
Ireland	114	20 084	61 592	126 345	281 154	666 255	1 773 800	61 559
Austria	2 320	16 697	57 156	124 205	282 608	802 520	1 899 294	56 996
Germany	481	11 490	54 577	138 350	310 337	912 884	1 892 250	54 500
France	1 539	14 148	53 264	120 592	254 043	608 563	1 537 322	53 239
Finland	50	15 156	52 684	110 148	221 198	515 816	1 394 227	52 638
Netherlands	423	15 779	50 354	104 613	218 155	477 319	1 105 171	50 326
Spain	175	15 156	46 572	91 885	196 679	503 043	1 502 019	46 552
Slovenia	2 657	24 675	44 325	78 081	146 062	352 124	721 879	44 084
Czechia	1 735	21 245	39 237	62 805	110 546	230 553	619 239	39 237
Portugal	1 123	16 848	38 476	68 583	145 526	355 483	1 082 460	38 396
Greece	1 557	15 581	32 195	56 296	103 109	219 880	544 344	32 140
Estonia	2 848	16 133	31 172	56 301	109 220	280 298	1 035 987	31 152
Slovakia	4 037	17 771	30 570	45 809	80 630	157 170	409 180	30 485
Lithuania	4 630	14 215	25 560	42 035	74 590	191 067	628 190	25 463
Croatia	226	10 000	24 820	44 468	81 039	197 861	500 501	24 791
Hungary	1 601	10 248	22 173	43 023	81 510	191 134	561 487	22 156
Latvia	433	7 022	15 376	30 608	61 434	155 255	281 301	15 322

Notes: *See notes to Table 1.*
Source: *HFCS 2021.*

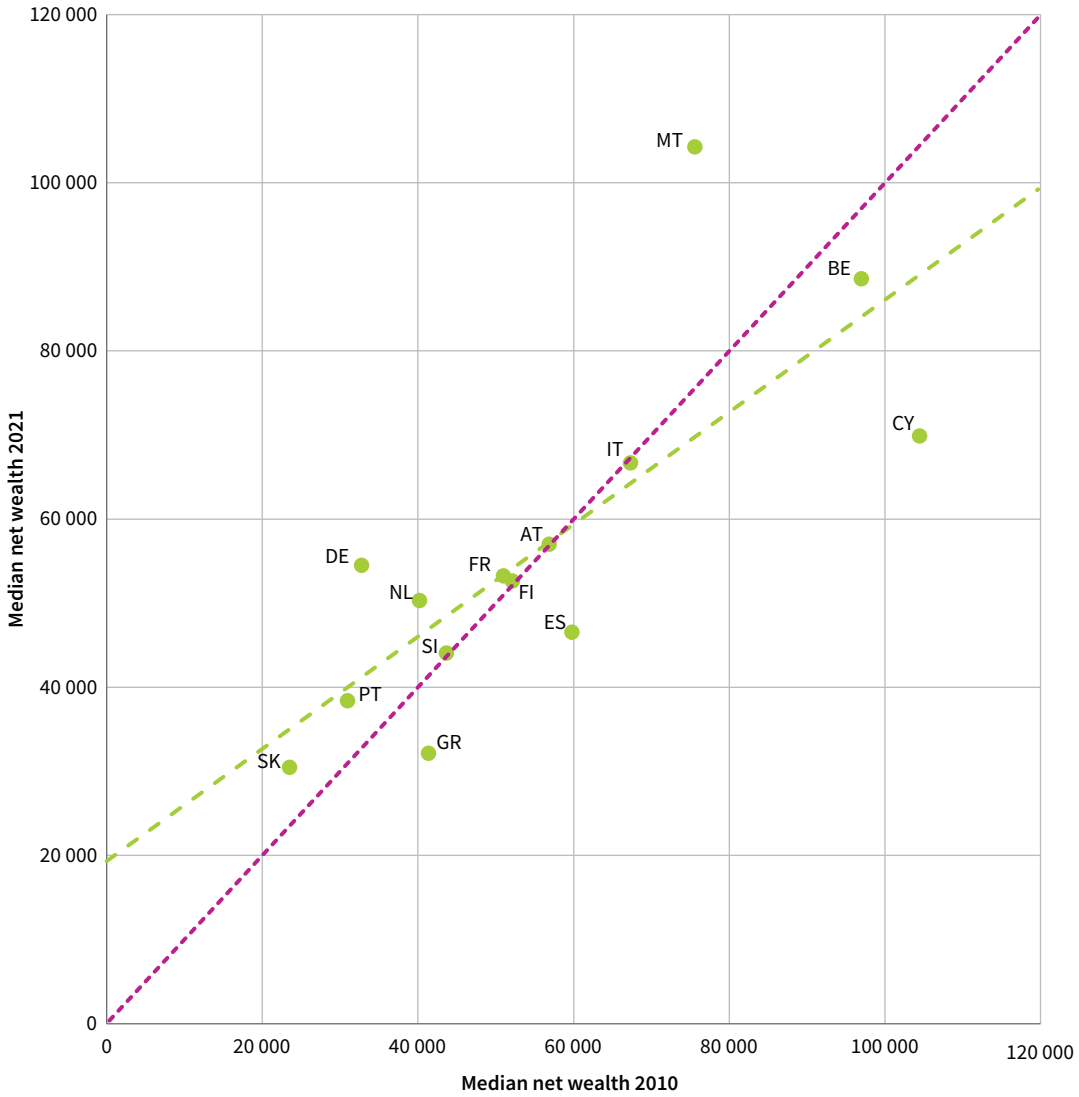
The median net wealth of the bottom 20 % of the population is positive in all countries (Table 2), but country differences are again wide: while the median net wealth of the poorest 20 % is just EUR 50 in Finland, it is over EUR 7 500 in Luxembourg. The difference between the mean and median net wealth is largest for the top 1 %, suggesting that the distribution of net wealth in the top 1 % is also highly right-skewed: even among the richest 1 %, some people are extremely rich.

To illustrate the changes in wealth distribution over time across Member States, Figure 12 highlights the convergence of median net wealth between 2010 and 2021. The graph plots median wealth in 2010 (x-axis) against median wealth in 2021 (y-axis) for various countries. The green line represents the best-fit linear regression, showing the statistical relationship between the data points. The pink line is the 45° line of equal proportionality. The observed slope of the green line is less steep than the pink line, indicating convergence: countries with lower median net wealth in 2010 experienced relatively larger gains by 2021, while wealthier countries in 2010 saw more modest changes.

Countries below the green line, such as Greece and Spain, had median wealth in 2021 that was lower than expected if wealth growth had remained proportional to 2010 levels, suggesting slower wealth growth. Conversely, countries above the green line, such as Malta and Germany, experienced higher-than-proportional wealth growth over the same period.

The median wealth of the bottom 20 % and that of the top 1 % were examined to identify trends in convergence. In countries such as Austria and Italy, there was little change in the overall wealth distribution between 2010 and 2021, though there was a modest upward trend in wealth for the top 1 %. The bottom 20 % continued to hold relatively little wealth, with Austria showing a decline in median wealth for this group. Malta and Cyprus, on the other hand, exhibited some of the most pronounced shifts during this period. In 2010, the top 1 % in both countries held relatively modest amounts of median wealth, while the bottom 20 % was somewhat better off than in other countries. By 2021, Cyprus saw a sharp decline in wealth for the bottom 20 %, accompanied by a drop in wealth for the top 1 % as well. In Malta, the median wealth of the bottom 20 % dropped significantly while that of the top 1 % slightly increased.

Figure 12: Convergence of total median net wealth, Member States, 2010 and 2021 (EUR)



Notes: *The green line is the linear regression and the pink line represents the 45° proportionality line. Values in the 2010 wave were adjusted for inflation by multiplying the current-price euro values from these waves by the total change in the price level from the survey year to 2021. Luxembourg is excluded from this analysis due to its significantly higher absolute wealth levels in both years, which would distort the comparison.*
Source: *HFCS 2010–2021.*

Key points

- **Large disparities in absolute wealth between countries.** The HFCS does not capture all forms of wealth, limiting the comparison of absolute wealth levels. Average net wealth in Luxembourg (the richest country) is 16 times higher than in Latvia (the poorest country).
- **Convergence in wealth growth.** Countries with lower initial median net wealth in 2010 experienced notable growth, while wealthier countries displayed smaller relative shifts, indicating a convergence in wealth levels between countries.
- **Stark inequality across wealth percentiles.** In all countries, the bottom 20 % hold minimal wealth, or even negative average wealth in several countries, whereas the top 1 % possess a disproportionately large share. Wealth distribution is extremely right-skewed.

Wealth composition

The analysis of wealth composition offers insights into the socioeconomic characteristics of wealth inequality.

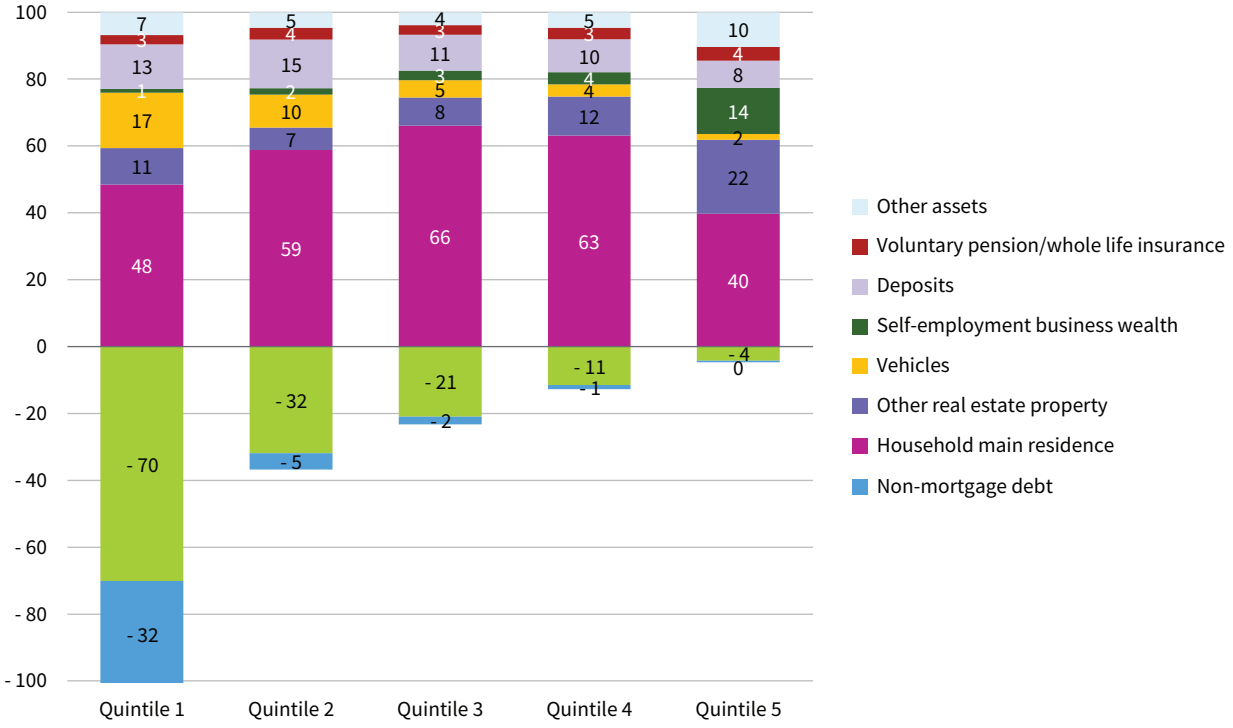
Composition of wealth along the wealth distribution

In the aggregate of 22 countries in 2021, the household main residence accounted for between 48 % and 66 % of total gross assets for the bottom four wealth quintiles, while it accounted only for 40 % for the wealthiest 20 % (Figure 13). Housing wealth is thus particularly important across the whole wealth distribution; for that reason, Chapter 5 of this report is dedicated to an analysis of changes in housing wealth.

There are pronounced differences between countries with regard to the lower half of the wealth distribution. For instance, in Slovakia, the household main residence accounts for 72.5 % of total gross assets for the bottom wealth quintile, while this accounts only for 39.7 % for the bottom wealth quintile in France (Table 3).

The wealthiest 20 % of people, quintile 5, in the aggregate of 22 countries in 2021 were distinct from the rest due to the large proportion of self-employed business wealth (14 % of gross assets); other real estate ownership is also more important (Figure 13). Furthermore, the share of deposits is relatively larger for the poor (13 % of gross assets for the poorest and only 8 % for the wealthiest), while other assets (such as shares and bonds) are more important for the wealthy.

Figure 13: Average asset portfolio, by net wealth quintile, EU-22, 2021 (% of gross assets)



Notes: *The value of liabilities is reported by means of a negative sign. The average instead of the median is used because the average is additive, allowing for a consistent decomposition of gross assets.*
Source: *HFCS 2021.*

While vehicles account for 17 % of gross assets of the poorest quintile but only 2% of gross assets of the richest quintile, on average the value of vehicles held by the richest quintile is seven times larger than the value of vehicles of the bottom quintile.

Five countries (Slovakia, Finland, Italy, France and Estonia) were selected to illustrate country-specific characteristics of the wealth distribution. These examples largely confirm the overall trends, except a specific result for France, where the category of other assets holds greater importance for the bottom wealth quintile (Table 3).

The only asset class that represents a similar proportion of gross assets across the five net wealth quintiles is voluntary pensions/life insurance, with a proportion between 3 % and 4 % for the aggregate of 22 countries (Figure 13). For all net wealth quintiles, mortgage debt is more important than non-mortgage debt. Overall debt is most significant for the poorest net wealth quintile, quintile 1, where low net wealth reflects either limited gross asset holding or high indebtedness. However, there are pronounced differences between countries regarding the lower half of the wealth distribution. For instance, non-mortgage debt is more significant for the poorest net wealth quintile in Finland (Table 3).

Table 3: Average asset portfolio, by net wealth quintile, selected Member States, 2021 (% of gross assets)

	Household main residence	Other real estate property	Vehicles	Self-employment business wealth	Deposits	Voluntary pension/ whole life insurance	Other assets	Mortgage debt	Non-mortgage debt
Slovakia									
Quintile 1	72.5	3.4	12.3	1.4	8.3	1.3	0.8	- 21.8	- 7.4
Quintile 2	79.8	4.3	6.9	1.5	6.0	1.0	0.4	- 27.7	- 0.9
Quintile 3	77.3	5.2	7.1	2.7	5.5	1.3	0.9	- 14.0	- 0.6
Quintile 4	76.5	8.6	5.1	2.8	5.2	1.2	0.7	- 7.1	- 0.6
Quintile 5	60.0	18.2	3.9	8.3	6.4	0.5	2.7	- 3.3	- 0.3
Finland									
Quintile 1	57.5	9.2	15.4	0.3	13.5	1.4	2.6	- 60.7	- 76.3
Quintile 2	68.8	7.5	8.6	0.5	10.3	1.7	2.7	- 48.8	- 10.6
Quintile 3	66.0	13.6	5.7	0.7	8.8	2.0	3.3	- 29.0	- 6.2
Quintile 4	59.4	18.4	4.6	1.2	9.0	2.5	4.9	- 14.0	- 4.0
Quintile 5	37.8	23.6	2.7	7.3	9.4	3.6	15.6	- 4.6	- 2.4
Italy									
Quintile 1	50.2	5.9	15.8	5.8	14.5	1.7	6.2	- 45.9	- 15.9
Quintile 2	75.8	3.6	6.7	2.6	7.3	0.8	3.3	- 15.3	- 2.8
Quintile 3	71.2	7.5	4.9	4.7	7.1	0.7	3.9	- 7.6	- 1.7
Quintile 4	65.3	9.8	3.6	6.4	7.7	1.6	5.6	- 5.7	- 1.5
Quintile 5	34.0	22.0	1.6	19.1	7.9	1.6	13.7	- 2.5	- 0.5
France									
Quintile 1	39.7	5.7	16.9	3.2	12.7	2.8	19.0	- 47.5	- 38.0
Quintile 2	54.3	6.9	10.2	1.0	14.1	3.1	10.3	- 44.3	- 5.4
Quintile 3	64.7	8.2	4.8	2.7	10.7	2.9	6.1	- 29.5	- 2.9
Quintile 4	61.7	12.1	3.3	3.4	9.7	4.4	5.5	- 12.0	- 1.5
Quintile 5	39.0	21.2	1.6	12.5	7.3	9.9	8.4	- 4.3	- 0.8
Estonia									
Quintile 1	62.7	7.9	11.7	1.4	13.1	1.1	2.0	- 36.3	- 22.8
Quintile 2	71.6	7.7	6.0	1.5	11.1	0.7	1.3	- 25.3	- 3.2
Quintile 3	68.9	11.1	4.2	1.1	11.6	0.8	2.1	- 16.7	- 1.9
Quintile 4	62.0	16.9	3.3	2.3	12.4	1.0	2.1	- 11.5	- 1.0
Quintile 5	31.8	15.5	1.6	35.7	9.3	0.9	5.2	- 3.5	- 0.1

Notes: *The value of liabilities is reported by means of a negative sign. The average is used instead of the median because the average is additive, allowing for a consistent decomposition of gross assets. Results for all other countries can be requested from the authors.*
Source: *HFCS 2021.*

These differences in the aggregate wealth composition reflect differences both in the extensive margin (the percentage of households owning a particular asset) and in the intensive margin (the value of this particular asset held by the household).

The majority of households own their home, although notable exceptions are Austria and Germany, whereas other real estate, business and risky assets are held only by a comparatively small share of the population (Table 4). In terms of cross-country variation, the incidence of home ownership ranges from 45 % in Germany to 94 % in Lithuania. Despite being substantially less prevalent, the ownership of bonds and traded shares, considered more risky assets, varies considerably between countries as well. Ownership of traded shares reaches 20 % of households in Finland but only 1 % of households in Greece and Lithuania. Other real estate assets seem to be somewhat more important in terms of ownership in southern and eastern European Member States such as Cyprus, Latvia and Spain than in western European Member States.

While Figure 13 shows that the share of voluntary pensions and/or whole life insurance in total gross assets is similar in all five net wealth quintiles in the aggregate of 22 countries (at 3–4 %), there is very substantial variation between countries. For instance, in 2021, 61 % of households in Luxembourg held voluntary pensions and/or whole life insurance, followed by 42 % in Germany, 41 % in Belgium and 40 % in France (Table 4). In contrast, ownership of these assets was less than 1 % in Croatia and Greece, and below 15 % in Lithuania, the Netherlands, Cyprus, Italy, Malta and Austria. Although there are exceptions, such as Austria and the Netherlands, investment in voluntary pensions and/or whole life insurance seems to be more common in western European Member States than in eastern and southern European Member States. This could reflect differences between Member States in the design of pension systems, which varies substantially. The role of pension systems in influencing saving behaviour could be a topic of further research.

Table 4: Incidence of household asset holdings and debt liabilities, EU-22 and Member States, 2021 (%)

Member State	Household main residence	Other real estate property	Vehicles	Self-employment business wealth	Deposits	Mutual funds	Bonds	Traded shares	Voluntary pension/ whole life insurance	Mortgage debt	Non-mortgage debt
EU-22	63	25	77	12	98	12	3	10	27	23	27
Austria	48	11	78	5	100	12	2	6	7	14	17
Belgium	72	18	77	12	98	23	2	11	41	35	26
Croatia	79	22	67	5	86	0	0	4	1	7	27
Cyprus	71	43	91	12	75	0	1	6	12	33	22
Czechia	76	22	70	13	94	8	2	4	16	13	14
Estonia	79	32	50	15	100	8	2	9	22	24	37
Finland	65	32	72	5	100	34	1	20	27	33	48
France	57	24	80	10	100	9	1	12	40	26	31
Germany	45	17	76	8	100	21	3	15	42	18	29
Greece	72	36	78	16	99	1	0	1	1	11	12
Hungary	86	19	61	14	89	3	9	2	17	17	18
Ireland	70	20	79	15	97	3	11	11	16	34	59
Italy	77	29	82	20	96	9	11	7	12	14	18
Latvia	78	50	55	8	97	1	1	2	25	12	27
Lithuania	94	25	63	2	92	3	1	1	14	10	16
Luxembourg	66	30	85	7	91	24	2	18	61	33	34
Malta	79	27	86	7	96	5	19	8	10	21	16
Netherlands	57	6	76	4	100	16	0	6	13	47	19
Portugal	70	29	79	14	98	4	1	5	19	33	27
Slovakia	90	29	75	15	94	4	1	2	16	25	18
Slovenia	77	27	80	16	95	9	0	5	20	11	22
Spain	74	45	77	12	100	8	0	12	23	35	40

Source: *HFCS 2021.*

Table 5: Conditional median values of assets and liabilities along the wealth distribution, EU-22, 2021 (EUR)

Assets/liabilities	Quintile 1	Quintile 2	Quintile 3	Quintile 5	Quintile 5	Total
Household main residence	60 000	50 000	110 000	200 000	350 000	180 000
Other real estate property	10 514	19 639	38 852	78 899	249 446	100 000
Vehicles	2 500	5 199	6 115	8 960	13 186	7 000
Self-employment business wealth	1 353	8 784	20 000	31 305	120 922	40 000
Deposits	904	6 458	7 625	16 035	40 121	8 279
Voluntary pension/whole life insurance	1 700	7 799	9 122	15 536	41 959	15 148
Mortgage debt	121 871	80 821	74 503	77 174	94 692	83 106
Non-mortgage debt	4 515	4 882	6 742	6 033	8 020	5 718

Notes: *The conditional median considers only households that have a particular asset or liability. The categories of assets listed refer to household wealth and are not per person.*
Source: *HFCS 2021.*

In addition to these differences at the extensive margin (the percentage of individuals owning a particular asset) between countries, differences at the intensive margin (the value of this particular asset held by the individual) are also observed along the wealth distribution between countries. The highest values are generally found in real estate (the household main residence or other property), while the value of financial assets is comparatively small (Table 5). Interestingly, median values for the household main residence are lower in the second net wealth quintile than in the first. A similar pattern was observed for fewer countries by Arrondel et al. (2018). In general, however, conditional median values for assets increase for higher net wealth quintiles ([8]).

There is substantial between-country variation in conditional median values, illustrated in Table 6 for the same countries as in Table 3. Their conditional median values for the household main residence highlight significant within- and between-country variation. The value invested in other real estate at the lower end of the net wealth distribution is relatively low compared with the household main residence, and increases with net wealth (Table 6). Low net wealth reflects either limited gross asset holdings – making ownership of additional real estate unlikely – or high indebtedness, typically in the form of mortgages, with households more likely to have a mortgage for a home than for other real estate. Regarding business wealth, the median values also tend to increase with net wealth quintile but exhibit considerable between-country heterogeneity.

Finally, while Table 4 indicated that the asset most commonly held by households is deposits, Table 6 demonstrates that the amounts held in deposits remain relatively limited, even at the top of the wealth distribution.

Table 6: Conditional median values of selected assets, selected Member States, 2021 (EUR)

	Household main residence	Other real estate property	Vehicles	Self-employment business wealth	Deposits	Voluntary pension/ whole life insurance
Slovakia						
Quintile 1	29 800	8 665	3 140	2 810	800	3 199
Quintile 2	60 000	8 400	4 160	7 500	2 692	4 122
Quintile 3	87 300	18 549	5 960	15 990	4 194	4 692
Quintile 4	120 000	30 230	8 350	11 750	5 910	5 783
Quintile 5	180 000	78 400	10 000	22 800	8 800	6 270
Total	100 000	28 992	6 000	13 800	3 750	4 859

([8]) The conditional median considers only households that have a particular asset or liability.

	Household main residence	Other real estate property	Vehicles	Self-employment business wealth	Deposits	Voluntary pension/ whole life insurance
Finland						
Quintile 1	96 871	46 186	2 237	729	664	1 301
Quintile 2	82 720	28 577	5 898	4 659	5 000	4 681
Quintile 3	106 935	51 277	7 808	9 321	7 000	7 072
Quintile 4	160 080	85 000	11 908	9 553	12 000	10 000
Quintile 5	266 000	180 986	17 882	91 127	30 000	26 796
Total	152 777	98 853	9 233	18 999	6 099	10 784
Italy						
Quintile 1	70 000	15 400	3 800	8 000	2 001	5 400
Quintile 2	80 000	20 000	5 000	25 000	4 900	7 000
Quintile 3	140 000	35 000	6 600	30 000	6 700	9 000
Quintile 4	200 000	60 000	10 000	50 000	11 000	15 000
Quintile 5	350 000	225 000	15 000	125 355	30 000	33 500
Total	150 000	90 000	7 000	50 000	7 500	17 000
France						
Quintile 1	130 000	10 590	2 000	951	576	1 000
Quintile 2	130 000	31 857	6 000	7 806	6 600	4 000
Quintile 3	140 000	56 000	6 700	14 499	10 108	8 500
Quintile 4	217 482	88 073	8 000	26 636	21 067	14 858
Quintile 5	342 733	236 605	10 000	159 240	41 500	62 000
Total	210 666	132 556	7 000	30 000	9 500	15 312
Estonia						
Quintile 1	8 560	4 129	3 000	3 109	452	218
Quintile 2	24 829	9 723	3 761	2 500	2 436	595
Quintile 3	56 650	22 315	5 000	3 863	4 750	1 022
Quintile 4	90 089	38 475	5 000	2 700	8 800	2 747
Quintile 5	172 860	99 572	8 496	32 219	20 346	5 164
Total	70 000	40 003	5 000	6 588	4 283	2 181

Notes: *The conditional median considers only households that have a particular asset or liability. The categories of assets listed refer to household wealth and are not per person.*
Source: *HFCS 2021.*

Key points

- **Role of main residence.** The household main residence constitutes 48–66 % of total gross assets for the bottom four wealth quintiles but only 40 % for the wealthiest 20 %. There are significant differences between countries in the importance of housing wealth for lower wealth quintiles. For example, in Slovakia the household main residence accounts for 72.5 % of total gross assets for the bottom wealth quintile, whereas in France it is only 39.7 %.
- **Asset diversification and liquidity.** Deposits represent a larger share of gross assets for the poorest quintile (13 % for the aggregate EU-22) than for the wealthiest (8 %), while the wealthy hold a higher proportion of financial assets such as shares and bonds.
- **Debt composition.** Mortgage debt is more significant than non-mortgage debt for all wealth quintiles. Overall debt relative to net wealth is most substantial for the poorest quintile, reflecting their higher financial vulnerability.
- **Voluntary pensions and whole life insurance.** Ownership of voluntary pensions and/or whole life insurance varies widely between countries, with higher rates observed in western Europe than in southern and eastern Europe.

- **Variation in financial asset ownership.** The ownership of financial assets like traded shares varies greatly between countries, with Finland showing a 20 % ownership rate, while Greece and Lithuania have a rate of only 1 %.
- **Conditional median asset values.** The highest conditional median values ('conditional' meaning calculated only for households that have a particular asset) are generally found in real assets, especially in the form of real estate (household main residence and other real estate), while the conditional median values of financial assets are comparatively small. Conditional median asset values vary widely between countries and usually increase in step with the wealth quintiles.

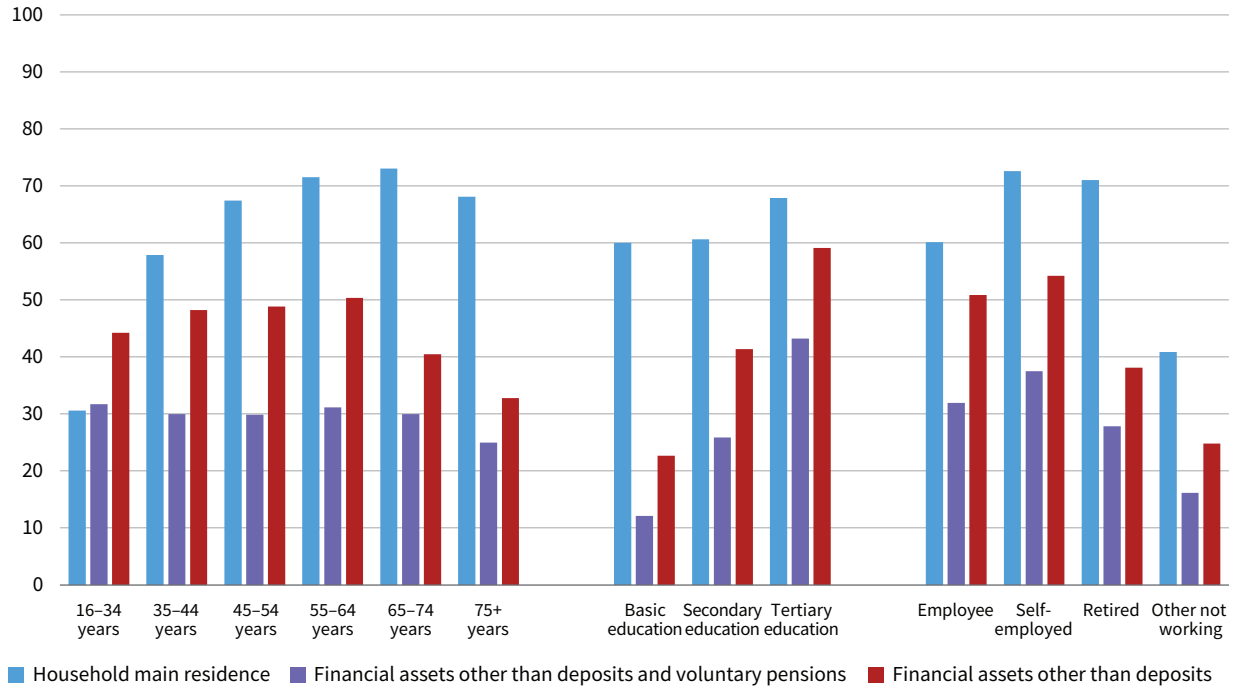
Composition of wealth across household characteristics

The composition of wealth varies not only between wealth quintiles but also between age groups and depending on the education and employment status of the reference person.

Eurofound (2021) showed that in 2017, irrespective of age, education and type of economic activity, the majority of households in the EU held some kind of financial and real assets. In 2021, this is still the case, and financial asset holdings are very common: around 97–99 % for all age cohorts. The incidence of having debt is much lower than the incidence of having assets, and there are important differences between socioeconomic groups. Mortgage debt incidence is an inverted U shape over the life course – in other words mortgage debt increases with age but then starts to decline among the 45–54 age group. Furthermore, education matters, as those with a higher level of education have a much higher likelihood of having mortgage debt than those who have a lower level of education. The prevalence of non-mortgage debt decreases with age.

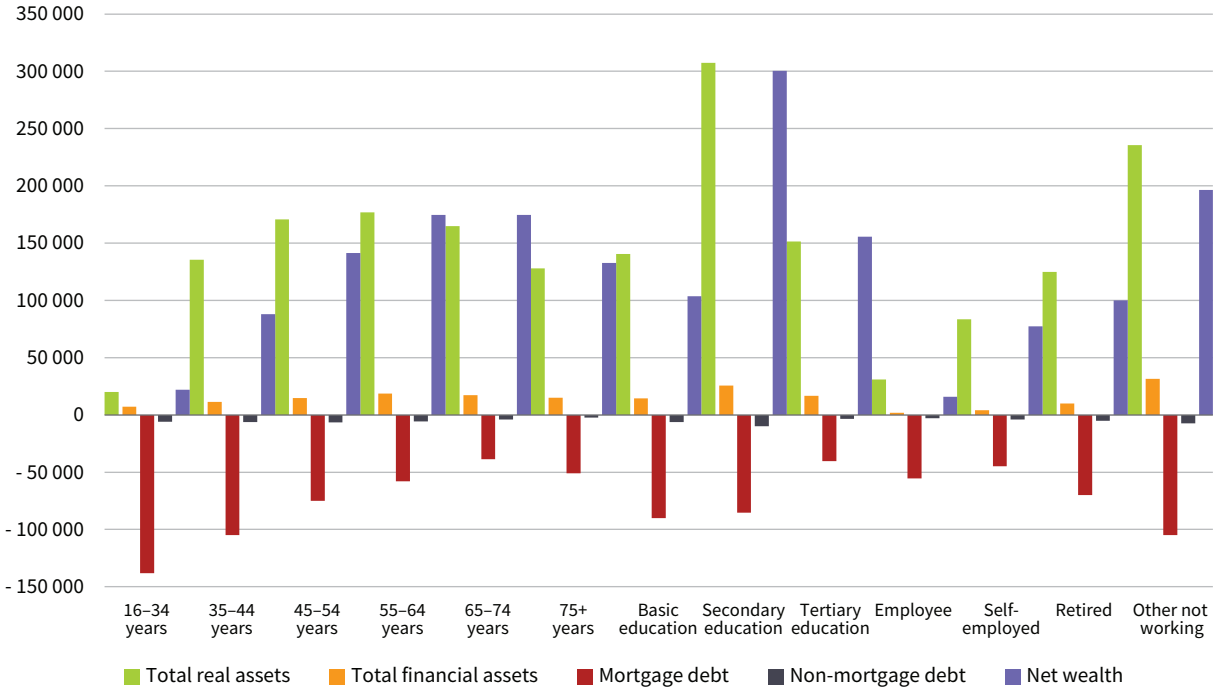
In terms of overall asset holdings, education matters little, although the proportion of people with higher education who hold such assets is slightly higher. However, education is relevant to the type of assets households hold. Higher education is associated with a higher rate of ownership of financial assets other than deposits and voluntary pensions (Figure 14).

Figure 14: Prevalence of selected types of households assets, by age group, educational attainment and employment status, EU-22, 2021 (%)



Source: *HFCS 2021.*

Figure 15: Conditional median value of asset holdings and debt liabilities, by age group, educational attainment and employment status, EU-22, 2021 (EUR)



Note: *The conditional median considers only households that have a particular asset or liability. The value of liabilities is reported by means of a negative sign.*
Source: *HFCS 2021.*

The conditional median values of asset holdings, debt liabilities and net wealth differ enormously between socioeconomic groups (Figure 15). The conditional median value of real asset holdings of households headed by members of young age groups (16–34 years) is about EUR 20 000, while for older age groups it ranges between EUR 130 000 and over EUR 176 000. The value of financial assets is much smaller in each age group, underlining that wealth is typically held in real assets (which are in turn dominated by ownership of the household main residence).

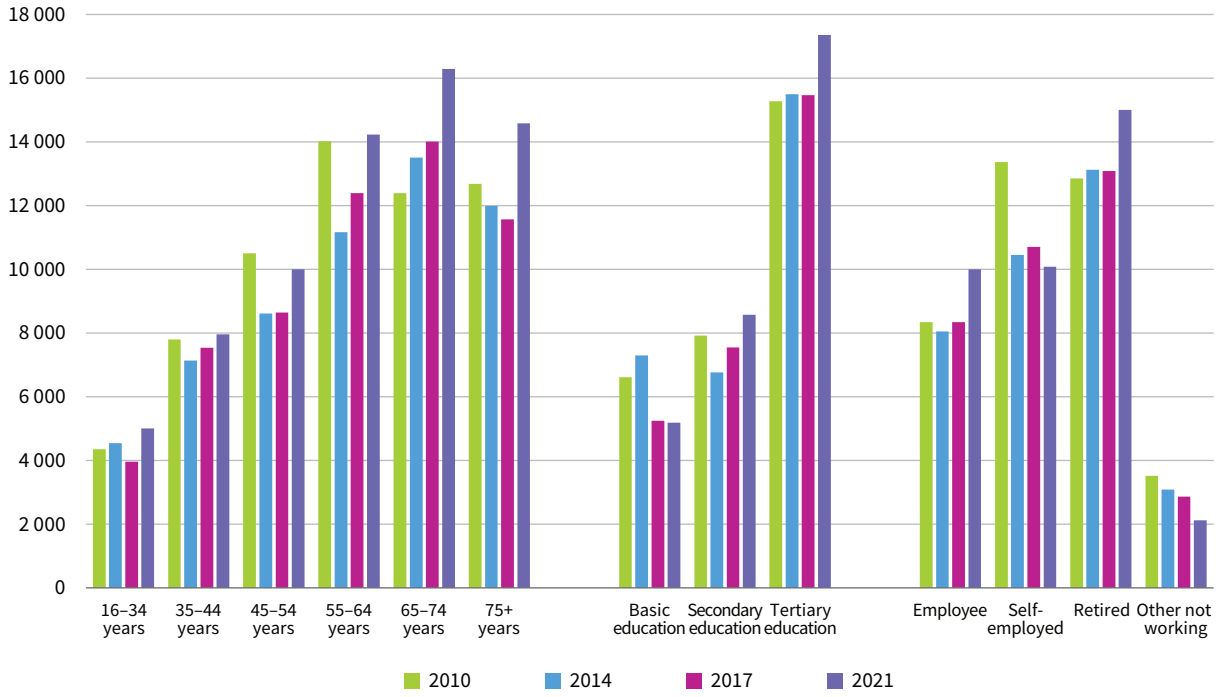
The conditional median value of mortgage debt declines with age. One exception is that the oldest age group, the 75+, has higher mortgage debt than those between the ages of 65 and 74. In the United States, growing debt among older households has been observed in studies as early as 2013 (Trawinski, 2013). Collins et al. (2020) demonstrate that rising participation in mortgage markets among retirees in the United States is tied to a rising rate of homeownership at older ages.

More highly educated people finance more expensive homes and have more debt than people with only a basic education. In net terms, more highly educated people are more than three times as well off as less-educated people. Since differences in asset values are larger than differences in debt, the pattern for net wealth broadly follows the patterns seen for assets.

Beyond housing and debt, household wealth is also influenced by liquid financial assets, particularly deposits. As shown in Table 4, deposits are the most commonly held asset in all countries except Lithuania. One important component of deposits is savings accounts.

The value of savings accounts increases with education. It also increases with age before decreasing again for those aged 75 and over. The median value of savings has increased since 2010 for most socioeconomic categories, except for those not working and the self-employed, suggesting that the financial situation of the typical household has improved. Figure 16 shows that the median value held in savings accounts has increased substantially across different age groups, particularly among the youngest age group (16–34 years) and those aged 55 and over. However, this does not reflect the experience of the same individuals over time, meaning that cohort effects – such as differences in economic conditions, saving behaviour and financial opportunities – also play a role in shaping these trends, alongside time effects affecting all age groups.

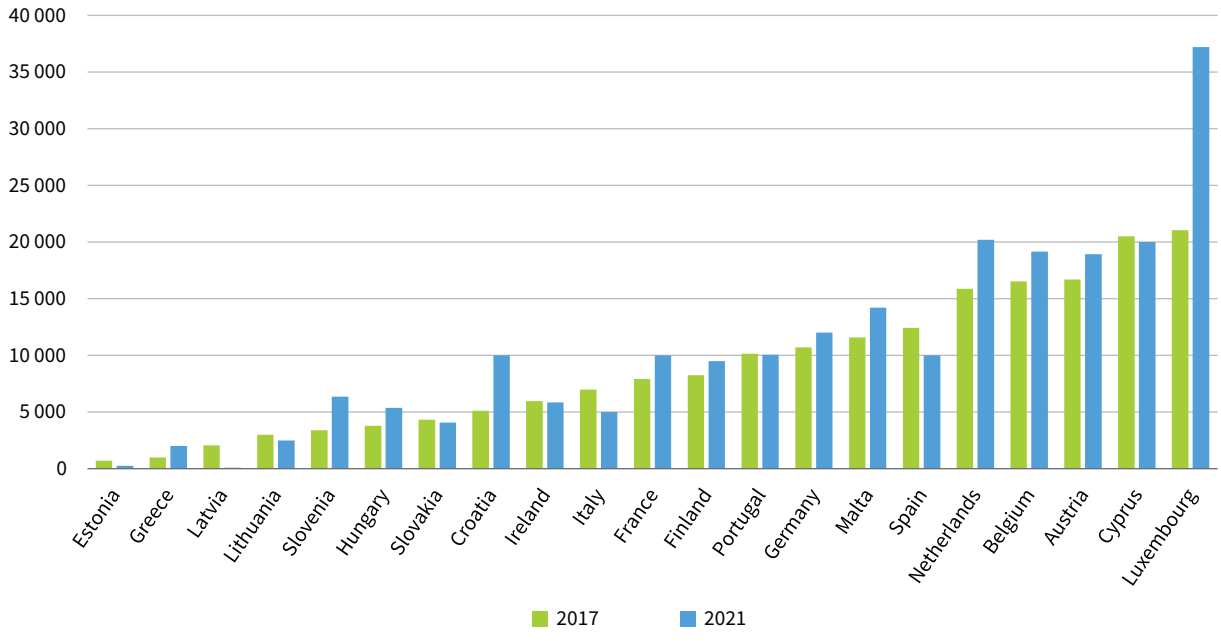
Figure 16: Median values of savings accounts, by age, employment status and educational attainment, EU-15, 2010–2021 (EUR)



Note: *Values in the 2010, 2014 and 2017 waves were adjusted for inflation by multiplying the current-price euro values from these waves by the total change in the price level from the survey year to 2021.*
Source: *HFCS 2010–2021.*

These aggregate EU-15 median values (Figure 16) mask underlying disparities between Member States (Figure 17). In Cyprus, Estonia, Italy, Latvia, Lithuania, Slovakia and Spain, the median savings value decreased between 2017 and 2021, whereas in the remaining countries the median savings value rose, suggesting a change in the distribution of savings. Croatia, Luxembourg and the Netherlands experienced quite high increases in the median value of savings held in savings accounts.

Figure 17: Median value of savings accounts, Member States, 2017 and 2021 (EUR)



Notes: *Countries are ranked from lowest to highest median value in 2017. Czechia is not included, as data are available only for the last wave.*
Source: *HFCS 2017–2021.*

Key points

- **Prevalence of asset holdings.** Regardless of age, education or economic activity, most households in the EU hold some form of financial or real assets, with the incidence of financial asset holdings being near universal (97–99 %) across all age groups.
- **Education and asset diversification.** While the overall incidence of asset holdings shows little variation by education level, higher education is associated with a greater incidence of financial asset ownership. This includes holdings other than basic deposits and voluntary pensions.
- **Impact of education on wealth.** More highly educated individuals tend to finance more expensive homes, resulting in higher debt levels. However, they also accumulate substantially greater net wealth – over three times that of less-educated individuals.
- **Rising savings but uneven trends.** The median value of savings accounts has generally increased across socioeconomic categories and age groups since 2010. These changes reflect both time effects and cohort effects rather than the experience of the same individuals over time. While most countries saw rising savings, some – Cyprus, Estonia, Spain, Lithuania, Italy, Slovakia and Latvia – experienced declines.

Determinants of asset ownership

Table 4 indicates differences in asset ownership between countries, and it was of interest to this study to identify the determinants that contribute to household asset ownership.

Several asset categories were examined, including household main residence, bonds, shares and voluntary pensions/life insurance. The determinants of ownership for these assets was then estimated using a multivariate model. For each asset category, ownership (a binary variable indicating whether a household holds a given asset) was analysed both at the EU-22 level and for each country individually using a logit model, similarly to the approach of Arrondel et al. (2018).

When examining the relationship between socioeconomic characteristics and households' asset composition or investment behaviour, numerous factors could play a relevant role. The following key determinants were included: household composition (including household type and the gender and marital status of the reference person), age, education, receipt of inheritance, employment status and financial resources (net wealth and income quintiles).

Net wealth is inherently an endogenous variable, as it is defined by the sum of various asset components. However, as shown in the descriptive analysis above, a household's position in the net wealth distribution is a crucial factor in explaining portfolio composition. Therefore, controlling for net wealth distribution is essential.

To address this endogeneity, Arrondel et al. (2018) include net wealth quintiles in their model, making it possible to examine systematic correlations between wealth and household asset behaviour without attributing a causal role to wealth itself. While the core findings on the ownership of bonds, shares and voluntary pensions/life insurance were unchanged, the exclusion affected certain variables, particularly those that gained significance as proxies for the omitted wealth component, such as inheritance and income.

The results of the analysis refer to the average marginal effects derived from the logit models. Estimates can therefore be interpreted in terms of a conditional increase in the likelihood of holding a certain asset type relative to the baseline. For instance, the analysis investigates whether, conditional on all other factors, there are relatively more men who own the household main residence than the baseline, which in this case is a woman (the detailed results are shown in Eurofound, 2025, Annex 2, Table A5).

The results reveal notable differences in the likelihood of holding various asset types, with household structure, the gender, marital status, education and employment status of the reference person, inheritance and wealth position all playing significant roles.

For homeownership, the probability is significantly higher for couples with and without children (respectively, 9.7 and 4 percentage points) and for larger households without children than for single-person households. The relationship between homeownership and education does not follow a strictly positive pattern. A medium level of education increases the probability of homeownership, whereas a high level of education has no significant effect. This may be linked to greater geographical mobility among highly educated individuals and a delay in homeownership decisions as a result. Inheritance plays a negative role in

homeownership, contrary to expectations, suggesting that inherited wealth may be more frequently directed towards financial asset accumulation rather than real estate ([9]).

For financial asset holdings (bonds, shares and voluntary pensions), distinct patterns emerge. Single parents and couples with children are less likely to own shares, reinforcing the idea that financial risk-taking is lower among households with dependent children. Education plays a more pronounced role in financial asset ownership than in homeownership. Those with a higher education are 4.9 percentage points more likely to own shares, but there is no significant effect of education on ownership of voluntary pensions or bonds. The finding that more highly educated people invest more in risky assets could be linked to the fact that educated people may face a lower unemployment risk, and thus they could be more incited to invest in risky financial assets. It could also be that they are financially more literate. There is a wide literature on financial literacy, which shows that less-educated people are less likely to hold stocks (see, for instance, Van Rooij et al., 2011).

Employment status also influences asset ownership patterns: self-employed individuals are 1 and 2.1 percentage points less likely to own bonds and shares, respectively, possibly reflecting liquidity constraints or investment preferences oriented towards business assets. In contrast, inheritances positively affect financial asset ownership, increasing the likelihood of holding bonds, shares and voluntary pensions.

Meanwhile, higher income levels are positively associated with financial asset ownership, consistent with theoretical expectations that richer households have lower entry barriers to financial markets. Finally, wealthier households are more likely to own their home, financial assets and notably more risky assets (such as shares and bonds). Although this result is not surprising, it points to the direct relationship between the diversity of asset holdings and the level of wealth.

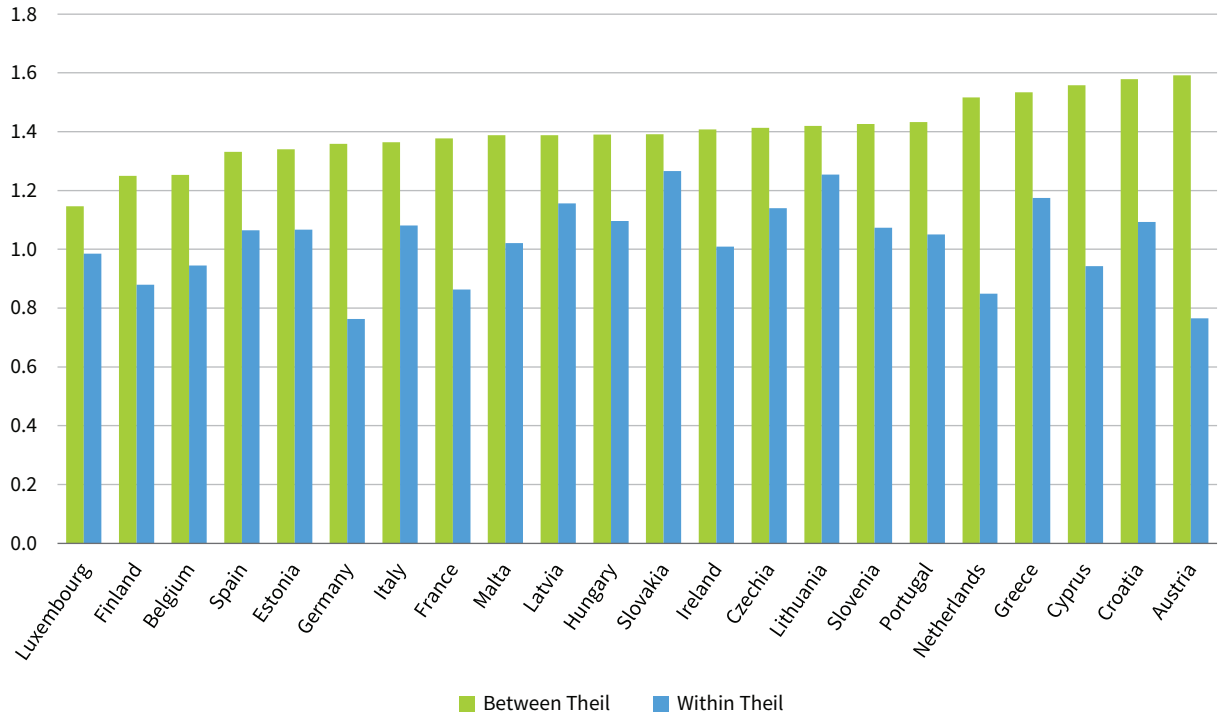
The country-specific results for the likelihood of holding a certain asset reveal several deviations from the aggregate pattern. For example, in Lithuania, women are significantly more likely to own shares, while, in Croatia, Lithuania and Slovenia, households with a female reference person are more likely to own a home (Eurofound, 2025).

Key points

- **Household structure and homeownership.** Couples, especially those with children, are significantly more likely to own their household's main residence than single-person households. The relationship between education and homeownership is not strictly positive, with a medium level of education increasing the probability of homeownership, while a high level of education has no significant effect – possibly due to greater mobility among highly educated individuals.
- **Financial asset ownership and risk preferences.** Ownership of financial assets (bonds, shares and voluntary pensions) varies based on household type, education and risk tolerance. Households with dependent children, such as single parents and couples with children, are less likely to hold shares, suggesting lower levels of financial risk-taking. Higher education is a strong predictor of share ownership, potentially due to greater financial literacy and lower unemployment risks.
- **Employment, inherited wealth and financial assets.** Self-employed individuals are less likely to own bonds and shares, possibly due to liquidity constraints or alternative investment strategies. In contrast, inherited wealth plays a strong role in financial asset accumulation, increasing the likelihood of holding bonds, shares and voluntary pensions.
- **Wealth and income effects on asset holdings.** Higher net wealth and income levels are strongly associated with financial asset ownership, with wealthier households holding a more diversified asset portfolio. Wealthier households are more likely to own their home, and they are also disproportionately more likely to invest in riskier assets.

([9]) However, in the robustness check that excluded wealth quintiles, inheritance was found to have a positive effect on homeownership.

Figure 18: Average household portfolio diversification, by type of diversification, EU-22 and Member States, 2021 (Theil index)



Note: *A higher value signifies a less diversified portfolio, with a higher 'between Theil' indicating less diversification in terms of the number of assets invested, and a higher 'within Theil' indicating a higher concentration of wealth in just a few of the assets in which households invest. Countries are ranked from most 'between Theil' diversified to least 'between Theil' diversified.*
Source: *HFCS 2021.*

Portfolio diversification

Household structure, gender, marital status, education and employment status of the reference person, inheritance and wealth position all play significant roles in explaining the likelihood of holding a certain asset. These factors help explain why some households have more diversified portfolios than others.

To measure portfolio diversification, the analysis used the Theil index ([10]). The methodology builds on the one provided by Eurofound (2021), which was based on Cadot et al. (2011). Two ways to diversify a portfolio were considered: by investing in a new asset class ('between Theil') and by re-equilibrating the shares of wealth in each of the asset groups ('within Theil'). The combined effect of these components provides an overall measure of diversification, whereby a lower Theil index value indicates a higher level of diversification (Eurofound, 2025, Annex 4.2).

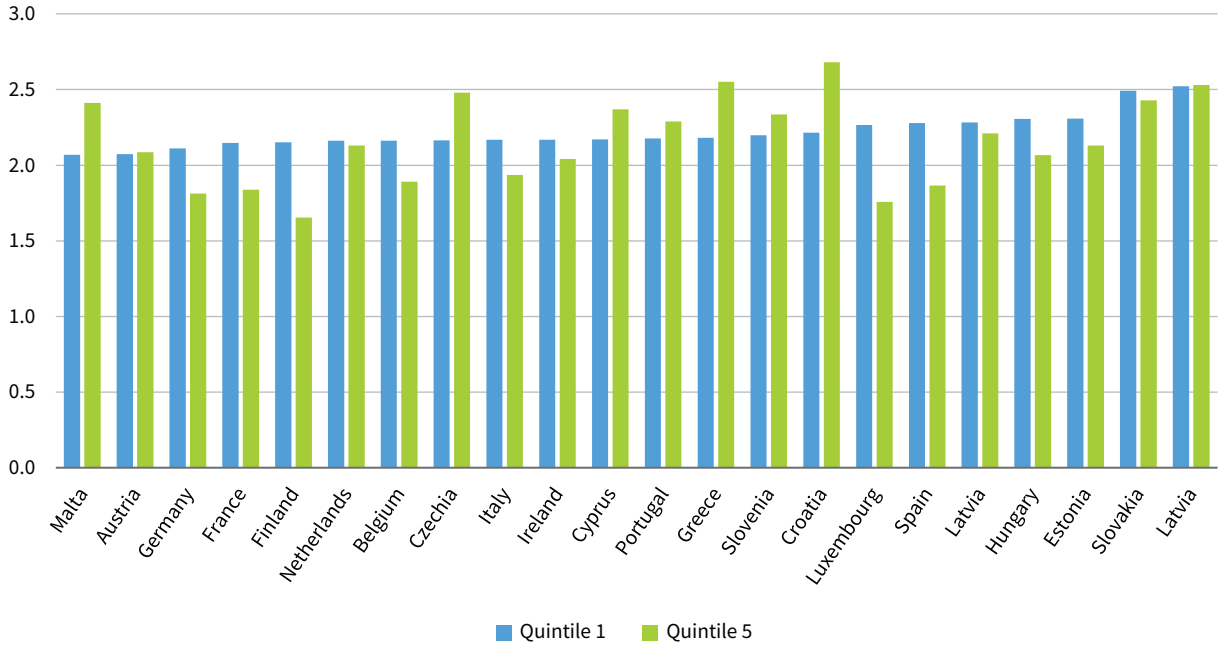
The asset groups examined were real estate, valuables, deposits, voluntary pensions/whole life insurance, mutual funds, shares, bonds, non-self-employment private businesses and shared accounts.

Figure 18 shows that household portfolios are more diversified in countries like Germany, Finland, Luxembourg and Belgium, than in countries such as Greece, Lithuania, Croatia and Slovakia. In other words, on average, households in countries with higher wealth inequality tend to have more diversified portfolios.

Zooming in on the top and bottom wealth quintiles, in countries with higher wealth inequality, households at the top of the wealth distribution tend to be more diversified (Figure 19). In the bottom quintile (quintile 1), differences in diversification between countries are substantially smaller and do not follow any clear pattern in terms of the levels of wealth inequality.

([10]) The diversification measure used in this study does not assess optimal portfolio diversification in the sense of modern portfolio theory as defined by Markowitz (1952), since the risk–return profiles of assets are not known. Therefore, a high Theil index value does not necessarily indicate a risk-minimising allocation.

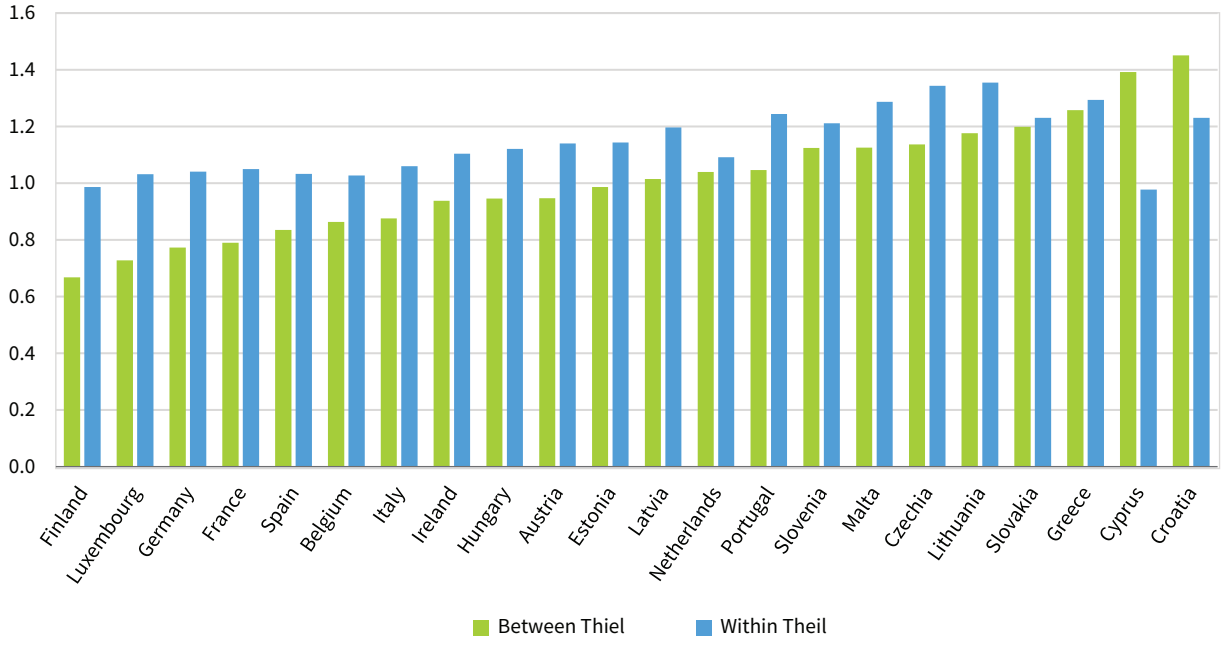
Figure 19: Average household portfolio diversification, top and bottom wealth quintiles, Member States (Theil index)



Notes: *The countries are ranked from the most diversified to the least diversified in the bottom wealth quintile (a higher value signifies a less diversified portfolio). Diversification is measured by the sum of the between and within Theil indices.*
Source: *HFCS 2021.*

In countries that have higher wealth inequality, their top wealth quintile is more diversified in both ways: it holds more types of assets ('between Theil') and it has more similar proportions of wealth invested in each ('within Theil') (Figure 20).

Figure 20: Average household portfolio diversification of the top wealth quintile, by type of diversification, Member States, 2021 (Theil index)



Notes: *Countries are ranked from most 'between Theil' diversified to least 'between Theil' diversified.*
Source: *HFCS 2021.*

Research on financial literacy has shown that portfolio diversification is closely linked to education and that more educated people tend to hold more complex assets. Lusardi et al. (2017) showed that more knowledgeable individuals are better equipped to manage their finances and accumulate wealth. Empirical evidence from Dutch households highlights the strong effect of financial knowledge on stock market participation (Van Rooij et al., 2011), suggesting that those with greater literacy are more likely to engage in diversified investment strategies.

A regression analysis of household portfolio diversification, using the Theil index as the dependent variable, indicates that richer households, as defined by income quintiles, tend to have more diversified portfolios. Households in higher income quintiles (quintiles 3–5) show significantly lower Theil index values, suggesting greater diversification, with the effect being strongest in the top quintile.

Other significant determinants of diversification include education, risk attitude ([11]), financial asset share ([12]) and employment status. More-educated households exhibit more-diversified portfolios. A greater share of financial assets in total wealth is also associated with increased diversification, while risk-averse households tend to have less diversified portfolios (these results are consistent with Guiso and Jappelli, 2005). Self-employed individuals show higher diversification than employees. Regarding age, middle-aged households (45–64 years) generally exhibit greater diversification than younger groups, though the effect diminishes in older age groups.

The inclusion of the wealth Gini coefficient in place of country fixed effects revealed a significant negative association between wealth inequality and household portfolio diversification. This suggests that, in countries with higher wealth inequality, households tend to have more diversified portfolios, potentially reflecting structural financial market conditions or risk mitigation behaviour in unequal societies.

The findings indicate that education plays a critical role in determining the extent of portfolio diversification. This has important implications for wealth inequality and its consequences for various social groups, such as younger individuals, older people living alone and women. Young people often face barriers to wealth accumulation and diversification due to limited financial literacy and fewer opportunities for stable employment and asset ownership. The observed importance of education highlights the need for financial education programmes targeting younger cohorts. It is also crucial to ensure equal access to education for all young Europeans. For older people, wealth is often concentrated in housing, making them less resilient to market fluctuations. And gender disparities in wealth diversification, although not found to be statistically significant in the regression, may reflect gender disparities in education, income and access to financial resources. Therefore, improving women's ability to diversify their portfolios can mitigate their exposure to risks and enhance their financial security, contributing to greater gender equality in wealth outcomes.

For details of the regression analysis, see Eurofound, 2025, Annex 2, Table A6.

Key points

- **Diversification by country.** Households in Finland, Luxembourg, Germany, Belgium and France have the most diversified portfolios, while those in Lithuania, Slovakia, Croatia and Greece have the least diversified portfolios.
- **Wealth inequality and diversification.** Countries with higher wealth inequality tend to have households with more diversified portfolios, especially among the top wealth quintiles. This group tends to invest in a wider variety of assets and distributes its wealth more evenly across asset types.
- **Factors influencing diversification.** Regression analysis shows that more-educated, income-richer, middle-aged households and those that are not risk-averse are more likely to hold diversified portfolios.
- **Portfolio diversification and social cohesion.** Poorly diversified portfolios, often resulting from lower levels of education, not only expose households to greater financial risk but also reinforce long-term inequality. Addressing education gaps and promoting financial literacy across the EU can help improve wealth diversification, reduce disparities between countries and regions, and support the EU's broader goal of fostering economic and social cohesion.

([11]) The survey question asks respondents if they are willing to take risks when saving or making investments. Those who answered 1 'Take substantial financial risks expecting to earn substantial returns' or 2 'Take above average financial risks expecting to earn above average returns' were considered to be individuals who take risks.

([12]) The HFCS respondents provided information on the structures of their assets, indicating the shares of financial and tangible assets within their total assets. As these variables add up to 100 %, share of financial assets was adopted for this analysis. This can be seen as a revealed measure of risk aversion.

Social differences in wealth

The wealth distribution varies according to several socioeconomic characteristics, such as gender, age, migration background, education and employment status. The results of the analysis in this section show that men tend to be wealthier than women and that wealth generally increases with age. Descriptive statistics show that the lower wealth quintiles are disproportionately composed of immigrants, while individuals with university degrees, who are self-employed and who have received inheritances or gifts are over-represented in the wealthier brackets.

Gender wealth gap

In contrast to the gender pay gap, the gender wealth gap has received limited attention. However, research has shown that differences in average wealth between men and women do exist (Ponthieux and Meurs, 2015; European Commission: Directorate-General for Justice and Consumers and Sierminska, 2017; D'Alessio, 2018; Schneebaum et al., 2018). Key findings on the magnitude of the gender wealth gap are summarised by Ponthieux and Meurs (2015). For example, in Germany, men's mean level of wealth is 45 % higher than that of women (Sierminska et al., 2010), in France the difference is 15 % (Bonnet et al., 2013) and in Italy it is 25 % (D'Alessio, 2018). More recently, Meriküll et al. (2021) found that, in Estonia, the unconditional gender gap in mean wealth is 45 %, with most of this gap originating from the top tail of the distribution.

The reason the gender wealth gap has received less attention is primarily because it is difficult to untangle ownership information within households. Financial decisions within households are often made jointly, making it difficult to attribute wealth solely to one person. To address this challenge, the analysis of the gender wealth gap in this report was restricted to households with only one adult, either a female or a male reference person, specifically focusing on female single-person households and male single-person households ([13]).

Some research has found that single-person-headed households accumulate less wealth than married households (Schmidt and Sevak, 2006). Grinstein-Weiss et al. (2008) found that, in the United States, single male-headed and single female-headed households with at least one child accumulate 9 % and 15 % less wealth, respectively, than do married-parent households, and single female-headed households fare the worst in asset accumulation. Researchers found that single women with children have the lowest overall asset levels (Grinstein-Weiss et al., 2008; Ozawa and Lee, 2006; Yamokoski and Keister, 2006).

Many potential sources have been identified in the literature to help explain the gender wealth gap. First, the gender gap in wealth may arise from income differences between women and men. It is well established that men earn more than women (Blau and Kahn, 2017), and our analysis confirms that a gender gap in gross income does indeed exist (see Eurofound, 2025, column 1 of Table A7 in Annex 2).

In addition to income differences, the gender wealth gap can also be attributed to variations in consumption and saving patterns (Fisher, 2010) or to men and women investing differently (Grable, 2000). As Goldsmith-Pinkham and Shue (2020) suggest, the gender gap in housing returns in the United States can account for 30 % of the wealth accumulation gap at retirement. Our findings indicate that men in the EU tend to invest more in risky assets than women do. For instance, men are 1.9 % more likely to own shares while 2.2 % less likely to own a voluntary pension or life insurance (see Eurofound, 2025, Annex 2, Table A5).

The differences in asset portfolios between men and women can potentially be explained by financial literacy. Financial literacy plays a significant role in shaping investment decisions (Lusardi and Mitchell, 2008; Huston, 2010). Research has shown that women tend to have less financial knowledge than men, which often results in more conservative investment patterns and consequently lower returns than men's (Almenberg and Dreber, 2015). However, the gender gap in financial literacy is not constant across developed countries, as shown by Cupák et al. (2018): it is low (and sometimes even zero) in eastern European countries, while it tends to be larger in western European countries. The authors conclude that social norms about women's participation in economic life can be a predictor of gender differences in financial literacy.

Differences in inheritance patterns between men and women contribute to wealth inequality. This factor is particularly relevant for widowed women, as women are more likely to outlive their husbands, increasing their wealth in later life. Bartels et al. (2025) find that, in Germany, men tend to inherit larger sums than women during their working life, which allows them to create more wealth, but women often outlive their male partners and receive larger inheritances in old age. Other research suggests that there are no systematic gender differences in the amount of inheritance received (Conley and Ryvicker, 2004).

([13]) Only 5 % of households comprised a single parent with children. They are excluded from the analysis, which focuses solely on single-person households.

In this study, the analysis is based only on single-person households, which are not representative of the entire population. The probability of being single in each age group differs between men and women: women live longer and marry earlier than men, they may differ from men in marital status and their career orientation and choice to have children may also differ.

Descriptive statistics, summarised in Table 7, show that women in the subsample of single households are on average older and 43 % are widowed. Slightly more of them have inherited wealth than men (29 % of women versus 24 % of men). Single women also have slightly lower education levels than single men.

Among single-person households, men are, on average, slightly wealthier than women, with a mean gap of approximately 11 %. However, significant differences emerge when examining age groups and education levels. Each bar in Figure 21 represents the gender wealth gap, measured by the ratio of female wealth to male wealth. A ratio equal to 1 indicates no differences in wealth levels between women and men. A ratio below 1 indicates that women have lower wealth levels than men.

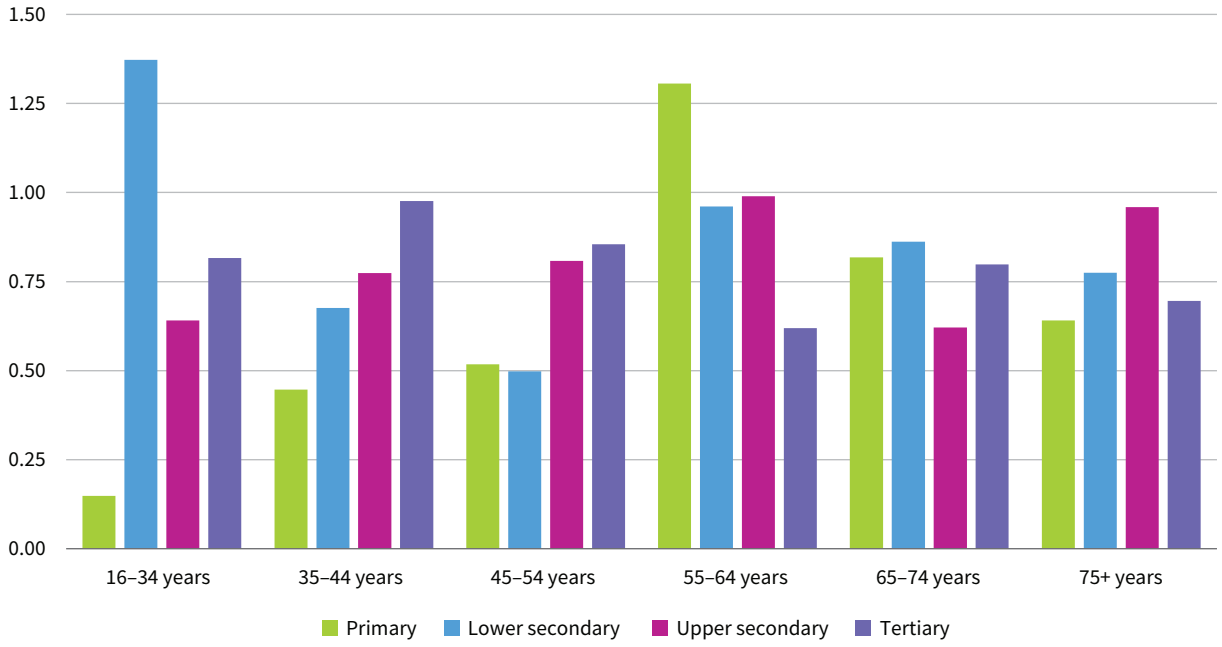
In most cases, men are substantially wealthier than women, except among individuals aged 16–34 with lower secondary education and those aged 55–64 with primary education. Among those with tertiary education, there are pronounced differences, with women holding between 61 % and 91 % as much net wealth as men, depending on the age group. The gender wealth gap widens with age, making it crucial to delve deeper into this issue. Understanding this trend is

Table 7: Characteristics of single-person households, EU-22, 2021

	Men	Women
Education (%)		
Primary	9	14
Lower secondary	12	16
Upper secondary	42	36
Tertiary	37	34
Marital status (%)		
Single/never married	51	30
Married	5	2
Widowed	18	43
Divorced	26	24
Age (years)	53.4	63.2
Receipt of inheritance (%)	24	29
Average wealth (EUR)	191 051	169 996
Median wealth (EUR)	62 949	61 538

Source: *HFCS 2021.*

Figure 21: Average gender wealth gap of single-person households, by age group and educational attainment: ratio of female wealth to male wealth, EU-22, 2021



Notes: *Only households with one member were considered. A ratio equal to 1 indicates no differences in wealth levels between women and men. A ratio below 1 indicates that women have lower wealth levels than men.*
Source: *HFCS 2021.*

particularly important, as it highlights the pressing concern of pension adequacy. Investigating how wealth disparities develop over the life course offers valuable insights into the financial security of both men and women in retirement, shedding light on potential gaps in pension systems and their broader implications for economic well-being in later life.

A cross-sectional regression used first inverse hyperbolic sine (IHS) transformed gross income (to show the gender pay gap mentioned above) and then IHS transformed net wealth as the dependent variable (see Eurofound, 2025, columns 1 and 2 of Table A7 in Annex 2), controlling for key socioeconomic factors such as age, education, labour status, a dummy for inheritance and risk attitude, while including a dummy variable for men. It is found that men earn about 13.6 % more than women on average ([14]). This aligns with existing literature on the gender pay gap.

However, the coefficient for men in the ordinary least squares (OLS) net wealth regression suggests that, controlling for other factors, being a man does not have a statistically significant additional direct impact on average wealth level. This result probably reflects the influence of gender on the control variables in the regression. For example, men tend to earn more than women and therefore accumulate more wealth. Thus, when income is included in the regression explaining wealth, the statistically insignificant coefficient for being a man implies that the gender wealth gap is primarily driven by the gender income gap, rather than by an additional direct effect of gender on wealth.

Several variables are strongly associated with net wealth. Examples of such variables include education, age, income and self-employment. Net wealth is positively related to the level of education. Self-employed individuals have more net wealth than employees do. Inheritance also has a strong positive impact on net wealth.

Results from unconditional quantile regressions (quantiles 10, 50 and 90) show that point estimates of the gaps for female single households tend to be negative in the lower quantiles (or are insignificant) and turn positive in the upper part of the distribution. In other words, women have more wealth than men at the 10th quantile, but men have significantly more wealth than women at the upper end of the net wealth distribution.

When considering all households based on the gender of the reference person rather than only single-person households, the results reveal a consistent gender wealth gap in favour of men across the wealth distribution, including at the lower end. However, for mixed couples, it is not possible to disentangle wealth resulting from the reference person and their partner, and hence these results should be assessed with caution.

Meriküll et al. (2021) reported a similar finding for Estonia, showing that, when all households are included, households with men as reference persons tend to have significantly more wealth than households with women as reference persons, particularly at the top of the distribution. However, among single-member households, the raw wealth gaps favour women in the lower half of the distribution. They attribute these opposing patterns to differences in the observed characteristics of men and women in married couples compared with single individuals.

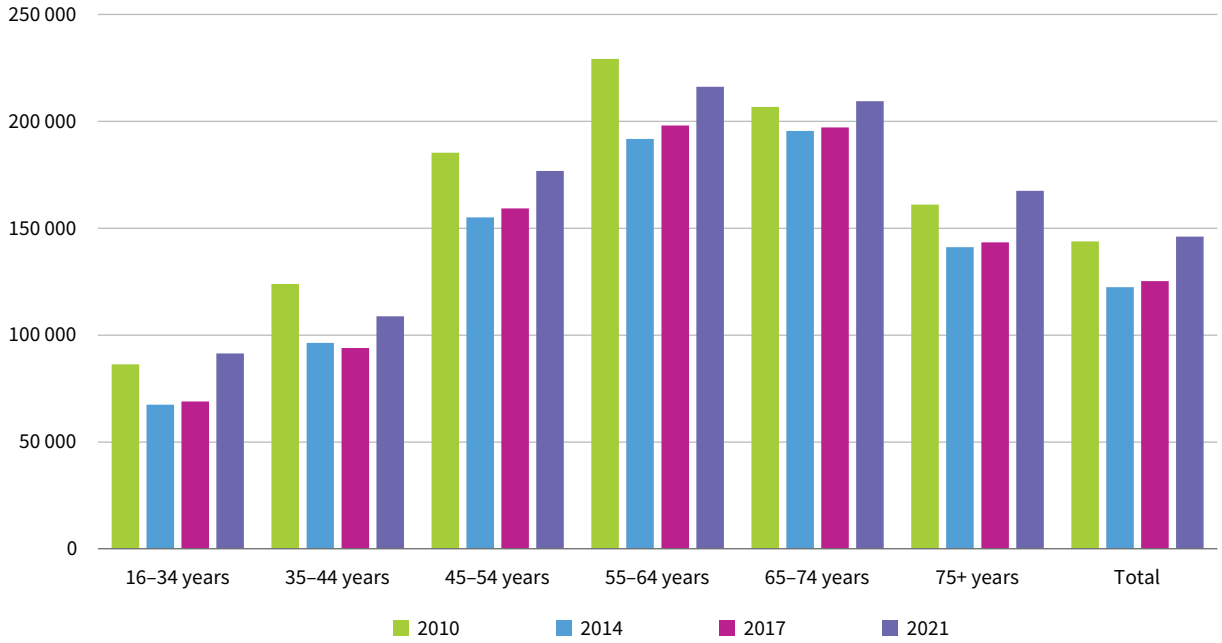
Furthermore, Meriküll et al. (2021) confirm the finding of the earlier papers by Sierminska et al. (2010) and Bonnet et al. (2013) that the most relevant determinants of the gender wealth gap are related to the labour market. They find that an important reason why men have more wealth is that they are more likely to be entrepreneurs or self-employed. This is line with the interaction term of men and self-employed, which is positive and significant, meaning that being a self-employed man is associated with even higher wealth than being a self-employed woman (Eurofound, 2025, Annex 2, Table A7).

Key points

- **Average wealth disparity.** In single-person households, men are, on average, wealthier than women, with a mean wealth gap of approximately 11 %. However, once we control for other factors, the gap is insignificant at the mean, probably reflecting the fact that the control variables, such as income, already incorporate a gender gap impact.
- **Lifelong gap.** The gender wealth gap widens with age, emphasising potential inequalities in pension adequacy and financial security during retirement. The disparity is especially notable among those with tertiary education, with women owning only 61–91 % as much mean wealth as men, depending on the age group.
- **Gap at the top of the distribution.** The gender wealth gap is more pronounced at the top of the wealth distribution, while in the lower quantiles women sometimes have higher wealth than men.
- **Self-employment.** Self-employment is a key driver of wealth accumulation, particularly for men, with self-employed men accumulating significantly more wealth than self-employed women, reinforcing the importance of labour market dynamics in shaping wealth disparities.

([14]) The difference of two variables transformed using the IHS can be interpreted as approximately the difference in logs.

Figure 22: Median net wealth, by age group, EU-15, 2010–2021 (EUR at 2021 prices)



Note: *Values in the 2010, 2014 and 2017 waves were adjusted for inflation.*
Source: *HFCS 2010–2021.*

Age wealth gap

According to the life-cycle hypothesis, individuals typically borrow during their youth, accumulate savings throughout their working years and gradually spend down their wealth in retirement. The life-cycle hypothesis is reflected in Figure 22, where total household median net wealth across age groups follows an inverted U-shaped trajectory. Wealth increases among younger age groups, peaks around the ages of 55–64 and begins to decline in the 65–74 age group.

However, it is crucial to distinguish between age effects, cohort effects and time effects. Age effects relate to the changes in wealth that occur as individuals grow older. Cohort effects capture differences between groups of individuals born in different periods, reflecting historical economic conditions and labour market opportunities they have experienced over their lifetimes. Time effects represent changes that affect all individuals at a given point in time, such as financial crises, inflation or shifts in economic policies.

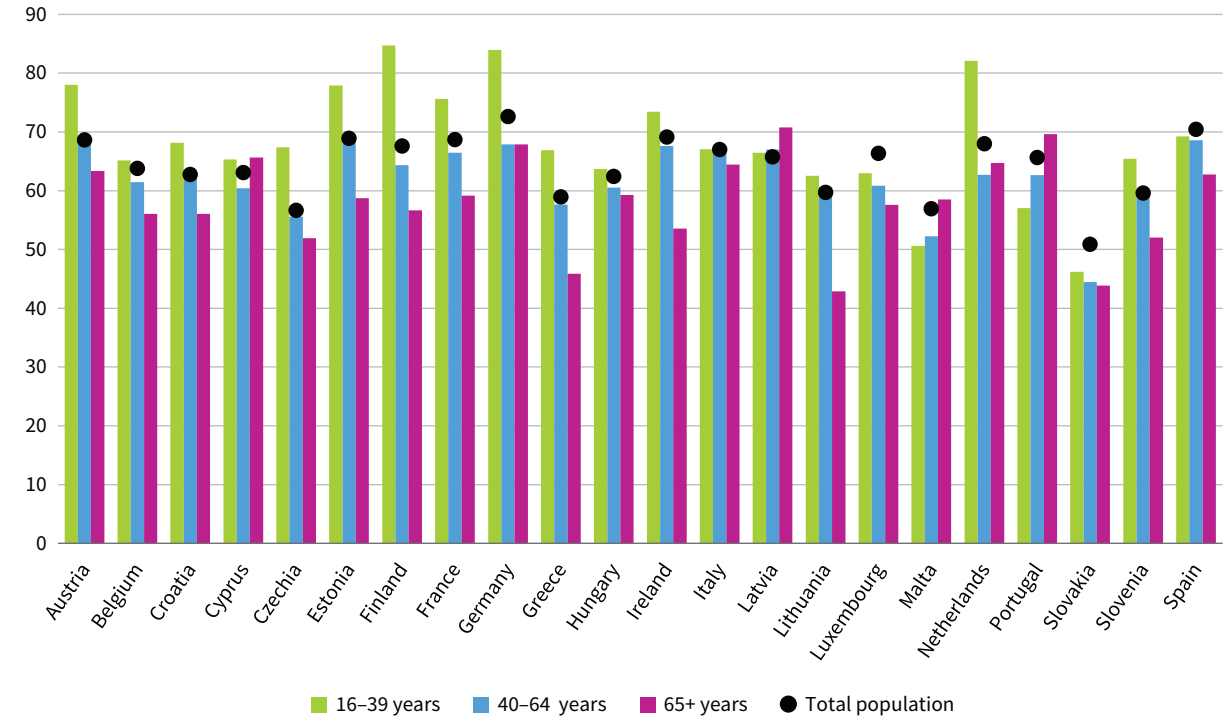
The life-cycle hypothesis is expected because saving money requires time, so older individuals naturally tend to have accumulated more assets than younger ones. Inheritance, often received in the latter half of life, further contributes to wealth accumulation during these years.

Figure 22 also highlights the change in median wealth across age groups over time. Between 2010 and 2014, all age groups experienced a decline in median net wealth. In the most recent wave of the HFCS, only the youngest and oldest age groups had recovered to their 2010 levels. This pattern suggests that the observed changes are primarily driven by time effects rather than by life-cycle or generational differences.

Within age groups, wealth inequality is also present. In Figure 23, the Gini coefficient of net wealth is computed for different age groups. Examining wealth inequality within age groups is particularly insightful, as it highlights disparities in wealth accumulation among individuals at similar life stages. Age groups were divided in three this time: young individuals (16–39 years old), middle-aged individuals (40–64 years old) and older individuals (65+ years old). In almost all of the Member States examined, wealth inequality is highest among the young, except for Italy, where those aged 40–64 experience higher wealth inequality, and Cyprus, Latvia, Malta and Portugal, where the 65+ group experience the highest wealth inequality.

For older people, high wealth inequality signifies unequal access to financial security during retirement. Those with low wealth may struggle to meet basic needs, especially in countries with limited public support for housing, healthcare or long-term care. In contrast, wealthier retirees often have greater means to maintain their quality of life, afford private care and transfer assets to the next generation. Due to gender disparities in lifetime earnings, pensions and labour force participation – often exacerbated by caregiving responsibilities – women are more likely to have lower wealth than men once they reach retirement.

Figure 23: Wealth inequality, by age group, Member States, 2021 (Gini coefficient)



Source: *HFCS 2021.*

Wealth inequality among the youngest age groups reflects unequal starting points, with potential long-term consequences for social mobility and economic opportunities. In many countries, it is among the youngest that wealth inequality is the highest (Figure 23). This may reflect differences in access to inheritance, as some young individuals receive substantial wealth transfers while others do not. Furthermore, high income inequality among younger cohorts exacerbates their ability to save and accumulate wealth over time. This unequal starting point reinforces long-term disparities and may hinder social mobility, especially in countries with limited policy interventions like affordable housing or education support.

Inheritances or substantial gifts play a significant role in determining an individual's overall wealth position, contributing to wealth inequality between those who receive inheritances and those who do not. Eurofound (2021) emphasised the crucial role of parental wealth in upward mobility. Whether considering average or mean wealth, the data reveal a consistent story: wealth transfers confer a notable advantage (Figure 24).

The net wealth gap between those who have inherited wealth and those who have not, across all age–education combinations, is statistically significant at the 95 % confidence level. This illustrates a clear persistence of wealth, as individuals whose households have received a substantial gift or inheritance tend to be wealthier, regardless of age or education. This effect is especially pronounced among those aged 16–34; in that group, inheritances appear to act as an equalising force among those who have inherited, with the wealth differences between education levels being much smaller than between individuals who have and have not received an inheritance.

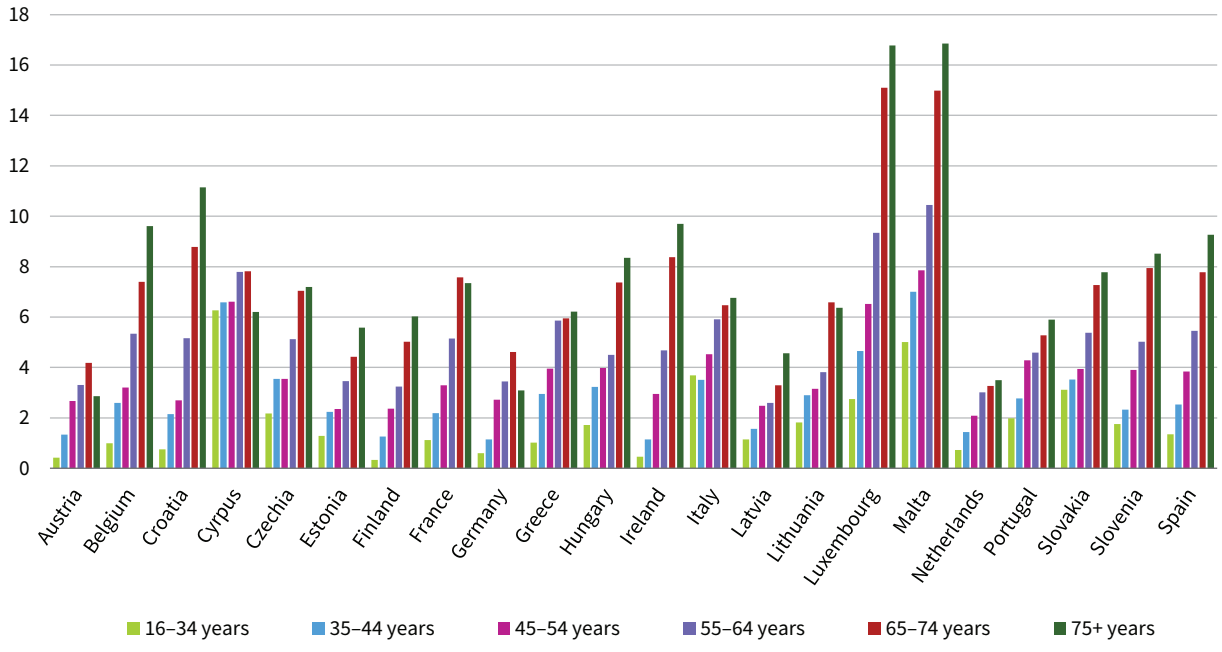
In older age groups, wealth disparities remain between those who have received an inheritance and those who have not, especially between those with and without tertiary education (the former have notably higher median net wealth). Individuals with higher education are also likely to be more financially literate, which places them in a better position to accumulate assets. For instance, highly educated individuals are more likely to own risky financial investments, which are associated with higher returns (see Eurofound, 2025, Table A5 in Annex 2). Moreover, educated individuals often have greater access to well-paying, stable employment, allowing them to save consistently and accumulate assets over time. This compounding effect reinforces wealth advantages, leading to higher levels of wealth among those with higher education.

Figure 24: Median net wealth, depending on receipt of substantial gifts or inheritance, by age group and educational attainment, EU-22, 2021 (EUR)

Source: *HFCS 2021.*

Wealth typically accumulates over the life cycle, with individuals gradually building up assets through savings, investments and homeownership. While younger individuals often have relatively low wealth compared with their annual income, wealth-to-income ratios tend to rise with age as people accumulate financial and real assets (Figure 25). The ratio of wealth to income increases in all age groups. However, individuals under 44 years of age typically have low wealth in relation to income. Shortly before retirement, the ratio is above 3 in all countries except Latvia. For those aged 65 and over, the ratio of wealth to income tend to be more than twice as high as for those aged 16–44 in all countries. This highlights the critical role of accumulated wealth in ensuring financial stability in retirement, as income sources diminish.

Figure 25: Median net wealth-to-income ratio, by age group, Member States, 2021



Source: *HFCS 2021.*

One limitation in the data is that the HFCS does not account for public and occupational pensions. As a result, the wealth of retirees is likely to be under-represented, since individuals who have not drawn from their retirement capital in the first and second pension pillars ([15]) may appear in the data as having less wealth than they actually do. This could distort the picture of wealth inequality at older ages. Pension schemes and the relative importance of state pensions differ greatly across countries, so the HFCS does not enable comprehensive comparison of pension wealth between countries. However, for those under the age of 40, the exclusion of pension capital is less likely to have a significant impact on the results, as this group has typically accumulated only a small amount of retirement savings.

This issue is important when analysing the gender wealth gap among retirees. While the gender wealth gap is among the highest for pensioners, it might be different if public and occupational pension plans were included in the analysis. Occupational pension plans, for example, often come with restricted access, particularly for those working part time or in less stable employment, which disproportionately affects women. These are based on length of employment and earnings history and tend to disadvantage women, who generally have shorter careers and lower lifetime earnings than men (OECD, 2023). Cordova et al. (2022) find that in Germany the gender wealth gap widens when taking pension assets (the present value of all pension entitlements from statutory and occupational pension schemes) into account. They show that the average gap in net wealth between working-age men and women in Germany was EUR 31 000 in 2012, widening to around EUR 45 000 when pension assets are added. The unconditional gender wealth gap among the 65 years and over age group in the latest HFCS sample is statistically significant at the 95 % confidence level for Estonia, Finland, Hungary, Latvia and Portugal, and is highest in Portugal and Finland.

Key points

- **Age and wealth accumulation.** Wealth accumulation follows a life-cycle pattern, peaking around the ages of 55–64 and declining in the 65–74 age group. Younger cohorts (16–34) hold relatively little wealth due to limited time for asset accumulation.
- **Wealth inequality among older people.** Wealth inequality is pronounced among those aged 65 and over, especially in countries like Latvia and Portugal. In contrast, Lithuania and Greece exhibit significantly lower levels of wealth inequality among older people.
- **Impact of inheritances.** Inheritances contribute to wealth inequality between recipients and non-recipients. Across all age and education groups, individuals who inherit wealth have substantially higher median wealth, with disparities most notable among those with tertiary education. This is especially important among the youngest age group, in which wealth inequality is the highest in most Member States. However, inequality is lower among the young who have received inheritances, suggesting that it plays an equalising role in this group.
- **Wealth-to-income ratios.** The wealth-to-income ratio increases sharply with age, particularly for those aged 65 and over, who might depend more on accumulated wealth than on income. This highlights the critical role of wealth in ensuring financial stability in retirement.
- **Data limitations and pension wealth.** HFCS data exclude pension entitlements, which probably leads to underestimation of the wealth of retirees. This omission may distort measures of wealth inequality among older populations and the gender wealth gap among retirees.

([15]) The first pillar refers to the statutory pension that you receive from the state and the second pillar refers to the supplementary or extra-legal pension.

Migration background

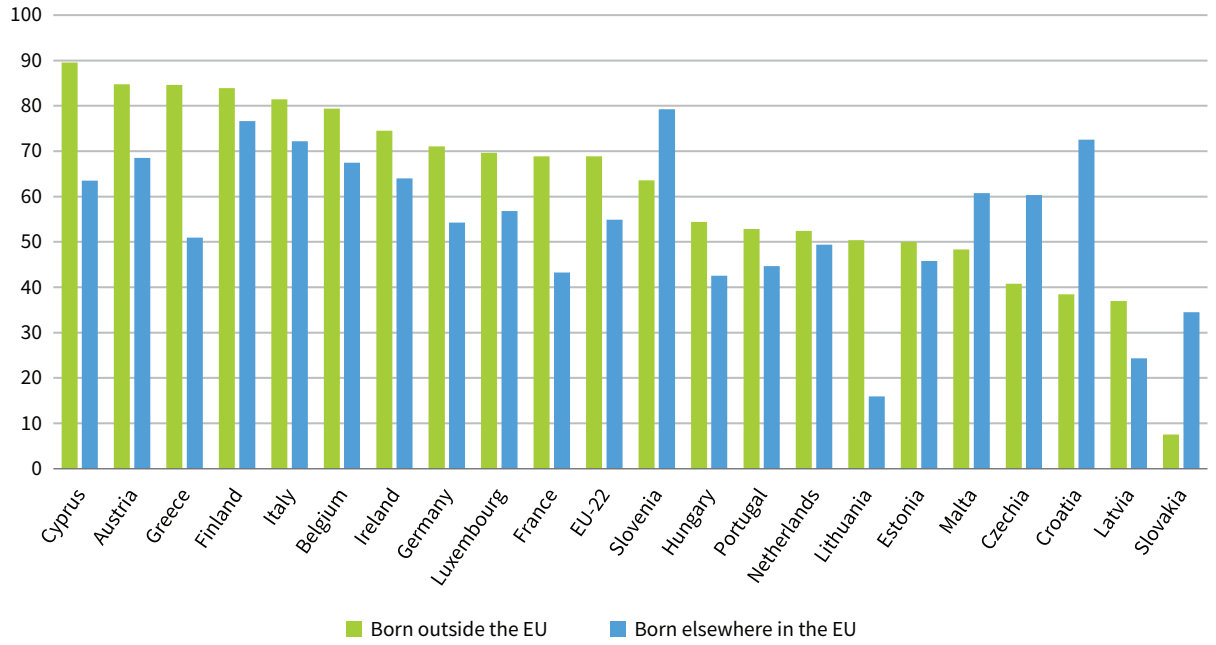
Muckenhuber et al. (2022) found a positive average wealth gap between migrants and natives in Austria, using data from the HFCS, with migrants owning less wealth than natives especially in the upper half of the distribution. They also found evidence of catch-up, since second-generation migrants are more similar to natives in terms of wealth and socioeconomic characteristics than first-generation migrants.

Data from the 2021 HFCS demonstrate that first-generation migrants are over-represented in the bottom quintiles of wealth. In the EU-22, 69 % of individuals born outside the EU were in the bottom 50 % in terms of wealth, compared with 55 % of those born elsewhere in the EU (Figure 26). This indicates that immigrants, on average, tend to be poorer than native-born citizens, with non-EU immigrants being even poorer than immigrants from within the EU.

This pattern holds in most Member States. In Cyprus, Austria, Greece, Finland and Italy, over 80 % of people born outside the EU fall into the poorer half of society. Exceptions include Malta, Czechia, Croatia, Latvia and Slovakia, where fewer than half of non-EU-born individuals are in the bottom 50 %. In all the latter group of countries except Latvia, the proportion of EU-born immigrants in the bottom half is higher than that of non-EU-born immigrants, suggesting that EU immigrants in these countries tend to be poorer and economically more vulnerable than their non-EU counterparts.

The disproportionate representation of non-EU immigrants in the lower part of the wealth distribution highlights the need for policies that address barriers to economic integration, such as labour market inclusion, access to housing and opportunities for skill development. Country-specific differences may reflect variations in the composition of non-EU-born populations, particularly regarding professional skills and employment opportunities. In some countries, non-EU immigrants may have higher employment rates in skilled or well-paying jobs, while in others they may be over-represented in lower-paid sectors.

Figure 26: Individuals with a migration background in the bottom 50 % of wealth, by region of birth, Member States, 2021 (%)



Notes: *Data for Spain are not available. Countries are ranked from highest to lowest proportion of individuals born outside the EU in the bottom 50 % of the wealth distribution.*
Source: *HFCS 2021.*

Key points

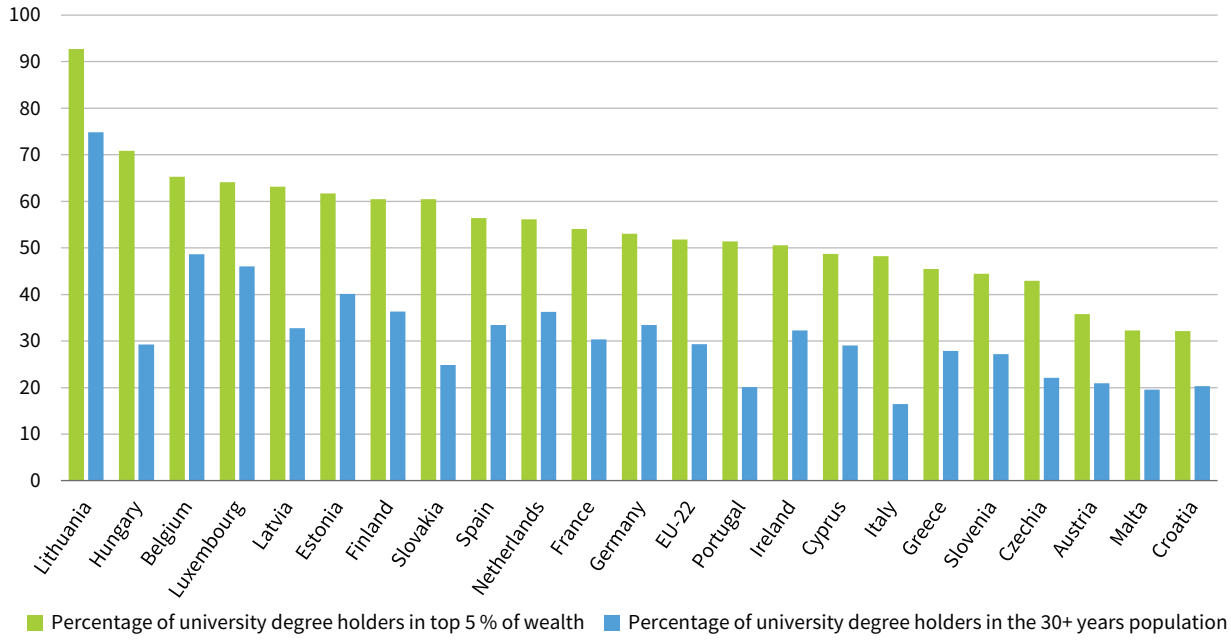
- **Immigrants are poorer.** Immigrants, on average, are poorer than native-born citizens, with non-EU immigrants facing greater wealth disparities than EU-born immigrants.
- **Policy implications.** The over-representation of non-EU immigrants at the lower end of the wealth distribution highlights the importance of improving economic integration through better access to skilled jobs, housing and labour market inclusion.

Educational attainment and wealth

A strong correlation between educational attainment and wealth outcomes is also observed in all countries. Individuals with a university education are disproportionately represented in the top wealth quantile (Figure 27). The advantage of higher education is particularly pronounced in eastern and southern European Member States such as Hungary, Slovakia, Italy, Portugal and Latvia, where the proportion of university graduates in the top 5 % in terms of wealth significantly exceeds their share in the total population aged 30 and over. Conversely, this gap is smallest in Croatia, Malta, Austria, Slovenia and Belgium, suggesting a more even distribution of wealth across educational levels in these countries.

Educational attainment thus plays a crucial role in determining wealth outcomes. Policies that promote access to higher education and reduce disparities in educational opportunities could help narrow wealth gaps, particularly in countries where educational advantages translate strongly into wealth concentration.

Figure 27: University degree holders in the top 5 % of the wealth distribution and in the 30+ years population, EU-22 and Member States, 2021 (%)

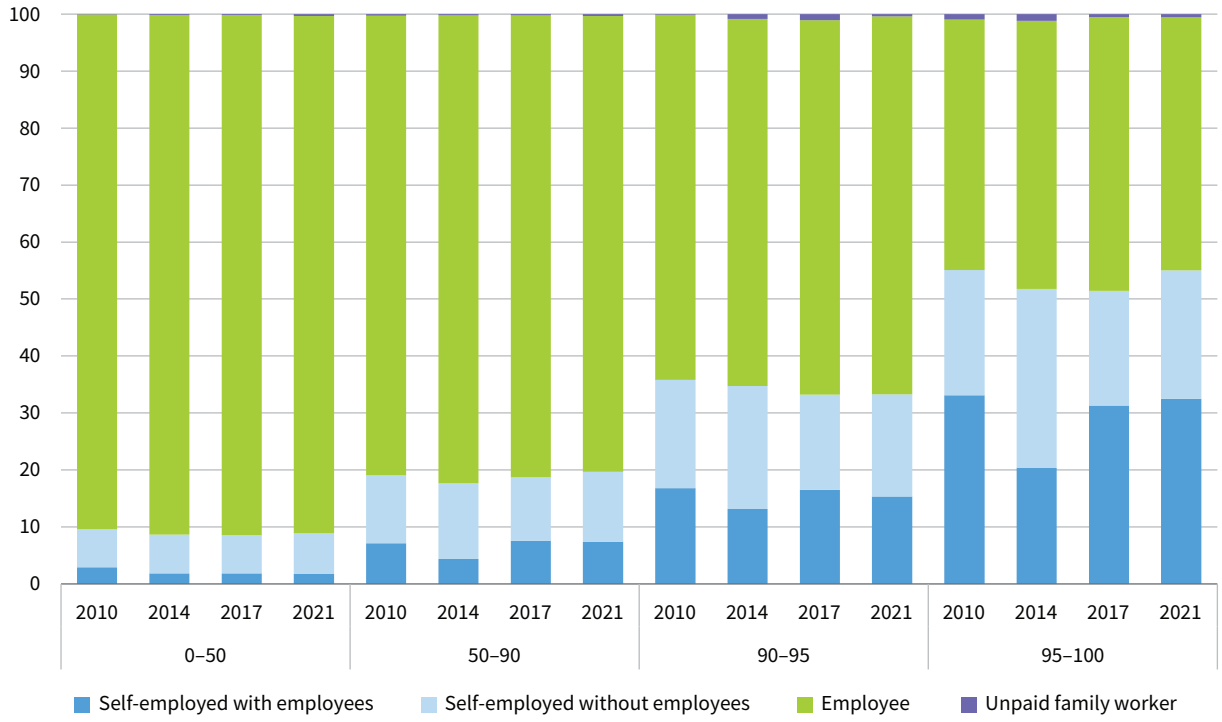


Note: *Countries are ranked from highest to lowest proportion of university degree holders in the top 5 % of the wealth distribution.*
Source: *HFCS 2021.*

Key points

- **Educational attainment and wealth.** Individuals with university education are over-represented in the top 5 % wealth bracket, highlighting the significant advantage higher education provides in wealth accumulation.
- **Regional variations in educational impact.** In countries like Croatia, Malta and Austria, wealth is distributed more evenly across educational levels, suggesting a less pronounced link between educational attainment and wealth outcomes than in other Member States.

Figure 28: Employment status, by wealth percentile, EU-15, 2010–2021 (%)



Source: *HFCS 2010–2021.*

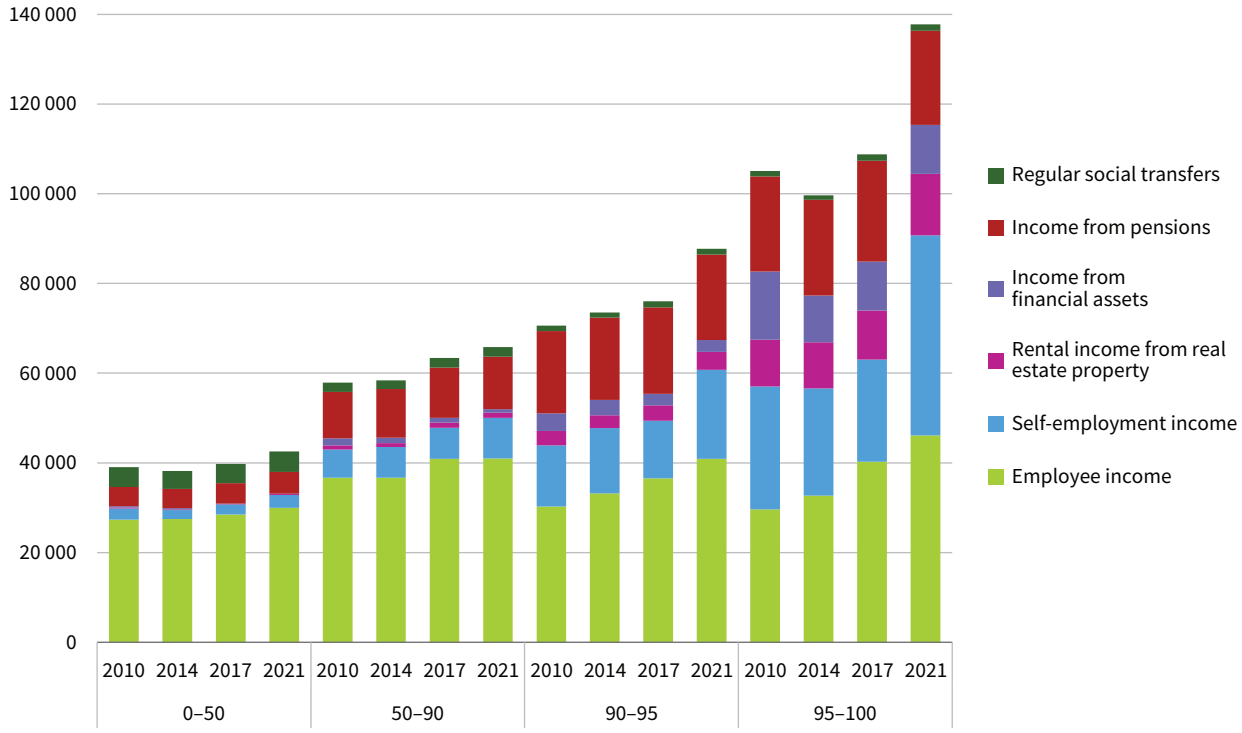
Employment status and wealth

Employment status is another factor that plays an important role in distinguishing the wealthier brackets from the rest. The top 10 % wealth bracket includes a significantly higher proportion of self-employed individuals (Figure 28). Across the 15 Member States (EU-15) surveyed in all four waves of the HFCS, there has been very little change in the employment status composition within the bottom 95 % wealth bracket. However, notable shifts have occurred within the top 5 %, particularly among the self-employed. Between 2010 and 2014, there was an increase in the percentage of self-employed individuals without employees, while the proportion of self-employed individuals with employees decreased. This indicates a shift in the composition of the top wealth bracket, with these two groups gaining and losing ground at the expense of one another (see Eurofound, 2025, Table A7 in Annex 2 for more in-depth data).

Eurofound (2021) suggests that a key reason for the high percentage of self-employment within the top wealth bracket is that wealthy individuals often choose to 'incorporate' – that is, to establish companies, enabling them to replace income taxation with corporate taxation when it is more advantageous (this is not the case always and everywhere; for details of corporate tax rates across the EU, see OECD, 2024b, Tables 3.8 and 3.9). Figure 29 shows that individuals in the top wealth bracket typically earn more from self-employment, rental income and financial investments than other wealth brackets, but they do not report higher wages.

The appeal of incorporating largely depends on the difference between income tax rates (usually progressive) and corporate tax rates (usually non-progressive) and the availability of deductions. Since corporate tax rates are usually lower than the top marginal rates on labour income, this practice erodes the overall progressiveness of the tax system. Freedman and Crawford (2010) specifically consider the effect of taxes on the incorporation decisions of small businesses in the United Kingdom. They present some clear evidence that incorporation rates of small businesses have surged following the introduction of a lower corporate tax rate for companies with profits of GBP 10 000 or less in 2000.

Figure 29: Average income, by income source and wealth percentile, EU-15, 2010–2021 (EUR at 2021 prices)



Note: *Euro values are adjusted for inflation and PPP using price-level indices (EU27_2020 = 100) for 'Household final consumption expenditure' from Eurostat (prc_ppp_ind).*
Source: *HFCS 2010–2021.*

Key points

- **The role of self-employment.** The top 10 % wealth bracket includes a higher share of self-employed individuals, with shifts over time showing growth in self-employment without employees, while those with employees have declined.
- **Tax practices.** Wealthier individuals often leverage incorporation to replace income taxes with lower corporate taxes, reducing the progressiveness of tax systems. This group also derives more income from self-employment, rentals and investments than wages.

Comparison of wealth inequality trends with income inequality

Cross-country comparison

Understanding the link between income inequality and wealth inequality is crucial, as large incomes can enable wealth accumulation. However, the correlation is not perfect. Pensioners might be very wealthy but have a low income, while young workers often have a high income but little wealth. Table 8 shows the joint distribution of income and wealth for the 2021 HFCS wave, indicating that, at the top of the income distribution, people with high incomes have a much higher chance of also holding a high level of wealth, while, in the middle of the distribution, the relationship between income and wealth is much weaker. It shows that 37 % of wealth-poor individuals are also income-poor, or in other words that 37 % of the bottom 20% of individuals in the net wealth distribution are also in the bottom 20% of individuals in the gross income distribution. A large proportion of people are income-poor but not necessarily wealth-poor, and a large proportion is income-rich but not wealth-rich (for a more detailed joint analysis of income, wealth and other characteristics, see Waltl, 2022).

Table 8: Joint distribution of income and wealth, EU-22, 2021 (%)

Net wealth quintiles	Gross income quintiles				
	Quintile 1	Quintile 2	Quintile 3	Quintile 4	Quintile 5
Quintile 1	37	29	18	11	5
Quintile 2	27	25	22	17	9
Quintile 3	20	23	23	22	13
Quintile 4	11	16	22	27	24
Quintile 5	5	8	14	23	49

Note: *The gross and net concepts of wealth and income differ. Net wealth is assets minus liabilities, while gross income includes transfers but not the impact of taxes. Wealth is per person but income is equivalised (see Box 1).*
Source: *HFCS 2010–2021.*

As mentioned in Chapter 1, high wealth inequality does not always correlate with high income inequality. Figure 30 shows wealth inequality and the associated income inequality, for both gross and disposable income. Panel A shows international comparisons using LWS data, while Panel B uses the 2021 sample of the HFCS. In each, the x-axis represents the Gini index for net wealth ([16]); the y-axis shows gross and disposable income.

In South Africa and the United States, wealth inequality and income inequality are high, while in Slovakia both are low. Austria, Finland, Denmark and Norway have high levels of wealth inequality, but gross income inequality is below or similar to the average of all countries.

Figure 30: Between-country differences in wealth and income inequality, LWS countries and HFCS countries, 2017–2022 (Gini coefficient)

Notes: *In Panel A, the number next to the country code refers to the latest year of available data. For example, DK22 is Denmark with data from 2022.*
Source: *Panel A, LWS; Panel B, HFCS 2021.*

([16]) The LWS refers to the difference between assets and liabilities as 'net worth', but it is defined according to the same principles as 'net wealth' in the HFCS.

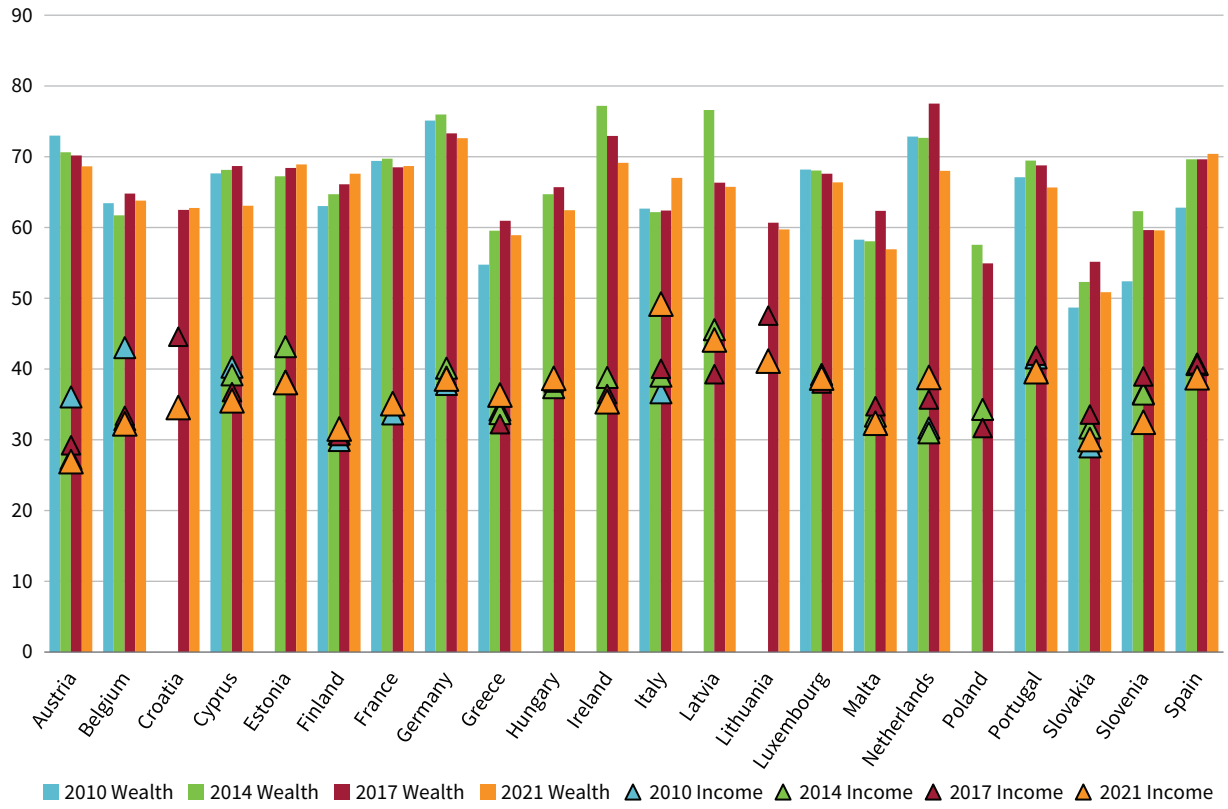
Wealth inequality is high in the welfare states of Denmark and Norway. Although these countries are relatively effective at reducing income inequality through progressive taxation and generous welfare programmes, they have been less successful in addressing wealth inequality. Efforts to reduce income inequality may contribute to high wealth inequality: the significant equalisation of income through taxation can hinder wealth accumulation, limiting opportunities for upward mobility. On the other hand, the wealthy in these countries face minimal additional taxes, which reduces downward mobility among the rich (OECD, 2024b), because in the Nordic countries there are high tax rates on personal income but rather low tax rates on property. As a paradoxical result, income and labour market equalisation policies in these social democratic regimes might be behind the persistence of significant wealth inequality (Skopek et al., 2011).

Changes in trends

The findings demonstrate that wealth is significantly more concentrated than income. How have these two metrics diverged over time? In most countries, trends in income inequality tend to mirror those in wealth inequality, with a few exceptions (Figure 31). Chapter 3 showed that in three countries – Spain, Estonia and Finland – wealth inequality has been increasing since 2010. However, while wealth inequality has risen, gross income inequality has decreased slightly in Estonia and Spain. Other countries where wealth and income inequality trends differ include Cyprus, Greece and Portugal. In Greece, these trends even appear to move in opposite directions.

One explanation for this unclear relationship is that a stock measure (net wealth) is compared with a flow measure (gross income). In addition, the volatility of asset prices can lead to significant shifts in wealth, while income tends to be more stable; although events like job loss can result in sharp income declines for individuals affected, aggregate measures react more to large-scale changes.

Figure 31: Evolution in Gini coefficients of wealth and gross income in the EU, between-country perspective, 2010–2021 (%)



Source: *HFCS 2010–2021.*

Key points

- **Relationship between wealth inequality and income inequality.** While wealth and income are interconnected, wealth inequality and income inequality often diverge. For instance, Denmark, Norway and Sweden have low income inequality but high wealth inequality.
- **Distributions of wealth and income.** There are major differences between the distribution of income and of wealth: slightly more than a third of individuals in the bottom 20 % of the wealth distribution are also in the bottom 20 % of the income distribution, while about half of the top 20 % in the wealth distribution are also in the top 20 % of the income distribution.
- **Trends in inequality over time.** In most countries, income and wealth inequality trends align. However, in some cases, they diverge: in Spain and Estonia, wealth inequality has risen since 2010, but gross income inequality has slightly declined. In Greece, wealth inequality and gross income inequality have moved in opposite directions.

4 Understanding saving patterns in Europe

This chapter examines household saving behaviour and the motives for saving across Member States. It explores the factors influencing saving rates and investigates how socioeconomic characteristics relate to saving motives, particularly which demographic factors are associated with specific saving intentions.

Understanding who has saved, why and by how much offers an insight into future use of savings and financial stability. Higher savings can help households withstand future economic shocks, reducing their vulnerability to income disruptions. In turn, this can support social welfare at the individual level and financial stability at the macroeconomic level. Furthermore, understanding social differences in savings is also important for analysing wealth inequality, as savings are key to wealth accumulation (De Nardi and Fella, 2017). Variations in savings can either amplify or mitigate disparities in wealth returns, influencing overall wealth inequality.

The saving rate is defined as total savings divided by gross income, similarly to several other studies using HFCS data, because the HFCS does not include information on disposable income (see Chapter 2) ([17]). A 20 % saving rate based on disposable income corresponds to a saving rate of about 50 % based on gross income (Box 3).

All observations that have an annual total gross income of less than EUR 600, or less than EUR 50 a month, were excluded to improve the quality of the data, as those with zero income are individuals who did not answer the questions related to the income variable, and to

Box 3: Saving rates based on disposable and gross incomes

As information on disposable income is not available in the HFCS, savings are calculated as the difference between gross income and consumption. This saving rate is significantly higher than the typical saving rate calculated from disposable income. This difference arises mathematically from the formula itself:

$$\frac{(s+t)}{(d+t)} > \frac{s}{d}$$

where s is savings, t is taxes and d is disposable income. This gives:

$$(s+t)d > (d+t)s$$

$$d > s$$

This will be typically true, as disposable income exceeds the portion of it that goes to savings.

Table 9: Saving rates based on gross and disposable incomes: numerical examples

	Example 1: no disposable income savings	Example 2: 20 % disposable income savings
(1) Gross income	100	100
(2) Disposable income	60	60
(3) Consumption	60	48
(4) = (2) – (3) Savings based on disposable income	0	12
(5) = (4) / (2) Saving rate based on disposable income	0 %	20 %
(6) = (1) – (3) Savings based on gross income	40	52
(7) = (6) / (1) Saving rate based on gross income	40 %	52 %

([17]) In this report, total savings are based on variables from the HFCS. Specifically, total savings are defined as monthly gross income (DI2000/12) minus total consumption, which corresponds to the sum of the monthly amount spent on consumer goods and services (HI0220), the amount given as alimony (HI0310) and monthly expenses on trips and holidays (HI0230/12).

ensure that the assumption that disposable income is smaller than gross income holds ([18]). These respondents represent less than 3.5 % of the total observations in each country, and thus individuals with such low annual incomes may not demonstrate typical saving behaviour. The aim is to exclude only those observations that are likely to be outliers. The results are insensitive to the selection of the threshold around EUR 600, provided that the threshold is positive.

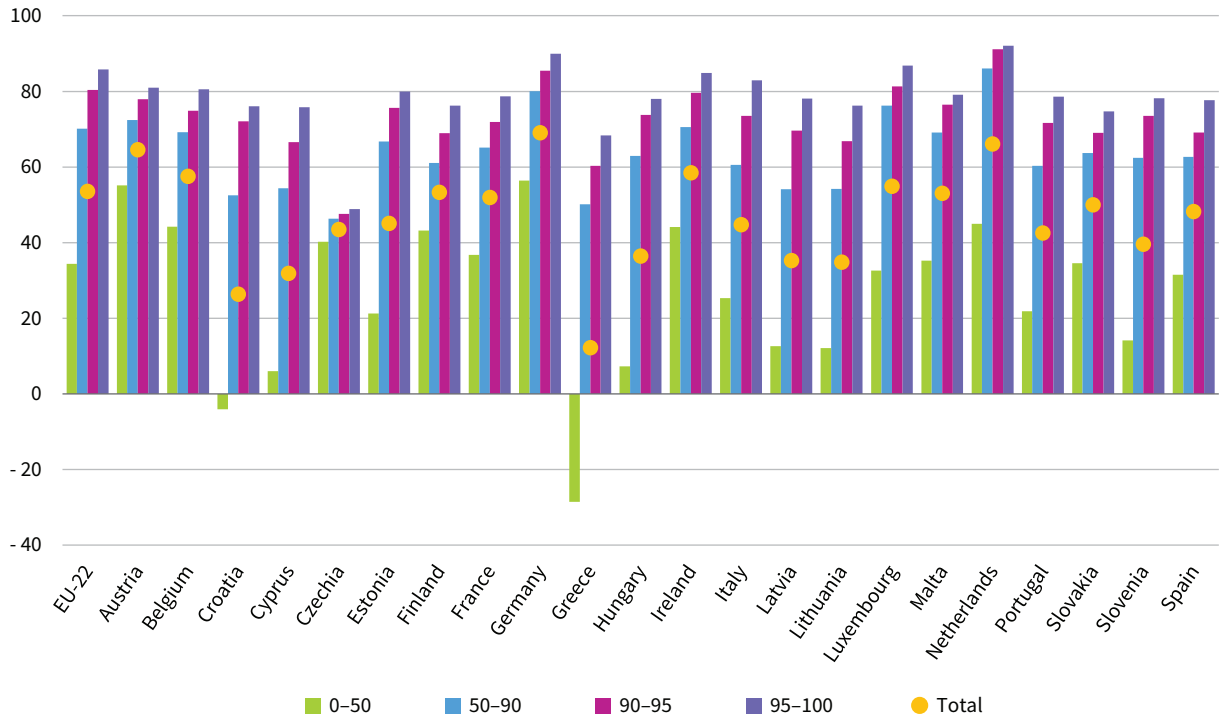
Differences in saving rates

Figure 32 shows that saving rates increase with income across all countries studied. However, considerable heterogeneity exists, especially within the bottom 50 % income group. For example, in Croatia and Greece, the bottom 50 % income bracket shows negative saving rates, indicating that households in these countries consume more than they earn. In contrast, in countries like Austria, Finland, Germany and Ireland, saving rates for the bottom 50 % exceed 40 %.

The timing of the survey, and possible unusual developments during the COVID-19 pandemic, are unlikely to have affected these results. First, the income data used to calculate the saving rates in Figure 32 in most cases reflect 2019–2020 levels, so before the pandemic. Second, a similar pattern was already observed in the previous HFCS wave, when Croatia, Estonia, Lithuania and Slovenia also displayed negative rates among the lowest-income group. Third, comparing this with OECD macro data ([19]) on saving rates relative to disposable income, Greece has consistently had a negative saving rate from the last quarter of 2011, moving to slightly positive values only briefly in the second quarter of 2020, before returning to negative territory.

Household savings are analysed from both macroeconomic and microeconomic perspectives in the literature. At the macro level, factors such as economic growth, inflation, unemployment and interest rates influence household savings (Aron and Mihăescu, 2014). The examination of household data – that is, at the micro level – offers deeper insights into saving behaviour. For example, Klein (1951) utilised survey data to assess how a range of socioeconomic and demographic variables – beyond just household income – affect savings. Following a similar approach, this chapter seeks to identify the household characteristics that shape saving rates across the EU.

Figure 32: Saving rates based on gross income, by income bracket, EU-22 and Member States, varying dates in 2019–2021 (% of gross income)



Note: *The HFCS asks about income over the preceding 12 months, so the income reference period varies between 2019 and 2021. The saving rate is defined as total savings divided by total gross income.*
Source: *HFCS 2021.*

([18]) Disposable income corresponds to gross income minus taxes plus net transfers. Therefore, for those at the bottom of the income distribution, disposable income can be greater than gross income.

([19]) The data mentioned here are from the OECD Data Explorer 'Household indicators dashboard – country view', which includes quarterly data highlighting people's economic well-being with variables such as real gross disposable income, gross saving rate, debt or financial worths and much more.

The monthly household saving rate – defined as monthly gross savings divided by monthly gross income – serves as the dependent variable in the regression analysis. In the simple OLS regression analysis, the IHS of income is applied, following a standard practice in the literature (Burney and Khan, 1992; Hua and Erreygers, 2020; Wołoszyn and Głowicka-Wołoszyn, 2024). Additional independent variables include gender, age, employment status, marital status and educational level of the reference person ([20]), as well as wealth quintiles, household size and the number of dependent children. First, an unconditional quantile regression is estimated (as proposed by Firpo et al., 2009). This approach considers the heterogeneity of saving propensities. While OLS regression considers the effect of household characteristics on household savings at the mean, quantile regression considers this relationship at different quantiles (denoted by 'q') of the distribution of the saving rate. Therefore, this approach provides a more comprehensive picture of the impact of household characteristics along the distribution of household saving rates.

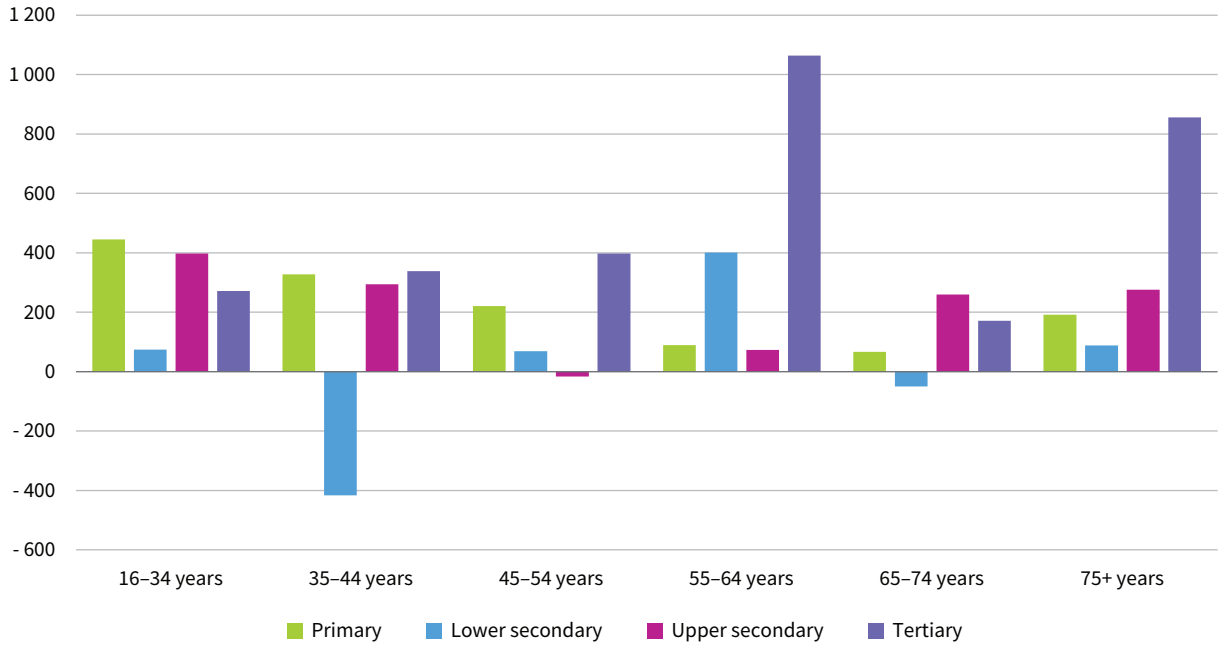
The main results of the regression analyses are outlined in Eurofound, 2025, Annex 2, Table A8).

Household income appears to be the most important positive factor affecting household saving rates, supporting evidence that household income affects not only the level of household savings but also the rate. The effect of income on saving rates is more important in the low quantiles than in the high quantiles.

Household size has a significant negative impact on the household saving rate, according to both regressions. This suggests that households with more members consume more and therefore have a lower saving rate, in line with earlier findings (Abdelkhalek et al., 2010; Hua and Erreygers, 2020). Households with more dependent children tend to have higher saving rates, yet the quantile regression analysis reveals that this positive effect is significant only for the lowest quantile, while for the remaining quantiles the impact is negative. This suggests that households with low saving rates may prioritise savings when they have dependent children, while households with higher saving rates experience greater financial strain from additional children, reducing their ability to save.

Men tend to have lower saving rates than women, according to both regression results (Figure 33). Earlier studies have found that men are more likely to take financial risks than women, who tend to be more

Figure 33: Gender gap in the amount of savings, by educational attainment and age group, EU-22, 2021 (EUR)



Note: *Each bar represents the difference in median monthly savings based on gross income between men and women (in single-person households), with positive values indicating higher savings for men. Euro values are adjusted for PPP using price level indices (EU27_2020 = 100) for 'Household final consumption expenditure' from Eurostat (prc_ppp_ind).*
Source: *HFCS 2021.*

([20]) The definition of 'reference person' is provided in Chapter 2.

risk-averse (Fisher, 2010). Women might, therefore, save more as a share of their income, as a form of financial security. However, a higher female saving rate does not necessarily imply a higher euro amount of savings than men, due to the gender wage gap. Among single-person households, men saved more euro than women in all age and education groups except for the 35–44 and 65–74 age groups with lower secondary educational attainment (see Figure 33).

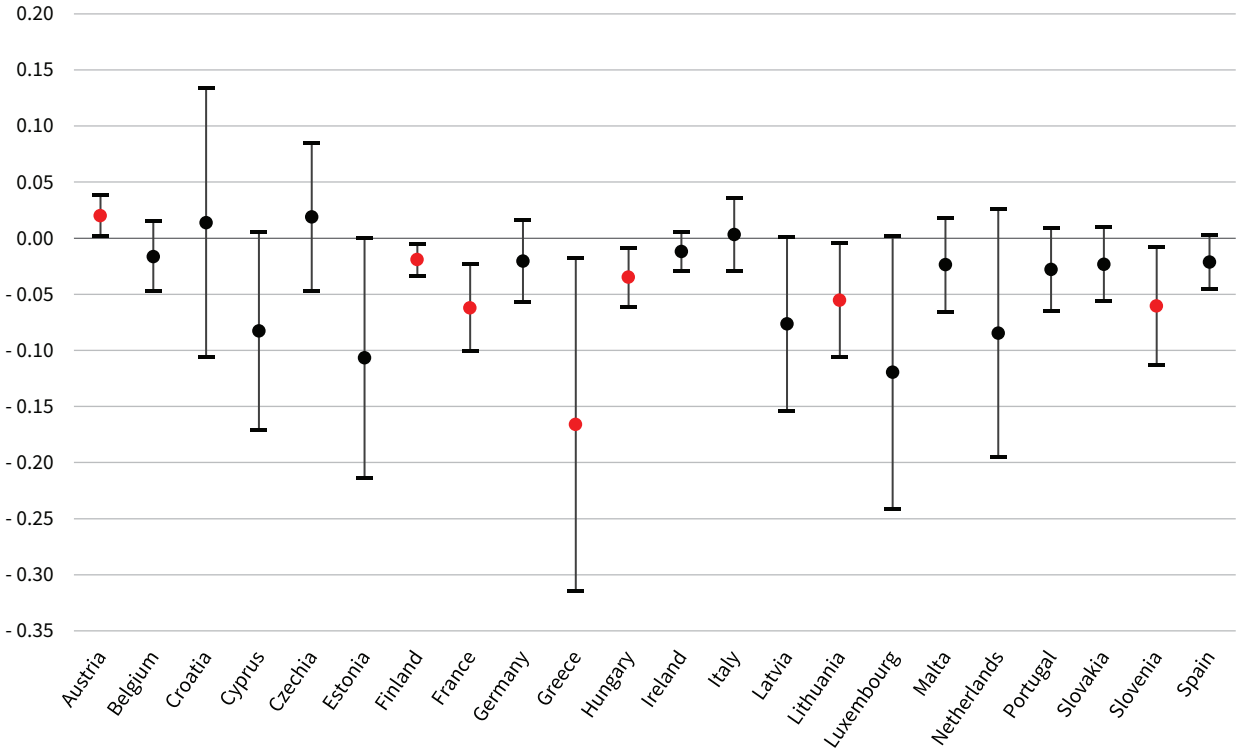
Higher education levels are associated with lower saving rates if other variables are controlled for. This saving rate gap increases as the quantiles increase. While the earlier literature found mixed results for the influence of education on savings, several papers have reported a negative influence (for instance, Burney and Khan, 1992; Hua and Erreygers, 2020). One possible explanation is that more highly educated individuals consume more and save less than those with less stable incomes.

For households with low saving rates, homeownership tends to increase their saving rate, whereas, for those with higher saving rates, owning a home leads to a decline. For those who already save at high rates, homeownership may reduce liquid savings. In addition, age has a negative impact on the saving rate.

The negative effect of age on saving rates aligns with the life-cycle hypothesis, which suggests that individuals accumulate savings during their working years and expend them in retirement. Finally, self-employed individuals generally save less than employees (this aligns with previous studies, such as Burney and Khan, 1992, and Le Blanc et al., 2015), except in the highest quantiles.

Country-specific regression analyses yielded similar results for most factors. Figure 34 illustrates the estimated coefficients for gender differences in saving rates across Member States, with 90 % confidence intervals. The effect of gender on the saving rate is statistically significant only in Austria, Finland, France, Greece, Hungary, Lithuania and Slovenia. In all these countries, being a man is associated with a lower saving rate, except in Austria, where it has a positive influence. Greece, France and Slovenia exhibit the most pronounced negative coefficients, suggesting a stronger tendency for women to save more than men. This heterogeneity between countries suggests that gender differences in saving behaviour could also be influenced by country-specific factors, such as labour market structures, taxation policies or cultural norms.

Figure 34: Effect of being a man on saving rates, with 90 % confidence intervals, Member States, 2021



Note: *The graph presents the coefficient for 'Men' from an OLS regression of the saving rate on log income and household characteristics as described in the main text. Each regression is conducted separately for each country, using weighted robust standard errors clustered at the household level. A coefficient is considered statistically significant at the 10 % level if its 90 % confidence interval does not include zero – these are represented by the red dots.*
Source: *HFCS 2021.*

Different motives for saving

Beyond household characteristics, analysing the different motives for saving is similarly important. HFCS data enable the examination of the underlying motives for saving and their relationship to household characteristics. Keynes (1936) was the first to identify several saving motives. Subsequent research has primarily focused on precautionary saving, life-cycle or retirement saving, and saving for bequests. This section describes how household characteristics influence the extent of the heterogeneity in saving motives.

Respondents identified their motives from a list of 11 options: (A) purchasing a home, (B) other major purchases, (C) setting up a private business, (D) investment in financial assets, (E) provision for unexpected events, (F) paying off debts, (G) retirement planning, (H) travel or holidays, (I) education/support for family, (J) bequests and (K) taking advantage of state subsidies. Each motive was recorded as a dichotomous variable, and respondents could choose more than one motive.

In the HFCS, only those respondents who reported saving were asked about their specific saving motives, with responses collected for each motive individually. Across all countries, the primary saving motives are as a precaution against unexpected events and retirement planning (see Eurofound, 2025, Annex 1, Table A2). The prevalence of a precautionary motive for saving ranges between 44 % in Spain and 90 % in Luxembourg. Saving for old age ranges between 23 % in Finland and 66 % in Luxembourg. Other motives are mixed across countries, with education, support of children and grandchildren, home purchase and other major purchases among frequent motives. The least common saving motives in most countries were setting up a private business, utilising state subsidies and investing in financial assets.

These results are consistent with the findings of Le Blanc et al. (2015) and Horioka and Ventura (2024), who analysed the saving motives of European households using data from the HFCS and found that the precautionary motive is the most prevalent when ranked by the proportion of households saving for each motive. Horioka and Ventura (2024) also show that, when considering the quantitative importance of each motive, the old-age provision motive emerges as the most significant.

Complementarity between saving motives

So far, each motive for saving has been considered separately, assuming individuals save for one purpose or another. However, as pointed out by Le Blanc et al. (2015), saving behaviour is more complex. Some individuals save without having a specific reason, simply because they can and are patient or prudent. Therefore, this analysis investigated whether and how different saving motives relate to each other, by computing pairwise correlations (see Eurofound, 2025, Annex 2, Table A9).

The results show statistically significant correlation coefficients among nearly all pairs of saving motives. Precautionary saving is negatively associated with saving for home purchase and investing in financial assets, suggesting that these motives act as substitutes. However, a positive relationship is observed between saving for unexpected events, old-age provision and taking advantage of state subsidies, indicating that precautionary saving complements efforts to build financial wealth as a buffer against adverse financial shocks.

Precautionary saving positively correlates with bequests, aligning with the literature that provides an intuitive interpretation: bequests can be unintentional – risk-averse households save for unexpected events, and any remaining savings are passed on to their offspring (Abel, 1985). In addition, the bequest motive is positively associated with the family support motive, suggesting that transfers to living individuals complement bequests. Lastly, saving for holidays is positively correlated with all other motives, indicating that holidays are considered luxury goods.

Determinants of saving motives

To investigate which sociodemographic factors influence households' saving motives, a logit model was employed, treating each motive as a dependent variable. The analysis was conducted on the pooled sample of 22 HFCS countries in 2021, including the same set of independent variables as in previous regressions, such as the age, education, marital status and employment status of the reference person. Household size, number of dependent children, wealth quintiles, income quintiles and the share of financial assets in total wealth ([21]) are also considered. Standard errors are clustered at the household level. The saving motives related to setting up private business and taking advantage of state subsidies were excluded due to the small number of positive answers.

Wealth levels strongly influence saving motives: wealthier households are more likely to save for each motive than the least wealthy, except as a precaution against unexpected events and to pay off debts. These results seem logical, as wealthier people do have more of a buffer for unexpected events and have a better capacity to pay off their debts.

([21]) HFCS respondents provided information about the structure of their assets, indicating the share of financial and tangible assets within their total assets. As these variables add up to 100 %, the former (share of financial assets) was adopted for this analysis. This variable can be seen as a revealed measure of risk aversion.

Household size is negatively associated with saving for financial investments and old-age provision. The latter may suggest a degree of substitutability between formal retirement savings (such as pension plans) and informal financial support within families, as suggested by Le Blanc (2015). However, a more likely explanation is that larger households prioritise different financial needs. Households with dependent children are 11.4 percentage points more likely to save for education and child support, and 1.7 percentage points for debt repayment, while allocating less towards old-age provision and holidays.

Age is a key determinant of saving behaviour, with distinct patterns emerging across different motives. Saving for home purchase declines with age, as younger households prioritise this motive significantly more than older ones. Households in the youngest age group (16 to 35 years) are substantially more likely to report saving for homeownership as a very important reason for setting money aside, with marginal effects ranging between 11 and 19 percentage points. Similarly, the importance of saving for setting up a private business, paying off debts and investing in financial assets decreases steadily with age.

In contrast, saving for education and child support and for bequests becomes increasingly important as the reference person of a household grows older. For old-age provision, the estimated age coefficients are both significant and positive, following an inverted U-shaped pattern. This suggests that people consider retirement savings particularly important during the middle stages of the life cycle, when they begin to prepare more actively for retirement.

A higher share of financial assets in total wealth increases the likelihood of saving for investments in financial assets, old-age provision, bequests and children's education, while decreasing the probability of saving for debt repayment. This could suggest that households with greater financial wealth prioritise long-term financial planning and intergenerational transfers over short-term debt reduction.

Widowhood and unemployment have a significant positive association with saving for education and child support and for bequests, possibly reflecting heightened concerns about financial security and legacy planning. Meanwhile, self-employed individuals are significantly less likely than employees to prioritise saving for home purchase, possibly because homeownership goals may compete with the need to allocate resources towards business investments.

As expected, and consistent with the life-cycle model, being retired is negatively associated with saving for home purchase, probably because most retirees already own a home or have sold it to fund their consumption in old age. Retired households are also significantly less likely to save for old-age provision, as they are in the phase of drawing down their retirement resources rather than accumulating further savings.

Education level does not appear to be a significant determinant of saving for home purchase, precautionary saving, debt repayment or bequests. However, for all other motives, more-educated individuals tend to save more than their less-educated counterparts, except for old-age provision. This exception could be explained by the greater reliance of highly educated individuals on formal retirement savings schemes.

Finally, gender does not play a significant role in most saving motives, except for investment in financial assets; men are more likely than women to save for this purpose. This finding aligns with existing literature suggesting that men typically exhibit a greater propensity for risk-taking in financial investments.

Detailed results of the analysis are available in Eurofound, 2025, Annex 2, Table A10.

Recent changes in saving behaviour and rates

Saving motives and their determinants have remained stable over time. Across all HFCS waves, precautionary and retirement saving are consistently the most important motives ([22]), and key household characteristics influencing saving motives align closely with the findings of Le Blanc et al. (2015), who conducted a similar analysis using the first HFCS wave from 2010.

Understanding whether higher-wealth groups increased their savings more than lower-wealth groups or vice versa provides key insights into shifts in financial behaviour across different segments of society. The HFCS panel dataset component offers the opportunity to look at the same households over time. However, not all countries included it, and some countries introduced it only in the latest wave. The countries that have a panel component in both the third and fourth HFCS waves are Belgium, Cyprus, Estonia, Finland, France, Germany, Italy, Malta, Slovakia and Spain.

Analysis of the data shows that, overall, saving rates are higher in the top wealth brackets in all countries except Estonia, where the middle bracket has higher saving rates (Table 10).

([22]) A table showing the proportion of people saving for each motive across the four HFCS waves can be provided upon request.

Table 10: Average saving rate, by wealth bracket, selected Member States, 2021 (%)

Country	Wealth bracket				Total
	0–50 %	50–90 %	90–95 %	95–100 %	
Belgium	58.48	55.11	62.24	59.82	56.13
Cyprus	34.36	33.13	58.72	66.64	39.87
Estonia	53.07	58.68	58.45	52.34	50.49
Finland	53.11	50.97	57.03	64.79	54.98
France	56.09	59.44	66.66	72.11	60.20
Germany	70.12	71.49	74.39	76.86	71.59
Italy	41.76	48.94	61.12	62.31	46.33
Malta	53.94	61.80	48.35	65.79	51.89
Slovakia	40.94	40.30	49.33	44.89	40.99
Spain	49.36	49.34	57.09	50.79	51.25

Note: *Wealth brackets are defined based on wealth in the third wave to avoid shifts over time.*
Source: *HFCS 2021 panel.*

Table 11: Changes in average saving rates, by wealth bracket, selected Member States, 2017–2021 (percentage points)

Country	Wealth bracket				Total
	0–50 %	50–90 %	90–95 %	95–100 %	
Belgium	6.20	8.00	15.13	8.19	6.37
Cyprus	12.97	– 11.87	9.25	7.59	3.09
Estonia	24.58	11.96	1.49	2.00	10.47
Finland	4.83	- 4.51	– 1.79	– 2.88	0.89
France	3.84	– 2.33	5.91	– 1.78	0.02
Germany	9.29	8.25	9.11	14.43	8.98
Italy	9.76	8.10	9.09	8.70	8.31
Malta	17.23	18.99	– 6.98	14.28	10.74
Slovakia	13.92	5.73	8.74	7.59	10.03
Spain	13.09	1.68	18.76	12.06	10.23

Source: *HFCS 2017–2021.*

Table 11 shows that in Cyprus, Estonia, Finland and Slovakia, saving rates increased most in households in the bottom half of the wealth distribution (0–50 %). Conversely, in Spain, Belgium and Germany, the largest increases were observed among the top 10 % (90–100 %) in the third wave. In Italy, the changes in saving rates were similar across the wealth spectrum, while in Cyprus, saving rates fell substantially in households in the 50–90 % bracket from 2017 to 2021.

The analysis of saving rate changes across the saving rate distribution helps to identify whether saving rates increased in 2021 compared with 2017, after controlling for socioeconomic factors. This question was examined with a quantile regression approach. The results reveal distinct patterns in saving rate changes across different levels of saving behaviour (Eurofound, 2025, Annex 2, Table A11). In several countries, the largest increases occurred among households that previously saved little, particularly in France, Cyprus and Slovakia. In Belgium, however, the rise was more pronounced among middle-level savers.

In Italy, Spain and Germany, saving rates increased across all quantiles but at a diminishing rate, indicating a stronger impact on lower savers. Conversely, in France, high-saving households actually reduced their saving rates, and a similar tendency is observed for Finland, although some of the estimates are statistically not significant.

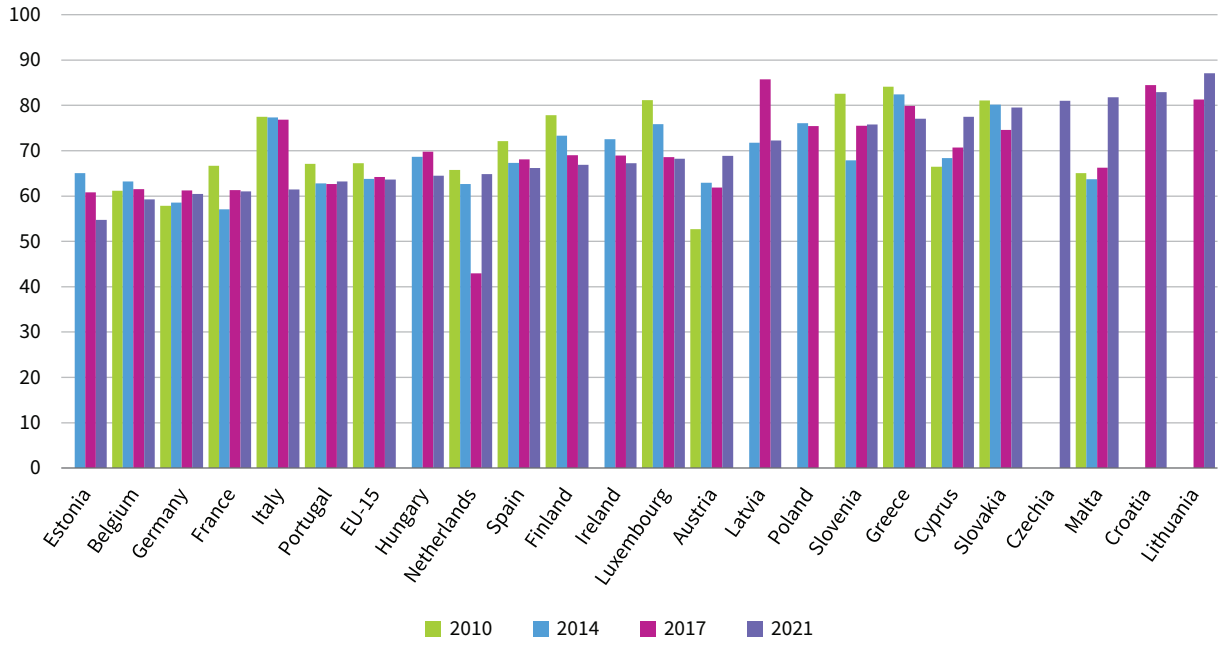
These findings suggest some divergences in saving behaviour between the last two waves. Households with the lowest saving rate tended to increase their savings. These savers may have been more reactive to economic uncertainties. Higher savers may have had more stable financial situations, allowing them to maintain or even reduce their saving rates even at times of higher uncertainty.

Key points

- **Saving rates and socioeconomic factors.** Saving rates increase with income and are higher among employees, individuals with lower education levels, women, younger households, homeowners and members of smaller households.
- **Motives for saving.** The most common reasons for saving across all Member States studied are as a precaution against unexpected events and retirement planning, with socioeconomic characteristics shaping saving behaviour. Age, household size and financial asset composition significantly influence saving motives. Younger households prioritise saving for homeownership, while middle-aged individuals emphasise retirement savings. Larger households allocate more towards education and child support.
- **Wealth and saving motives.** Wealthier households are more likely to save for all motives than less wealthy households, except for precautionary reasons and debt repayment. This aligns with the expectation that wealthier households have greater financial buffers against unexpected events and a higher capacity to manage debt.
- **Diverging trends in saving rates.** Changes in saving rates between the third and fourth HFCS waves reveal significant variations across wealth brackets and saving rate distributions. In several countries (such as Cyprus, Estonia and Slovakia), saving rates increased most in lower-wealth households, while in others (such as Spain, Belgium and Germany) the most substantial rise was among the wealthiest 10 %. In addition, households that saved less adjusted their behaviour more significantly than high-saving households over the period.

5 Housing wealth and inequality

Figure 35: Ratio of housing net wealth to total net wealth, EU-15 and Member States, 2010–2021 (%)



Note: *Bars are ordered by smallest to largest values in the fourth wave.*
Source: *HFCS 2010-2021.*

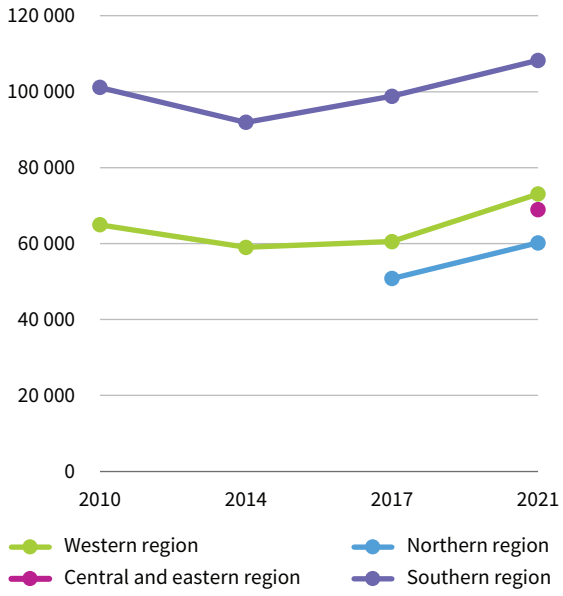
Housing wealth plays a critical role in the distribution of wealth within societies, particularly in economies where homeownership is widespread. Variation in urbanisation levels, immigration trends, historical contexts and institutional approaches to social and private housing policies all uniquely influence the ownership structure and distribution of housing wealth across different countries.

Trends in housing wealth

For the aggregate of all the 22 HFCS countries in 2021, the ratio of housing net wealth to total net wealth was 63 % (Figure 35), with an average value of around EUR 85 000 in PPP for residential housing.

To account for significant cross-country differences in property prices, housing wealth figures are adjusted using the PPP exchange rate for residential housing. This adjustment helps reduce disparities in housing wealth that arise purely from differences in national price levels. Nevertheless, between-country differences in the average housing wealth per person remain significant; it ranges from around EUR 36 000 in Latvia to EUR 302 000 in Luxembourg (see Eurofound, 2025, Annex 1, Figure A2), with the highest (PPP-adjusted) average values in the southern region (Figure 36), primarily driven by Cyprus and Malta.

Figure 36: Average value of housing net wealth per person, adjusted for inflation at 2021 prices and different country price levels of residential buildings, by region (EUR)

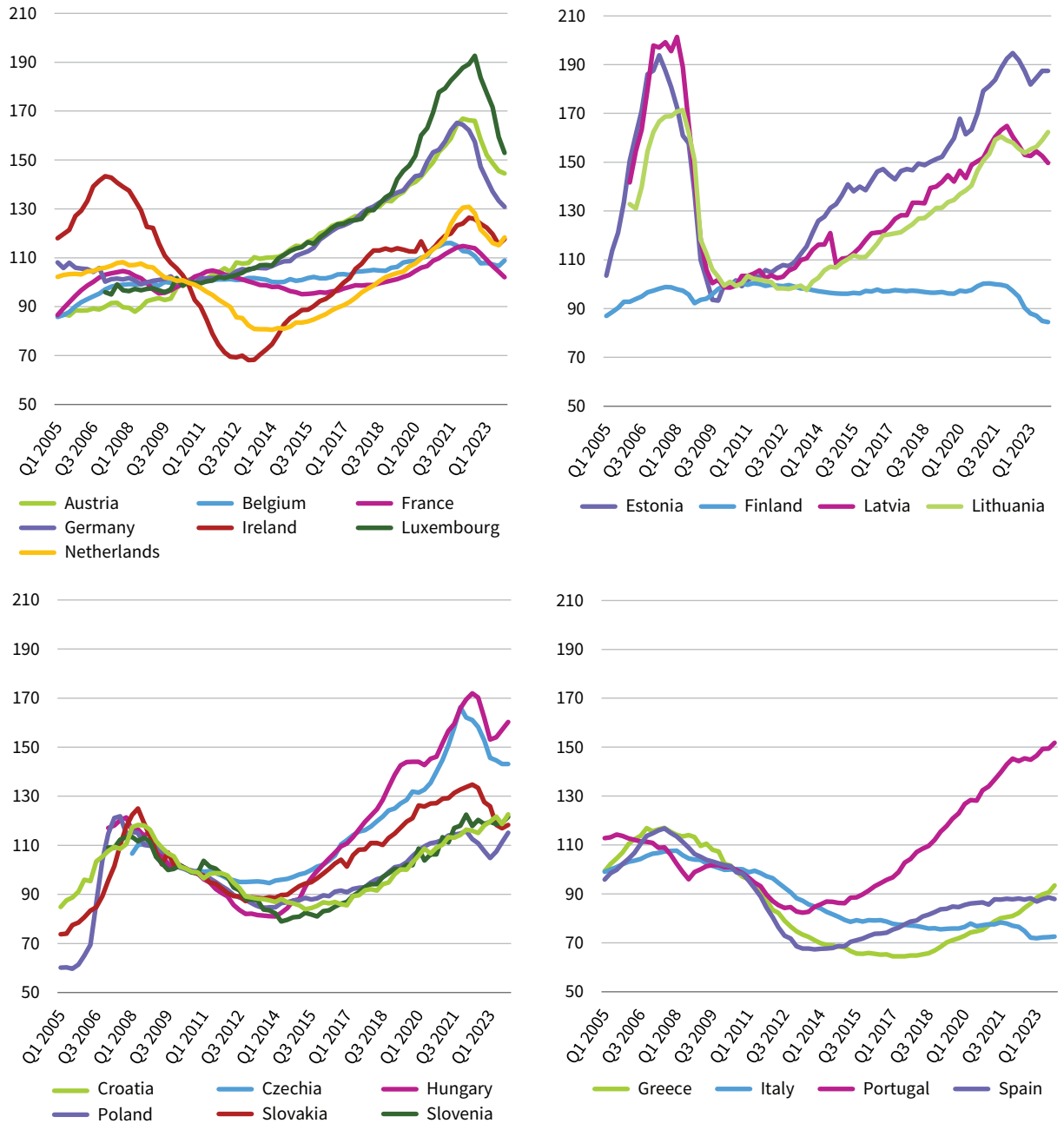


Notes: *All values are expressed in 2021 prices. Data are adjusted for different price levels across countries with Eurostat's price level indices indicator for residential buildings, compared with the EU-27. 'Western region' includes Austria, Belgium, France, Germany, Luxembourg and the Netherlands; 'northern region' includes Estonia, Finland, Latvia and Lithuania; 'central and eastern region' includes Croatia, Czechia, Hungary, Slovakia and Slovenia; 'southern region' includes Cyprus, Greece, Italy, Malta, Portugal and Spain. Ireland is not included because data for 2010 are missing.*
Source: *HFCS 2010–2021.*

Central European countries show average housing wealth levels that are approaching those of western Europe, once accounting for cross-country differences in property prices. This is likely due to the high prevalence of owner-occupied housing in central European and Baltic countries, which boosts per capita housing wealth despite generally lower property prices. For total wealth figures, no such adjustment has been applied (so far), as these encompass a broader range of assets beyond housing, for which comparable PPP adjustments are not readily available.

In most countries, the average value of housing wealth per person has increased over time. A major factor behind this growth is that housing prices have increased faster than general consumer prices – in other words, real housing prices have risen. Prior to the global financial crisis of 2008, many Member States experienced a housing boom, which was then followed by major real house price declines. House price collapses were particularly severe in the Baltic states and Ireland. Since the mid-2010s, the value of real estate properties has been increasing faster than the general price level in most Member States. The few exceptions include Finland, Greece, Italy and Spain, which all faced a decline in their real house prices compared with 2010 levels (Figure 37).

Figure 37: Real house price indices, Member States, Q1 2005–Q1 2023, (2010 = 100)



Notes: *OECD data are not available for Cyprus or Malta.*
Source: *OECD (2024c).*

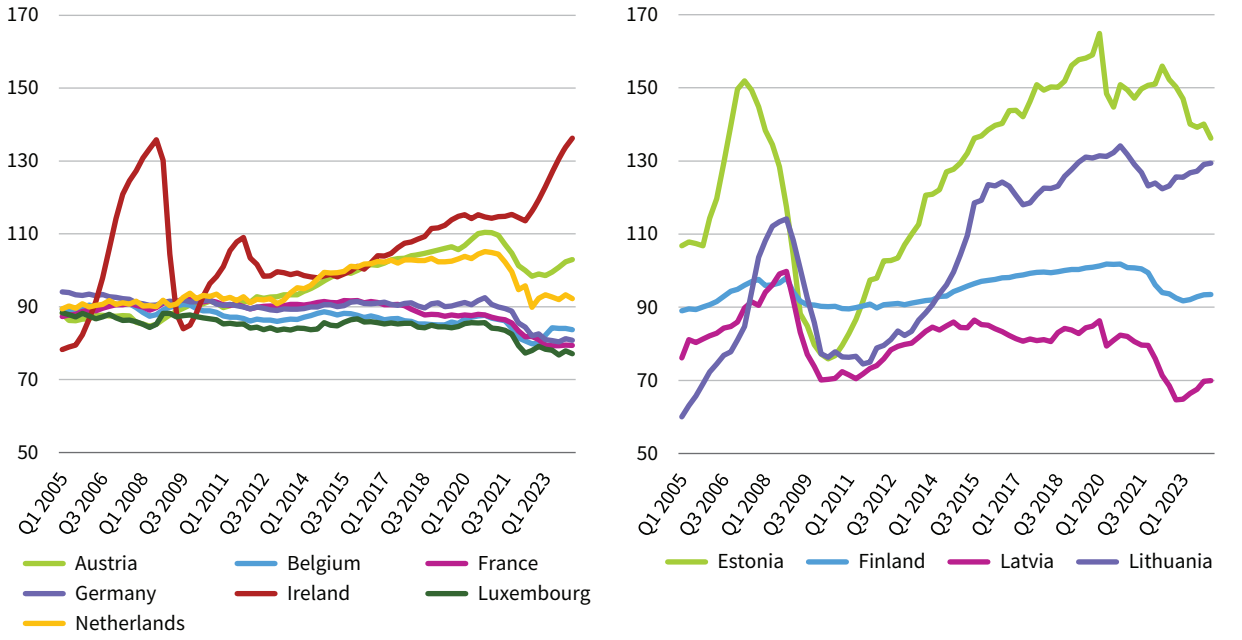
More recently, with the start of the COVID-19 pandemic, house prices rose even more dramatically, with significant increases observed in Austria, Czechia, Estonia, Germany, Hungary, Latvia, Lithuania and Luxembourg. Most likely, mobility restrictions increased the demand for suburban dwellings, while ultra-low interest rates probably boosted demand for housing loans, thereby driving up demand for dwellings. In most countries, real house prices during the pandemic exceeded the levels seen in 2007, with the exceptions of the three Baltic states and some eastern and southern European countries. However, following the end of the most acute phase of the pandemic, starting from the second half of 2022, several countries witnessed a notable decline in real house prices.

The trends in the average value of housing wealth per person in most Member States are consistent with the trends in housing prices ([23]). Although the average value of housing wealth per person has increased, the share of housing wealth in total net wealth has slightly decreased in the aggregate of Member States because non-housing wealth increased even more in most countries in the same period. This masks country-specific differences, with the share of housing wealth in total net wealth increasing in Austria, Cyprus, Lithuania, Malta, the Netherlands and Slovakia since 2010 (Figure 35).

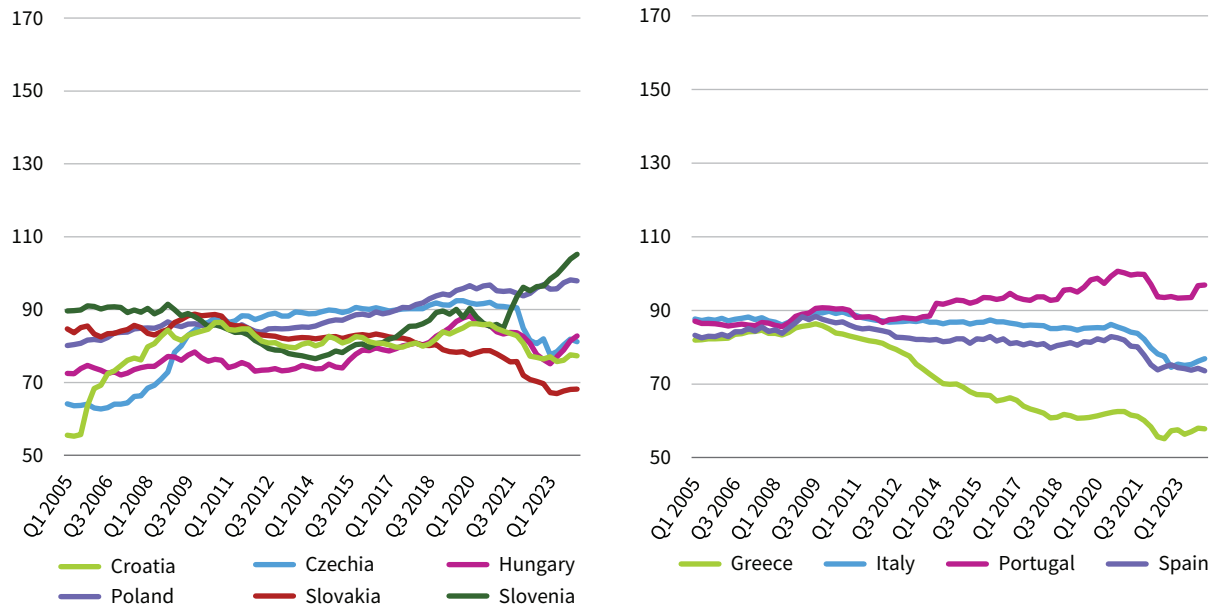
While growing house prices benefit property owners, they worsen potential owners' prospects of buying a property. Increasing house prices might result in an increase in rental prices, exacerbating the burden on households with lower income and wealth; nevertheless, factors such as rent controls, interest rates and local housing policies can influence the extent to which house price changes translate into rental price shifts. Since 2005, real rental prices have generally mirrored trends in real house prices. In countries where real house prices declined – such as Greece, Italy and Spain – real rental prices also fell. Conversely, in countries with rising real house prices – like Austria, Estonia and Lithuania – real rental prices increased as well. There are exceptions to this pattern: in Germany, Latvia and Luxembourg, real house prices rose, but rental prices remained relatively stable, possibly indicating more effective policies to alleviate the burden on renters. Ireland stands out as experiencing a significant rise in real rental prices despite only modest increases in real house prices.

During the pandemic, an interesting divergence occurred: real house prices increased initially, while real rental prices decreased. However, since 2023, most countries have seen a rebound in real rental prices (Figure 38).

Figure 38: Real rental prices, Member States, Q1 2005–Q1 2023 (2010 = 100)



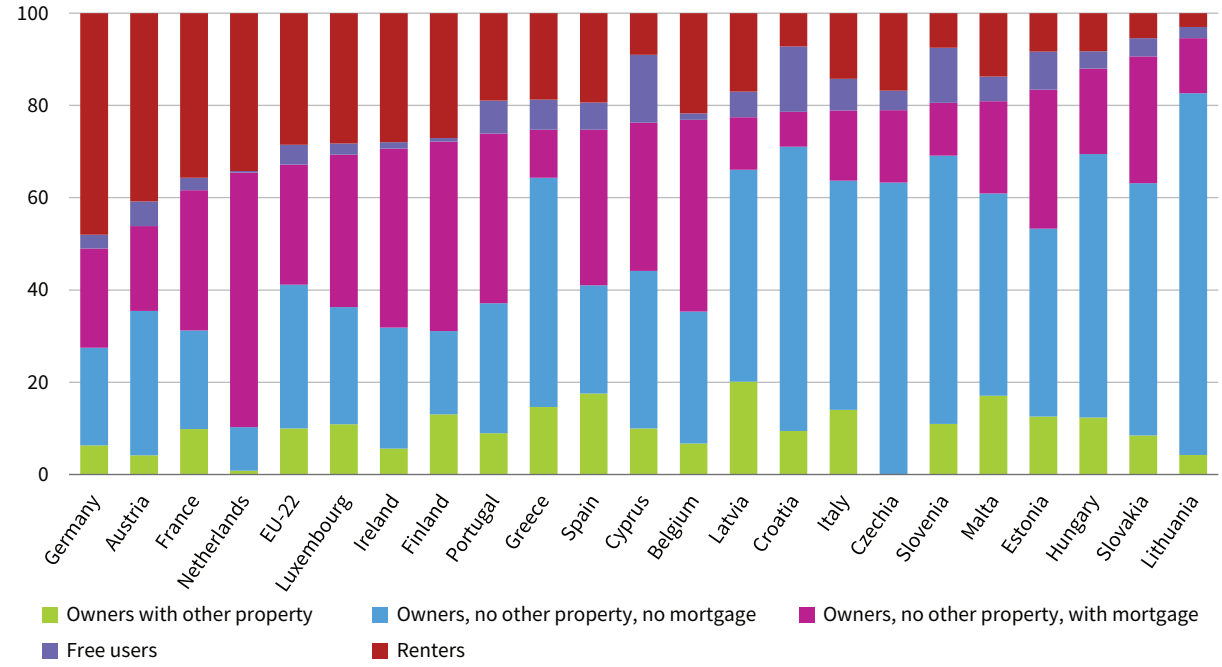
([23]) As the fieldwork periods ended by February 2022 at the latest, and even earlier in some countries (see Eurofound, 2025, Annex 1, Table A1), the decline in house prices after the end of the pandemic is not reflected in Figure 37.



Notes: *OECD data are not available for Cyprus or Malta. Prices adjusted with Eurostat's harmonised indices of consumer prices (prc_hicp_midx).*
Source: *OECD (2024c),*

While rental and house prices exhibit significant fluctuations throughout the sample period, ownership structure seems much more stable, with significant between-country variation, largely explained by historical factors (OECD, 2021a). For instance, ownership with or without other properties and without mortgage debt is still predominant in central and eastern European countries like Hungary or Lithuania, where more than 80 % of the population owns property outright. This trend largely reflects the legacy of the former socialist regime and the extensive privatisation of state and municipal property during the transition period. By contrast, renters constitute nearly half of the population in Austria and Germany (Figure 39).

Figure 39: Housing status, EU-22 and Member States, 2021 (%)



Notes: *Countries are ranked by the share of owners in ascending order. In Czechia, no data were available on the purpose of the loan of the household main residence, so the proportion of owners is divided between those who are owners with or without a mortgage.*
Source: *HFCS 2021.*

The distribution of housing status within countries is quite unequal. The results show that, with the exception of a few high-ownership central and eastern European countries, most people in the bottom wealth quintile are renters. Those with the least wealth are therefore most vulnerable to rental price increases. The share of renters in the lowest quintile, in the 21 countries surveyed between 2017 and 2021, has increased from around 70 % to 75 %.

Key points

- **Between-country differences in housing wealth.** The average net housing wealth per person varies significantly between regions in Europe (western, northern, central and eastern, and southern) even after adjusting for between-country differences in house prices. There is little evidence of convergence between countries between 2010 and 2021.
- **Trends in house prices and net housing wealth.** The average per person housing wealth has increased in most Member States, driven by rising property prices, particularly since the mid-2010s. Exceptions include Finland, Greece, Italy and Spain, where real house prices declined from 2010 levels. Although average housing wealth per person has increased, its share in total wealth has not, suggesting an even bigger increase in non-housing wealth in this period.
- **Relationship between housing and rental prices.** Real rental prices have generally followed trends in real house prices since 2010 in the Member States, with a few exceptions (for example, Germany, Latvia, Luxembourg and Ireland).
- **Housing status distribution.** The ownership structure exhibits significant and persistent between-country variation. Homeownership is dominant in central and eastern European countries like Hungary and Lithuania, while renters make up nearly half the population in Austria and Germany. The overall distribution of housing status has not changed much over time within countries. Housing status distribution therefore remains unequal, with renters concentrated in the bottom wealth quintile. The share of renters in the bottom wealth quintile has increased, making low-wealth households more vulnerable to rising rental prices.

Housing wealth inequality

Roles of housing and non-housing wealth in the Gini coefficient

To explore the role of different wealth categories in shaping overall wealth inequality, the decomposition method developed by Schechtman and Yitzhaki (1999) was applied. This approach emphasises that the contribution of each wealth component to total wealth inequality is determined by three factors: (1) the component's share in total wealth, (2) the degree of inequality in its distribution and (3) its correlation with the distribution of total wealth (see equation 1). This approach is used to assess the relative importance of housing and non-housing wealth inequality in total wealth inequality (see Box 1 for definitions of these concepts).

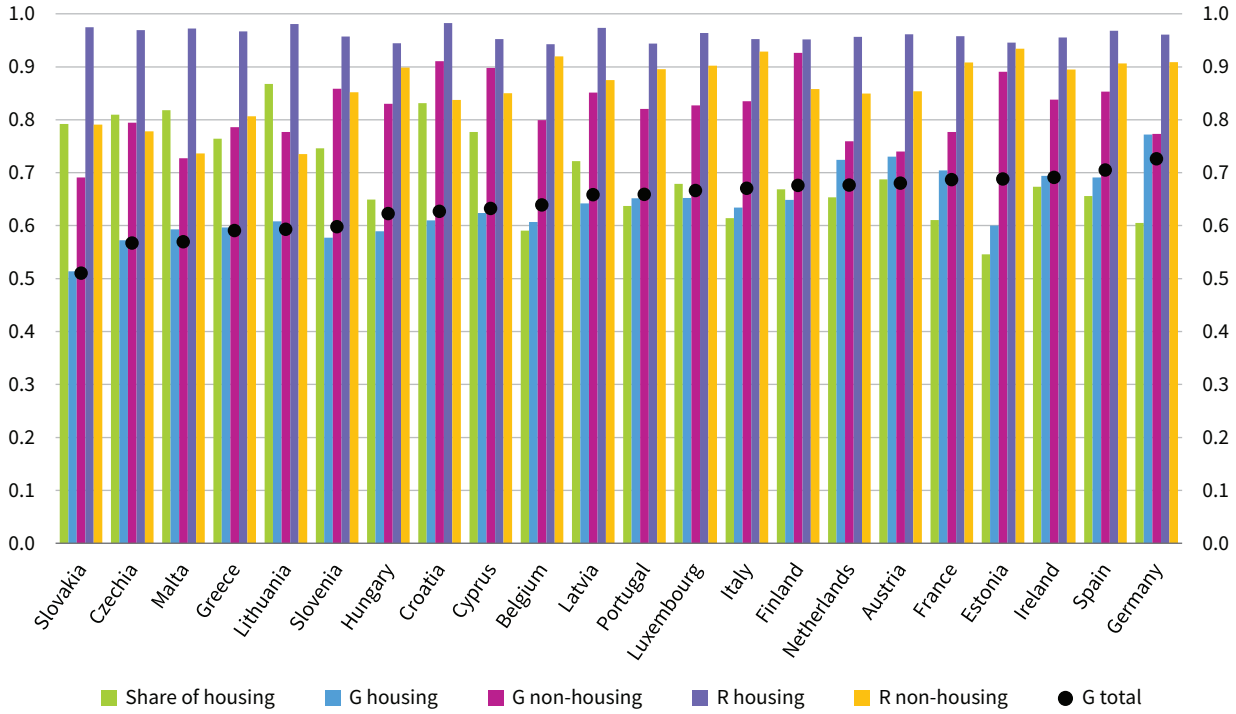
$$G_0 = \sum_{i=1}^{n} S_i \, R_i(W_i, W_0) G_i \qquad (1)$$

where G_0 is the Gini index of total wealth W_0, G_i is the Gini index for each net wealth component, S_i represents the weight of these categories in total wealth and $R(W_i,W_0)$ represents the correlation between each wealth group and the total net wealth, that is, how the distribution of a given wealth category overlaps with the distribution of the total net wealth.

The decomposition reveals that overall wealth inequality can increase if (1) inequality within any wealth category rises, (2) the share of a category with higher inequality grows or (3) the correlation between specific wealth categories and total wealth is higher. A higher correlation implies that the distribution of a given asset category is similar to the distribution of total wealth, that is, a higher share of that wealth item is held by those who are wealthier.

In Austria, Germany and the Netherlands, the Gini coefficient in housing wealth is very similar to that of non-housing wealth, and both are relatively high compared with other countries, indicating that housing wealth is nearly as unequally distributed as non-housing wealth (Figure 40). This pattern aligns with the low homeownership rate in these countries. In contrast, in all other countries, the Gini coefficient for non-housing wealth exceeds that of housing wealth, with particularly large differences – up to 0.3 – in Croatia, Estonia and Slovenia. As shown by the share of housing wealth in total wealth, housing wealth constitutes the majority of the net wealth in all countries, with shares ranging from 55 % in Estonia to 87 % in Lithuania. Mainly due to its higher share, housing wealth exhibits a stronger correlation with total wealth than non-housing wealth, with the correlation exceeding 0.9 in all countries (R housing exceeds R non-housing in all countries in Figure 40).

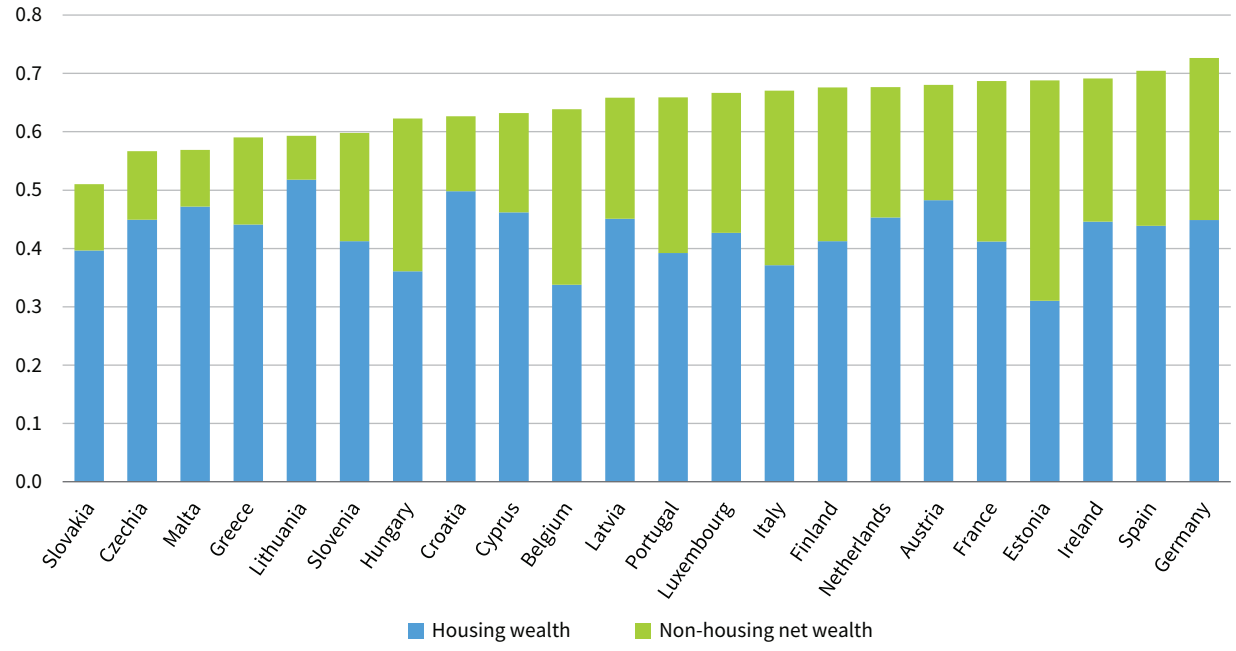
Figure 40: Decomposition of the Gini coefficient of net wealth, Member States, 2021



Notes: *The figure displays the elements from the decomposition of the total net wealth Gini indicator from equation 1 when there are two net wealth components (i.e. n = 2), housing and non-housing net wealth. Share of housing shows the weight of housing net wealth in overall net wealth. G, Gini coefficient; R, correlation with net overall wealth.*
Source: *HFCS 2021.*

As a result of its dominant share and strong correlation with total wealth, housing net wealth contributes the most to overall wealth inequality in all countries (Figure 41).

Figure 41: Contribution of housing and non-housing wealth to the Gini of total net wealth, Member States, 2021



Notes: *The chart displays the decomposition of the Gini indicator of total net wealth. From the decomposition given by equation 1, the contribution of a wealth component can be calculated as $S_i R_i G_i$. The sum of the two components equals the Gini coefficient.*
Source: *HFCS 2021.*

To analyse the components of the changes in wealth inequality over time, the decomposition in equation 1 was calculated for both the 2010 and 2021 HFCS waves. The differences in these components between the two years were then examined for the 15 countries surveyed in both waves (Figure 42). As mentioned earlier, the impact of an increase in the share of a wealth component depends on its Gini coefficient and its overlap with total wealth. Therefore, we present separately the contribution of the change in the wealth composition in cases where the share of housing net wealth increased and consequently the share of non-housing net wealth declined ('S house (increase)') and where the share of housing net wealth declined and the share of non-housing wealth increased ('S non-house (increase)'). In countries with the highest increases in net wealth inequality (Spain, Slovenia, Greece and Finland), the increase in the concentration of housing wealth ('G house' in Figure 42) increased the overall Gini index of net wealth. Moreover, the share of housing net wealth in total net wealth declined which contributed to the rise in the overall Gini index of net wealth (thus, positive values are indicated for 'S non-house (increase)' in Figure 42). Furthermore, the correlation between total net wealth and the more unequally distributed non-housing net wealth increased in these countries, which also contributed to an increase in the overall Gini index of net wealth ('R non-house' in Figure 42).

In contrast, in countries with the largest decreases in overall wealth inequality (Austria, Cyprus, the Netherlands and Germany), housing wealth concentration declined, while the influence of other wealth components varied.

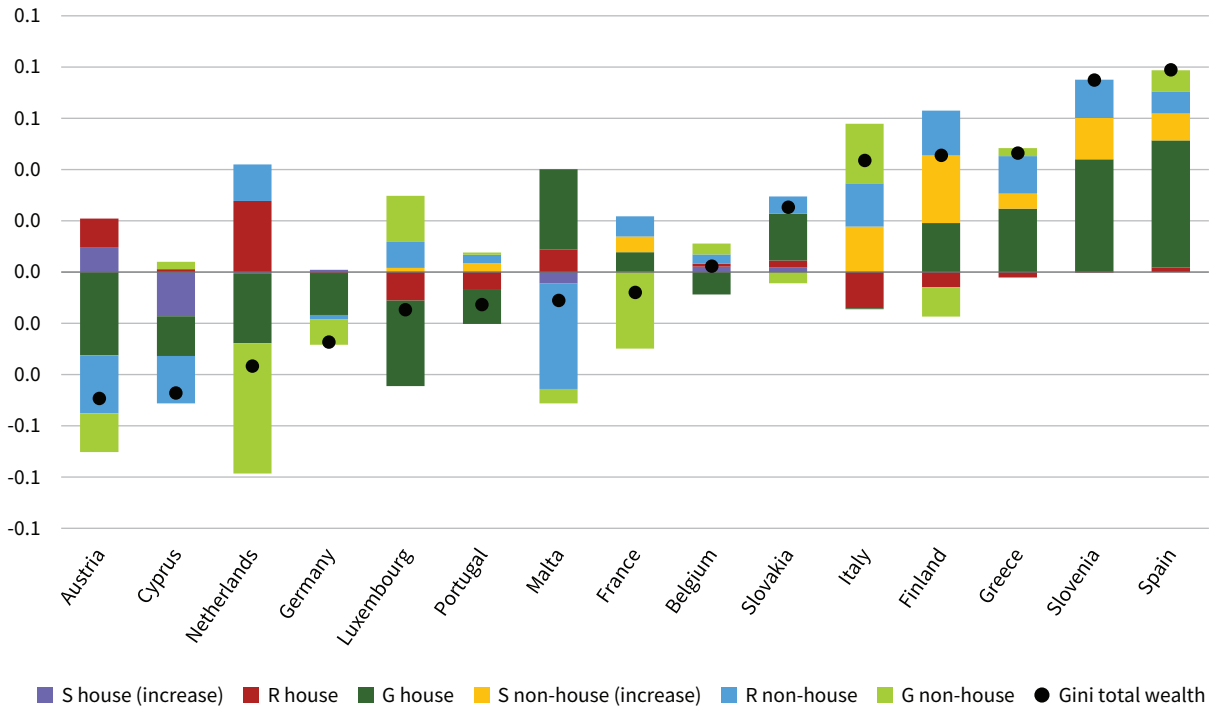
Exploring housing wealth inequality

As demonstrated in the previous section, decomposing the Gini coefficient into a housing and a non-housing wealth component reveals that an increase in housing wealth would reduce overall wealth inequality, indicating that housing wealth is more evenly distributed.

Across the aggregate of survey countries, real estate net wealth inequality has been less pronounced than that of non-housing wealth. In 2021, the Gini coefficient of non-housing wealth was 81 % for the aggregate of the EU-15, compared with 71 % for real estate wealth.

Most results are presented for the pooled group of HFCS countries, in addition to country-specific data, as it is the closest proxy available in the dataset for the EU as a whole. The aggregate Gini measures housing wealth inequality across all individuals in the HFCS countries, regardless of national borders, capturing both between-country and within-country inequality.

Figure 42: Decomposition of the change in the Gini index of total net wealth, Member States, 2010–2021



Notes: *'S house (increase)' represents the contribution of the composition change in cases in which the share of housing net wealth increased, while 'S non-house (increase)' represents cases in which the share of non-housing wealth in overall wealth increased. 'R house' and 'R non-house' indicate the correlations of housing and non-housing net wealth with the total net wealth, respectively, while 'G house' and 'G non-house' show the Gini indicators of the two components of net wealth.*
Source: *HFCS 2021.*

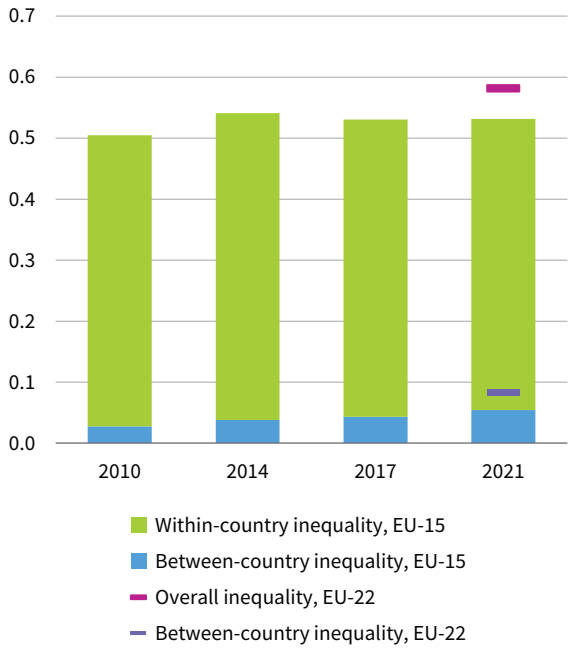
The aggregate net housing wealth Gini index for the EU-15 increased from 70 % to 73 % between 2010 and 2014 and then decreased to 71 % by 2021.

While the Gini index is useful for assessing overall inequality, the Theil index allows for a decomposition into within-country and between-country inequality. Since net wealth includes negative values, it cannot be decomposed using the Theil measure, but asset-based indicators (which include only non-negative values) can be analysed in this way. The decomposition of the housing asset Theil index reveals that the majority of total housing asset inequality stems from within-country disparities, while differences between countries account for a minor share (Figure 43). Nevertheless, between-country inequality increased between 2010 and 2021. The Theil index for the 22 countries included in the 2021 wave indicates a higher level of between-country inequality, reflecting the more heterogeneous composition of this expanded country sample.

Significant differences exist between countries in both the levels of and trends in housing wealth inequality. The Gini coefficient of net housing wealth varies widely, ranging from 50 % in Slovakia to 77 % in Germany.

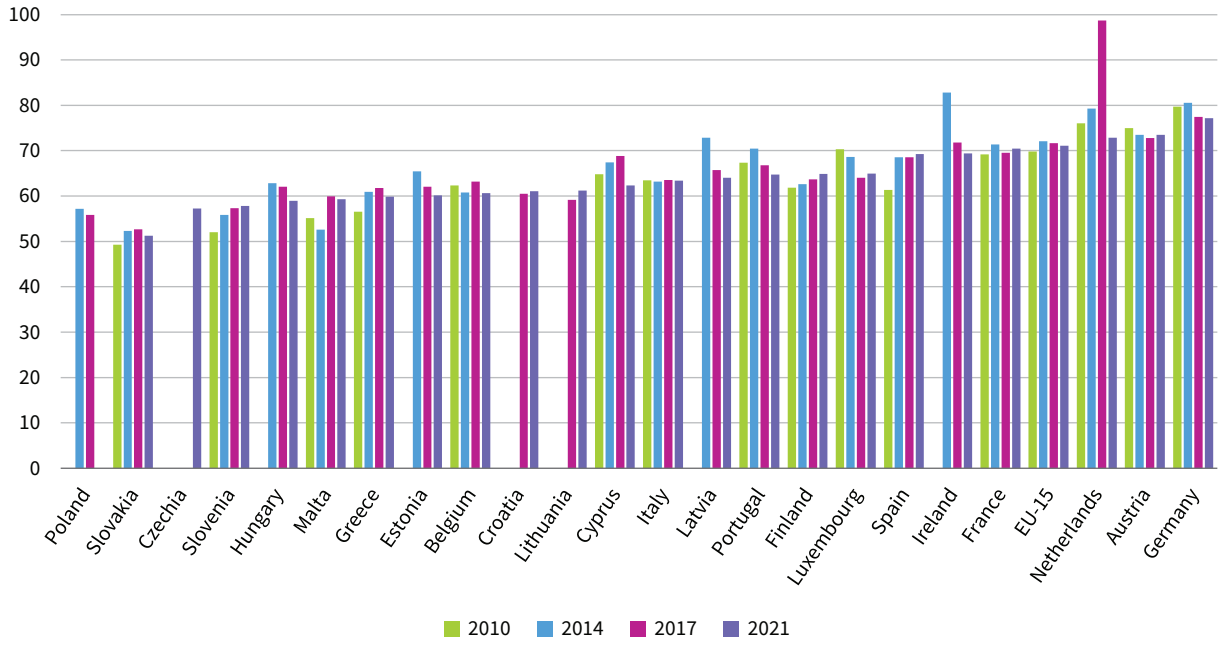
Trends over time also reveal notable country-specific patterns (Figure 44). In some countries, like Finland, Slovenia and Spain, real estate wealth inequality has

Figure 43: Between- and within-country housing asset inequality: decomposition of the Theil indicator, EU-15 and EU-22, 2010–2021



Source: *HFCS 2010-2021.*

Figure 44: Housing net wealth inequality, EU-15 and Member States, 2010–2021 (Gini coefficient)



Notes: *Negative values are included.*
Source: *HFCS 2010–2021.*

steadily risen over the four waves. By contrast, in Cyprus, Greece, the Netherlands and Slovakia it increased until 2017 and then decreased in 2021. Meanwhile, Germany, Luxembourg and Portugal have experienced a consistent decrease in real estate wealth inequality since 2014, while in Belgium, France, Italy and Austria the Gini coefficient has remained largely stable since 2010.

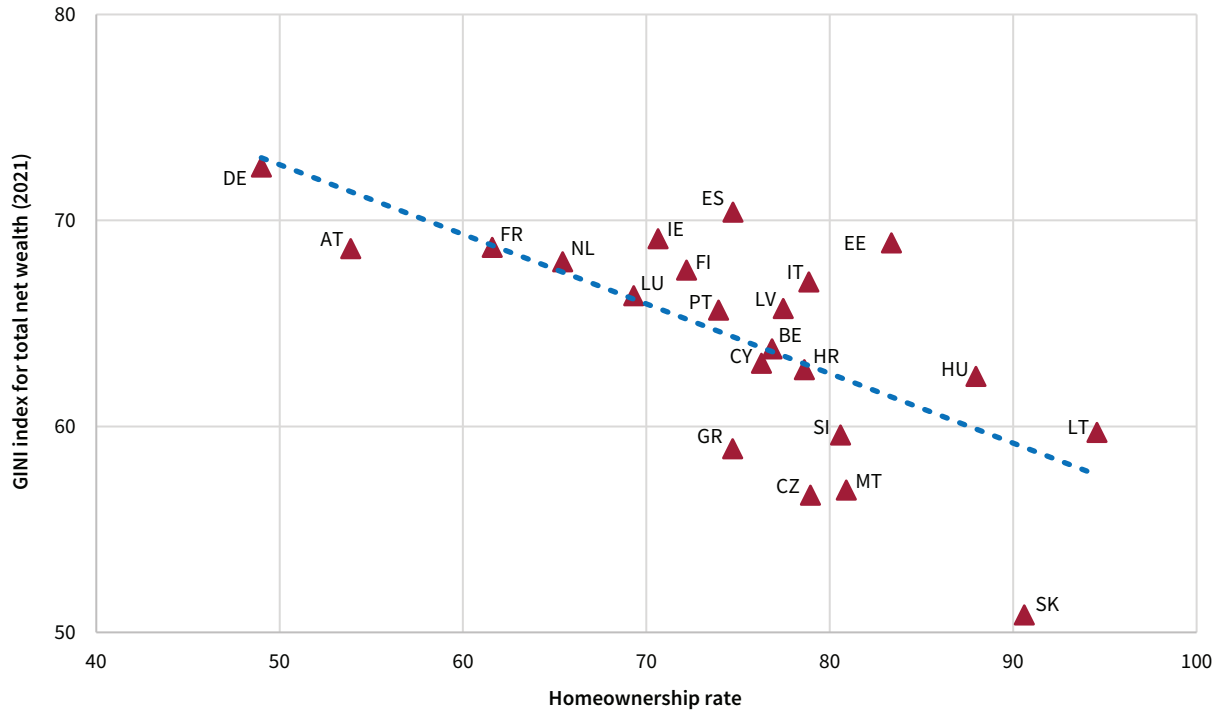
Whereas aggregate inequality in housing net wealth exhibits a modest increase between 2010 and 2021, no clear trend emerges between 2017 and 2021. Notably, none of the countries experienced a significant rise in the housing Gini indicator between the third and fourth waves. This suggests that the housing price boom during the COVID-19 pandemic did not substantially alter the distribution of housing wealth within the population – at least during the early phase of the pandemic, which is covered by the survey.

One possible explanation is that homeownership structures remained largely unchanged between survey waves. In addition, housing wealth is measured based on owners' self-assessments. Since perceptions of house price changes often lag behind actual market fluctuations, the immediate impact of price increases may not be fully reflected in reported wealth values.

While ownership structures appear persistent, they play a crucial role in shaping both housing wealth inequality and overall wealth inequality within countries. Previous studies, such as those by Causa et al. (2019) and the OECD (2021a), suggested that higher homeownership rates were associated with lower levels of within-country wealth inequality. Similarly, these findings show that countries with high homeownership rates – such as Slovakia, Malta, Slovenia and Croatia – tend to have lower levels of wealth inequality (Figure 45). The coefficient of correlation between the Gini index for total net wealth and homeownership rates is – 0.68, driven by the strong link between homeownership and the Gini of housing wealth (this correlation coefficient is – 0.87 in 2021). However, when housing is excluded from net wealth, the correlation with homeownership drops to – 0.1 and becomes insignificant. This highlights the equalising effect of housing wealth and also reflects that, in many low-wealth countries, homeownership rates are historically high due to structural factors, such as past privatisation policies or cultural preferences for owning rather than renting.

The ranking of countries by Gini indicators is largely consistent across different measures of inequality. For instance, examining housing wealth shares (Figure 46),

Figure 45: Relationship between net wealth inequality and homeownership rates, EU-22 and Member States

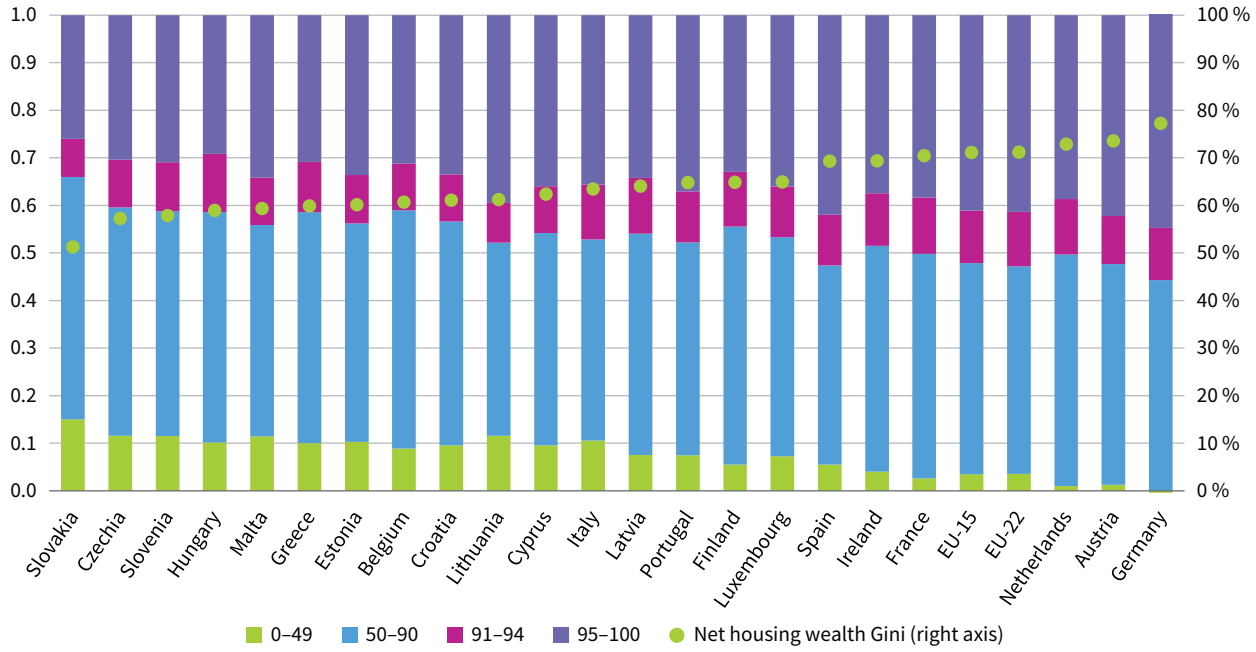


Note: *Negative values are included.*
Source: *HFCS 2021.*

a higher housing Gini coefficient is typically associated with a higher concentration of housing wealth among the top 10 % and a lower share of wealth held by the bottom half of the population. Furthermore, lower inequality in housing wealth than in total wealth is also reflected in other segments of the wealth distribution. Specifically, the share of the middle (50–90 %) and the bottom (0–49 %) housing wealth percentiles are somewhat higher, while the shares of the top 5 % and the top 10 % are somewhat lower than their respective shares of total net wealth (see Figure 46).

Nevertheless, despite being more evenly distributed than non-housing wealth, housing wealth remains highly concentrated. Across the EU-22, the top 10 % of households in the housing wealth distribution hold over 50 % of total net housing wealth, with their share exceeding one third in every country. In contrast, the bottom half of the wealth distribution holds just 4 % in the aggregate of the 22 countries, with their share as low as 1 % in the Netherlands, Germany and Austria. The wealthiest 10 % hold the highest share of the total housing wealth in Germany, followed by Spain. In every country, the members of the 50th to the 90th percentiles hold the greatest proportions of the country's total housing net wealth. Countries with the most equal wealth distribution in terms of housing wealth (such as Slovakia, Czechia, Slovenia and Hungary) were the countries with the lowest within-country inequality and top wealth shares in terms of the total net wealth distribution (Eurofound, 2025, Annex 1, Figure A3).

Figure 46: Net housing wealth, by housing net wealth quantiles and net housing wealth Gini coefficients, EU-22 and Member States, 2021



Notes: *The bars show the housing wealth shares of certain quantiles of the housing wealth distribution in 2021 (left axis). Countries are ordered by the value of the Gini coefficient estimated by housing net wealth (right axis). Negative values are included.*
Source: *HFCS 2021.*

Key points

- **Variation in net housing wealth inequality.** The Gini coefficient of net housing wealth ranges widely, from 50 % in Slovakia to 77 % in Germany, underlining significant disparities. There is substantial variation between countries both in its levels and in its trends.
- **Trends in net housing inequality.** Aggregate inequality in housing net wealth moderately increased between 2010 and 2021, though with significant variations across countries. However, the Gini indicator did not rise considerably in any country between 2017 and 2021, suggesting that the early phase of the COVID-19 pandemic did not significantly affect the distribution of housing wealth.
- **Homeownership and wealth inequality.** Higher homeownership rates are associated with lower overall wealth inequality. However, the countries with the highest homeownership rates tend to be those in central-eastern Europe with lower average levels of income and wealth.
- **Between-country inequality.** A decomposition of the housing asset Theil index indicates that most EU-wide inequality results from within-country inequality, while between-country inequality is small, even though it marginally increased from 2010 to 2021.
- **Equalising effect of housing wealth.** The negative correlation between homeownership rates and the Gini coefficient of housing wealth (– 0.76) indicates that higher homeownership is associated with reduced inequality in housing wealth. However, there is no correlation between homeownership and net wealth excluding housing wealth.
- **Housing wealth and total wealth inequality.** Housing wealth inequality is lower than non-housing wealth inequality. The middle (50–90) and bottom (0–49) wealth percentiles hold a slightly higher share of net housing wealth, while the shares held by the top 5 % and top 10 % are somewhat lower than their corresponding shares of total net wealth.

Housing cost burden

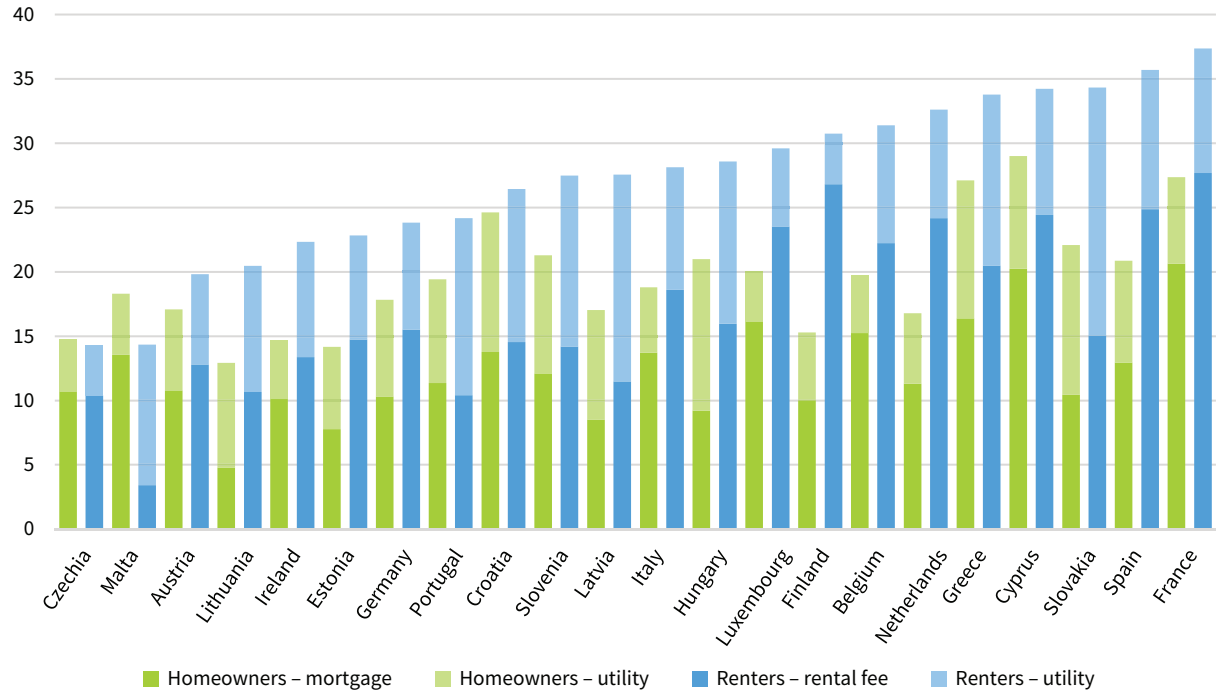
Housing costs constitute a significant share of household expenses, and through that they influence inequality in actual disposable incomes. High housing costs relative to income can limit a household's ability to afford other essential goods and services. Households with lower wealth are particularly vulnerable, as they lack a buffer to absorb any further increases in expenses.

Disparities in housing cost burden between renters and owners, and between different segments of society, were analysed for this study using the effort rates, that is, housing expenses relative to gross household income ([24]). The focus of this analysis was on households that either have purchased or built a property with a mortgage or rent their residence. Since the emphasis is on the burden of owner-occupied homes, the housing costs of households that own any other properties or have inherited or received their household's main residence as a gift were not included in the category of mortgage holders. In the figures that follow, this group is labelled as 'homeowners with mortgage'. Similarly, tenants who rent their home residence but have an additional property were excluded from the group of renters.

The results indicate that homeowners are generally much more well off than renters when considering only raw mortgage and rental costs. In all countries – except Czechia, Malta and Portugal – the median renter pays a higher proportion of their gross income on rent than the median mortgage holder pays on their mortgage (Figure 47). The main reason behind this is that, although rental fees are typically lower than monthly mortgage payments, tenants have significantly lower average income levels than mortgage holders in all countries. The median equalised income of mortgage holders exceeds that of tenants by 65 % on average in the EU-22, the difference ranging from 20 % in Greece to 119 % in Italy. When combined with utility prices, the advantage of renters over mortgage holders in Portugal disappears, as renters face higher utility costs. Median housing costs, including utility expenses, vary significantly between countries, ranging from 15 % of gross household income in Czechia and Malta to approximately 35 % in France, Spain, Slovakia and Cyprus. Mortgage holders typically face housing costs that are 5–15 percentage points lower than renters.

([24]) Effort rate is usually defined as housing costs divided by net income, but the HFCS includes data only for household gross income.

Figure 47: Housing cost burden of homeowners and renters: median mortgage and rent payments plus utility payments relative to gross household income, Member States, 2021 (%)



Notes: *The green bars show the median mortgage and utility payments relative to gross household income, while the blue bars show the rental and utility fees together relative to gross household income. Only observations with an annual total gross income of more than EUR 599, or more than EUR 49 a month, are included. Those excluded represented 0.5 % of the total observations in each country.*
Source: *HFCS 2021.*

Indicators of housing affordability differ in whether they are based on gross or disposable income. According to a common affordability benchmark, housing is considered affordable if households spend no more than 30 % of their gross income on housing costs (OECD, 2021b). Meanwhile, the housing overburden rate, used by both the OECD and Eurostat, is defined as the percentage of the population living in households where the total housing costs ('net' of housing allowances) represent more than 40 % of household disposable income by (OECD, 2021b; Eurostat, 2023). In the analysis we rely on the former definition, as we observe only the gross income in the database. When utility costs are included, the median housing costs for renters exceed the 30 % affordability threshold in several countries – Belgium, Cyprus, Finland, France, Greece, the Netherlands and Slovakia – and are close to the threshold in an additional five countries. In the case of homeowners with mortgages, median housing costs are below the 30 % threshold in all countries.

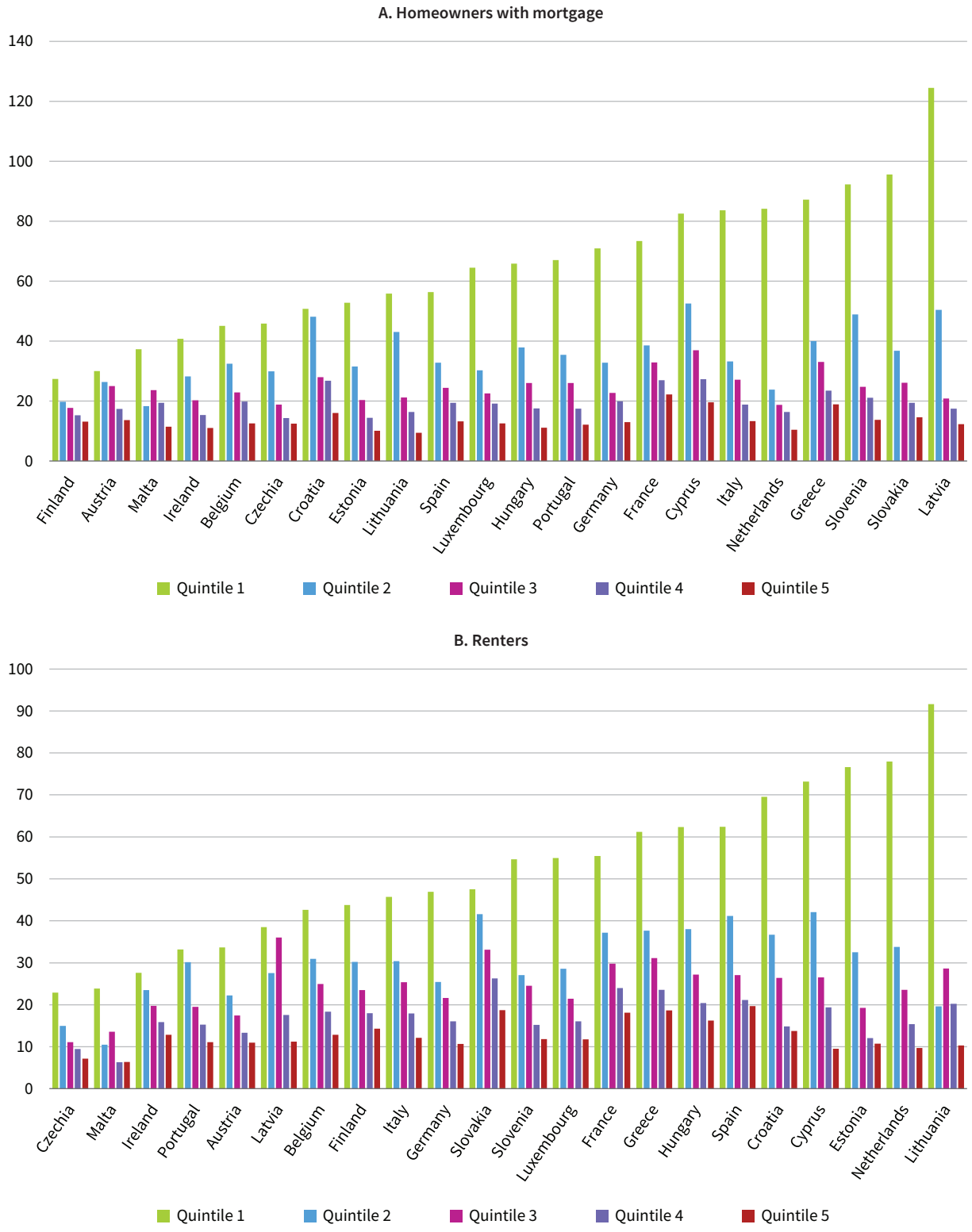
Effort rates for renters are lowest in Czechia and Malta and for mortgage holders are lowest in Estonia, Finland, Ireland and Lithuania.

The burden of housing and rental costs in most Member States is more significant for households in the bottom wealth quintiles. Effort rates of mortgage holders in the lowest wealth quintile are highest in Austria, Cyprus, France, Hungary, Luxembourg and Portugal, while those of renters in the lowest wealth quintile are highest in Cyprus, Spain, France and the Netherlands (Figure 48). Housing costs are even more striking in the lowest income decile, where the effort rate exceeds 30 % in the vast majority of countries; in many cases, most of their income is eaten up by housing costs (Figure 49).

Figure 48: Housing cost burden of (A) homeowners and (B) renters by wealth quintiles: median mortgage and rent payments plus utility payments relative to gross household income, Member States, 2021 (%)

Notes: *Only observations with an annual total gross income of more than EUR 599, or more than EUR 49 a month, are included. Those excluded represented 0.5 % of the total observations in each country.*
Source: *HFCS 2021.*

Figure 49: Housing cost burden of (A) homeowners and (B) renters by income quintiles: median mortgage and rent payments plus utility payments relative to gross household income, Member States, 2021 (%)



Note: *Only observations with an annual total gross income of more than EUR 599, or more than EUR 49 a month are included. These individuals represented 0.5 % of the total observations in each country.*
Source: *HFCS 2021.*

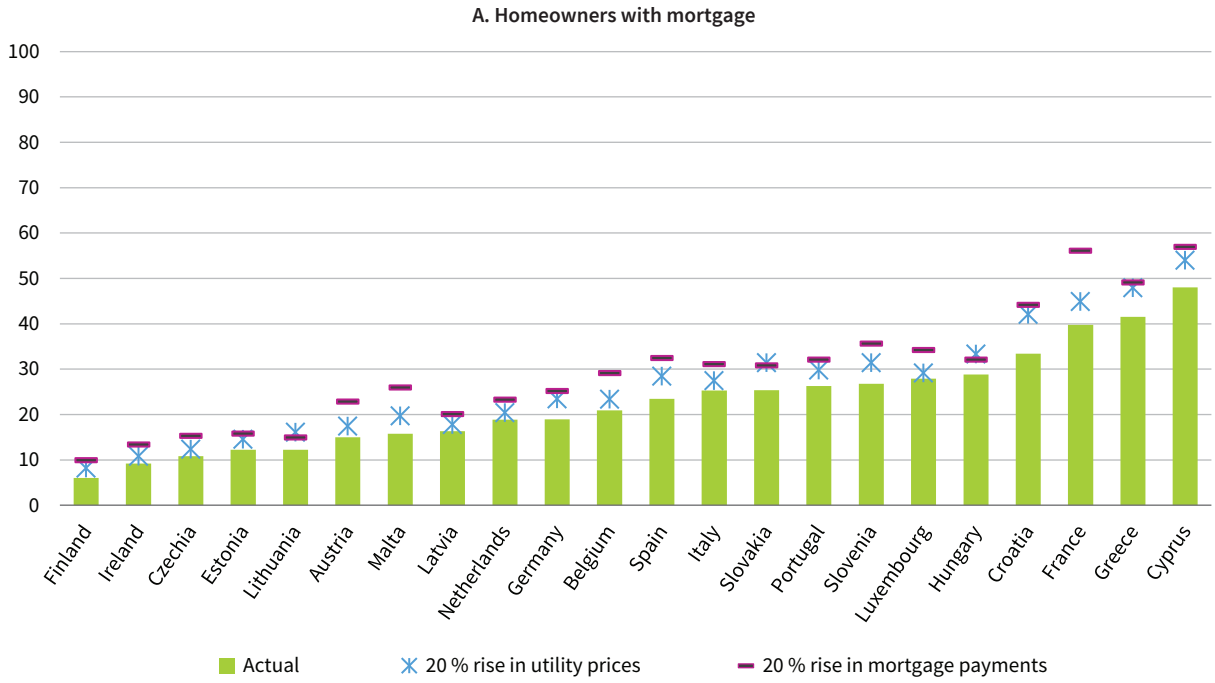
Another way to assess housing affordability is by measuring the share of individuals living in households where total housing costs exceed the 30 % affordability threshold. While the standard overburden rate is typically calculated as the share of individuals whose housing costs exceed 40 % of disposable income, this report adopts a 30 % threshold based on gross income due to data availability. Many households would face a heightened risk of unaffordable housing costs if housing expenses were to rise further. Since, in every country, tenants consistently have substantially lower incomes than homeowners with mortgages, a potential rise in rental payments would disproportionately increase the housing cost burden for renters compared with a similar increase in mortgage costs for homeowners. The same pattern applies to utility price increases, which place a relatively greater strain on tenants.

The vulnerability of households to potential housing cost shocks was assessed through a simulation exercise. This showed that a hypothetical 20 % increase in rental or mortgage payments and utility prices would raise the share of households exceeding the 30 % affordability threshold in many countries significantly, by 2–16 percentage points, with the largest increases expected in those where the overburden rate is already high. Specifically, a 20 % rise in mortgage payments would push the share of mortgage holders exceeding the affordability threshold close to or beyond 10 percentage points in Belgium, Croatia, Cyprus, France, Malta, Slovenia and Spain (Figure 50). With the exception of France, these countries have a substantial share of mortgage holders with variable interest rate loans, ranging from 45 % in Malta to 74 % in Spain, implying that interest rate shocks can indeed pose housing affordability challenges.

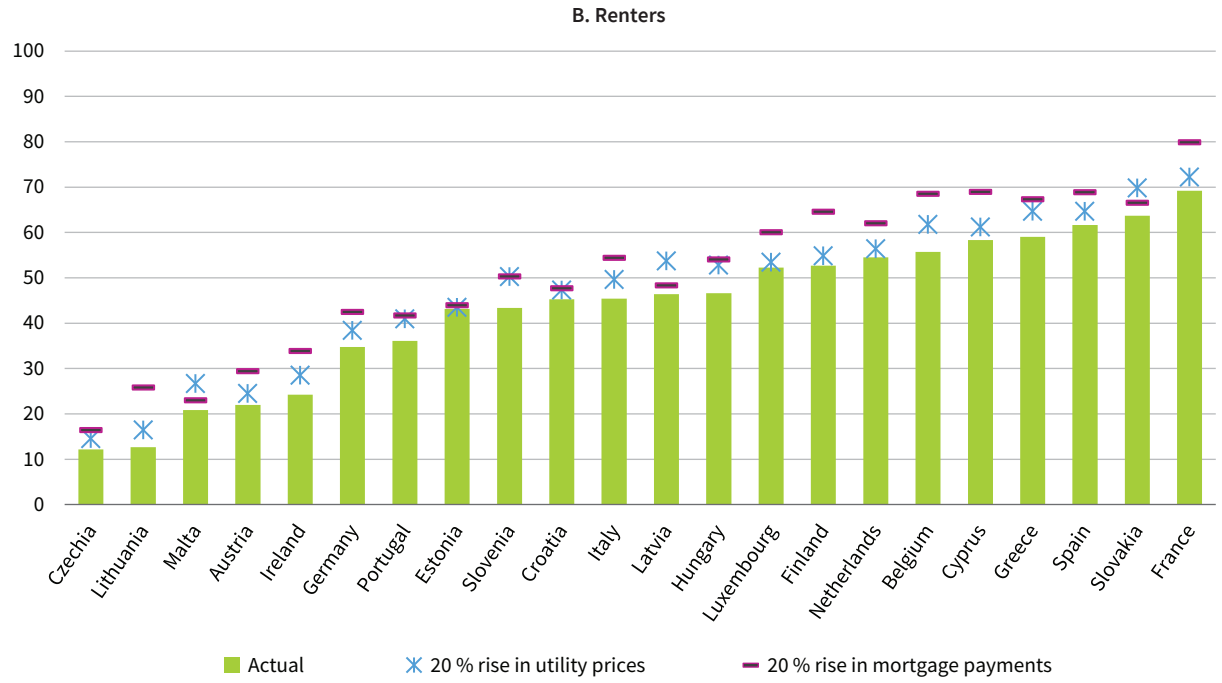
Likewise, a similar increase in rental fees would raise the share of overburdened renters by more than 10 percentage points in Belgium, Cyprus, Finland and Latvia. A potential 20 % increase of the utility prices would push fewer households over the affordability threshold than a comparable increase in mortgage payments or rental fees in most countries (Figure 50).

Since utility costs are unavailable for the first wave of the HFCS, long-term trends in housing costs can be assessed only through rental and mortgage fees. Between 2010 and 2021, the median housing cost burden relative to gross income without utility payments for homeowners does not exhibit a clear trend: it remained relatively stable in most countries, with noticeable increases in Austria and France and decreases in Slovakia and Portugal. On the other hand, during the same period the burden of rental payments increased in most countries, such as Austria, Greece, Spain, Belgium, Luxembourg, Finland, Italy, the Netherlands, Estonia, Latvia, Lithuania, Hungary and France ([25]).

Figure 50: Overburden rate of (A) homeowners and (B) renters: actual rates and hypothetical values in the event of a 20 % increase in mortgage, rental and utility fees, Member States, 2021 (%)



([25]) The same trend occurs when including utility costs; however, that was feasible for only the last three survey waves as utility price data were not collected in the first wave.



Notes: *Only observations with an annual total gross income of more than EUR 599, or more than EUR 49 a month, are included. Those excluded represented 0.5 % of the total observations in each country. The overburden rate is calculated as the share of individuals whose housing costs exceed 30 % of gross income.*
Source: *HFCS 2021.*

Key points

- **Housing cost burdens of renters and mortgage holders.** Renters typically face a higher housing cost burden than mortgage holders. In most Member States – apart from Czechia, Malta and Portugal – the median renter spends a larger share of their gross income on rent than the median mortgage holder does on their mortgage payments. This is primarily because renters have substantially lower gross income than mortgage holders in all countries: the median equalised income of mortgage holders exceeds that of tenants by 65 % on average in the EU-22, the difference between median income of mortgage holders and renters ranging from 20 % in Greece to 119 % in Italy.
- **Between-country variation in housing costs.** Median housing costs, including utility expenses, vary significantly between countries, ranging from 15 % of gross household income in Czechia and Malta to approximately 35 % in France, Spain, Slovakia and Cyprus. Mortgage holders typically face costs 5–15 percentage points lower than renters.
- **Affordability threshold.** In several countries, renters face unaffordable housing costs, with median housing expenses (including utilities) relative to gross income exceeding the 30 % affordability threshold in Belgium, Cyprus, Finland, France, Greece, the Netherlands and Slovakia, and nearing the threshold in five more countries. In contrast, for homeowners with a mortgage, median housing costs remain below the 30 % threshold in all countries.
- **Vulnerability to housing cost shocks.** Many households would face a heightened risk of unaffordable housing costs if housing expenses were to rise further: a hypothetical 20 % increase in rental or mortgage payments would raise the share of households exceeding the 30 % affordability threshold by 2–16 percentage points across countries, with the largest increases expected in those where the overburden rate is already high.
- **Housing costs in the lowest wealth quintile.** Households in the lowest wealth quintile bear the heaviest housing cost burden. Renters in Spain, Cyprus, France and the Netherlands face median housing costs nearing or exceeding 40 % of their gross income.
- **Housing cost burden trends.** While housing costs for mortgage holders do not show a clear trend between 2010 and 2021, median rental costs rose in most countries during that period.

Age differences in housing wealth and status

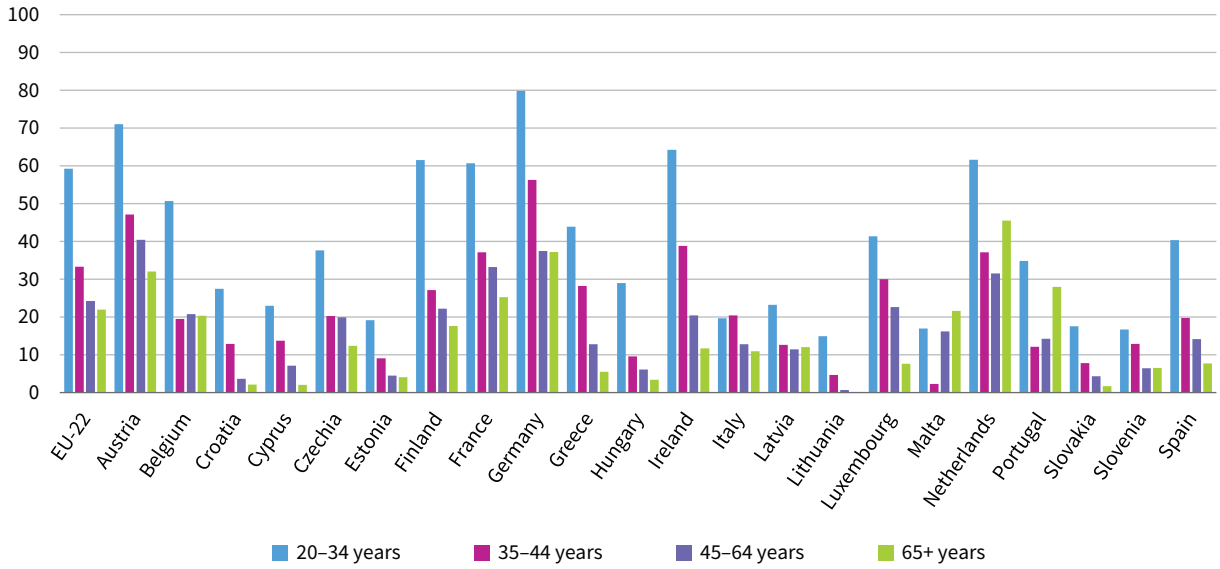
The results so far indicate that housing wealth is more equally distributed than total net wealth. The next step in the analysis is to further explore the distribution of housing wealth across age cohorts.

In all Member States studied, the proportion of renters is higher among the younger generations than among the older ones. In many countries, the majority of individuals aged less than 35 are tenants (Figure 51).

In countries such as Cyprus, Estonia, Spain, Croatia, Italy, Malta, Slovenia and Slovakia, where the proportion of tenants under the age of 35 is below 50 %, the proportion living somewhere for free is exceptionally high, around 20–30 %, which also contributes to lower homeownership rates among young people.

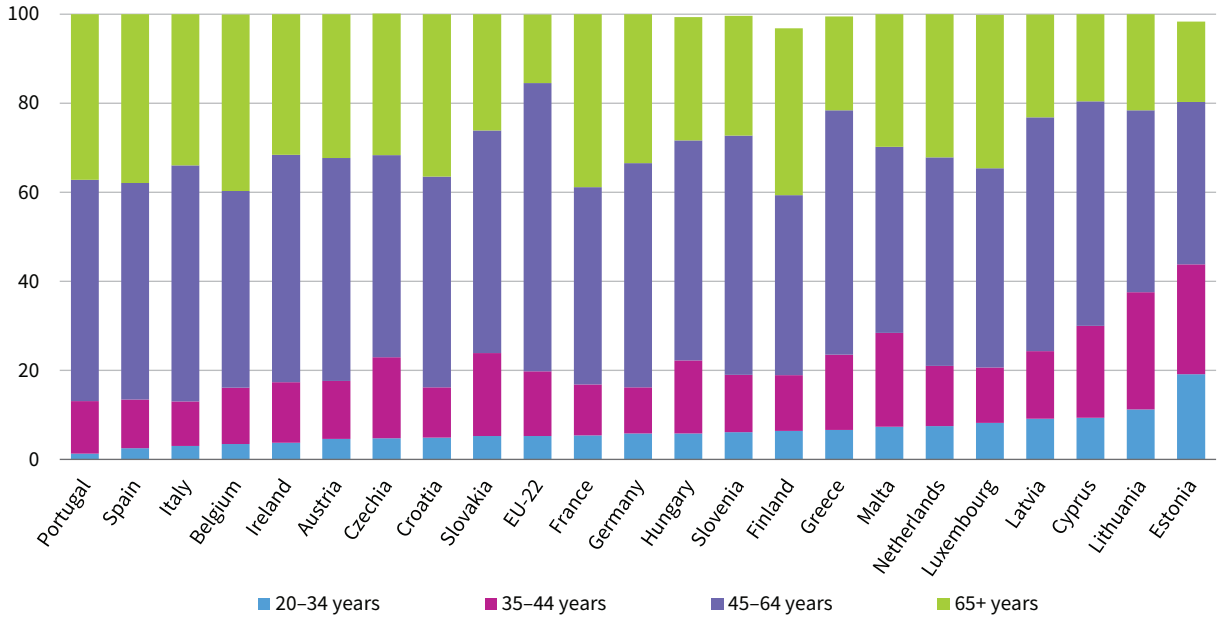
Evidently, as a higher proportion of younger people are tenants, their real estate wealth levels are also lower than those of older age groups (Figure 52). In all countries surveyed in 2021, individuals aged 45–64 years old held the largest shares of real estate wealth.

Figure 51: Households that rent the household main residence and have no other properties, by age group, EU-22 and Member States, 2021 (%)



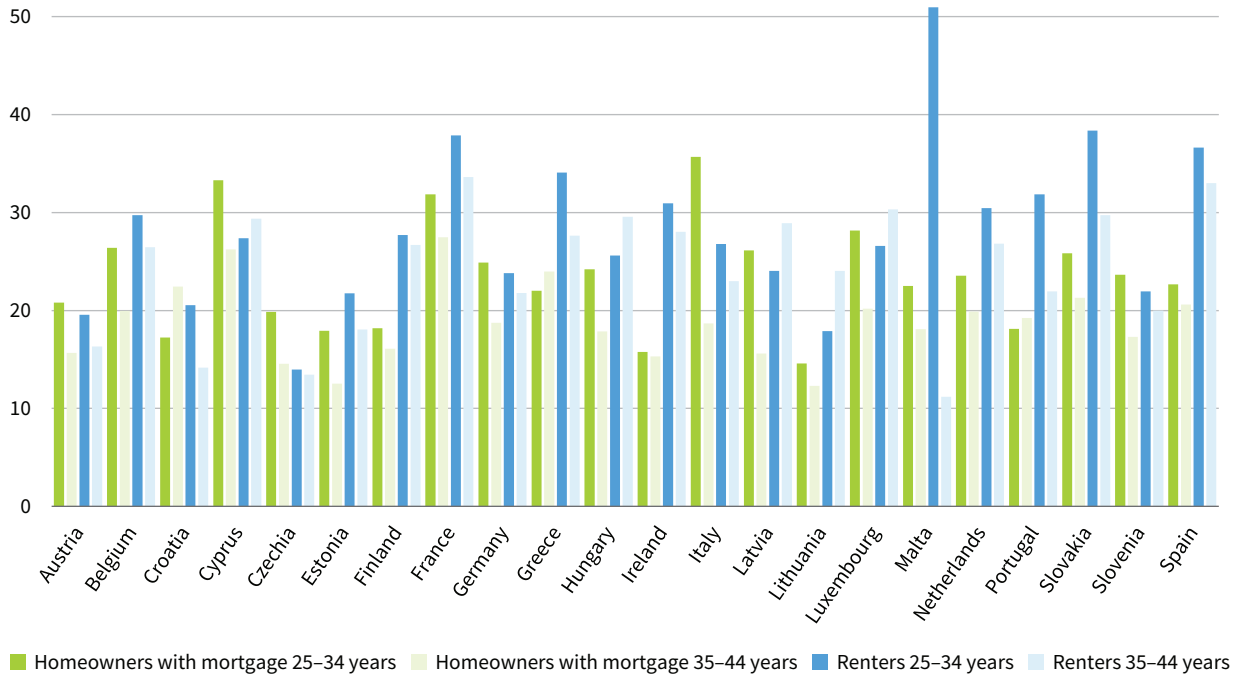
Note: *Proportion of households is shown by cohort group and country, so proportions are not additive. For example, the first blue bar shows that in the aggregate of the EU-22 the proportion of renters among the youngest generation was about 60 %.*
Source: *HFCS 2021.*

Figure 52: Real estate wealth shares of households, by age group, EU-22 and Member States, 2021 (%)



Note: *Proportion of households is shown by cohort group and country.*
Source: *HFCS 2021.*

Figure 53: Housing cost burden of homeowners and renters relative to gross income by two age groups: median mortgage and rent payments plus utility payments relative to gross income, EU Member States, 2021 (%)



Note: *Only observations with an annual total gross income of more than EUR 599, or more than EUR 49 a month, are included. Those excluded represented 0.5 % of the total observations in each country. The income variable was created as the sum of individual gross cash employee and individual gross self-employment income. Individuals in the 25–34 age cohort are those who are living independently from their parents, while the other age group includes all individuals aged 35–44.*
Source: *HFCS 2021.*

Since the category of homeowners includes young people who still reside with their parents, it is important to examine the prospects for young individuals who live independently from their parental households. While cohabitation may stem from cultural norms or be a practical choice for some families, a key driver is often limited access to affordable housing (Eurofound, 2023a).

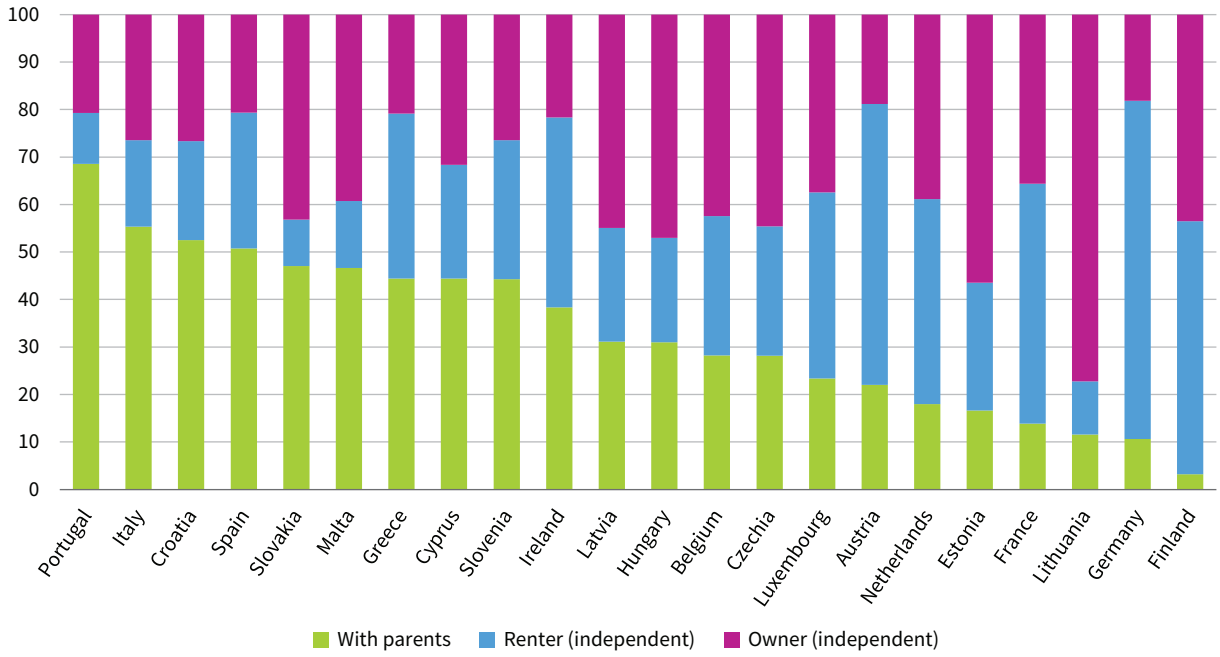
In most countries, young households (where the reference person is aged 25–34) face higher rental costs, relative to their income, than households where the reference person is aged between 35 and 44 (Figure 53). The greatest rental burdens for young people living independently are seen in Spain, France, Greece, Malta and Slovakia, while the greatest mortgage burdens are found in Cyprus, France and Italy.

Besides the fact that housing costs can affect young people disproportionately, rising housing costs might indicate that younger people are struggling to move out from their family homes and start a new life independently from their parents.

On average across the sample, only 30 % of young people (aged 20–34) own a home and live independently from their parents. Historically and in the latest survey wave, the share of young individuals living with their parents is particularly high in some southern European countries (Portugal, Italy, Spain, Greece, Malta and Cyprus) and certain eastern European countries (Croatia and Slovakia), where this share exceeds 40 % (Figure 54).

In southern European countries, delayed transition to independent living stems from strong family-centred cultural traditions as well as from economic challenges, such as high youth unemployment rates, low wages and limited access to affordable housing. In certain central European countries, the dominance of homeownership and the relatively small rental markets might contribute to the cohabitation of young and older generations.

Figure 54: People aged 25–34, by housing independence status, Member States, 2021 (%)



Source: *HFCS 2021.*

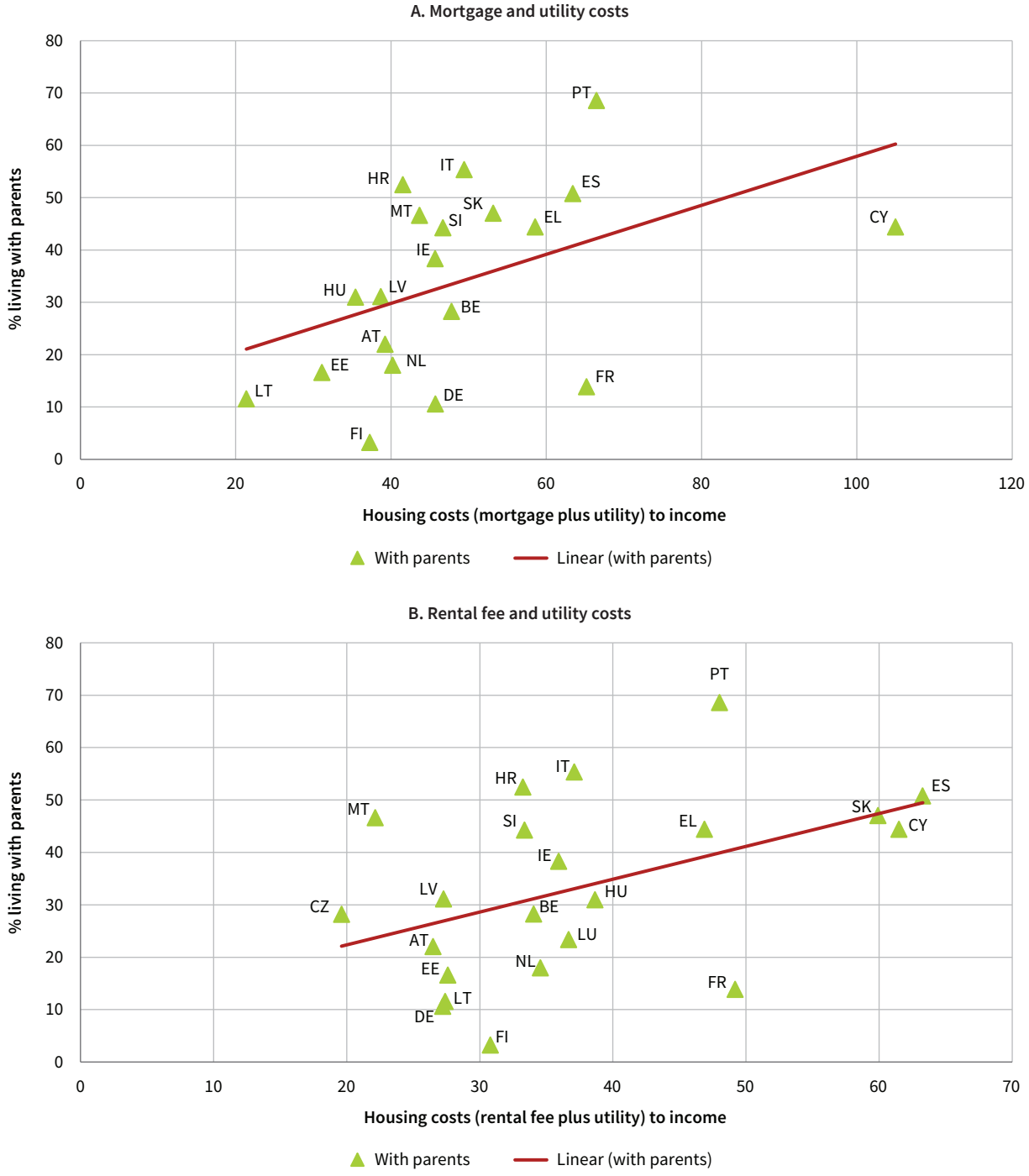
One factor behind young people staying with their parents is high housing costs. The share of young adults living with their parents is positively correlated with the potential costs of moving out, represented by the ratio of median housing costs to median earnings among young people (Figure 55). The correlation is 0.46 for owners with mortgages and 0.45 for renters.

Among the 15 countries surveyed from 2010 to 2021, the share of young people living with their parents has increased in all except Finland, Slovenia and Malta. This requires attention from policymakers, as it might indicate difficulty for young individuals to move out from their parental homes. These results are consistent with the findings of Eurofound (2023a), which also reports a rise in the proportion of young people living with their parents between 2010 and 2019.

Finally, to understand the impact of socioeconomic characteristics on the probability of a young person living with their parents, a cross-sectional logit regression was run on data from the latest wave.

An indicator variable of living with parents was regressed on a set of socioeconomic variables in a logit model. The results show that, among the young, being an employee or self-employed decreases the probability of living with parents, while students and unemployed people are more inclined to live in the parental home (in the pooled sample, 11 % of people aged 25–34 were unemployed and only 7 % were students). Marital status is also relevant; being married or divorced is associated with a higher probability of living independently. Males and those with incomes below the country median and living in rural areas are also less likely to live independently. Surprisingly, after controlling for all the above variables, higher educational attainment is associated with a higher likelihood of living with parents.

Figure 55: Hypothetical ratio of housing costs to earnings of people aged 25–34, Member States, 2021 (%)



Notes: *Figures display ratios of hypothetical housing costs to potential income of young people. The numerator is calculated as median housing costs (including utility costs) in households where the reference person is aged between 25 and 34 for renters and owners. The denominator is calculated as the median of national individual income from employment (employee or self-employment) of people aged 25–34 years.*
Source: *HFCS 2021.*

Key points

- **Age and housing wealth distribution.** Younger generations (aged under 35) are more likely to rent, while older individuals (45–64) hold most real estate wealth. Homeownership rates among young people are lower, especially in countries with limited access to affordable housing.
- **Housing costs for young people.** Young individuals face higher rental and housing costs relative to income, particularly in countries like Spain, France and Greece. This financial burden limits their ability to move out and live independently.
- **Living with parents.** A significant and growing share of young adults (aged 20–34) live with their parents, especially in Mediterranean and central European countries, where cultural norms and economic barriers, such as high youth unemployment and housing costs, play a role.
- **Socioeconomic factors influencing independence.** Young adults aged 25–34 are more likely to live independently if they are employed, self-employed, married or divorced, whereas students, unemployed people, men, those living in rural areas and individuals earning below the median income are more likely to live in the parental home. Surprisingly, higher education attainment is also associated with a higher likelihood of living with parents, possibly reflecting economic constraints.

Gender differences in housing wealth and status

Eurofound (2021) and Chapter 3 demonstrate that gender disparities in net wealth distribution among single households persist even after controlling for socioeconomic characteristics. This raises the question of whether similar gender differences exist in net housing wealth. To explore this, single-person households were analysed first, followed by an examination of the gender gap in the context of single parents with dependent children.

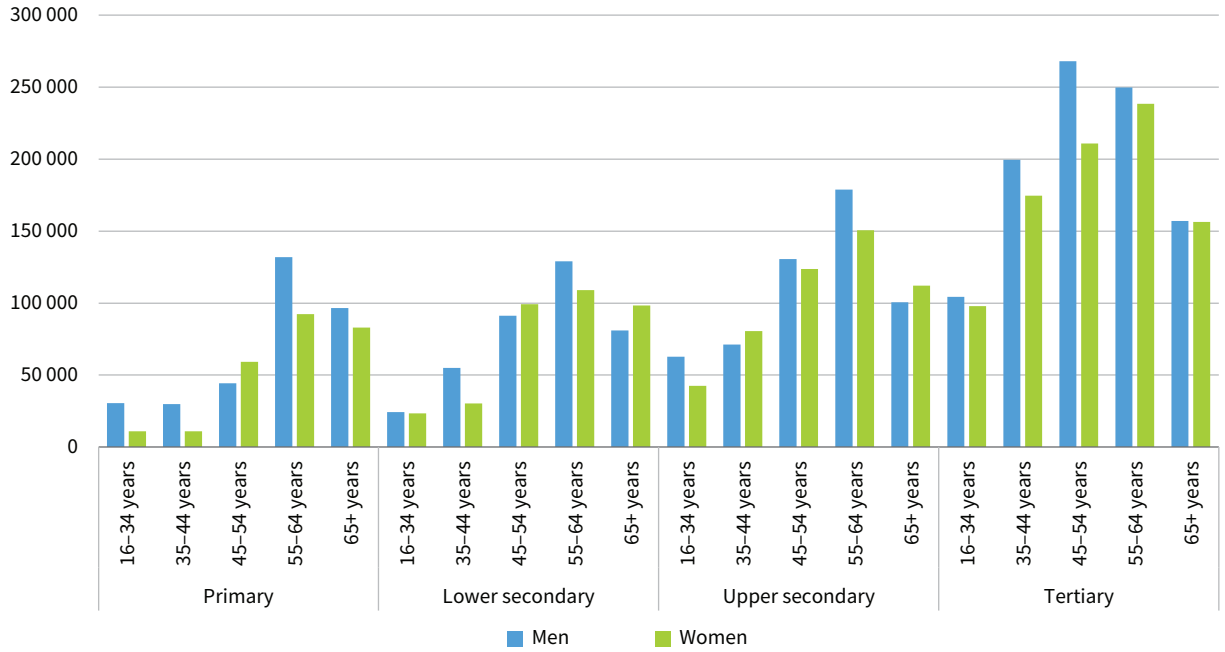
When comparing the housing wealth of male and female single-person households, no systematic differences were found on average. In the aggregate of the 22 countries, the absolute amounts of average net housing wealth were relatively similar between single male and female households (in 2021, EUR 116 000 and 115 000, respectively) ([26]), and countries exhibit a mixed picture regarding the direction of the gender gap. However, the age distribution differs significantly between men and women, with a much larger share of women falling into older age categories, which typically possess greater housing wealth than younger generations: in the aggregate of the 22 countries, 55 % of single-woman households are composed of individuals aged 65 and older, compared with only 30 % among single-man households. In addition, the education levels within age groups also differ, which also influences the average wealth gap.

Examining housing net wealth by education level and age groups, single men consistently have higher net housing wealth than single women. While older women living alone are over-represented in all European countries compared with men, single men aged more than 55 years old have greater amounts of housing wealth than women in the aggregate of countries (Figure 56; for results adjusted to different price-level indices, see Eurofound, 2025, Annex 1, Figure A4). A regression analysis of the net housing wealth of single-person households in the 2021 HFCS also confirms that, even after controlling for age, education and country, men possess higher net housing wealth than women. However, when income and employment status are added as explanatory variables, no significant gender difference remains among single-person households (see Eurofound, 2025, Annex 1, Table A3).

Like housing wealth, ownership status is strongly influenced by age and education level. Logit regressions indicate that, after controlling for age, education and country, single women are 3 % less likely to be homeowners and 4 % less likely to own a second property than men living in a single-person household. However, these differences largely stem from income and employment disparities between men and women. When controlling for gross income, the gap in homeownership probabilities disappears, though women remain 2 % less likely to own a second property. Once both income and employment status are accounted for, no significant difference remains in property ownership probability between single men and women (see Eurofound, 2025, Annex 1, Table A3).

([26]) When adjusted with PPP, the value of average housing wealth changes to EUR 118 000 for men and EUR 122 000 for women.

Figure 56: Average housing net wealth among single-person households, by gender, age group and educational attainment, EU-22, 2021 (EUR)



Source: *HFCS 2021.*

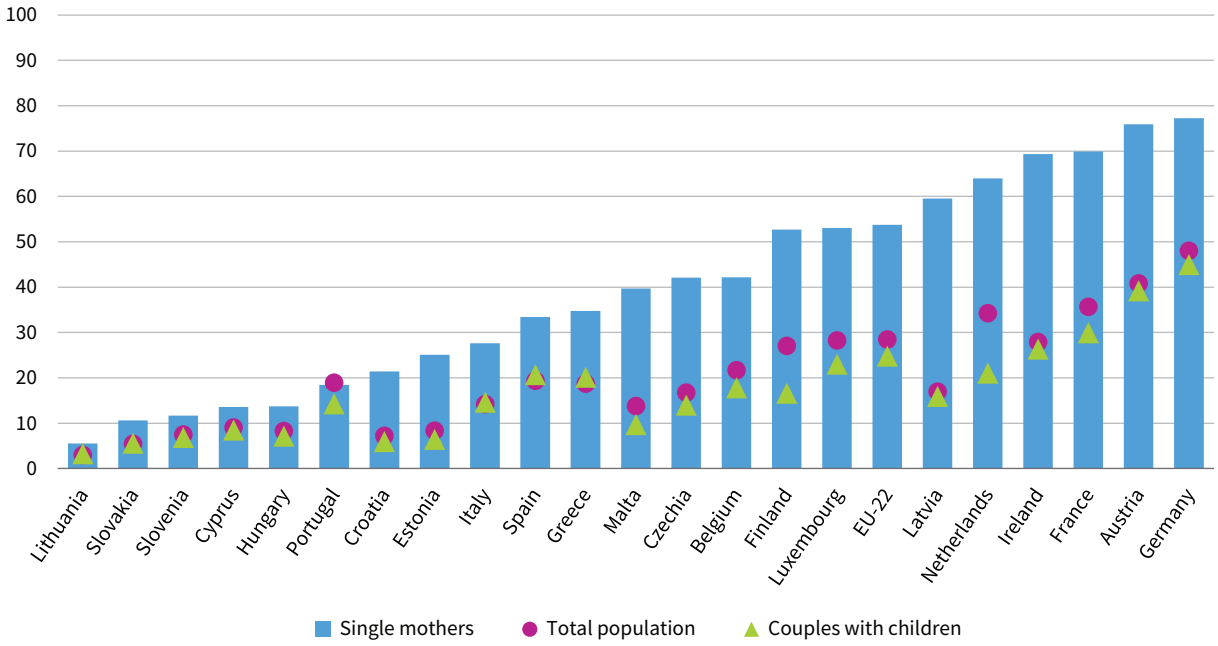
Vulnerability of single mothers

It is well established that lone parents are more vulnerable than larger family units, and single mothers face a heightened risk of poverty or social exclusion even compared with single fathers (EIGE, 2016; Sierminska and Radomska, 2024). Therefore, the housing situation among single mothers with one or more dependent children was examined as part of the current study. Such families constitute 10 % of families with dependent children. As single fathers account for only about one fifth of all single parents, the analysis focuses on comparison with two-adult families with children ([27]).

A substantially higher proportion of single mothers are tenants than among both the overall population and two-adult families with children (Figure 57). Between-country variations are also evident: the lowest proportions of single-mother renters are observed in countries where overall rental rates have historically been low, such as Croatia, Hungary and Lithuania.

([27]) Based on these observations, the ownership rates of single mothers are lower, and their cost-to-income ratios are higher, than those of single fathers.

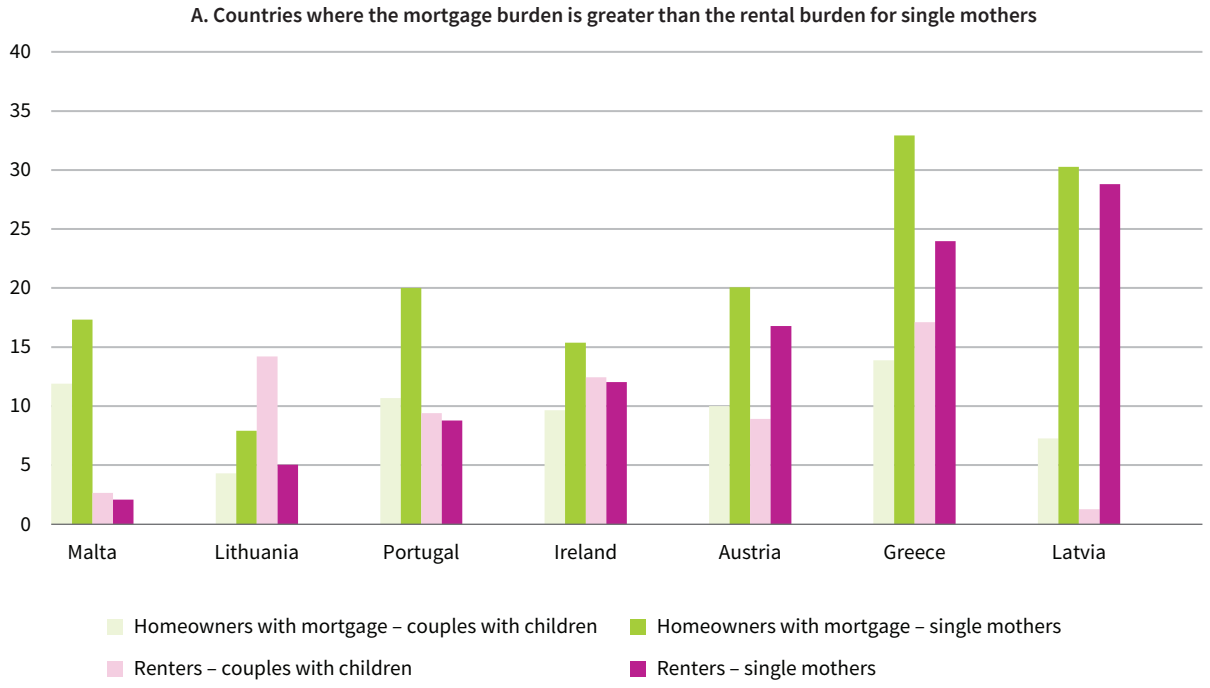
Figure 57: Proportion of renters among single mothers, the total population and couples with children, EU-22 and Member States, 2021 (%)



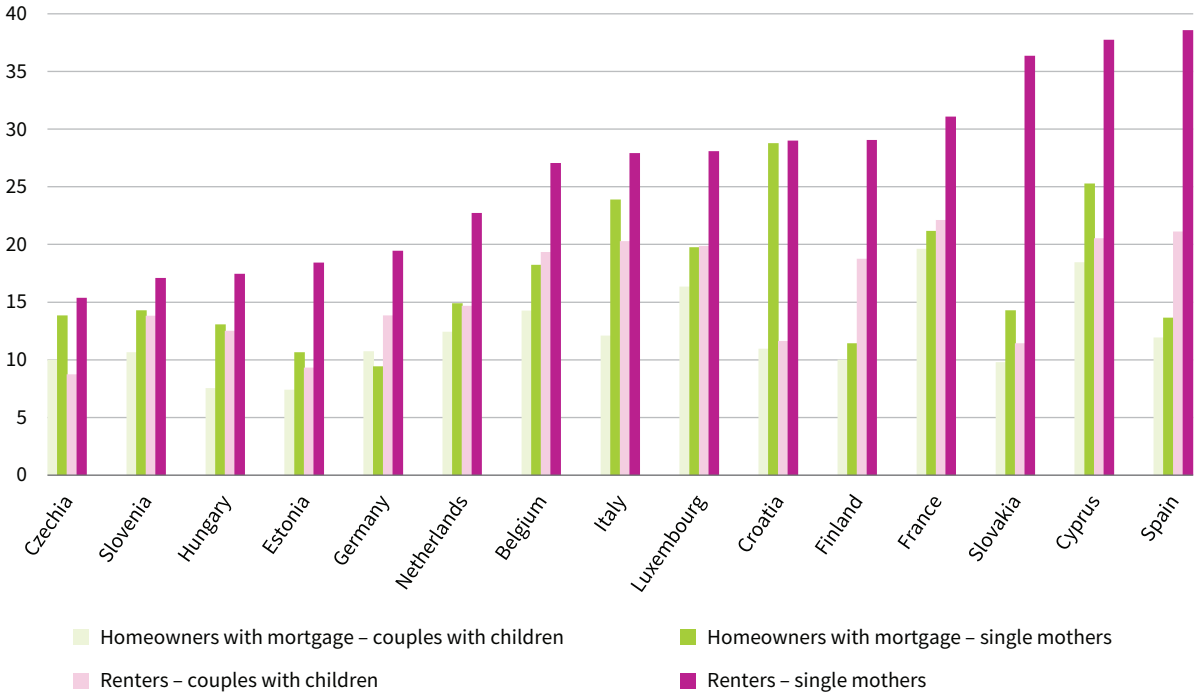
Note: *'Single mothers', lone mothers with one or more children; 'total population', proportion of renters in the overall population; 'couples with children', two-adult families with one or more children.*
Source: *HFCS 2021.*

The financial vulnerability of single mothers becomes even more apparent when examining the housing cost burden, particularly in comparison with two-adult households with one or more dependent children, as shown in Figure 58. In the majority of cases (except for Ireland, Lithuania, Malta and Portugal renting households), single mothers supporting one or more dependent children, either renting or owning their home, bear a significantly higher proportion of housing costs relative to their income levels than two-adult households with children.

Figure 58: Housing cost burden of single mothers and two-adult families with children: median mortgage and rent payments without utility payments relative to gross household income, Member States, 2021 (%)



B. Countries where the rental burden is greater than the mortgage burden for single mothers



Notes: *Only observations with an annual total gross income of more than EUR 599, or more than EUR 49 a month, are included. Those excluded represented 0.5 % of the total observations in each country. 'Couples with children' includes all households with two adults and one or more dependent children.*
Source: *HFCS 2021.*

This greater reliance on renting than in the overall population and the disparity in terms of housing cost burden between single-parent households and two-adult households with children may stem from various financial challenges, such as lower average income levels among single mothers than among single fathers or couples with children [28] or limited access to mortgage financing. As a result, single mothers are at greater risk of financial strain when facing rising housing costs, which could affect their economic stability and housing security. Limited financial resources, coupled with gender-based wage gaps, leave single mothers at greater risk of poverty when confronted with unexpected expenses or economic downturns.

These findings emphasise the need for policies or support mechanisms that address the unique housing vulnerabilities faced by single parents, particularly mothers, especially in the context of fluctuating rental or mortgage markets.

Key points

- **Housing wealth and gender.** Single men typically hold higher net housing wealth than single women, controlling for age and education. However, when income and employment status are added as explanatory variables, no significant gender difference remains among single-person households.
- **Housing and total net wealth inequality.** However, real estate wealth is more equally distributed between genders than total net wealth is, and women are more likely to keep their assets in real estate than men are.
- **Single mothers.** Single mothers have substantially higher housing costs relative to their income, and lower homeownership rates, than two-parent households.

[28] According to the HFCS dataset, for the aggregate of countries, the average income per person of single mothers, single fathers and two-adult families with one or more dependent children is around EUR 20 400, EUR 29 400 and EUR 29 000, respectively.

6 Trends in wealth accumulation of the middle class

A robust middle class plays a pivotal role in democratic societies. It is essential for political stability in democracies and acts as a safeguard against political extremism (OECD, 2019). However, in several countries, the middle class is facing growing challenges as its economic standing diminishes relative to wealthier households (OECD, 2019). This chapter compares alternative definitions of the middle class and examines variation in its size and wealth shares based on these definitions. The analysis also looks at the composition of the middle class in terms of occupation, educational attainment and employment status, and investigates the household characteristics associated with transitions between the lower, middle and upper classes.

Income-based and wealth-based definitions

The definition of the middle class varies in both academic studies and policy discussions, reflecting different criteria such as relative and absolute income levels, consumption patterns, occupational status or values (see, for example, Derndorfer and Kranzinger, 2021; Moawad and Oesch, 2023).

The middle class is often defined by income brackets. One such definition includes households between the 20th and 80th income percentiles (Dallinger, 2013; OECD, 2015). Another widely used concept defines the middle class as those with household disposable incomes between 75 % and 200 % of the national median disposable income, a definition used by the OECD (2019) and Eurofound (2017, 2019, 2024). The middle class based on this definition is large in European countries; it represents the majority (50–75 %) of the population in all Member States, reflecting relatively inclusive societies (Eurofound, 2024).

Some studies propose occupation-based definitions of social classes, including the middle class. Oesch (2022) argues that occupational categories are preferable to income-based definitions that define the class status based on actual income, as individual earnings can fluctuate significantly over the course of a person's life, particularly at the beginning and end of their working years. Occupational categories are also better suited to capturing inequality in social relations within labour markets and workplaces. Moawad and Oesch (2023) distinguish four social classes: the upper middle class, the core middle class, the skilled working class and the unskilled working class. They separate the upper middle class, consisting of professionals and managers, from the core middle class, which includes semi-professionals, associate managers and technicians.

Others, like Robert D. Putnam (2015), highlight that the capability for class transition is highly dependent on educational attainment. Thus, he distinguishes the upper middle class as a group of people who have the opportunity to grow up in harmonious families that are able to provide and support the admission of offspring to colleges and universities, whereas members of the lower classes are at higher risk of dropping out of school and have fewer opportunities to enrol in prestigious universities. Consequently, Putnam (2015) argues that education plays an indispensable role when defining the middle class.

Piketty (2014) argues that solid wealth is essential for the existence of the middle class, and he defines the middle class exclusively based on wealth: households belong to the middle class if their wealth holdings fall between the median household wealth and the top 10 % of the wealth distribution. The same definition is used by Kuhn et al. (2020) for the United States in analysing wealth dynamics of different classes. Causa et al. (2019) considers the middle wealth class to be the middle three quintiles of the wealth distribution. In the wealth-based definitions used in the literature, the size of the middle class is fixed.

Earlier findings on size and characteristics

There is an ongoing debate in the literature about how the size and position of the middle class have changed in recent decades. As different definitions of the middle class exist, this can lead to strikingly different conclusions. Using the income-based definition (defined as households with a median equivalised disposable household income between 75 % and 200 % of the median), Eurofound (2017) found that, prior to 2009, the middle income class had been expanding across Europe, but this trend reversed in the aftermath of the 2008 financial crisis, leading to a decline in the size of the middle class.

Defining the middle class as the 50th to 90th percentiles of the wealth distribution, Kuhn et al. (2020) show that the house price collapse after the financial crisis brought about substantial wealth losses in the middle class, while the wealth of the top 10 % was boosted by the quick rebound in stock markets. This is because

housing wealth represents a primary asset for the middle class, distinguishing their wealth accumulation patterns from those of the wealthiest households, who typically hold more diversified portfolios with substantial financial assets; see Kuhn et al. (2020) for the United States, Causa et al. (2019) for the OECD countries and Eurofound (2021) for European countries.

Derndorfer and Kranzinger (2021), based on EU-SILC data, find that the middle class (defined as households with a median equivalised disposable household income between 75 % and 125 % of the national median equivalised disposable household income) shrank in 18 out of 26 countries between 2004 and 2014, accompanied by increasing income polarisation.

However, using an occupation-based definition from the Luxembourg Income Survey, Moawad and Oesch (2023) argue that the middle class and upper middle class expanded significantly in the United States and five European countries (France, Germany, Poland, Spain and the United Kingdom) between 1980 and 2020, while both the skilled and unskilled working classes declined. The authors assert that both income-based definitions and those encompassing the middle three quintiles are overly broad and include a significant share of the working class. Contrary to the narrative of a 'squeezed middle class', they argue that the true economic losers of the past few decades were the working class, not the middle class.

Size and wealth share of the middle class

Alternative definitions compared

For the measurement of the middle class, two main definitions are used in the current study.

- Income-based definition: people whose gross income is between 75 % and 200 % of the national median gross income. This reflects the most widely used definition (used by Eurofound, 2017, 2024; OECD, 2019). However, the literature uses equalised disposable household income. As the HFCS does not contain information on disposable income, the definition in this report relies on equivalised household gross income. This (relative) income-based definition captures those whose actual income is centred around the national median. An important feature of this definition is that the population share of the middle class may vary between countries and over time.
- Wealth-based definition: middle quintiles (between the 21st and 80th percentiles) in the wealth distribution. The wealth-based approach is less frequent in the literature but has a strong rationale, as highlighted in the previous section. An implication of this definition is that the population share of the middle class is 60 % in all countries and years.

The relative income-based definition allows analysis of variations and trends in the size of the middle class, while the wealth-based approach aligns more closely with the report's focus on how society is segmented along the wealth distribution. Wealth-based and income-based definitions of the middle class capture different dimensions of economic well-being, and each offers insights into distinct aspects of class mobility and inequality. In addition, this comparison helps identify factors that remain robust across different definitions of the middle class.

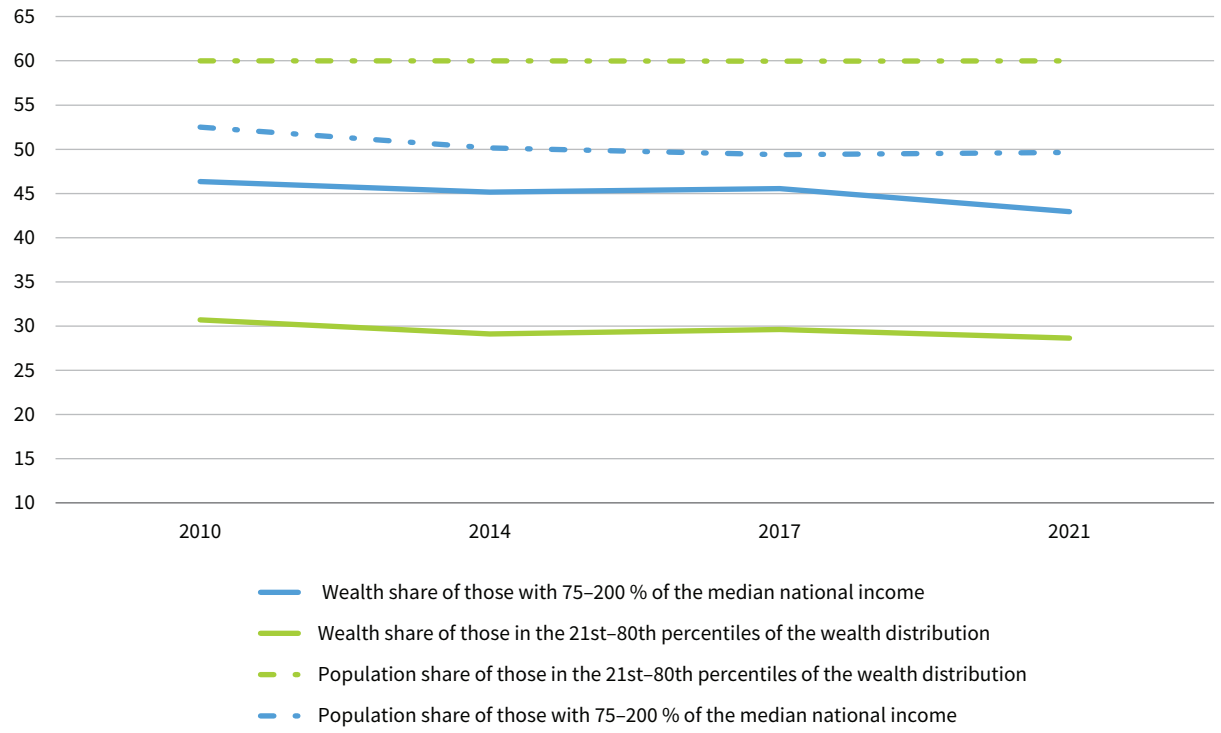
The wealth share is significantly smaller than the population share in the aggregate of Member States according to both definitions, and a higher share of wealth is concentrated at the top of the distribution (Figure 59). The difference is more striking using the wealth-based definition, whereby the middle three quintiles hold around 30 % of the total wealth in the EU-15. This reflects the more equal distribution of income than of wealth. By construction, the population share of the chosen wealth-based definition of the middle class is 60 %, while the population share varies using the relative income-based definition.

Population share

Overall, in the EU-15, the size of the middle class according to the income-based definition slightly shrank between 2010 and 2021, by 3.4 percentage points. There is significant between-country variation in the size of the middle class according to this definition; the population share ranged from 46 % in Lithuania to 68 % in Austria in 2021 (Figure 60). The share of the middle class is slightly lower than reported by Eurofound (2024), which is consistent with the use of gross income instead of disposable income. Since gross income does not account for the effects of predominantly progressive tax rates, it tends to overstate inequality. Nevertheless, the relative ranking of countries remains similar. Italy, the Baltic states (Estonia, Latvia and Lithuania) and Hungary have the lowest shares of population with middle-class gross income, while Czechia, Slovakia, Poland, Austria and Finland have the highest.

The slight decrease in the size of the middle class in the EU-15 aggregate according to the income-based definition masks differences in trends between countries: the middle class decreased in 6 of the 15 countries between 2010 and 2021, most notably in Italy, the Netherlands and Slovakia, and expanded in another 6, notably in Austria, Portugal and Belgium, and remained stable in the other 3 countries. There was some convergence in the size of the middle class, as it

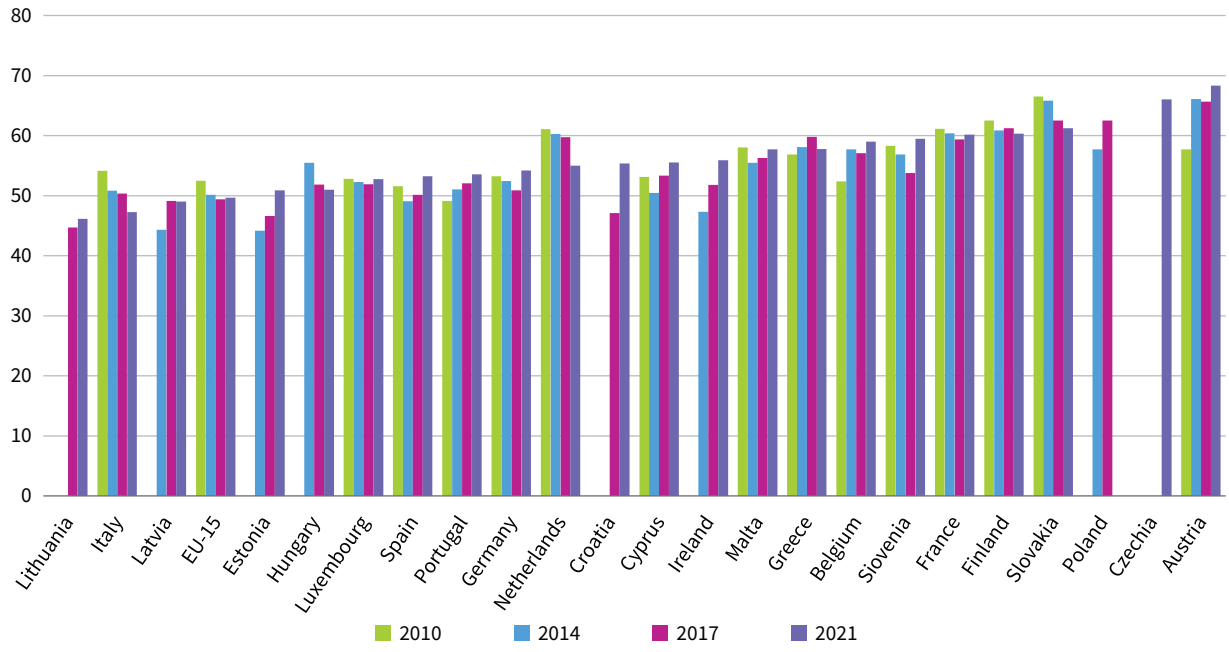
Figure 59: Wealth share and population share of the middle class as defined by income and wealth, EU-15, 2010–2021 (%)



Source: *HFCS 2010–2021.*

tended to decrease in countries where it was initially larger. Between 2017 and 2021, the middle class expanded in 14 out of 21 countries included in both the 2017 and the 2021 waves suggesting that the COVID-19 pandemic did not significantly shrink middle-income groups in the short term.

Figure 60: Population share of the middle class according to the income-based definition, Member States, 2010–2021 (%)



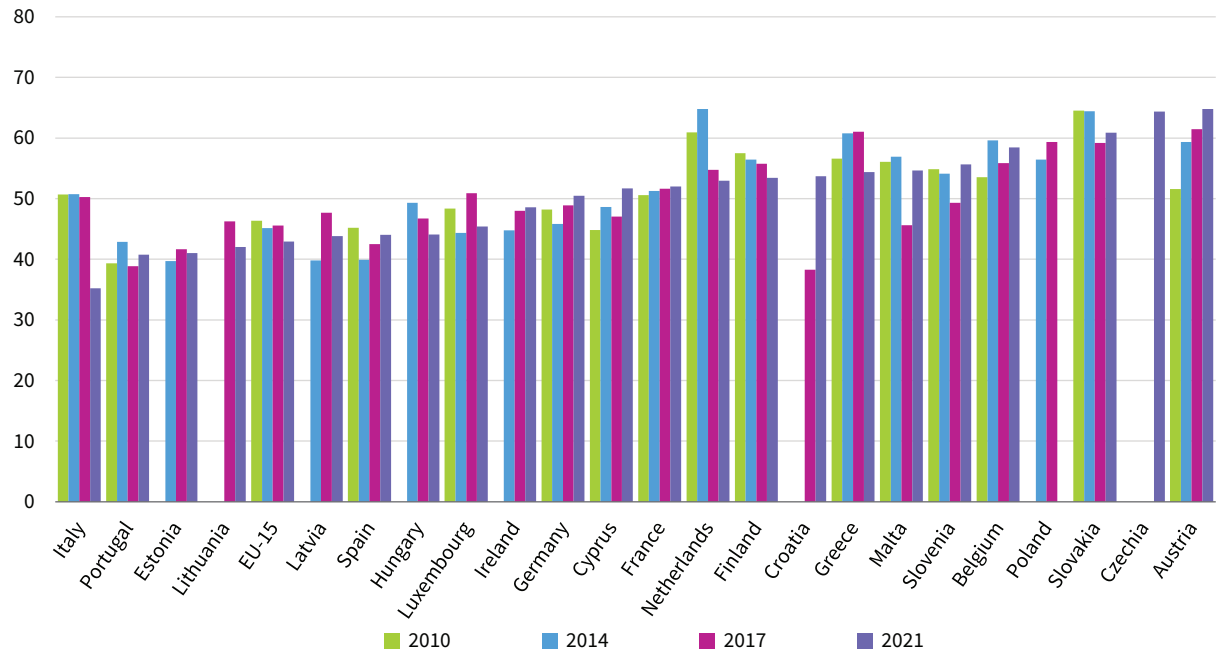
Note: *The middle class is defined as those whose income is between 75 % and 200 % of the median gross income. In Czechia, data were available only for 2021.*
Source: *HCFS 2010–2021.*

Wealth share

The wealth shares of the middle-income class are highly correlated with its population shares in the EU-15 countries. In countries where the middle class is larger, it holds a larger share of the total wealth (Figure 61).

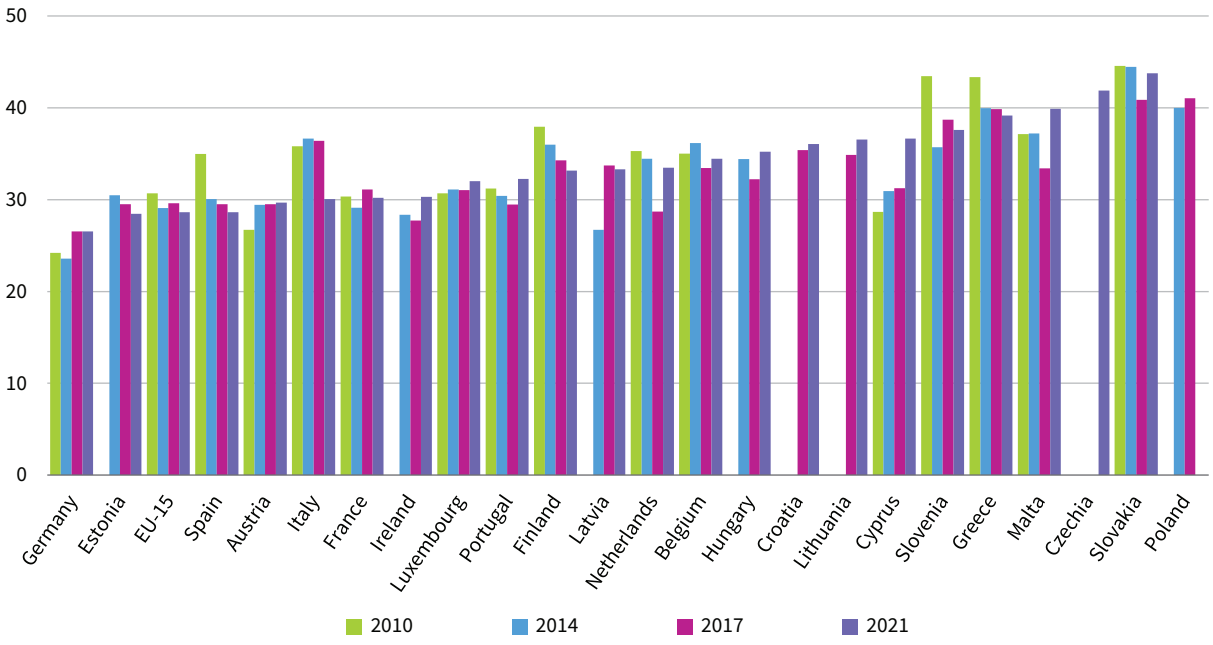
The wealth shares of the middle class defined by wealth are consistently lower and, since the size of the middle class is fixed, exhibit less variation than the wealth share of the middle class defined by income (Figure 62). Nonetheless, the wealth shares according to the two definitions are significantly correlated.

Figure 61: Wealth share of the middle class according to the income-based definition, EU-15 and Member States, 2010–2021 (%)



Note: *The middle class is defined as those whose income is between 75 % and 200 % of the national median income.*
Source: *HFCS 2010–2021.*

Figure 62: Wealth share of the middle class according to the wealth-based definition, EU-15 and Member States, 2010–2021 (%)



Note: *The middle class is defined as those whose income is between 75 % and 200 % of the national median income.*
Source: *HFCS 2010–2021.*

The decline in the size of the middle class between 2010 and 2021 went hand in hand with a continuous decrease in wealth share. In the EU-15, its wealth share decreased from 31 % to 29 % according to the wealth-based definition, and from 46.3 % to 42.9 % according to the income-based definition.

There is notable variance between countries, however. In Austria, Luxembourg and Portugal, the wealth shares of the middle class, according to the wealth-based definition, moderately increased. In Spain, Slovakia and Hungary, they remained relatively stable. In Cyprus, the wealth share of the 21st–80th percentiles significantly increased. In Spain, Finland, Greece, Italy and the Netherlands, the wealth shares of the middle class defined by wealth-based definition shrank to their lowest levels since 2010. Whereas overall trends are the same for the income-based and wealth-based definitions, the amount of change over time differs.

These findings correspond closely to results presented earlier: in countries where the Gini coefficient shows a clear trend of increasing inequality across the four survey waves, the wealth shares of the middle class have noticeably declined. As Figure 7 suggests, in such countries (like Estonia, Spain or Finland) only the wealth shares of the top 5 % have risen, indicating a steady deterioration of the middle class's position compared with the top wealth percentile. Conversely, in countries where the Gini coefficient shows a clear trend of decreasing inequality – except for Ireland, Poland and Luxembourg – the wealth shares of the middle class have risen. Both findings suggest that a larger middle-class wealth share is associated with lower inequality within a country.

Key points

- **Definitions of the middle class.** After considering multiple options, this study uses two main definitions of the middle class: households with equivalised gross income between 75 % and 200 % of the country's median (relative income definition) and households within the 21st–80th percentiles of wealth per person (wealth-based definition).
- **Between-country variations in the size of the middle class.** Based on the relative income definition, the size of the middle class varies widely across the EU, ranging from 45 % of the population in Lithuania to 68 % in Austria. The size of the middle class is fixed at 60 % of the population by definition using the wealth-based classification.
- **Trends in size of the middle class.** In the EU-15, the middle class's size (according to the relative income definition) slightly declined from 2010 to 2021. However, there is notable variation between countries. While it grew in Austria, Cyprus and Malta, it decreased in the Netherlands, Italy and Slovakia.
- **Wealth concentration and inequality.** The middle class consistently holds a smaller share of wealth than its population share, reflecting the concentration of wealth at the top.
- **Trends in wealth of the middle class.** The middle class's wealth share has slightly decreased overall, with notable differences between countries. For instance, Finland and Greece have experienced declines, while Cyprus and Germany have seen increases.

Composition of the middle class

As Oesch (2022) and Moawad and Oesch (2023) argue, occupational categories should be viewed as a major driver alongside income and wealth when defining different social classes.

Figure 63 shows the distribution of occupational categories among those who are employed, according to the income-based and wealth-based definitions. Professionals and associate-professionals and technicians (such as physical sciences, engineering or medical technicians) held the largest shares within the middle class, which corresponds to Moawad and Oesch's (2023) classification categories. Professionals like health, teaching and business professionals account for the largest shares in the top income class category, while workers in elementary occupations, plant and machine operators, and skilled workers comprise the largest proportions of the bottom income class. Notably, there is a minimal presence of unskilled workers in both the middle and top wealth classes. The results are robust to the definition of the middle class.

Figure 63: Wealth class according to (A) income-based definition and (B) wealth-based definition, by occupational status, in the EU-22, 2021 (%)

Note: *Occupations are grouped according to the International Standard Classification of Occupations (ISCO).*
Source: *HFCS 2021.*

The proportion of unemployed and other inactive individuals decreases as class status rises, while the representation of the self-employed is highest in the top class according to both definitions (Figure 64). However, notable differences emerge in the employment composition of the middle class depending on the

Figure 64: Wealth class according to (A) income-based definition and (B) wealth-based definition, by employment status, in the EU-22 aggregate, 2021 (%)

Notes: *Occupations are included in the dataset if individuals' labour status is confirmed as them doing regular work for pay / being self-employed / working in a family business or being on sick/maternity/other leave (except for holidays) and planning to return to work. Consequently, the charts do not reflect the (former) occupations of individuals who are currently unemployed, retired or otherwise not engaged in work.*
Source: *HFCS 2021.*

Figure 65: Wealth class according to (A) income-based definition and (B) wealth-based definition, by educational attainment, in the EU-22 aggregate, 2021 (%)

Source: *HFCS 2021.*

definition used. According to the relative income-based definition, the share of employees increases with class status, whereas, according to the wealth-based definition, employees are most concentrated within the middle class.

In the bottom class, retirees make up a significantly larger proportion according to the income-based definition than according to the wealth-based definition. Conversely, according to the wealth-based definition, retirees constitute the largest share of the top class. This discrepancy arises because actual income declines more sharply in old age than accumulated wealth, which remains more stable over time.

Some authors, like Robert D. Putnam (2015), identify the middle class based on educational attainment. Accordingly, Figure 65 shows the positive relationship between educational attainment and both income-based and wealth-based class status. People with secondary education form the largest share of the middle class (60–62 %), while those with tertiary education represent a substantial, though smaller, portion (28 %). The remaining 10–12 % achieved only basic education.

There are no crucial differences between the educational attainment composition of the middle class according to its two definitions; the share of tertiary-educated individuals in the top class is larger, 54 % under the income-based definition, compared with 41% using the wealth-based definition.

Key points

- **Educational attainment of the middle class.** Based on both definitions, the majority (60–62 %) of adults in middle-class households have attained secondary education as their highest level of education, while 28 % have completed tertiary and 10–12 % primary education in the EU-22. Those with tertiary education have the highest share in the top class, while individuals educated to primary level only comprise the greatest share in the bottom class.
- **Occupational status of the middle class.** The largest occupational categories within the middle class are professionals, semi-professionals and technicians, skilled workers, and services and sales workers.
- **Employment and the middle class.** About half of the members of the middle class are employed, according to both the income-based and wealth-based definitions. In the top class, employees predominate according to the income-based definition, and retirees according to the wealth-based definition, indicating that retirees generally possess greater wealth but lower income levels.
- **Robustness to choice of definition.** There are no significant differences between the two definitions in terms of the distribution of educational attainment and occupation.

Factors influencing transitions between classes

Factors influencing membership of the three classes and transitions between them across waves of the HFCS were analysed using regressions on a subsample of the survey with a panel component that including households presented in both 2017 and 2021 waves ([29]), focusing on movements from the bottom class to the middle class and the reverse. The analysis is restricted to households with a constant size between waves, as the middle class is defined based on wealth per person or equivalised income. This restriction ensures that changes in class status reflect economic factors rather than shifts caused solely by the arrival or departure of a family member. This balanced panel dataset comprises 13 countries and 48 746 individuals ([30]) (the countries and sample sizes are shown in Eurofound, 2025, Annex 1, Table A2).

The analysis was carried out based on the two definitions of the middle class used so far.

According to the income-based definition of the middle class, most individuals maintained their class position from the 2017 to the 2021 wave (Table 12 A). The middle class proved to be the most stable, with 80 % of people remaining in this category across the two waves. However, significant mobility was also observed: 28 % of individuals in the bottom class moved up over the four-year period, while 12 % of middle-class individuals experienced downward mobility to the bottom class. In addition, 27 % of top-income individuals moved to the middle or bottom class between the two waves.

The patterns remain broadly similar when using the wealth-based definition (Table 12 B). However, when defined based on wealth shares, membership of the middle class is somewhat less accessible, with less chance of upward mobility: only 22 % of the bottom class moved upwards between the two waves, compared with 28 % according to the income-based definition. At the same time, downward mobility is also lower according to the wealth-based definition, with fewer individuals moving from the top to the middle or from the middle to the bottom. This suggests that wealth status is more stable than income status over time.

Factors associated with class membership and transitions between classes were analysed using multinomial logit and logit regressions. First, a multinomial logit model was estimated to examine the determinants of individuals' likelihood of belonging to one of three classes: bottom, middle or top. The analysis included both personal and household characteristics. The sample included individuals aged 16 and older, as many variables are measured only for this age group.

Table 12: Transitions of households between classes based on (A) income-based definition and (B) wealth-based definition of middle class, 2017–2021 (%)

A. Middle class: income-based definition

	Class in 2021 wave			
Class in 2017 wave	Bottom	Middle	Top	Total
Bottom	69.74	28.11	2.15	100
Middle	11.53	79.87	8.60	100
Top	2.79	24.49	72.72	100

B. Middle class: wealth-based definition

	Class in 2021 wave			
Class in 2017 wave	Bottom	Middle	Top	Total
Bottom	77.69	21.53	0.78	100
Middle	7.13	86.01	6.86	100
Top	1.00	20.42	78.58	100

Note: *The table is based on the panel subsample (48 746 individuals). Each row displays the distribution across the three classes in 2021 of households that were in a given class in the 2017 wave.*
Source: *HCFS 2017 and 2021.*

([29]) The panel components of the first two HFCS waves are very limited and therefore not used for this analysis.

([30]) Weights are not applied in the panel analysis, as no specific longitudinal or panel weights are available in the database.

In Eurofound, 2025, Annex 2, Table A12, presents average marginal effects, which indicate how the probability of a specific class membership changes when an independent variable increases by one unit. In this model, marginal effects illustrate how a given factor influences the likelihood of an individual belonging to the bottom, middle or top class.

Results using the relative income-based definition show that secondary education (both lower and upper), being under 35 years old and being an employee all increase the probability of belonging to the middle class. Families with dependent children are more likely to be in the bottom income class and less likely to be in the top class. Single parents have a lower probability of being in either the middle or the top class than other households, as reflected in significantly negative marginal effects. Both having financial wealth and being in debt increases the likelihood of belonging to the middle and top classes. However, a high debt burden – defined as exceeding 40 % of gross income – is associated with a 28-percentage point higher risk of being in the bottom class. Property ownership raises the probability of middle-class status, and even more so top income class status, particularly when accompanied by a mortgage.

The results using the wealth-based definition are broadly aligned with the income-based model, but there are some notable differences. For example, while having debt increases the likelihood of being in the middle or top class based on relative income, it decreases the likelihood according to the wealth-based class definition. This might be attributed to the dominance of a mortgage within all household debt and the fact that a mortgage implies having a real estate property.

Gender does not influence class status if the income-based definition is used, but women have a higher probability of belonging to the top class and a lower probability of belonging to the middle class according to the wealth-based definition.

Factors associated with the probability of transitioning between classes between the 2017 and 2021 waves were analysed through logit regressions, using both the income-based and wealth-based definitions. Each transition regression sample consists of individuals who belonged to the initial class in the 2017 wave. In Eurofound, 2025, Annex 2, Table A13, displays average marginal effects, which show the likelihood of moving from one class to another if the dependent variable changes, relative to staying in the same class.

Factors linked to higher class status predict upward mobility, and vice versa. Unemployed people, single parents and households with children appear vulnerable; their likelihood of falling out of the middle class is significantly higher and their chance of getting out of the bottom class is significantly lower. Household assets, debt and real estate ownership both with and without a mortgage are linked to a higher likelihood of upward mobility and lower likelihood of slipping down to the bottom class, while high debt burdens do not appear to play a significant role.

While individuals with a tertiary education are more likely to belong to the top class and less likely to be in the middle class than those with only primary education, a higher educational level is generally strongly associated with greater upward mobility and lower downward mobility in every class status. Using the income-based definition, individuals with at least upper secondary education have a 7 % higher propensity to move from the bottom to the middle class than those with only primary education, while it is 18 % higher for people with tertiary attainment. A higher level of education also shields people from slipping from the middle to the bottom class and from the top to the bottom class, and implies a higher probability of moving from the middle to the top and staying in the top class. The link between education and the chance of mobility is similar using the wealth-based definition.

Those under 35 show the highest upward mobility potential, whereas households with an older reference person are more likely to move down. Under the wealth-based definition, similarly to the income-based definition, people aged over 35 have a 3–4 % lower propensity to move from the bottom to the middle class than the youngest cohort, while middle-class individuals aged 45+ have the highest chance of getting to the top class. Meanwhile, the 35- to 45-year-old cohort has a higher risk of slipping from the middle to the bottom class. However, using the wealth-based definition, age is less associated with the probability of transition than education or employment status.

Key points

- **Bottom-to-middle and middle-to-bottom class transitions.** Analysis using panel data reveals that, depending on the definition of the middle class, 22–28 % of individuals in the bottom class in 2017 moved up to the middle class by 2021, while 7–12 % of middle-class members moved into the bottom class. Classes defined based on wealth are less fluid, with lower probabilities of upward and downward movements than classes defined based on income, indicating that wealth position is more persistent than income status.
- **Educational attainment.** Higher education is associated with higher class, and educational level is strongly associated with the probability of transition. According to the income-based definition, individuals with at least upper secondary education have a 7 % higher propensity to move from the bottom to the top class than those with only primary education, while the difference is 18 % for people with tertiary education. A higher level of education also shields people from slipping to the bottom class. Individuals with tertiary attainment are concentrated in the top class, whether defined by wealth or by relative income.
- **Vulnerable groups.** Single-parent and unemployed households have a significantly higher probability of belonging to the bottom class, less chance of moving upwards from the bottom class and a higher likelihood of falling out of the middle class according to both the income-based and the wealth-based definitions.
- **Homeownership.** Homeownership is associated with a higher likelihood of being in a higher class and also with a higher probability of upward mobility and a lower probability of downward mobility either with or without a mortgage.
- **Young households.** Individuals under the age of 35 have the highest potential for upward mobility. Conversely, older households are more prone to downward mobility.

7 Conclusions and policy implications

Wealth inequality is increasingly a central issue in economic and social discourse due to its profound implications for intergenerational mobility, economic stability and social equity. Existing literature has highlighted the persistence and key drivers of wealth inequality, emphasising factors like homeownership, inheritance and financial literacy. Studies indicate that wealth inequality is often more pronounced than income inequality, with disparities deeply rooted in socioeconomic characteristics.

This study builds on prior research by examining wealth inequality trends across Member States, using data from the four available waves (2010–2021) of the ECB's HFCS. It explores wealth concentration and its socioeconomic dimensions, with a particular focus on saving behaviours, housing wealth and the economic position of the middle class.

Key findings

Some wealth inequality convergence, while disparities persist

While there are signs of convergence in wealth inequality between Member States, deep structural disparities persist. Wealth inequality is high in all countries, with the top 5 % of the wealth distribution holding a disproportionately large share of total wealth, while the bottom 20 % often possess minimal or even negative wealth.

However, the degree of wealth concentration varies significantly across the Member States. Wealth is most unequally distributed in western and northern European countries, such as Germany, Ireland and France, where a higher proportion of households also hold negative wealth, often due to non-mortgage debt. In contrast, eastern and southern European countries, including Slovakia, Czechia, Slovenia and Greece, exhibit lower wealth inequality. That said, exceptions exist – Spain and Estonia have some of the highest wealth inequality levels in the HFCS dataset.

Between 2010 and 2021, countries with initially higher levels of inequality tended to see declines, whereas those with lower inequality often experienced increases. In countries where wealth inequality has risen, such as Spain and Estonia, the gains have been concentrated at the top, with the wealth shares of the top 5 % increasing – indicating a steady erosion of the middle class's relative position.

Limited social mobility

Social mobility remains limited, though both upward and downward movement are observed. Between 2017 and 2021, approximately 11–28 % of individuals in the bottom wealth class moved up to the middle class, while 7–12 % of middle-class members moved into the bottom class. Higher education is among the key drivers of mobility, and it is strongly linked to upward movement and a reduced risk of downward shifts, underlining the role of skills and qualifications in securing economic stability. Younger households exhibit a higher potential for upward mobility, while older households are more vulnerable to downward shifts. Homeownership serves as a protective factor against falling out of the middle class. However, vulnerable groups – including single-parent households, unemployed people and those with lower educational levels – face a heightened risk of financial instability and downward mobility.

Homeownership and housing affordability

Homeownership not only acts as a buffer against economic insecurity but is also positively associated with income and wealth accumulation. The average housing wealth per person has increased due to rising property prices, although some countries are exceptions, such as Finland, Greece, Italy and Spain. However, despite these gains, housing wealth's share of total net wealth has not increased, reflecting a stronger increase in non-housing wealth.

Access to homeownership varies widely across the EU. Eastern European countries tend to have high homeownership rates, while Germany and Austria have a large proportion of renters. Renters, who are disproportionately represented among lower-wealth and lower-income households, face greater housing cost burdens relative to their income than homeowners with mortgages, primarily due to their lower earnings. In most countries, housing costs exceed the affordability threshold for the lowest-income households, whether they are tenants or homeowners with mortgages. A 20 % increase in rental prices would push the share of cost-burdened renters up by more than 10 percentage points in Belgium, Cyprus, Finland and Latvia, disproportionately affecting lower-income groups. Similarly, a 20 % rise in mortgage payments – particularly in countries with high exposure to variable-rate mortgages, like Spain and Malta – would significantly increase the number of overburdened homeowners. Rising utility costs, though generally having a smaller effect, could further exacerbate financial stress.

A particularly pressing issue in Europe is how these dynamics affect younger age groups. Housing affordability is increasingly out of reach for those under 35, delaying their transition to independence. While cultural factors influence living arrangements – especially in southern and central European countries, where many young adults live with their parents – rising housing costs relative to income present a decisive barrier. In addition to young individuals, single mothers face significant housing cost burdens and a lower likelihood of homeownership than two-adult families with children. These challenges have far-reaching implications for household formation, fertility rates and long-term wealth accumulation. This is particularly important given that housing wealth is more evenly distributed than non-housing wealth across all countries. Countries with higher homeownership rates generally exhibit lower wealth inequality, reinforcing the equalising effect of housing wealth.

Saving patterns

Beyond housing wealth, saving behaviours also play a crucial role in shaping wealth accumulation. Saving patterns vary significantly between socioeconomic groups. Employees and individuals with lower educational levels tend to have higher saving rates, as do women (compared with men), homeowners (compared with tenants) and smaller households (compared with larger ones). The lower saving rate among larger households suggests that greater consumption needs reduce their capacity to save. Women may save more as a proportion of their income as a financial security strategy, although this does not necessarily translate into higher absolute savings, due to the gender wage gap.

Across all Member States, the primary motivations for saving are as a precautionary measure against unexpected events and retirement planning. Socioeconomic characteristics influence saving priorities: younger households save primarily for homeownership, while middle-aged individuals focus on retirement. Larger households allocate more savings towards education and child support at the expense of financial investments and old-age provision. This pattern suggests a degree of substitutability between formal retirement savings, such as pension plans, and informal financial support within families. Meanwhile, wealthier households are more likely to save across all motives than lower-wealth households, except for precautionary savings and debt repayment. This is probably because wealthier households have greater financial buffers against unexpected events and are better positioned to manage their debts.

Differences in the distribution of income and wealth

Household income is the most important factor influencing saving rates. As economic theory predicts, income has a positive effect on household saving rates, meaning that differences in income help explain differences in wealth accumulation. However, while wealth and income are interconnected, the levels of inequality relating to both often diverge. For instance, Austria, Finland, Denmark and Norway exhibit relatively low income inequality but high wealth inequality. The distribution of income and wealth also differ significantly: only one third of individuals in the bottom 20 % of the wealth distribution are also in the bottom 20 % of the income distribution, whereas roughly half of those in the top 20 % of the wealth distribution also rank in the top 20 % of the income distribution.

Social disparities in wealth

The EU also faces structural social disparities in wealth. A pronounced gender wealth gap exists, particularly at the top of the distribution, where men in single-person households accumulate significantly more wealth than women in single-person households. Self-employment plays a key role in wealth accumulation, disproportionately benefiting men. Moreover, the gender wealth gap widens with age, raising concerns about pension adequacy and financial security for women in retirement.

Age is another key determinant of wealth accumulation. A clear life-cycle pattern emerges, with wealth peaking between the ages of 55 and 64 before declining after retirement. Younger cohorts hold relatively little wealth because they have had limited time to accumulate it.

Intergenerational transfers play a particularly significant role, as inheritances increase wealth holdings across all age and education groups, with the greatest disparities observed among those with tertiary education. Interestingly, wealth inequality is lower among young people who have received an inheritance than among those who have not, suggesting that inheritances act as an equalising force within this recipient subgroup.

Educational attainment is strongly correlated with wealth, potentially indicating bidirectional causation: wealthier families can provide better education opportunities for their children, while higher education levels lead to better jobs and greater returns.

The policy challenge

In conclusion, wealth inequality in Europe is shaped by a complex interplay of regional trends, social disparities, saving behaviour and housing wealth. While some convergence in wealth levels is evident, substantial disparities persist, particularly along

gender, age, education and income lines. The role of homeownership and intergenerational transfers further highlights the structural barriers to wealth accumulation and mobility. Addressing these inequalities requires a multifaceted approach, incorporating policies that enhance financial literacy, promote equitable access to housing and support saving opportunities for lower-income households. Without targeted interventions, wealth inequality will remain a defining feature of economic disparities in Europe.

Policy implications

This closing section highlights some key policy issues related to the findings.

Improving data collection and obligatory EU wealth declaration

The scarcity and incompleteness of wealth data present significant challenges for accurately monitoring wealth distribution and designing effective social policies. Vermeulen (2016) was one of the first to highlight substantial under-reporting of assets by households participating in the HFCS, as well as the under-representation of wealthier households. This was evidenced by discrepancies between survey data and household balance sheets in national accounts. Similarly, Chakraborty and Waltl (2018) pointed out that the lack of an oversampling strategy for wealthy households in some countries limits the cross-country comparability of wealth inequality statistics. Krenek and Schratzenstaller (2018) further emphasised that, due to non-reporting and under-reporting, the 2014 HFCS missed an average of 74 % of financial assets and 40 % of liabilities compared with national balance sheets.

Given these issues, the recommendation in the previous version of this study (Eurofound, 2021) to make wealth declarations compulsory remains valid. Standardising wealth-reporting practices across Member States could improve consistency, potentially by integrating wealth declarations with tax filings. This would require EU citizens to report their assets and liabilities – both domestic and international – alongside their tax declarations. Considering the mobility of EU citizens, a compulsory EU-wide wealth declaration could greatly enhance transparency. The European Commission could develop a standardised template that could be adapted at the national level.

Importantly, this initiative should not be viewed as a precursor to harmonised or higher wealth taxation. However, it would offer significant benefits, such as improving the monitoring of wealth distribution, which could inform the design of social policies; helping to combat hidden wealth and income; and encouraging individuals to make more conscious financial decisions due to the required tracking of their wealth.

Promoting financial literacy

This report demonstrates that individuals with greater financial assets and a higher tolerance for risk tend to save more and accumulate more wealth. However, a significant number of people keep their financial savings exclusively in deposits, which limits their potential for wealth accumulation. This lack of diversification keeps these individuals from achieving a more favourable risk–return profile. One possible explanation of this behaviour is limited financial literacy. Demertzis et al. (2024) found that financial knowledge in the EU is relatively low, with only about half of the population correctly answering at least three out of five financial literacy questions.

A certain level of financial literacy is crucial for managing household budgets, understanding investment opportunities and navigating credit markets. Improving financial literacy could especially benefit specific groups, such as individuals with negative net wealth or women. This report highlights that women often have less diversified portfolios and that a persistent gender wealth gap exists across countries and over time. Enhancing financial literacy could be an important strategy for narrowing the gender wealth gap.

Financial education should begin early in life, equipping young adults with the skills needed to manage their finances effectively. This is especially critical because young people now have access to digital financial products at increasingly young ages. Integrating financial literacy education into school curricula – starting in elementary schools and continuing through to college – as well as offering opportunities for lifelong learning is essential for fostering better financial decision-making and encouraging portfolio diversification.

Financial literacy initiatives should include increased awareness of effective saving practices and the benefits of portfolio diversification, and an understanding of financial assets and their associated risks. Many individuals are hesitant to invest in financial assets, but, with better knowledge, these investments would appear less intimidating. Not only is financial literacy important for households themselves but, from a macroeconomic perspective, it can also help strengthen EU firms.

All Member States either have or are developing national financial literacy strategies, often with technical assistance from the OECD (Demertzis et al., 2024). As these strategies are implemented, monitoring progress and identifying best practices will be essential for ensuring their effectiveness.

Wealth taxation

There has been renewed interest in wealth taxation and inheritance taxation recently. High wealth inequality is linked to disparities between inherited and self-made wealth, fuelling debates over the effectiveness of and public support for taxes on labour income versus taxes on inheritances.

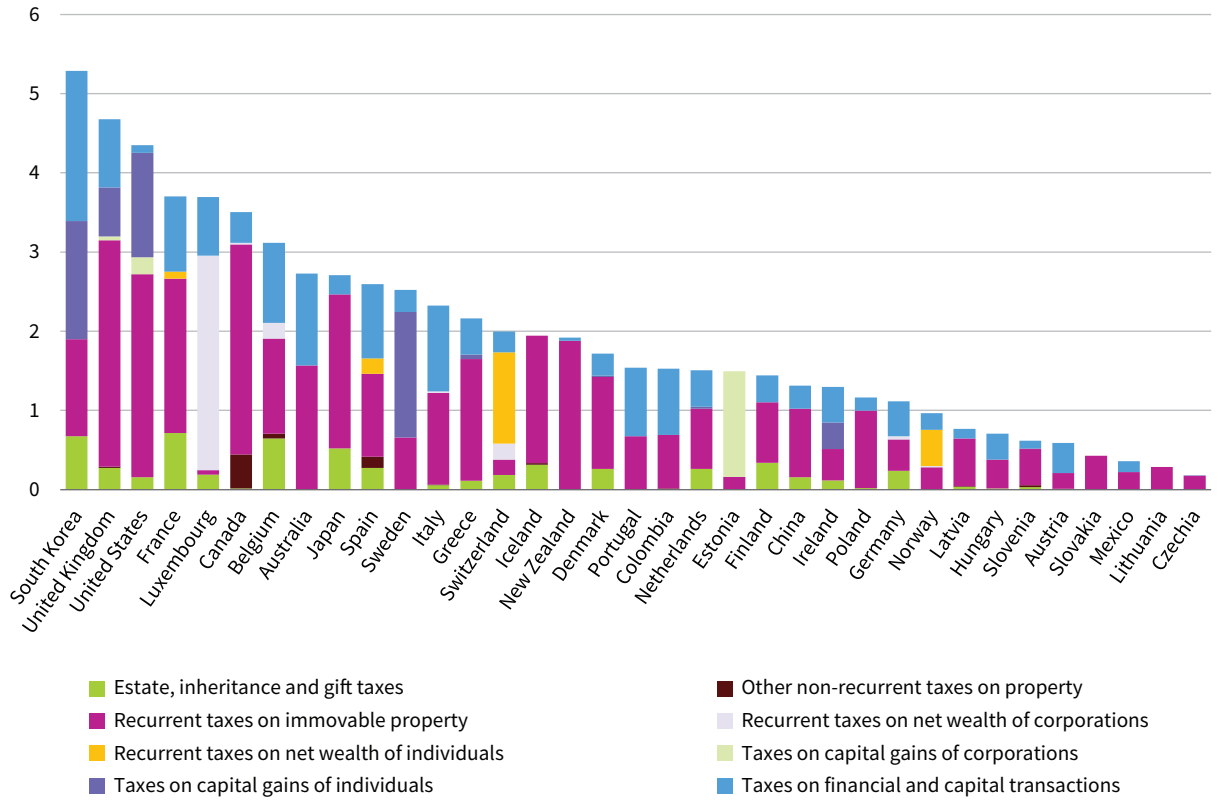
According to the European Commission Directorate-General for Taxation and Customs Union (2024), wealth taxation can have complementary objectives: it can generate revenues to finance additional spending needs or shift tax systems away from labour taxes. It can reduce wealth inequality and ensure a fairer sharing of the tax burden between individuals. A common objection against a tax on net wealth is that it cannot be enforced effectively at the national level due to tax avoidance and tax competition arising from the international mobility of assets (Boadway et al., 2010).

This renewed interest of the Commission has been exemplified by the recent G20 discussions in São Paulo, where Zucman (2024) presented a report in which he sets out a proposal for a global standard for taxing the ultra-rich. He proposes that billionaires pay at least 2 % in annual taxes on their fortunes. The annual report on taxation also mention the European citizens' initiative for a European wealth tax. The European citizens' initiative scheme allows EU citizens to call on the European Commission to propose new legislative initiatives if 1 million signatures are reached. The organisers of the initiative call on the Commission to establish a European tax on great wealth for the benefit of the ecological and social transitions.

Many countries implement some form of wealth taxation, although only a few apply a net wealth tax, which taxes the sum of all capital assets minus debts. This approach is used in Norway, Spain and Switzerland. Wealth taxes can also target specific types of assets, such as immovable property (taxes on housing, land and other natural resources), financial assets or luxury goods, as is the case in most Member States. Another type of wealth tax is tax on wealth transfers, which differs from other wealth taxes in that it is levied not on an individual's stock of wealth but on wealth transferred to others (gifts and inheritances and sales of assets). For an overview on how to tax wealth, see Hebous et al. (2024).

Across the EU, wealth taxes vary significantly in both composition and magnitude. Among EU OECD countries, wealth-related tax revenues range from as low as 0.2 % of GDP in Czechia to 3.7 % of GDP in France. Globally, some countries report even higher proportions of GDP from wealth taxes, including South Korea (5.2 %), the United Kingdom (4.7 %) and the United States (4.3 %) (Figure 66). Recurrent taxes on

Figure 66: Wealth-related tax revenues, by type, OECD countries, 2022 (% of GDP)



Source: *OECD revenue statistics.*

immovable property constitute the predominant form of wealth taxation in most countries. However, a few European countries diverge from this trend, with different dominant wealth-type taxes: Luxembourg primarily relies on a net wealth tax on corporate wealth, Sweden emphasises income tax on the capital gains of individuals and Estonia focuses on income tax on the capital gains of companies. Furthermore, in Portugal, Ireland, Germany and Austria the dominant wealth tax is on financial and capital transactions, but the rates are very close to the recurrent tax on immovable property in these countries.

There are extremely high levels of wealth concentration, particularly among the wealthiest segments of the population. Moreover, evidence suggests that individuals who receive substantial inheritances tend to have significantly higher levels of wealth. These findings underline the need for public policies aimed at supporting those who do not benefit from inherited wealth. A wealth tax, particularly a progressive one, could help redistribute resources from the wealthy to those with fewer opportunities. Recent evidence suggests that recurring taxes on immovable property – if they are levied on levels instead of transactions, use regularly updated property values and are coupled with measures such as payment deferrals for low-income owners – can be an effective way of generating revenues (OECD, 2022).

Individuals in the highest wealth brackets are disproportionately self-employed without employees. This suggests a trend towards 'incorporating', whereby individuals structure their economic activity as companies to take advantage of lower tax rates and deductions.

While greater progressiveness in taxation is advocated, this study does not offer definitive conclusions on whether measures such as a higher corporate income tax or a net wealth tax would be more effective in achieving this goal. Further research should assess the relative efficiency, equity and implementation considerations of different forms of taxation.

As taxation is under the jurisdiction of the Member States in the EU, the prospect of an EU-wide harmonised wealth tax seems unrealistic. However, the Commission could play an important role in analysing national tax systems and providing recommendations to those countries where wealth inequality is very high and where very little wealth-related taxation is applied.

Housing policies

Rising housing costs and housing affordability have increasingly come under the spotlight in recent years. Most European countries have witnessed a substantial rise in house prices, a trend that gained new momentum during the pandemic. Though the analysis has not revealed a major increase in the concentration of housing wealth or substantial changes in country-level housing inequality between 2017 and 2021, certain developments require policy attention. Based on our analysis, the following general recommendations emerge to address key challenges related to housing costs and affordability.

Promote the supply of affordable rental housing

While rising house prices benefit existing homeowners by increasing their asset value, they simultaneously make homeownership increasingly inaccessible for potential buyers, while high rental prices create an excessive cost burden for renters. This has had a significant impact on young people's ability to start independent lives. Since 2010, the likelihood of young adults moving out of their parents' homes has declined in most countries, with a substantial proportion still living with their parents in several countries. The correlation between high housing costs relative to income and the prevalence of young adults living with parents suggests that financial constraints, rather than personal choice, are driving this trend.

Several policies exist to support affordable renting or homeownership. Nevertheless, policymakers face multiple trade-offs, and government policies may lead to distortions in the housing market. Policies such as subsidies for low-income renters, social housing and incentives for building affordable rental housing may alleviate this burden. However, efficient targeting of these policies is challenging, and it can take several years for new housing to come on stream.

Social housing plays an important role in providing affordable housing for low-income groups. However, results suggest that, in some countries with a high share of social housing stock (for instance, Finland, France and the Netherlands), the housing costs of median- and low-wealth tenants relative to income remain very high, suggesting that extensive social housing alone does not guarantee low rental costs, if the overall housing supply is constrained due to land use policies or other factors. Demand for social housing far exceeds the supply even in the countries with the most extensive social housing systems, especially in large cities and metropolitan areas. As a result, many individuals who cannot access social housing are forced into the private rental market, where rents are significantly higher (Eurofound, 2023a).

There is growing evidence that promoting homeownership in younger generations by demand-side incentives – for example, subsidised mortgage programmes or tax incentives for first-time buyers – might be regressive and could even exacerbate housing cost problems by fuelling both house and rental prices (OECD, 2022). This occurs because housing supply is typically unable to respond quickly to increased demand, and mortgage or tax subsidies are often poorly targeted. Promoting homeownership should not be the sole focus of housing policies. Homeownership rates differ significantly between countries and are persistent, but having an extensive stock of owned

homes does not necessarily guarantee better housing affordability. The results show that young people are more likely to transition to independent living in countries with well-developed and effective rental markets. Such markets provide greater accessibility and flexibility, enabling young people to secure housing without the financial burdens of ownership. The efficiency of the rental market can be improved by incentivising owners of additional properties not to leave their houses empty. There is evidence that taxes on vacant homes may increase the supply of properties for rental, especially if accompanied by effective monitoring and compliance checks, although this can increase administrative costs (OECD, 2022).

Ensure the effectiveness of housing benefits and address the affordability issues of vulnerable groups

The housing cost burden relative to income is substantial in many countries, especially for tenants, who typically face a greater cost burden than homeowners with mortgages. Households in the lowest wealth quintile experience disproportionately high housing costs; however, in several countries, even median-wealth households spend more than one third of their gross income on housing. The policies must address housing affordability issues affecting other vulnerable groups. For instance, the findings show that single mothers face disproportionately higher housing costs than two-adult families with children or even single fathers. They are also less likely to own their own homes and more likely to fall out of the middle class. This is especially important because financial hardship in single-mother households has long-term implications for children (because of, for example, lower-quality food, below-optimal investment in education, poorer school performance or mental health issues induced by stress).

Promote quality and energy efficiency of housing

Policies should encourage energy-efficient renovations of existing properties while enforcing high energy efficiency standards for new buildings, including social housing. Beyond promoting sustainability, such measures can help lower utility costs, thereby reducing the overall housing burden. However, it is crucial to ensure that energy efficiency subsidies are effectively targeted at low-income groups to shield them from future energy price hikes and improve their long-term financial stability.

Addressing gender disparities

The findings reveal significant gender wealth disparities across European countries, with consequences that extend well beyond the gender pay gap. Women, particularly single mothers and older women, are less likely to hold sufficient assets to buffer themselves against unexpected financial shocks, such as unemployment, illness or divorce. Limited wealth reduces access to investment opportunities and affordable housing, and hinders economic mobility. Combined with lower pensions, lower wealth increases the risk of poverty in old age.

To address these issues, governments must go beyond promoting equal work opportunities. Expanding access to affordable childcare and eldercare can help alleviate the caregiving burden, which disproportionately falls on women. Pension systems should be designed to account for women's career interruptions, ensuring adequate income security in retirement. Policies must also reflect changing family structures and protect mothers from the detrimental financial consequences of divorce.

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All Eurofound publications are available at www.eurofound.europa.eu

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Wealth inequality is not just an economic issue but a societal one. Ownership of assets can have significant implications for access to education, healthcare, housing and political influence. This study examines wealth inequality trends across EU Member States, using data from the European Central Bank's Household Finance and Consumption Survey and covering 2010–2021.

The study explores key drivers of wealth distribution, including housing wealth, saving behaviours and intergenerational wealth transfers, as well as analysing the economic position of the middle class. The study highlights significant disparities in wealth concentration, with the top deciles owning a disproportionate share of total wealth. Housing emerges as a critical yet unequal determinant of wealth, exacerbating disparities, especially among younger and lower-income groups. The research also emphasises the declining wealth share of the middle class and limited social mobility. The study concludes with policy recommendations to introduce wealth declarations, promote financial inclusion, support the middle class and address housing affordability.

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