

Cross-Country Differences in Homeownership: A Cultural Phenomenon?

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Paper Abstract: Cross-country differences in homeownership rates are large and very persistent over time, ranging between homeownership rates of 35% in Switzerland to 80% in Spain. In this project we test the hypothesis that these cross-country differences are driven by cultural tastes. To isolate the effect of culture from the effects of institutions and purely economic factors, we investigate the house buying decision of 2nd generation immigrants in the United States. We robustly find that cross-country differences in cultural preferences are an important explanatory factor for the observed persistent differences in homeownership rates across countries.