

CONSUMPTION PATTERNS AND WEALTH EFFECTS IN EUROPE: A META-ANALYSIS

Florina BURDEȚ^{a,b*}

^{a)} Babes-Bolyai University, Faculty of Economics and Business Administration,
Cluj-Napoca, Romania

^{b)} University Clermont Auvergne, Laboratoire d'Economie d'Orléans (LEO-UCA),
Clermont-Ferrand, France

Please cite this article as:

Article History:

Burdeț, F., 2025. Consumption patterns and wealth effects in Europe: A meta-analysis. *Review of Economic Studies and Research Virgil Madgearu*, 18(1), pp.43-69. doi: 10.24193/RVM.2025.18.126.

Received: 3 February 2025

Accepted: 6 March 2025

Abstract: This paper performs a meta-analysis on the relationship between household wealth and consumption in developed and emerging European economies. Based on 120 estimates extracted from 42 empirical studies, the findings confirm the positive wealth effect and suggest that housing wealth effects are more pronounced than financial wealth effects, while there is no significant distinction identified between developed and emerging European markets. The results reveal substantial heterogeneity across studies, driven by methodological choices, publication characteristics, and data differences. Meta-regression analysis highlights the role of income as a key moderator for housing wealth effects, while financial wealth effects are more sensitive to estimation methods. Publication bias is evident, particularly in studies on total and financial wealth, though adjustments confirm a persistent wealth effect. The findings emphasise the need for further research to refine wealth effect estimates and better capture differences across financial systems and economic structures.

Key words: household consumption; wealth effects; meta-regression analysis; publication selection bias; European Union

JEL Classification: E21; E52; C32

* Corresponding author. E-mail address: burdet.florina@gmail.com.

References:

1. Al-Eyd, A., and Barrell, R., 2006. Consumption in the euro area. *National Institute Economic Review*, 195, pp. 34-39. <https://doi.org/10.1177/002795010619500104>.
2. Athanassiou, E., and Tsouma, E., 2017. Financial and housing wealth effects on private consumption: the case of Greece. *South-Eastern Europe Journal of Economics*, 15(1), pp. 63-86.
3. Barrell, R., and Philip Davis, E., 2007. Financial liberalisation, consumption and wealth effects in seven OECD countries. *Scottish Journal of Political Economy*, 54(2), pp. 254-267. <https://doi.org/10.1111/j.1467-9485.2007.00413.x>.
4. Barrell, R., Costantini, M., and Meco, I., 2015. Housing wealth, financial wealth, and consumption: New evidence for Italy and the UK. *International Review of Financial Analysis*, 42, pp. 316-323. <https://doi.org/10.1016/j.irfa.2015.08.007>.
5. Bassanetti, A., and Zollino, F., 2010. The effects of housing and financial wealth on personal consumption: aggregate evidence for Italian households. *Springer Berlin Heidelberg* (pp. 307-336).
6. Bertaut, C. C., 2002. Equity prices, household wealth, and consumption growth in foreign industrial countries: wealth effects in the 1990s. Household Wealth, and Consumption Growth in Foreign Industrial Countries: Wealth Effects in the 1990s. *International Finance Discussion Papers (IFDP)*, April 2002. <https://dx.doi.org/10.2139/ssrn.307800>.
7. Boone, L., and Girouard, N., 2003. The stock market, the housing market and consumer behaviour. *OECD Economic Studies*, 2002(2), pp. 175-200. https://doi.org/10.1787/eco_studies-v2002-2-en.
8. Byrne, J. P., and Philip Davis, E., 2003). Disaggregate wealth and aggregate consumption: an investigation of empirical relationships for the G7. *Oxford Bulletin of Economics and Statistics*, 65(2), pp. 197-220. <https://doi.org/10.1111/1468-0084.00044>.
9. Case, K. E., Quigley, J. M., Shiller, R. J., 2005. Comparing wealth effects: The stock market versus the housing market. *Advances in Macroeconomics*, 5(1), pp. 1235-1235. <https://doi.org/10.2202/1534-6013.1235>.
10. Casni, A. C., 2016. Is there a housing wealth effect in European countries? *Croatian Review of Economic, Business and*

- Social Statistics*, 2(2), pp. 30-40. <https://doi.org/10.1515/crebss-2016-0011>.
11. Catte, P., Girouard, N., Price, R., and André, C., 2004. Housing markets, wealth and the business cycle. *OECD Economics Department Working Papers*, no. 394.
 12. Chauvin, V., and Damette, O., 2010. Wealth effects: the French case. *Banque de France Working Paper Series*, no.276. <https://dx.doi.org/10.2139/ssrn.1619211>.
 13. Ciarlone, A., 2011. Housing wealth effect in emerging economies. *Emerging Markets Review*, 12(4), pp. 399-417. <https://doi.org/10.1016/j.ememar.2011.06.003>.
 14. de Bondt, G. J., Gieseck, A., and Zekaite, Z., 2020. Thick modelling income and wealth effects: a forecast application to euro area private consumption. *Empirical Economics*, 58(1), pp. 257-286. <https://doi.org/10.1007/s00181-019-01738-w>.
 15. De Bonis, R., and Silvestrini, A., 2012. The effects of financial and real wealth on consumption: new evidence from OECD countries. *Applied Financial Economics*, 22(5), pp. 409-425. <https://doi.org/10.1080/09603107.2011.613773>.
 16. Dreger, C., and Reimers, H. E., 2009. The role of asset markets for private consumption: Evidence from panel econometric models. *DIW Berlin Discussion Paper*, no. 872. <https://dx.doi.org/10.2139/ssrn.1431407>.
 17. Dumičić, K., Časni, A. Č., and Palić, I., 2013. The short-run and long-run behaviour of personal consumption in Croatia. *Central European Journal of Operations Research*, 21, pp. 3-11. <https://doi.org/10.1007/s10100-012-0254-7>.
 18. Estrada, Á., Garrote, D., Valdeolivas, E., and Vallés, J., 2015. Household Debt and Uncertainty: Private Consumption after the Great Recession. *Monetaria*, 3(1), pp. 71-113. <https://dx.doi.org/10.2139/ssrn.2464084>.
 19. Geiger, F., Muellbauer, J., and Rupperecht, M., 2016. The housing market, household portfolios and the German consumer. ECB Working Paper, no. 1904. <https://dx.doi.org/10.2139/ssrn.2796528>.
 20. Guerrieri, C., and Mendicino, C., 2018. Wealth effects in the euro area. ECB Working Paper, no. 2157. <https://doi.org/10.2866/505389>.
 21. Hamburg, B., Hoffmann, M., and Keller, J., 2008. Consumption, wealth and business cycles in Germany. *Empirical Economics*, 34, pp. 451-476. <https://doi.org/10.1007/s00181-007-0130-9>.

22. Jaramillo, L., and Chailloux, A., 2015. It's Not All Fiscal: Effects of Income, Fiscal Policy, and Wealth on Private Consumption. International Monetary Fund Working Paper, no. 15/112.
23. Jawadi, F., and Sousa, R. M., 2014. The relationship between consumption and wealth: A quantile regression approach. *Revue d'économie politique*, 124(4), pp. 639-652. <https://doi.org/10.3917/redp.244.0639>.
24. Jovanović, I., 2020. Modeling wealth effect in consumption function based on system of national accounts (SNA) data. *Economic Analysis*, 53(1), pp. 118-132.
25. Kerdrain, C., 2011. How important is wealth in explaining household consumption over the recent crisis? An empirical study for the United States, Japan and the euro area. OECD Economic Department Working Papers, no. 869.
26. Ludwig, A., and Sløk, T., 2004. The relationship between stock prices, house prices and consumption in OECD countries. *Topics in Macroeconomics*, 4(1). <https://doi.org/10.2202/1534-5998.1114>.
27. Michail, N. A., and Thucydides, G., 2018. Does housing wealth affect consumption? The case of Cyprus. *Cyprus Economic Policy Review*, 12(2), pp. 67-86.
28. Navarro, M. L., and de Frutos, R. F., 2015. Residential versus financial wealth effects on consumption from a shock in interest rates. *Economic Modelling*, 49, pp. 81-90. <https://doi.org/10.1016/j.econmod.2015.03.016>.
29. Nicolau, M., 2020. Interest rate and the financial and housing wealth effects in ten CEEC. *Economics Bulletin*, 40(2), pp. 1132-1145.
30. Pacheco, L. M., and Barata, J. M., 2005. Residential and stock market effects on consumption across Europe. *European Journal of Housing Policy*, 5(3), pp. 255-278. <https://doi.org/10.1080/14616710500342150>.
31. Rodil-Marzabal, O., and Menezes-Ferreira-Junior, V., 2016. The wealth effect in the eurozone. *Panoeconomicus*, 63 (1), pp. 87-112. <https://doi.org/10.2298/PAN1601087R>.
32. Rodriguez Palenzuela, D., and Dees, S., 2016. Savings and investment behaviour in the euro area. *ECB occasional paper*, no. 167.
33. Rosenberg, S., 2015. The Impact of a Change in Real Estate Value on Private Consumption in Estonia. *Research in Economics and Business: Central and Eastern Europe*, 7(2), pp. 5-26.

34. Singh, B., 2022. Housing and stock market wealth effects in developing economies. *International Economics and Economic Policy*, 19 (1), pp. 29-49. <https://doi.org/10.1007/s10368-021-00510-9>.
35. Skudelny, F., 2009. Euro area private consumption: Is there a role for housing wealth effects, *ECB Working Paper*, no. 1057. <https://dx.doi.org/10.2139/ssrn.1406544>.
36. Slacalek, J., 2009. What drives personal consumption? The role of housing and financial wealth. *The BE Journal of Macroeconomics*, 9(1), pp.1-37. <https://doi.org/10.2202/1935-1690.1555>.
37. Šonje, A. A., Časni, A. Č., and Vizek, M., 2012. Does housing wealth affect private consumption in European post-transition countries? Evidence from linear and threshold models. *Post-communist economies*, 24(1), pp. 73-85. <https://doi.org/10.1080/14631377.2012.647629>
38. Šonje, A. A., Časni, A. Č., and Vizek, M., 2014. The effect of housing and stock market wealth on consumption in emerging and developed countries. *Economic systems*, 38(3), pp. 433-450. <https://doi.org/10.1016/j.ecosys.2014.03.001>.
39. Sousa, R. M., 2009. Wealth effects on consumption - evidence from the euro area. *ECB Working Paper Series*, no. 1050. <https://dx.doi.org/10.2139/ssrn.1392703>.
40. Sousa, R. M., 2010. Housing wealth, financial wealth, money demand and policy rule: evidence from the euro area. *The North American Journal of Economics and Finance*, 21(1), pp. 88-105. <https://doi.org/10.1016/j.najef.2009.11.006>.
41. Stanley, T. D., and Doucouliagos, H., 2015. Neither fixed nor random: weighted least squares meta-analysis. *Statistics in medicine*, 34(13), pp. 2116-2127. <https://doi.org/10.1002/sim.6481>.
42. Vizek, M., 2011. The Influence of Stock Market and Housing Wealth on Consumption Expenditures in Transition Countries. *Research in Economics and Business: Central and Eastern Europe*, 3(1), pp. 49-62.
43. Winkler, S., 2016. Empirical evidence of wealth effects on consumption. In *34th IARIW General Conference*. Available at: <http://old.iariw.org/dresden/winkler.pdf>.