

# Disentangling the effect of home ownership on household stock-holdings: Evidence from Japanese micro data

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Using Japanese household micro survey data for the period 2000–2015, this study examines the effects of home ownership on household stock holdings. To disentangle the effect of housing assets (land value) and mortgage debt on a household's portfolio of stocks as a share of their liquid financial assets, we apply the instrumental variable approach proposed by Chetty et al. (2017) that employs differences in average land price indices across housing markets in the year in which household portfolios are measured and those in the year in which the house was purchased. Our estimates suggest that an exogenous increase in land value (while holding mortgage debt constant) increases the portfolio of stocks, while an increase in mortgage debt (while holding land value constant) reduces it. We also find that an increase in land value and mortgage debt (while holding home equity constant) does not affect the portfolio of stocks, but increases the repayment of mortgage debt.