

The Mutually Reinforcing Dynamic Between Land Ownership and Wealth Inequality

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ABSTRACT

Wealth inequality and housing affordability have become major economic issues in the United States over recent decades. Because homeownership constitutes a major proportion of household wealth for many households, market dynamics have substantial impacts on inequality. Much current literature on land's effect on wealth inequality is contained within broader discussions of capital, overlooking the nuances of land, such as its fixed supply and profitability through economic rents.

This paper analyzes the role of housing and land since 1970 in driving wealth inequality in the United States and whether separating land from other forms of capital leads to more effective inequality-reducing policy. Results suggest that concentration of real estate among top wealth percentiles has significantly contributed to wealth inequality, particularly through rising land and housing prices. Land financialization has contributed to real estate prices outpacing the broader economy, increasingly preventing less wealthy households from participating in the housing market. This creates a self-reinforcing cycle in which asset-poor households are forced to rent, reinforcing wealth inequality and their inability to purchase property.

The paper closes by arguing that a land tax more specifically addresses the unique features of land and reduces the financial incentives of speculative behavior and land financialization. The paper contributes to the existing literature by providing a framework that analyzes land as a distinct economic asset, separate from capital, given its fixed supply, capacity to generate economic rents, and critical role in housing. This distinction provides a framework for evaluating policies and taxes targeting the real estate market to mitigate rising inequality.

INTRODUCTION

The rising inequality and declining housing affordability in the United States help explain some of the financial challenges that younger generations and lower-income groups face in owning a home (Airgood-Obrycki, 2024; Federal Reserve Bank of St. Louis, 2026g; Mishel et al., 2015; Whitney, 2026). Affordability has become a central issue in modern political and economic discussions. Many people

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report increased financial stress, especially regarding housing costs (Saad, 2026). Inequality is a persistent issue that is present in all economies, but excessive inequality, represented by a high wealth concentration among a small percentage of the population, is detrimental to society. It also contributes to stalled economic growth, weakened social institutions, and political instability (Piketty, 2014). The wealth disparities in the United States reflect high inequality, with a 2025 report showing that the top 1% of households hold 30.9% of the nation's total wealth while the bottom 50% hold only 2.5% (Collins & Ocampo, 2025).

This literature review aims to identify how land and housing have played a role in the rising inequality in the United States since 1970 by analyzing the extent of the correlation and relationship between real estate prices, wealth accumulation, and ownership of land and housing. The paper then discusses two different policies, the progressive wealth tax and the land tax, designed to mitigate the issue of housing and real estate ownership inequality.

Thomas Piketty's 2014 book *Capital in the Twenty-First Century*, widely regarded as the defining book on economic inequality of the 21st century, serves as the foundation for this paper's argument. The fundamental concept of the book is that throughout history, when the growth rate of capital has exceeded that of the overall economy, inequality increases as wealth becomes more concentrated (Piketty, 2014). The core mechanism is the inequality $r > g$, where r represents the growth rate of capital and g represents the rate of economic growth. Piketty defines capital as the total stock of assets that can be owned, bought, and sold, whereas economic growth includes wages and production (Piketty, 2014). While Piketty provides the theoretical framework, this paper argues that he undervalues the significance of land by conflating it with other forms of capital, such as stocks, bonds, or industrial equipment. As opposed to treating land as just a subset of capital, this paper instead provides a framework that treats it as a separate asset based on its fixed supply, ability to generate income through economic rents, and unique role through homeownership in wealth accumulation, making it a reinforcing mechanism of wealth inequality.

Even though there is already a presence of economic research focusing on wealth inequality in the context of land and housing financialization, land is commonly treated as a subset of capital as opposed to a distinct economic asset with unique features relative to other financial assets (Ryan-Collins et al., 2023). Rather than focusing on the unique contributions of land ownership concentration, economic rents, and land's fixed supply, much current literature embeds these topics in larger discussions regarding capital appreciation. This can contribute to less effective policies that apply broadly to all forms of capital but do not address the specific characteristics of land. This paper contributes to existing research by applying the land-distinction framework to the United States since 1970 to analyze how land financialization, rising house and land prices, and ownership concentration can reinforce wealth inequality and hinder homeownership and wealth accumulation for low-asset households. By distinguishing between land and capital, this paper aims to evaluate the ramifications of this choice for identifying the processes driving inequality and its role in more effective policies. Therefore, the paper poses the following question: How have land and housing influenced wealth inequality in the United States since 1970?

METHODS

The paper is a literature review with data analysis, conducted using a variety of news articles, books by various economists, and reports and data from the government and research institutions. 45 sources were screened and reviewed, of which 34 were used for the paper. In order to screen sources and determine if they were adequate for use in the paper, a literature review sheet was assembled where each source's setting, research question, design, and results were used. Sources were used if they analyzed land, housing, or inequality in the United States over the last half century, or if they focused on specific mechanisms like rent extraction or speculation. Sources were generally excluded if they focused on wealth inequality outside the context of real estate, or if they covered other implications of land ownership concentration and land financialization such as gentrification or reduced economic productivity. Reports from both governance agencies and educational institutions were used in making arguments about the relationship between land ownership and wealth inequality. Evidence came mainly from Federal Reserve Economic Data (FRED), published by the Federal Reserve Bank of St. Louis; reports from the Joint Center for Housing Studies at Harvard University; data from the Bureau of Economic Analysis; and papers in peer-reviewed journals and books by established economists. The paper focuses on the time period from 1970 to the present day because it includes a significant rise in both the Gini coefficient and housing and land values, while also covering the process of land financialization in the United States (Federal Reserve Bank of St. Louis, 2026a; Federal Reserve Bank of St. Louis, 2026f; Hermann, 2023). These trends are arranged in the empirics into a four-section framework: the financialization of housing and land, the unequal growth of housing and household income, the concentration of real estate ownership, and the effects of rent extraction and speculation. The last section of the paper is a policy analysis where the effectiveness of the wealth tax is compared with the land tax.

Keywords used in searches included housing unaffordability, land ownership, land value, land financialization, housing financialization, wealth concentration, speculation, rent extraction, economic rent, wealth accumulation, capital appreciation, homeownership, wealth tax, and land tax.

Sources used were generally published during the time period studied, with a notable exception being David Ricardo's *On the Principles of Political Economy and Taxation*, which was published in 1817 but provided theoretical groundwork for the paper's core arguments (Ricardo, 1817). Additionally, any online reports or data that were not from the government, academic institutions, or peer-reviewed journals were from reputable online websites or research organizations. Most non-theoretical sources used had a distinct focus on the United States and provided data or concepts directly related to the US; however, several with a tangential focus were used to develop the paper's economic framework. Sources that mentioned inequality but did not observe it through the lens of land or housing were excluded from use in the paper. Reports or articles that focused on alternative effects of land financialization and ownership concentration, including gentrification and reduced economic productivity and innovation, were also excluded.

THEORETICAL FRAMEWORK

The intertwined relationship between wealth inequality and land ownership can be explained in theory through two different causal chains, which represent the experiences of landowners and wealthy households, as well as lower classes who do not own housing or land. The initial cause is land scarcity, which arises naturally as societies and populations develop and require more land. Theoretically, less developed economies and societies would have lower property requirements to facilitate economic activity, and so land would be more affordable and land inequality subsequently lower. However, as the economy expands and more goods are produced, the value of land relative to other forms of capital increases as there is no way to generate more of it (Ricardo, 1817). Therefore, increased demand cannot be satisfied through increased production, but instead results in higher land values. As the value and scarcity of land rise, the rent that landowners or landlords can charge tenants increases. Therefore, increased economic activity and growth lead to wealth accumulation for those who own land instead of contributing to a greater land supply for higher productive capacity.

This excess amount of money earned from the scarcity of land, as opposed to adding productive value to the economy, is called economic rent. In the context of land, economic rent is the amount of money tenants pay for usage of the land above the minimum requirement to keep the land in its current use, the opportunity cost. Although David Ricardo originally conceived the idea of economic rents in the context of agriculture, they apply beyond farming to other forms of land use and even other assets (Ricardo, 1817). Factors influencing economic rent include land scarcity, location, and zoning laws, holding greater weight in urban or more developed areas (Hochstenbach et al., 2025). Higher economic rents directly lead to higher land prices, as the value of land is dictated by the amount of economic rent it could produce in the future. Due to this process, simply owning land becomes the primary driver of wealth in real estate, essentially rewarding households for owning large amounts of land even if they do not develop or improve it (Zhu, 2007).

Expectations for larger profits from higher economic rents can also spur continued purchasing and investment in land and housing by higher-wealth households, contributing to a process called land financialization (Hochstenbach et al., 2025). This occurs as land is increasingly treated as a financial asset for the purpose of gaining wealth as opposed to a productive resource for housing or other activity (Hermann, 2023). Two of the major mechanisms through which land financialization contributes to wealth generation and inequality are land speculation and rent extraction (Hochstenbach et al., 2025).

Land speculation is the practice of purchasing land expecting future appreciation gains, while not developing or adding additional value to the land (Manochehri et al., 2025). Speculative demand contributes to land price increases by motivating more investors to acquire land for value appreciation, creating a feedback loop where higher land prices encourage investor activity, further pushing up land prices. In contrast, rent extraction provides a passive income stream for the landowner through economic rents. Though both systems contribute to wealth inequality, rent extraction has a more immediate effect,

as it fundamentally relies on capturing wealth without adding value and directly transfers wealth from renters to landowners (Hochstenbach et al., 2025).

For lower wealth classes who are renting land or housing, the economic rent-associated higher rental price means reduced savings and cash on hand. This would reduce the total wealth held by the renter class in the short term, but it would also hamper the capital accumulation and wealth-building process for these households in the future, as they would have a smaller portion of their earnings to invest. Conversely, higher-wealth households would make increased profits from higher rents, siphoning wealth to households that already hold assets. Having more wealth would lead to greater investment capabilities, perpetuating the larger capital accumulation experienced by asset-rich households and individuals. This self-reinforcing process creates a vicious cycle for households already locked out of capital accumulation, in which each event feeds the next, leading to an increasingly wealthy landed elite building wealth at the expense of the economic security of asset-poor households, such as renters or low-income workers.

RESULTS

Land and Housing Financialization

Over the second half of the 20th century and into the 21st century, wealthy individuals, corporations, and other institutional investors increasingly viewed housing and land as financial assets rather than places to live, which occurred alongside rising real estate accumulation and the financialization of housing and land (Hochstenbach et al., 2025). This can be seen through the home investor response to the Great Recession's foreclosure crisis and the accompanying mass of cheap homes or rental properties (Hermann, 2023). The near-zero interest rates set by the Federal Reserve at this time were also a significant factor linked to increased investment and housing purchases. The same trend occurred after the pandemic, with investor activity in the single-family housing market surging from around 16% of purchases during 2017-2019 to a peak of 28% in the first quarter of 2022 (Hermann, 2023). Over this same time period, the interest rate for fixed 30-year mortgages fell from nearly 5% in 2018 to around 3% in early 2022 (Federal Reserve Bank of St. Louis, 2026e). The falling interest rates, accompanied by increased housing purchases by investors, align with the general relationship where lower interest rates cause more housing investment, which may have advanced subsequent concentration of housing wealth among those who already hold significant capital. Extrapolating this to the 1970s, there is a notable increase in the 30-year fixed mortgage rate from 7.31% in 1971 to a historic peak of 18.63% in 1981 shortly after Ronald Reagan took office. Over the course of his presidency, the Federal Reserve lowered the rate to 10.71%, and it continued to drop until the end of the Pandemic brought an upturn (Federal Reserve Bank of St. Louis, 2026e). The steadily declining mortgage interest rate from 1981 to 2021 coincides with a market increasingly desirable for real estate investors.

These trends also correspond with increased investment activities like housing speculation and rent extraction, potentially furthering the financialization of land and housing. This is also indicated by the increase in corporate or institutional housing investors during the late 20th and early 21st centuries, such

as limited liability companies (LLCs), real estate corporations, and real estate investment trusts (REITs). According to a 2023 report by the Joint Center for Housing Studies from Harvard University, “the share of rental properties owned by non-individual investors increased from 18% in 2001 to 27% in 2021,” also signifying a larger contribution of investment-based ownership in the rental market (Hermann, 2023). The growth of homes owned for investment or rent-extraction purposes supports the existence of the self-reinforcing land financialization process in the United States over the last 40 years. As discussed in Section 2, land financialization often results in higher land prices, gradually excluding lower-wealth individuals and households from purchasing or investing in real estate and experiencing capital appreciation. This is supported by the ownership disparity of the top 10% of US households owning 44% of the total value of real estate, reflecting an elite-dominated housing market (Carlson, 2025). These figures indicate a shift from viewing housing and land as living spaces to multi-faceted financial assets for both living and wealth accumulation.

Housing and Land Price Growth Outpaces Income

Both land and housing prices have outpaced the earnings of working-class households, decreasing home affordability and hindering the ability of working or lower-wealth classes to participate in land or housing ownership. The process of wealth accumulation via land ownership has also been taking place in the United States, as shown by the average land price of an acre of farmland adjusted for inflation increasing from around \$1000 in 1970 to \$4350 in 2025 (Callahan, 2025). Wages have grown at a much slower rate, with workers earning \$9.85 an hour (in 2014-adjusted values) in 1970, and only \$10.89 an hour in 2014. If the wage had risen with the rate of productivity, it would have reached over \$18 by 2014 (Mishel et al., 2015). This suggests that many working-class households who rely on income and wages as their primary cash flow would increasingly find land prices unaffordable, and therefore not be able to purchase real estate. The worsening struggle of the working class to afford homes is also visible through the growth of home prices outpacing that of median income. From 1985 to 2024, the median household income grew 254%, while the median house price increased 399%, with the home price to median income ratio during the same period climbing from 3.6 to 5.3, indicating that home ownership is further out of reach for working and lower-class households (Richter, 2025). The relationship between rent and income is similar. According to the Federal Reserve Bank of St. Louis, rent has increased nearly tenfold since 1970 while the federal minimum wage has risen at a slower rate of over fourfold, but has remained stagnant since 2009 (Federal Reserve Bank of St. Louis, n.d.).

Over the last 40 years, lower-wealth classes have progressively allocated a higher percentage of their income to rent (Airgood-Obrycki, 2024). This increased profitability for landlords not only directly contributes to inequality through wealth transfer, but also leads to a dynamic between rent prices and housing value where the mutual increases result in a cycle that increasingly prevents asset-poor households from homeownership. The effects of income not being able to match housing and land prices can also be seen through cost burden statistics. From 1970 to 2022, the share of renter households that were cost-burdened (spending more than 30% of income on housing) rose from below 25% to nearly 50%, as well as from below 15 million in 2001 to over 22 million in 2024 (Airgood-Obrycki, 2024; Whitney, 2026). Whereas landlords have benefitted financially from price increases, the renter class has

been forced to pay higher rents, hindering their ability to purchase their own home. Cost-burdened and lower-income homeowners serve as additional evidence of home prices outpacing income. Many home-owning households have faced increasing financial struggles throughout the last several decades, with the number of cost-burdened homeowners nationwide rising from about 16 million in 2001 to 20.7 million in 2024 (Whitney, 2026). Higher house prices often result in bigger mortgage payments and other housing expenditures that homeowners must pay, reducing housing affordability. This also reduces the amount of capital they can use to purchase additional real estate or assets, inhibiting further wealth and asset accumulation. The trends indicate that the value of land and housing has grown faster than income, continually raising the barrier for homeownership and excluding working-class and lower-wealth households, as shown in Figure 1.

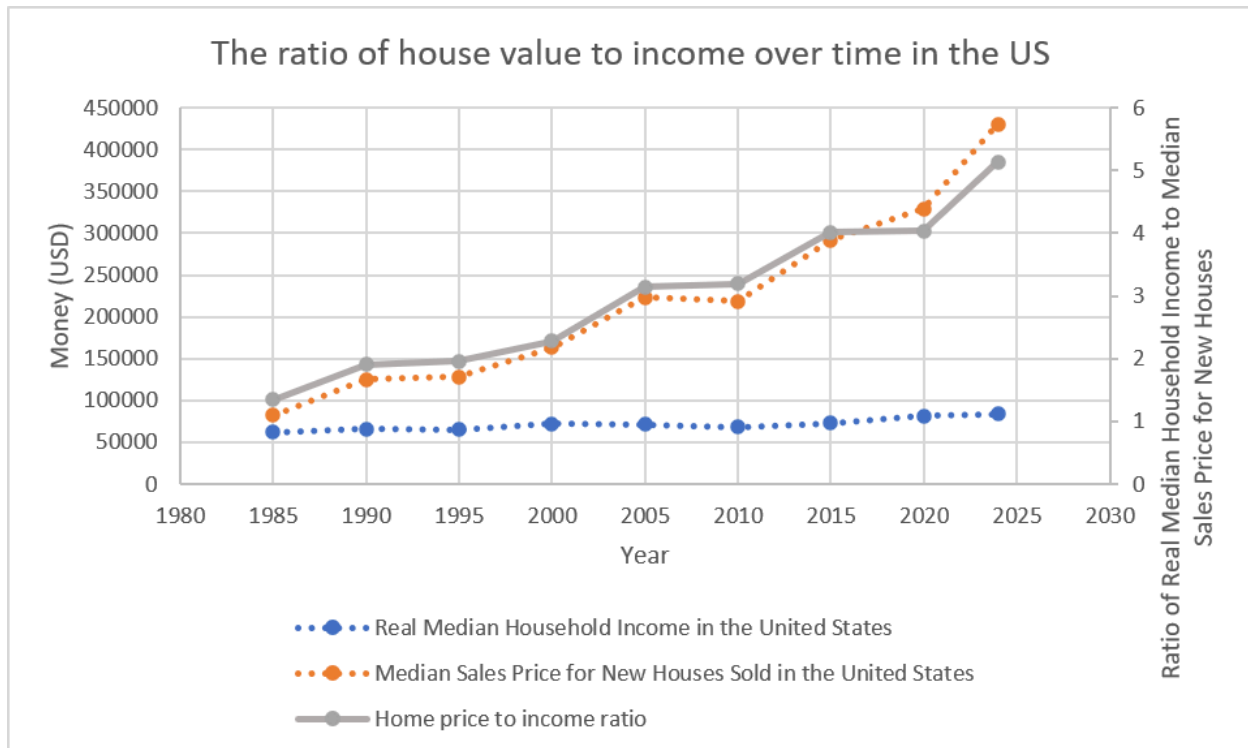


Figure 1: The ratio of house value to income over time in the United States from 1985 to 2024 (Federal Reserve Bank of St. Louis, 2025; Federal Reserve Bank of St. Louis, 2026g)

Concentration of Real Estate Ownership

Working-class and low-income households hold little or no real estate assets, while households in top wealth percentiles hold increasingly concentrated real estate portfolios. Between 1995 and 2026, the share of real estate owned by the top 1% rose from 9.7% to 13.3%, while that owned by the bottom 50% fell from 16.8% to 9.9% (Federal Reserve Bank of St. Louis, 2026b; Federal Reserve Bank of St. Louis, 2026c). Because housing is one of the most significant assets for household wealth, disproportionate ownership percentages have major impacts on wealth accumulation across classes. The significance of

housing as a wealth accumulation mechanism means lower-wealth households are increasingly excluded from capital appreciation.

The lack of access to wealth accumulation for renters is also exacerbated by the key role that homeownership plays in driving wealth growth for working-class households. This is evidenced by the net growth and growth rates of housing wealth consistently outpacing those of stocks, another primary driver of household wealth, from 1995 to 2004 (Zhu, 2007). Further, homeowners in the United States have a median net worth of \$430,000 as opposed to \$10,000 for renters, showing that home price appreciation plays a significant role in increasing wealth for typical households (Farberov, 2025). Therefore, people excluded from homeownership miss out on a primary mechanism of wealth accumulation.

Rent Extraction and Speculation

Many renter or asset-poor households in the United States find it increasingly difficult to afford housing as home prices climb at a faster pace than their income or smaller capital appreciation. A study conducted in 2017 found that 53% of the net housing wealth in the United States was held by the top 10% richest households, while the bottom half of the population either owned no housing at all or were in net debt due to mortgages (Hochstenbach et al., 2025). Further, the bottom quartile of the wealth distribution had zero net wealth in 2004, rendering home ownership financially impossible (Zhu, 2007). As the number of households who cannot afford a down payment or purchase a home increases, an increasing number of households are forced to rent. This is especially prominent in younger households (aged 25-34 years old), who have shown a widespread pivot from homeownership to renting as they were never able to accumulate the necessary wealth to acquire a home due to the growing home price-to-income ratio (Hernandez & Mazur, 2022). The concentration of housing wealth leads to concentration of wealth accumulation due to appreciation over time and economic rents. This leads to a self-reinforcing cycle for renters where rising housing prices continually raise the financial requirements for participation in homeownership.

Landowners, landlords, or real estate corporations and institutions have used land and housing for speculation as well as rent extraction. This has caused land and housing ownership itself to be a mechanism for wealth accumulation, while also siphoning wealth from limited asset groups to the landed elite, significantly contributing to wealth inequality. Speculation earns wealth primarily through asset appreciation, whereas rent extraction is more direct in providing income via economic rents. The mechanisms are alike in that they do not require and normally do not involve the owner developing or improving their property. As the land financialization process occurred, there was an accompanying rise in the speculative purchasing of housing, particularly housing price speculation. This investment strategy involves speculators purchasing homes and holding them for brief periods before selling them for profit due to predicted market upturns. It increases artificial demand as homeowners must now compete for limited homes with an influx of buyers, which can displace lower-wealth or low-income residents. Reports indicate that the mid- to late 2000s housing boom saw a large number of homeowners purchasing additional homes for speculative purposes, with up to 17% of properties in various suburbs being

purchased and then sold shortly after (Manochehri et al., 2025). This would have contributed to housing price increases over the same period, reducing home affordability and contributing to housing wealth concentration among the top wealth percentiles.

The Federal Reserve data also indicate a significant increase in landlord income from housing, as shown by the Rental Income of Persons with Capital Adjustment (RENTIN) graph, which represents economic rent flows. Rental income to property owners increased from \$20.4 billion in 1970 to over \$1.1 trillion in 2026, indicating that housing has served as a financial asset, providing homeowners with earnings through economic rent (Federal Reserve Bank of St. Louis, 2026d). The rising rental income that is only earned by households who already have assets in land or housing directly reinforces inequality, as wealth is transferred from renters to landowners. These mechanisms stemming from land financialization also align with the rise in inequality over recent decades in the United States. The relationship between housing value and inequality can be observed through the positive relationship between the Gini coefficient and average housing sale price, as shown in Figure 2 (Federal Reserve Bank of St. Louis, 2026a; Federal Reserve Bank of St. Louis, 2026f). The Pearson correlation coefficient between the Gini coefficient and average housing price is 0.86 (95% confidence interval: [0.55,0.96]). Even though the correlation does not prove causation, the figure supports the notion that homeownership has played an increasingly significant role in wealth accumulation, while also rising further out of reach for lower-wealth households. The growth of real estate assets is experienced disproportionately by homeowners and landowners while excluding renters and asset-poor households from purchasing land or housing.

The evidence indicates that land and housing have contributed to inequality through ownership concentration among the top percentiles of wealth as well as processes such as rent extraction and speculation. The results show that economic policies designed to reduce wealth inequality and improve affordability should effectively address land and its wealth-generation processes separately from other capital forms. The following section examines the extent to which two different policies, the wealth tax and the land tax, do this as well as their broader economic roles.

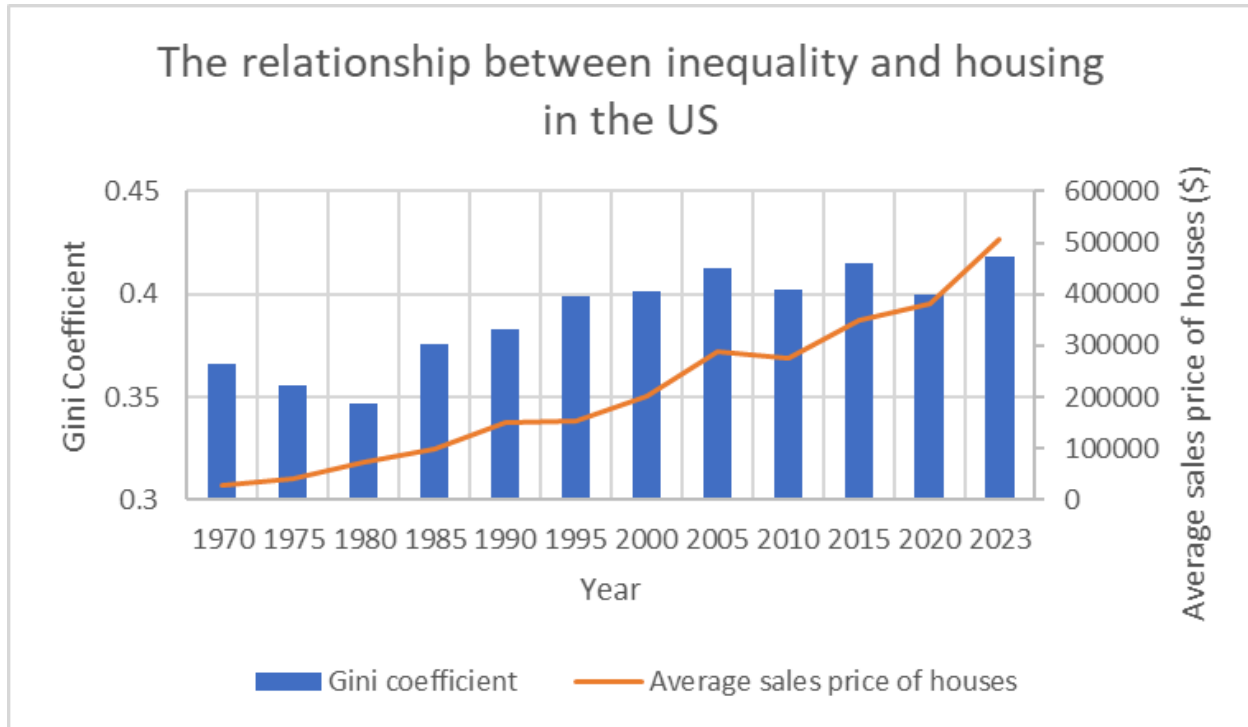


Figure 2: The Gini coefficient and average house sale price in the United States from 1970 to 2023 (Federal Reserve Bank of St. Louis, 2026a; Federal Reserve Bank of St. Louis, 2026f)

DISCUSSION

Wealth Tax

A wealth tax is an annual tax on an individual or household's total net worth, including financial assets such as liquid assets, securities, or retirement funds; real estate, business equity, or other valuable items. The primary goals of the wealth tax are to reduce extreme economic inequality and to generate tax revenue to invest in infrastructure, social programs, education, and other societal improvements (Saez & Zucman, 2019).

The wealth tax often struggles due to challenges with valuations or implementation, reduced investment and economic activity, as well as wealthy taxpayers moving assets or wealth out of the country (Adam & Miller, 2021; Kopczuk, 2013). Illiquid assets can be difficult for governments and tax agencies to gauge the true value of and the resultant tax amount (Kopczuk, 2013). Excessive taxation can reduce the amount of cash that wealthy individuals have to invest in and operate businesses, reducing entrepreneurship and the potential benefit to the economy of business investments (Mankiw, 2013; Mankiw et al., 2009).

Finally, the mobility of many types of wealth means that the ultra-wealthy can simply locate them in another country or tax haven (Adam & Miller, 2021; Kopczuk, 2013).

One of the primary justifications for the wealth tax revolves around the general tendency of wealth to be more unequally distributed than income (Saez & Zucman, 2019). Therefore, a wealth tax would more effectively reduce inequality between classes and prevent large concentrations of wealth from forming among a small group of the socioeconomic elite. These sparse but massive coalescences of wealth at the expense of a poorer lower class create a potentially threatening imbalance of political power (Stiglitz, 2012). Taxing very large wealth portfolios would help prevent and mitigate these potential occurrences.

One of the major debates on taxation is who should pay them and at what levels. One major framework that provides an answer is the ability-to-pay principle, which says that households and businesses should pay taxes according to their financial capacity (Mankiw et al., 2009). In this way, people with more wealth should contribute more in the form of taxes because taxing their capital does not affect their daily lives as significantly. The substantially greater quantity of assets insulates them from the common economic struggles of working-class individuals, who value assets or wealth more than wealthier individuals (Mankiw, 2013).

However, economists opposed to the wealth tax present criticisms of its effectiveness and net impact on the economy. Kopczuk argues that many forms of wealth, such as equity in businesses, intellectual property, and other illiquid assets, are difficult to value, and that ultra-wealthy individuals may intentionally convert more of their wealth into complex assets to pay less in wealth tax (Kopczuk, 2013). This especially hampers the cost-effectiveness of the wealth tax, considering that governments need to fund mass wealth assessment operations on the taxed classes in order to make the wealth tax fair and accurate. Many European governments, such as France in 2018, repealed their wealth taxes for this reason; tax revenues were lower than expected and did not warrant the resources spent on enforcement and assessment (Pisani-Ferry, 2019).

Many households or individuals who would be subject to a wealth tax may also just move or relocate their assets outside of the taxing government's domain (Mankiw et al., 2009). Depending on the capital being moved, this can mean that the local government or authority can actually lose total taxing income, as assets like businesses can be relocated, accompanied by the departure of revenue through taxes including but not limited to income, employment, and other corporate taxes.

Mankiw argues that a significant portion of wealth in the portfolios of the ultra-wealthy (e.g., top 1%) comes from activity like growing businesses or investing, and a tax on the rewards of economic productivity would discourage those habits. He argues that a wealth tax therefore discourages those with the most capital and economic power from further spurring innovation and investment in the economy, leading to stalled growth (Mankiw, 2013). Lawrence Summers expresses a similar view, arguing that strengthening different taxation forms, such as income or capital gains taxes, would contribute to reduced inequality without the larger economic disruptions of a wealth tax (Probst, 2019).

Land Tax

A land tax is a levy imposed on landowners based on the unimproved value of their land. Since land is immobile, owners cannot relocate it to offshore tax havens or foreign countries, and have to either pay taxes or sell. This tax would discourage speculation, as landowners who do not develop or improve the land to generate a profit would see their potential profits reduced. Selling the land would increase the available supply and drive prices down, while some landowners choosing to instead develop the land could lead to more suitable housing. It also does not affect those who choose to keep their wealth in any illiquid asset that is not land, which would reduce the potential for serious economic stagnation if implemented.

The immobility of land makes a land tax more feasible to impose than a broader wealth tax, thereby addressing the issue of wealthy individuals moving assets to offshore tax havens or foreign countries. A land tax also discourages speculation by reducing the profitability of unused or undeveloped land, providing an incentive for landowners to improve or sell the land. Increased investment and development would lead to more land suitable for housing, decreasing demand for an individual unit and reducing affordability pressures for renters. Accordingly, the reduced lucrativeness of rent extraction for landlords would benefit lower- and working-class households, who would not have to devote as high a percentage of their income to housing, allowing for more investment and a greater capacity for wealth accumulation. A land tax deals with the inequality-causing mechanisms, including speculation, rent extraction, and land ownership concentration, while bypassing criticisms of the wealth tax.

CONCLUSION

This study set out to examine the influence of real estate ownership concentration on wealth inequality since 1970 in the United States. The analysis has shown that land and housing ownership have contributed to inequality through land financialization and its associated mechanisms of speculation and rent extraction. The research has illustrated that a self-reinforcing cycle has formed where rising house and land values increase the wealth of asset-rich households, while raising the financial barrier for homeownership as house prices outpace household income. Because homeownership is a significant source of wealth accumulation for many households, this limits capital appreciation for those who do not own real estate assets.

The results of this study indicate that land and housing should be considered separate from other forms of capital due to their unique characteristics that enhance their ability to drive inequality. The fixed supply of land and its critical role in housing means that demand increases can result in higher prices. Further, land's ability to generate economic rents provides additional wealth and rental income for landlords, even without development or improvement. These attributes directly fuel land financialization and the self-reinforcing cycle that leads to an increasingly wide gap between the asset-rich property owners benefitting from capital appreciation and renters struggling with higher barriers to real estate or

homeownership. Overall, the analysis substantiates the idea that land and housing have driven inequality through ownership concentration among the wealthiest households, land financialization mechanisms such as rent extraction and speculation, and the exclusion of less wealthy households from a primary source of wealth accumulation.

This paper contributes to existing literature on wealth inequality by demonstrating that analyzing real estate separately from other financial assets provides a more precise explanation of its role in influencing inequality and wealth concentration. Piketty addresses land and housing as a category of capital, with a focus on the growth rate of capital being greater than that of economic growth, contributing to wealth inequality (Piketty, 2014). Although the rule of $r > g$ is significant for analyzing wealth inequality, this paper opts for a framework that aligns more closely with Ryan-Collins et al., who argue for increased attention to land's specific characteristics (Ryan-Collins et al., 2023). Similarly, Zhu and Hochstenbach et al. analyze the role of housing in driving wealth accumulation and inequality (Zhu, 2007; Hochstenbach et al., 2025). Extending this research, this paper treats land as a distinct economic asset as opposed to a category within capital, allowing for greater recognition of the unique qualities of land and their effects on real estate ownership and wealth inequality. This separation also provides a foundation for the assessment of policies that aim to reduce wealth inequality by focusing on land and housing.

The study depends on descriptive datasets as opposed to using econometric models. The evidence presented in the paper strongly indicates a correlation between land and housing ownership and wealth inequality. However, causation cannot be established due to the multiple factors influencing wealth inequality. Therefore, it is hard to quantify the individual contribution of land and housing compared to other potential causes. Additionally, the scope of the place and time period observed is relatively limited, as the paper focuses solely on the United States since 1970. These constraints limit the applicability of the findings to other time periods or countries, and land ownership or inequality trends may differ. A limitation of the paper's policy section is that it is purely theoretical and is based on current research and literature as opposed to a simulation or review of an existing land tax.

Future studies should use econometric modeling to more accurately determine the role that housing and land play in increasing wealth inequality, accounting for other factors such as education, inheritance, and other financial assets. It would also be valuable for additional research to be conducted on the actual effects of a land tax, particularly whether it reduces housing unaffordability and wealth concentration. Lastly, research expanded to countries with different economic conditions, policies, and housing markets would provide more information on the value of distinguishing land from other forms of capital.

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