

# The impact of parents on their adult children's housing transitions

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# Parents and housing

- › Parental home: starting point
  - Location
  - Type of housing
  - Type of residential environment
- › Inter-generational transmission of socio-economic status
- › Parental homeownership and gift-giving



## Parental home: Location

- › Residential inertia (Huff & Clark 1978)
  - Staying put
  - Staying close
- › Parents as a keep factor  
(Mulder & Malmberg 2011 and work in progress with Malmberg and with Ermisch & Chan)
- › Parents as an attraction factor  
(Smits 2010; Pettersson & Malmberg 2009)
- › Outcome: close distance to parents (Mulder & Kalmijn 2006; Van der Pers & Mulder 2013)



## Parental home: type of housing

- › Striving for same status as parents: Easterlin 1980
- › Socialization into homeownership (idea, no evidence)
- › Lots of evidence on inter-generational transmission of homeownership (see later)
- › Also similarities in housing density: Jenkins & Maynard 1983



# Parental home: type of environment

- › City persons vs village persons?
- › Feijten, Hooimeijer & Mulder 2008: residential environment in later life similar to environment in youth (also after accounting for staying put)



# Inter-generational transmission of ses

- › See Social Stratification literature
- › Smits & Michielin 2010: similarities in adult children's and their parents' housing value
- › Jenkins & Maynard 1983: similarities in housing expenditure





# Parental homeownership and gift-giving

- › Lower out-of-pocket costs at older ages
- › Using equity from the home
- › Mortgage guarantees based on housing value
- › Owners give more to children than others  
(homeownership help and just money; e.g. Mulder & Smits 2013)



## Because of all this...

- › Inter-generational transmission of homeownership
- › Evidence:  
Separate studies, different variables, not comparable





# Evidence on transmission of ownership

- Henretta 1984, 1987, Boehm & Schlottmann 1999, Aratani 2011 for USA
- Jenkins & Maynard 1983 for Britain
- Mulder & Wagner 1998 for West Germany and the Netherlands
- Kurz 2004 for West Germany
- Mulder & J. Smits 1999, Helderma & Mulder 2007, A. Smits & Mulder 2008, Blaauboer & Mulder for the Netherlands
- Leth-Sorensen 2004 for Denmark
- Lewin-Epstein, Adler & Semyonov 2004 for Israel
- Poggio 2008 for Italy



## Unresolved issue

- › Do children rely on their parents more in some contexts than in others?
- › How does transmission of homeownership vary between contexts: welfare regimes, family systems, housing markets?

# The inter-generational transmission of homeownership across Europe

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# Research question

- › How does inter-generational transmission of homeownership differ across European countries?



# Theory (1)

- › Welfare regimes (Esping-Andersen and later adaptations): role of state, market, family in producing welfare
  - Liberal regimes: Mainly market (note: not in data)
  - Social-democratic regimes: State important
  - Conservative/corporatist: Combination / institutions
  - Southern European: Family particularly important



# Hypothesis (1)

- › Transmission weakest in social-democratic regimes, stronger in conservative, strongest in Southern European regimes





## Which countries?

- › Social-democratic regimes: Sweden, Denmark, the Netherlands
- › Conservative/corporatist: Germany, Switzerland, France, Belgium
- › Southern European: Italy, Spain, Greece



## Theory (2)

- › Housing markets, mortgage markets
  - Widespread homeownership: renting no desirable alternative, strong norm
    - Hypothesis: more transmission in countries with widespread ownership
  - Developed mortgage markets: less need for family help
    - Hypothesis: less transmission in developed mortgage markets



## Which countries?

- › Widespread ownership: Belgium, Italy, Spain, Greece
- › Developed mortgage markets: Germany, Switzerland, Sweden, Denmark, the Netherlands



## Data

- › Survey of Health, Ageing and Retirement in Europe (SHARE)
- › Wave: SHARELIFE (retrospective data)
- › Germany, Switzerland, France, Belgium, Sweden, Denmark, the Netherlands, Italy, Spain, Greece
- › Left out: Austria, Poland, Czech Republic (too many people never move out of parental home; Eastern Europe: privatization of former rental homes around transformation 1990)



## Data

- › Population: aged 50 and over, not living in institutions
- › N: 1200 – 2700 per country, total N 20870
- › Ever moved into home-ownership: 75%
  - Germany 55%
  - Denmark 88% (seems puzzling, but: moves back and forth rather common)



## Method

- › Logistic regression of person-years (discrete-time event history analysis)
- › Parameters: effects on log-odds of making transition to home-ownership
- › \*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$





## Method

- › Dependent variable: whether moved into owner-occupied home in own household
- › Independent variable of interest: whether parental home was owner-occupied at respondent's age 10
- › Control variables: parental and individual ses, urbanization, partnership status, N children, age



# Notes

- › Results are preliminary. To be explored:
  - Men vs women
  - Differences in effect of partnerships/children
  - Impact of decreases in house prices
  - Statistical tests for differences in effects between countries
  
- › Results are parameters from separate models per country



## Results: effect of parents' homeownership

	Bivariate models	Full models
Germany	0.089*	0.174**
Switzerland	0.256***	0.360***
France	0.199***	0.110**
Belgium	0.202***	0.195***
Sweden	0.076	0.068
Denmark	0.262***	0.244***
The Netherlands	0.228***	0.248***
Italy	0.300***	0.209***
Spain	-0.033	0.075
Greece	0.300***	0.398***



## Conclusions (preliminary)

- › Evidence of inter-generational transmission in most countries
- › Differences between countries...  
but not in line with hypotheses
- › Apparently, other factors important to differences:  
Tax treatment of gifts?  
Other suggestions?  
Main conclusion: differences not spectacular?