

Young adults' living arrangements: The impact of economic uncertainty on leaving and returning home in the UK

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Overview

1. Why should we be interested in young adults' household transitions?
2. The EU context
 - Is there an association between increased unemployment and increased co-residence?
3. UK evidence
 - Changing socio-economic and policy context within which UK young adults are making their transitions
 - Economic uncertainty and leaving the parental home
 - Economic uncertainty and returning home
4. Conclusions

1. Why should we be interested in young adults' household transitions?

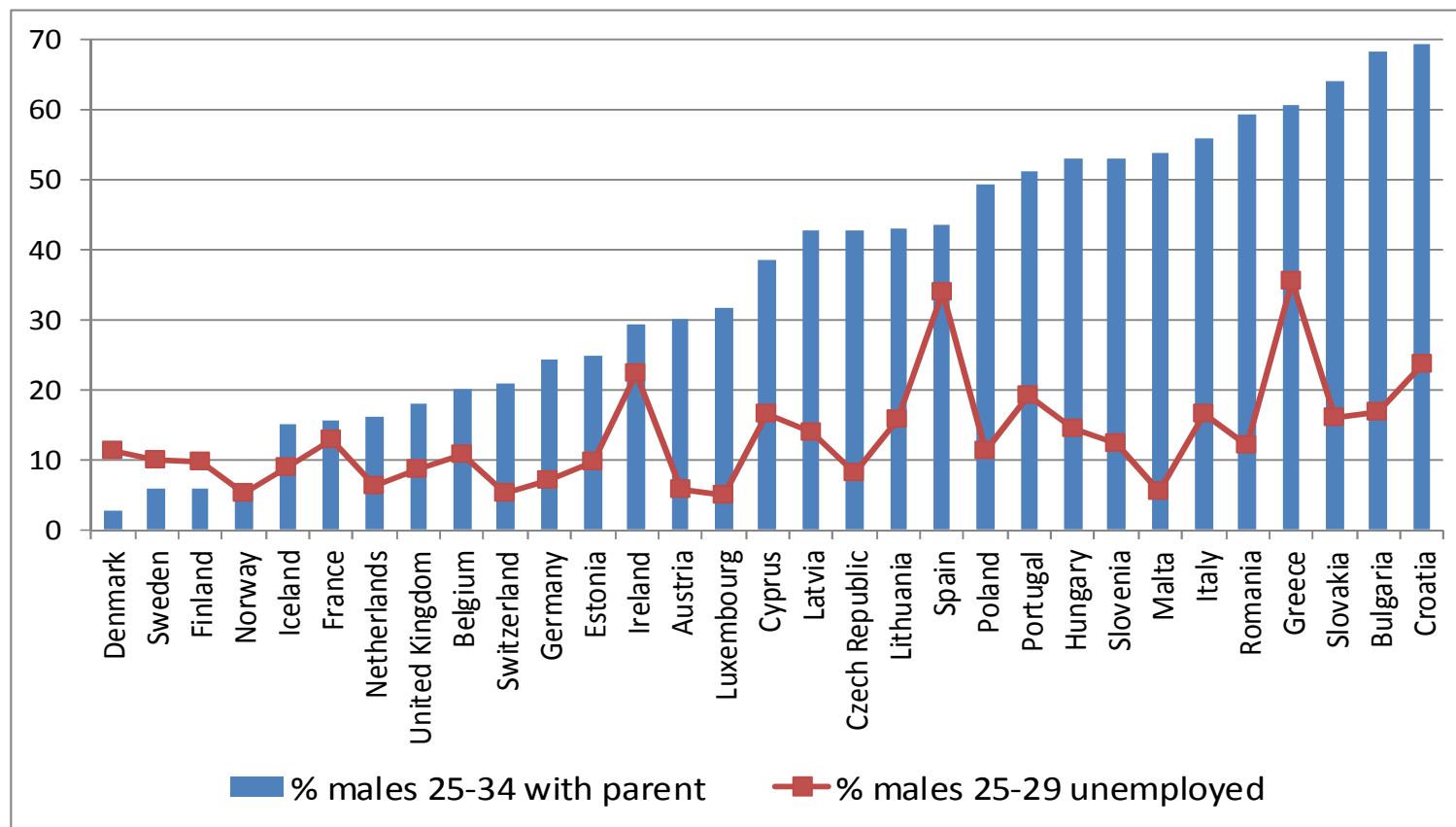
Why should we be interested?

- Residential independence an indicator of adult status
- Youth transitions increasingly non-linear and de-standardized
- Indicator of ability to set up household → postponed / foregone family formation
- Changes in headship rates have implications for housing demand and projections
- Implications for inter-generational relationships
- Implications for young adults' wellbeing

2. The EU Context

Large cross-national variations in proportions currently living with at least one parent

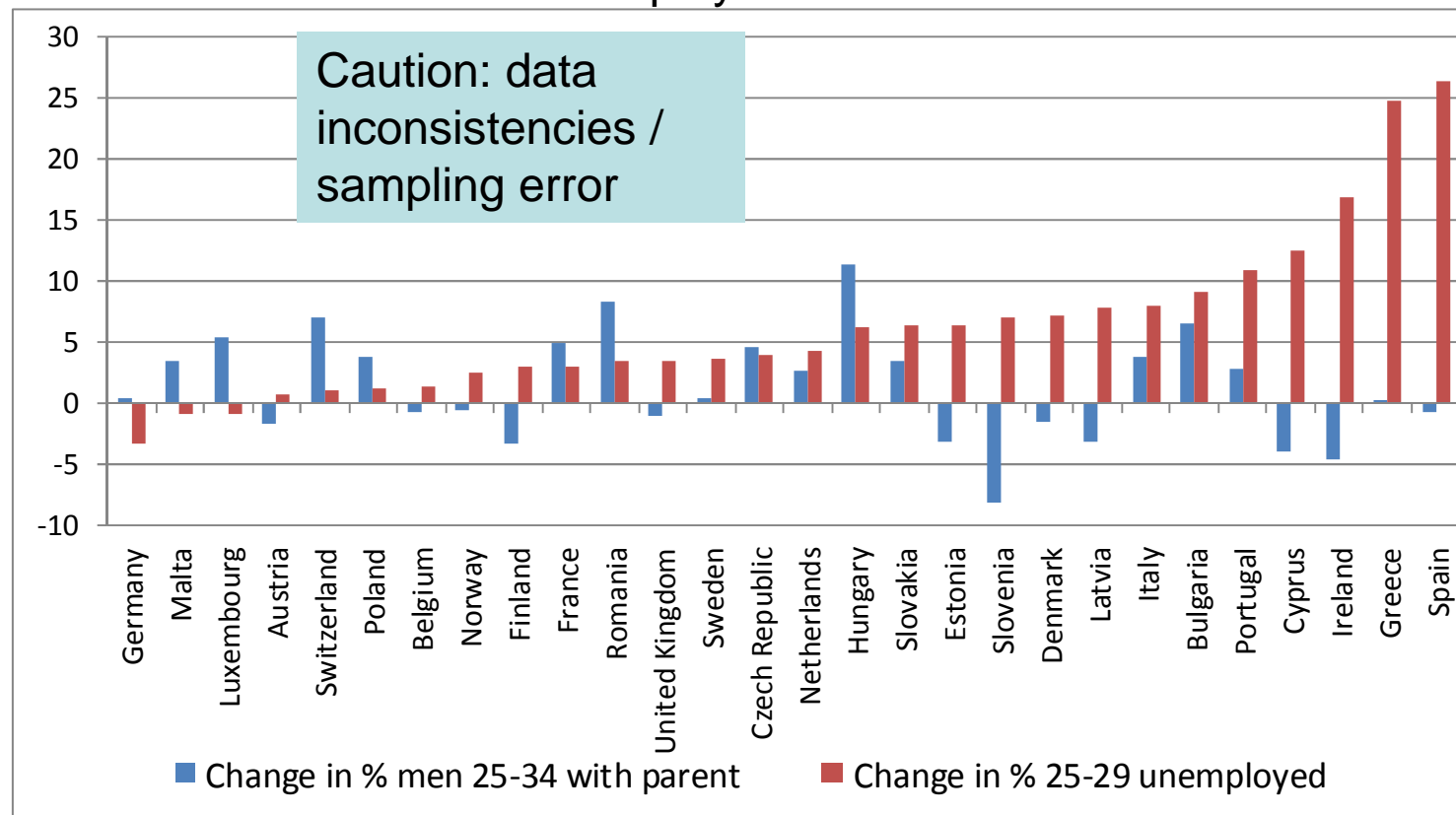
% males aged 25-34 living with a parent in 2012 and 25-29 male unemployment rate in 2012



Source: Author's analysis of Eurostat data

Relationship between worsening employment situation and change in co-residence inconsistent

Change in % men aged 25-34 living with a parent and 25-29 male unemployment rate 2007-2012



Source: Author's analysis of Eurostat data

Explaining cross-national differences in age at leaving home

(See Billari & Liefbroer, 2010; Aassve et al. 2013a; Aassve et al. 2013b)



- Institutional factors
 - Educational system
 - Level of tuition fees, provision of grants/ loans
 - Provision of student accommodation
 - Welfare regimes
 - Unemployment, housing benefits
 - Importance of family for instrumental support
- Cultural expectations “age deadlines for leaving home”
 - Southern & Central Europe (31 yrs males) vs. Scandinavia (26 yrs males) (Aassve et al. 2013a)
- Current economic crisis
 - An additional factor, but in context of longer term restructuring of the youth labour market

3. UK evidence

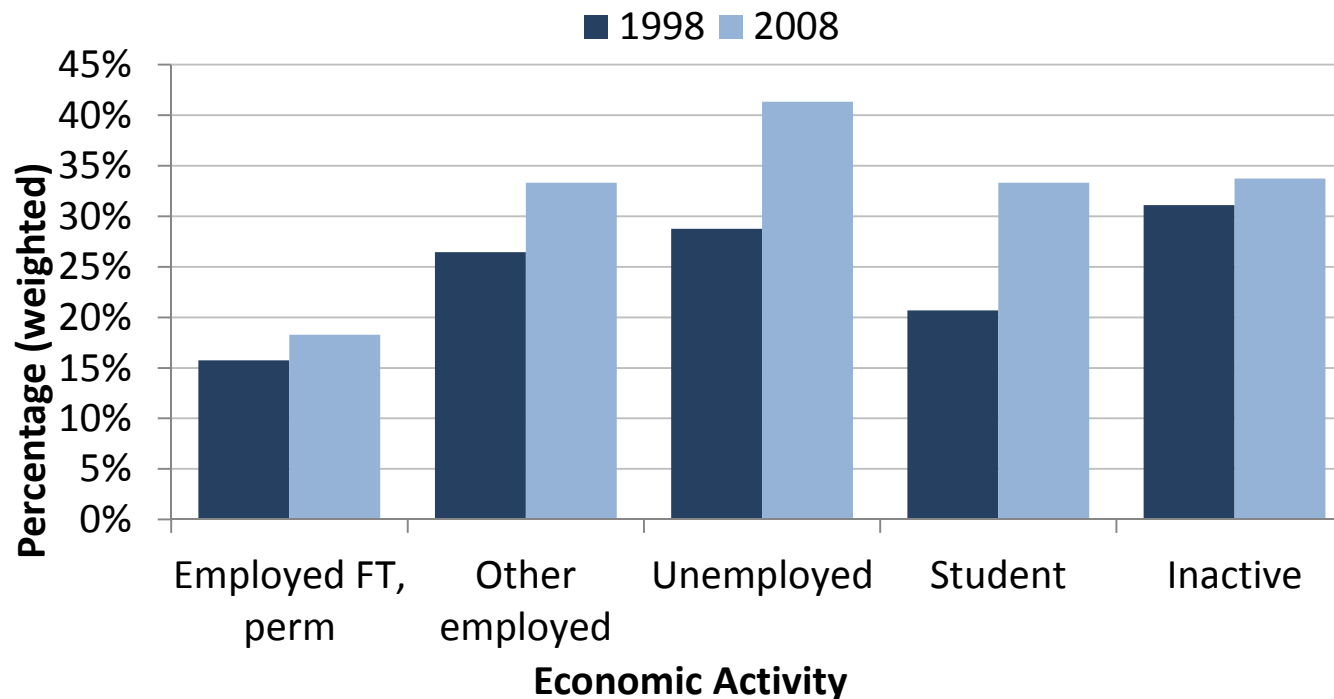
Changing context within which UK young adults making their transitions to adulthood (See Berrington and Stone (2013) for details)



- Increased enrolment in HE
 - Especially among females
 - Increased student debt
- Increased youth unemployment and economic insecurity for those in work
 - Part time, temporary & ‘zero hours’ contracts
- Declining affordability of housing
 - Residualisation of social housing sector
 - Increased house prices, lack of mortgage credit
 - Increased rental prices, deposits
- Welfare retrenchment
 - Restrictions in housing benefit for single people (Shared Accommodation Rate of Housing Benefit - SAR)

There was already an increase in proportions remaining in parental home prior to Great Recession

% males aged 25-34 living with parents, 1998 and 2008, by economic activity, UK.

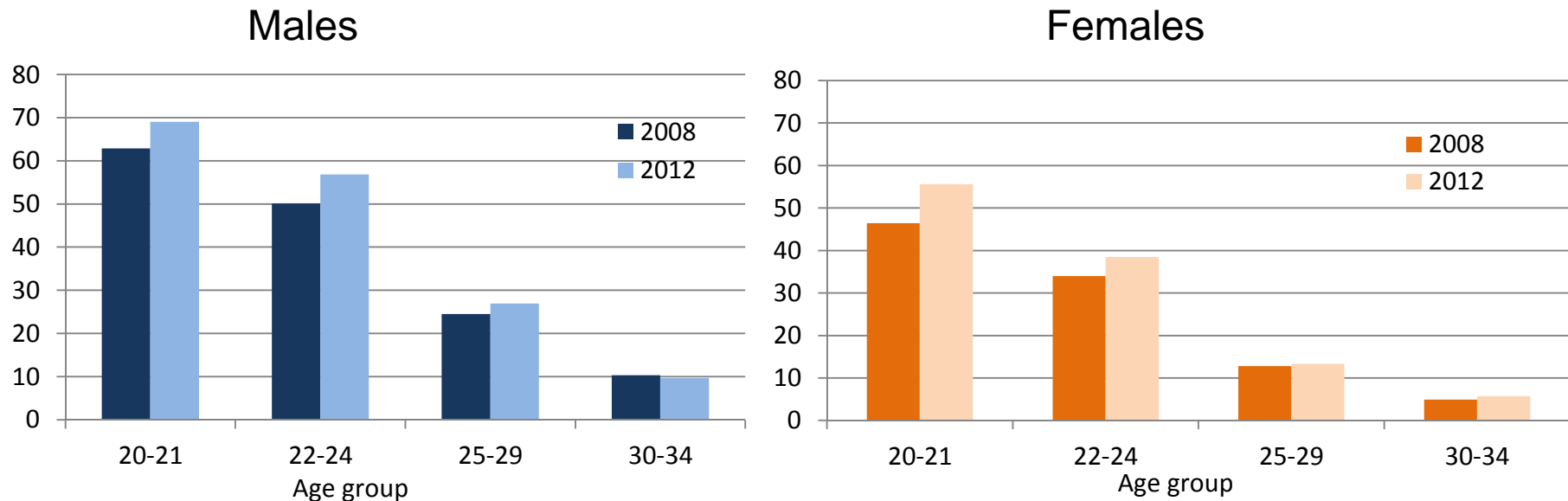


Source: UK LFS, Oct-Dec quarter, 1998 and 2008. Stone et al. (2011) The changing determinants of UK young adults' living arrangements. *Demographic Research* 25(20):629-66.

An existing trend towards more co-residence with parents accelerated in period 2008-2012



% males and females 20-34 living with a parent, 2008 and 2012, UK



Source: UK LFS, Oct-Dec quarter, 2008 and 2012. Berrington & Stone (2014) Young adults' transitions to residential independence in Britain: The role of social and housing policy. Forthcoming in Hamilton, Antonucci & Roberts (Eds.) *Young People and Social Policy in Europe*. Palgrave Macmillan

How is economic uncertainty related to leaving the parental home in UK?



- UKHLS Understanding Society
 - New household panel of >30,000 HHs
- Alternative measures of economic uncertainty
 - Household income, personal income, being unemployed or economically inactive, part-time working, temporary contracts...

Indicators of Economic Uncertainty. UK Young Adults, 2009/10.

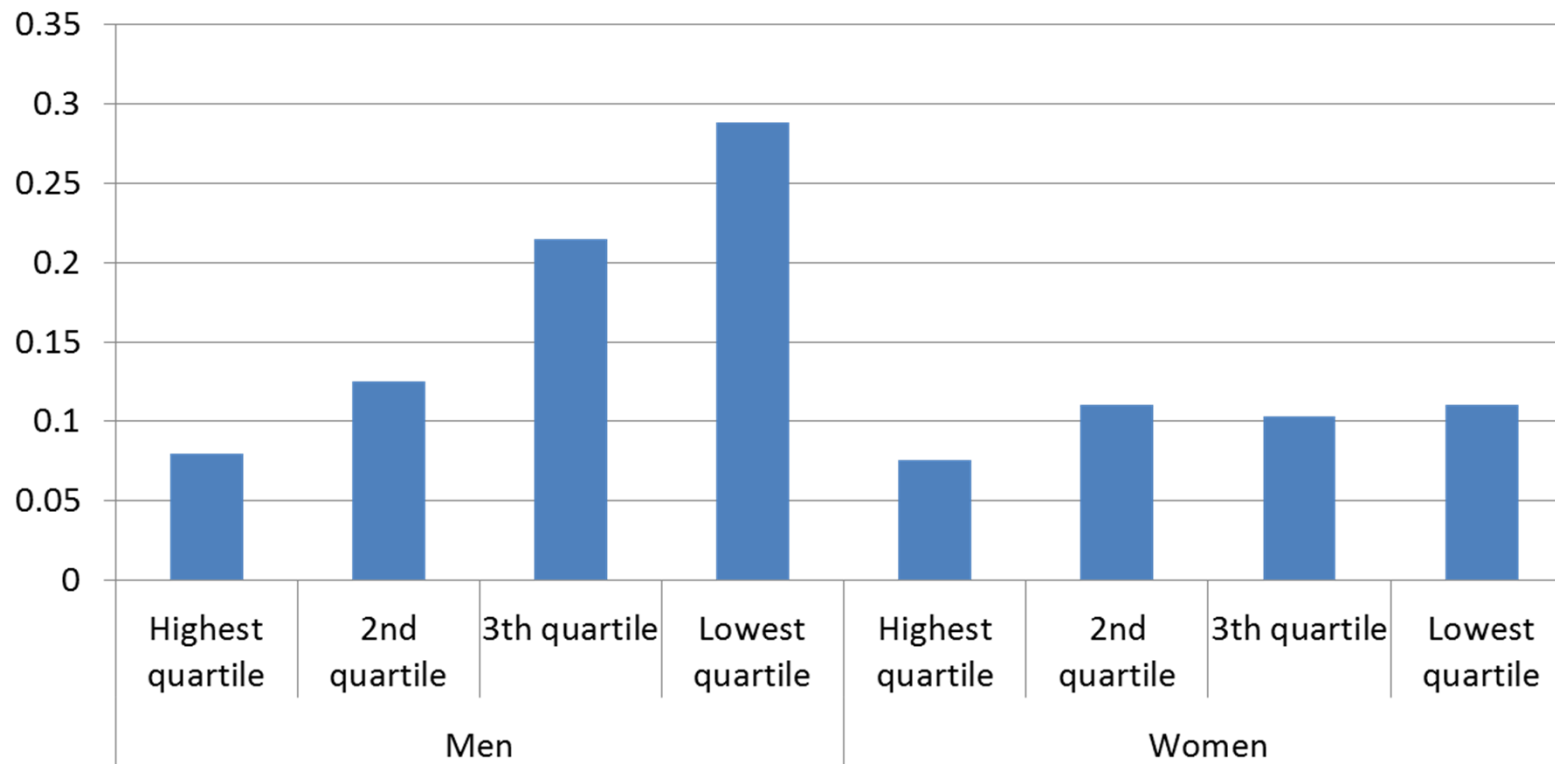
Age	Males			Females		
	% total unemployed	% total employed part time	% total employed temporary	% total unemployed	% total employed part time	% total employed temporary
22-24	15.5	13.9	12.7	9.5	21.2	11.3
25-29	13.1	5.5	7.2	8.1	25.8	7.6

Source: UKHLS w1. Berrington et al. 2014 in press. *Economic Precariousness and Young Adults' Living Arrangements*. ESRC Centre for Population Change Working Paper.

Cross-sectional analyses: Men with higher personal incomes are less likely to be living with parent



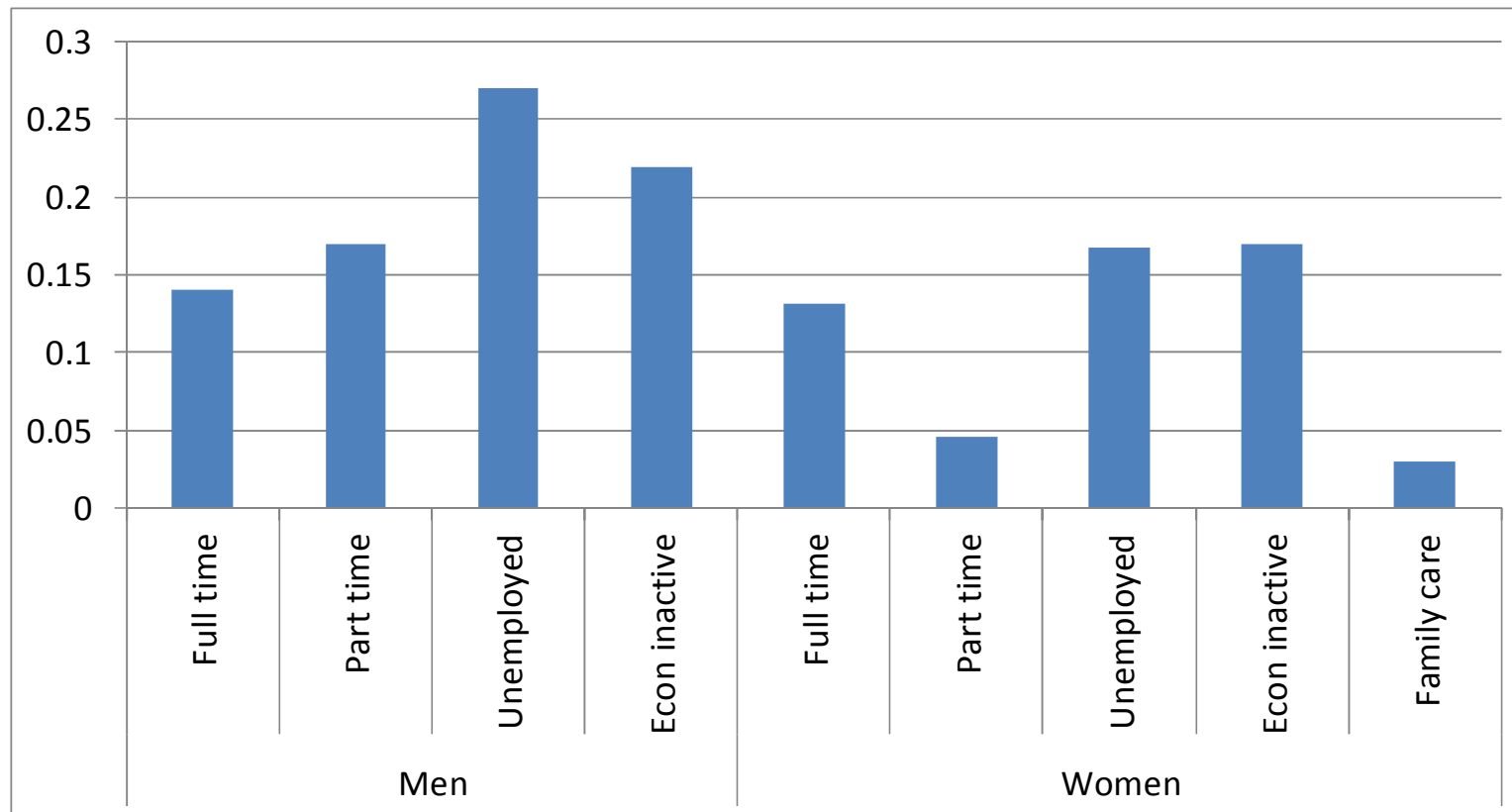
Proportion males and females aged 25-34 currently living with a parent according to (gross) personal income quartile, UK, 2009-10



Source: Berrington et al. 2014, UKHLS w1

Cross-sectional analysis: Unemployed and economically inactive more likely to be living with parent(s)

Proportion males and females aged 25-34 currently living with a parent according to employment status, UK, 2009-10



Note: Analysis excludes full time students

Analysis of panel data: Factors predicting leaving home

- Analysis of paired years from waves 1-3 UKHLS
- Sample: 16-29 living at home at t_0
- Discrete time logistic regression hazards model
- Dependent variable: whether left home between t_0 and t_1
- Covariates: sex, age, respondent's level of education, economic activity, ethnicity, urban /rural, maternal education, parental household equivalised income

Odds ratios for the likelihood of leaving home at ages 23-29, UK, 2009-2012. With controls.

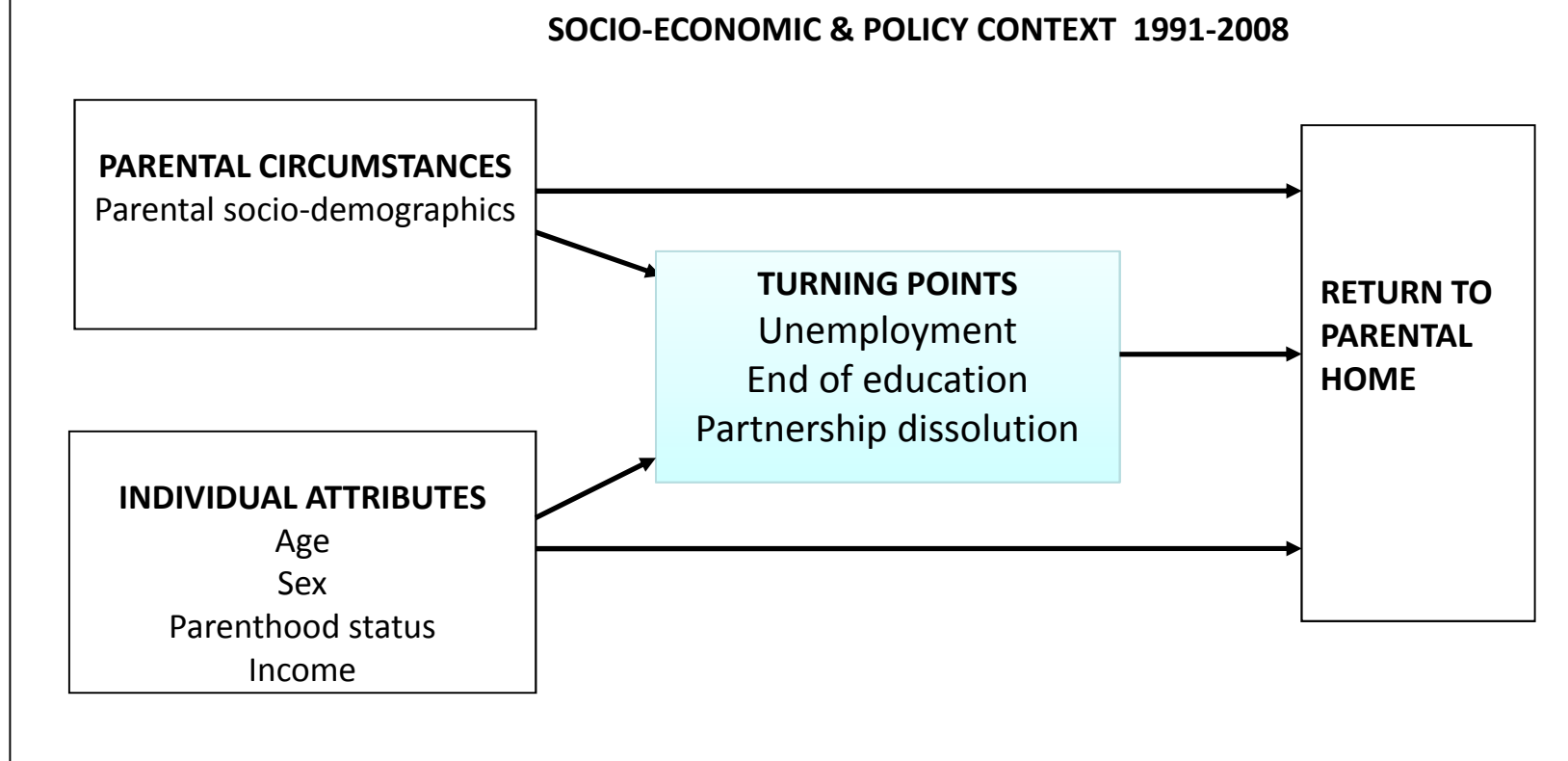
Variable	Males Odds ratio	Females Odds ratio
Economic Activity (ref = employed)	1	1
Unemployed & inactive	0.65*	0.73*
Student	0.57***	0.44***
Family care		2.00***
Parental HH income (ref = Q4 highest)	1	1
Q3	0.74**	0.99
Q2	0.77*	1.21
Q1 lowest	0.96	1.06
Ethnicity (ref = White)	1	1
Indian	0.38***	0.39***
Pakistani & Bangladeshi	0.31***	0.44***
Other ethnicity	0.61**	0.76*

Note: The small number of men undertaking family care are included in the unemployed and inactive group. Other variables controlled for are: time, maternal education, urban / rural, respondent's education

Economic uncertainty and returning home in UK

(Stone et al. (2014) Gender, turning-points and boomerangs: returning home in the UK)

Conceptual Framework

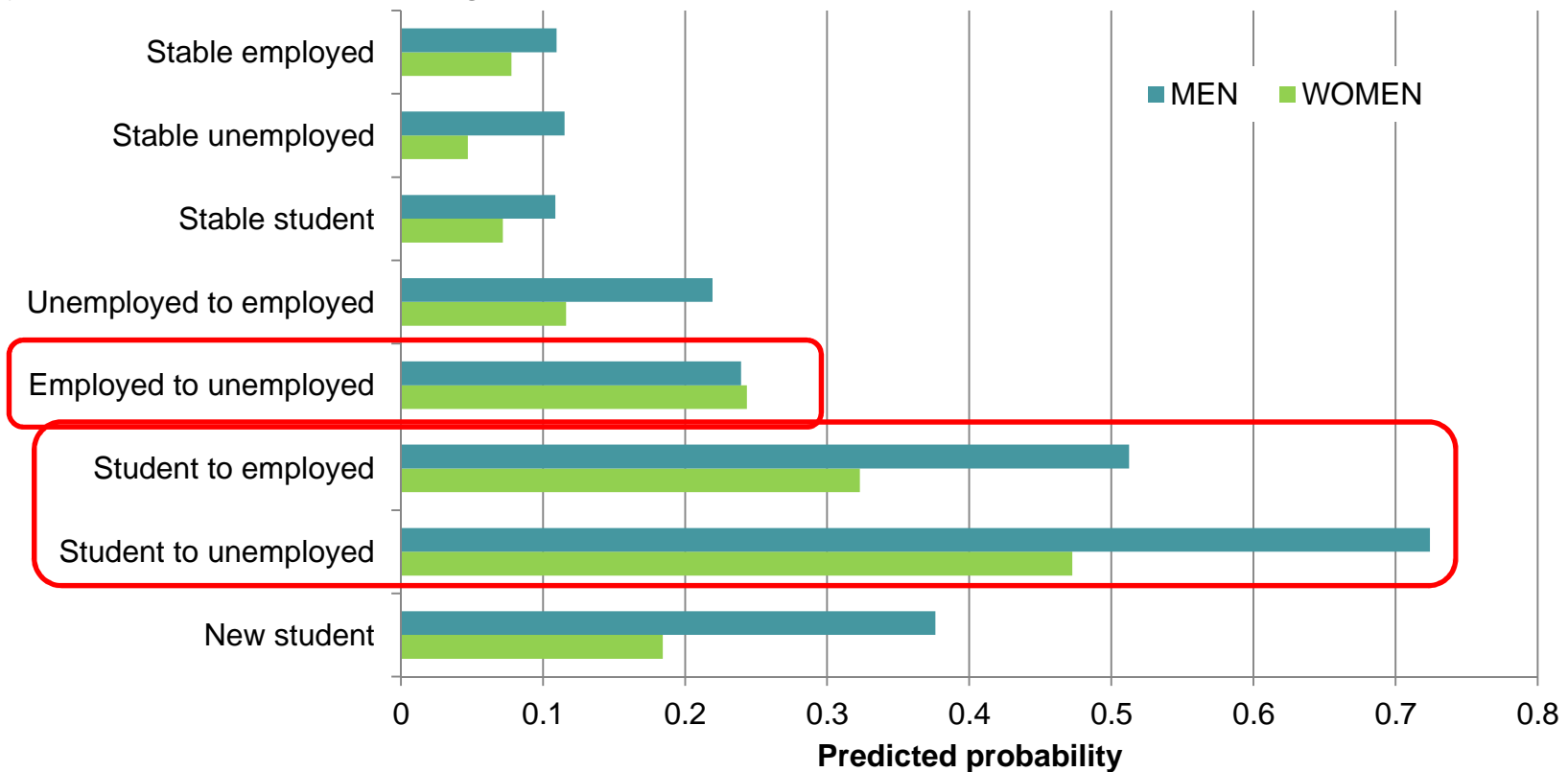


Analysis of panel data: Factors predicting returning home

- Analysis of paired years from waves 1-18 British Household Panel Survey 1991-2008
- Sample: 20-34 living away from home at t_0
- Discrete time logistic regression hazards model
- Dependent variable: whether return home between t_0 and t_1
- Covariates: Parental / individual attributes and turning point variables
 - change in employment status
 - change in partnership status

How do changes in economic activity relate to the risk of returning home in young adulthood?

Annual predicted probability of returning home according to change in economic activity, by sex. Men and women aged 20-24.



Source: Stone, J. et al. (2014) Gender, turning-points and boomerangs: returning home in the UK; *Demography*, 51, (1), 257-276.

4. Conclusions

Economic uncertainty and leaving home

- At best a weak association between *increase* in youth unemployment rates and *change* of numbers living with parents when comparing European countries 2007-2012.
- However, figures for the UK, from LFS and UKHLS indicate stronger association.
- Young adults, especially men, in a precarious economic position, are more likely to remain in the parental home.
- For men, but less so for women, parental household income positively associated with leaving.
- Panel analyses waves 1-3 of UKHLS find these effects persist net of controls.

Economic uncertainty and returning home

- As reasons for leaving become more diverse, especially expansion of HE, returning becomes more common.
- Returning is more common for males, than for females.
- Leaving full time education, but also any change in economic activity status → need for parental support → returning home.
- Feminization of HE can explain some of increased co-residence with parents in early twenties in UK.
- Economic uncertainty is important but other factors, e.g. parental family structure, ethnicity, are also important → importance of social norms.

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The British Household Panel Survey and Understanding Society are carried out by the Institute for Social and Economic Research at the University of Essex. The UK Labour Force Survey is carried out by the Office for National Statistics. Access to the data is provided by the UK Data Archive. The original data creators, depositors or copyright holders, the funders of the Data Collections (if different) and the UK Data Archive bear no responsibility for their further analysis or interpretation.

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