

Housing Choices of Young Adults

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As young adults' living arrangements affect decisions about marriage, education, childbirth, and participation in the workforce, more knowledge for policymakers is crucial to implementing effective policies to support young adults and promote financial independence and well-being.

Keywords: young adults ; housing ; living at home ; spatial autoregressive panel data model

1. Introduction

To analyse why the proportion of young adults living at home varies between regions and times within the same country (the numerator consists of individuals aged 21–24 who are registered as living with at least one parent at the same residence; the denominator consists of the population aged 21–24). Young adults have difficulty finding housing, and an increasing proportion choose to reside in their family homes or are compelled to do so ^{[1][2]}. Although the preceding generation may have aspired to leave home and achieve independence sooner, the economic and social landscape has changed. For many young people, living at home has become a more practical and viable alternative ^{[3][4]}. The choice of the initial housing arrangement for young adults is crucial. For example, the first housing choice significantly affects their housing situation even eight years after leaving home ^[5] and can have long-term consequences for decisions related to childbearing and higher education ^[6].

In many countries, the housing market poses significant challenges, especially for young adults wishing to enter the housing market ^{[1][4]}. Various thresholds, such as the need to save for a down payment, high income requirements for rent, interest costs, and amortisation ^[7], limit housing affordability. This situation is exacerbated by a general housing shortage that drives up housing prices and rents ^[8].

Typically, when describing the housing market and its shortages, one refers to high housing prices, rental costs, and a lack of available vacancies. However, the percentage of young adults still at home may not always be a reliable indicator of housing shortages ^[9]. Although there are exceptions, there is limited knowledge about the factors influencing the proportion of young adults who remain at home. In Europe, researchers observe a higher percentage of young adults living at home in southern and eastern Europe than in northern Europe ^{[4][10]}. Economic factors can explain some of these patterns, although cultural differences can also explain many ^[11]. Researchers have explored the impact of financial factors on young adults' decision to live at home ^[12], with high student loan debt, limited job opportunities, and increasing living costs contributing significantly.

Furthermore, the current economic climate, marked by job instability, inflation, and stagnant wages, makes it increasingly difficult for young adults to pay the expenses associated with independent living. Although many studies examine migration decisions using individual-level microdata, and some analyse national trends, few investigate interregional and intraregional differences within a country.

Understanding the driving forces behind the proportion of young adults living at home with their parents is crucial. This living arrangement can have profound social, cultural, economic, demographic, and psychological implications ^[13]. For example, it can influence how young adults are perceived by their peers and society ^[14], as well as their self-perception. It can also impact decisions related to marriage, education, childbirth rates, participation in the labour force, and overall productivity ^[6]. In addition, it can delay the development of independence and autonomy. Understanding these driving forces can help policymakers develop policies that support young adults and their families, such as providing affordable housing or financial assistance.

Sweden, has a relatively well-developed welfare system and high-quality housing, making it more socially acceptable for young adults to live with their parents without feeling stigmatised or seen as financially dependent. Furthermore, Sweden's high level of gender equality can influence young adults' decisions regarding living arrangements. However, the

country also faces relatively high housing costs, particularly in urban areas, which can challenge young adults just starting their careers or pursuing higher education, as they may lack the financial resources to live independently.

The available data are disaggregated at the municipal level. Sweden comprises 290 municipalities, and researchers have collected data from 1998 to 2021. These extensive data cover numerous economic cycles, including downturns and upswings. They include many variables, with the main focus being the proportion of young adults living at home. Other variables include socioeconomic, demographic, cultural, and housing market factors.

2. Pull Factors (Stay Home)

An early analysis by Aquilino (1990) ^[15] found that family structure and parental characteristics in the United States are significant factors that affect the probability of coresidence. The results indicated that the likelihood of residency is higher for adult children who have never married, are divorced or separated, or have lower levels of education. Furthermore, they found that the probability of residency was higher for older widowed parents or those with health problems. They also suggested that the findings highlighted the importance of family structure and parental characteristics in understanding the likelihood of parent–adult child coresidence. Recent research indicates that young adults' education and employment status correlate with their residence status ^[16].

The obligation to provide a home to elderly parents and adult children in need varies greatly depending on family experiences ^[17]. Those who grew up in intergenerational coresidence were more committed to providing it themselves, and nonfamily living in young adulthood, particularly for women who left home before marriage, decreased support for intergenerational coresidence. The changing societal norms concerning individualism and independence have contributed to a decline in support for intergenerational coresidence, mainly as people live longer and marriage ages increase. Goldscheider and Lawton (1998) ^[17] suggested that there is a decline in the degree to which these obligations are felt, particularly for those who did not experience intergenerational continuity in their upbringing.

Choi (2003) ^[18] examined the factors influencing whether ageing parents and adult children decide to live together. They found that parents were more likely to initiate coresidence if they had health problems or financial difficulties, while adult children were more likely to start coresidence if they were unmarried or had children.

Later, Messineo and Wojtkiewicz (2004) ^[19] analysed the trend of adult children living with their parents in the United States from 1960 to 1990. They found that, contrary to popular belief, the propensity of adult children to live at home with their parents had not increased over time. Over three decades, they used data from the United States Census to analyse the prevalence of coresidence or the living arrangements of adult children with their parents. Although there was an increase in coresidence during the 1970s, the prevalence of adult children living with their parents remained relatively stable from 1960 to 1990. This suggests that the perception of an increasing trend in coresidence may be due to several factors, including changes in family structure and the rising age of first-time homebuyers. However, the findings indicate that the prevalence of coresidence has not increased with time.

On the other hand, Iacovou (2010) ^[11] analysed the factors that influence young people's decision to leave their parents' home and how they vary between European countries. The author found that economic factors such as affordable housing and job opportunities are essential, although parental preferences also play a role. They showed that young people in all countries prefer independence and that parental income is associated with a lower probability of leaving home for partnerships when children are "too young" and a higher probability at older ages. However, the age at which parental income becomes associated with a higher probability of leaving home for partnerships varies greatly between northern and southern European countries, suggesting that family ties are stronger in the south ^[10]. The study also finds a disjuncture between parents and their children's preferences for independence, particularly in southern Europe.

3. Push Factors (Move Away–Move Back)

Blumenberg et al. (2016) ^[20] examined the factors that influenced the mobility of young people and adults in the United States from 1990 to 2009 and found that factors such as education, employment, and family structure significantly impact mobility. Specifically, they found that education had become increasingly important for young people and adults in terms of mobility and suggested that this may be due to the increasing importance of knowledge-based industries in the economy, which require a highly educated workforce. Employment is also a significant factor in relation to mobility, particularly for adults, because job opportunities are often a primary reason people move. Finally, the family structure has changed and significantly affected mobility. Specifically, single-parent households are less likely to move than two-parent households, possibly due to the financial and social support provided by having two parents.

Many young adults are also moving home to their parents. Research suggests many reasons why young adults return home after moving out from their parents, including economic difficulties, job loss, relationship breakdowns, and educational pursuits ^[21].

More recent research shows that divorce is associated with an increased probability of coresidence, particularly for men, those with low educational levels, and those who live close to their parents ^[22]. However, using data on individuals in Sweden, they found that economic factors do not solely drive the decision of adult children to move back in with parents; adult children are also influenced by the strength of family ties and a sense of intergenerational solidarity ^[22]. This suggests that intergenerational coresidence can be seen as a manifestation of latent family solidarity, where adult children seek support from their parents during times of hardship, including divorce.

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