**Family dynamics and first-time homeownership**

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**Abstract**

In this paper, we address the transition to first-time homeownership. We use the occurrence of household events such as cohabitation, marriage and getting children, as well as homeownership of the parents as the main explanatory factors. Using the first wave of the Netherlands Kinship Panel Study and event history analysis techniques including interaction effects with calendar year, we investigate how the effects of household events and the intergenerational transmission of homeownership have changed during the past few decades. The results show that singles and cohabiters have become more likely to make the transition to homeownership, whereas the effects of intergenerational transmission and the differences between married couples with children and cohabiting couples with children have not changed markedly.

## 1. Introduction

The importance of the transition to first-time homeownership can hardly be denied. By becoming the owner of a home, one does not only accumulate wealth and disposable income, but also improves his or her quality of living (Mulder and Wagner, 1998). Apart from this, homeownership is an important symbol of achievement. Social inequality can arise from differences in access to homeownership and can be reproduced if these differences remain (Henretta, 1984).

As early as in the nineteen-fifties, Rossi (1955) has argued that household events are closely linked to housing events. Researchers who have used this argument in their own work found that the transition to homeownership mainly takes place when stability in both income and household situation has been reached (Davies Withers, 1998; Dieleman & Everaers, 1994; Henretta, 1987). Feijten and Mulder (2002) addressed the importance of household events on housing events and proved Rossi's argument to be valid in the Netherlands during the twentieth century. Their results also showed, however, that moving into owner-occupied housing consistently happened at younger ages and took place increasingly frequently before first childbirth.

Whether or not one becomes a homeowner does not solely depend on household events. Buying a home, as opposed to renting, is such a large investment that simply not everyone can afford it (Davies Withers, 1998). Apart from own income, income of family members can be an important prerequisite of becoming a homeowner. Previous research has shown that parents play an important role in the transition to homeownership. Resulting from financial contributions by the parents, similarities in housing market conditions (Helderman & Mulder, forthcoming) and the process of socialization (Henretta, 1984), homeownership of the parents nowadays contributes to the offspring's chances of becoming homeowners as well.

Although the effects of household events and parental homeownership on the transition to first-time homeownership have been established clearly, not so much is known about the changes in these effects during the past few decades. However, there is reason to believe that the effects of both factors have changed. As Manting (1996) has argued, the meaning of cohabitation and marriage has changed in the Netherlands during the twentieth century. Possibly this might have led to a change in the difference between married and cohabiting couples regarding their likelihood of becoming homeowners.

Furthermore, the context in which the transition to first-time homeownership takes place has changed in other respects, among which are increasing prosperity and an increasing supply of owner-occupied homes. It is therefore likely that the effects of household events and parental homeownership have changed correspondingly. In this paper, we investigate changes in explanatory power of these factors during the past few decades. The household events that are considered are cohabitation, marriage and getting children. We use event-history analysis techniques and the first wave of the Netherlands Kinship Panel Study.

## 2. Theoretical background and research hypotheses

### 2.1 Household events and homeownership

That housing events are closely linked to household events, has long been acknowledged (Rossi, 1955). Research evolving from this statement, however, developed only some thirty years later. In the early nineteen-nineties, Clark *et al.* (1994) found that those who become homeowners are most often those who have achieved stability in income as well as in family situation. Since buying a home is probably the largest financial investment one ever makes in life (Mulder & Smits, 1999), the purchase is a bigger risk for those who have not achieved stability in their household situation yet. This hypothesis can be illustrated by the findings of Mulder and Manting (1994), who found that among movers, singles were least likely to become homeowners, and Clark *et al.*, who found that single persons and single parents are less likely to make the transition from renting to owning than couples and families (couples with children).

Household statuses can be ranked in order of stability. Following Mulder and Manting (1994), stable households are households in which its members are more committed to each other. We assume levels of commitment to be the lowest for single person households, followed by single parents. The highest levels of commitment are expected in family households. Couple households are considered to be placed in between single households and family households. We separate cohabiting couples from married couples, assuming married couples to have higher levels of commitment than cohabiting couples.

According to Feijten and Mulder (2002), making a commitment within the household raises the need to find appropriate housing. Household events that reflect higher levels of commitment within the household might thus be triggers for housing events. However, the *timing* of events is an important thing to bear in mind. Not solely the household event itself, but the also the expectation of a future event to take place might act as a trigger. Mulder and Manting (1994) found that married movers without children and movers who were getting married within a year were most likely to become homeowners. Likewise, Feijten and Mulder (2002) found that couples were likely to become homeowners some time before they had their first child. In such cases, not one's actual level of household commitment is triggering the transition, but the expected future level is. Couples who plan to get married and/or expect to become parents might anticipate on their future household status by seeking appropriate housing that is suitable for a long time period. Since owner-occupied homes are often more spacious, better located and more easily adapted to the household's needs than rented dwellings, they provide better conditions for long-stay housing. Once a couple has already made the transition to parenthood, the transition to homeownership might be postponed or not be made at all for practical or financial reasons.

### 2.2 The intergenerational transmission of homeownership

Homeownership can be seen as a status good. It is well known that status goods are often transmitted from one generation to the next. Henretta (1984; 1987) was the first to conduct a micro-level research on first-time homeownership in which intergenerational transmission of homeownership was taken into account. Ever since, similarities in homeownership between generations have more often been established (Chronologically: Mulder & Wagner, 1998; Boehm & Schlottman, 1999; Mulder & Smits, 1999; Clark & Mulder, 2000; Kurz, 2004; Helderman & Mulder, forthcoming).

Although the exact mechanisms of intergenerational transmission of homeownership have not yet clearly been unraveled, there are several theoretical explanations for the phenomenon. First, the role of direct financial contributions of the parents should be considered. Parents who are homeowners themselves are more likely to help their children financially on their way to homeownership than parents who rent their dwelling. Helderman and Mulder (forthcoming) show that the effect of parental housing tenure on that of their children can partly be explained by gift giving.

Second, we can reasonably assume that parents and children quite often operate in the same housing market (Helderman & Mulder, forthcoming). As has been shown for the Netherlands, people most often live within short distance from their parents (Mulder & Kalmijn, 2004). Depending on the urbanization level of the area, either the rental (in strongly urbanized

areas) or the owner-occupied sector (in the least urbanized areas) prevails. Henretta (1987) found for the United States that, when housing-market characteristics are taken into account, the effect of parental homeownership on children's homeownership is reduced to less than half its size.

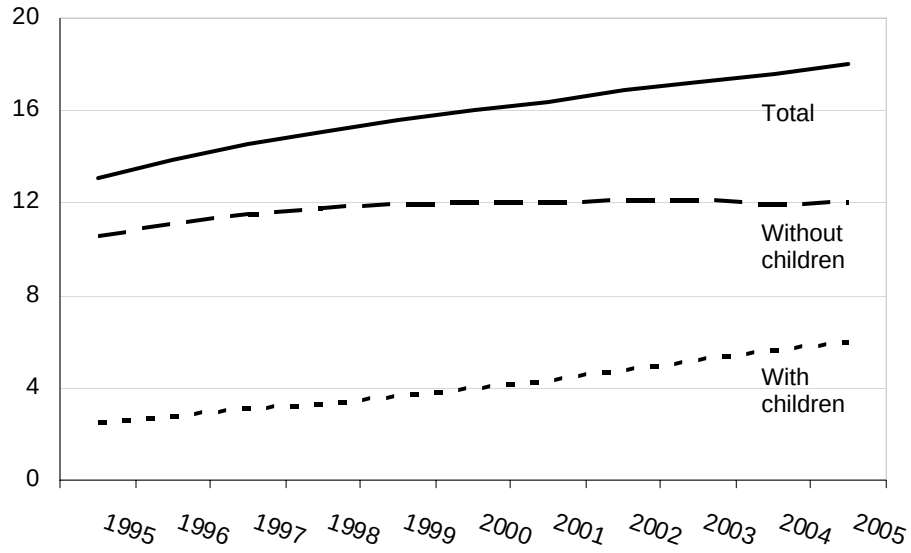
A third explanation of the intergenerational transmission of homeownership is that the resemblance of housing tenure between parents and children might be a side-effect of a resemblance in socio-economic status. The higher the socio-economic status of parents, the more resources they have access to for investing in the children, and, in turn, the higher their children's socio-economic status will be. Thus, parental homeownership can be seen as an outcome of their socio-economic status and the homeownership of their children can, in turn, be seen as an outcome of the socio-economic status transmitted to them (cf. Blau & Duncan, 1967).

Finally, the intergenerational transmission of homeownership may be the result of a socialization process that takes place during late childhood. As is argued by, among others, Easterlin (1980) and Henretta (1984), children tend to strive for a socioeconomic status that is at least equal to that of their parents. For those whose parents owned a home during the period in which values about future achievements were developed, the wish to become a homeowner is probably stronger. Although this hypothesis has never fully been tested in previous research, the explanation might still account for the remaining effect of parental housing tenure that researchers on this topic have found so far. After accounting for other mechanisms, Helderman & Mulder (forthcoming), for example, still found a strong effect of the parents' housing tenure on that of their children.

### 2.3 Changes in the effects of household events and parental homeownership

Stability in household situation is an important determinant of the likelihood of becoming a homeowner. Recent figures suggest that household stability has decreased in the Netherlands over the last decades. That is, when we assume that marriage is an important indicator of household stability. According to the latest figures on Dutch cohabiting couples (Van der Meulen & De Graaf, 2006), the share of unmarried cohabiting couples has risen strongly during the last ten years (see Figure 1). In 2005, eighteen percent of all Dutch couples were unmarried, whereas ten years earlier, their share was thirteen percent. In the same period, the share of unmarried couples with children has tripled, whereas the share of married couples with children has declined by seven percent.

**Figure 1:** Percentages of unmarried couples among all Dutch couples in the Netherlands, 1995-2005.




*Source: Statline, Statistics Netherlands 2006, own calculations*

The changes in household composition that have been taking place in the Netherlands in the last ten years are striking. Against the background of these changes in behavior towards household events such as marriage and getting children, it is interesting to see whether behavior towards housing events has changed as well. The share of owner occupied homes in the Netherlands has been rising since the end of the forties. But whether and how this rise is related to a rapidly changing composition of Dutch households is still unclear.

Several reasons can be put forward for expecting changing effects of household events on housing events. The first concerns the (changing) meaning of homeownership. Whereas the transition to homeownership has long been a transition that only a minority had easy access to, becoming a home-owner is more widespread nowadays. The exclusiveness of being a homeowner has diminished, which means that the diversity among homeowners has probably increased. Thus, we can expect that non-stable households such as singles, single parents, cohabiters and non-married couples with children have become homeowners more often.

A second reason for expecting changing effects of household situation and parental homeownership can be found in economic conditions. The expected changes are twofold, since the changing economic events are expected to coincide in a chain reaction. On the one hand, people in the Netherlands have become more prosperous during the past few decades. Owner-occupied homes have thus become within reach for more people, which might have led to easier access to homeownership for singles and a decrease in the importance of parental help. On the other hand, however, the share of dual-income couples has risen. At the same time, parents have gotten in better position to help their children become homeowners: they are more frequently homeowners themselves and they have fewer children over whom to spread their capital. These changes might have contributed to the sharp rise in house prices during the 1990s and 2000s. As a result, future homeowners might have become more dependent on two incomes or the help of

parents. It is not clear beforehand which effect is most pronounced: that of increasing prosperity, or that of rising house prices and a possible increase in the dependence on two incomes or parental help.

Third, it is likely that the meaning of cohabitation and marriage has changed during the past decades. Manting (1996) emphasizes how the original, unconventional meaning of cohabitation in the Netherlands has lost its importance since the early nineteen-eighties. Cohabiting was no longer an instrument to deviate from the conventional relationship in which marriage was highly important. Instead, it became a strategy to test one's relationship, for example prior to marriage. Since the early nineteen-nineties, this new meaning of cohabitation as a period of trial has diminished. Cohabitation has become more and more accepted as a way of not only forming a partnership, but also of maintaining the partnership. Today, a stable relationship no longer needs to be confirmed by the consecration of marriage. The difference between married and unmarried couples in the likelihood of becoming a homeowner is expected to have decreased correspondingly.

The hypotheses that evolve from the above are as follows:

1. The likelihood to become first-time homeowner has increased since the early ninety-nineties for singles, unmarried couples and unmarried couples with children.

2a. The effect of parental homeownership on the transition to first-time homeownership has diminished through the years.

*Versus*

2b. The effect of parental homeownership on the transition to first-time homeownership has intensified through the years.

**2.4 Other factors**

Apart from the importance of household events and the intergenerational transmission of homeownership, other factors are also important to the transition to first-time homeownership. Clark *et al.* (1994) found strong positive effects of level of income, which, in its turn, is associated with level of education. Mulder and Smits (1999) found that the odds for couples to become homeowners differ according to housing market conditions. In times when the housing market is down, the chances of becoming a homeowner are, unsurprisingly, smaller.

Level of education and housing market conditions will be included in our analyses. Furthermore, we account for gender (males are expected to have higher likelihoods of becoming homeowners due to higher levels of income and greater earning potential), age (a nonlinear positive effect is expected; Mulder & Wagner 2001) and duration since first job (longer durations represent more labor-market experience and more opportunities to have saved, which leads to

higher chances of making the transition to homeownership). Following Mulder and Smits (1999), we expect to find that higher levels of parental education are associated with a greater likelihood of becoming a homeowner. Due to a greater availability of owner-occupied homes in weakly urbanized areas, we expect to find more transitions to homeownership in rural areas (cf. Henretta, 1987, who found strong positive effects for neighborhoods with large proportions of homeowners). Finally, we control for being foreign-born, where we expect that those who lived abroad at age fifteen have lower likelihoods of becoming homeowners.

## 3. Data and method

### 3. 1 Data

We used data from the Netherlands Kinship Panel Study (NKPS; Dykstra *et al.*, 2005). The NKPS was designed to provide information on a wide variety of socio-demographic and family characteristics in the Netherlands, such as household characteristics and family values. It is a large-scale random sample of the Dutch population aged 18-79, with a total sample size of 8161 respondents. The NKPS provides information on the timing of first homeownership, partnership histories, cohabitation, marriage, having children and education. We used the first wave of the study, which has been conducted in 2002-2004. Where possible, we used annual time-varying indicators.

Our dependent variable is a measure of the year in which the respondent first moved into an owner-occupied home. We used this measure to construct a person-period file in which for each year, respondents scored either zero or one on the transition to first-time homeownership. The observation period starts when the respondent was 18 years old and ends when the respondent has made the transition to first-time homeownership. When a respondent has not become a homeowner when the interview took place, the observations are censored at the time of interview. Respondents' ages at the time of censoring varied from 18 to 65. Note that respondents who are censored at the age of 23 appear in our file in six successive years, whereas respondents who are censored at the age of 65 appear forty-eight times.

Household events regard partnership status and childbirth. For measuring partnership status, we used information on whether the respondent was cohabiting or married at the time of interview and whether the respondent had ever lived with different partners before (either being married or not). Partnership statuses and years of birth of children (including adopted children and children with previous partners) have been used to construct a time-varying measure of household status with nine categories: single, single with children, cohabiting, cohabiting with children, marrying (which indicates the year in which a respondent got married), married, married with children, couple: status unknown, and couple: status unknown with children. The latter two

categories need special attention. Person-years that are classified in these categories are from previous partnerships of respondents who reported that they had been cohabiting and married (and either got divorced or widowed) before. Unfortunately, the year of marriage with previous partners was not recorded, so we were unable to identify whether the respondent had already been married in a particular person-year. People who are included in these categories were thus either married or cohabiting with a previous partner.

For measuring the intergenerational transmission of homeownership, we used the housing tenure of the parents when the respondent was fifteen years old.

For level of education, we used the highest achieved level of education. Originally, it was measured in ten categories varying from 'incomplete elementary' to 'post-graduate'. We assigned education years needed for each level in order to assign time-varying educational levels to each respondent. For instance, to achieve lower vocational training, we assigned 12 of education since the age of four, whereas the expected number of years in education to achieve university training is 19. For the years in which the final level of education had not been reached yet, we assigned the previous level out of all ten. Finally, the indicator was categorized into three categories: elementary/lower vocational education; secondary/middle vocational; higher vocational/ university.

Duration since first job is used as a proxy for work experience and the time that one had for building up savings. The indicator is measured time-varying. For person-years in which respondents did not have their first job yet, we coded 'no job'. A small number of respondents became a homeowner before they found their first job. This applies to 186 respondents, of whom 135 are female.

We used calendar year to control for the effects of housing market conditions. Due to the small numbers of respondents who made the transition to first-time homeownership in the years before 1970 (622 respondents out of 5297), we excluded observations of that time period. The remaining years have been classified in four categories: 1970-1978, 1979-1983, 1984-1993, and 1994-2003. Because of the collapse of the Dutch housing market between 1979 and 1983, this period was defined as a separate category.

Age was classified into four categories: 18 to 25; 26 to 35; 36 to 45 and 46 to 65. Respondents older than 65 have been excluded since very few respondents made the transition to first-time homeownership after this age (only 13 respondents out of 5297).

The parents' highest achieved educational level is used as a measure of socio-economic status of the parents. For cases in which the educational level of one parent was unknown, we assigned the educational level of the other parent. When both levels of parental education were unknown, we used a separate category with label 'unknown'. This applies to 211 respondents (e.g. 4024 person-years).

The degree of urbanization was measured retrospectively asking the respondent where he or she lived at age fifteen. Address densities were used to assign the corresponding urbanization degree. Very strongly urbanized areas cover 2500 addresses per kilometer square, whereas not urbanized areas cover 500 addresses per squared kilometer. In case respondents lived abroad at the age of fifteen, we labeled the degree of urbanization 'abroad'.

To measure the changes in the effects of household events and intergenerational transmission of homeownership, we included interaction terms of both indicators with period. This results in the inclusion of two new sets of dummies in our models.

An overview of the variables used is given in table 1. The table also shows who were most likely to make the transition to first-time homeownership. The percentages are taken from all person-years under exposure, thus all years in which respondents were aged eighteen to sixty-five and had not become homeowners yet. Missing values were deleted pairwise and have not been included in table 1. Each year, 4.19 percent of the sample is assigned the status of first-time homeowner. Marrying respondents are, of all other household statuses, most likely to make the transition to first-time homeownership. Second most likely are married couples, followed by cohabiting couples. When we compare the percentages of married parents that make the transition with cohabiting parents who do so, we see a difference .48 percent. Single person households and single parent households are least likely to make the transition to first-time homeownership. As concerns parental homeownership, we see that among respondents whose parents own, higher percentages of homeownership occur.

When we take a look at some other characteristics of those who make the transition to first-time homeownership, we see that they are mostly male, aged between 26 and 35, highly educated and have found their first job six to twenty years ago. Their parents were highly educated and lived in poorly urbanized regions at the time when the respondent was fifteen years old. Among respondents who lived abroad at age fifteen we see low percentages of those making the transition to first-time homeownership.

**Table 1:** Transition to first-time homeownership by selected socio-demographic indicators, percentages for each category, per year.

| Socio-demographic indicators | Becoming a homeowner (%) | Occurrences | Exposures |
|---|---|---|---|
| *All* | 4.19 | 4,662 | 111,201 |
| *Household status* | | | |
| Married | 10.01 | 445 | 4,444 |
| Married children | 4.91 | 1,252 | 25,509 |
| Single | 1.61 | 684 | 42,492 |
| Single children | 1.46 | 129 | 8,844 |
| Cohabiting | 8.99 | 867 | 9,647 |
| Cohabiting children | 5.39 | 150 | 2,782 |
| Couple, status unknown | 6.50 | 238 | 3,661 |
| Couple, status unknown children | 2.89 | 331 | 11,471 |
| Marrying | 24.07 | 566 | 2,351 |
| *Homeownership parents* | | | |

| | | | |
|---|---|---|---|
| No | 3.41 | 2,055 | 60,330 |
| Yes | 5.12 | 2,607 | 50,871 |
| *Gender* | | | |
| Male | 4.32 | 2,028 | 46,946 |
| Female | 4.10 | 2,634 | 64,255 |
| *Age group* | | | |
| 18-25 | 3.17 | 1,293 | 40,752 |
| 26-35 | 7.04 | 2,337 | 33,189 |
| 36-45 | 3.79 | 704 | 18,584 |
| 46-65 | 1.76 | 328 | 18,676 |
| *Level of education* | | | |
| Elementary / lower vocational | 2.44 | 768 | 31,507 |
| Secondary / middle vocational | 4.14 | 2,034 | 49,181 |
| Higher vocational / university | 6.10 | 1,860 | 30,513 |
| *Duration since first job* | | | |
| No job | 1.16 | 256 | 22,045 |
| 0-5 years | 5.46 | 1,528 | 27,995 |
| 6-20 years | 6.44 | 2,356 | 36,561 |
| 21-47 years | 2.12 | 522 | 24,600 |
| *Level of education parents* | | | |
| (Incomplete) elementary | 3.24 | 1,042 | 32,140 |
| Secondary / low to middle vocational | 4.68 | 2,631 | 56,210 |
| Higher vocational / university (+) | 4.79 | 901 | 18,827 |
| Unknown | 2.19 | 88 | 4,024 |
| *Degree of urbanization age 15* | | | |
| Very strong | 3.30 | 784 | 23,761 |
| Strong | 4.18 | 1,128 | 26,979 |
| Moderately | 4.52 | 874 | 19,323 |
| Hardly | 5.04 | 1,029 | 20,401 |
| Not | 5.21 | 680 | 13,046 |
| Abroad | 2.17 | 167 | 7,691 |
| *Period* | | | |
| 1970-1978 | 4.13 | 1,067 | 25,831 |
| 1979-1983 | 3.23 | 539 | 16,674 |
| 1984-1993 | 3.73 | 1,405 | 37,740 |
| 1994-2003 | 5.33 | 1,651 | 30,956 |

*Source: NKPS 2004, own calculations*

### 3.2 Method

We carried out discrete-time hazard analyses of the transition to first-time homeownership. Following Yamaguchi (1991) they were performed by using logistic regression analysis of person-years.

Unknown is when exactly the events took place within a year. In case two events took place in the same year, we do not know which event took place first. However, when the move to an owner-occupied home is closely connected to a couple's plan to cohabit, or, conversely, when the cohabitation is closely connected to the couple's plan of buying a home, the time difference between the two events is of no importance. Although one event could still be evolving from the other, it is impossible to derive the causal ordering from the temporal ordering

in this case: time ordering does not necessarily reflect causal ordering (cf. Willekens, 1991). A time lag between events, in which causal ordering is not clearly distinguishable is usually referred to as 'fuzzy time' (Courgeau and Lelièvre 1992: 97). Regardless of when exactly an event took place in a year, we treated the event as having taken place in the beginning of the year.

The time at risk is measured in years since the respondent has become eighteen years old. We assume constant risks in the age intervals 18-25, 26-35, 36-45 and 46-65.

The following logistic regression model was estimated:

$$log \frac{\lambda(t; X)}{1 - \lambda(t; X)} = a(t) + \sum_k b_k X_k$$

Where $\lambda(t; X)$ is the probability of making the transition to first-time homeownership at time $t$ for a given set of covariates $X$ (where $X=X_1, \ldots, X_k$). The parameters used in the model are given by $b_k$ ($k=1, \ldots, K$). The baseline odds of the model is indicated by:

$$a(t) = log \frac{\lambda_0(t)}{1 - \lambda_0(t)}$$

which is the logarithm of the odds of the occurrence of an event for a respondent with value zero on all covariates used.

In order to test our hypotheses, we ran three different models of the transition to first-time homeownership. In the first model, we only included the main covariates and the control variables. In the second, we included an interaction term of family status and period to test our hypothesis about the changing effect of family status. In the third, we included an interaction term of parental homeownership and period, by which we test our hypothesis about the changing effect of parental homeownership.

## 4. Findings

The results of our analyses are shown in table 2. The first model shows that both family status and parental homeownership are important predictors of the transition to first-time homeownership. Especially those who are getting married within a year are likely to become first-time homeowners. Compared to married persons, their likelihood of making the transition is almost three times as high. For all other household statuses we find lower likelihoods of becoming a first-time homeowner. Those, who are married already and who have no children are likely to become first-time homeowners. Cohabiters are half as likely to become first-time homeowners. Furthermore, we see that married people with children are just as likely to become homeowners as cohabiters, but slightly more than other parents who are not married. Singles are the least likely to become homeowners.

**Table 2:** Odds ratio's of the transition to first-time homeownership by socio-demographic characteristics.

| | Model 1 | Model 2 | Model 3 |
|---|---|---|---|
| *Constant* | 0.0151*** | 0.0148*** | 0.0152*** |
| *Family status (married=1)* | | | |
| Married + children | 0.65*** | 0.73*** | 0.65*** |
| Single | 0.17*** | 0.14*** | 0.17*** |
| Single + children | 0.21*** | 0.25*** | 0.21*** |
| Cohabiting | 0.71*** | 0.40*** | 0.70*** |
| Cohabiting + children | 0.55*** | 0.64 | 0.55*** |
| Couple, status unknown | 0.74*** | 0.83 | 0.74*** |
| Couple, status unknown + children | 0.43*** | 0.49*** | 0.43*** |
| Marrying | 2.71*** | 2.65*** | 2.71*** |
| *Homeownership parents (no=1)* | | | |
| Yes | 1.36*** | 1.35*** | 1.36*** |
| *Gender (male=1)* | | | |
| Female | 0.92** | 0.92** | 0.92** |
| *Age group (18-25=1)* | | | |
| 26-35 | 1.31*** | 1.29*** | 1.31*** |
| 36-45 | 1.04 | 1.04 | 1.04 |
| 46-65 | 0.69*** | 0.70*** | 0.69*** |
| *Level of education (elementary/lower=1)* | | | |
| Secondary / middle vocational | 1.58*** | 1.59*** | 1.58*** |
| Higher vocational / university | 2.11*** | 2.13*** | 2.11*** |
| *Duration since first job (no job=1)* | | | |
| 0-5 years | 3.07*** | 3.04*** | 3.07*** |
| 6-20 years | 3.14*** | 3.13*** | 3.14*** |
| 21-47 years | 1.86*** | 1.86*** | 1.86*** |
| *Level of education parents (elementary=1)* | | | |
| Secondary / low to middle vocational | 1.14*** | 1.13*** | 1.14*** |
| Higher vocational / university (+) | 1.05 | 1.05 | 1.05 |
| Unknown | 0.88 | 0.88 | 0.89 |
| *Degree of urbanization age 15 (very strong=1)* | | | |
| Strong | 1.14*** | 1.14*** | 1.14*** |
| Moderately | 1.19*** | 1.19*** | 1.19*** |
| Hardly | 1.31*** | 1.31*** | 1.31*** |
| Not | 1.41*** | 1.40*** | 1.41*** |
| Abroad | 0.59*** | 0.60*** | 0.59*** |
| *Period (1970-1978=1)* | | | |
| 1979-1983 | 0.83*** | 0.89 | 0.86** |
| 1984-1993 | 0.99 | 1.07 | 1.01 |
| 1994-2003 | 1.44*** | 1.40** | 1.38*** |
| *Family status * Period* | | | |
| Married + children, 1979-1983 | | 0.79 | |
| Married + children, 1984-1993 | | 0.92 | |

| | | | |
|---|---|---|---|
| Married + children, 1994-2003 | | 0.81 | |
| Single, 1979-1983 | | 0.99 | |
| Single, 1984-1993 | | 1.09 | |
| Single, 1994-2003 | | 1.38* | |
| Single + children, 1979-1983 | | 0.65 | |
| Single + children, 1984-1993 | | 0.72 | |
| Single + children, 1994-2003 | | 0.91 | |
| Cohabiting, 1979-1983 | | 1.47 | |
| Cohabiting, 1984-1993 | | 1.45 | |
| Cohabiting, 1994-2003 | | 2.23*** | |
| Cohabiting + children, 1979-1983 | | 1.11 | |
| Cohabiting + children, 1984-1993 | | 0.75 | |
| Cohabiting + children, 1994-2003 | | 0.88 | |
| Couple, status unknown, 1979-1983 | | 0.92 | |
| Couple, status unknown, 1984-1993 | | 0.85 | |
| Couple, status unknown, 1994-2003 | | 0.62 | |
| Couple, status unknown + children, 1979-1983 | | 0.75 | |
| Couple, status unknown + children, 1984-1993 | | 0.84 | |
| Couple, status unknown + children, 1994-2003 | | 0.73 | |
| Marrying, 1979-1983 | | 1.55** | |
| Marrying, 1984-1993 | | 1.05 | |
| Marrying, 1994-2003 | | 0.82 | |
| *Parents owner * Period* | | | |
| Yes, 1979-1983 | | | 0.94 |
| Yes, 1984-1993 | | | 0.96 |
| Yes, 1994-2003 | | | 1.07 |
| Log Likelihood | -16883.139 | -16840.57 | -16881.828 |
| Number of observations | 111,201 | 111,201 | 111,201 |
| Degrees of freedom | 29 | 53 | 32 |
| Initial -2 log likelihood | 33,766 | 33,766 | 33,766 |
| Model -2 log likelihood | | 33,681 | 33,763 |
| Improvement | | 85 | 3 |
| P-value | 0.00 | 0.00 | 0.00 |

*Source: NKPS 2004, own calculations*
** p<0.10; ** p<0.05; *** p<0.01*

Categories that need special attention are those of couples with unknown statuses. These categories include people who had a previous partner with whom they lived together and finally got married, but of whom the year of marriage was unknown. We see that they are less likely to become homeowners than the reference category, but more than cohabiting respondents. Respondents who are in a partnership but whose status is unknown and who have children are, of all other parents, the least likely to become a first-time homeowner. This finding is interesting and might be explained by the fact that those who belong to this category possibly have found themselves in a less stable relationship than other parents, since the relationship ended later on. Possibly for them, the 'risk' of becoming a homeowner was too high.

The effect of parental homeownership is in the expected direction: those whose parents have been homeowners in the year in which the respondent was fifteen years old, have a higher chance of becoming homeowners themselves.

Other conclusions that can be derived from model 1 are that males, those aged 26-35, those more highly educated, those who found their job 0-20 years ago, those whose parents had secondary or low to middle vocational training and those who lived in hardly or not urbanized areas at the age of fifteen were less likely to become first-time homeowners. In the years 1979-1983, in which the Dutch housing market collapsed, the likelihood of becoming a homeowner was significantly lower than in any of the other periods. Interesting is the effect of living abroad at the age of fifteen. Respondents, who did so, are almost half as likely to become homeowners as respondents who lived in very strongly urbanized Dutch areas.

In model 2, we included interaction effects of family status and period. The results of model 2 are comparable with those of model 1, except for the effects of family status and the interaction that is included. Looking at the parameters given for family status, we see that, compared to model 1, some effects have decreased while others have increased. These changes in effects can be explained by the inclusion of the interaction terms. The parameters that are given for family status are in fact the effects of each category of family status in the period of 1970-1978. Thus, while we can conclude from model 1 that cohabiters are, in *all* time periods, .71 times as likely to become homeowners as married persons, we see that their difference with married persons was even greater 1970-1978 (.40 times as likely).

From the interaction terms, we see the extra effects for all time periods on the main effects given under family status. Compared with married people, the likelihood of both singles and cohabiters to make the transition to first-time homeownership has increased during the passage of time. Furthermore we see that the collapse of the housing market in the years 1979-1983 mainly had negative effects for families with children. Those married and having children and those in a partnership with unknown status and having children have significantly lower likelihoods of becoming homeowners than the reference category.

To test our hypotheses about the changing effect of the intergenerational transmission of homeownership, we expanded the main model with interaction terms of parental homeownership and period. The results are visible in model 3, table 2. Compared with the period of 1970-1978, no significant extra effect of parental homeownership was observed in any of the other periods. Thus, our hypothesis about the diminishing effect of parental homeownership through the years was not supported by our analysis. Our alternative hypothesis about the intensified effect of parental homeownership, however, was not supported either.

## 5. Discussion

In this paper, we investigated the effects of family status and parental homeownership on the transition to first-time homeownership in the Netherlands. We were particularly interested in the effects of family status and that of parental homeownership. Following previous research, we

expected to find that those involved in a 'less stable' household were less likely to become a first-time homeowner. Furthermore, we expected that those, whose parents were homeowners, were more likely to become homeowners themselves. Both of these expectations were supported by our findings.

New in our paper was the analysis of these effects over time. In doing so, we were able to investigate the changing effects of family status and that of parental homeownership. Due to the changing meaning of homeownership from being more exclusive to becoming less exclusive, the growing prosperity of the Dutch population and the changing meaning of marriage and cohabitation, we expected to find that since the nineteen-nineties, a more diverse selection of family types has made the transition to first-time homeownership. This hypothesis was supported by our findings. Indeed, both singles and cohabiters have become more likely to make the transition to homeownership in 1994-2003, when compared with married persons. Our findings imply that when becoming a homeowner, family status is less important than it used to be.

Several reasons could be causing the changes found in our analysis. The meaning of marriage and cohabitation could have been changed, including the accompanying behavioral rules. Becoming a homeowner while being single or while cohabiting might have been become more accepted and more easy during the past few decades. Mortgage policies might have changed in such manner, that singles and cohabiters have gotten easier access to the owner-occupied housing market. Since the duration in which persons stay single has increased over the past years, singles might expect their current status to be long-lasting, and therefore don't wait until they have found a partner to buy a home. Another explanation could be a changing attitude towards homeownership. Becoming a homeowner might have been viewed upon as an investment rather than a commitment and has therefore become more attractive for those, who are not in a stable household yet.

As concerns our hypotheses towards the changing effect of parental homeownership, the expectations were twofold. Because of the growing prosperity of the Dutch population, we expected to find that more people have gotten easier access to owner-occupied homes and were thus less dependent on their parents. Our alternative expectation was that due to rising house prices, the help of parents might have become more important for the transition to homeownership. Our findings did not support any of these expectations. So either none of the expectations were correct, or both mechanisms have been working at the same time. If the latter has been the case, growing prosperity and easier access to the owner-occupied housing market did not lead to a decreasing dependency on parents, since housing prices have been rising in the same time.

Whereas the findings on the effects for singles and cohabiters were expected, we also encountered some unexpected results. During the years in which the Dutch housing market collapsed, mainly families with children had become less likely to make the transition to

homeownership. This finding is interesting and needs more attention. We could argue that these families are extra cautious during economic downturns: the care for children might already be expensive enough, which could result in the postponement of buying a home. To clarify which mechanism takes place here, more detailed research is needed. We could think of research in which both family type and housing prices are included. Furthermore, it would be interesting to use survey-data on spending and saving-behavior of families, in order to investigate which purchases are more likely to be postponed in which family types, when economic downturns are taking place.

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