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**Examining the Relationships between Young Adults’ Housing Tenure, Elements of Perceived Job Security and Social Capital in Britain**

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# Abstract

This paper investigates the relationships between young adults’ housing tenure, social capital, and elements of perceived job security in Britain. Against the backdrop of the changing trends in tenure in the UK housing system, young adults are faced with different situations that continue to shape their housing consumption and decisions. Socio-psychological dimension of housing tenure decisions has been receiving attention by housing market analysts and practitioners seeking deeper understandings of UK housing market dynamics, particularly in the wake of changing tastes and preferences of young people concerning housing decisions across major cities of the world. More specifically, very little research has been done to investigate the contributions of social capital formation, for example, neighbourhood or social integration and social relations, and elements of perceived job security, on housing tenure transitions among British young adults.

A quantitative approach has been applied to the British Household Panel Survey (BHPS) from 2001-2015. We discover that British young adults’ home ownership decisions are further influenced by social capital and elements of perceived job insecurity, depending on their tenure of origin. Although we find minimal evidence of a combination effect from our variables of interest. Nevertheless, it is our view that findings from this study will significantly enhance our understanding of tenure shifts amongst young adults in the UK and provide property developers, local authorities, and central governments the knowledge and information to guide economic policies, urban renewal towards achieving better social cohesion and sustainable communities.

**Keywords**

Housing Tenure; Social Capital Formation; Job Insecurity; Neighbourhood Integration; UK

# Introduction

Housing has continued to be a top subject among policymakers around the world. In the UK, the housing crisis remain relevant and policymakers are seeking more understanding of how the housing market works in order to propose better solutions. Among several housing issues, housing tenure decisions (i.e. decisions to buy or rent) have been key to understanding the market demand drivers. After a long steady rise in the owner occupation sector since the 80s, the UK private rented sector began to expand in the noughties at the expense of a shrinking owner occupation sector (Belfield et al., 2015). Considering the importance of housing as a major decision for any individual or household in their lifetime, the influences of housing tenure decisions form an integral part of understanding the major shifts in the housing market. In literature, well-established drivers of tenure transitions have been integral to explaining tenure decisions (See (Andrew and Meen, 2003; Di Salvo and Ermisch, 1997). Literature has attributed these trends mainly to demographic, economic, and affordability conditions. Nevertheless, additional explanations of tenure shifts, through socio-psychological contexts, have emerged in literature in recent times (See Aguda, 2019; Ben-Shahar, 2007; Drew, 2014 and Reid, 2013). More recently, there has been record rise in employment in the UK, but the record has often come with criticisms of bad employment and working conditions. This inadvertently affects individual’s perception of job security and consequently important decision for their social life. To date, no housing tenure research has explored the impact of individual perception of job security and the possible linkage with social connections to contribute to housing tenure decisions.

To explore these possible additional influences, the paper is formed of five main sections. The next section provides a background and review of the drivers of tenure transitions. Within this review, the conceptual framework and justification of social capital linkages and elements of perceived job security are achieved. Afterwards, the research questions, applicable data and methodology is discussed and justified in section 3. The established drivers of tenure choice are controlled for in fixed effects logistic regression models that include social capital and perceived job security variables. Following this is a discussion of results and conclusions are carried out in sections 4 and 5 respectively.

# 2. Background

## 2.1 Established drivers of housing tenure transitions in Britain

It is no question as to how affordability is considered as a major housing issue in the UK and in major cities around the world. This is also very much present in previous housing related studies. In the UK, housing affordability has worsened over time, mostly affecting young adults. Some prominent factors are income and wealth disparity among generations (Andrew and Meen, 2003), income risks (Gathergood, 2011), borrowing restrictions (Andrew and Pannell, 2006; Andrew, 2012) and user cost of owning to renting (Bourassa, 1995; Ermisch and Di Salvo, 1996). Although, these are mostly external microeconomic factors to individuals and households. Nevertheless, they depict a picture of changes in the overall economy, and the effect of the changes in the housing sector[[1]](#footnote-2).

Drivers of tenure transitions also exist along demographic lines, such as household composition, race, sex, age and mobility patterns (Baddeley, 2011; Drew, 2014; Fu, 2014). These also include influences of pathways and mobility patterns for young people’s tenure described in Ford *et al.* (2012); Heath (2008) and Clapham *et al*. (2014). Home ownership remains the largest and most popular tenure. Nevertheless, considering the recent housing mobility and tenure shifts, the private rented sector may gradually be becoming a more stable tenure rather than a temporary tenure as was suggested in Kemp (2002) and Ford *et al* (2002). Essentially, young people’s decisions on housing tenure has continued to change, by drifting towards private renting (Heath, 2008). Economic and demographic factors have proven to be core to explaining tenure decisions, but are yet to fully explain the shifts. Hence, there is a need to further understand these changing patterns in the housing market.

Socio-psychological dimensions have provided additional explanations in recent literature. However, they are yet to be well developed in empirical context. Theoretically, social dimensions exist in housing tenure studies in the form of socialisation processes unfolding overtime through parental influence or the immediate environment. More specifically, socialisation towards home ownership, for instance, deals broadly with developing aspirations and preferences (Ben-Shahar, 2007); inspirations (Reid, 2013); habitual behaviours (Ab Majid et al., 2014); path-dependence (Lersch and Luijkx, 2015; Coulter, 2016; Lux et al., 2018; Aguda, 2019). The psychology literature further involves the possibility of developing values, prospects and norms (Drew, 2014) and other factors such as privacy, comfort, cautiousness, safety, welfare, class etc. (Fu, 2014) towards housing tenure choice. Home ownership is regarded in the psychology literature as the utmost tenure, but this may be changing among young people. This is because young people are beginning to question home ownership as a prerequisite for security and a satisfying life (Baum, 2017). Nevertheless, a significant number of this group still believe that home ownership must be achieved either directly from parental housing or through the private rented sector pathway (Clapham *et al*, 2014). For this, parental financial assistance has been found to rise with time, while other evidences show longer stay in parental housing over time (Tatch, 2007)[[2]](#footnote-3).

## 2.2 Additional drivers – social capital and perceived job insecurity in housing tenure transitions

Recent tenure shifts appear to continue to defy the understanding of the key drivers of housing tenure transitions in Britain. As the private rented sector continues to expand while the owner occupation sector shrinks, questions have been raised whether young adults, the most affected age group, are beginning to settle for the status quo. This is linked to the possibility of following others' decisions, norms and advice as illustrated in Aguda (2019). The suggestion is also strongly based on the contributions of social capital – part of socio-psychology framework. More specifically, social capital deals with associations that form common standards and beliefs, thereby enabling collaborations and support within or among groups (Cote and Healy, 2001). In relation to housing tenure decisions, it could result from bonds formed through integration in an area and with family, or links formed with individuals within local organisations they identify with (Aguda, 2019). However, social capital effects may not be independent of the current economic conditions affecting young people’s important decision. Eventual outcomes may partly result from advice obtained from associations formed within social capital linkages in relation to the current economic conditions; or other forms of linkages between social capital and the labour market as illustrated in Brook (2005). Such relationships may, directly or indirectly, shape individual outcomes. Evidence of such occurrences exist in recent qualitative studies. For instance, Clapham *et al* (2014, pp 2022) observed that young individuals relate with their neighbours regarding their current economic and housing situations, with the tendency of reacting to other’s expectations.

On the one hand, employment rates have improved in the Labour market (Office of National Statistics, 2019), but this is also met with some evidence of corresponding job insecurity. How individuals perceive their current jobs is important for making big decisions such as housing. Gallie *et al* (2017) found that actual job insecurity has worsened over time due to poor working conditions, unfavourable job status, economic status etc., thereby negatively impacting on individual’s eventual social outcomes. These claims, however, conflicts with Felstead *et al* (2017)’s findings as they found otherwise. Nevertheless, the conflict in findings appear to be drawn along the lines of objectivity and subjectivity (Erlinghagen, 2007; Gallie *et al,* 2017). Perception of job insecurity, although subjective and psychological in nature, is very likely a result of the actual working conditions and the macroeconomy (Erlinghagen, 2007). The assumption is that such perceptions form part of discussions and advice obtained from social capital linkages, thereby contributing to tenure transitions in Britain. It is expected that the perception of job insecurity would negatively correlate with, say, home ownership transition. Hence, it becomes necessary to empirically investigate the extent to which the perception of job insecurity influence housing tenure decisions. Furthermore, exploring the relationships between these perceptions and social capital linkages for housing tenure transitions could provide additional understanding to the tenure shifts in Britain.

# 3. Research question, data and method

Some questions have emerged from our literature review that would be worth stating clearly thus:

* Are social capital linkages gradually becoming stabilized driver of housing tenure transitions in Britain?
* What impact does perceived job insecurity have on housing tenure shifts and what are the implications for young households in Britain?
* Is there a connection between perceived job insecurity and social capital in contributing to housing tenure shifts in Britain?

To determine the answers to these questions through an empirical approach, we make use of the harmonised British Household Panel Survey (BHPS) data (University of Essex, Institute for Social and Economic Research, 2019). The BHPS, which is an annual collection of data relating to socio-economic situations of UK individuals and households, is popular for housing tenure studies across the UK. It started in 1991 (wave 1) with about 5500 households and 10,300 individuals and continues to date. However, the rage of data applicable in this study is from wave 11 (i.e. year 2001) to wave 25 (i.e. year 2014/2015). The choice of period is for two reasons. Firstly, the period considered corresponds with the time when the private rented sector started expanding while at the same time, the owner occupation sector declining[[3]](#footnote-4). Secondly, specific BHPS data representing proxies for social capital were collected from year 2000 onward.

Proxies representing social capital in the BHPS are adopted from Aguda (2019). These provide information on the tendency of becoming integrated in an area through bonds formed with neighbours or neighbourhoods (Leviten-Reid and Matthew (2017); identification with meaningful socio-economic groups and networks (Lin, 2017; Brady, 2015); and relationships formed with family or friends (Brook, 2005; Brady, 2015). These variables are further explained, with the questions and interpretations in table 1. Furthermore, the BHPS provides measures of perception of job insecurity, such as their likelihood of becoming unemployed in a year’s time – “*eprosc”* (Green *et al*, 2001; Fevre, 2007) or their levels of satisfaction with their job security – “*jbsat4*” (Jara, 2015). However, due to the limited collection of “*eprosc”[[4]](#footnote-5)*, make use of the more consistent variable “*jbsat4*”. We also make use of data relating to job status – “*jbstat”* to create a measure that reveals the acquisition of a new job[[5]](#footnote-6). This is because job status tends to influence the perception of job insecurity (Erlinghagen, 2007). Levels of perceived job security provides us with information on the possibilities of measuring the level of assurance for economic stability and sustainability, which helps in important decision-making.

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| --- | --- | --- | --- |
| **BHPS Variables** | **Question** | **Response** | **Regroup/recode** |
| *lknbrd* | Do you like living in this neighbourhood? | *Yes* (1); *No* (2) | *No* (0); *Yes* (1) |
| *frna* | How frequent do you interact with any of your neighbours? | “*On most days*” (1) – “*Never*” (5) | *Low* (4-5); *Moderate* (3);  and *High* (1-2) |
| *orga* | Are you active in any of the organisations listed? | *Yes* (1); *No* (2) | No (0); Yes (1) |
| *masee, pasee, matel, pate*l | How frequent are you in contact with parent(s) (physically or phone call)? | “*Daily*” (1) – “*Never*” (6) | *Low* (5-6); *Moderate* (3-4); & *High* (1-2) |
| *jbsat4* | Are you satisfied with your job security? | “*Not satisfied at all*” (1) – “*Completely satisfied*” (7) | *Low satisfaction* (1-2); *medium satisfaction* (3-5); *High satisfaction* (6-7) |
| *jbstat* | What is your current economic activity?  employment status | “*self-employed*” (1) – “*other*” (10) | *New job* (1); *other* (0) |

Table 1: Variables of interest taken from the BHPS

The analysis focuses on heads of young adults aged 18 – 34 (at first appearance). The choice of age range is because they are mostly affected by the recent tenure shifts (Ministry of Housing, Communities and Local Government, 2018). Furthermore, it concentrates on home ownership transitions from either private renting[[6]](#footnote-7) or parental housing only. Social renting falls outside the scope of this study as the social rented sector size has been declining since the 80’s mainly due to policy drive (Malpass and Victory, 2010). Parental housing stayers have been considered separately due to their non-independent status (Andrew, 2012). Additionally, recent studies have shown evidence of young people staying longer in parental housing to either jump or pass through the private rented sector on their path to home ownership (Clapham *et al*, 2014). To ensure that a longitudinal dataset is maintained, respondents who participated in, at least, three consecutive waves were retained (Aguda, 2019). The sample data resulted to 31,126 observations and 5479 individuals who are yet to become a home owner at their first survey participation (appendix 1). The mean age is 25 years at first participation with female amounting to 52 percent of the sample.

The model applicable for our analysis is the fixed effects[[7]](#footnote-8) logistic regression of home ownership transition, using the *stata* software and the command *clogit* (StataCorp, 2019). This predicts the probability of making a transition to home ownership from either private renting or parental housing, conditional on unobservable fixed effects for each individual. The model is further applied depending on the tenure of origin. Hence, we have two separate models of the same computation (equation 1), where model 1 considers individuals making transition from Private Renting (PR) whereas model 2 considers transitions from Parental Housing (PH) to Home Ownership (HO). Alongside the variables of interest, our models control for the established drivers of tenure transitions and the wave dummies – not reported for brevity. For first steps, the independent variables of interest are tested in the models of home ownership transition. Afterwards, the possible interactions between social capital and levels of perceived job security are explored in the models.

P (y*it* = 1 | X*it*) = *f*(α*i* + X*it*β + Z*it*δ) (1)

Equation 1 displays the fixed-effects logit where P is the probability of an individual (*i*) becoming a home owner (y) in a particular year (*t*), conditional on the applicable variables of interest X. The left-hand side equates to the function of each individual’s unobservable effects represented by α*i*; the variables of interest from table 1 represented by X*it*; and the control (established) variables represented by Z*it*. Lastly, β and δ represent the coefficients.

# 4. Discussion of results

The results are displayed as odds ratio, z-values and average marginal effects[[8]](#footnote-9) of home ownership transition. Both models (1 and 2) are statistically significant and they are displayed across three tables. Appendix 2 displays the results from the established drivers of tenure transitions in our models. Table 2 displays the results from the variables of interest without the interaction between social capital and levels of perceived job security. Lastly, table 3 displays the results from the interaction terms. From the established drivers of tenure transition, economic factors are first considered before other factors. Here, we control for respondents’ wage rate, lower quartile Local Authority District (LAD) house prices and net rent. Unsurprisingly, the wage rate shows a positive correlation with home ownership transition. It is significant with about 1 odd with a unit increase in wage rate for both private renters and parental housing stayers to make the same type of transition. The house prices are converted to four quintiles (representing house price levels), with the lowest quintile as the reference point. We expect that young individuals would normally negotiate in the lower end of the property market. The higher quintiles are negatively correlated with home ownership transition but mostly insignificant. A unit increase in the net rent per thousand for private renters increases their chances of HO transition by about 1.5 odds. This suggests that the effect of net rent on home ownership could be either positive or negative, depending on the group concerned. For young private renters, they are likely to consider home ownership as rents increase or they may become stuck in the sector. PH stayers, on the other hand, are likely to hold off longer or get assistance.

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|  | |  | **Model 1** |  |  |  | **Model 2** |  |
|  | | PR to OWN transition  (without interactions) | | | | PH to OWN transition  (without interactions) | | |
| **Variables of interest** | **Odds ratio** | | **z-values** | **Marginal effects** | | **Odds ratio** | **z-values** | **Marginal effects** |
|  |  | |  |  |  |  |  |  |
| Liked neighbourhood *t-1* | | 0.586\*\* | -2.04 | -0.069 |  | 0.696\* | -1.82 | -0.066 |
| Interact with neighbours (med) *t-1*, *ref=low* | | 0.523\*\*\* | -2.89 | -0.085 |  | 0.887 | -0.67 | -0.022 |
| Interact with neighbours (high) *t-1* | | 0.527\*\*\* | -3.24 | -0.084 |  | 0.749\* | -1.68 | -0.051 |
| Active in any local organisation *t-1* | | 1.509\*\* | 2.12 | 0.057 |  | 0.88 | -0.91 | -0.022 |
| Contact with parent (med)\* *t-1*, *ref=low* | | 1.311 | 1.41 | 0.040 |  | *n.a.* | *n.a.* | *n.a.* |
| Contact with parent (high)\* *t-1* | | 2.328\*\*\* | 3.76 | 0.115 |  | *n.a.* | *n.a.* | *n.a.* |
| Perceived job security (med) *t-1*, *ref=low* | | 1.823\* | 1.88 | 0.088 |  | 0.645 | -1.63 | -0.077 |
| Perceived job security (high) *t-1* | | 1.659\*\* | 2.56 | 0.075 |  | 0.719 | -2.37 | -0.058 |
| New job | | 1.226 | 0.89 | 0.028 |  | 2.014\*\*\* | 4.32 | 0.133 |
|  | |  |  |  |  |  |  |  |
| Log likelihood | | -532.667 |  |  |  | -917.9589 | | |
| LR chi2(32) | | 559.13 |  |  |  | 319.89 |  |  |
| Prob > chi2 | | 0.000 |  |  |  | 0.000 |  |  |
| Observations used or switched to HO[[9]](#footnote-10) | | 3,074 |  |  |  | 4,052 |  |  |
| Number of individuals | | 410 |  |  |  | 536 |  |  |
| \*\*\* p<0.01, \*\* p<0.05, \* p<0.1 | |  |  |  |  |  |  |  |

Notes: PR=Private Renting; PH=Parental Housing; HO=Home Ownership; *t-1* = lagged by a year; \*= omitted in model 2 as PH stayers are expected to mostly have close contact to parents.

Table 2: Results from variables of interest without the interaction between social capital and levels of perceived job security

Demographic factors are equally important in tenure transition studies. In our models, we control for the age groups, sex[[10]](#footnote-11), race[[11]](#footnote-12) and household composition. Age 16-24 is made the reference point in our models. As the age group increase, the chances of private renters becoming home owners increase by about 2.5 and 2.9 odds for individuals aged 25-29 and 30-34 respectively. Age group appears to be insignificant for PH stayers looking to switch directly to HO. Furthermore, independent individuals may be better exposed to the labour market and displaying more readiness for HO transition than non-independent individuals as they grow older. For household composition, we include the number of children in the household and the presence of partner. More child in the household means more financial commitments, whereas additional adult in the household will boost the financial resource required for home ownership transition. This is further reflected in the results obtained.

Social capital and levels of perceived job security are the main focus of our investigation of home ownership transitions for young adults between year 2000 and 2014/15. The first set of variables of interest relate to indications of integration in the area where they live, which has the tendency of prolonging their stay in their current area and tenure (table 2). Private renters who indicated that they liked their neighbourhood are less likely to switch to HO by about 7 percent (at 95 percent confidence interval). Furthermore, private renters who interact with their neighbours more often are less likely (by 0.5 odds) to switch to HO. It is interesting to discover that the neighbourhood integration measures, and other social capital drivers, are less significant for PH stayers looking to switch to HO, suggesting that they are equally likely to make the transition as others. The social capital drivers may be more influential to private renters, in comparison to PH stayers, due to their independent and more settled status.

The second set of variables is the proxies indicating bonds formed with family, or links formed with individuals within socio-economic groups or local organisations they identify with. These tend to open up trusts, patterns, norms, standards, beliefs, expectations or assistance within the social connections. Private renters who are active in one or more local organisation possess the tendency of switching to HO by about 5.7 percent marginally (at 95 percent confidence interval). As PR is often considered a step towards HO for many households (Kemp, 2002), having the extra social influence may further help in such important decision-making. This is also similar to the frequency of contact with parents[[12]](#footnote-13). Having the least contact with parent(s) is made the reference point. Individuals who have the closest relationship with their parent(s) have higher chances of HO transition by about 11.5 percent. By keeping up with parents, the chances of receiving assistance for home ownership transition are higher.

Our proxies representing levels of perception of job security and the acquisition of a new job reveal traces of concern individuals have over present employment and economic conditions, which consequently drive important decision-making and social outcomes. Low perception of job security is the reference point in our models. Private renters with high perception of job security are more likely to switch to HO by 7.5 percent marginally (and at 95 percent confidence interval). However, this is not the case with PH stayers, as they are driven by job acquisition, rather than the levels of perception of job security, in determining the possibility of a direct HO switch. The result provide evidence that the perception of job insecurity drives young adults in different ways depending on their original tenure. For private renters, low perception of job security appears to delay their HO transition, as they will be worried about the sustainability of such move. On the other hand, PH stayers appear more concerned about acquiring a new job in order to boost their perception of job security or continue to delay direct HO switch. Whether this is further connected to the relationships formed within social groups remains a question to resolve.

Lastly, we explore the relationships between the levels of perception of job security and main social capital drivers (table 3). The explanation surrounding this puts forward the possibility of being influenced by a combination of subjective nature of job security and discussions and advice obtained through social capital linkages. From the results obtained, the possibilities of a suggested combination effect between social capital and perception of job insecurity are minimal, as they are equally likely to switch to HO for most of the combinations explored. Only PH stayers who liked where they lived and with high perception of job security are more likely to switch directly to HO by about 2.3 odds (at 95 percent confidence interval). This is the case, provided all other PH stayers liked their neighbourhoods but perceive a low job security. It affirms the importance of individual’s perception of their job security in contributing to HO transition. More specifically, it reveals the extent to which perception of job security, a reflection of actual working conditions and the economy, may influence individual’s eventual outcomes such as housing tenure decisions.

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|  | **Model 3** |  |  | **Model 4** |  |
|  | PR to OWN transition  (with interactions) | | | PH to OWN transition  (with interactions) | |
| **Variables of interest** | **Odds ratio** | **z-values** |  | **Odds ratio** | **z-values** |
|  |  |  |  |  |  |
| *ref* = Perceived job security (low) & liked neighbourhood |  |  |  |  |  |
| Perceived job security (med) & liked neighbourhood | 0.672 | -0.37 |  | 2.049 | 0.74 |
| Perceived job security (high) & liked neighbourhood | 1.561 | 0.74 |  | 2.308\*\* | 2.05 |
| *ref* = Perceived job security (med) & Interact with neighbours (low) |  |  |  |  |  |
| Perceived job security (med) & Interact with neighbours (med) | 0.849 | -0.15 |  | 3.136 | 1.31 |
| Perceived job security (med) & Interact with neighbours (high) | 0.283 | -1.60 |  | 1.515 | 0.54 |
| *ref* = Perceived job security (high) & Interact with neighbours (low) |  |  |  |  |  |
| Perceived job security (high) & Interact with neighbours (med) | 1.367 | 0.49 |  | 1.061 | 0.15 |
| Perceived job security (high) & Interact with neighbours (high) | 0.694 | -0.77 |  | 0.466\* | -2.40 |
| *ref* = Perceived job security (low) & Active in a local org. |  |  |  |  |  |
| Perceived job security (med) & Active in a local org. | 2.711 | 1.45 |  | 0.941 | -0.11 |
| Perceived job security (high) & Active in a local org. | 1.678 | 1.30 |  | 1.141 | 0.53 |
| *ref* = Perceived job security (med) & Contact with parent (low) |  |  |  |  |  |
| Perceived job security (med) & Contact with parent (med) | 0.336 | -1.35 |  | *n.a.* | *n.a.* |
| Perceived job security (med) & Contact with parent (high) | 0.452 | -1.00 |  | *n.a.* | *n.a.* |
| *ref* = Perceived job security (high) & Contact with parent (low) |  |  |  |  |  |
| Perceived job security (high) & Contact with parent (med) | 0.564 | -1.32 |  | *n.a.* | *n.a.* |
| Perceived job security (high) & Contact with parent (high) | 0.701 | -0.77 |  | *n.a.* | *n.a.* |
| *ref*= same position & disliked neighbourhood |  |  |  |  |  |
| New job & liked neighbourhood | 0.581 | -0.76 |  | 0.482 | -1.29 |
| *ref*= New job & Interact with neighbours (low) |  |  |  |  |  |
| New job & Interact with neighbours (med) | 0.389 | -1.15 |  | 0.801 | -0.38 |
| New job & Interact with neighbours (high) | 0.747 | -0.45 |  | 1.315 | 0.58 |
| *ref*= same position & no org. |  |  |  |  |  |
| New job & Active in a local org. | 1.001 | 0.00 |  | 0.692 | -1.01 |
| *ref*= New job & Contact with parent (low) |  |  |  |  |  |
| New job & Contact with parent (med) | 2.200 | 1.49 |  | *n.a.* | *n.a.* |
| New job & Contact with parent (high) | 2.136 | 1.29 |  | *n.a.* | *n.a.* |
|  |  |  |  |  |  |
| Log likelihood |  | -532.667 |  |  | -917.959 |
| LR chi2(32) |  | 559.13 |  |  | 319.89 |
| Prob > chi2 |  | 0.000 |  |  | 0.000 |
| Observations used or switched to HO |  | 3,074 |  |  | 4,052 |
| Number of pid |  | 410 |  |  | 536 |
| \*\*\* p<0.01, \*\* p<0.05, \* p<0.1 |  |  |  |  |  |

Notes: PR=Private Renting; PH=Parental Housing; HO=Home Ownership.

Table 3: Results from the interaction terms.

# 5. Conclusions

In this study, we investigate the influence of social capital and perceptions of job insecurity on housing tenure and especially home ownership transitions. The investigation builds on the growing literature on socio-psychological drivers of housing tenure transitions, by exploring possible additional factors empirically. It further tests the possible combinations of the variables of interest as factors contributing to housing tenure decisions. The findings are unique to the age group and survey period.

We control for established drivers in our models, alongside dummies representing each wave. However, more importantly, the variables of interest further provide additional explanations in ways that have not been considered in previous studies. It is apparent that neighbourhood integration contribute well to HO delays, especially for private renters. Redistribution of tenure through this effect could be seen as a growing trend, as HO may now be either questioned as a form of security and a satisfying life (Baum, 2017); or seen differently by younger generation who are beginning to prefer flexibility (Pattison, 2010). Hence, young adults who are settled in their neighbourhoods may now see living in the private rented sector for much longer as the new norm, rather than as temporary tenure. On the positive side, it further suggests a lesser feeling of being disadvantaged if they find themselves in mixed neighbourhoods. It is therefore a form of awareness to the stakeholders in the built environment on the importance of continuous improvement on tenure mix for better social cohesion and sustainable communities.

We could also observe elements of trust and exposure to useful resources possibly at play among young private renters who have (strong or weak) ties with families or local organization. This tends to put them at an advantage over others in the same socio-economic group and housing sector. Whether the same is peculiar to PH stayers could not be ascertained, as the proxy representing parental intimacy was omitted from the tenure pathway to avoid bias. Nevertheless, it is interesting that the social capital drivers are not very important for PH stayers, as direct HO switch appears to be a much bigger move than from PR[[13]](#footnote-14). PH stayers were however seen to hold on until they acquire a new job before making a big move to HO, suggesting that a boost in their perception of job security, through job acquisition, is an observable psychological factor. We can also conclude that the subjective nature of perceptions of job security (i.e. sustainable job or securing a new position) looks to apply differently to young adults based on their tenure of origin.

Although we find minimal effects from the combinations of social capital and perceived job security drivers. Nevertheless, the specific measures of interest provide us with additional knowledge on the drivers of home ownership transitions for British young adults. On the one hand, the findings shed more light on the present economic situation leading to perception of their job security for young adults, which tends to influence their social life and housing decisions. On the other hand, property developers, local authorities, and central governments will have more knowledge and information to guide urban renewal towards achieving better social cohesion and sustainable communities.

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# Appendices

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Variable** | **Observations** | **Mean** | **Std. dev** | **Minimum** | **Maximum** |
| *Dependent* |  |  |  |  |  |
| PR to HO | 31,126 | 0.0138 | 0.117 | 0 | 1 |
| PH to HO | 31,126 | 0.0183 | 0.134 | 0 | 1 |
| *Control variables* |  |  |  |  |  |
| Wage ratec | 31,126 | 0.8507 | 1.654 | 0 | 61.25 |
| Wage rate sqc | 31,126 | 3.4608 | 36.109 | 0 | 3751.56 |
| Female | 31,126 | 0.5384 | 0.499 | 0 | 1 |
| Age 25-29, ref = 18-24 | 31,126 | 0.2096 | 0.407 | 0 | 1 |
| Age 30-34 | 31,126 | 0.5157 | 0.500 | 0 | 1 |
| 1-2 children in household, *ref = no child* | 31,126 | 0.4388 | 0.496 | 0 | 1 |
| 3+ children in household | 31,126 | 0.0818 | 0.274 | 0 | 1 |
| Non-white, *ref=White* | 31,126 | 0.5590 | 0.497 | 0 | 1 |
| Presence of spouse in household | 31,126 | 0.5205 | 0.500 | 0 | 1 |
| Q2 house prices, *ref=Q1* | 31,126 | 0.1402 | 0.347 | 0 | 1 |
| Q3 house prices | 31,126 | 0.3618 | 0.481 | 0 | 1 |
| Q4 house prices | 31,126 | 0.4502 | 0.498 | 0 | 1 |
| Net rent £000c | 31,126 | 0.8031 | 2.192 | 0 | 43.40 |
| *Variables of interest* |  |  |  |  |  |
| Liked neighbourhood | 31,126 | 0.8924 | 0.310 | 0 | 1 |
| Interact with neighbours (med), *ref=low* | 31,126 | 0.1671 | 0.373 | 0 | 1 |
| Interact with neighbours (high) | 31,126 | 0.6782 | 0.467 | 0 | 1 |
| Active in any local organisation | 31,126 | 0.3547 | 0.478 | 0 | 1 |
| Contact with parent (med)\*, *ref=low* | 31,126 | 0.2393 | 0.427 | 0 | 1 |
| Contact with parent (high)\* | 31,126 | 0.2505 | 0.433 | 0 | 1 |
| Perceived job security (med), *ref=low* | 31,126 | 0.0913 | 0.288 | 0 | 1 |
| Perceived job security (high) | 31,126 | 0.5903 | 0.492 | 0 | 1 |
| New job | 31,126 | 0.0831 | 0.276 | 0 | 1 |

Notes: PR=Private Renting; PH=Parental Housing; HO=Home Ownership; c = continuous rather than discrete measure.

Appendix 1: Summary statistics of variables in use

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Model 1** | |  |  | **Model 2** | |  |
|  | PR to HO transition | |  |  | PH to HO transition | |  |
|  | (without interactions) | | |  | (without interactions) | | |
| **Established Variables** | **odds ratio** | **z values** | **Marginal effects** |  | **odds ratio** | **z values** | **Marginal effects** |
|  |  |  |  |  |  |  |  |
| Wage rate*t-1* | 1.005\*\* | 2.43 | 0.001 |  | 1.004\*\*\* | 2.76 | 0.0003 |
| Wage rate sq *t-1* | 1.000 | -1.52 | 0.001 |  | 1.000 | -0.75 | 0.001 |
| Age 25-29, ref=18-24 | 2.542\*\*\* | 3.88 | 0.135 |  | 1.117 | 0.59 | 0.019 |
| Age 30-34 | 2.878\*\* | 2.56 | 0.153 |  | 0.995 | -0.02 | -0.001 |
| 1-2 children in household *t-1*, ref= no child | 0.548\*\* | -2.11 | -0.090 |  | 0.496\*\*\* | -3.88 | -0.122 |
| 3+ children in household *t-1* | 0.159\*\*\* | -2.72 | -0.305 |  | 0.499 | -1.33 | -0.121 |
| New birth *t-1* | 0.614 | -1.54 | -0.070 |  | 1.112 | 0.53 | 0.019 |
| Spouse present in household *t-1* | 2.902\*\*\* | 4.72 | 0.154 |  | 6.175\*\*\* | 10.9 | 0.319 |
| Q2 house prices *t-1*, ref=Q1 | 0.871 | -0.57 | -0.020 |  | 0.519\*\*\* | -3.51 | -0.115 |
| Q3 house prices *t-1* | 0.832 | -0.59 | -0.027 |  | 0.754 | -1.19 | -0.049 |
| Q4 house prices *t-1* | 0.835 | -0.44 | -0.026 |  | 0.645 | -1.34 | -0.077 |
| Net rent £000 *t-1* | 1.543\*\*\* | 14.49 | 0.063 |  | 0.978 | -0.70 | -0.004 |
|  |  |  |  |  |  |  |  |
| Log likelihood | -532.667 |  |  |  | -917.959 |  |  |
| LR chi2(32) | 559.13 |  |  |  | 319.89 |  |  |
| Prob > chi2 | 0.000 |  |  |  | 0.000 |  |  |
| Observations used or switched to HO | 3,074 |  |  |  | 4,052 |  |  |
| Number of respondents | 410 |  |  |  | 536 |  |  |
| \*\*\* p<0.01, \*\* p<0.05, \* p<0.1 |  |  |  |  |  |  |  |

Notes: PR=Private Renting; PH=Parental Housing; HO=Home Ownership; *t-1* = lagged by a year

Appendix 2: Results from established drivers of tenure transition

1. See Jones (2016) for a detailed summary of the economic issues affecting the UK housing sector before and after the global financial crisis. [↑](#footnote-ref-2)
2. This also stems from psychological beliefs and the socialisation hypothesis. [↑](#footnote-ref-3)
3. See Pattison (2010) [↑](#footnote-ref-4)
4. “*Eprosc”* was collected only in waves 6 and 7 of the BHPS [↑](#footnote-ref-5)
5. This reveals whether they have recently acquired a new job or moved into full time employment. [↑](#footnote-ref-6)
6. Those in private renting are independent heads of households or their partners. [↑](#footnote-ref-7)
7. Fixed-effects approach, rather than random-effects, takes care of unobserved heterogeneity (Gormley and Matsa, 2013) and guides against bias due to reverse causality (Leszczensky and Wolbring, 2018). [↑](#footnote-ref-8)
8. In this study, average marginal effects are only applicable to the non-interaction terms, as it is not possible to estimate the marginal effects for the interaction terms using Stata. [↑](#footnote-ref-9)
9. Addition of the two observations used may not equate to 31,126. This is due to observations automatically dropped because they never attained home ownership throughout the survey period (Allison, 2009). [↑](#footnote-ref-10)
10. Sex was automatically omitted in our (fixed-effects) regression due to no change in the variable for each individual throughout the survey period. [↑](#footnote-ref-11)
11. The same applicable as above note. [↑](#footnote-ref-12)
12. In order to avoid bias, the predictor is omitted in model 2 as it is expected that PH stayers are likely to have very close contact with parents. [↑](#footnote-ref-13)
13. PH stayers need to move from a non-independent tenure to HO, unlike moving from PR, hence the bigger move. [↑](#footnote-ref-14)