

*Final Report*

# **Outcomes of home-ownership aspirations and their determinants**

authored by

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## EXECUTIVE SUMMARY

Aspirations are easily expressed in social surveys but rarely evaluated as such evaluation requires access to longitudinal panel data. Prior analysis of housing aspirations in Australia has been based upon questions in single-round surveys and so the reliability of these aspirations as predictors of behaviour is questionable.

This project aims to evaluate the utility of housing aspirations as a predictive concept in social and housing preferences surveys by analysing the home ownership aspirations of panel respondents to the Negotiating the Life Course (NLC) survey, interviewed in 1996–97 and again in 2000.

The majority of wave 1 NLC respondents considered home purchase an important goal to achieve in the next three years. Only 28% of those who were not in owner-occupied housing said that buying a home in the next three years was not at all important, whereas 54% said that home purchase was either very important or important to them in the short term. The study supports the link between desire to enter home ownership and position within the family life cycle. By far, the strongest predictor of home-ownership aspirations was a desire to have children in the short term.

The extent to which individuals realised their home-ownership aspirations increased linearly with the strength of those aspirations—buying a home was more likely among those who had previously reported that home purchase was very important (37%) than for those who said it was important or somewhat important (27%). Overall, however, less than one-third of those who reported that buying a home was an important short-term goal achieved owner-purchaser status and there was no significant difference in the probability of buying a home according to respondents' wave 1 home-ownership aspiration.

The main factors associated with the attainment of home ownership were the existence of a two-income household and income. Interestingly, respondents who were born, or whose parents were born, in a non-English-speaking country had twice the odds of becoming home purchasers than did those from English-speaking backgrounds, and those with career aspirations were only half as likely as other respondents to purchase a home.

There was considerable change in the desire to buy a home between the two waves of the NLC survey. Almost 30 per cent of respondents reported that buying a home was less important in wave 2 than in wave 1 and 32 per cent felt it was more important. Such changes were primarily associated with changes in the number of employed adults in the household.

Future research on home-ownership aspirations may be more effective in predicting achievement of home ownership by eliciting information about respondents' intention to buy a home within a given time frame, the strength of that intention, their self-reported likelihood of success, and, possibly, whether their intention would change under certain external conditions.

# 1 INTRODUCTION

It has long been the goal of social scientists to explain and predict human behaviour. Pedhazur (1997) highlights the fundamental difference between these two seemingly congruent goals. Citing Hempel (1965) he clarifies that explanation seeks to identify the conditions determining a particular observed behaviour, while prediction aims to determine behaviour which, typically, has not yet taken place based on the initial conditions (Pedhazur 1997: 195). Although explanation of entry into home ownership is an important area of investigation in its own right, the prediction of such behaviour has been a key objective among policy makers, urban planners, building industry personnel and social researchers. This paper seeks to assist the process of predicting entry into home ownership by evaluating the reliability of people's self-reported short-term housing aspirations.

In sociological and psychological tradition, there has been a widespread acceptance "of the assumption that there is a close correspondence between the ways in which a person behaves towards some object and his (sic) beliefs, feelings, and intention with respect to that object" (Fishbein and Ajzen 1975: 336). Indeed, Allport (1968) attributes to Plato the idea that the mind is constituted of, and human action determined by, the three faculties of affection (feeling), conation (striving) and cognition (thought). Although the relationship between some attitudes and expected behaviour has proven to be less than ideal, "the best single predictor of an individual's behavior will be a measure of his (sic) intention to perform that behavior" (Fishbein and Ajzen 1975: 369).

It is in these traditions that social surveys seek to obtain information about respondents' intentions and aspirations. Unfortunately, little effort has gone into evaluating the effectiveness of using expressed aspirations as predictors of future behaviour. It is common that aspirations are modified as people gain knowledge of the social structures and opportunities that affect their capacity to realise their aspirations (Fishbein and Ajzen 1975). Furthermore, life circumstances may change and may cause individuals to modify their aspirations. For example, in Australia and other advanced countries at present, women have relatively high fertility aspirations when they are in their early twenties but these aspirations are modified downwards as they age into their thirties and as they face the realities of their lives (McDonald 1998: 4).

The same is true of housing aspirations. A young person may aspire to own his or her own home in the near future but that aspiration may be modified by later direct knowledge of the housing market, by changes in envisaged family formation pathways or by changes in employment or income circumstances.

Prior analysis of housing aspirations, preferences and norms (Hohm 1983a, 1983b; Baum and Wulff 2001) has been based upon questions in single-round surveys and so the reliability of these aspirations as predictors of behaviour is untested. An indication of the reliability of home-ownership aspirations as a predictor of behaviour would assist the housing industry and those responsible for housing policy. An understanding of the factors associated with fulfilment and non-fulfilment of home-ownership aspirations would provide a better understanding of the dynamics of housing markets. Such an analysis requires longitudinal panel data.

## 1.1 Aims

The overall aim of the paper is to evaluate the utility of housing aspirations as a concept in social and housing preferences surveys by analysing the home-ownership aspirations of panel respondents to the Negotiating the Life Course survey.

In particular, this project aims to:

1. provide an overview of housing aspirations of Australians, and to define gaps in information about housing aspirations;

2. explain home-ownership aspirations expressed in 1997 by age, sex, family-formation stage, family-formation aspirations, education, income, employment, ethnicity, values and aspirations in regard to other areas of life;
3. investigate the extent of fulfilment of home ownership aspirations over a three-year period from 1997 to 2000;
4. explain fulfilment and non-fulfilment of 1997 home ownership aspirations according to characteristics, values and aspirations in 1997 and changes in characteristics, values and aspirations in the three-year period; and
5. examine home ownership aspirations in 2000, according to home ownership aspirations in 1997 and changes in characteristics, values and aspirations in the three-year period.

After outlining the current state of knowledge on housing aspirations (section 2) and describing the method used in the present study (section 3), section 4 looks at the home-ownership aspirations of a sample of Australian renters and factors associated with such aspirations. The achievement of home ownership, factors contributing to fulfilment and non-fulfilment, and changes in aspirations are examined in section 5. The final section discusses the utility of home-ownership aspirations for predicting future home purchase.

## 2 RESEARCH ON HOUSING ASPIRATIONS

This report is written in conjunction with another AHURI project: *Housing aspirations of Australian households* (Baum and Wulff 2001). That report provides extensive background information to home ownership patterns in Australia. It also provides a thorough review of research of housing aspirations in Australia. Here we seek not to duplicate that work but to focus more directly upon the issue of longitudinal analysis of housing aspirations.

Common folklore, evidenced by such phrases as “the great Australian dream” and “a man’s home is his castle”, highlight the value home ownership has for many Australians. It is clear that home ownership has played a dominant role in the Australian context for some time (Bourassa et. al. 1995) and homeowners currently constitute some 70 per cent of Australia households, a little higher than in Britain (67%), the United States (67%), Canada (63%) and New Zealand (68%) (Baum and Wulff 2001:8–9; Peron et al 1999: 274–277; www.stats.govt.nz). Explanations for consistently high rates of home ownership in Australia since World War II focus on the role of government policy, which has made home ownership economically favourable through tax subsidies (Beer 1983; Badcock and Beer 2000); however, it has been argued that a full explanation for this trend should also consider the role of sustained economic growth and social and demographic change (see Baum and Wulff 2001).

The desire to own one’s own home has been shown to be somewhat greater than the actual achievement of home ownership in Australia. Studies of housing preferences and tenure choice, measured in a variety of ways, suggest near universal home-ownership aspirations. Thorne et. al. (1980, cited in Wulff 1993:232), for example, found that 90% of respondents felt it was worthwhile for people to try to own their own home and consistently high proportions of respondents in a number of other studies reported a preference for owning over renting (see Wulff 1993; Baum and Wulff 2001).

The overwhelming desire for owner-occupation in Australia, and other English-speaking countries, has prompted some researchers to investigate the reasons behind such values. According to Warde (1992, cited in Baum and Wulff 2001), these reasons fall into three categories: use value (home owners can “do what they want” with their property and thus are able to create their own environment); exchange value (owning or buying a home is an investment and source of wealth which can be transferred to offspring); and symbolic value (homeownership offers security, a sense of achievement and social status).

It is within this last category that Saunders (1989), applying the work of Giddens to the field of housing, introduces an emotional explanation for high rates of home ownership in England—that home ownership provides a vehicle for home owners to attain and maintain a sense of ‘ontological security’ in their everyday lives. He claims that “[t]he home is where people are off-stage, free from surveillance, in control of their immediate environment. It is their castle. It is where they feel they belong” (1989:184).

Although it is difficult to operationalise such a concept which is, by definition, “rooted in the unconscious” (Giddens 1990:92), it is undoubtedly the case that the desire for home ownership involves psychological or emotional, as well as financial, factors. La Grange and Pretorius (2000) concede that ontology is a driving force behind the desire for home ownership; however, they consider motivation to enter the owner-occupied sector to be primarily motivated by market forces, at least in Hong Kong.

Morris and Winter (1975) have outlined a theory of housing adjustment behaviour, which attempts to explain why housing choices are often in conflict with stated norms or preferences. They suggest that families constantly assess their current housing situation against cultural norms, and, if the actual housing deviates sufficiently from existing norms, will engage in ‘housing adjustment behaviour’ (residential mobility, residential adaptation or family adaptation) in response to the consequent reduced housing satisfaction. This adjustment behaviour will only involve residential mobility (for example, a move to owner occupation) in the absence of constraints.

This highlights the need to distinguish between housing preferences and housing choices. In the words of Griffith & Flaming (1984), "...preferences may be stated in the absence of restraints (e.g., financing, availability, etc.), but decisions must be made with consideration of such issues."

To date, no study available to the authors has examined the translation of housing aspirations into behaviour. The present study not only examines whether aspirations are subsequently met, but also uses a measure of housing aspirations that, more than simple tenure preference, assumes some level of commitment to action. As a result, the following analysis provides a useful contribution to understanding the relationship between housing aspirations, and housing choices.

### 3 METHOD

To assess the reliability of people's home ownership aspirations, this paper uses data from Negotiating the Life Course (NLC), a longitudinal panel survey conducted jointly by the Research School of Social Sciences of the Australian National University and the University of Tasmania. The NLC covers a wide range of characteristics, values and aspirations at both rounds of the study, emphasising education, employment and family formation and dissolution. Respondents' full life histories in these areas are available.

The first wave of the survey was a national telephone survey of 2,231 respondents aged 18–54 years, selected at random from the residential White Pages. It was conducted in November–December 1996 and March–April 1997. The wave 1 response rate was 57 per cent. The second wave, conducted in April–June 2000, included 1,768 of the original sample—a retention rate of 79 per cent. Although only one eligible person was interviewed in each household, extensive information was collected about the respondent's spouse or partner, where applicable. Weights have been used in all analyses in this paper to adjust for the unequal probability of selection arising from the study design. Interviewing for the third wave is planned for 2003.

The paper uses the first two waves of NLC to examine home-ownership aspirations and achievement according to a range of demographic and socio-economic factors. After examining bivariate relationships, logistic regression is used to model the probability of reporting that buying a home in the next three years was important.

Home-ownership aspirations in this paper are measured by the NLC survey question that asked respondents to rate how important it was to buy a home of their own in the next three years. The question was asked along with a series of 20 other questions about future goals so that the exact question wording was as follows:

**Thinking of your own situation at present, I'm going to ask you how important the following objectives are to you in the NEXT THREE YEARS.**

**For each objective, I want you to answer VERY IMPORTANT, IMPORTANT, SOMEWHAT IMPORTANT or NOT AT ALL IMPORTANT.**

- Getting yourself into a secure financial position
- Advancing your career
- Improving your qualifications
- Finding a partner
- Having a child, or another child
- Making sure that your child or children have a good education
- Buying a place of your own
- Getting or staying fit and improving your health
- Becoming more independent of others
- Improving your relationship with your [WIFE/HUSBAND/PARTNER]
- Improving your relationship with your child or children
- Improving your relationship with your parents
- Making new friends
- Improving your spiritual life
- Having fun and enjoying yourself
- Travelling and seeing the world
- Sitting back and taking it easy
- Deciding where I'm going with my life
- Learning to see things as they really are

The home-ownership item in the question was asked only of those who were not living in a home that was owned or being purchased by the respondent or his/her partner. Therefore, 63% of the 2,231 respondents are unavailable for analysis. Additionally, 15 respondents indicated the question was not applicable to them (10 of whom had indicated in a subsequent question that they were previous, if not current, home owners) and a further 12 said they had achieved this objective already. These cases are excluded from further analysis. As a result, the available sample for this analysis is 789, which represents a weighted sample of 790 (see [Table 1](#)).

**Table 1: Marginal distribution of importance of buying a home in the next three years**

Importance of buying a home in the next three years	Unweighted		Weighted		Valid weighted	
	N	%	N	%	N	%
Very Important	233	10.1	225	10.1	225	27.7
Important	223	9.7	216	9.7	216	26.6
Somewhat important	122	5.5	122	5.5	122	15.0
Not at all important	211	10.2	227	10.2	227	28.0
Not applicable to me	15	0.5	12	0.5	-	-
I have already achieved this	12	0.4	10	0.4	-	-
Question not asked	1,415	63.4	1,418	63.6	-	-
<b>Total</b>	<b>2,231</b>	<b>100.0</b>	<b>2,230</b>	<b>100.0</b>	<b>789</b>	<b>100.0</b>

Note: Weighted numbers may not add to total due to rounding error.

### 3.1 Variable selection and measurement

Since Rossi's (1955) seminal work on housing mobility—in which he used the family life cycle as a framework for explaining changes in individuals' housing needs, a catalyst for residential relocation—numerous studies have concluded that the achievement of home ownership is strongly related to life-cycle stage (Dieleman & Everaers 1994; Kendig 1984; Clark, Deurloo & Dieleman 1994; Sweet 1990). Therefore, factors considered in the following models include age, sex, relationship status and the presence of children in the household. Various combinations of relationship status and duration of relationship indicators were tested before deciding on the following relationship status classification: no cohabiting relationship; cohabiting under 5 years; and cohabiting 5 years or more. Similarly, a number of variables measuring the presence of children were tested. The chosen classification measures whether or not there was a child under 5 years of age in the household or the respondent or his partner was pregnant.<sup>1</sup>

As the achievement of home ownership requires substantial financial investment, it is hypothesised that household income and employment status would be key variables in an examination of short-term home-ownership aspirations. Although previous research has suggested no link between income and general housing preferences (Morris, Winter and Sward 1984), income and wealth variables have a stronger effect on home ownership than does family life-cycle (Kendig 1984; McLeod & Ellis 1982), which, in a context of declining housing affordability, may impact respondents' short-term housing goals.

The measure of household income used in this analysis pertains only to the after-tax income of the respondent and his or her partner (if any) for the 1995–96 financial year. As the income of the respondents' partner was collected in ranges, the 1996–97 ABS Income Distribution Survey (total income for previous financial year) was used to impute, based on age and sex, actual income values for partners. Logistic regression models presented in this paper use the natural log of household income as the original measure was highly negatively skewed.

<sup>1</sup> It was not possible to assess whether the partner of a lesbian couple was pregnant, as female respondents were not asked whether their partner was currently pregnant. However, only one such couple was included in this analysis.

Employment status was defined as a categorical measure of both respondent's and partner's employment status, involving the following categories: neither partner employed (or respondent not employed for those not cohabiting); one partner (or respondent for those not cohabiting) employed; and both partners employed. Although it was hypothesised that duration in full-time employment and reliance on casual work would affect home-ownership aspirations and achievement (as those with an uninterrupted full-time career would have had greater opportunity to accumulate resources necessary for home purchase), these variables did not contribute significantly to the logistic models used in this paper and were, therefore, discarded<sup>2</sup>.

It is also suspected that ethnicity may impact home-ownership aspirations. Beer (1993) has shown that home-ownership rates among Greek, Italian and Yugoslav communities exceed rates among Australian-born residents while Bourassa (1994) has demonstrated that, controlling for differences in household characteristics, Italians, Lebanese and Maltese immigrants display a significantly greater propensity for home-ownership than do Australian-born residents. It is, therefore, reasonable to assume that home-ownership aspirations are likely to be stronger among first- and second-generation migrants from non-English-speaking backgrounds. For simplicity's sake, a very simple measure of ethnicity is used—a dichotomous variable differentiating respondents from a non-English-speaking background (those that were or who had a parent born in a non-English-speaking country) from all other respondents. Although it is suspected that aspirations may differ between different cultural groups, this hypothesis is not tested in the present study.

Educational qualifications have previously been shown to be positively related to home-ownership preferences (Dillman, et al. 1979) and, as a result, have been included in the following models. Education is measured by the presence or absence of university qualifications of the respondent and/or partner.

Any analysis of housing aspirations would not be complete without references to future desires in other life spheres. Dieleman and Everares (1994), referring to research by Pas et al, claim that “[t]he household's short-term and long-term expectations about the development of their household and employment career are an associated aspect of the motivation to buy a home”. As the NLC survey asked respondents about other goals in life, in addition to buying a home, one of the aims of this paper was to analyse the effect of such goals on home-ownership aspirations and achievement. It was intended that factor analysis be used to reduce the 20 items into fewer underlying factors representing major life choices and directions. However, it became clear that these items did not meet the basic assumption of the factor analysis technique, namely that the response options form a linear scale in which the interval between each category is equidistance. Goodman (1984: 211–213) has used the log-multiplicative association model to examine the relative distances between ordinal scales, such as the one used in the NLC survey, and has shown that the intervals between categories of ordinal scales of 'happiness' were significantly different. For this reason, and as most of the items were highly skewed toward the 'importance' end of the scale, the solutions obtained by factor analysis were substantially degraded.

As an alternative, combinations of items were used to assess whether associations existed between home-ownership aspirations and other life goals. Three items in particular were considered most useful in predicting home-ownership aspirations: 'advancing your career', 'having a child, or another child' and 'becoming more independent of others'. These items were recoded to range from 0 (not at all important) to 1 (very important, important or somewhat important) and were included in the model of home-ownership aspirations.

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<sup>2</sup> Full employment histories were available only for survey respondents, not respondents' partners. It is possible, therefore, that these variables may significantly affect aspirations and achievement in models using more complete employment-history data.

## **3.2 Limitations**

Unfortunately, significant delays were encountered in securing the second wave master file of the NLC. As a result, a considerable portion of the data has not yet been cleaned and some variables were not available for analysis at the time of writing. By necessity, analysis in this paper uses 1996–97 net household income throughout and, by default, assumes no change in the level of respondents' incomes. As significant changes in levels of income are expected to have a strong impact on a household's ability to realise home-ownership goals, the absence of wave 2 income (and, thus, any notion of changes in income between the two survey waves) has meant that analysis of factors affecting the fulfilment of home-ownership goals (section 5) is incomplete and should be interpreted accordingly.

## **3.3 Effect of attrition**

As with all panel surveys, attrition of respondents can invalidate results obtained. For example, if all people who dropped out of the survey before wave 2 all bought a house in the intervening period, these results may be quite different.

To assess the impact of respondent attrition on the present study, the characteristics of those who dropped out of the NLC survey between waves 1 and 2 were compared with those of respondents who participated in both waves of the survey. No significant differences were found between the two groups in terms of home-ownership aspirations, relationship status, presence of children and children under 5 in the household, and university qualifications. Similarly, two-sample tests for mean differences in age, household income and relationship duration were not significant (at  $p < .05$ ).

However there were significant differences—people aged 25–34, people from non-English-speaking backgrounds and households in which neither the respondent nor his/her partner were working were over-represented in the dropout group.

## 4 HOME-OWNERSHIP ASPIRATIONS

The majority of wave 1 NLC respondents considered home purchase an important goal to achieve in the next three years. Only 28% of those who were not in owner-occupied housing in the first wave said that buying a home in the next three years was not at all important, whereas 54% said that home purchase was either very important or important to them in the short term ([Table 1](#)).

The remainder of this section focuses on factors associated with the importance of buying a home in the short term. As very little quantitative research has been reported in this area, the analysis contained in this paper is, of necessity, exploratory in nature.

### 4.1 Who aspires to own their own home?

Analysis in this section presents bivariate relationships between home-ownership aspirations and a number of demographic and socio-economic indicators that have been hypothesised to affect home-purchase goals. The effect of selected demographic characteristics on the importance of achieving home ownership is presented in [Table 2](#) and results confirm the well-established link between homeownership aspirations and life-cycle factors.

Although not statistically significant ( $p=.088$ ), age demonstrates a curvilinear (inverted U-shaped) effect on short-term home-ownership aspirations—that is, the importance of buying a home in the next three years is stronger among respondents in their late-twenties and thirties, and somewhat less important for younger and older respondents. This is consistent with previous research, which has shown dramatic decreases after the age of 45 in home-ownership preferences (Hanna and Lindamood 1985) and the desire to move (Saunders 1989).

This life-cycle effect is more pronounced when examining home-ownership aspirations by the existence and duration of a cohabiting relationship. Respondents who were in a cohabiting relationship were significantly more likely than those not in a live-in relationship to report home purchase as an important future goal. Additionally, future home purchase was more important among those whose had been cohabiting for less than five years, compared with those in longer-term relationships. Almost half of all respondents cohabiting for less than five years reported that buying a home in the next three years was very important compared with just under one-third of those cohabiting for five years or more. In the case of both age and duration of relationship, a selection factor may be operating in that those who have already become owners are not included in the analysis. As age increases or duration of relationship increases, those who buy are removed from the population under study leaving those who have a higher propensity not to buy. Also, in a bivariate analysis, it is possible that there is an association between age and duration of relationship that influences the outcome.

The link between childbearing and home purchase is evident in [Table 2](#). Although not significant, the presence of children of any age in the household appears to be associated with greater importance of buying a home. However, the relationship between short-term home-ownership goals and the presence or expected presence of *young* children in the household is highly significant. Those without children of pre-school age and who were not expecting a child (that is, women who were not pregnant and men whose partner was not pregnant at the time of the survey) were almost twice as likely as recent or prospective parents to consider buying a house in the short term as not important at all.

First or second generation migrants from non-English-speaking countries were slightly more likely than others to report that home purchase in the next three years was very important; however this relationship was not significant. There was also no significant difference in home-ownership aspirations by sex of the respondent.

**Table 2: Home-ownership aspirations in the next three years by selected demographic characteristics, NLC survey 1996–97**

	Per cent				Total N
	Very important	Important	Somewhat important	Not important	
<b>Age</b>					
<20	19.4	24.9	15.4	40.3	109
20-24	28.0	26.4	16.3	29.4	235
25-29	36.7	24.2	15.0	24.2	152
30-34	23.8	32.7	14.4	29.2	109
35-39	37.8	29.8	13.9	18.5	82
40-44	25.5	28.6	24.5	21.4	53
45-49	28.0	30.0	6.0	36.0	27
50 +	19.1	31.0	9.5	40.5	23
<b>Sex</b>					
Male	29.1	28.0	15.5	27.5	409
Female	27.8	26.7	15.3	30.2	381
<b>Respondent or his/her parents born in a non-English Speaking country</b>					
No	27.1	28.6	16.1	28.2	567
Yes	32.4	23.7	13.6	30.4	219
<b>Relationship status/duration<sup>*</sup></b>					
None	23.5	26.3	16.9	33.3	508
Under 5 years	46.5	28.4	5.2	19.9	114
5 years or more	30.7	30.4	18.0	20.9	165
<b>Any children in the household</b>					
No	26.7	26.2	15.7	31.3	545
Yes	32.3	29.9	14.6	23.2	244
<b>Any children under five in the household or respondent or partner currently pregnant<sup>^</sup></b>					
No	26.3	26.9	16.0	30.9	664
Yes	40.3	30.3	12.6	16.9	125
<b>All respondents</b>	27.7	26.6	15.0	28.0	789
<b>Total N</b>	225	216	121	227	789

Notes:

\* chi-square statistically significant at  $p < .0001$

<sup>^</sup> chi-square statistically significant at  $p < .01$

<sup>#</sup> chi-square statistically significant at  $p < .05$

Weighted numbers may not add to total due to rounding error or missing data for classification variables.

As expected, employment and income were significantly related to short-term home purchase goals (Table 3). Dual-earner couple households were considerably more likely to report that buying a home was very important (44%) than were households in which only one adult (respondent or partner) was employed (27%) or those in which both the respondent and, where appropriate, the respondent's partner was not employed (19%). Full-time workers were more likely to hold stronger home-ownership goals than were part-time workers. Predictably, the proportion of respondents reporting that buying a home in the next three years was very important increased steadily with household income. This suggests that aspirations are grounded in the reality of people's economic circumstances.

No significant effects were found between home-ownership aspirations and education (measured as whether the respondent or partner had attained a university qualification).

**Table 3: Home-ownership aspirations in the next three years by selected socio-economic characteristics, NLC survey 1996–97**

	Per cent				Total N
	Very important	Important	Somewhat important	Not important	
<b>Respondent or partner has a university qualification</b>					
No	27.7	29.3	15.4	27.6	530
Yes	28.4	23.3	13.3	35.0	204
<b>Employment status of respondent/couple<sup>‡</sup></b>					
No adult employed	19.1	26.4	16.2	38.4	170
One adult employed	26.8	27.7	16.7	28.8	457
Two adults employed	43.6	28.9	10.8	16.7	155
<b>Respondent's employment load<sup>‡</sup></b>					
Not working	23.0	26.1	14.3	36.7	224
Working Part time	24.4	25.2	18.3	32.1	210
Working Full time	34.6	29.5	14.5	21.4	353
<b>Net household income<sup>^</sup></b>					
Zero or negative	21.5	25.2	14.5	38.8	116
\$1-\$14,999	22.3	25.1	18.6	34.1	192
\$15,000-\$19,999	29.4	24.7	17.0	28.9	105
\$20,000-\$29,999	30.2	29.3	16.1	24.4	168
\$30,000-\$44,999	30.5	31.4	16.4	21.8	119
\$45,000+	44.0	30.6	5.1	20.4	85
<b>All respondents</b>	27.7	26.6	15.0	28.0	789
<b>Total N</b>	225	216	121	227	789

Notes:

\* chi-square statistically significant at  $p < .0001$

<sup>^</sup> chi-square statistically significant at  $p < .01$

<sup>#</sup> chi-square statistically significant at  $p < .05$

Weighted numbers may not add to total due to rounding error or missing data for classification variables.

Table 4, which cross-classifies housing aspirations with three other future goals, shows once again a strong link between childbearing and home purchase expectations. Over 80 per cent of respondents indicating that having a child in the next three years was important or very important also felt that buying a home in the same time frame was an important or very important goal. The comparative figure among those for whom having a child was only somewhat or not important was 46 per cent. Considerably greater importance in buying a home was also expressed by those for whom establishing their career and becoming more independent of others were important future goals. In total, these results suggest home ownership aspirations may be placed within a syndrome of attitudes about 'getting on with life' or 'settling down'.

**Table 4: Home-ownership aspirations in the next three years by selected other future aspirations, NLC survey 1996–97**

	Per cent				Total N
	Very important	Important	Somewhat important	Not important	
<b>Career aspirations<sup>#</sup></b>					
Somewhat or not important	20.8	26.2	16.0	37.0	190
Important or very important	30.9	27.7	15.3	26.1	591
<b>Childbirth aspirations<sup>*</sup></b>					
Somewhat or not important	21.4	24.4	18.0	36.2	553
Important or very important	48.5	32.9	8.2	10.3	204
<b>Independence aspirations<sup>^</sup></b>					
Somewhat or not important	21.8	19.8	21.8	36.7	246
Important or very important	32.4	31.2	12.8	23.6	477
<b>All respondents</b>	27.7	26.6	15.0	28.0	789
<b>Total N</b>	225	216	121	227	789

Notes:

\* chi-square statistically significant at  $p < .0001$

<sup>^</sup> chi-square statistically significant at  $p < .01$

<sup>#</sup> chi-square statistically significant at  $p < .05$

Weighted numbers may not add to total due to rounding error or missing data for classification variables.

## 4.2 A model of short-term home-ownership aspirations

Although bivariate relationships are relatively easy to interpret, they often mask or show spurious effects that exist when controlling for other important variables. This section presents the results of a model-building exercise, the goal of which is to develop a predictive model of home-ownership aspirations. After investigation of the alternatives, the measurement of home-ownership aspirations in this analysis discriminates only between those who indicated that purchasing a home in the next three years was not important and those indicating it was important—be it very important, important or somewhat important. This analysis models the likelihood of reporting that buying a home in the next three years was important.

Table 5 presents the results of a model of home-ownership aspirations. It models the probability of indicating that buying a home in the next three years is at all important. All variables hypothesised to affect home-ownership goals, outlined in section 3.1, have been included.

The final model was achieved after testing a series of nested models, in which groups of variables were progressively added to assess their impact. The first test contained the demographic variables presented in Table 2. In addition, as the previous section showed that age has a curvilinear effect on housing aspirations, a quadratic term for age was added.

Although these variables provided a reasonable fit to the model (Log Likelihood ratio=24.1566,  $df=7$ , significant at  $p < .01$ ), the model was significantly enhanced by the addition of the variables measuring education, employment status (of respondent and partner) and household income (difference in  $-2$  Log Likelihood=92.07,  $df=3$ , significant at  $p < .001$ ). Years in full-time employment was discarded in the interests of parsimony as it produced no significant effect on aspirations, it was available only for the respondent and not his or her partner, and its potential effect was considered to be captured by the combined effect of age, sex and level of education.

The addition of the three variables measuring other life goals (see Table 4) also significantly improved the model (difference in  $-2$  Log Likelihood=171.78,  $df=3$ , significant at  $p < .001$ ). Although a number of interaction terms were required for earlier models, the final model contained no significant interaction effects.

Perhaps the most striking finding of Table 5 is the impact of other life goals in explaining short-term home-ownership aspirations. Childbearing aspirations produced the strongest effect on home-ownership goals: those respondents who reported that having a child in the next three years was important or very important were almost seven times as likely to report home-purchase goals as were those without strong childbearing intentions (the odds of reporting

home-ownership aspirations were 6.92 to 1.00 in favour of those intending to have children in the next three years). Respondents with strong career and independence goals were also more likely to have home-ownership goals.

Interestingly, many relationships that were observed in the bivariate analysis in the previous section, including relationship status and duration, expecting or having a young child, employment status and income, lose their significance when controlling for the importance of other future goals in life.

Also interesting is that the effect of age and education become significant in the multivariate case. After removing the effect of all other factors in the model, university graduates are 58 per cent less likely than those without university qualifications to consider home purchase an important goal in the next three years. There does not appear to be any obvious reason for this finding and no explanation was found in the existing literature. Three possible, related explanations are offered here. Firstly, education may be acting as a proxy for accumulated wealth or years spent in full-time employment. Graduates may have lower short-term home-ownership aspirations if interviewed soon after completing their studies. This may be particularly prominent among recent graduates who may have accumulated a large HECS debt. Secondly, a university degree makes one a more valuable “commodity” in the marketplace. Graduates may, therefore, have greater employment opportunities and may not wish to be tied to any one area, or they may work longer hours and have little time to devote to home maintenance, making renting a more attractive option. Thirdly, graduates may experience somewhat more autonomy in their work than do non-graduates and, as a result, their need for a home to maintain ontological security may not be as strong.

The effect of age cannot be interpreted by a single odds ratio because of the existence of a quadratic term; however, the probability of reporting that buying a home in the short term is important peaks at age 39. Again, the effect of age exists *after* the effects of other variables in the model have been removed. Thus, regardless of relationship status, childbearing aspirations or income and employment status, housing aspirations tend to decline once an individual reaches 40. This perhaps reflects the fact that with increasing age comes the realisation that some of our previously held aspirations may never eventuate. It may also indicate that the population has become more selective of those with low, longer-term home-ownership aspirations.

Consistent with the bivariate case, sex and ethnicity have no significant effects, when controlling for other factors in the model, on whether respondents felt that buying a home in the short term was important.

Although results of logistic regression are usually interpreted in terms of odds ratios, a more intuitive explanation of results may be made by applying Multiple Classification Analysis (MCA) to the adjusted log odds of having home-ownership aspirations. The result is a table containing the predicted probability of rating home ownership as important for each value of the independent variables included in the model, keeping all other variables in the model constant (see [Table 6](#)). This enables interpretation of the model in probability or percentage terms, which, for some people, may be easier to grasp than the concept of odds.

Holding all variables constant at their mean value, the average predicted probability that a given respondent would rate buying a home in the next three years as either important or not important is 81 per cent. For those with childbirth aspirations, however, the probability of wanting to buy a home in the next three years is considerably higher (95%).

The use of MCA also enables the ‘profiling’ of a hypothetical person most likely to report that buying a home in the next three years is important. By changing the characteristics of independent variables included in the model, it was found that the type of person most likely to have home ownership goals was a non-university educated individual (either male or female) aged 39 years, from an English-speaking background, currently living with a young child and a spouse or partner for less than five years, who has aspirations to have another child, improve his/her career and become more independent of others in the next three years, who is currently employed, and whose partner is currently employed and with no university qualifications. The probability of such a hypothetical person rating home ownership as an important short-term goal is predicted to be 99.2%.

To take another example, consider a 25-year-old individual from a non-English-speaking background who is not in a relationship, does not have any children under the age of 5 years nor any aspirations to have children in the next three years, has university qualifications and is currently employed with career and independence goals. The predicted probability that such a person would have reported that buying a home in the next three years is important is just 50.8%.

This analysis clearly confirms previous research, which identifies a link between the desire for home ownership and position within the life cycle. Indeed, a concomitant desire for children was by far the strongest determinant of home-ownership aspirations. What perhaps was unknown previously is the negative effect of education on short-term homeownership goals and the links between future aspirations in general.

**Table 5: Logistic regression analysis of home-ownership aspirations in the next three years, NLC survey 1996–97**

	<b>b</b>	<b>SE</b>	<b>p</b>	<b>Odds Ratio</b>
<b>Age</b>				
Age	0.205	0.089	0.004	–
Age squared	-0.003	0.001	0.054	–
<b>Sex</b>				
Male	0.000	–	–	1.00
Female	0.006	0.196	0.974	1.01
<b>Ethnicity</b>				
English-speaking background	0.000	–	–	1.00
Non-English-speaking background	-0.225	0.216	0.297	0.80
<b>Education</b>				
No university qualifications	0.000	–	–	1.00
University qualifications	-0.874	0.234	0.000	0.42
<b>Employment status</b>				
Not working	0.000	–	–	1.00
Respondent or partner working	0.034	0.369	0.928	1.03
Respondent & partner working	0.173	0.501	0.730	1.19
<b>Income (log)</b>				
	0.042	0.044	0.341	1.04
<b>Relationship status</b>				
Not cohabiting	0.000	–	–	1.00
Cohabiting < 5 years	0.491	0.465	0.291	1.63
Cohabiting 5+ years	0.126	0.423	0.767	1.13
<b>Children under 5 years in household</b>				
No	0.000	–	–	1.00
Yes	0.591	0.381	0.121	1.81
<b>Career aspirations</b>				
No	0.000	–	–	1.00
Yes	0.612	0.236	0.010	1.84
<b>Childbirth aspirations</b>				
No	0.000	–	–	1.00
Yes	1.935	0.341	<.0001	6.92
<b>Independence aspirations</b>				
No	0.000	–	–	1.00
Yes	0.536	0.207	0.010	1.71
<b>INTERCEPT</b>				
	-3.889	1.335	0.004	0.02
<b>-2 Log Likelihood</b>				
Intercept only		764.27		
Intercept and covariates		651.79		
<b>Likelihood Ratio</b>				
		112.48		
DF		14		
P		<.0001		

Note: Dependent variable coded as 1=Important (450 weighted cases), 0=Not important (184 weighted cases). Model predicts the probability of indicating home purchase in the next three years is important.

**Table 6: Multiple Classification Analysis (MCA) table of the predicted probability of home-ownership aspirations in the next three years, NLC survey 1996–97**

	Holding all other variables constant at the mean (%)	With childbearing aspirations (%)
<b>Age</b>		
18	64.2	88.0
20	68.8	90.1
25	77.3	93.4
30	82.2	95.0
35	84.6	95.8
40	85.2	95.9
45	84.0	95.6
<b>Sex</b>		
Male	80.9	94.6
Female	81.0	94.6
<b>Ethnicity</b>		
English-speaking background	81.9	94.9
Non-English-speaking background	78.3	93.7
<b>Education</b>		
No university qualifications	84.4	95.7
University qualifications	69.3	90.3
<b>Employment status</b>		
Not working	80.1	94.3
Respondent or partner working	80.6	94.5
Respondent & partner working	82.7	95.2
<b>Net household income (per week)</b>		
\$200	81.5	94.8
\$300	81.8	94.9
\$400	82.0	94.9
\$500	82.1	95.0
<b>Relationship status</b>		
Not cohabiting	79.4	94.1
Cohabiting < 5 years	86.3	96.3
Cohabiting 5+ years	81.4	94.7
<b>Children under 5 years in household</b>		
No	79.5	94.1
Yes	87.5	96.6
<b>Career aspirations</b>		
No	72.8	91.7
Yes	83.1	95.3
<b>Childbirth aspirations</b>		
No	71.6	–
Yes	94.6	–
<b>Independence aspirations</b>		
No	74.9	92.5
Yes	83.6	95.5
<b>Mean predicted probability</b>	<b>81.0</b>	<b>94.6</b>

## 5 FULFILMENT OF HOME-OWNERSHIP ASPIRATIONS

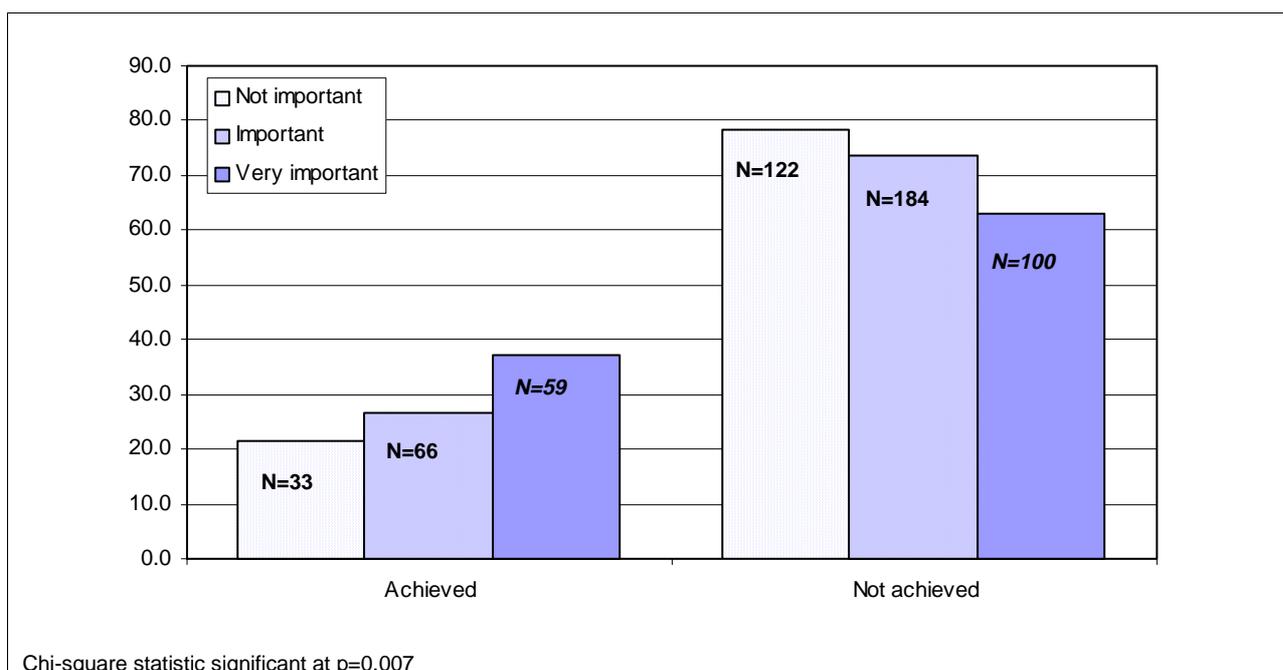
As the main purpose of this paper is to assess the utility of home-ownership aspirations as predictors of housing choices, this section examines the extent to which respondents of the first wave of the NLC survey actually realised their housing preferences.

### 5.1 Extent to which home-ownership aspirations are realised

Although most survey respondents felt that buying a home in the next three years was important, few actually achieved their goal. Overall, of the 409 respondents who had indicated in wave 1 that buying a home was at all important and were contactable three years later, less than one-third (31%) had actually purchased their own home in the intervening period.

Figure 1 shows that achievement of home-ownership goals increased linearly with expressed home-ownership aspirations at wave 1—buying a home was more likely among those who had previously reported that home purchase was very important (37%) than for those who said it was important or somewhat important (27%). Although the achievement of home ownership was lowest among respondents who reported that buying a home was not at all important (22%), their achievement rate was relatively high in comparison to those with stronger home-ownership goals.

Figure 1: Home-ownership achievement at wave 2 by home-ownership aspirations at wave 1, NLC survey 1996–97 and 2000



### 5.2 Factors associated with the realisation of home-ownership goals

Although respondents who considered home purchase as an important short-term goal were more likely to actually achieve that goal, the use of home-ownership aspirations as an indicator of future entry into home ownership is limited. Table 7 shows that, when other socio-economic factors are taken into account, there is no significant difference in the probability of buying a home according to respondents' wave 1 home-ownership aspiration.

Of those factors that were significantly associated with entry into home ownership, employment status appears to have the strongest impact, net of all other effects. Holding all other variables constant, the odds of buying a home were five times greater for dual-income couples than for unemployed single respondents or partnered respondents who were, and whose partner was, unemployed. Households in which one adult was employed were also more likely to enter home

ownership than were those in which no adult was employed. As expected, the chance of buying a home was also positively associated with income. Increasing age also increased the chance of becoming a home owner, net of all other effects.

Interestingly, respondents who were born, or whose parents were born, in a non-English-speaking country had twice the odds of becoming home purchasers than did those from English-speaking backgrounds, and those with career aspirations were only half as likely as other respondents to purchase a home.

**Table 7: Logistic regression analysis of home-ownership achievement, NLC survey 1996–97 and 2000**

	<b>b</b>	<b>SE</b>	<b>p</b>	<b>Odds Ratio</b>
<b>Age (wave 2)</b>	0.042	0.016	0.008	1.04
<b>Sex</b>				
Male	0.000	–	–	1.00
Female	-0.225	0.238	0.345	0.80
<b>Ethnicity</b>				
English-speaking background	0.000	–	–	1.00
Non-English-speaking background	0.699	0.282	0.013	2.01
<b>Education (wave 2)</b>				
No university qualifications	0.000	–	–	1.00
University qualifications	0.224	0.253	0.376	1.25
<b>Employment status (wave 2)</b>				
Not working	0.000	–	–	1.00
Respondent or partner working	0.803	0.485	0.098	2.23
Respondent & partner working	1.657	0.545	0.002	5.24
<b>Income (log)</b>	0.177	0.055	0.001	1.19
<b>Relationship status (wave 2)</b>				
Not cohabiting	0.000	–	–	1.00
Cohabiting < 5 years	0.720	0.395	0.068	2.05
Cohabiting 5+ years	0.424	0.381	0.266	1.53
<b>Children under 5 years in household (wave 2)</b>				
No	0.000	–	–	1.00
Yes	0.419	0.331	0.205	1.52
<b>Career aspirations</b>				
No	0.000	–	–	1.00
Yes	-0.769	0.287	0.007	0.46
<b>Childbirth aspirations</b>				
No	0.000	–	–	1.00
Yes	0.361	0.269	0.180	1.43
<b>Independence aspirations</b>				
No	0.000	–	–	1.00
Yes	-0.164	0.253	0.519	0.85
<b>Home-ownership aspirations</b>				
Not important	0.000	–	–	1.00
Important/somewhat important	-0.049	0.309	0.874	0.95
Very important	0.373	0.337	0.268	1.45
<b>INTERCEPT</b>	-4.983	0.933	<.0001	0.01
<b>-2 Log Likelihood</b>				
Intercept only	587.29			
Intercept and covariates	474.46			
<b>Likelihood Ratio</b>	112.82			
DF	15			
p	<.0001			

Note: Dependent variable coded as 1=Achieved (141 weighted cases), 0=Not achieved (346 weighted cases).

Model predicts the probability of buying a home between the two waves of the survey, given that respondents were not owner-occupiers in wave 1.

The relatively minor impact of home-ownership aspirations on actual achievement is perhaps best shown, once again, by using a multiple classification analysis of the logistic regression results. As can be seen from [Table 8](#), the average predicted probability of entering home ownership (23% when holding constant all variables in the model) is only marginally improved when home ownership is considered to be a very important goal in wave 1 (29%).

**Table 8: Multiple Classification Analysis (MCA) table of the predicted probability of achieving home ownership, NLC survey 1996–97 and 2000**

	Holding all other variables constant at the mean (%)	With short-term home purchase considered 'very important' (%)
<b>Age (wave 2)</b>		
18	14.4	18.3
20	15.4	19.6
25	18.3	23.1
30	21.7	27.0
35	25.4	31.3
40	29.5	35.9
45	34.0	40.8
<b>Sex</b>		
Male	25.1	31.0
Female	21.1	26.4
<b>Ethnicity</b>		
English-speaking background	20.2	25.3
Non-English-speaking background	33.8	40.5
<b>Education (wave 2)</b>		
No university qualifications	21.8	27.1
University qualifications	25.8	31.8
<b>Employment status (wave 2)</b>		
Not working	10.4	13.4
Respondent or partner working	20.6	25.7
Respondent & partner working	37.9	44.9
<b>Net household income (per week)</b>		
\$200	25.4	31.2
\$300	26.7	32.8
\$400	27.8	33.9
\$500	28.6	34.8
<b>Relationship status (wave 2)</b>		
Not cohabiting	18.6	23.4
Cohabiting < 5 years	32.0	38.5
Cohabiting 5+ years	25.9	31.8
<b>Children under 5 years in household (wave 2)</b>		
No	22.1	27.4
Yes	30.1	36.5
<b>Career aspirations</b>		
No	35.1	42.0
Yes	20.1	25.1
<b>Childbirth aspirations</b>		
No	21.6	26.9
Yes	28.3	34.5
<b>Independence aspirations</b>		
No	25.2	31.0
Yes	22.2	27.6
<b>Home-ownership aspirations</b>		
Not important	21.7	–
Important/somewhat important	20.9	–
Very important	28.7	–
<b>Mean predicted probability</b>	<b>23.2</b>	<b>28.7</b>

### **5.3 Factors associated with failure to realise home-ownership goals**

Table 9 presents analysis of the proportion of people who, despite indicating in wave 1 that buying a home in the next three years was very important, were not owning or purchasing their own home in wave 2. It is clear that the main factors associated with a failure to achieve home-ownership aspirations are age, household income (measured at wave 1) and the number of adults in the household who were in paid employment (at wave 2).

Younger respondents (those under 25 years of age) were considerably more likely to fail to realise their goal of home ownership in the three years between the survey waves (84%) than were older respondents (55% of those aged 25–34 and 63% of those aged 35 years and older). This perhaps reflects the fact that younger people may have unrealistic expectations about home ownership and may not fully appreciate the financial investment required for entry into the owner-occupied market.

The percentage of respondents with strong home-ownership goals who did not purchase a home steadily decreased with household income. Those whose net annual household income at wave 1 was above \$30,000 were almost twice as likely as those whose income was under \$20,000 to have purchased a home.

Not surprisingly, dual-income households were considerably less likely than single- or no-income households to fail in their goal to become home buyers (43% compared with 76% and 76%, respectively). This effect is also likely to explain the effect of relationship status on failure to achieve home-ownership aspirations.

There were no significant differences according to ethnicity, education level or the presence of a child under 5 years in the household change in the proportion who failed to realise their goal. Changes in employment status, relationship status, and the birth of a child also had no significant impact on the failure rate.

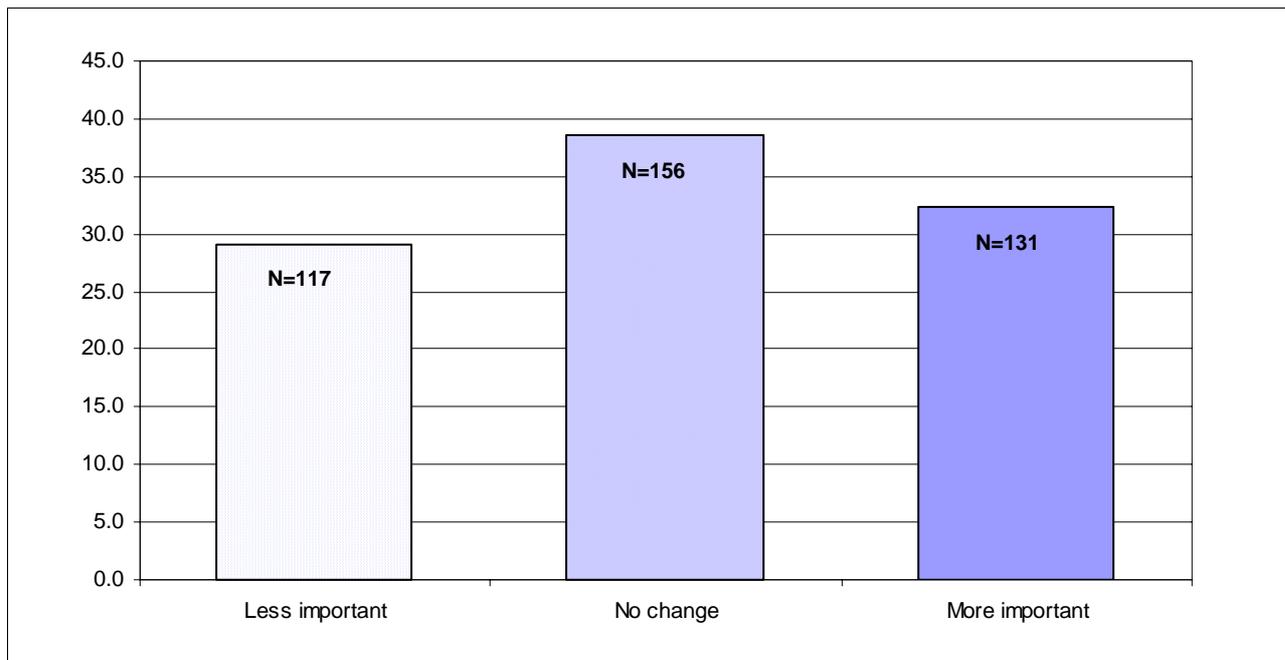
**Table 9: Percentage of respondents reporting in wave 1 that buying a home was very important who failed to realise that goal by wave 2, NLC survey 1996–97 and 2000**

	Percentage failed to achieve goal	Chi-square p-value
<b>Age (wave 2)</b>		<.05
Under 25	83.9	
25–34	54.9	
35+	62.5	
<b>Ethnicity</b>		N.S.
English-speaking background	64.4	
Non-English-speaking background	59.6	
<b>Education (wave 2)</b>		N.S.
No university qualifications	66.2	
University qualifications	55.6	
<b>Employment status (wave 2)</b>		<.0001
Not working	75.9	
Respondent or partner working	76.4	
Respondent & partner working	42.7	
<b>Net annual household income</b>		<.001
Under \$20,000	79.1	
\$20,000 – \$29,999	58.3	
\$30,000 +	42.9	
<b>Relationship status (wave 2)</b>		<.001
Not cohabiting	80.5	
Cohabiting < 5 years	56.8	
Cohabiting 5+ years	45.4	
<b>Relationship change (wave 1 to wave 2)</b>		N.S.
No change	71.4	
Change	63.9	
<b>Children under 5 years in household (wave 2)</b>		N.S.
No	65.7	
Yes	50.0	
<b>Employment status change (wave 1 to wave 2)</b>		N.S.
Negative	68.4	
No change	62.6	
Positive	59.7	
<b>Relationship change (wave 1 to wave 2)</b>		N.S.
Was cohabiting, now living alone	72.2	
No change	64.4	
Was living alone, now cohabiting	56.8	
<b>Birth of child (wave 1 to wave 2)</b>		N.S.
No	65.1	
Yes	51.9	

## 5.4 Changes in home-ownership aspirations

Perhaps the clearest distinction between home-ownership aspirations and preferences, as mentioned earlier in this paper, is the variability of aspirations for home purchase over time. Of course, changes in aspirations may be related to changes in characteristics over time, for example, people get older or may change their family status or income level. However, the instability in home ownership aspirations was far greater than could be predicted from changes in other characteristics. Within the three years between the two waves of the NLC survey, over 60 per cent of respondents who were not owners in 2000 had changed their assessment of the importance of achieving home ownership (Figure 2).

**Figure 2: Changes in home-ownership aspirations between wave 1 and wave 2, NLC survey 1996–97 and 2000**



Despite testing whether a variety of socio-demographic factors impacted changes in home-ownership aspirations, only household income (wave 1), ethnicity, university qualifications (wave 2) and changes in the number of adults in employment displayed significant relationships (Table 10).

Perhaps not surprisingly, home-ownership became more important for those experiencing a positive change in employment (for example, households that experienced a movement from one to two adults in employment, or none to one adult in employment). Those from a non-English-speaking background tended to report the same or stronger home-ownership aspirations than did other respondents. University graduates were more likely than non-graduates to report stronger goals in relation to home purchase, and less likely to report weaker goals. The effect of household income is not straight forward. Those with net incomes of \$30,000 or more were equally likely to report stronger, weaker and the same home-ownership goals; those in the middle income bracket (\$20,000-\$29,999) were more likely to hold weaker goals; and those with incomes under \$20,000 were more likely to hold consistent views across the two survey waves.

Interestingly, changes in relationship status and the birth of a new child had no significant effect on changes in home-ownership aspirations, again underlining the point that changes in aspirations were not related to changes in other characteristics that might be expected to have been related to housing aspirations. The conclusion must be drawn that aspirations obtained in cross-sectional surveys display a high degree of instability when tracked across time. This is a further reason to be wary of the use of aspirations in projecting future behaviour.

**Table 10: Factors associated with consistency of home-ownership aspirations, NLC survey 1996–97 and 2000**

	Less important	No change	More important	Chi-square p-value
<b>Age (wave 2)</b>				N.S.
Under 25	28.0	43.2	28.8	
25–34	28.2	34.2	37.6	
35+	31.0	39.4	29.7	
<b>Ethnicity</b>				< 0.05
English-speaking background	32.2	37.1	30.7	
Non-English-speaking background	19.3	42.5	38.1	
<b>Education (wave 2)</b>				< 0.05
No university qualifications	33.3	38.2	28.4	
University qualifications	20.8	39.2	40.0	
<b>Employment status (wave 2)</b>				N.S.
Not working	30.4	48.7	21.0	
Respondent or partner working	27.9	38.3	33.8	
Respondent & partner working	30.7	31.3	38.1	
<b>Net annual household income</b>				< 0.05
Under \$20,000	24.1	43.5	32.4	
\$20,000 – \$29,999	40.9	26.4	32.7	
\$30,000 +	32.3	35.4	32.3	
<b>Relationship status (wave 2)</b>				N.S.
Not cohabiting	26.6	40.7	32.7	
Cohabiting < 5 years	29.3	36.1	34.7	
Cohabiting 5+ years	35.5	34.8	29.7	
<b>Children under 5 years in household (wave 2)</b>				N.S.
No	28.5	39.7	31.8	
Yes	31.3	31.3	37.5	
<b>Employment status change (wave 1 to wave 2)</b>				< 0.01.
Negative	32.0	51.6	16.5	
No change	32.9	35.5	31.6	
Positive	18.6	38.3	43.1	
<b>Relationship change (wave 1 to wave 2)</b>				N.S.
Was cohabiting, now living alone	13.8	65.5	20.7	
No change	29.7	37.9	32.5	
Was living alone, now cohabiting	29.3	36.1	34.7	
<b>Birth of child (wave 1 to wave 2)</b>				N.S.
No	27.9	39.3	32.8	
Yes	37.2	33.7	29.1	

## 6 CONCLUSIONS

The main purpose of this analysis has been to evaluate the usefulness of housing aspirations as indicators of future housing behaviour. The results of this analysis suggest that future housing aspirations, as measured in the NLC survey, cannot be considered reliable predictors of behaviour.

Although the majority of Australians favour home-ownership—a goal independent of income or relationship status—failure to achieve this goal is determined primarily by employment status, ethnicity and income. Future home-ownership aspirations, as measured in the NLC Survey, are largely irrelevant to the actual achievement of home ownership.

However, as the NLC survey was not designed specifically to examine issues relating to tenure choice, a definitive statement about the value of home-ownership aspirations as a predictor of eventual home purchase cannot be made. Certainly, the relatively crude measure of home-ownership goals used in the survey is of limited value. However, more sophisticated measures may prove useful in forecasting future trends in home purchase activity.

In critiquing the measure of home-ownership aspirations used in the NLC, one must first consider the measurement scale on which responses were recorded. The response options of very important; important; somewhat important; and not at all important, deviates somewhat from the standard Likert scale which has an equal number of responses on either side of a neutral category. It also makes no attempt at achieving equality of intervals between response options, as the distance between not at all important and somewhat important is likely to be greater than, for example, the distance between important and somewhat important. Adopting a measurement scale that is more discriminating—such as one ranging from one-to-five, one-to-seven, or even zero-to-ten, with a definite neutral category (*neither important nor unimportant*)—may considerably enhance the usefulness of questions on home-ownership aspirations.

However, a more critical point is the notion of importance versus priority. The analysis presented in this paper suggests that the vast majority of Australians do aspire to own their own homes but, for whatever reason, may not be in a position to achieve owner-occupied status. Saunders (1989) notes that "...the older people become, the less optimistic they are about achieving their [housing] ideals". Quoting one respondent in his study, "It's an ideal dream...But take your dreams away from you and what have you got left? We live on dreams, don't we?". So while felt need for home ownership may be strong, self-reported assessment of the reality of realising that need may be quite weak.

Thus, if one of the goals of social science surveys is to predict the future behaviour of respondents, questions tapping the perceived likelihood of achieving goals, in addition to the goals themselves, are required. Azjen (1985) in his Theory of Planned Behavior, suggests that intention is the immediate determinant of behaviour and, as intentions may change over time, it is important to capture the commitment or confidence one has in performing the behaviour in question. Additionally, as buying a home may not be totally within an individual's volitional control, the impact of external factors (such as interest rate changes) on intentions should be considered.

The measure of home-ownership aspirations used in the NLC survey is more correctly a measure of *affect* (how they feel about buying a home), which has been shown to have only a weak relationship with behaviour (Azjen and Fishbein 1980), rather than *connotation* or *intention*. Subsequent surveys aimed at predicting future home purchase behaviour should include questions that tap people's intention to buy a home within a given time frame, how strong that intention is, self-reported likelihood of success, and, possibly, whether their intention would change under certain external conditions.

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