Positioning Paper

Changing home ownership rates in Australia: issues of measurement and interpretation

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Introduction

A number of recent studies have examined aspects of changing housing tenure in Australia (Yates 1998, Landt 1998, Percival 1998, Yates 1999, Winter and Stone 1998, Winter and Stone 1999, Mudd, Tesfaghiorghis and Bray 2001, and Yates 2002). The central theme of these studies is investigation of falls in home ownership rates between the mid 1970s and the mid 1990s. Yates (1999) indicates that falls in home ownership between 1975 and 1994 were associated with low income and being a couple with children. In more general terms, rates of home ownership have fallen at younger ages (under age 35 years). Yates (1999) also points to a fall in home ownership among high income, older couples without children. At a regional level, Yates (2002) shows that home ownership rates, particularly at younger ages, fell more sharply between 1986 and 1996 in the larger cities. This trend, she suggests, was associated with large increases in median house prices in the larger cities. Her central conclusion is that housing has become less affordable for young people and this is the main reason that home ownership rates have fallen. Furthermore, she concludes that this lack of affordability is not temporary but will extend across people's lifetimes unless policy intervenes in some way.

Using census data for the years 1981 to 1996, Mudd et al. (2001: viii) draw a somewhat different conclusion. They conclude that 'the aggregate trends of declining rates of home ownership reflect a deferral of home ownership, rather than a reduction in the lifetime achievement of home ownership'. Counter to Yates, these authors conclude after an assessment of affordability changes in Australia that tenure in Australia is 'largely a product of historical outcomes and future expectations, rather than short-term prevailing market conditions' (Mudd et al. 2001: 26).

This project sets out to investigate this debate using demographic methodology never yet applied to the analysis of changing housing tenure in Australia.

Project aims

The aims of the project are to address the following four questions:

1. To what extent have rates of home ownership fallen in Australia in the past two decades?
2. Do falls in home ownership represent deferral or reduction in the lifetime achievement of this tenure?

3. Respectively, what are the reasons for deferral or lifetime non-achievement?
4. If ownership rates are falling, what are the implications for society and for policy, in other words, how should falling rates be interpreted?

Policy context

The conventional wisdom among housing researchers in Australia is that the level of home ownership is falling (see Introduction) and recently Beer and Badcock (2000) have predicted lower rates of home ownership by 2030. The central aim of this project is to assess the trend in lifetime home ownership: to attempt to distinguish between temporary delays or periods out of home ownership and a permanent or long-term fall in lifetime ownership. This distinction has significant implications for various aspects of policy in Australia. High rates of lifetime home ownership have long been regarded as an essential underpinning of the Australian social security system. This has been confirmed by the high rates of poverty found among aged pensioners who do not fully own the dwelling in which they live compared to the rates for those who do own their own housing (Henderson et al.1970, Chapter 5). Home ownership has been confirmed by successive governments as a policy objective through various forms of subsidy provided to owners (eg. first home owner grants schemes, exemption from capital gains tax, exemption from social security asset testing, lower mortgage interest rates). If there is a strong trend away from the lifetime achievement of home ownership, this has obvious policy implications.

Summary of proposed approach

The issue of deferral as opposed to lifetime achievement is the bread and butter of technical demography. Demographers refer to changes in the timing of lifetime events as 'tempo' changes and changes in the lifetime achievement of such events as 'quantum' changes. The methodology that demographers apply to these concepts is the life table. This methodology is used extensively in the estimation of lifetime outcomes such as:

What proportion of women will have no children during their lifetime?
What proportions of men and women will never marry during their lifetimes?
What proportion of marriages will end in divorce?

The input data to the life tables are age-specific rates or probabilities of first birth or first marriage, and duration-specific rates of marriage breakdown. Because these events tend to be concentrated in relatively short age or duration ranges, demographers conventionally examine transitions by single-year of age units.
The analogous question in housing tenure terms is:

What proportion of people will own their own home at sometime during their lifetime?

The data requirement is age-specific rates or probabilities of first home purchase for individuals. Expressed as a rate, the relevant measure is:

<u>Number of persons aged x purchasing for the first time in Year Y</u>
Number of persons who have never owned their own house at age x in Year Y

From these data, we can calculate the accretion curve of lifetime home ownership as age increases. The slope and eventual level of this curve can be examined according to the characteristics of individuals, including their cohort or year of birth. Multivariate survival analysis can also be used to examine the determinants of homeownership. Where the curve is incomplete, roughly when people are aged less than 40, the preferred approach to projecting the eventual quantum (the lifetime achievement of home ownership) is to complete the experience of age cohorts based upon either mathematical/statistical models or models that use the observed past interactions between the characteristics and experiences of cohorts and their home purchase.

The use of single-year of age data necessitates fairly large databases. For this study, the intention is to pool responses from four surveys conducted in the 1990s that all measure the date of purchase of the first home. The four surveys are the 1997 Negotiating the Life Course Survey, the 1997 AIFS Life Course Survey and the 1994 and 1999 ABS Housing Surveys. These surveys all provide information on when an individual purchased their first home, recorded in single calendar years over the period in which we are interested. All surveys record the current age of the respondent, although the files available from the two ABS Housing Surveys provide this information only in five-year age groups. From these two variables (and the date of the survey), we can construct accretion curves of lifetime home ownership for successive Australian birth cohorts. We can also compare these with similar lifetime curves for birth cohorts relating to leaving the parental home, cohabiting for the first time, marriage and first birth available from the Negotiating the Life Course Survey and/or the AIFS Life Course Survey, and from the 1986 Australian Family Survey.

1. INTRODUCTION

1.1. Introduction

This paper reports research by the Australian Housing and Urban Research Institute: Australian National University Research Centre. The research examines trends in home ownership in Australia in the past two decades through the development and application of new methods of measurement.

This Positioning Paper is the first in a number of outputs from this AHURI project. The Paper describes the policy issues to be addressed through the project, provides a review of the academic literature relating to trends in home ownership in Australia and describes the proposed methodological approach.

Further outputs from this project will include a Work in Progress Report, a Findings Paper and a Final Report. The project will be completed by 28 February 2003.

1.2. Background

A number of recent studies have examined aspects of changing housing tenure in Australia (Hughes 1996, Yates 1998, Landt 1998, Percival 1998, Yates 1999, Winter and Stone 1998, Winter and Stone 1999, Mudd, Tesfaghiorghis and Bray 2001, and Yates 2002). The central theme of these studies is investigation of falls in home ownership rates between the mid 1970s and the mid 1990s. Yates (1999) indicates that falls in home ownership between 1975 and 1994 were associated with low income and being a couple with children. In more general terms, rates of home ownership have fallen at younger ages (under age 35 years). Yates (1999) also points to a fall in home ownership among high income, older couples without children. At a regional level, Yates (2002) shows that home ownership rates, particularly at younger ages, fell more sharply between 1986 and 1996 in the larger cities. This trend, she suggests, was associated with large increases in median house prices in the larger cities. Her central conclusion is that housing has become less affordable for young people and this is the main reason that home ownership rates have fallen. Furthermore, she concludes that this lack of affordability is not temporary but will extend across people's lifetimes unless policy intervenes in some way.

Using census data for the years 1981 to 1996, Mudd et al. (2001: viii) draw a somewhat different conclusion. They conclude that 'the aggregate trends of declining rates of home ownership reflect a deferral of home ownership, rather than a reduction in the lifetime achievement of home ownership'. Counter to Yates, these authors conclude after an assessment of affordability changes in Australia that tenure in Australia is 'largely a

product of historical outcomes and future expectations, rather than short-term prevailing market conditions' (Mudd et al. 2001: 26).

1.3. Aims of the research

The aims of the project are to address the following four questions:

1. To what extent have rates of home ownership fallen in Australia in the past two decades?
2. Do falls in home ownership represent deferral or reduction in the lifetime achievement of this tenure?
3. Respectively, what are the reasons for deferral or lifetime non-achievement?
4. If ownership rates are falling, what are the implications for society and for policy, in other words, how should falling rates be interpreted?

1.4. National policy relevance

The conventional wisdom among housing researchers in Australia is that the level of home ownership is falling (see Introduction) and recently Beer and Badcock (2000) have predicted lower rates of home ownership by 2030. The central aim of this project is to assess the trend in lifetime home ownership: to attempt to distinguish between temporary delays or periods out of home ownership and a permanent or long-term fall in lifetime ownership. This distinction has significant implications for various aspects of policy in Australia. High rates of lifetime home ownership have long been regarded as an essential underpinning of the Australian social security system. This has been confirmed by the high rates of poverty found among aged pensioners who do not fully own the dwelling in which they live compared to the rates for those who do own their own housing. Home ownership has been confirmed by successive governments as a policy objective through various forms of subsidy provided to owners (eg. first home owner grants schemes, exemption from capital gains tax, exemption from social security asset testing, lower mortgage interest rates). If there is a strong trend away from the lifetime achievement of home ownership, this has obvious policy implications.

2. ISSUES IN THE MEASUREMENT OF CROSS-SECTIONAL HOME OWNERSHIP RATES

Both Yates (2002) and Mudd et al. (2001) use census data for their analysis of rates of home ownership. To be precise, what they measure is the extent to which persons designated as 'the household reference person' live in dwellings reported in the census as being owned or purchased. There are three problems with this approach:

2.1. Imprecise wording of the census housing tenure question

The census housing tenure question has always been somewhat vague about who it is that owns or is purchasing the dwelling. In 1986 and 1991, the tenure question asked whether the dwelling was rented or whether it was owned or being purchased by 'you or any usual member of this household' (see 1991 Census questioning wording below). With this wording, it is evident that the person holding the tenure does not have to be the household reference person. For example, where the person holding the tenure is absent from the household on census night, this person cannot be the household reference person. However, from the 1986 and 1991 Censuses, we at least know that the person holding the tenure is a usual resident of the dwelling.

WORDING OF HOUSING TENURE QUESTION; 1991 CENSUS OF POPULATION AND HOUSING

Is this dwelling rented by you or any usual member of your household?

    [ ] No ---------------→ Is the dwelling owned (or being bought) by you or any usual
    [ ] Yes   member of this household?

                             [ ] Yes, owned (paid off)
                             [ ] Yes, being bought
                             [ ] No

The housing tenure question in the Australian Census was changed very significantly between the 1991 and 1996 Censuses. With the 1996 wording, used also in 2001, we can no longer be certain that the owner of the house is a usual resident of the household, although that is the intent of the question (see 2001 Census questioning wording below). The wording leaves room for confusion on the part of the respondent because, at these later censuses, the question is not specific about whether the owner or purchaser or renter actually lives in the household. For example, if a 27 year-old is living rent-free in a dwelling that is being purchased by his parents, how is he likely to answer this question? There is at least a fair chance that he would answer that the dwelling is being purchased rather than the 'correct' response, being occupied rent-free. He would then be recorded in the

analysis as a home purchaser. When it is not specified that the person holding the tenure is a usual resident of the dwelling, there are a range of other possible errors of interpretation of the question.

Where there are errors of interpretation of the census question, the substantial change in the wording of the tenure question between 1991 and 1996 is more likely to have contributed to an apparent increase in home ownership as a tenure than rental as a tenure. On the other hand, where the whole household is absent from their owned place of usual residence but is enumerated elsewhere, the extent of home ownership would appear to be lower. Corrections can be made for this latter possibility (Mudd et al. 2001).

WORDING OF HOUSING TENURE QUESTION; 2001 CENSUS OF POPULATION AND HOUSING

47. Mark the box which best describes this dwelling.
   - Include owners of caravans, manufactured homes or houseboats regardless of whether or not the site is owned.

[ ] Fully owned
[ ] Being purchased
[ ] Being purchased under a rent/buy scheme
[ ] Being rented
[ ] Being occupied rent free
[ ] Being occupied under a life tenure scheme
[ ] Other

2.2. Ownership analysis is only for household reference persons

Much more importantly, rates of home ownership in the two papers (Yates 2002, Mudd et al. 2001) are rates for household reference persons rather than rates for all persons. The household reference person is usually the person named in the first column of the census household schedule. Previously, the household reference person was referred to as the household head. Only a certain fraction of people of a given age and sex are recorded in the first column of the census schedule, that is, only a certain fraction are household heads. This fraction is conventionally referred to as the 'headship rate' for people of a given age and sex. Suppose there was a strong trend towards young people staying at home longer with their parents because independent living had become increasingly unaffordable. These young people would not be recorded as household reference persons (heads) and so this highly significant trend would go unobserved using the methods applied by Yates and Mudd et al.[1]. It may even be the case that as 'headship' rates fell,

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[1] Mudd et al. make reference to this issue in a footnote (footnote 5, page 41) when they refer to the superior data available from ABS Housing Surveys.

headship might become selective of those who could afford to buy. If so, analysis of the type conducted by Yates and Mudd et al. would show an increased tendency towards home ownership, the wrong result. While the vast majority of 15-24 year olds in Australia are not household reference persons (see chart), we are presented with analysis of home ownership trends for people of this age who are household reference persons. This is highly misleading but is easily addressed by simply dividing the household reference person owners by the total population in the age group rather than by the total household reference persons in the age group. Analysis of measures of this type would provide much more reliable assessment of the aggregate trends. However, there is a further problem with even this modified approach: the use of the household reference person approach precludes analysis by sex because only one person in a couple relationship can be the household reference person, and men are more likely to be that person than women. Yet, the gender dimension of home ownership is an important issue for study. Thus, in an improved analysis of home ownership among individuals, it would be preferable to define each of the persons in a couple relationship as the reference person or as the tenure holder.

Age- and sex-specific rates of being a household reference person, Australia, 1996
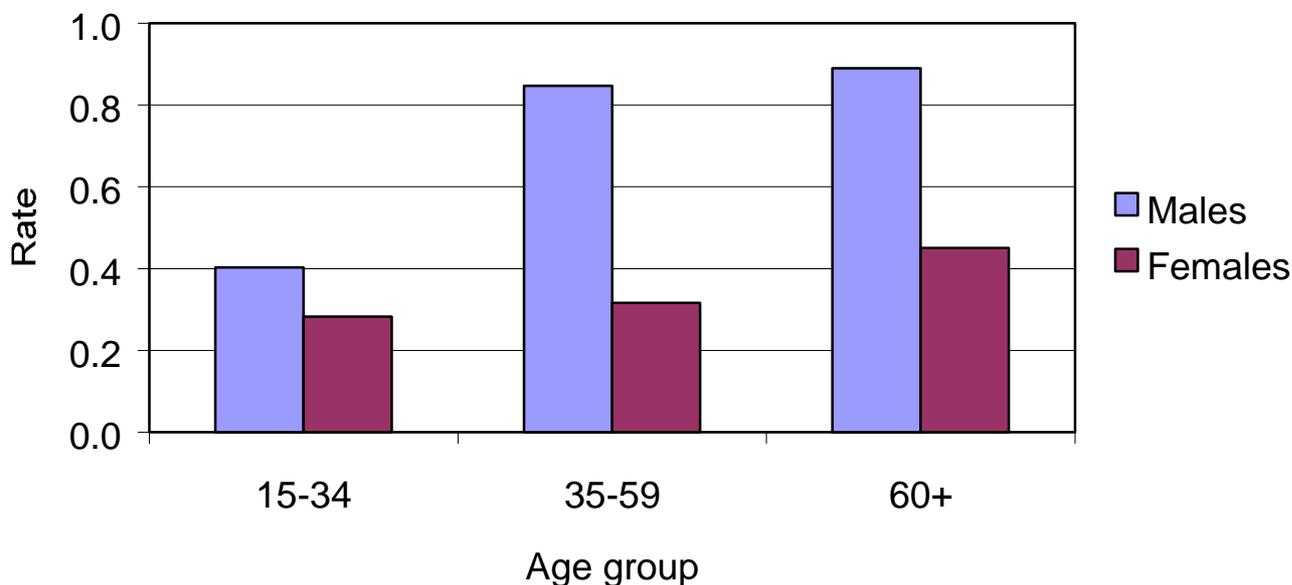
2.3. Ownership of housing by renters

The census does not record whether a person owns or is purchasing a property elsewhere but is renting in their present place of residence. There are many types of people who could fit into this category. First, there are people who have been transferred or taken jobs at some distance from where they live. They may rent out the dwelling that they own while they rent themselves in their new location. Alternatively, they may have had a recent separation and may be renting pending a property settlement. Young people may live at home with parents but own a house elsewhere. They may either plan to live in this house at a later point or they may use the house as an investment. More generally, 'rational renters' may rent their present dwelling while investing in residential accommodation elsewhere. Mudd et al. (2001) were aware of this problem and referred to a study by King and Baekgaard (1996) in which it was estimated that 8 per cent of Australian households that were private renters in 1993-94 had an interest in investment property compared with just 3 per cent in 1981-82. Mudd et al. (2001: 28), using the 1999 Australian Housing Survey, place this estimate in 1999 at 10.2 per cent. The change of 7 percentage points between 1981-82 and 1999 in the percentage of renters who were owners elsewhere is significant compared to the observed falls in home ownership in the same period based on the census data.

3. Deferral versus lifetime achievement of home ownership

3.1. Deferral of life transitions: economic and social explanations

Since the mid 1970s, young Australians have been deferring other life cycle events that have long been associated with home purchase. The conventional framework is that first home purchase is associated with the achievement of a secure income stream and with the markers of family formation, marriage and first birth. While Winter and Stone (1999) have demonstrated that a classic sequencing of life cycle events (marriage to first child to home ownership) has been replaced by variation in the sequencing of these events, Mudd et al. (2001) conclude that 'the housing ladder or cycle – where a person would typically leave the parental home and move to a form of rental, alone or with others, then to purchase and finally outright ownership later in life as the mortgage was paid off-remains the dominant pattern'. Likewise, in examining the fulfilment or otherwise of expressed home ownership aspirations between 1997 and 2000, Merlo and McDonald (2002) found that achievement of home ownership was highly associated with a shift to a dual-earner household (mainly by partnering), income, and with the birth of a child during the three-year period.

Both economic and social reasons and their interactions are proposed as explanations for the deferral of marriage and first birth. The interaction of the social and the economic is best encapsulated in the notion that the new market economy and the demise of the male breadwinner model of the family have combined to create a new risk-oriented society where individuals, both men and women, become motivated to invest in themselves (Giddens 1996, Beck 1996, Winter and Stone 1999, McDonald 2000). This involves considerable postponement of the formerly conventional family formation behaviours (including home ownership). The new market approach deals with individuals as inputs to the system of production. Consequently, in order to protect themselves from risk, individuals must maximise their utility to the market. This means that they need to focus upon the acquisition of qualifications, saleable skills, work experience and a marketable reputation. As an indicator of this trend, participation in full-time education of 20-24 year-olds rose markedly in the 1990s. In 1988, 9.5 per cent of 20-24 year old women were in full-time education. This figure had risen to 24.6 per cent by 2002 (ABS Labour Force Survey, July 1988 and July 2002). At the same time, if possible, young people need to accumulate savings or wealth as a personal safety net. Some may do this in the form of property investment perhaps leading to home ownership preceding marriage and first birth as observed by Winter and Stone (1999). Others may purchase housing even though they have no plans for marriage or having children. On the other hand, individuals in the new economy often need to maintain flexibility of time and place so that they can react to opportunities as they arise. Because of transaction costs, including pure inconvenience,

rental is normally a better option than ownership for the geographically mobile worker (McDonald 2000).

3.2. Limitations of the comparative statics[2] approach to measurement

From the mid-1970s in Australia, there were massive changes in living arrangements in Australia related to increased incidence of cohabitation and group household living, delayed marriage and childbearing, the emergence of high divorce rates, falling rates of remarriage, joint survival of older couples and increased longevity of older people. The ensuing changes in household type have been discussed by McDonald (1997). Kippen and McDonald (2000) have shown that there are almost one million older Australians alive today who would have been dead if the mortality rates of 1970 had continued over the past 30 years. It can only be expected that these changes have implications for patterns of housing tenure.

The character of these changes is dynamic with changes occurring across people's lifetimes and from one cohort to the next. In this context, the comparative statics methodology used by both Yates (2002) and Mudd et al. (2001) has limitations. These studies do not consider the impact upon tenure of variability in histories of education, employment, relationships and childbearing. For example, in the Yates (1999) study, a couple aged 30-34 with children in 1975 is equated with a couple with the same characteristics in 1995 although their histories of education, work, relationships and childbearing are very different on average. The children of the 1975 couple will be much older on average than those of the 1995 couple. Also, the length of time since commencement of first full-time job will be much longer for the 1975 couple than for the 1995 couple, and the length of the couple's relationship will be much longer. Housing tenure is more likely to be related to these histories than to cross-sectional characteristics.

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[2] Comparative statics refers to the comparison of some measure across time for people who have the same characteristics (such as age, sex, family type) at different points in time.

4. Other factors related to changing tenure

In the interpretation of changing trends in home ownership, there are a number of other factors that may need to be considered.

4.1. Growing income inequality

Yates (1999) and others (eg. Landt 1998) also suggest that increased income inequality may be a factor in lowered rates of home ownership among low-income people. In the early 1990s, many low-income, home owners who had purchased in the mid 1980s found themselves in a situation of negative equity. With this memory in an increasingly risk oriented economy, rental may be perceived to be a safer proposition for those on low income. Yates (1999) also argues that the availability of rent assistance may provide an incentive for low-income people to choose rental. More generally, she argues that public housing, rent assistance and negative gearing may mean that rental is more affordable for low-income people than ownership. Risk is generally more strongly felt at low incomes. The risk of job loss is more of a threat for those with low skills and all industrialised countries including Australia have a well-established history of retrenchments of low skilled people over the past two decades. In sum, the lived experience of the risk economy may make low-income people much more risk averse and, hence, reluctant to involve themselves in the risks of home ownership early in their lives.

4.2. Changes in housing stock

There is also an argument (Yates 1999) that the housing stock is changing to cater for particular household types, especially couples without children and singles, household types that are associated with deferral of 'the rest of your life' and with renting. Yates quotes Gyourko and Linneman (1997) who conclude that, in the United States, 'reduced access to home ownership among the less educated and lower income households is due to a lack of low to moderate quality housing stock in suburban areas where many of these households wish to locate'. This 'supply-driven' argument might also be used to explain lower home ownership rates among families with children more generally. This is a complex argument that requires sophisticated analysis of segmented, local housing markets. However, some basic analysis can be undertaken of over and under supply of particular housing types. This work has been undertaken in the ANU's study for AHURI of the projected demand for housing at a regional level and its relationship with existing supply (McDonald 2001).

4.3. Structural renting

The comparative statics approach of measuring trends in housing tenure does not take account of what might be termed 'structural renting', a concept analogous to structural unemployment. The hypothesis I am suggesting is that as life courses become more complex and as labour markets become more fluid and workers more mobile, people will be more likely to rent during cross-sectional periods of their life. The main examples are renting because the nature of a person's employment involves mobility or job changes, or renting after marriage breakdown. As these events become more common, people at the time of interview are more likely to be caught between episodes of home ownership much as today, people, at the time of interview, are more likely to be caught between jobs (structural unemployment). This again suggests that greater emphasis should be placed on lifetime measures than upon cross-sectional measures.

4.4. Immigration

Immigration may now be playing a different role in relation to housing tenure. First, as most immigrants rent in the early years after arrival, fluctuations in annual levels of migration can marginally affect home ownership rates. Second, the immigration source countries may move in the direction of those that may be more or less inclined to purchase housing than was the case with earlier movements. For example it may be that some immigrants from New Zealand are less committed to a lifetime in Australia than other groups and, hence, may be more inclined to rent. Third, in the 1990s, there has been a considerable shift to long-term temporary migration. It can be expected that these people would be more likely to rent than permanent settlers. The present stock of long-term temporary immigrants (more than 12 months in Australia) is around 300,000 people (McDonald and Kippen 2002).

5. Methodology proposed for the analysis of deferral versus lifetime achievement

5.1. Measurement of tempo and quantum

Yates (2001: 52) dismisses the possibility that observed housing tenure trends might be explained by deferral of home ownership rather than by lifetime non-achievement. The only evidence she states, however, is that there is very little first home purchase beyond age 45. This is not evidence of the impact of deferral upon ownership at younger ages.

The issue of deferral as opposed to lifetime achievement is the bread and butter of technical demography. Demographers refer to changes in the timing of lifetime events as 'tempo' changes and changes in the lifetime achievement of such events as 'quantum' changes. The methodology that demographers apply to these concepts is the life table. This methodology is used extensively in the estimation of lifetime outcomes such as:

What proportion of women will have no children during their lifetime?
What proportions of men and women will never marry during their lifetimes?
What proportion of marriages will end in divorce?

The input data to the life tables are age-specific rates or probabilities of first birth or first marriage, and duration-specific rates of marriage breakdown. Because these events tend to be concentrated in relatively short age or duration ranges, demographers conventionally examine transitions by single-year of age units, very much in contrast to the very wide age ranges used in Yates's 2002 study.

The analogous question in housing tenure terms is:

What proportion of people will own their own home at sometime during their lifetime?

5.2. Methodology

The data requirement is age-specific rates or probabilities of first home purchase for individuals. Expressed as a rate, the relevant measure is:

Number of persons aged x purchasing for the first time in Year Y
Number of persons who have never owned their own house at age x in Year Y

From these data, we can calculate the accretion curve of lifetime home ownership as age increases.

The following graph shows the general form of two different accretion curves of home ownership. The broken line indicates a later start to home ownership than the unbroken line, but both reach the same level of lifetime achievement of home ownership. If the two lines represent the experience of two successive birth cohorts, then this is an example of 'pure' deferral of home ownership with no fall across the lifetime. If, instead, the dashed line remained below the unbroken line throughout life, then lifetime achievement would be lower.

Accretion curve of lifetime home ownership
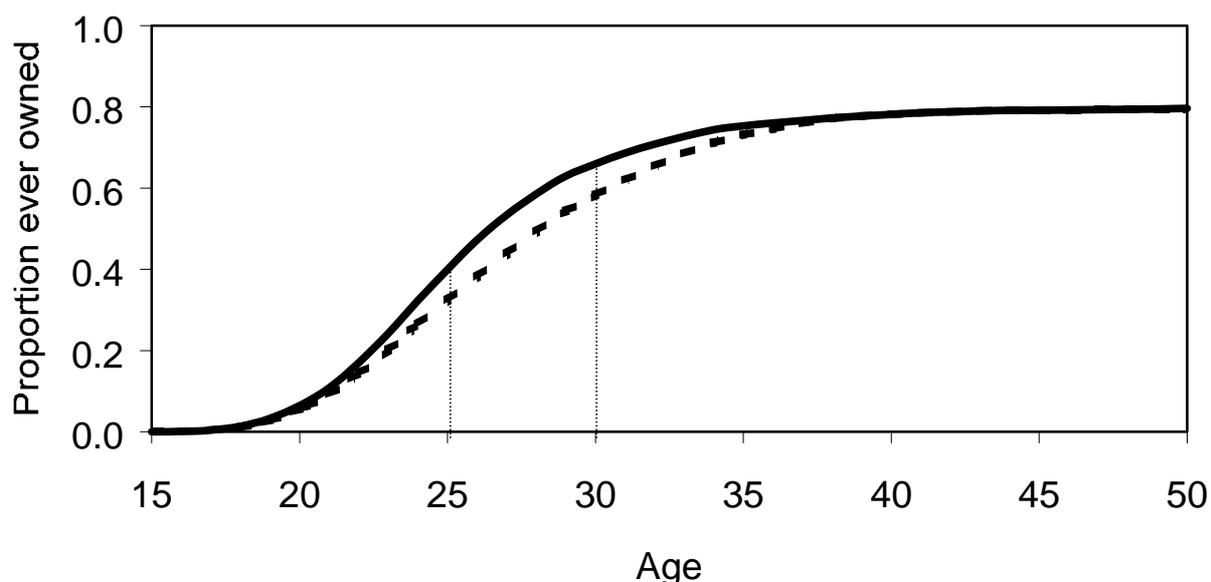
The slope and eventual level of this curve can be examined according to the characteristics of individuals, including their cohort or year of birth. Multivariate statistical analysis is also possible to examine the determinants of homeownership. Where the curve is incomplete, roughly when people are aged less than 40, the preferred approach to projecting the eventual quantum (the lifetime achievement of home ownership) is to complete the experience of age cohorts based upon either mathematical/statistical models or models that use the observed past interactions between the characteristics and experiences of cohorts and their home purchase.

The ultimate in this form of analysis is to construct multi-state models where people have probabilities of entering and leaving home ownership. This is analogous to entering and

leaving marriage. Multi-state marriage tables have been calculated recently for Australia by the ABS (2001).

5.3. Data sources

The use of single-year of age data necessitates fairly large databases. For this study, the intention is to pool responses from four surveys conducted in the 1990s that all measure the date of purchase of the first home. The four surveys are the 1997 Negotiating the Life Course Survey, the 1997 AIFS Life Course Survey and the 1994 and 1999 ABS Housing Surveys. These surveys all provide information on when an individual purchased their first home, recorded in single calendar years over the period in which we are interested. All surveys record the current age of the respondent, although the files available from the two ABS Housing Surveys provide this information only in five-year age groups. From these two variables (and the date of the survey), we can construct accretion curves of lifetime home ownership for successive Australian birth cohorts. We can also compare these with similar lifetime curves for birth cohorts relating to leaving the parental home, cohabiting for the first time, marriage and first birth available from the Negotiating the Life Course Survey and/or the AIFS Life Course Survey, and from the 1986 Australian Family Survey.

Another important form of analysis is possible from new panel survey data sets. With panel data, we can predict home ownership changes on the basis of observed changes in related aspects of people's lives. We have done this recently for AHURI in our paper on the fulfillment of home ownership aspirations within a three-year period using data from the Negotiating the Life Course Survey (Merlo and McDonald 2002). HILDA data could also be able to be used for this purpose when the second-round data become available in a year or so.

5.4. Conclusion

The study will consider the hypothesis that observed falls in homeownership at younger ages are the result of a delay in purchase rather than an increase in lifetime non-achievement of home ownership. It is further hypothesized that the delay of entry to homeownership is associated with a general delay in transitional life outcomes for young people that also includes commencement of fulltime work, leaving the parental home, marriage and childbearing. It has been argued that this phenomenon of delay of major life course transitions is broadly related to changes in the nature of the labour market that now encourage young people to invest more heavily in their own human capital (education and work experience) before 'getting on with the rest of their lives'.

The methodology to be applied is the conventional demography approach of investigating the relative importance of 'tempo' and 'quantum' effects. Tempo denotes the timing of a life

course transition in terms of the age at which the transition occurs while quantum denotes the proportion of a birth cohort of people who ever achieve the transition during their lifetime. Ever being a homeowner, in this framework, is analogous to ever having a birth or ever marrying. The standard demographic methodology applied to the investigation of tempo and quantum effects is the cohort life table. This study will construct cohort life table estimates for home ownership in Australia using data pooled from four surveys: the ANU 1997 and 2000 Negotiating the Life Course Surveys, the 1997 AIFS Life Course Survey and the 1994 and 1999 ABS Housing Surveys. Results for housing will be compared with results for other life course transitions derived from the same data sources. This includes commencing first full-time job, leaving the parental home, marrying and having the first child.

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