

## **Parental socio-economic position and young adults' housing, 1971-2011**

### **Background**

Financial constraints are making it harder for young adults to enter homeownership and live independently in the rental sector. In consequence, many young people are dependent on the housing support supplied by their parents through free or low-cost accommodation in the parental home or as assistance with living costs. These trends could deepen housing inequality between young people from more advantaged backgrounds and those whose parents are unable to provide housing support. This could reduce social mobility and transmit disadvantage down the generations.

### **Aim**

This study considers how parental socio-economic position, measured as occupational status, is linked to the housing position of young people aged 30-34. A core objective is to examine whether the role of parental socio-economic position has changed over time. This study complements and extends work on the impacts of parental housing tenure reported in Briefing Paper 1.

### **Key findings**

1. The probability that young people are homeowners in their early thirties is lower if their parents worked in routine or manual jobs than if their parents had higher managerial, administrative or professional occupations. Young people in their early thirties are more likely to be social tenants or living with a parent/sharing with other adults if their parents worked in less advantaged occupations. This indicates that the intergenerational transmission of disadvantage through the housing system may restrict social mobility.
2. Over the last twenty years young people in their early thirties have become less likely to be homeowners and more likely to rent privately. These trends have evenly affected young people from all socio-economic backgrounds.
3. The links between parental socio-economic position and young adults' housing outcomes have been very consistent over the last few decades.

### **Study design**

Data were drawn from the Office for National Statistics Longitudinal Study of England and Wales. This database contains the linked census records of a 1% sample of the population of England and Wales from 1971 to 2011. Census data on demographic attributes, living arrangements, qualifications, employment, health and housing are available. The sample consisted of all young people aged 10-14 who were living with a parent in the 1971, 1981 or 1991 census. The parental socio-economic position of these children was then linked to their housing position twenty years later when they were aged 30-34. The sample was divided into three cohorts as shown in Table 1.

*Table 1. Description of cohorts.*

Cohort	Born	Year in parental home (age 10-14)	Year of outcome (age 30-34)	N cases
1. Baby Boomers (BB)	1956-'61	1971	1991	26903
2. Post Boomers (PB)	1966-'71	1981	2001	25552
3. Generation X (GX)	1976-'81	1991	2011	19665

Source: ONS LS, own analysis.

Parental socio-economic position was defined using the National Statistics Socio-Economic Classification (NS-SEC) of their occupation or most recent job when young people were 10-14. NS-SEC classifies occupations in terms of employment relations and conditions. This study compares children whose parents worked in higher managerial, administrative and professional occupations (NS-SEC 1-2) with those whose parents worked in routine and manual jobs (NS-SEC 5-7).

## Findings

Figure 1 shows the percentage of young people from different cohorts and backgrounds living in four housing states when aged 30-34. The figure builds on the description of cohort trends presented in Briefing Paper 1. As household tenure is not necessarily informative when young people live in house shares or the parental home, the category 'not in an independent household' contains all young people living with a parent or other adult who is neither their partner nor child.

Figure 1. The percentage of young adults aged 30-34 in each housing state by cohort and parental socio-economic status.

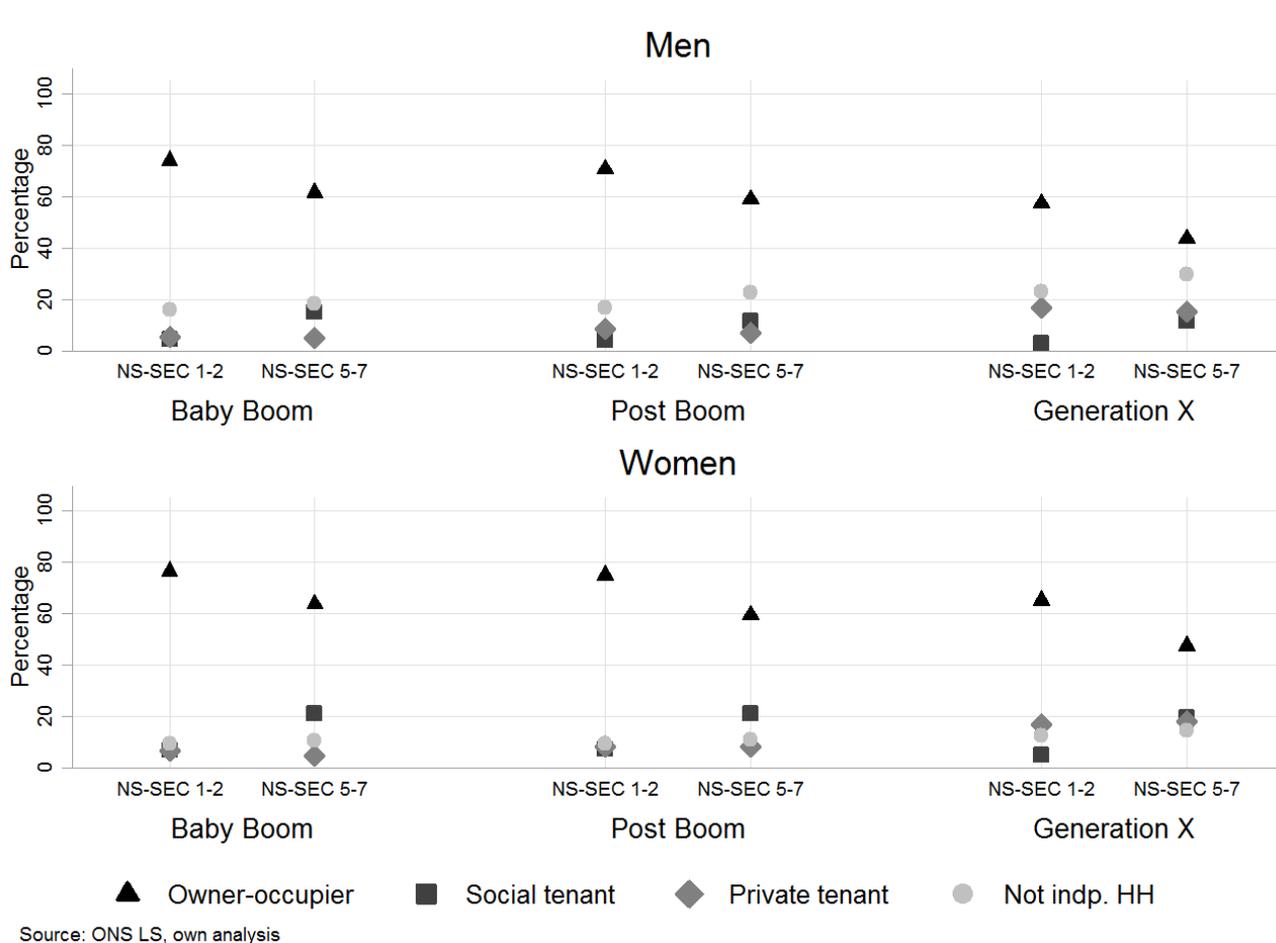


Figure 1 shows that young people whose parents worked in routine or manual jobs (NS-SEC 5-7) were considerably less likely to be homeowners in their early thirties than young people whose parents worked in higher managerial, administrative or professional jobs (NS-SEC 1-2). Although social tenancies were a more common outcome for children from less advantaged backgrounds, there is relatively little difference in rates of private renting or non-independent living by parental background. Importantly, these patterns are also very stable across the cohorts. This indicates a

persistent rather than strengthening link between parental socio-economic position and young adults' housing outcomes. Over the last two decades young people from all backgrounds have become less likely to own and more likely to rent privately at roughly the same rate.

Figure 2. The average effect of having parents with a routine or manual occupational status on the probability that young adults are living in four housing states aged 30-34 (reference category=parents with managerial, administrative or professional occupations).

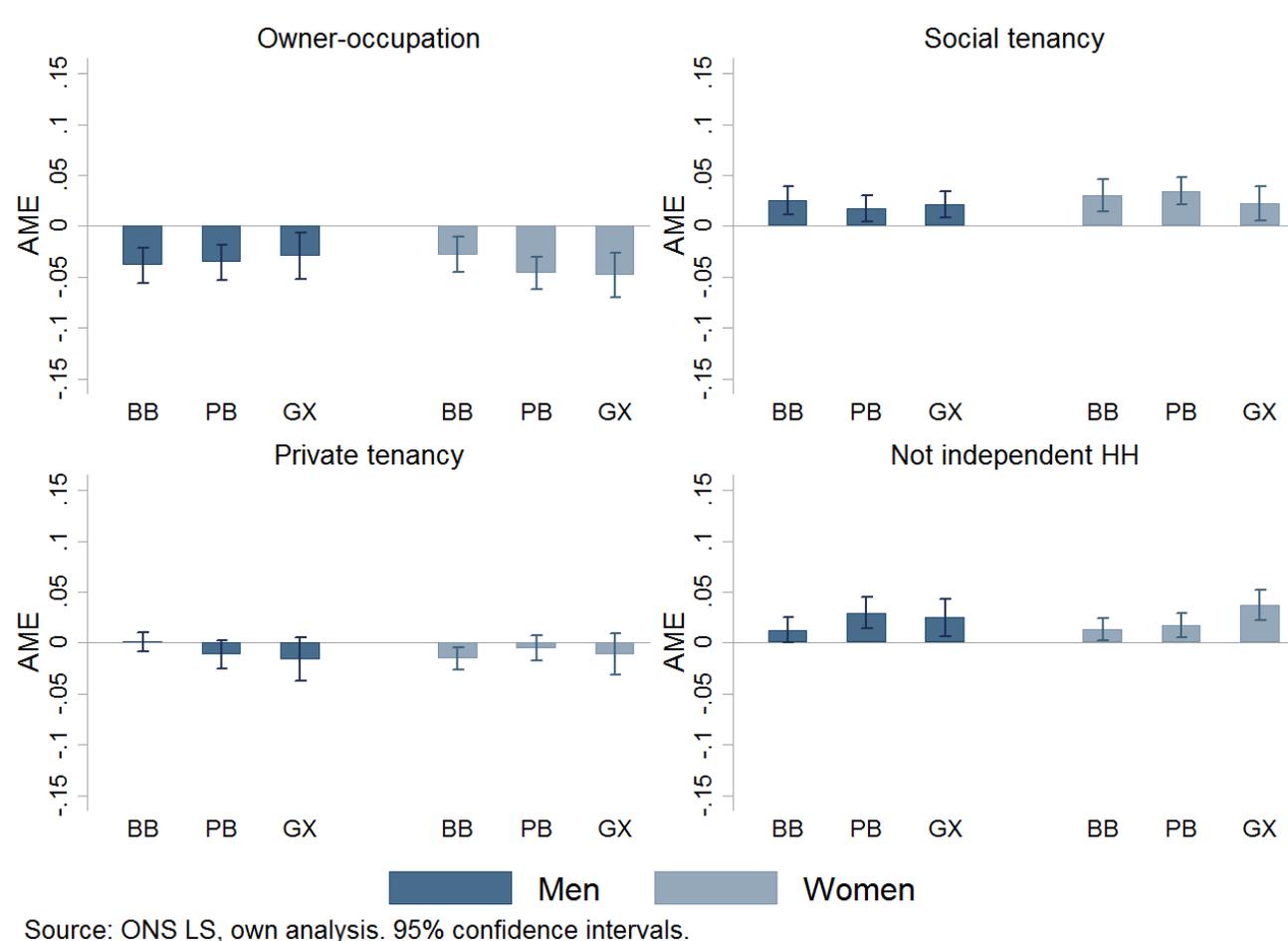


Figure 2 shows how parental socio-economic position is linked to young adults' housing after taking into account other factors such as ethnicity, health, family type, qualifications, employment and regional characteristics. Each of the four panels shows the Average Marginal Effect (AME) of having parents in NS-SEC 5-7 on a particular housing outcome. AMEs can be interpreted as the average change in the predicted probability of an outcome that occurs when each sample member's parental socio-economic position is first set to NS-SEC 1-2 (the reference category) and then changed to NS-SEC 5-7. AMEs greater than 0 indicate that having parents in NS-SEC 5-7 increases the relative probability of an outcome, while AMEs less than 0 indicate the reverse.

Figure 2 shows that the probability that young people are homeowners in their early thirties is several percentage points lower if their parents have a routine or manual occupational background (NS-SEC 5-7) than if they worked in higher managerial, administrative or professional jobs (NS-SEC 1-2). By contrast, the relative probability that young people are social tenants or not living in an independent household is slightly but significantly increased by having parents in NS-SEC 5-7. There are few significant links between parental socio-economic position and the probability that

young people rent privately in their early thirties. Crucially, Figure 2 suggests that the impact of parental socio-economic position on young adults' housing has not changed over time.

### Summary and implications

1. Young adults aged 30-34 are several percentage points less likely to be homeowners and several percentage points more likely to be social tenants or living with a parent/sharing their dwelling if their parents worked in routine or manual jobs as opposed to higher managerial, administrative or professional occupations. These effects are statistically significant even after accounting for other differences between young people. This indicates that family background shapes young people's housing position in ways that could restrict social mobility.
2. Over the last twenty years young people have become less likely to be homeowners and more likely to rent privately in their early thirties. These trends have fairly evenly affected all young people regardless of the socio-economic position of their parents.
3. The links between parental socio-economic position and young adults' housing attainments have been very consistent over the last few decades in spite of dramatic changes in educational participation, the welfare system and labour and housing markets. This indicates the persistent transmission of disadvantage between generations through the housing system.

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The derivation of NS-SEC classes is provided in Bukodi and Neuburger (2009) "Data Note. Job and occupational histories for the NSHD 1946 Birth Cohort" as part of the ESRC Gender Network Grant, Project 1 'Changing occupational careers of men and women' (RES-225-25-2001). The code was kindly provided by Erzsebet Bukodi and adapted for use in the LS by Franz Buscha and Patrick Sturgis as part of the ESRC grant 'Inter-cohort Trends in Intergenerational Mobility in England and Wales: Income, status, and class (InTIME)' [ES/K003259/1].

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