

Name of the thematic session: **Intergenerational Disadvantage**

Title of paper: **Role of family financial help in entering homeownership**

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Abstract

This project investigates the role of family financial support for young households in their tenure choice. There are different patterns of family involvement in the process of buying first home by a young household across Europe. In Southern European countries or Asia it is quite common for parents to help financially their children to buy their property, so income of the young households plays less significant role in determining their tenure choice (Earley, 2004). Preliminary results for Poland (which belongs to the atypical group of transition economies) show that family help, on the contrary, is more common for young households renting their accommodation. Dependence on family help is determined to some extent by state housing policy. The more developed state financial support for young households the less they need to rely on their parents and other relatives to help them buy their first home. Hampered entry into homeownership affects decision whether to form a new household at all. In Southern European countries (Italy, Spain, Portugal, Greece) the fact that children are living with their parents until late age (up to 30 years) is treated as part of their culture. However, changing housing market circumstances in other countries may lead to the same 'culture'.

In order to study the role of family financial help for young households a multinomial logit model will be estimated where the key explanatory variables of interest are the ones indicating wealth of parents (Enstrom Ost, 2009) and dummy variables indicating whether a young household received any financial help from family when purchasing a home. Multinomial logit model is used instead of a binary logistic model in order to account for different modes of rental tenure (private, public) and ownership tenure (full ownership, cooperative; e.g. Sweden, Poland) typical for particular countries.

In the first step a cross-sectional analysis will be carried out for a sample of households with the breadwinner aged 18-34, so as to enable a comparison of the largest possible number of countries. In the second step panel data available for several countries (concentrating on Great Britain, Germany and two transition economies Poland and Hungary) will be used to estimate random effects logit model.

Comparing results obtained for Great Britain and Germany is very interesting as they represent two extremely different structures of housing market: Germany with the dominance of rental market (and clear state support for rental market) and Great Britain with the dominance of home ownership (and clear state support for home ownership).