



## Understanding Homeownership Rates: the Impact of Co-residence Patterns

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**Abstract:** *The socio-demographic context, which includes the co-residence patterns associated with the decisions of young adults on whether to live in the parental household or enter homeownership or renting, is directly reflected in homeownership rates at the aggregate level as a consequence of these decisions. However, the way in which tenure statistics are reported also matters in this respect. This applies specifically to household-level statistics, which are most often used to characterise housing systems. It is therefore possible to ask whether countries with high homeownership rates and, simultaneously, high shares of adult children living with their parents are truly high-homeownership societies. This study identifies the countries for which the reported tenure statistics are more influenced by demographic conditions as compared to other countries. These are the Mediterranean countries and the Central and Eastern European countries (with some exceptions).*

**Keywords:** homeownership; comparative housing policy; welfare policy.



## Introduction

In the vast majority of developed countries, homeownership is the most frequent tenure status, which – at least partly – is the result of the housing policies that have been introduced for decades aimed at fostering homeownership acquisition, mainly through tax incentives and credit accessibility. Homeownership rates still remain at relatively high levels, despite the trends emerging in the post-GFC era signalling a retreat from mass homeownership (see, e.g., Arundel and Ronald 2021, Arundel and Doling 2017). The decline in homeownership, as well as rising housing tenure inequality and housing wealth inequality, affects, to a large extent, younger cohorts of adults (Dewilde 2020, Christophers 2021, Smith et al. 2022). This naturally impacts co-residence patterns associated with the decisions of young adults on whether to live in the parental household versus entering homeownership or renting.

This socio-demographic context is directly reflected in homeownership rates as a consequence of the above choices at the aggregated level. However, the way in which tenure statistics are reported also matters in this respect. This has its roots in the methodology behind surveys, where formal owners are often not identified, and the tenure status is attributed to a household as a whole or equally to all household members. In this regard, questions can be posed as to whether the statistics on homeownership rates may be somewhat biased by socio-demographic factors, or whether countries with high homeownership rates and, simultaneously, high shares of adult children living with their parents are *truly* high-homeownership societies. When we compare countries with exactly the same homeownership rates but considerably different shares of young adults living with their parents, a different picture emerges. Thus, adding the socio-demographic context alters the perspective.

The previous literature to a large extent ignores the influence of demographics on homeownership rates. One of the very first works that points to co-residence rates as a factor explaining diversity in homeownership rates across countries is the recent study by Grevenbrock et al. (2023). Based on simulations conducted using an overlapping-generations model, they demonstrate that the substantial differences between homeownership in Germany and Italy are associated with the differences in co-residence patterns. In this study this issue is explored in a somewhat different manner and covers a much broader range of countries. To address the abovementioned concerns, EU-SILC aggregated statistics are employed. The empirical investigation covers 29 European countries. To explore the recent changes in the phenomena studied, it also includes comparisons over time, i.e. for 2012 and 2022. Young adults in this study are identified with the age group between 25 and 34 as it comprises individuals that have typically already finished post-secondary school formal education and entered full-time employment. Thus, this is the phase of life when young people tend to become less dependent on their parents and have greater ability to live on their own. This study focuses on co-residence rates, so it pays attention specifically to young adults who for different reasons (financial, cultural, personal, etc.) decide to live in the parental household.

## Homeownership and co-residence

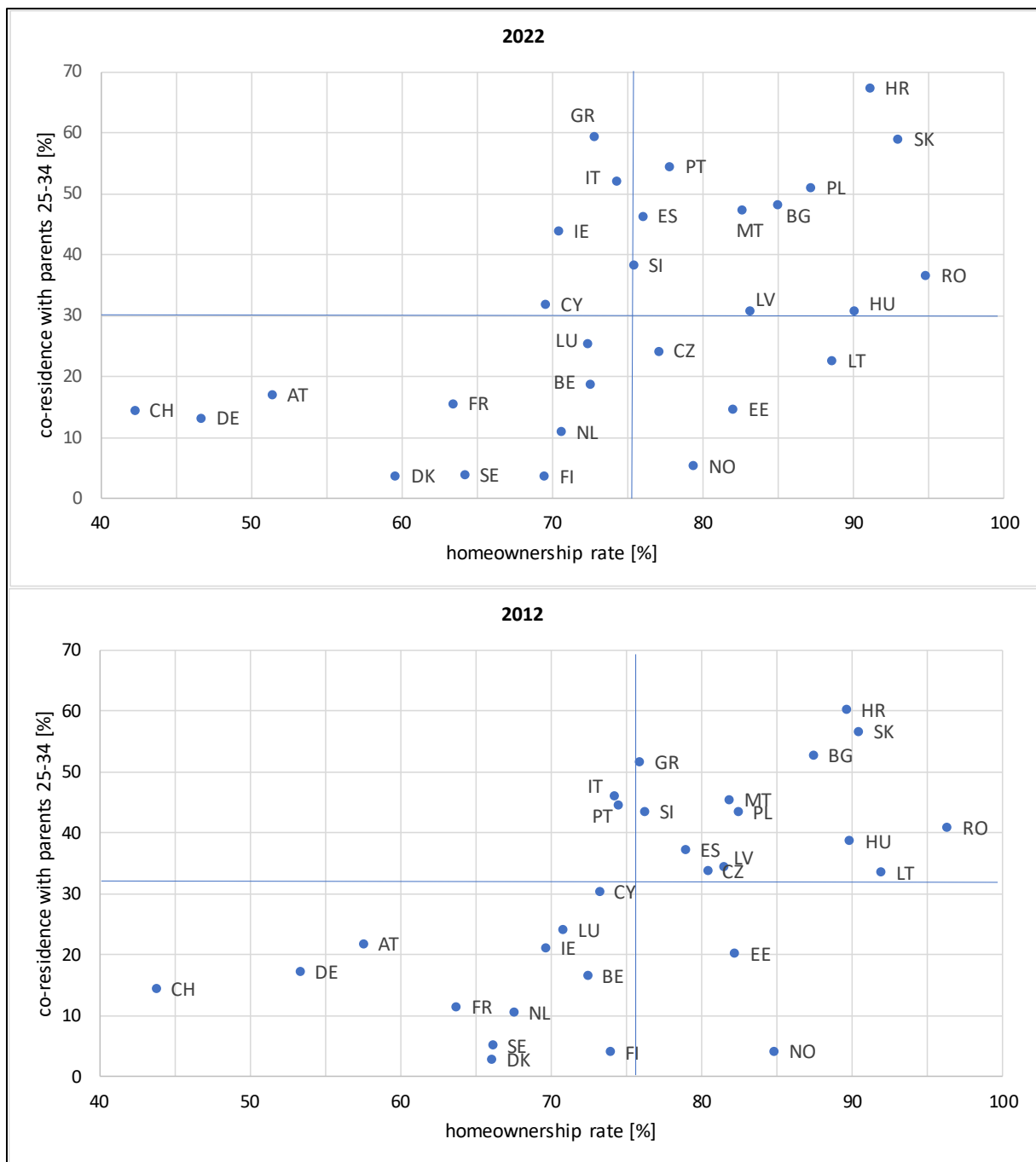
Figure 1 presents a detailed picture of the relationship between homeownership rates reported at the household level and the share of adults aged 25–34 living with their parents. The correlation between those two variables is moderate and positive (i.e. the Pearson correlation



coefficient equals 0.54 for 2022 and -0.59 for 2012, respectively). However, the results indicate a large variation. Countries can be categorised into four groups in terms of their position with reference to the average levels of both variables (i.e. their location above or below the median value). The first group, situated in the bottom right corner of the correlation plot, covers the countries that can be regarded as high-homeownership states, where the low co-residence rates do not significantly bias homeownership statistics. It includes Norway, Estonia, Czechia, and Lithuania. The second group, located in the bottom left corner, covers the countries where owning a home is relatively less common; the rental market plays a greater role compared to the previous group, but the occurrence of co-residence with parents is also relatively small. Thus, tenure distribution is not largely affected by the share of young adults living with their parents. In this group, three countries stand out: Austria, Germany, and Switzerland. They are typically regarded as 'societies of renters'. The remaining countries in this group, i.e. Denmark, Sweden, Finland, the Netherlands, Belgium, France, and Luxembourg, are closer to the median homeownership rate. The third group, i.e. Greece, Italy, Ireland, and Cyprus, located in the upper left corner, is relatively less numerous, and it covers the countries with homeownership rates between 70% and 75% and high co-residence rates. However, this group is very close to the fourth group consisting of Portugal, Spain, Malta, Slovenia, Latvia, Hungary, Romania, Bulgaria, Poland, Slovakia, and Croatia. For the aforementioned countries, situated in the upper right corner of the graph, high homeownership statistics can be misleading given that a large fraction of young adults reside with their parents, because, to a large extent, they cannot afford to rent or to buy their own residence. Nonetheless, in conventional tenure statistics they are recognised as homeowners.



**Figure 1: Relationship between the homeownership rate and the share of young adults aged 25–34 living with their parents**



*Note: Division into quarters according to the median values of the homeownership rate and co-residence rate.*

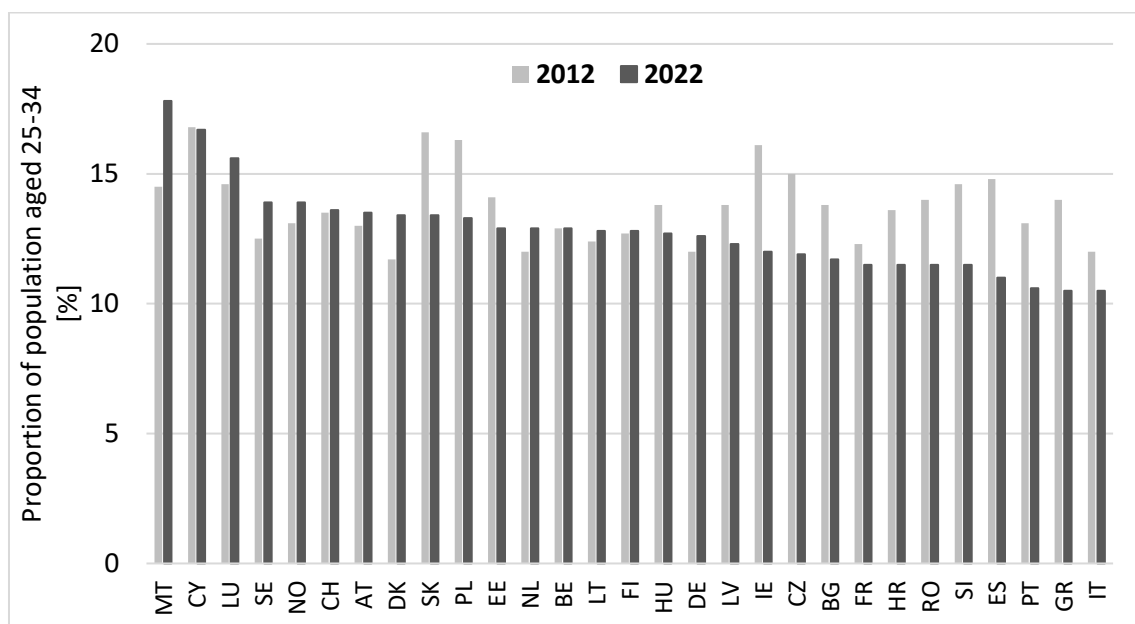
*Source: Author's elaboration based on Eurostat (EU-SILC) (2024a, 2024b).*



## Socio-demographic background

To understand the impact of demography with reference to young adults on the homeownership rates, it is important to acknowledge the size of this age group in the demographic distribution. As reported in Figure 2, in the majority countries studied the share of the 25–34 age cohort in the total population ranges between 11% and 14% and, on average, is lower than a decade ago. These figures, along with information on the co-residence rate in each country, provide some insights into the scale of the phenomena and its possible overall impact on homeownership rates. If, hypothetically, co-residing young adults formed separate households, this could considerably alter the picture of tenure distribution.

**Figure 2: The share of young adults aged 25–34 in the population [%]**



Source: Eurostat.

As argued by Acolin et al. (2023), housing affordability is the factor that strongly drives high co-residence rates. Similarly, Flynn and Schwartz (2017) point to unequal access to housing as the cause of the re-familiarisation trend, which is reflected in a high share of young adults residing with their parents. These findings imply that the market and financial capability play a great role in relation to co-residence decisions. Grevenbrock et al. (2023) and Wu et al. (2023) state that as well as housing affordability, cultural norms and personal preferences also determine the choice to live in the parental household. To verify these possible determinants, the gender gap in terms of co-residence rates can be identified. The gap is defined in this study as the difference between the co-residence rate for young males and for young females, respectively. It accounts for the country-specific cultural norms and preferences. As presented in Table 1, for the countries studied, in 2022 it ranged between 1.0 p.p. (Sweden) and 27.7 p.p. (Bulgaria), with the median value equalling 10.2 p.p. Compared to the co-residence rates, the gender gaps reported for the majority of countries are of a considerable size. This implies that – despite the existing gender pay gap – young females are less eager to live in their parental household than young males and suggests that non-financial reasons also matter for co-residence decisions. However, comparisons between 2012 and 2022 allow the conclusion that while in average terms gender differences in co-residence rates decreased, in some countries



they increased (i.e. Belgium, Denmark, Ireland, Greece, Poland, Slovenia, Slovakia, and Finland).

**Table 1: Country statistics on co-residence and mortgage**

	2012				2022			
	co-residence 25-34 males [%]	co-residence 25-34 females [%]	co-residence 25-34 gender gap [pp]	mortgage-to-GDP ratio [%]	co-residence 25-34 males [%]	co-residence 25-34 females [%]	co-residence 25-34 gender gap [pp]	mortgage-to-GDP ratio [%]
Belgium	20.4	12.7	7.7	47.5	23.9	13.7	10.2	56.2
Bulgaria	68.3	35.6	32.7	8.5	61.5	33.8	27.7	11.1
Czechia	42.7	23.8	18.9	17.1	33.0	15.4	17.6	23.7
Denmark	4.0	1.5	2.5	90.6	5.4	1.9	3.5	75.6
Germany	24.3	10.7	13.6	43.2	16.5	9.8	6.7	47.6
Estonia	24.8	15.5	9.3	32.6	19.0	9.7	9.3	29.0
Ireland	26.8	16.3	10.5	55.5	51.6	35.6	16.0	15.5
Greece	60.7	42.0	18.7	39.6	69.8	48.8	21.0	14.3
Spain	43.6	30.7	12.9	84.8	51.3	41.3	10.0	36.7
France	15.6	7.6	8.0	41.7	19.3	12.0	7.3	48.5
Croatia	70.8	49.0	21.8	18.6	76.0	58.2	17.8	14.8
Italy	54.9	37.0	17.9	22.5	55.9	48.0	7.9	22.4
Cyprus	38.6	22.7	15.9	65.2	37.3	26.8	10.5	31.3
Latvia	42.6	26.4	16.2	24.1	38.3	22.8	15.5	12.1
Lithuania	43.0	23.5	19.5	17.4	30.0	15.1	14.9	17.2
Luxembourg	31.6	16.9	14.7	46.7	26.4	24.3	2.1	57.1
Hungary	48.8	28.7	20.1	19.9	37.9	22.9	15.0	8.3
Malta	53.9	36.9	17.0	41.9	53.7	39.8	13.9	46.7
Netherlands	16.1	4.9	11.2	106.2	14.7	7.1	7.6	86.4
Austria	30.0	14.4	15.6	27.1	21.4	12.6	8.8	31.8
Poland	49.3	37.4	11.9	20.5	58.3	43.3	15.0	16.2
Portugal	51.2	37.8	13.4	65.7	57.7	51.0	6.7	42.5
Romania	55.7	25.3	30.4	6.6	46.2	25.9	20.3	7.5
Slovenia	53.0	33.3	19.7	22.6	49.5	25.9	23.6	13.9
Slovakia	64.1	47.7	16.4	18.7	67.6	48.4	19.2	37.9
Finland	5.8	2.0	3.8	43.0	5.6	1.4	4.2	41.0
Sweden	7.0	3.0	4.0	77.9	4.3	3.3	1.0	84.6
Norway	6.1	2.3	3.8	65.8	6.5	4.0	2.5	58.9
Switzerland	20.8	7.7	13.1	128.0	19.2	10.4	8.8	n/a
<b>Median</b>	<b>42.6</b>	<b>23.5</b>	<b>14.7</b>	<b>41.7</b>	<b>37.3</b>	<b>22.9</b>	<b>10.2</b>	<b>31.6</b>

Source: Eurostat (EU-SILC) (2024b) and European Mortgage Federation.

Additionally, Table 1 presents detailed information on the mortgage-to-GDP ratio as a proxy for reliance on the financial market for homeownership acquisition. The results of the correlation analysis presented in Table 2 suggest a negative relationship between aggregated mortgage and co-residence rates. In countries where homeownership is acquired mainly through



the financial market, young adults co-residing with parents tend to be less common. A similar negative correlation can be observed for the co-residence gender gap and mortgage-to-GDP ratio. This implies that access to homeownership with a mortgage is associated with a co-residence gender pattern.

**Table 2: Correlation matrix**

2022				
	Home-ownership rate [%]	Co-residence 25-34 total [%]	Co-residence 25-34 gender gap [pp]	Mortgage-to-GDP ratio [%]
Home-ownership rate [%]	1.00			
Co-residence 25-34 total [%]	0.54	1.00		
Co-residence 25-34 gender gap [pp]	0.56	0.65	1.00	
Mortgage-to-GDP ratio [%]	-0.52	-0.60	-0.76	1.00
2012				
	Home-ownership rate [%]	Co-residence 25-34 total [%]	Co-residence 25-34 gender gap [pp]	Mortgage-to-GDP ratio [%]
Home-ownership rate [%]	1.00			
Co-residence 25-34 total [%]	0.59	1.00		
Co-residence 25-34 gender gap [pp]	0.54	0.78	1.00	
Mortgage-to-GDP ratio [%]	-0.52	-0.60	-0.67	1.00

*Note: The table presents the Pearson correlation coefficients calculated for 28 countries.*

*Switzerland is excluded from the analysis due to data gaps.*

*Source: Author’s calculations based on Eurostat (EU-SILC) (2024a, 2024b) and European Mortgage Federation data.*

## Conclusion

As demonstrated in this study, for some developed countries homeownership rates tend to be overestimated, as, to some extent, they are determined by the socio-demographic factors associated with the co-residence of young adults and their parents. The results reported in this study for 29 European countries support the findings of Grevenbrock et al. (2023), who also suggest considering co-residence as a distinct living arrangement, i.e. an informal substitute for renting. This tends to be overlooked by tenure statistics that report homeownership rates. The problem applies specifically to household-level statistics, which are used most often to characterise housing outcomes. Thus, individual-level statistics are more comprehensive in this respect, but only on the condition that the household members who are the official homeowners are adequately identified in the surveys.

This study also made it possible to identify the countries for which the reported tenure statistics are more susceptible to the influence of demographic conditions than others. These are the Mediterranean countries and Central and Eastern European countries (with some exceptions,



namely Estonia, Czechia, and Lithuania). In their cases, high homeownership rates are accompanied by high shares of young adults living with their parents. This raises some doubts as to whether they are *truly* high-homeownership societies. Their housing systems can be described as pre-commodified, which implies that the family, not the market or the state, is the main institution that provides support in fulfilling housing needs (see Marcinkiewicz 2023, Delfani et al. 2014, Schwartz and Seabrooke 2008), which explains such housing outcomes as high co-residence rates.

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