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Barriers to Homeownership Among Young People in Australia: Unpacking Competing Hypotheses

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ABSTRACT

The homeownership prospects of young people are declining globally. There have been widespread public concerns regarding barriers posed by unaffordable housing markets and tighter borrowing constraints, but equally a recognition that parental assistance can overcome these constraints. At the same time, public commentary often suggests that young people exhibit behaviours that are not conducive to saving for home purchase. This paper tests the relative importance of competing hypotheses regarding the barriers to homeownership among young people using the Household, Income and Labour Dynamics in Australia Survey. We find strong evidence that affordability constraints in the form of unaffordable housing markets and binding borrowing constraints are key barriers to homeownership. These constraints can be mitigated in the presence of intergenerational support as receipt of parental transfers in excess of AU$5000 quadruples the odds of achieving ownership. Poor saving habits, short-term financial planning and labour market precarities have negative impacts on homeownership prospects, but they are relatively less important drivers of homeownership attainment than affordability constraints and parental transfers.

1 | Introduction

The homeownership prospects of young people are declining globally. This has been documented widely in long-run trends across many countries. Smith et al. (2022) found that the owner-occupied sector had shrunk disproportionately and increasing among those young people in Australia, the United Kingdom and United States of America during 2001–2017. By 2017, only around one-third of 25–34 years olds were homeowners in Australia and the United Kingdom and this share was even lower at 27% in the United States. Clark (2019) echoes these findings in a USA study on Millennials, documenting the long-run decline in the rate of homeownership and number of homeowners among young Americans. For instance, the study showed that the number of homeowners among those aged 30–34 had declined from 5 million to 3.7 million between 2000 and 2015, representing a 26% fall in homeownership rates in a 15-year period. The decline in homeownership access by young people is also a widespread phenomenon in Europe (Dewilde 2020). Hochstenbach and Arundel (2021) note growing generational fractures in homeownership access during 2011–2018 as the rates of owner-occupancy among young adults in the Netherlands declined whilst homeownership rates increased for those aged 60+. Thus, in numerous countries, growing masses of young people are now confronting a future of long-term renting with little prospect of owning a home (McKee et al. 2017).

In Australia, successive government policies have promoted homeownership via tax preferences and concessions, which have arguably stimulated over-investment in property (Wood and Ong 2012). Soaring house prices have therefore widened

the housing wealth gap between homeowners and renters, which have inevitably increased the intergenerational housing wealth gap (Ong ViforJ and Phelps 2023). Australia's median house price-to-income multiples has been rising steadily, from 2.8 in the early 1990s to 6.9 in 2019 and 8.2 in 2022. Some of Australia's major housing markets—especially Sydney and Melbourne—are now ranked among the most unaffordable cities among Anglo-Saxon countries (Urban Reform Institute and Frontier Centre for Public Policy 2023). This has resulted in a lack of home purchase opportunity for young people. However, for young people whose parents are able and willing to assist with their home purchase through intergenerational transfers, this lack of opportunity can be bridged (Cigdem and Whelan 2017; Ong ViforJ, Clark, and Phelps 2023).

However, another camp espouses the argument that the young are largely hampered by attitudes and habits that are not conducive for first home purchase. Indeed, this has led to Millennials being coined the 'smashed avocado' generation by commentators (Salt 2016; Levin 2017), suggesting they display frivolous spending habits that prevent effectively saving for their first home. This argument is yet to be tested empirically. Furthermore, there is a significant psychology literature on personality traits, though none have empirically tested the impacts of personality on homeownership outcomes. Nonetheless, this literature offers tangential evidence that personality traits can influence outcomes that are linked to tenure choice, including residential mobility decisions (e.g., Clark, Ong ViforJ, and Phelps 2023).

There is a wider global context that likely has impacts on young people's ability to enter into long-term mortgage commitments that are necessary for home purchase. Fast-paced technological changes have quickened the pace at which jobs become obsolete, and the spread of flexible employment has resulted in a transfer of risk from employers to workers (Wood and Ong 2012). Therefore, the actual and perceived risks that young people face in their futures will likely affect their home purchase decisions, especially in light of emerging evidence that homeownership-centred mortgage-backed housing systems such as Australia's are becoming increasingly precarious across all tenures (Wood and Ong 2017).

Competing arguments have stoked intergenerational tensions and ignited ongoing debates between the young and old (Willetts 2010; Rayner 2016). This paper will test the relative importance of competing hypotheses in regard to barriers to homeownership faced by young people. Thus, this paper will add new knowledge to inform a policy challenge that affects multiple generations, but is as yet unsupported by a comprehensive evidence base. The paper will also make new contributions to the literature by integrating conceptual frameworks from multiple disciplines to inform analysis of home purchase decisions made by young people.

2 | Literature Review

2.1 | Affordability Constraints and Home Purchase

The analysis of home purchase decisions has its roots in mainstream housing economics, which hosts an extensive bank of studies concerned with the economic determinants of tenure choice. The literature on tenure choice and homeownership rates dates back several decades, though the emphasis of the literature has changed over time. Early studies focused on the role of the relative price of owning versus renting, which is often driven by tax settings (Laidler 1969; King 1981). In the 1990s, the role of rising housing asset prices and credit constraints gained prominence as property prices escalated globally (Jones 1995; Wood, Watson, and Flatau 2006; Andrew 2012).

The emphasis was on binding home purchase affordability constraints that prevented aspiring homebuyers from being able to purchase a home that met their housing demand due to the inability to bridge deposit or mortgage payment requirements. In more recent years, the tightening of mortgage credit after the Global Financial Crisis has been repeatedly identified as a key driver of the decline in homeownership rates in the United States (Myers et al. 2019; Acolin, Goodman, and Wachter 2019). Using an index of mortgage market depth and turmoil, Dewilde (2020) also confirmed that deteriorating homeownership opportunities were strongly linked to growing credit constraints for young people in Europe.

2.2 | Intergenerational Transfers and Home Purchase

The relationship between parental wealth and adult children's ownership status has been well-established in the literature (see, for instance, Mulder et al. 2015; Coulter 2018). Most studies on intergenerational transfers have found a positive association between direct financial transfers from parents and children's access to homeownership. For instance, Cigdem and Whelan (2017) found that among Australians aged 25–45, receipt of *inter vivos* parental transfers (bequests) during a specific time period is associated with a 5.2% (3.7%) higher probability of becoming a homeowner in the next time period. In the USA, Lee et al. (2020) also demonstrates a direct association between parental financial transfers and access to home purchase by those aged 25–44, where receipt of parental transfers greater than US$5,000 increases adult children's probability of becoming owners in the next year by 15%. Other papers demonstrating these positive links include Mulder and Smits (2013) in the Netherlands and Spilerman and Wolff (2012) in France.

However, comparatively little research has been done on in-kind intergenerational transfers, a common example being co-residence with parents (Arundel and Ronald 2016). Because co-residence usually allows adult children to live rent-free or pay board that is below market rates, it is a form of in-kind parental assistance as it allows money that would otherwise be spent in the private rental market to be diverted towards savings for a house deposit (Chia and Erol 2022). In the UK, Köppe (2018) found that young people co-residing with their parents were able to purchase their first home earlier than those in the private rental market. In Australia, while Ong ViforJ, Clark, and Phelps (2023) did not find significant positive associations between co-residence with parents and adult children's homeownership prospects in Australia, they do find that individuals

who live rent-free in dwellings provided by family and friends (e.g., a parent's second property) have triple the odds of achieving homeownership relative to those living in the private renal market.

2.3 | Financial Attitudes and Home Purchase

There is a great deal of media commentary regarding young people's financial attitudes, with many suggesting that younger generations display reckless spending habits that erode their homeownership prospects. Australian social commentator Bernard Salt spectacularly wrote in his newspaper column (2016, 34):

> *I have seen young people order smashed avocado with crumbled feta on five-grain toasted bread at $22 a pop and more. I can afford to eat this for lunch because I am middle-aged and have raised my family. But how can young people afford to eat like this? Shouldn't they be economising by eating at home? How often are they eating out? Twenty-two dollars several times a week could go towards a deposit on a house.*

The contentious column drew media attention globally when it was published and continues to be referenced in media when reporting on young people's financial attitudes and housing prospects. For instance, in her book, Millennial author Haddow (2019, 27) arrived at the conclusion that:

> *Bernard Salt was right ... many of us have set up lifestyles that aren't doing us any favors when it comes to property ownership.*

Despite widespread social commentary, to our knowledge, the links between young people's financial attitudes and their homeownership prospects have never been tested empirically.

2.4 | Personality Traits and Home Purchase

To our knowledge, no study has empirically estimated the links between personality traits and attainment of homeownership. Ben-Shahar and Golan's (2014) behaviour economics study found that agreeableness, conscientiousness and neuroticism were negatively correlated with preference for renting over homeownership. However, the tenure variable being investigated was a tenure 'preference' variable. This deviates from the present study, which explicitly focuses on tenure outcomes, rather than tenure preferences. Two other strands of literature offer some insights into possible links.

The first strand comes from the field of psychology, which has shown evidence that residential mobility is positively linked to openness, extraversion (Campbell 2019; Clark, Ong ViforJ, and Phelps 2023) and neuroticism (Jokela 2014). On the other hand, agreeableness has been found to be inversely linked to mobility (Jokela 2009; Jokela 2014). Since homeownership is linked to lower residential mobility than renting (Caldera Sánchez and Andrews 2011), it may be the case that traits associated with lower odds of mobility are in fact also associated with higher odds of homeownership. However, this has not been tested empirically.

2.5 | Labour Market Precarity and Home Purchase

The growth in labour market precarity been widely associated with a decline in homeownership among young people (Arundel and Doling 2017). Troy et al. (2023) highlighted a high incidence of young people having multiple jobs, desiring additional work hours, and experiencing income volatility which was at odds with the long-term planning required to save for home purchase. Insecure and short-term employment among younger households is often incompatible with the long-term financial commitment required to pay down mortgages post-home purchase (Wood and Ong 2012). More broadly, precarious work can delay transitions to adulthood, as young people tend to seek permanent, full-time employment before they make other life commitments such as marriage, having children, and buying a home (Cuervo and Chesters 2019; Bone 2019).

There is now a large youth studies literature that describe the uncertain futures faced by young people against a backdrop of increasing risks and uncertainties (Cuzzocrea and Mandich 2016; Ravn 2019). The theme of precarious work is a constantly recurring one when barriers to homeownership are discussed; however, most studies have been conceptual or qualitative in nature (e.g. Bobek, Pembroke, and Wickham 2021; Bone 2019; Wood and Ong 2012). While Cuervo and Chesters (2019) and Troy et al. (2023) drew on survey data from young people, their statistical analysis was descriptive. Studies have highlighted the plight of young people who are increasingly trapped in housing pathways that are chaotic (Troy et al. 2023; Hochstenbach and Boterman 2015).

In summary, the literature review has uncovered various gaps in the literature pertaining to young people's homeownership prospects, which this study seeks to fill via empirical contributions. First, commentary on young people's financial attitudes and references to the 'smashed avocado' generation have been largely anecdotal. Second, while personality traits have been showed to be statistically linked to residential mobility and tenure preference, no study has empirically estimated the links between personality traits and attainment of homeownership by young people. Third, young people are facing precarious housing futures marked by precarious work, which in turn affects their housing pathways, but evidence is largely conceptual, qualitative or statistically descriptive. The present study seeks to address these gaps by modelling the links between all these factors and young people's homeownership chances, and comparing the extent to which each of these matter against the challenge of rising home purchase unaffordability.

This study also seeks to make a conceptual contribution by integrating concepts from the overlapping fields of mainstream economics, behavioural economics, behavioural

finance, psychology and sociology, and empirically testing which concepts are most pertinent to the study of young people's homeownership prospects. The relevant concepts, and derived hypotheses, are detailed next.

3 | Conceptual Frameworks and Hypotheses

The importance of affordability constraints is a key concept within the tenure choice literature in mainstream housing economics, while the use of intergenerational transfers to access home purchase opportunity draws from economist Gary Becker's extensive work on the theories of family investment and intergenerational mobility. Specifically, Becker et al. (2018) theorise that on average, wealthy parents invest more in their offsprings than poorer parents, resulting in persistence of economic status across generations even in a world where capital markets are perfect and children exhibit no difference in innate ability. From these, we derive the first hypothesis as follows.

H1. *Young people's home purchase opportunities decline as affordability constraints grow, but these opportunities increase with access to intergenerational transfers, all else being equal.*

In regard to financial attitudes, we draw on the newer field of behavioural economics. The theoretical underpinnings of the 'financial attitudes argument' are steeped in Richard Thaler's Nobel prize-winning contributions that integrate psychology into economic analysis of savings behaviour. Of particular relevance is Thaler's 'planner-doer' model, developed jointly with Shefrin, which describes a tension between the 'planning self' and 'doing self'; the former makes decisions for lifetime utility gain while the latter is driven by short-term utility gain (Thaler and Shefrin 1981; Shefrin and Thaler 1988). This seminal work has been applied widely to better understand retirement savings behaviour (Thaler and Benartzi 2004), but has not been applied to the analysis of young people's home deposit savings behaviour. We therefore formulate our second hypothesis as follows.

H2. *Young people who are 'planners' have higher chances of becoming homeowners than those who are 'doers', all else being equal.*

The field of psychology is replete with studies highlighting the influence of different personality traits on individual behaviours and decisions. While no study has specifically modelled the impacts of young people's personality on their homeownership outcomes, we draw conceptual links from three inter-related disciplines. First, Ben-Shahar and Golan's (2014) behavioural economics study suggests that agreeableness, conscientiousness and neuroticism are positively linked to preference for homeownership over renting. Second, psychology studies have found that openness and extraversion (agreeableness) are linked to higher (lower) residential mobility (Clark, Ong ViforJ, and Phelps 2023; Jokela 2014). We posit that preference for homeownership will inevitably lead to actual homeownership as long as affordability constraints do not bind, and that personality traits that result in lower residential mobility are more likely to be found in homeowners.

H3. *Young people who exhibit personality traits of agreeableness, conscientiousness or neuroticism are more likely to become homeowners, while those who exhibit traits of extraversion or openness are less likely to become homeowners, all else being equal.*

In sociology, societal transformations can be visualised through Beck (1992) risk society framework, which has highlighted concerns regarding globalisation and technological change as propagators of widespread insecurity that has weakened people's sense of control over their lives (see also Giddens 1990; Wood and Ong 2012). The problem of precarious work is a consistent theme within the risk society (Wood and Ong 2012). Indeed, Cuervo and Chesters (2019, 302) highlights the 'impossibility to plan for the future' faced by young people. In a similar vein, Troy et al. (2023, 45) notes that for low-income young people, 'saving becomes difficult at best, and impossible at worst'. This leads to the final hypothesis.

H4. *Young people who face labour market precarity have lower chances of becoming homeowners than those with more secure labour market futures.*

4 | Data and Methods

4.1 | Data and Sample

To test our hypotheses, we draw on the Household, Income and Labour Dynamics in Australia (HILDA) Survey, an annual panel survey that began in wave 1 in 2001 with about 7600 households and 19,900 adults and children. The HILDA Survey is the only nationally representative panel data set in Australia and closely follows the design of other established panel surveys such as the British Household Panel Survey and Panel Study of Income Dynamics (Watson and Wooden 2012).

We pool together data from waves 6 to 20 of the HILDA Survey spanning the years 2006–2020. While the survey began in 2001, some of the key predictors are not available for the first time till later in the survey timeframe. We select non-dependent individuals aged 25–44 years old in each wave who are not homeowners. This includes private renters, public renters, people co-residing with their parents, or living in rent-free dwellings. We exclude group and multifamily households as it is not possible to accurately identify which household member is the dwelling's legal owner in each wave. The majority of first homebuyers in Australia fall within the age range of 25–44 (Australian Bureau of Statistics 1999, 2022c), ensuring that our sample reflects young people who are more likely than not to be aspiring towards first homeownership.

The characteristics and circumstances of each individual in the sample at wave t is matched to the individual's homeownership status at the subsequent wave $t+1$. As an example, suppose a respondent in the sample was interviewed in all waves of the survey from 2006, but was a non-owner during 2006–2013, achieving homeownership in 2014 and remaining an owner till the end of the survey timeframe. For this respondent, we are able to pool eight non-owner observations from 2006 to 2013 at

wave *t*, and match each of the eight observations to the individual's homeownership status at *t+1*. Specifically, the 2006 observation is matched with homeownership status in 2007, the 2007 observation is matched with homeownership status in 2008, and so on. The matches end with the 2013–2014 pair of observations. This results in a total sample of over 19,000 person-period observations.

4.2 | Key Variables

Our aim is to model the odds of homeownership at *t+1* by four key sets of predictors at *t* that reflect the four hypotheses.

Our primary outcome of interest is homeownership status at *t+1*, defined as living in a dwelling that one owns outright or owns with a mortgage. This means that a respondent who is living with parents is classified as a non-owner as the dwelling is most likely owned by the parents. The outcome is therefore a binary variable, that equals 1 if a person is a homeowner at *t+1*, and 0 otherwise.

To investigate affordability constraints, we construct an area house price-to-income ratio (HPIR) for each individual in our sample. As each respondent is a non-owner, we impute the house price value from the median house price in the major statistical region that the individual resides in.[1] The income measure is the respondent's total gross household income. The ratio represents a home purchase unaffordability ratio for the area that each respondent lives in at *t*, with a higher ratio representing lower affordability. A higher ratio also reflects a heavier home deposit requirement and greater likelihood of the respondent facing credit constraints, all else being equal. The ratios therefore account for the wide disparities in HPIRs across Australia. For instance, the median HPIR is 13.3 in Sydney, 9.9 in Melbourne, 8.2 in Adelaide, 7.4 in Brisbane and 5.4 in Perth (Urban Reform Institute and Frontier Centre for Public Policy 2023). However, we also incorporate a measure of binding borrowing constraints. Following Wood et al. (2023), we measure binding borrowing constraints according to responses to a question asking whether one would experience difficulty in raising AU$2000 (waves 6–8), AU$3000 (waves 9–19) and AU$4000 (wave 20) in case of an emergency.

A set of variables relates to the receipt of intergenerational transfers, which can offset affordability constraints. For financial transfers, respondents report the values of *inter vivos* parental transfers and bequests received each financial year, which we convert into real values using Australian Consumer Price Index values (Australian Bureau of Statistics 2023). However, because the majority of respondents do not receive such transfers, we recode these values into binary indicators reflecting whether a transfer greater than AU$5000 had been received by the respondent's household. The threshold reflects a common threshold applied in many studies, including AU$5000 by Ong ViforJ, Clark, and Phelps (2023), US$5000 by Lee et al. (2020), and 5000 euros by Lersch and Luijkx (2015). Following Ong ViforJ, Clark, and Phelps (2023), we measure in-kind intergenerational transfers by coding a series of binary indicators reflecting whether the respondent is co-residing with homeowning parents, co-residing with non-owning parents, or living rent-free in dwellings provided by family and friends. We incorporate a predictor that equals 1 if a respondent has four or more siblings, on the assumption that a large number of siblings reduce the share of parental wealth that one can access.

Financial attitudes are represented by two variables reflecting saving habits and financial planning horizon. We are able to separately observe whether each respondent does not save and usually spend more than one's income, does not save and usually spend about as much as one's income, save whatever is leftover with no regular plan, spend regular income while saving other income, and save regularly by putting money aside each month. Financial planning horizons are derived from a variable asking what is the most important time period for a respondent when planning saving and spending, with options including the next week, the next few months, the next year, the next 2–4 years, and more than 5 years ahead. Disciplined savers and those who have long-term planning horizons are more likely to be 'planners', while those who do not save and have short-term planning horizons are more likely to be 'doers'.

We apply the Big-Five personality traits model, which is the most common approach for defining personality traits in the existing literature. Individual personality differences are classified into five types—extraversion, openness to experience, agreeableness, conscientiousness and emotional stability (or its inverse, neuroticism). A 36-item instrument is used to derive personality scales ranging from 1 to 7 for each trait, where 1 indicates that a trait does not describe the respondent at all and 7 indicates that the trait describes the respondent very well.

Labour market precarity is observed through a series of variables reflecting labour force status (full-time, part-time, unemployed or not in the labour force), job contract type (permanent, fixed-term or casual) and whether working in one's own or family business. We hypothesise that there are inherent precarities captured in an unemployed status, casual job contracts which are typically characterised by uncertain job hours and a lack of access to leave entitlements, and in some instances employment in sole or family businesses.

Because some of the key predictors are not available in every wave, we impute missing values by drawing in the reported values from the closest preceding wave during which the predictor is available. We also include a series of socio-demographic and economic controls that capture potentially confounding influences on homeownership prospects. Definitions of all the variables including controls, and further details regarding the imputations, are found in Table S1.

4.3 | Models

We construct a series of random effects panel data logit models, in which homeownership status at *t+1* is a binary indicator modelled as a function of home purchase opportunity (comprising affordability constraints and intergenerational transfers), financial attitudes, personality, precarity, and a set of controls. The vector of controls captures sex, country of birth,

age band, marital status, presence of children, health status, highest educational qualification, personal disposable income, urban status, area index of relative socioeconomic advantage and disadvantage (IRSAD) and year. All predictors are measured at *t*, with financial intergenerational transfers reported as transfers received between *t* and *t+1*. The models give rise to odds ratios, whereby an odds ratio of greater than 1 (less than 1) indicates that a predictor at *t* increases (decreases) the odds of home purchase at *t*+1. For categorical variables, the increase or decrease is relative to the predictor's reference category.

Furthermore, we construct models separately for two birth cohorts—Generation X who were born during 1966–1980 and Generation Y or 'Millennials' who were born during 1981–1995 (Australian Bureau of Statistics 2022a). The latest 2021 Census has also indicated that the numbers of Millennials have caught up with Baby Boomers as the largest generational group in Australia, with each generation boasting over 5.4 million people in the Census. Generations X and Y also make up the majority of our sample. Importantly, the two generations are shaped by different social, cultural and economic contexts which affect their attitudes and life outcomes. Thus, compared to Generation X, Millennials are more likely to marry at an older age, be born overseas, have university qualifications and work part-time or flexible hours. Millennials are also less likely to have children or a religious affiliation (Australian Bureau of Statistics 2022b). By constructing models separately for the two generational groups, we are able to elucidate how the key barriers to and enablers for home purchase vary across the two groups, resulting in varying policy implications for the different generations.

The modelling exercises will determine whether predictors within each of the four variable sets have a statistically significant relationship with homeownership. While one could compare the odds ratios of the predictors to gauge their relative importance, this approach is limited as some of our predictors are continuous while others are categorical. Furthermore, odds ratios are only applicable to individual predictors, rather than the sets of predictors. Given that we present four sets of predictors to reflect competing hypotheses, it would be useful to rank the sets by their relative importance.

We apply dominance analysis as a metric of relative importance (Budescu 1993; Azen and Traxel 2009). This statistical approach decomposes and compares the contribution of variables to the total explanatory power of an existing model, as measured by any relevant goodness of fit statistic. The dominance statistics produced quantify each variable's absolute contribution to the dependent variable, which can then be expressed as a percent share of overall fit and ranked accordingly. Importantly, it allows for the combination of variables into sets, enabling us to compare the importance of a set of variables against other sets and/or individual variables. In the context of this paper, we can then quantify and rank the influence of our four sets variables on predicting homeownership.

We apply the community-contributed Stata module Domin (Luchman 2021) on our modelling samples. We employ the McFadden pseudo-R^2 as our overall fit statistic. No formal studies have specifically examined the application of dominance analysis to panel-data logit and the optimal fit statistic for such use. Nevertheless, any statistic derived from maximum likelihoods ratios will produce similar results.

5 | Findings

Table 1 presents some key descriptives for the sample, according to whether homeownership is achieved 1 year later. Those who become homeowners are clearly more likely to face lower affordability constraints that those who remain as non-owners. Specifically, two-thirds of the former face house prices that are less than six times their gross household income and could raise emergency funds easily. Those who achieve homeownership are also more than three times as likely as those who do not achieve homeownership to have received parental transfers. The former are more than twice as likely to have received an inheritance or to benefit from rent-free living in a dwelling provided by family or friends.

Unsurprisingly, in terms of attitudes, those who attain homeownership are more likely to be 'planners' than 'doers' than those who remain as non-owners. The former are clearly more likely to be disciplined savers with planning horizons that extend beyond a year. Mean personality scores do not appear to vary across the two groups. However, the prospect of home purchase is clearly dampened by labour market precarity. Those who do not achieve homeownership are more likely to be employed part-time or unemployed than those who achieve ownership. They are also more likely to be found in precarious jobs with casual contracts and report a higher likelihood of losing their job in the next year.

Table 2 presents the first set of model results from the entire sample. We execute the model in a stepwise manner. Model I predicts the relationship between homeownership status and home purchase opportunity (i.e., affordability constraints and intergenerational transfers) but excludes measures of financial attitudes, personality and labour market precarity. Model II adds financial attitudes, Model III adds both financial attitudes and personality scores, and Model IV includes the full complement of key predictors ranging from the opportunity predictors, to financial attitudes, personality and labour market precarity. All models include a consistent set of control variables.

This stepwise approach allows us to examine the additive role of financial attitudes, personality and labour market precarity on the prospect of home purchase, and allows us to observe whether the impacts of housing market conditions and affordability constraints are attenuated by more subjective dimensions such as a young person's financial attitude and personality and labour market conditions.

A comparison of the four models in Table 2 indicates that the odds ratios of the set of home purchase opportunity predictors—HPIR, difficulty raising emergency funds, and intergenerational transfers—all remain very stable as attitudinal and personality predictors are added into the model. This suggests that while financial attitudes, personality and labour market precarity may also influence the home purchase of

TABLE 1 | Summary statistics on home purchase opportunity, attitudes, personality and labour market precarity at *t*, by homeownership status at *t*+1, 2006–2020, per cent by column unless stated otherwise.

	Homeownership status at *t*+1	
	Non-owner	**Owner**
Home purchase unaffordability ratio (HPIR) distribution		
HPIR ≤ 3	10.1%	24.7%
3 < HPIR ≤ 6	38.2%	46.4%
6 < HPIR ≤ 9	23.3%	16.6%
9 < HPIR ≤ 12	11.8%	6.2%
HPIR > 12	16.7%	6.0%
Difficulty raising emergency funds		
Could easily raise emergency funds	40.8%	66.5%
Could raise emergency funds but would involve some sacrifices	22.9%	19.9%
Would have to do something drastic to raise emergency funds	15.8%	7.9%
Couldn't raise emergency funds	20.5%	5.8%
Intergenerational transfers		
Household received > AU$5000 in parental transfer	2.4%	8.7%
Household received > AU$5000 in inheritance	1.4%	3.4%
Number of siblings (mean)	2.2	2.0
Co-residing with homeowning parents	10.5%	7.3%
Co-residing with non-owning parents	2.7%	0.4%
Rent-free in dwelling provided by family or friends	3.9%	10.8%
Saving habit		
Don't save, usually spend more than income	7.9%	3.8%
Don't save, usually spend about as much as income	23.7%	12.9%
Save whatever is left over, no regular plan	36.9%	35.4%
Spend regular income, save other income	5.1%	6.9%
Save regularly by putting money aside each month	26.4%	41.0%
Financial planning horizon		
The next week	30.6%	14.9%
The next few months	29.5%	25.6%
The next year	17.8%	26.9%
The next 2–4 years	12.0%	16.4%
> 5 years ahead	10.1%	16.2%
Personality scale (mean on 1–7 scale)		
Extraversion	4.4	4.5
Agreeableness	5.4	5.4
Conscientiousness	4.9	5.1
Emotional stability	4.9	5.0
Openness to experience	4.4	4.3
Labour force characteristics		
Full-time permanent	37.6%	52.1%
Full-time fixed term	5.9%	8.0%
Full-time casual or other job contract	5.4%	3.8%
Full-time in own or family business	5.3%	7.4%

(Continues)

TABLE 1 | (Continued)

	Homeownership status at *t*+1	
	Non-owner	**Owner**
Part-time permanent	7.0%	7.7%
Part-time fixed term	1.3%	1.4%
Part-time casual or other job contract	8.5%	5.0%
Part-time in own or family business	2.7%	2.4%
Unemployed	6.3%	2.4%
Not in labour force	20.0%	9.8%

Source: Authors' own calculations using the 2006–2020 HILDA Survey.

young people, they do not erode the importance of the home purchase unaffordability and borrowing constraints that hinder access to homeownership by young people. Thus, moving forward, given the high similarity of predictor estimates across the three models, we focus our analysis on Model IV which contains the full set of predictors.

H1. *Young people's home purchase opportunities decline as affordability constraints grow, but these opportunities increase with access to parental transfers, all else being equal.*

The findings offer strong support for the first hypothesis. There is a systematic decline in the odds of achieving homeownership as the HPIR rises and borrowing constraints tighten. The odds of becoming a homeowner declines steadily from 0.514 to 0.217 as the HPIR rises. Thus, when the HPIR is in the range of 3–6, the odds of becoming an owner are halved compared to a scenario where the HPIR is below 3. When the HIPR is in the range of 9–12, the odds are only 31% of the odds when the HPIR is below 3; and when the HPIR exceeds 12 times of income, the odds of owning drops to around one-fifth. These multiples are currently applicable to some of Australia's major urban housing markets; including Sydney with a median multiple of 10 and Adelaide with a median multiple of nearly 9 in mid-2024 (ANZ CoreLogic 2024). Similarly, when one can raise emergency funds with some sacrifices, the odds of home purchase is around 70% the odds when one can easily raise emergency funds. These odds are much lower at 40% when one cannot raise emergency funds.

At the same time, access to intergenerational transfers can have a huge impact in overcoming a high HPIR or tight borrowing constraints. Where a parental transfer (inheritance) is received, the odds of achieving homeownership almost quadruples (doubles) (see also Ong ViforJ, Clark, and Phelps 2023). On the other hand, co-residence with non-owning parents causes one's own homeownership prospects to dip to 23% relative to living apart from parents as a private renter. Growing up with a large number of siblings also depresses the odds of homeownership, possibly due to parental economic resources being spread more thinly across a larger number of children (Keister 2003).

Overall, these findings highlight the immense importance of home purchase opportunity as defined by the barriers posed by unaffordable housing markets and borrowing constraints, and the importance of access to family wealth as an enabler to overcoming these barriers. While the parental transfer predictor gives rise to the highest odds ratio of 3.9 among all the predictors in the model, co-residence with non-owning parents, along with an exceedingly high HPIR of more than 12, results in the two lowest odds ratios in the model of around 0.2.

H2. *Young people who are 'planners' have higher chances of becoming homeowners than those who are 'doers', all else being equal.*

The tenets of behavioural economics turn out to be relevant to young people's homeownership prospects. Saving regularly by putting money aside each month boosts homeownership prospects by over 30% relative to less disciplined saving habits. Furthermore, planning beyond a year's time horizon will boost the prospects of achieving homeownership more than a shorter time horizon of less than 1 year. The model estimates show that the impact of adopting a planning horizon of 1 year gives rise to higher odds (42%) of achieving homeownership than even longer time horizons, possibly reflecting the fact that home purchase decisions usually have to be planned at least 1 year in advance and that efforts to align saving and spending behaviour with the home purchase decision are most concerted in the year leading up to the planned purchase.

Overall, the findings suggest that the 'planner-doer' model (Thaler and Shefrin 1981; Shefrin and Thaler 1988) has strong relevance to the study of young people's homeownership outcomes, in that home purchase prospects are boosted by habits that reflect a strong 'planning self' that makes decision for lifetime utility gain rather behaviour that gravitates towards the 'doing self' which is driven by short-term utility gain. However, the impacts of these financial attitudes appear to be smaller than the impacts of the home purchase opportunity predictors.

H3. *Young people who exhibit personality traits of agreeableness, conscientiousness or emotional stability are more likely to become homeowners, while those who exhibit traits of extraversion or openness are less likely to become homeowners, all else being equal.*

The findings confirm that personality traits have a statistically significant influence on the home purchase behaviour of young people. First, our model shows that conscientiousness is linked to stronger homeownership prospects. Ben-Shahar and Golan (2014) suggest that conscientiousness is positively linked with

TABLE 2 | Random effects logit of the odds of becoming a homeowner at t+1, 2006–2020, odds ratios.

Predictors	Model I		Model II		Model III		Model IV	
HPIR ≤ 3	1	(.)	1	(.)	1	(.)	1	(.)
3 < HPIR ≤ 6	0.503***	(0.041)	0.511***	(0.042)	0.524***	(0.043)	0.514***	(0.042)
6 < HPIR ≤ 9	0.328***	(0.034)	0.338***	(0.036)	0.341***	(0.036)	0.342***	(0.036)
9 < HPIR ≤ 12	0.292***	(0.039)	0.304***	(0.041)	0.305***	(0.041)	0.309***	(0.042)
HPIR > 12	0.200***	(0.030)	0.211***	(0.032)	0.202***	(0.031)	0.217***	(0.033)
Could easily raise emergency funds	1	(.)	1	(.)	1	(.)	1	(.)
Could raise emergency funds but would involve some sacrifices	0.648***	(0.047)	0.698***	(0.051)	0.697***	(0.051)	0.699***	(0.052)
Would have to do something drastic to raise emergency funds	0.437***	(0.046)	0.508***	(0.055)	0.500***	(0.054)	0.512***	(0.055)
Couldn't raise emergency funds	0.342***	(0.042)	0.410***	(0.052)	0.383***	(0.048)	0.406***	(0.052)
Household received > AU$5000 in parental transfer	3.779***	(0.430)	3.871***	(0.443)	3.857***	(0.440)	3.915***	(0.450)
Household received > AU$5000 in inheritance	1.780***	(0.286)	1.791***	(0.289)	1.762***	(0.283)	1.781***	(0.287)
Private renter	1	(.)	1	(.)	1	(.)	1	(.)
Co-residing with homeowning parents	0.671***	(0.090)	0.672***	(0.090)	0.635***	(0.085)	0.663***	(0.089)
Co-residing with non-owning parents	0.221***	(0.092)	0.224***	(0.093)	0.215***	(0.089)	0.225***	(0.094)
Rent-free in dwelling provided by family or friends	2.665***	(0.295)	2.580***	(0.289)	2.481***	(0.276)	2.527***	(0.284)
Rent free in dwelling provided by others	0.695*	(0.144)	0.684*	(0.142)	0.680*	(0.141)	0.678*	(0.141)
Public renter	0.361***	(0.083)	0.363***	(0.083)	0.349***	(0.080)	0.359***	(0.082)
Has 4+ siblings	0.802**	(0.070)	0.814**	(0.071)	0.794***	(0.069)	0.804**	(0.071)
Don't save, usually spend more than income			1	(.)	1	(.)	1	(.)
Don't save, usually spend about as much as income			0.914	(0.141)	0.934	(0.144)	0.910	(0.141)
Save whatever is left over, no regular plan			1.108	(0.167)	1.119	(0.168)	1.089	(0.164)
Spend regular income, save other income			1.326	(0.242)	1.335	(0.243)	1.303	(0.238)
Save regularly by putting money aside each month			1.340*	(0.207)	1.363**	(0.210)	1.311*	(0.203)
Financial planning horizon the next week			1	(.)	1	(.)	1	(.)
Financial planning horizon the next few months			1.019	(0.091)	1.038	(0.093)	1.021	(0.092)
Financial planning horizon the next year			1.418***	(0.135)	1.448***	(0.137)	1.420***	(0.136)
Financial planning horizon the next 2–4 years			1.102	(0.117)	1.128	(0.120)	1.103	(0.118)
Financial planning horizon > 5 years ahead			1.223*	(0.135)	1.232*	(0.136)	1.220*	(0.135)
Extraversion personality scale					0.956	(0.027)	0.952*	(0.027)
Agreeableness personality scale					1.042	(0.039)	1.043	(0.039)

(Continues)

TABLE 2 | (Continued)

Predictors	Model I		Model II		Model III		Model IV	
Conscientiousness personality scale				1.088***	(0.035)		1.074**	(0.035)
Emotional stability personality scale				0.974	(0.030)		0.979	(0.031)
Openness to experience personality scale				0.896***	(0.029)		0.905***	(0.030)
Full-time permanent	1	(.)	1	(.)			1	(.)
Full-time fixed term	0.869	(0.095)	0.867	(0.095)			0.879	(0.096)
Full-time casual or other job contract	0.701**	(0.107)	0.705**	(0.108)			0.717**	(0.110)
Full-time in own or family business	1.070	(0.129)	1.093	(0.132)			1.119	(0.136)
Part-time permanent	0.915	(0.101)	0.914	(0.102)			0.910	(0.101)
Part-time fixed term	0.672*	(0.155)	0.682*	(0.158)			0.697	(0.162)
Part-time casual or other job contract	0.558***	(0.072)	0.576***	(0.074)			0.591***	(0.076)
Part-time in own or family business	0.707**	(0.124)	0.735*	(0.129)			0.763	(0.134)
Unemployed	0.632***	(0.112)	0.650**	(0.115)			0.666**	(0.118)
Not in labour force	0.580***	(0.062)	0.596***	(0.064)			0.608***	(0.066)
Female	1.226***	(0.083)	1.188**	(0.081)	1.037	(0.070)	1.147*	(0.082)
Australian-born	1	(.)	1	(.)	1	(.)	1	(.)
Born in Main English-speaking countries	0.691***	(0.090)	0.702***	(0.092)	0.714***	(0.093)	0.706***	(0.092)
Born in other countries	0.906	(0.092)	0.892	(0.091)	0.877	(0.089)	0.883	(0.090)
25–29 years	1	(.)	1	(.)	1	(.)	1	(.)
30–34 years	1.255***	(0.093)	1.263***	(0.094)	1.252***	(0.093)	1.257***	(0.094)
35–39 years	1.175*	(0.103)	1.205**	(0.106)	1.203**	(0.105)	1.198**	(0.106)
40–44 years	1.140	(0.108)	1.178*	(0.113)	1.196*	(0.113)	1.179*	(0.113)
Married	1	(.)	1	(.)	1	(.)	1	(.)
Cohabiting	0.651***	(0.051)	0.663***	(0.052)	0.672***	(0.053)	0.674***	(0.053)
Separated, divorced or widowed	0.812	(0.105)	0.837	(0.108)	0.859	(0.110)	0.847	(0.110)
Single never married	0.524***	(0.054)	0.536***	(0.055)	0.552***	(0.056)	0.546***	(0.056)
Has resident children aged 0–14 in household	0.975	(0.072)	1.018	(0.076)	0.946	(0.068)	1.018	(0.076)
Has long-term health condition or disability	0.804**	(0.076)	0.817**	(0.078)	0.781***	(0.074)	0.825**	(0.079)
Bachelor degree or higher	1	(.)	1	(.)	1	(.)	1	(.)
Diploma	0.941	(0.102)	0.955	(0.104)	0.946	(0.068)	0.933	(0.102)
High school or certificate	0.772***	(0.058)	0.792***	(0.060)	0.764***	(0.074)	0.772***	(0.059)

(Continues)

TABLE 2 | (Continued)

Predictors	Model I		Model II		Model III		Model IV	
Less than high school	0.568***	(0.065)	0.598***	(0.069)	0.546***	(0.069)	0.574***	(0.067)
Real personal disposable income (AU$'0000)	1.009	(0.006)	1.001	(0.006)	1.014**	(0.007)	1.008	(0.008)
Major city	1	(.)	1	(.)	1	(.)	1	(.)
Outside major city	0.999	(0.071)	1.002	(0.071)	0.973	(0.069)	0.987	(0.070)
Constant	0.666**	(0.135)	0.450***	(0.116)	0.488*	(0.181)	0.554	(0.113)
Number of observations	19,374		19,374		19,374		19,374	
Wald χ^2	1015.95***		1031.60***		1031.63***		1035.83***	

Note: Authors' own calculations using the 2006–2020 HILDA Survey. Standard errors are in parentheses. The predictors are defined in Table S1. IRSAD deciles and year indicators are included as controls in all models, but are not reported here for space reasons.
***$p < 0.01$; **$p < 0.05$; *$p < 0.10$.

risk avoidance which can lead to a preference for home-ownership over rental as the former is generally regarded as a more secure tenure. Second, we find that high extraversion and openness are linked to weaker homeownership prospects for young people. This correlates with studies that have found that the same two traits are linked to higher residential mobility (Clark, Ong ViforJ, and Phelps 2023; Jokela 2014).

The magnitudes of the significant personality predictors—conscientiousness, extraversion and openness—do not diverge widely from a value of 1, suggesting that a one-point change in the personality score on a scale of 1–7 results in a minor shift to the odds of attaining of homeownership. In our case, a one-point change is in turn roughly equivalent to one standard deviation from the mean for each personality variable. It is worth noting that the personality traits are entered into the models as continuous variables, not binary variables, so the odds ratios of the personality variables are not directly comparable to binary predictors such as the key predictors studied under the other three hypotheses in this paper.

H4. *Young people who face labour market precarity have lower chances of becoming homeowners than those with more secure labour market futures.*

The detailed labour market precarity indicators in Table 2 offer some insight into how precarities vary across labour force status, job contract type, and whether one is working in one's own or family business as opposed to an external employer. Casual contracts and an unwaged status stand out as being particularly detrimental to the prospects of achieving homeownership. Relative to those on full-time permanent contracts, individuals in full-time casual contracts are only 72% as likely to attain homeownership, and those on part-time casual contracts only 59% as likely to become an owner. Unemployment and being out of the labour force are linked to low odds of achieving home-ownership that are 67% and 61% the odds enjoyed by those in full-time permanent employment.

Thus, our empirical findings align with themes of the risk society and the important problem of precarious work (Beck 1992; Giddens 1990; Wood and Ong 2012) Our findings also align with contention by Cuervo and Chesters (2019) and Troy et al. (2023) regarding the impossibility of planning for the future in a precarious labour market, which in turn hinders home purchase, an endeavour that requires significant advance planning as evidenced in the model findings on saving habits and planning horizons.

5.1 | Do Barriers to and Enablers for Home Purchase Vary Between Generation X and Millennials?

We replicate Model IV from Table 2 on separate samples representing Generation X and Millennials in Table 3. The key model findings remain robust across generational groups. However, we note some generational differences in the key barriers to and enablers for home purchase, with some

TABLE 3 | Random effects logit of the odds of becoming a homeowner at t+1 by generation, 2006–2020, odds ratios.

	Generation X		Millennials	
HPIR ≤ 3	1	(.)	1	(.)
3 < HPIR ≤ 6	0.413***	(0.050)	0.646***	(0.076)
6 < HPIR ≤ 9	0.293***	(0.046)	0.423***	(0.064)
9 < HPIR ≤ 12	0.330***	(0.065)	0.310***	(0.062)
HPIR > 12	0.217***	(0.050)	0.258***	(0.056)
Could easily raise emergency funds	1	(.)	1	(.)
Could raise emergency funds but would involve some sacrifices	0.702***	(0.078)	0.681***	(0.070)
Would have to do something drastic to raise emergency funds	0.559***	(0.089)	0.460***	(0.070)
Couldn't raise emergency funds	0.359***	(0.066)	0.453***	(0.083)
Household received > AU$5000 in parental transfer	4.095***	(0.806)	3.715***	(0.538)
Household received > AU$5000 in inheritance	2.165***	(0.514)	1.422	(0.326)
Private renter	1	(.)	1	(.)
Co-residing with homeowning parents	0.510***	(0.120)	0.775	(0.136)
Co-residing with non-owning parents	1	(.)	0.344**	(0.149)
Rent-free in dwelling provided by family or friends	2.513***	(0.411)	2.572***	(0.414)
Rent free in dwelling provided by others	0.896	(0.251)	0.402**	(0.150)
Public renter	0.224***	(0.078)	0.563*	(0.188)
Has 4+ siblings	0.813	(0.104)	0.790*	(0.102)
Don't save, usually spend more than income	1	(.)	1	(.)
Don't save, usually spend about as much as income	1.052	(0.215)	0.822	(0.213)
Save whatever is left over, no regular plan	1.357	(0.274)	0.896	(0.223)
Spend regular income, save other income	1.386	(0.357)	1.243	(0.355)
Save regularly by putting money aside each month	1.491*	(0.314)	1.188	(0.301)
Financial planning horizon the next week	1	(.)	1	(.)
Financial planning horizon the next few months	0.997	(0.131)	1.014	(0.129)
Financial planning horizon the next year	1.394**	(0.200)	1.419***	(0.189)
Financial planning horizon the next 2–4 years	1.036	(0.170)	1.136	(0.164)
Financial planning horizon > 5 years ahead	1.389**	(0.227)	1.011	(0.161)
Extraversion personality scale	0.902**	(0.039)	0.998	(0.040)
Agreeableness personality scale	1.039	(0.060)	1.038	(0.054)
Conscientiousness personality scale	1.023	(0.050)	1.129***	(0.051)
Emotional stability personality scale	0.944	(0.045)	0.999	(0.044)
Openness to experience personality scale	0.920*	(0.045)	0.885***	(0.040)
Full-time permanent	1	(.)	1	(.)
Full-time fixed term	0.899	(0.158)	0.843	(0.121)
Full-time casual or other job contract	0.847	(0.208)	0.691*	(0.139)
Full-time in own or family business	1.102	(0.187)	1.089	(0.202)
Part-time permanent	1.044	(0.169)	0.874	(0.140)
Part-time fixed term	0.850	(0.281)	0.579	(0.199)
Part-time casual or other job contract	0.579***	(0.118)	0.629***	(0.110)
Part-time in own or family business	0.879	(0.204)	0.610*	(0.179)
Unemployed	0.751	(0.192)	0.641*	(0.164)
Not in labour force	0.613***	(0.097)	0.639***	(0.101)

(Continues)

TABLE 3 | (Continued)

	Generation X		Millennials	
Male	1	(.)	1	(.)
Female	1.151	(0.128)	1.202*	(0.117)
Australian-born	1	(.)	1	(.)
Born in Main English-speaking countries	0.828	(0.144)	0.584**	(0.125)
Born in other countries	0.820	(0.127)	0.962	(0.136)
25–29 years	1	(.)	1	(.)
30–34 years	1.087	(0.196)	1.350***	(0.130)
35–39 years	1.144	(0.216)	0.870	(0.164)
40–44 years	1.050	(0.219)		()
Married	1	(.)	1	(.)
Cohabiting	0.654***	(0.080)	0.667***	(0.072)
Separated, divorced or widowed	0.980	(0.161)	0.730	(0.188)
Single never married	0.508***	(0.081)	0.569***	(0.081)
Has resident children aged 0–14 in household	1.180	(0.128)	0.805*	(0.090)
Has long-term health condition or disability	0.903	(0.117)	0.712**	(0.108)
Bachelor degree or higher	1	(.)	1	(.)
Diploma	0.898	(0.146)	0.960	(0.148)
High school or certificate	0.700***	(0.084)	0.883	(0.091)
Less than high school	0.511***	(0.085)	0.601***	(0.107)
Real personal disposable income (AU$'0000)	0.993	(0.010)	1.037***	(0.011)
Major city	1	(.)	1	(.)
Outside major city	0.860	(0.093)	1.142	(0.114)
Observations	8,453		10,356	
Wald χ^2	514.04***		519.407***	

Note: Authors' own calculations using the 2006–2020 HILDA Survey. Standard errors are in parentheses. The predictors are defined in Table S1. IRSAD deciles and year indicators are included as controls in all models, but are not reported here for space reasons.
***$p < 0.01$; **$p < 0.05$; *$p < 0.10$.

predictors statistically significant for one generation but not the other.

While intergenerational transfers continue to be important for the home purchase prospects of both generations, they are more effective in boosting the odds of home purchase for Generation X than Millennials. For Generation X, the odds of home purchase are slightly higher upon receipt of parental transfers relative to Millennials. While the former benefits from receiving inheritance via a doubling of the odds of achieving homeownership, the predictor is not significant for Millennials. Disciplined saving habits and a long-term financial planning horizon of more than 5 years boost the odds of homeownership for Generation X, but appear to be ineffective for Millennials.

There are signs that Millennials' homeownership prospects are more susceptible to labour market vulnerability than Generation X. Full-time casual jobs, part-time employment in one's own or family business and unemployment reduce the odds of home purchase for Millennials by around one-third relative to full-time works on permanent contracts. However, these labour market states do not have statistically significant impacts on Generation X's odds of achieving homeownership. The presence of a long-term health condition, which would typically disrupt labour market participation for most, is insignificant with respect to Generation X's homeownership prospects but reduces the odds for Millennials by around 30%.

5.2 | Assessing the Relative Importance of Our Hypotheses: Dominance Analyses

Table 4 documents the results of the dominance analysis, which is used to assess the relative importance of the four key sets of predictors in Model IV reflecting competing hypotheses. The analysis is applied across the full modelling sample, then across the Generation X and Millennial samples separately. The standardised dominance statistics document the percentage of overall model fit that is accounted for by each set of predictors. Thus, the percentage contributions of sets 1–4 and the control variables sum up to 100%.

The combined four sets of predictors contribute to half the overall model fit, while the other half is accounted for by the control variables. Comparing the dominance statistics attached

TABLE 4 | Dominance analysis performed on select random effects logit models of becoming a homeowner, showing the percentage of overall model fit statistic accounted for by sets of thematically linked variables.

	Standardized dominance statistic		
Variable sets	**Table 2 Model IV**	**Table 3 Gen X model**	**Table 3 Millennials model**
Set 1: Home purchase opportunity	37.3%	38.3%	35.1%
1a: Affordability constraints	18.8%	20.6%	16.8%
1b: Intergenerational transfers	18.6%	17.8%	18.4%
Set 2: Financial attitudes	6.4%	6.7%	6.8%
Set 3: Personality traits	1.8%	1.3%	3.3%
Set 4: Labour market precarity	3.7%	3.6%	3.7%
Control variables	50.8%	50.1%	51.1%
Overall fit statistic (McFadden pseudo-R^2)	0.1228	0.1278	0.1252
Control variables fit statistic	0.0624	0.0641	0.0641
Number of observations	19,374	8,453	10,356

Note: Authors' own calculations using the 2006–2020 HILDA Survey. The percentage contribution of set 1 is the sum of the percentage contributions of sets 1a and 1b.

to each of the four sets of predictors in the full sample, it is clear that the opportunity predictors accounts for the highest percentage of overall model fit at 37%. Within the opportunity set, affordability constraints and intergenerational transfers make roughly equal contributions. Financial attitudes ranked a distant second, contributing around 6% to the overall model fit, followed by labour market precarity at under 4%. Personality traits are least important, contributing to just 2% of the overall model fit. The results are more or less consistent across the two generations.

6 | Conclusion

This paper tests the relative importance of competing hypotheses regarding the barriers to homeownership among young people.

First, we find very strong evidence unaffordable housing markets and borrowing constraints are the key barriers to homeownership; at the same time, intergenerational transfers have some of the biggest impacts on adult children's homeownership prospects (hypothesis 1). The dominance analysis reveals that this set of opportunity predictors rank the highest in the terms of the relative importance of each competing set of predictors, contributing to over one-third of the overall model fit. Within the opportunity set, affordability constraints and intergenerational transfers make roughly equal contributions.

Our study also offers some support for the contention that saving habits and planning horizons can influence homeownership prospects (hypothesis 2). Success in achieving home purchase is predicated on a highly disciplined saving habit and a long-term financial planning horizon of at least a year, suggesting that those who do not prioritise lifetime utility gain over short-term utility gain will face weaker homeownership prospects than those who do. However, financial attitudes are ranked a distant second behind home purchase opportunity in terms of relative importance, contributing to around 6% of the overall model fit.

The odds of becoming a homeowner drops significantly when one has a precarious job contract or is unwaged. A precarious labour market position acts as a barrier to the advanced planning required for home purchase and furthermore it is incompatible with the ability to commit to long-term mortgages that home purchase often requires. It is also concerning that there are signs that Millennials' homeownership prospects are even more susceptible to labour market vulnerability than the preceding Generation X. However, overall, labour market precarity contributes to just 4% of the overall model fit.

Overall, personality characteristics are the least important among the four sets of variables for predicting homeownership attainment.

Our study gives rise to three sets of policy implications. First, if no structural reforms are implemented to improve affordability in housing markets, the decline in homeownership rate among young people will not be reversed. Thus, successive government policies that have offered preferential treatment to property via tax preferences and concessions need to be reviewed, as they have arguably stimulated over-investment in property which have caused house prices to soar at a rate that has outstripped the income growth rate.

Second, policy intervention is difficult with respect to encouraging parental assistance for adult children's home purchase, so there needs to be extensive study done on providing regulatory environments that will incentivise parents to assist their children with home purchase. A key criterion will be the development of schemes or products that minimise the financial risks to parents making these intergenerational transfers. Nonetheless, it is also clear that not all parents have sufficient resources to support their children's desires to become homeowners. Thus, targeting of home purchase subsidies to aspiring homebuyers without parental assistance would be beneficial.

Third, while saving and planning habits appear to be less important than tackling housing market unaffordability and incentivising intergenerational transfers, these are the second

most important set of predictors in our analysis. Therefore, there is a case for policy incentives that encourage more regular savings and longer-term financial planning to support home purchase by young people.

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Conflicts of Interest

The authors declare no conflicts of interest.

Data Availability Statement

This paper uses unit record data from the Household, Income and Labour Dynamics in Australia (HILDA) Survey. To access this data, researchers are required to submit an application to the Australian Government Department of Social Services Longitudinal Studies Dataverse.

Endnotes

[1]Major statistical regions represent major capital city and regional housing markets.

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