

**NEST LEAVING
IN EUROPE**

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6 Nest Leaving in Europe

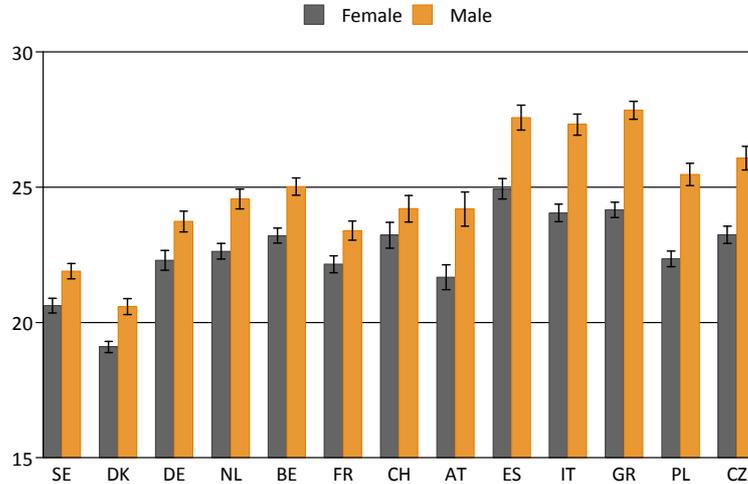
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6.1 A North-South gradient

The nest leaving period and the age at which individuals establish their own independent household are of primary policy concern since they are critically linked to many economic and social outcomes. The choices made by young adults are numerous: further education, marriage, parenthood, first job. All are interrelated and can be linked to another choice, that of a first independent home. Youth labour supply and educational choices will determine the length of the career, pension and life-time consumption. Billari and Tabellini (2008) show that Italians who leave the parental home earlier in life earn a higher income in their mid 30s. This might be due either to the fact that they tend to have longer working experience or to a negative impact of prolonged co-residence on ambitions and motivations for children who leave late (Alessie et al., 2006). The demographic transition and population evolution are largely linked to the timing of first parenthood. Health in later life and life expectancy are linked to the education level.

Previous studies have shown large cross-country differences in the age at which residential independency is established. In 2004 the proportion of men aged 25-29 co-residing with their parents was below 25 percent in France, the Netherlands, the UK and Australia, while it was above 60 percent in Mediterranean countries (73 percent in Italy) and Finland (Becker et al., 2010; Cobb-Clark, 2008). We take advantage of SHARELIFE to relate the nest-leaving age to life-history. We also use the former waves of SHARE to document the nest-leaving age of the respondents' own children, which helps complement the picture with the behaviour of younger cohorts.

Figure 6.1: Nest leaving age by country and gender



The Europeans aged 50 or more established their own home at a mean age of 24, 90 percent had left by the age of 30. The current cross country differences already existed in the past: those coming from Southern European countries left their parents' home on average between 2 and 5 years later than their Northern European counterparts (Figure 6.1). While the average nest leaving age is above age 25 in Spain, Italy and Greece, it is around 20 in Denmark and Sweden. The differences among other countries are smaller. The spread between Scandinavian and Mediterranean countries may reflect cultural differences such as attitudes towards family relationship and youth freedom and independence, linked to ideology and religion, but may reflect also differences in welfare state generosity, availability of housing, of jobs or of higher education. Even if policies and government interventions are largely driven by culture, geography and history, we aim at finding to what extent policies drove living arrangements over the past century.

6.2 The 'push-pull effect' of family

At the family level, altruistic parents help their young adult children in two ways: either by providing their own home for co-residence, or, if unconstrained, helping to pay for another accommodation. Very constrained parents cannot even keep their children at home. Hence there is a non-monotonic relationship between parents' resources and nest-leaving. The quality of the home also matters. If the parents have both low income and a low quality house, the two effects add up and the child has to leave. As the home gets more comfortable, the child can and is induced to stay longer. Finally, if the parents are not resource-constrained, they can

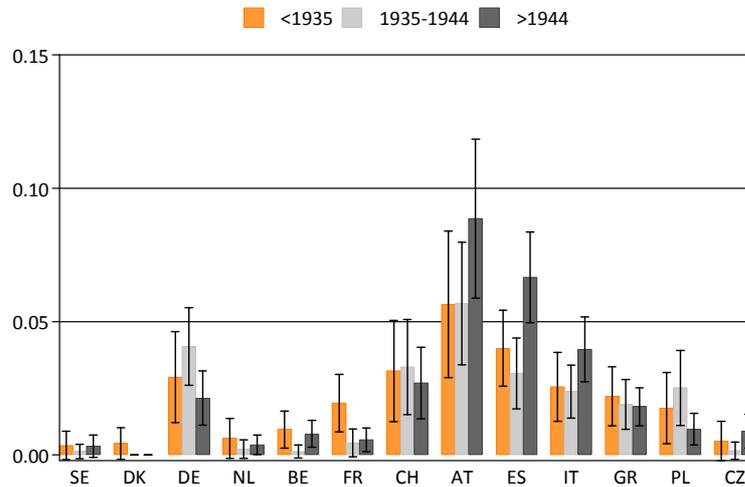
help their child to establish its own household by making a monetary transfer, even if at the same time the quality of the home induces the child to stay longer (Laferrère, 2005a and 2005b). These ‘push-pull effects’ take place within various national traditions, economic contexts and social policies, which also contribute to pushing young adults out of their parents’ home or to keeping them in. As families compare the costs of co-residence and independence, housing costs are likely to be of primary importance (Börsch-Supan, 1986; Ermisch, 1999, Laferrère and le Blanc, 2004). Other elements of context are important: higher education supply, its cost and the geography of this supply; military service, the job market situation and even contraception, which influence partnership behaviour. Entering into all those features is beyond the scope of this chapter and we concentrate on housing and education policies and on education outcomes.

We surmise that the existence of rental accommodation is crucial for nest-leaving, since this phase of life is a period of successive choices (education, partner, job) that often go along with a residential mobility. Homeownership is associated with high mobility costs that make it inadequate for mobile young adults. Rental accommodation was and still is rare or even absent in Greece, Spain, and Italy. In all other countries, with the exception of Belgium (that has a rather high mean age at nest leaving) the rental sector is developed, so the ‘rental supply explanation’ is likely to be important even if only part of the story.

6.3 Life-time parent-child co-residence

To document how nest leaving behaviour evolved over the last century, we build three broad cohorts: cohort 1 of those born before 1935 (24 percent of the sample), cohort 2 of those born between 1935 and 1944 (30 percent) and cohort 3 of those born between 1945 and 1956 (46 percent), whom we call the ‘baby-boomers’. First we are interested in those who never established their own household and did not give a date for starting to live on their own or establishing their own household. At the other extreme some give a very early date for starting to live ‘on their own’ and they may have come back at their parents later on. We take the answer as it is given. On average 2.5 percent of all individuals aged 50 or more said they never established their own household. The overall rate is constant over time, but the differences between countries are significant (Figure 6.2).

Figure 6.2: Fraction of respondents who never established their own household by cohort and country



In Austria, the percentage of respondents who never established their own household is around 7 percent; it is around 5 percent in Spain, 3 percent in Germany, Switzerland and Italy, and 2 percent in Greece and Poland. In all other countries, never leaving the parents' home is rare and almost absent, except in the older cohort in France, where it can be seen as a last remnant of the importance of agriculture. In a multivariate analysis, we proxy socio-economic background by the occupation of the main breadwinner when the respondent was 10; we use the house and family characteristics at age 10 to proxy for home comfort and privacy at the time of nest-leaving, and the location of the parents' home (at the time of departure for those who left and at the survey date for those who never left) to proxy for house prices and education or employment opportunities.

Our results show that never leaving the parents' home is indeed correlated to having parents in agriculture in Germany and France. In that case not establishing one's own household is clearly linked to the life occupation choice. It is correlated to living in a rural area in Austria. In all countries never leaving is more likely for those who remained single, as marrying usually goes with establishing a household. The home characteristics play a role. The child is more likely to stay in the parental home if it provides more space per person. Life-time co-residence with the parents is also more likely for males than for females, a gender difference that will be found for those who left the nest. We leave aside those who never left their parents' home and turn to those who did establish their own household at some point in the life cycle.

6.4 A historical decline, which is stopped or reversed for those born after the mid 1960s

Figure 6.3 shows a general decreasing pattern over time: younger cohorts tend to leave the nest earlier. The profile is flat in Denmark, where the mean age was already quite low for the older cohort (20 years). This makes Denmark a special case where the independence of young people seems to have always been valued. The dispersion of the nest-leaving ages is higher for the older cohorts, and overall we observe a reduction of the differences both within and between countries over the three quarters of a century under review. The spread (between Spain/Greece and Denmark) went from 8 years for the older cohort, to 5 years (between Spain/Italy and Denmark) for the baby-boomers.

Some information on more recent trends can be gathered from what the SHARE respondents tell about the age at which their own children moved from the parental household (Figure 6.4). For the cohort 1945-1954 (the baby boomers), the mean age of nest leaving in the children sample as declared by the parents is close to what is directly observed from the sample of respondents. Interestingly, for the younger cohorts the decline in nest leaving age has stopped and also reversed in the Southern European countries, in France and in Belgium. The dispersion in ages also seems to increase in some countries.

Figure 6.3: Nest leaving age by country and cohort

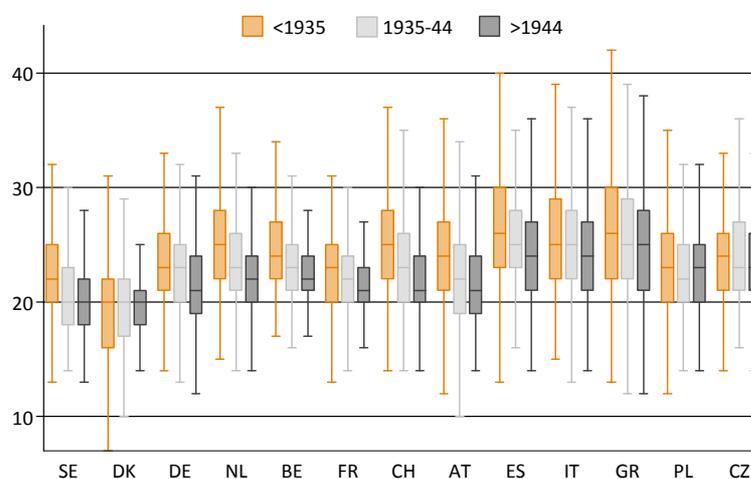
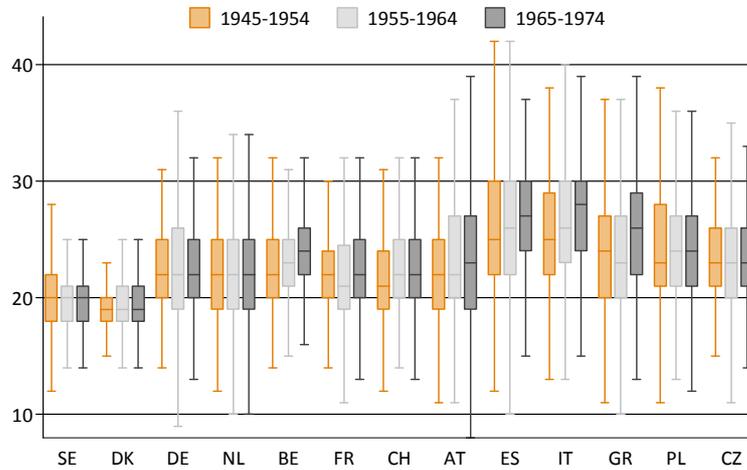


Figure 6.4: Nest leaving age of respondents' own children, by country and cohort



6.5 The influence of parental background and home

We analyze the nest leaving age in two steps: first we look at individual determinants based on what we know of parental and home characteristics; then we turn to contextual policy variables.

The influence of parental background is striking. Even if it varies by country and gender, the overall pattern is clear. Leaving aside children of farmers, male children of both rich parents (professionals or senior managers) and poor parents (in an elementary occupation) left earlier than ‘middle class’ children of blue collar and craft workers. In most countries children left earlier if there was no bread winner in the household at age 10. They were more likely to stay longer if the parental home was comfortable or offered more rooms per person, *ceteris paribus*. Living with a step-parent, or in a three generation family also induces to move earlier, pointing to privacy reasons. Even with our very crude proxy for parental income, the non-monotonic relation between nest leaving and parental background confirms the theoretical predictions of a push-pull effect: some well-off parents can afford helping their children to move out, while poor families are unable to keep them (especially daughters) at home. Once the home characteristics are taken into account, the relationship between our proxy for parental resources and nest leaving age is hump-shaped for daughters, but flatter for sons, pointing to the important pushing out effect of the various home characteristics, and underlining the fact that children of richer parents can afford to leave earlier.

That housing prices play a role is vindicated by the important influence of the location of the parental home at the time of nest leaving. *Ceteris paribus*, a child

living in a large city, where housing is likely to be more expensive leaves half a year later than one in a small town; a child in a village or rural area, where housing is cheap, leaves earlier. The price effect may be mixed with the fact that children living in rural areas or villages leave because they have to move to town to find a job or study. Indeed making the move from a rural area to a city advance nest-leaving by more than year, *ceteris paribus*. In Poland, Italy or Greece, the children who leave earlier tend to be those of farmers or of non-executives, pointing to some children being constrained to move out. Those who left a parental home situated in a foreign country also left younger.

The multivariate analysis confirms the important cohort effect: compared to the baby-boomers our eldest cohort left some 2.2 years later, the middle cohort one year later. Two factors have concurred to this tendency. First, age at marriage, which is positively related to the age of nest leaving, has, in most SHARE countries, *decreased* by one year over the period, contributing to around half a year decrease in the overall decline in nest leaving age. Second, the age at which young people left education, which is negatively related to the age of nest leaving (once age at marriage is controlled for; more on this below), has *increased* over cohorts by 3.1 years, contributing to between a quarter and a half of a year in the overall decline in nest leaving age. Modifications in marriage and education behaviour thus ‘explain’ 36 percent of the decline in nest leaving age. Other factors must have played a role. As income has increased over the century we interpret this unexplained earlier nest leaving as a relaxing of the elements constraining youth independence in the past.

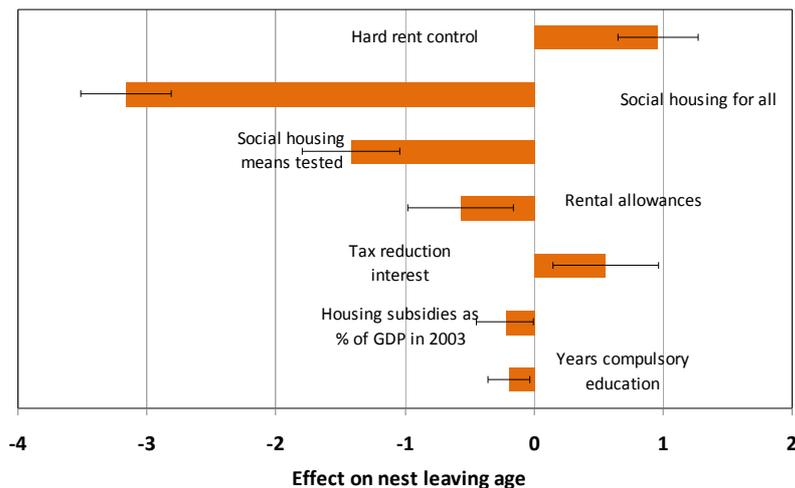
6.6 The importance of housing policies

The unexplained cohort evolution and our findings about the importance of the parental background naturally lead us to verify that the age at which the parental nest is left is linked to the socio-economic context of the period. To test it we rely on country and time specific context variables, related to housing and education policies at the time our respondents reached adulthood. Needless to say that such contextual variables may also capture unobserved country and time effects, hence the results should be taken with caution; they are nevertheless striking (Figure 6.5). The oldest cohort reached adulthood during the war or just after it, at a time of acute housing shortage in most countries; besides, the hard rent control that was present in all countries at that time was detrimental to young outsiders and delayed nest-leaving. In the 1950s and 1960s the construction of subsidized rental housing (either a universal right in Sweden, Denmark and the Netherlands or means-tested in Germany, Belgium, France, Switzerland and Austria), and later the introduction of rental allowances, helped to reduce the nest leaving age. Coupled with the underdevelopment of rental accommodation in the Southern countries and Belgium, the high nest leaving age could also be accounted for by the absence of housing

credit markets (Alessie et al., 2006). However, for those cohorts, we do not see a direct influence of credit liberalization or homeownership policies on the nest-leaving age. Further investigation is clearly required. Another possible explanation is the role of family ties in Catholic countries such as Italy, Austria and Spain (Reher, 1998). This could reinforce the negative effect on nest leaving age of the underdevelopment of mortgage and rental markets, and at the same time explain some characteristics of the welfare state designed during the second half of the last century. For example, in Italy there are almost no unemployment benefits, nor publicly provided long term care institutions for the elderly. The burden of financial and care needs of the unemployed and the disabled are implicitly assigned to the families: therefore, co-residence can act as a mean to alleviate those costs.

As for education policy, which we capture by the number of years of compulsory education that has increased over the years its effects is that of a small *decrease* in nest leaving age.

Figure 6.5: The effect of housing policies on nest leaving age



Even after controlling for the socio-economic determinants, the order of countries in nest leaving age is not altered, as Denmark is still where children leave earlier than in all other countries, and the Mediterranean countries where they leave the latest, followed by Poland, the Czech Republic and Belgium. Once controls are introduced the differences between countries are not reduced over cohorts, which points to deep cultural differences.

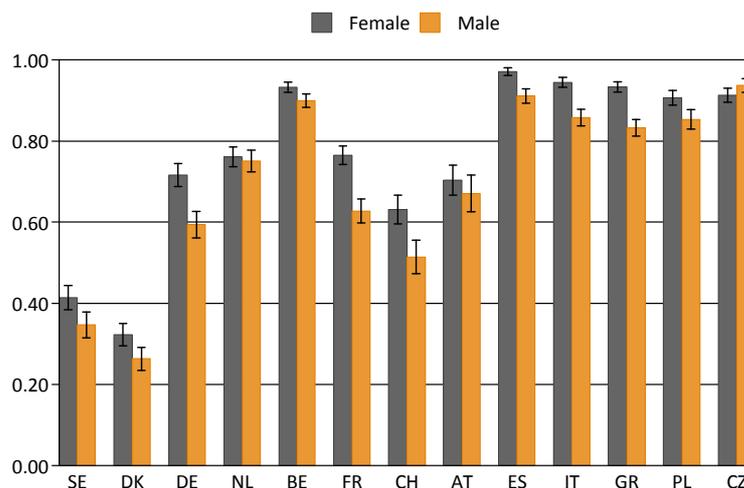
The recent increase in the nest leaving age is not analysed here. It may be linked to youth unemployment and show a contrario how low unemployment of the late 1960s induced the early nest leaving of the baby-boomers; it also might be linked to the fact that more young people pursue higher education (partly in order

to avoid unemployment), and do so at their parents' home, more than in the past because homes are more comfortable and the supply of higher education has increased and spread. However, housing supply and the recent increase in rents and house prices in some places are likely to play a primary role.

6.7 Women leave earlier than men, but leaving directly to marry has declined

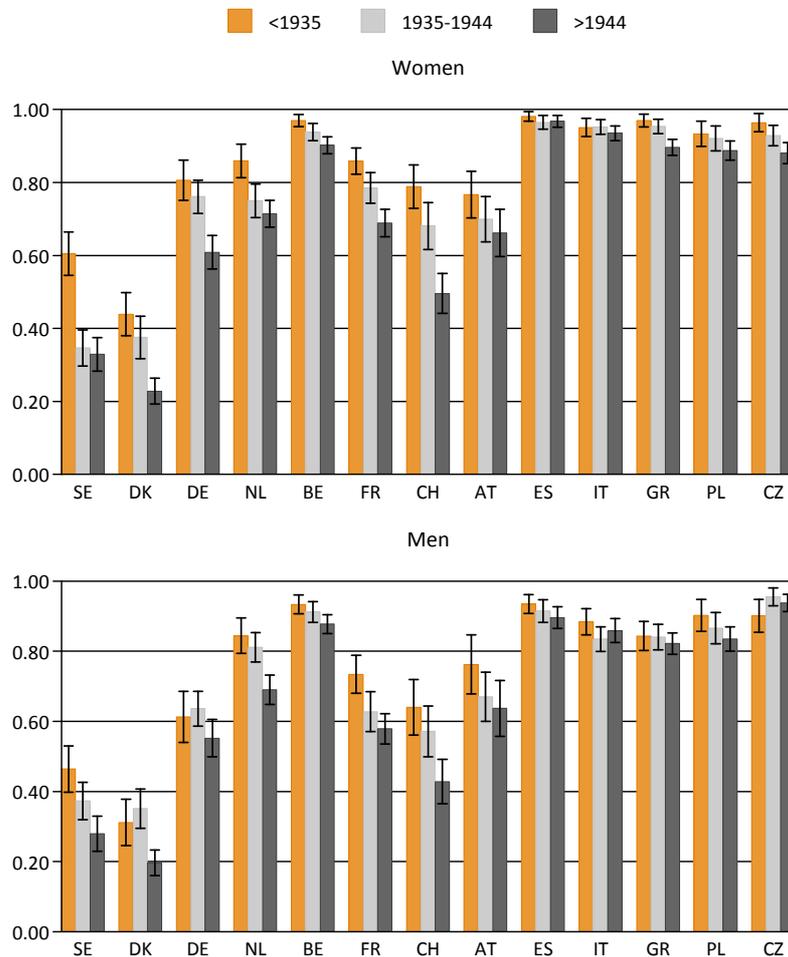
In all SHARE countries women leave one or two years earlier than men (Figure 6.1). This partly reflects differences in the age of marriage. On average women of those cohorts married 3 years earlier than men. In most countries women are more likely than men to establish their own household directly by getting married (Figure 6.6). It is interesting to notice the cross country distribution of marriage-motivated nest leaving: Eastern and Southern Europeans, together with Belgians, tended to leave their nest only when they got married. Belgium has little renting accommodation, as the Southern countries. On the contrary, less than half of the Scandinavians left their parents' home in order to marry. This may be due to differences in accessibility to rental housing or differences in marriage rates, with partnership being more developed there. When we include cohabitation, the percentage of respondents who left the nest to live with a partner or marry increases, in Sweden and Denmark more so than in the other countries. However, the cross-country pattern remains the same.

Figure 6.6: Nest leaving with marriage by country and gender



The two panels of Figure 6.7 split the sample by cohort and gender. In general, the percentage of people leaving the nest to get married declined over time, and was much higher for the older cohorts. In spite of the decline in age at marriage, gradually for the younger cohorts and first for males it became more common to live by oneself before marriage. The cohort evolution is particularly strong in Sweden and Denmark, where the fraction of people leaving the nest to marry halved between the oldest and the youngest cohort. Similar declining patterns can be observed for some other countries (France, Germany, Switzerland, Sweden, Denmark, the Netherlands, Austria), although at various levels. The evolution was much slower in Belgium, Greece, Poland, Czech Republic, and has hardly begun in Italy and Spain. In spite of this common trend, the three country-grouping pattern (Belgium, Spain, Italy, Greece, Poland and Czech Republic; Sweden and Denmark; Germany, the Netherlands, France, Switzerland and Austria) is stable over time.

Figure 6.7: Nest leaving age with marriage by cohort and gender



Multivariate analysis shows that indeed one is more likely to leave to directly get married in countries where no rental accommodation is available for young single persons. The existence of social housing and of rental allowances decreases the likelihood to leave directly to marry, while hard rent control or the tax deduction of mortgage interest, a policy supposed to encourage home ownership, increase it. To summarize bluntly: rental accommodation is for singles, home ownership is for couples. The likelihood to leave directly for marriage is higher for children of poorer background (breadwinner in elementary, blue collar or craft occupations). It is also negatively related to education (the more years of education the less 'direct marriages'). Living on one's own before getting married, forfeiting economies of scale in accommodation appears to have been a luxury.

6.8 Nest leaving and education: leaving early is good!

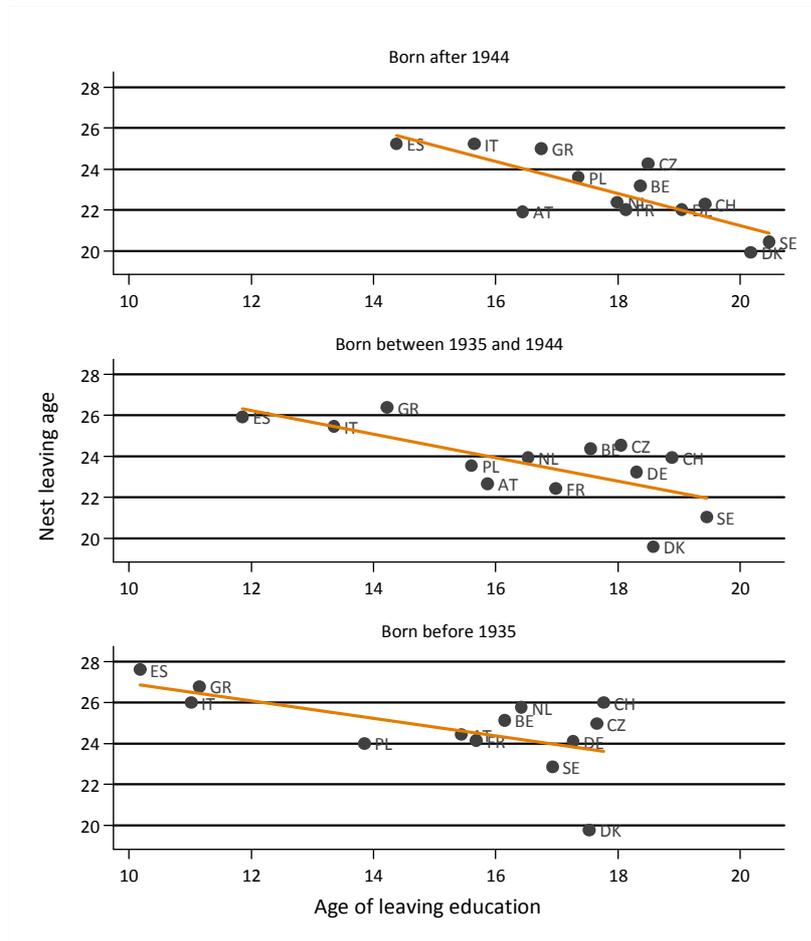
The link between marriage and education choice, and the fact that education has important consequences in terms of health, life expectancy and well being of the elderly population, both for men and women, suggest to study more closely the link between nest-leaving and education.

When plotting the nest leaving age against years of education, we identify three groups of countries (Figure 6.8). Spain, Italy and Greece feature late departure and low education (and as we said above, low welfare state, small rental sector); Sweden, Denmark are characterized by early departure, high education (and high welfare, large rental supply); the other countries lie in between.

It is interesting to note that the negative correlation seems stronger for the baby boomers than for the older cohorts. Differences across generations reflect the spectacular development of education over time. Indeed the mean age at which they finished education was 14.3 for the older cohort and 17.4 for the baby-boomers. The percent that pursued education after age 18, which might be even more relevant, went from 17.7 to 35.8 percent and 24.8 percent for the middle cohort.

Splitting the sample by gender, we see that women lagged somewhat behind: half as many females as males were into education above age 18 in the older cohort (13.5 versus 24.6 percent), although the difference has narrowed for the baby-boomers (32.4 versus 39.4 percent). The links between higher education and nest leaving behaviour is not straightforward as education might have been provided close to the parents' home. Then an important quality of the parents' home is its location. A large majority (85 percent) of the SHARE respondents spent all their student years still living with their parents: from 90 percent or more in the southern countries, in Belgium, Poland, Austria and the Czech Republic, to less than 50 percent in Denmark. This again seems linked to the availability of rental housing that helps leaving the parents to study. The higher the education level, the less likely one is to get it at the parents' home, although urban youths are more likely to have got it nearby. Children of richer parents are more likely to leave them to study, and the tendency to leave has increased over cohort, *ceteris paribus*. Note that females are also less likely to study at home than males, which points to women being more independent than men of the same age and education level. If women leave their parents earlier it is not only because they marry, but also because their education made them more able to cope with living independently.

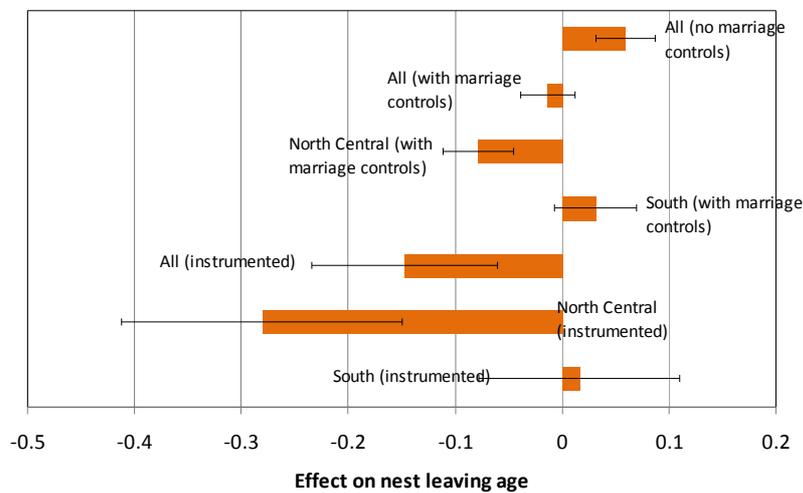
Figure 6.8: Nest leaving age and age of leaving education by cohort



We try to confirm the macro level negative relationship between nest leaving age and age of leaving education at the micro level to document whether the nest leaving age *per se* has really long lasting consequences in terms of well-being. As many factors (such as supply and location of higher education) are interrelated, pinpointing the channels of the effect is difficult. The intuition is that in countries where a significant proportion leave their parents to study the education level of the SHARE respondents will be negatively linked to the age at which they left. The results are summarized in Figure 6.9. At first glance, there seems to be a *positive* correlation between nest leaving age and age of leaving education: the longer you stay home, the longer you study, and the later you start your first job. However, the correlation becomes negative after controlling for marriage behaviour: you studied longer if you left home earlier. More precisely it is negative in all but the Southern countries where the correlation remains positive. In Spain and Italy less than 3 percent from those cohorts left their parents to pursue further educa-

tion, so the absence of correlation is not surprising. Leaving aside the three Southern countries, the negative correlation is even more pronounced when the age of leaving education is instrumented by maths and verbal abilities of the respondent at age 10 (which we assume influence the length of education but not directly the nest leaving behaviour; we also use number of books and number of years of compulsory education as instruments). Overall, the microeconomic analysis confirms the macro relationship between age at nest leaving and higher education. Being able to leave the nest enhanced the chances to pursue further education *ceteris paribus*. This seemed particularly true in France, Germany and the Netherlands.

Figure 6.9: Nest leaving age and age of leaving education: micro-level analysis



6.9 Conclusion

The nest leaving period is linked to crucial life choices: higher education, marriage, first job. The age at which young adults establish their own household is deeply country specific: it ranges from age 20 in Denmark to around 25 in the Southern countries. From our study of the individual and the macroeconomic determinants of nest-leaving age we draw the following main conclusions:

- Nest-leaving age is shaped by individual parental and home characteristics, but is also linked to the national and policy context. The age of compulsory education and the availability of rental housing influence the nest-leaving age. Over the last century we documented a decline of the age at marriage, a decrease of the frequency of leaving to directly marry, an increase in higher education and in the frequency of getting this edu-

cation after having left the parental nest. All of these have concurred to earlier nest-leaving. If at first approximation the economic situation is exogenous, the differences between countries suggest that the housing market, and especially the availability of affordable first rental homes, plays a primary role. All in all, more favourable economic conditions allowed leaving earlier.

- On average, 78 percent of the SHARE respondents left and married directly, more so for women than for men. The historical decline of this practice leaves more time for higher education and parallels the increase in education level.
- We also looked more deeply into the link between education and the age of nest-leaving. *Ceteris paribus*, it seems that an earlier nest-leaving is positively related to education level. The higher the education the more you get it by living outside your parent's home.
- The declining trend in nest-leaving age has spectacularly stopped, or even reversed for the more recent cohorts who tend to stay home longer. It might be linked to deteriorating economic conditions in some countries for those born in the 1970s, even if other factors might play a role. Some may pursue higher education in order to avoid unemployment, and do so at their parents' home, more than in the past. However the SHARELIFE data strongly suggests that providing first rental accommodation for the young enhance the chances of higher education.

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