

Students Leaving Home and Entering the Housing Market

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Abstract

This study is about the housing demand for students. This research examines the students' housing choice, in order to explore the students' pattern of living in greater depth and to obtain a better understanding of their needs and how they might be linked with the students' attraction for a city. This research was conducted at the Universidade Regional do Noroeste do Estado do Rio Grande do Sul (UNIJUI), in Ijuí, south of Brazil. The data was collected from university students. Initially, research focused on how and why young students leave the parental home and enter the housing market. After that, we analyzed the housing preferences expressed by these students with the stated preference method. In summary, the results show that the students left the parents' home due to the course type, paid activity, the distance between the parents house and the university, age, marital status, number of disciplines, financial dependence, own income; parents' income and financial support value. About the housing choice, the rent and the arrangement are the more important attributes. The students prefer cheaper habitations and also prefer to live near the university, in habitations with furniture, in habitations with better comfort. Thus, it is important to know more about the housing-market, independent from the location in the world.

Keywords

Housing-market, students, leaving home, housing choice.

INTRODUCTION

The expansion of the higher education sector has taken place with minimal attention given to housing in this growing student population. The increased demand has resulted in the establishment of niche student markets. The High school students' population in Brazil has become expressive along the years. The literature on housing demand sustains that the students are a specific group of youth that begin to impact the housing market [Rugg et al (2000), Christie et al (2002), Mulder and Clark (2002)].

Observing the housing demand for students and its impact on local housing markets, this research examined the housing-market entry of nest leavers. Leaving the parental home and becoming

independent is the first step in the life course to family formation, household creation and housing-market participation [Clark and Mulder (2000)].

This research was conducted in the Universidade Regional do Noroeste do Estado do Rio Grande do Sul, in the south of Brazil. Initially, we investigated how and why young students leave the parental home and enter the housing market. After that, we examined the housing preferences expressed by these students with the stated preference method.

RESEARCH BACKGROUND

Literature on the students leaving parents home

Several studies have driven attention to the leaving of young people from parents' home, among them students. Some studies particularly make a difference between the terms "leaving home" and "living away from home". For [Leonard (1980) *apud* Jones (1987)] the first refers to a definite move and the latter is a reversible case, which occurs when the children live in another place for a period of time in order to study or work, keeping the housing link with parents.

This viewpoint is also focused by Galland (1997), who differentiates these two situations from the perspective of financial dependence. The author claims that the basic difference is in affording his expenses or having parents' financial support. Leaving home is connected to the access to independent residence, and living away from home happens when the young adult keeps bonds with his/her parents and it often means financial dependence from parents. [(Galland (1997)].

According to Galland's definition, most students would be included in the group where parents pay for the housing. Only after finishing their studies they settle an independent home [Avery *et al.* (1992), Mulder and Clark (2002)].

Nave-Herz (1997) researched the students' housing situation in Germany and shows that in 1994, 21% lived with their parents, 40% lived in flats, 20% shared a flat with other people and 13% in students housing (at university) and the other 6% shared tenant rooms from rented buildings.

Two studies focusing on students' segments deserve more attention. Hensher and Taylor (1983) identified the factors which influence the students' decision about their housing location and determine the fact of moving or not moving from house during their study time. The case study was carried out in Sidney and investigated a sample of 200 students.

In the research by Hensher and Taylor (1983) three categories of variables were identified as conditioning in the decision of moving away made by students: accessibility, financial dependence and residence composition. The variables income, housing cost and the quality of housing have not presented any apparent significance in the decision of moving.

Another important aspect which must be noticed in the research of Hensher and Taylor (1983) is the existence of differences in the reasons given by students and those mentioned in the studies about mobility involving people as a whole. The explanation is related to the fact that, for students, the housing choice is a transitory and short-term decision.

Regarding the choice town where to live, Hedriks (1985) developed a work aiming to reveal the way students attractiveness study place. The author interviewed 73 students of the first year at Nijmegen University, who at the time could have chosen between five towns where to attend the course. The model of decision process used pointed as results, in nature and importance order, the following attributes: distance, quality of town, aspects related to friends, size of town, previous knowledge of town, housing conditions, teaching conditions, characteristics of the university, bonds with their first housing (most students have already lived in this town) and other reasons. The end of the

studies involve a decision process between coming back to live with their parents or entering the housing market[Mulder and Clark (2002)].

In England, 48% of young adults who have left home to study came back to live at their parents' home, suggesting that the access to education characterizes only a temporary phase in the housing career of young adults [Jones(1987)]. In the USA, 60% of those who leave their parents' home to study or for military service come back home and in Australia about 45% [White (1994) *apud* Murphy and Wang(1998)].

Literature on the housing choice of students

As observed by Kruythoff (1994), the students are a specific group of young adults who enter the housing market, who, in its majority, do not work and use small and low cost housing. Some studies found on the literature which focus the students' demands are summarized in Table 1.

Table 1. Synthesis of the main studies about students' housing choice

RESEARCH	OBJECTIVES AND SAMPLE	METHOD	RESULTS
Shinn (1970)	Housing choice. United Stated students.	To evaluate housing sceneries.	Type and quality were the more significant variables. Location did not seem important.
Sugden; Willians (1973)	Housing choice. York (England students).	Linear Regression.	The commuting cost between home and the campus were the most significant variables, none of the variables related to housing were significant
Louviere; Henley (1977)	Housing choice. 50 students	Hypothetical sceneries (three rents, different distances and times)	There was no compensation of attributes, for example, flats a long distance from the university were not attractive even offering high quality and low cost; it was observed that individual preferences may be extended to groups with socio-economic similar characteristics.
Hensher; Taylor (1983)	Housing mobility of 200 students in Sidney.	Multiple Regression	Significant variables for mobility: accessibility, financial dependence and residencial composition. The variables of income, housing cost and the quality of housing were omitted by students not presenting significance in the decision of moving. The final model omitted the variables of commuting cost and accommodation cost and total cost.
Hendriks (1985)	City choice for to study 73 students of Nijmegen University.	Revealed preference.	The following attributes were important in the choice of town: distance, quality of town, aspects related to friends, town size, previous knowledge of town, housing conditions, teaching conditions, characteristics of the university, bond with the first housing and other reasons.

Source: (BRANDLI; HEINECK, 2003).

All these studies show different applications and results, because there are external variables that influence the decision process model, which comprehend the values system, the motivation, the

level of information and the personal characteristics of the individuals. To sum up, the factors which influence the reasons of each person's choice. The decision process depends on the individual perceptions and the attractiveness of the choice alternatives.

However, it is common sense that this market segment has peculiar characteristics and its expressiveness translates impact in the housing market.

Another group of researchers have focused their attention on the supply side, evaluating this impact through the ways by which the local agents respond to the students' demand [Chatterton (1999), Kenyon (1997), Rugg *et al.* (2000), (Smith (2002))].

For Rugg *et al.* (2000) this impact depends on the nature of the market and the bargain power of the other demanding segments. The author comments that in York/ England, the students' concentration tends to induce the owners to rent their properties in the areas occupied by them once the neighborhoods' characteristics keep changing due to the differences of students' life styles. Concerning the offer, the housing conditions vary depending on the location. In areas of lower demand facilities are offered in order to attract students (microwave oven and cable TV in the housing, for instance). In areas of higher demand, the students pay for lower quality housing.

According to Smith (2002), the impact of the magnitude and the concentration of students' housing in the town are social, economical, cultural and political oriented and it has attracted significant local, regional and national interest.

Chatterton (1999) explores the role of university students in the construction entertainment sites in the city of Bristol. He shows that the economic, cultural and educational vitality of the city are intrinsically related to the students attracted by the university.

The study by Kenyon (1997) reveals that the students are perceived by the local residents faced with the negative impacts in the neighborhoods physical and social characteristics.

These arguments corroborate to what Chrisafis (2000) identifies with the families living in students' neighborhood that the presence of students residents causes discomfort. The significant number of rented housing, where most of the owners are investors, added to the students' life style (noise, lack of care with the housing and its surroundings) bring compatibility problems between the neighborhood's residents.

Smith (2002) evaluates the economic importance of this segment and shows that students have preferences and likings well defined by peculiar types of housing, location and rent value.

Another important observation is that several students move from the university accommodations to a place rented in the local housing market. This transition occurs, most of the time, in a beneficial way, by making it feasible the consumption of an specific kind of housing, giving the opportunity of the co-residence with friends of his/her choice and potencializing the experience of independent housing.

The geographical location of students shows a similar tendency in the results of Rugg *et al.* (2000) and Smith (2002). The students group in specific areas or near the university (in this case to minimize the costs and time of transportation) or in downtown áreas (due to job opportunities, cultural and entertainment facilities such as cinemas, shops, bars and other amenities).

METHODOLOGY

Data, sample and survey for the leaving parents' home

The data was collected from 242 university students and a logistic-regression model was used. The questionnaire aimed to discover the interviewees' current choices. It was structured with a part in common: graduate course characteristics and socioeconomic characteristics.

The variable for analysis was denominated Housing Condition (CONDITION), where $Y1 = \{1, 2\}$, binary and dichotomic, with events mutually exclusive and independent, in that it had attributed 1 to the factor “left from the parents home”, and 2 to the factor “lives with parents”. The regression model was obtained with the software Statistical Package for Social Sciences (SPSS) 8.0.

Data, sample and survey for the housing preference

The data was collected from 450 university students and uses an econometric model using stated preference data to examine student housing choices.

The survey was realized during July, August and September 2003. The total sample was randomly selected and restricted to UNIJUI students that have left parental home.

The identification of the attributes considered as influence sources for the choice was accomplished based on the recommendation of Bradley and Daly (1994). The hypothetical scenarios are as similar as the actual choice situations. For this, the characteristics of the choice alternatives were defined from an exploratory study and from the bibliography.

Besides, it was considered that, even if the housing characteristics can be described by a great variety of components, these components have different importance depending on the market [Tu and Goldfinch (1996)]. Based on this and on the specific literature on students' housing choice the attributes that could influence the choices of this segment were defined. The analysis includes the following structural characteristics: (1) quality; (2) arrangement; (3) rent or cost; (4) location; (5) furnished housing; (6) comfort.

ATTRIBUTES	CODE	LEVELS - CHARACTERIZATION
Quality	0	Level I – less satisfaction with acoustic, heatstroke, illumination comfort
	1	Level II – more satisfaction with acoustic, heatstroke, illumination comfort
Arrangement	0	Level I – live in group (friends/partners/relatives)
	1	Level II – live alone
Rent or Cost	0	Level I – R\$150,00
	1	Level II – R\$ 300,00
Location (accessibility)	0	Level I – downtown (shops/supermarkets accessibility)
	1	Level II – proximity to the university (campus)
Furnished housing	0	Level I – habitations that don't incorporate furniture
	1	Level II – habitations that incorporate furniture
Comfort (use)	0	Level I – worst space per person, privacy and independence in the use of the kitchen and bathroom
	1	Level II – better space per person, privacy and independence in the use of the kitchen and bathroom

Fig. 1 Attributes and levels

ANALYSIS AND RESULTS

The leaving parents' home

The model that explains the leaving parents' home, with explanation $R=88,82\%$, shows that the main explanatory variables of the housing situation were: the course type, paid activity, the distance

between the origin city and Ijuí, age, marital status, number of disciplines, financial dependence, own income; parents' income and financial support value. Equation 1 and Table 2 show the results from this part.

$$Y' = 0,5271 + 0,0706X_1 - 4,7527X_{21} - 3,1035X_{22} + 3,262X_{31} - 1,4385X_{32} + 0,2131X_4 - 1,7017X_{51} + 0,0013X_6 - 0,0002X_7 - 2,305X_{81} - 0,0016X_9 + 2,4921X_{101} - 0,0476X_{102} \quad (1)$$

The young people who leave the parents' home maintain a relationship of financial dependence with them. These young people have a higher family income than the ones who don't leave, capable to finance this exit.

The work place is a significant variable and the main influence in the residential location. This way, the work acts as a factor of impediment of the mobility.

The change probability is directly linked to the commuting time contemplated for the distances between the origin city and the university.

There is a larger probability of changing when there are government financial resources or other sources, but not when the funds are from the own students.

The final model omitted the variables commuting cost and accommodation cost (cost of living with the family, with friends) and total cost (both).

The graduation course type regarding the period of the classes indicates that the night period contributes to the displacement and the avoidance of leaving out. The day courses, on the contrary, induce students to settle home in Ijuí. The full-time courses didn't have significant difference between the two groups and tend not to set importance to the return.

The housing preference

The utility function expresses the viewpoint of the students about the housing attributes, representing mathematically the importance given to each one. The positives signs of the coefficients denote the utility increase when the level 0 changes to 1. The values of the coefficients mean importance level of an attribute and show what parameters are significant.

The utility function obtained from the SP statistical adjustment for the total sample is presented in equation 2. Table 2 shows, for each attribute, the value of the coefficients, the error, the t-test and the confidence interval.

The utility function for SP model is given by:

$$U_{sp} = -0,0711X_1 + 0,3587X_2 - 0,7676X_3 + 0,0265X_4 + 0,3132X_5 + 0,5726X_6 \quad (2)$$

Where: X_1 = quality; X_2 = arrangement; X_3 = rent; X_4 = location; X_5 = furnished housing; X_6 = comfort

Table 2. Stated preference results

Attribute	Coefficient	Error	t-test	CI (t=2.5%)
Quality	-0.0711n/s	0.1072	-0.6629	[-0.286; 0.143]
Arrangement	0.3586	0.1089	3.2943	[0.141; 0.577]
Rent	-0.7678	0.1151	6.6666	[-0.999; -0.538]
Location	0.0265 n/s	0.1072	0.2471	[-0.188; 0.241]
Furnished housing	0.3133	0.1085	2.8874	[0.096; 0.530]
Comfort	0.5723	0.1116	5.1321	[0.350; 0.796]
Number of interviews: 450		Number of cases: 450		
L (max) = -623.8325		L (C) = -563.4567		
LR (-2[L(max) - L (C)]) = 120.7516		$\rho^2 = 0.0968$		

n/s – not significant at 5% level.

The results show the rent as the most important attribute in the choice of the habitation for the student, followed by comfort, arrangement and furnished housing. Location and quality didn't present statistical significance at the 5% level.

The attribute cost, or rent value is negative and highly significant as expected. In the SP model it was the most important characteristic for the housing choice.

The comfort, defined by space per person, privacy and independence in the use of the kitchen and bathroom presents more utility in the satisfactory condition, with privacy and independence than in the contrary condition.

The arrangement coefficient was negative indicating a preference for individual arrangement. This explanation is behavioral.

About the furnished housing, the behavior shows that the students prefer habitations with furniture, habitations that incorporate furniture rather than the ones that don't offer any.

The location attribute didn't obtain significant coefficient, it can be explained by the fact pointed by the literature that both possibilities offered to the students downtown and proximity to the university, are attractive and they possess balanced preferences among the students. The quality was not significant either.

The SP utility analysis shows that the best housing situation is: less quality, live alone, rent of R\$ 150,00, proximity to the university, habitations that incorporate furniture and better comfort (utility value = 1,2716). On the other hand, the worst housing situation is: more quality, live in group, rent of R\$ 300,00, downtown, habitations that do not incorporate furniture and less comfort (utility value = -0,8397).

CONCLUSIONS

This paper focused on two aspects of student life, the leaving parents' home and housing choices. The objective was to explore the pattern of living of the students in greater depth and to obtain a better understanding of their needs. To know their preferences and choices can help to new construction projects in the niche market.

About the results, in this particular study, we can show that the students left the parents' home due to the course type, paid activity, the distance between the origin city and the university, age, marital status, number of disciplines, financial dependence, own income; parents' income and financial support value. About the housing choice, the rent and the arrangement are the more important attributes. The students prefer cheaper habitations and also prefer to live near the university, in habitations with furniture, in habitations with better comfort.

In summary, the results show similarities to the theoretical background, in other cities and in other countries. It is important to know more about the housing-market, independent from the location in the world.

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