

# Unemployment Risk and the Timing of Homeownership: Evidence from Retrospective Panel Data in Japan\*

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## Abstract

The effect of unemployment risks on the timing of homeownership is examined using retrospective panel of Japanese households. Estimates on the timing of homeownership by the SPD model suggest the following empirical findings; (1) unemployment risks, proxied by unemployment probability, has significantly negative effect on the homeownership, and (2) the effect of unemployment risk may be overestimated in the naive models where all households are assumed to eventually 'fail'. Further, from the simulation analysis, it is suggested that the negative effect of unemployment risk on the timing is generally driven by the credit constraint.

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Keywords: Housing Tenure, First-Time Homeownership, Unemployment Risk, SPD Model.

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