

Why Do Single People Live with Their Parents?

C R. McKenzie

Keio University

And

Kei Sakata

Ritsumeikan University

ABSTRACT

This paper examines why single people in Japan live with their parents. Using the first five waves of the Keio Household Panel Survey (KHPS) collected over the period 2004 to 2008, this paper expands the standard demographic model to explain the decision of whether a young adult lives in the parental home or seeks residential independence by including economic factors. Care is taken to ensure that the sample is restricted to individuals whose parents who are still alive, and the decisions of females and males are analyzed separately. This paper attempts to overcome three major shortcomings in previous studies on this issue, namely, 1) credit constraints; 2) heterogeneity; and 3) simultaneity. The paper estimates separately probit models for the co-residence decision and the marriage decision, as well as a multivariate probit for the four possibilities that arise from co-residence and marriage decisions. The factors that influence these decisions are found to include: whether the individual works or not, educational levels and the sex ratio in the prefecture where the individual lives.

JEL Classification Codes: J12, J12, D2

Keywords: Co-residence, credit constraints, heterogeneity, marriage, panel data