

Household Characteristics and Homeownership during the “Lost Decades”

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Abstract

Using household survey data from the recent economically depressed period, we attempt to identify typical household characteristics by residential type and study whether households change their residence in different stages of life. We find that the general trend in residential choice is influenced by their socioeconomic backgrounds. Multinomial probit estimation results show that the probability of homeownership increases with household age, income, and family size. This probability is also higher in rural areas. In contrast, the probability of renting a home increases when household residents are female and reside in urban areas. Furthermore, there are differences in occupational preference regarding household decisions on homeownership, but such discrepancies have been declining in more recent years. Finally, despite market imperfection, a significant tendency exists for people to adjust residential size according to their needs in different stages of life; however, this trend becomes less significant for older households and in rural areas.

Keywords: Homeownership, Life-cycle, Dwelling size, Multinomial probit method, Bayesian approach, Japan, Lost decades

JEL classification: R1, C5

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