

# Who gets on to the property ladder in Scotland? Changing transitions to home ownership among young adults over two decades

Young adults in Scotland, as elsewhere in the UK, are now experiencing greater difficulties getting onto the property ladder than they did in the 1990s. This study examines the characteristics and family background of those who left the parental home and became homeowners between 2001 and 2011. It then compares their experiences with the experiences of young adults in the previous decade. The findings indicate that the advantage associated with higher education has increased but so has the influence of family background, whereas securing professional employment is less of an advantage for getting onto the property than it was in the past. Thus there is a risk of inherited inequalities becoming entrenched and further reducing the social mobility of young adults in the future.

## Key Points

- Young men are more likely to be living in the parental home than young women, but they are also slightly more likely to become homeowners when they leave.
- Education matters, as those with higher education qualifications are more likely to become homeowners.
- Employment also matters, as those employed in professional/managerial jobs are more likely to become homeowners. However, the gap between the high achievers and the rest has narrowed since the 1990s.
- Parental social class and housing tenure both influence whether or not a young adult becomes a homeowner, and this influence has strengthened since the 1990s.
- There is a risk that inherited inequalities may become entrenched and further reduce social mobility among young adults in the future.

## Introduction

In the 1980s, homeownership became the main type of housing tenure in Scotland for the first

time, displacing the previously dominant social housing sector. However, since the economic downturn in 2008, homeownership rates among young adults have declined markedly due to a

combination of economic uncertainty, precarious employment, high house prices and restrictions in mortgage lending. This study explores transitions to homeownership among young adults in Scotland between 2001 and 2011 compared to the previous decade. It contributes to debates about widening social inequality by investigating who got on to the property ladder, and who was newly disadvantaged, during the 2000s. As well as the characteristics of young people themselves, the study examines the influence of place of residence and selected characteristics of their parents.

### Aims of the research

The study has two aims. The first is to determine which characteristics of young adults, who were living with their parents in 2001, are most important in influencing the transition to homeownership by 2011. This provides a profile of those young people who were most advantaged in the housing market during the 2000s. The second aim is to compare this profile with results for young adults who were living with their parents in 1991 and became homeowners by 2001. This allows us to identify changes in the factors influencing transitions to homeownership between the two decades.

### The study

The research uses secondary data from the Scottish Longitudinal Study (SLS), a large study of a 5.3% sample of the Scottish population which links individual data from the 1991, 2001 and 2011 censuses. Census data include a range of information describing individuals' social, demographic, economic, health and housing characteristics. Information is also collected on individuals living in the same household at the time of the census. Since all young adults are living with their parents when initially observed, we are able to include parental characteristics in the analyses.

We conduct separate analyses for each of two decades (1991-2001 and 2001-2011) to find out the housing outcomes by the end of the decade for young adults (aged 16-29) who were living with their parents at the beginning of the decade. Our samples consist of 18,257 young adults for the first decade (1990s), we call this group 1, and 15,182 young adults for the second decade (2000s), group 2.

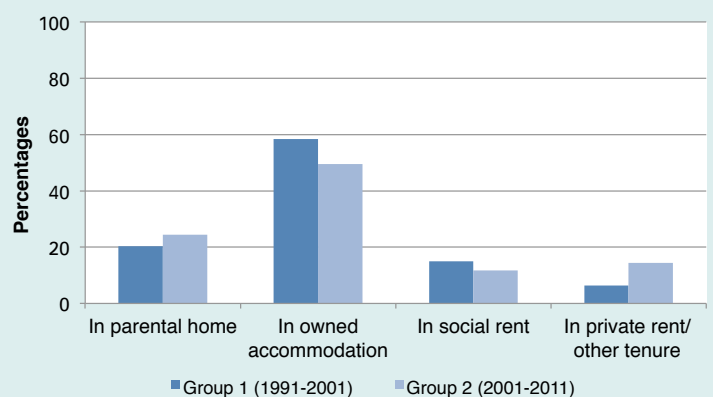
### Main findings

Initial comparison of the two groups reveals a moderate increase (from 20.3% to 24.4%) in the proportion of young adults who were living with their parents at the end of the decade, and a postponement to later ages of leaving the parental home, in particular among men. Of those who did move out (nest leavers), the majority became homeowners by the end of the decade. However, there is a significant decline in the proportion of young adults who got on to the property ladder in the 2000s compared with the 1990s, as well as a notable increase in the proportion of those who moved into privately rented accommodation (Figure 1). Of nest leavers, 66.5% became homeowners during the 2000s compared with 73.3% in the previous decade. This decline reflects the difficulties some young people now face in accessing homeownership.

### The transition to home ownership in 2001-2011

For young adults in 2001-11 (those in group 2), being male, being older and being in good health all increased the odds of getting on to the property ladder. However, it is the socio-economic differences that are most striking. There are clear educational and occupational status gradients. Those who achieved post-secondary school (higher education) qualifications by the end of the decade are two and a half times more likely to become homeowners than those who had below secondary school qualifications (Standard Grades

Figure 1: Housing tenure of young adults at the end of each decade.



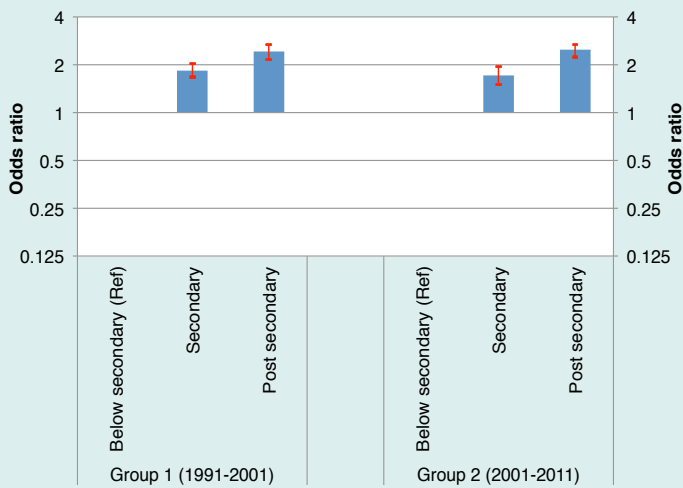
Source: Authors' own analysis of the Scottish Longitudinal Study.

Note: Sample consists of young adults living with parents at the start of each decade i.e. 1991 and 2001.

or less), while those who completed secondary school (Higher Grades) fall in between (Figure 2). The gradient in occupational status (employment and social class combined) is even steeper. Those who were in professional/managerial jobs are more likely to become homeowners by the end of the decade than those of any other occupational status, while odds are lowest for those who were unemployed at the start of the decade in 2001 (Figure 3). Our research suggests higher education and well-paid professional/managerial employment give significant advantages for

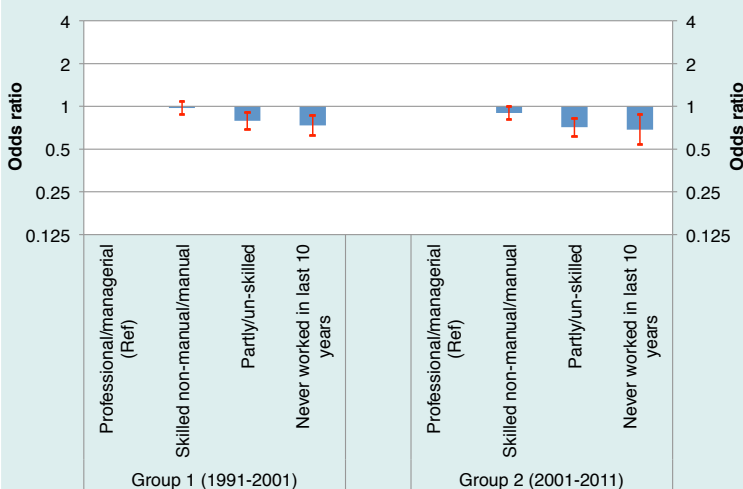
achieving home ownership, as might be expected. Parental social class is also influential, with those who come from a professional/managerial family most likely to become homeowners (Figure 4). Those whose parents never worked in the 10 years before 2001 are least likely to make the transition to homeownership but the difference between them and the children of partly/unskilled workers is small (and statistically insignificant). The importance of family background is confirmed by the association between the housing tenure of parents and the housing tenure of their adult children (Figure

Figure 2: The likelihood of living in owned accommodation at the end of the decade according to level of education.



Source: Authors' own analysis of the Scottish Longitudinal Study.

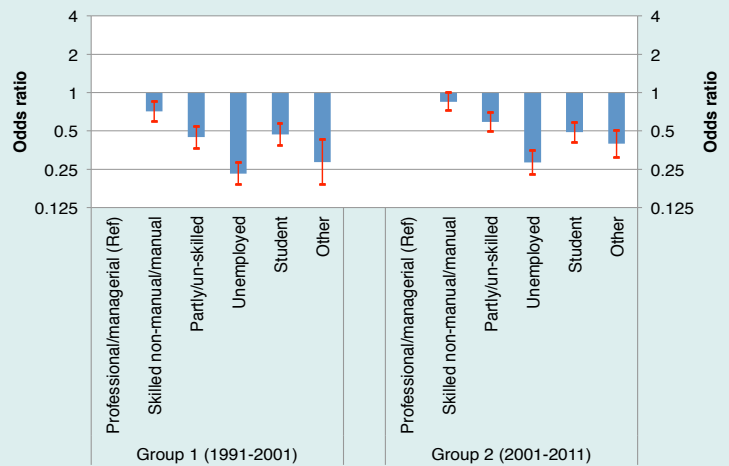
Figure 4: The likelihood of living in owned accommodation at the end of the decade according to parental social class.



Source: Authors' own analysis of the Scottish Longitudinal Study.

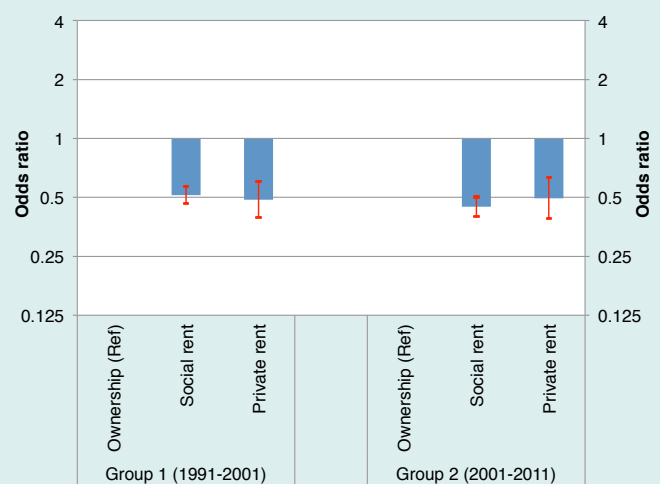
Note: Odds ratio with 95% confidence interval. Sample consists of young adults living with parents at the start of each decade i.e. 1991 and 2001 and who left the parental home during the decade.

Figure 3: The likelihood of living in owned accommodation at the end of the decade according to occupational status.



Source: Authors' own analysis of the Scottish Longitudinal Study.

Figure 5: The likelihood of living in owned accommodation at the end of the decade according to parental housing tenure.



Source: Authors' own analysis of the Scottish Longitudinal Study.

5). Thus, those whose parents are in social or privately rented accommodation are only half as likely to become homeowners compared to those whose parents are themselves homeowners.

### The newly disadvantaged

Comparing the findings for 2001-2011 (Group 2) with those for the same age group of young adults in the previous decade (1991-2001, Group 1) allows us to see what has changed. In particular, we are able to identify those who experienced greater difficulties getting on to the property ladder in the 2000s compared to the 1990s (Figures 2-5). The findings show a narrowing of the gap between those employed in professional/managerial jobs and those in skilled or partly/unskilled jobs in the 2000s. This indicates that, even among those employed in higher status jobs, some were failing to get on to the property ladder compared with similar young people a decade before.

At the same time higher education has become even more important. Moreover, the influence of parental social class and housing tenure has also increased. The gap between the adult children of professional/managerial parents and those from other social classes has widened along with the gap between those whose parents are homeowners and those whose parents live in social housing. Thus young adults who were

newly disadvantaged in the housing market of the 2000s were those without higher education and those who came from non-professional family backgrounds. Further, being employed in a higher status job became less of an advantage.

### Policy implications

Since the 1990s, the influence of parental social class and housing tenure on young people's access to homeownership has strengthened. While the advantage of achieving a higher education qualification has increased, the influence of a 'good job' has weakened. Thus there is a risk that inherited inequalities may become entrenched and further reduce social mobility among young adults in the future.

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