

**MARITAL DISRUPTIONS, HOMEOWNERSHIP AND HOUSING
SATISFACTION IN AUSTRALIA: EVIDENCE FROM THE HILDA**

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Very Preliminary! Comments are welcome!

OUTLINE

- **Motivation**
- **Data Description and Descriptive Statistics**
- **Estimation Strategy**
- **Homeownership Results**
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MOTIVATION

- Understanding the role of life cycle shocks in maintaining and improving living standards of individuals**
- Marital disruptions are some of the most common life cycle shocks that generally affect all members of a household both economically and socially**
 - The high divorce rates in most industrialized countries dictate the policy makers to fully understand the effects of marital dissolution on various outcomes**

MOTIVATION (cntd)

- Studies estimating household economies of scale for various goods and services consumed by households suggest significant scale economies, especially in housing. Some, or all of these scale economies are lost when a marriage is dissolved. This implies that individuals could face a significant drop in living standards following a legal separation or death of a spouse.**
- The results of this study might be easily related to other important issues such as wealth accumulation and portfolio allocation over the life-cycle, inequality and poverty, gender differences, well-being of children and feminisation of poverty, and might help us to understand the evolution of those events which have a strong life-cycle aspect.**

- In this project, we examine the implications of marital status changes for individuals' homeownership rates, and housing adequacy and satisfaction levels in Australia**
- We look at issue separately for males and females to see if there are any significant gender differences in terms of maintaining housing tenure and satisfaction levels after marital shocks**

DATA DESCRIPTION

- **Hilda wave 1-3**
- **A balanced panel of 24597 observations**
- **3782 Males Per Wave**
- **4327 Females Per Wave**
- **Main variables of interests in addition to other socio-demographic and economic variables:**
 - **Marital Status**
 - **Housing Tenure**
 - **Housing Satisfaction**
 - **Housing Adequacy**

Individuals are classified as:

- **MARRIED** if they are legally married or living with a partner in a de-facto relationship
- **DIVORCED** if they are legally divorced or separated
- **WIDOWED** and **NEVER MARRIED**

Housing Satisfaction: varies from 0 (Totally Dissatisfied) to 10 (Totally Satisfied) and is taken to be a continuous variable

Housing Adequacy: 1. Housing needs in general, 2. Comfort, 3. Living space, 4. Number of bedrooms and varies from 1 to 5 as follows:

1=Much less than adequate, 2=Less than adequate, 3=Adequate, 4=More than adequate, 5=Much more than adequate

Table 1. Sample Marital Status Distribution

A. MALES

	N	MARRIED	DIVORCED	WIDOWED	NEVER MARRIED
WAVE 1	3782	0.685	0.074	0.015	0.225
WAVE 2	3782	0.683	0.082	0.018	0.217
WAVE 3	3782	0.690	0.084	0.020	0.206
POOLED	11616	0.686	0.080	0.018	0.216

B. FEMALES

	N	MARRIED	DIVORCED	WIDOWED	NEVER MARRIED
WAVE 1	4327	0.657	0.101	0.065	0.177
WAVE 2	4327	0.654	0.109	0.073	0.165
WAVE 3	4327	0.652	0.113	0.078	0.157
POOLED	12981	0.654	0.107	0.072	0.166

Table 2. Number of Marital Status Transitions

	MEN	WOMEN
Married in Wave 1 and Single in Wave 2	84	119
Married in Wave 2 and Single in Wave 3	66	96
Single in Wave 1 and Married in Wave 2	75	104
Single in Wave 2 and Married in Wave 3	91	88
TOTAL	316	407
Overall Sample Percentage	8.36%	9.41%

Table 3. Homeownership Rates By Marital Status

A. MALES

	MARRIED	DIVORCED	WIDOWED	NEVER MARRIED
WAVE 1	0.813	0.575	0.847	0.612
WAVE 2	0.823	0.569	0.826	0.593
WAVE 3	0.822	0.575	0.829	0.583
POOLED	0.819	0.573	0.833	0.597

B. FEMALES

	MARRIED	DIVORCED	WIDOWED	NEVER MARRIED
WAVE 1	0.803	0.506	0.784	0.565
WAVE 2	0.811	0.549	0.785	0.559
WAVE 3	0.810	0.531	0.792	0.533
POOLED	0.808	0.529	0.787	0.553

Table 8. Housing Adequacy and Satisfaction By Marital Status (Pooled Sample)

A. MALES

	MARRIED	DIVORCED	WIDOWED	NEVER MARRIED
Living Space	3.313	3.349	3.765	3.346
Number of Bedrooms	3.298	3.335	3.647	3.350
Comfort	3.479	3.314	3.445	3.448
Housing needs in general	3.418	3.335	3.513	3.448
Housing Satisfaction	8.116	7.439	8.706	7.893

B. FEMALES

	MARRIED	DIVORCED	WIDOWED	NEVER MARRIED
Living Space	3.316	3.303	3.538	3.276
Number of Bedrooms	3.284	3.246	3.402	3.281
Comfort	3.490	3.362	3.587	3.389
Housing needs in general	3.440	3.345	3.478	3.478
Housing Satisfaction	7.981	7.529	8.940	7.802

ESTIMATION STRATEGY

- **Homeownership (Dependent variable is a dummy variable and takes a value of 1 if the individual is a homeowner)**
 - **Pooled data logit**
 - **Fixed effects logit**
 - **Random effects logit**

- **Housing Adequacy and Satisfaction (Dependent variables are five different measures of housing adequacy and satisfaction which are taken to be as continuous variables)**
 - **Pooled data OLS**
 - **Fixed Effects Estimation**
 - **Random Effects Estimation**

Table 9. Logit Estimation Results of Homeownership: Males

Independent Variables	Pooled			Fixed Effects		Random Effects		
	Coef.	t-stat	M. E.	Coef.	t-stat	Coef.	t-stat	M.E.
Divorced	-0.595	-4.370	-0.110	-1.414	-2.200	-2.410	-6.920	-0.063
Widowed	-0.149	-0.440	-0.025	0.841	0.560	-0.288	-0.480	-0.003
Never married	-0.138	-1.220	-0.023	0.342	0.900	-0.545	-1.930	-0.005

Table 10. Logit Estimation Results of Homeownership: Females

Independent Variables	Pooled			Fixed Effects		Random Effects		
	Coef.	t-stat	M. E.	Coef.	t-stat	Coef.	t-stat	M.E.
Divorced	-0.931	-8.560	-0.187	-1.471	-3.180	-3.232	-9.590	-0.193
Widowed	-0.332	-1.890	-0.060	-0.316	-0.320	-1.726	-3.300	-0.054
Never married	-0.356	-3.400	-0.064	0.712	2.120	-0.382	-1.370	-0.006

Table 11. Linear Model Estimation Results of Housing Adequacy and Satisfaction: Housing Satisfaction

Independent Variables	MALES						FEMALES					
	Pooled		Fixed Effects		Random Effects		Pooled		Fixed Effects		Random Effects	
	Coef.	t-stat	Coef.	t-stat	Coef.	t-stat	Coef.	t-stat	Coef.	t-stat	Coef.	t-stat
Divorced	-0.557	-5.690	-0.610	-4.110	-0.579	-7.220	-0.350	-4.070	0.039	0.260	-0.312	-4.280
Widowed	-0.090	-0.540	0.062	0.190	-0.063	-0.390	0.213	2.510	0.182	0.770	0.208	2.140
Never married	0.182	2.390	-0.267	-1.980	0.120	1.770	0.334	4.220	0.172	1.270	0.297	4.320

**Table 12. Linear Model Estimation Results of Housing Adequacy and Satisfaction:
Housing Needs in General**

Independent Variables	MALES						FEMALES					
	Pooled		Fixed Effects		Random Effects		Pooled		Fixed Effects		Random Effects	
	Coef.	t-stat	Coef.	t-stat	Coef.	t-stat	Coef.	t-stat	Coef.	t-stat	Coef.	t-stat
Divorced	-0.058	-1.490	0.056	0.540	-0.051	-1.340	-0.067	-1.950	-0.091	-1.060	-0.079	-2.470
Widowed	0.037	0.500	-0.190	-0.870	0.012	0.160	0.045	1.050	0.246	1.750	0.052	1.220
Never married	0.050	1.570	0.063	0.750	0.057	1.850	0.071	2.230	-0.011	-0.130	0.060	1.990

Table 13. Linear Model Estimation Results of Housing Adequacy and Satisfaction: Comfort

Independent Variables	MALES						FEMALES					
	Pooled		Fixed Effects		Random Effects		Pooled		Fixed Effects		Random Effects	
	Coef.	t-stat	Coef.	t-stat	Coef.	t-stat	Coef.	t-stat	Coef.	t-stat	Coef.	t-stat
Divorced	-0.096	-2.330	0.195	1.800	-0.073	-1.860	-0.041	-1.190	-0.060	-0.670	-0.051	-1.490
Widowed	-0.083	-1.120	0.014	0.060	-0.072	-0.910	0.065	1.470	0.241	1.630	0.069	1.510
Never married	0.024	0.710	0.178	1.970	0.043	1.340	0.006	0.180	0.072	0.860	0.003	0.110

Table 14. Linear Model Estimation Results of Housing Adequacy and Satisfaction: Living Space

Independent Variables	MALES						FEMALES					
	Pooled		Fixed Effects		Random Effects		Pooled		Fixed Effects		Random Effects	
	Coef.	t-stat	Coef.	t-stat	Coef.	t-stat	Coef.	t-stat	Coef.	t-stat	Coef.	t-stat
Divorced	-0.002	-0.050	0.152	1.370	0.017	0.380	-0.036	-0.920	0.255	2.850	-0.011	-0.300
Widowed	0.216	2.690	0.276	1.170	0.229	2.580	0.010	0.210	0.308	2.090	0.028	0.560
Never married	0.184	4.890	0.252	2.750	0.198	5.540	0.105	2.810	0.137	1.640	0.100	2.910

**Table 15. Linear Model Estimation Results of Housing Adequacy and Satisfaction:
Number of Bedrooms**

Independent Variables	MALES						FEMALES					
	Pooled		Fixed Effects		Random Effects		Pooled		Fixed Effects		Random Effects	
	Coef.	t-stat	Coef.	t-stat	Coef.	t-stat	Coef.	t-stat	Coef.	t-stat	Coef.	t-stat
Divorced	-0.042	-0.900	0.022	0.200	-0.032	-0.790	-0.097	-2.700	0.095	1.140	-0.080	-2.370
Widowed	0.142	1.860	0.136	0.600	0.151	1.830	-0.086	-1.840	0.061	0.440	-0.082	-1.820
Never married	0.148	4.290	0.210	2.370	0.155	4.640	0.075	2.230	0.092	1.180	0.073	2.320

CONCLUSIONS

Our preliminary results have led to the following conclusions:

- **Pooled, FE and RE logit results uniformly suggest that individuals are driven away from being homeowners following marital separation or divorce. That is, *relative to the stably married couples*, the divorced individuals are more likely to be renters than homeowners.**
- **The negative effects of divorce are observed highly significantly for both males and females, but the effects are more pronounced for females.**
- **Although not uniformly true, the results generally suggest that, relative to being in a stable marriage, being widowed or never married imply a lower probability of homeownership. However, this statistical relationship**

is either less significant or insignificant when compared to the case of divorce and it is again more pronounced for females than males.

- **In terms of housing satisfaction, the results clearly indicate that divorced individuals are *highly significantly* less satisfied with the house that they live in. This time, however, the negative relationship between housing satisfaction and divorce is more pronounced among the males rather than females. There is not much difference between married, widowed, and never married males, but widowed and never married females seem to achieve higher levels of housing satisfaction relative to the married females.**

- **In terms of housing adequacy, the overall results suggest a negative relationship between divorce and adequacy, however, the magnitudes of the effects are smaller and statistically less significant**