

Who cares about housing anyway?

by

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Abstract

To own your own home is popularly seen as the ‘great Australian dream’. Since the 1980s the proportion of median family income spent on housing has increased markedly. Some economists consider housing to be a prime example of conspicuous consumption – the tendency to spend on goods and service to signal social success or status. Clearly, housing is an intricate component of the socio-economic landscape. Previous literature has shown housing to be an important medium in connecting people to life’s opportunities. ‘Housing’ as it relates to the physical amenity of the building and neighbourhood can be distinguished from ‘the home’ which incorporates a sense of family and belonging, expresses values and provides a sphere of individual control. The home is important in meeting psychological needs and strongly influences young peoples’ later outcomes in life. However, research addressing the specific question of how important one’s own home is to different individuals and why is sparse from either an economic or psychological perspective.

This paper investigates how important one’s home is and just who cares most about the home in which they live using data from the HILDA survey which asked respondents to rate the importance of various factors in their lives, including the home in which they live. Rich information is also available on individual, family and neighbourhood characteristics. The analyses confirm the primacy placed on the home. Satisfaction with ‘the home in which you live’ is strongly correlated with overall life-satisfaction. As expected home-owners place considerably greater importance on their home than renters. However, the high priority placed on housing is surprisingly consistent across genders, life stages and wealthy and poor neighbourhoods. Multivariate models are fitted to estimate the independent effect of these and a range of other characteristics on the importance people attach to the home in which they live.

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