

## The new homeownership: the impact of labour market developments on attitudes toward owning your own home

J Doling

Social Policy and Social Work, University of Birmingham, Birmingham B15 2TT, England

J Ford

Department of Social Science, Loughborough University, Loughborough LE11 3TU, England  
Received 5 October 1994; in revised form 19 January 1995

**Abstract.** During the postwar period as a whole homeownership in Britain has been generally considered to be a desirable form of tenure. For many observers the present, since 1989, downturn in the market—characterised by high levels of arrears, stagnant or falling prices, negative equity, and so on—is a temporary blip from which sooner or later the enthusiasm for owning will recover. In the first part of this paper we analyse the British Social Attitudes Surveys for 1989 and 1991 in order to identify which groups in the population have most reduced their support for owning. The main conclusions are that the largest reduction has been amongst those groups who were already most marginal to the tenure and can be related to experiences in and expectations of the future of the economy as well as to specific, rather than general, characteristics of the tenure. In the second part of the paper we suggest that the basis of these attitudinal changes is to be found in the changing nature of work in Britain with there being a contradiction between the long-term commitment of ownership as it is currently organised and the insecurities of the labour market.

The accepted wisdom of the 1970s and 1980s in Britain stressed that buying your own home was both desirable and rewarding. The record of house price inflation, the security and independence of the homeowner's position, and the perceived disadvantages of renting all supported this wisdom. Moreover, the wisdom had universal application: the vast majority of households would benefit from becoming owners.

Evidence supporting this view came from a series of eight national sample surveys—dating back to the 1960s—which recorded tenure preferences. Respondents were asked to state which form of housing tenure they would ideally like to hold in two years time (although the surveys did not use identical questions to tap this issue). Over the course of these surveys the trend favouring owner-occupation was mainly upward, reaching 80% by the end of the 1980s, consistently outstripping the actual level of owner-occupation in the country. These findings have provided a strong rationale for government policies, directed to ever higher levels of owner-occupation (for example, see Doling, 1993). However, recent closer analysis of these survey data by McLaverty and Yip (1993) suggests that the support for owner-occupation is more variable, influenced by the characteristics of respondents, their circumstances and experiences including experience of subsidies and house price trajectories. Rather than uniformly high levels of support McLaverty and Yip identified considerable intergroup differences. Their findings "suggest that tenure preferences may well reflect people's past, current, and expected housing experiences, the resources put into different housing tenures, and the sources of those resources ... their occupational position, and their life-cycle position. Some evidence has been produced to suggest that people's tenure preferences may change as their economic, familial, and class circumstances alter" (page 1571).

Preferences for homeownership are therefore "not static but contingent" (page 1571). As people's characteristics differ, and their circumstances change, so

may their evaluation of what is for them the ideal tenure. They are expressing in these surveys not a pure preference for tenure in the abstract, but a preference which weighs up the particular advantages and disadvantages at specific times, and in the context of their own specific circumstances and characteristics.

Further evidence in support of this view that attitudes are contingent comes from a 1991 survey which indicated a statistically significant fall in the percentage of respondents preferring homeownership (Coles, 1991). McLaverty and Yip (1993) speculate that this fall "may be a result of the historically high mortgage interest rates, the scale of property repossessions, and signs of a slump in the housing market in the early 1990s" (page 1559).

The above discussion raises some interesting questions about the permanence of the reported changes and shifts in attitude. Emerging literature and comment suggest at least three possible models or scenarios. First, there is the view, particularly among market professionals that all the features of a depressed market—falling prices, negative equity, arrears, possessions, lenders' caution and tighter entry criteria, and the greater reluctance of people actively to enter the market—are temporary cyclical phenomena brought about by the recession in the wider economy. Once the economy recovers then, the argument goes, so will the housing market. Some analysts may have recently downgraded their forecasts of house price rises for 1994, but most still see an increase of around 3–5% (for example, see Wrigglesworth, 1994). Similarly, the Department of the Environment's (DoE's) 1992 survey of households found that, although only 30% of households thought that in one year prices would rise at or above the rate of inflation, 61% thought they would do so over the following five years (DoE, 1994, page 77). So, in the long run, transactions and prices will increase whilst arrears and negative equity will reduce—all to their 'normal' levels. Also implicit in this cyclical model of the market is the idea that attitudes toward home buying will return to their previous, and normal, trajectory, with a return to ever increasing numbers of homeowners.

A second view suggests a pathological model, running alongside the cyclical one, but also arguing that, in the long run, normal (that is, previous) market behaviour will reassert itself. According to this view, many of the market incidents are personal and individual, and sometimes the result of poor household decisions. Even amongst owners who have experienced real difficulties in the form of mortgage default and repossession, the overwhelming response is that their circumstances were the result of personal misfortune or bad luck, and many aimed to re-enter homeownership as soon as possible (Ford, 1988). Although more recent research has shown greater equivocation amongst households, there is little evidence of any substantial rejection. There is, however, evidence of caution. A similar interpretation could be applied to institutional behaviour in the 1980s which resulted in relaxed lending, deferred-interest-rate mortgages, and high ratios of loan to income and prices. All contributed to the acceleration of prices and, later, to the financial losses both of borrowers and of lenders. Having burnt their fingers, financial institutions have subsequently returned to their traditionally more cautious lending practices.

The third model suggests a quite different outcome. This is that the observed changes in attitudes to owning, and in other market variables, reflect not only the current economic recession and/or personal events, but also a range of structural changes that are likely to be more enduring. Central amongst these structural changes are those pertaining to labour market opportunities and rewards (Doling and Ford, 1991; Forrest and Murie, 1994; Gibb, 1994; Maclellan, 1994). Labour market changes are significant because, under the conditions prevailing in Britain, mass homeownership has been predicated, explicitly, upon the security of the property

and, implicitly, upon future income. Because mortgages are frequently repaid over twenty or twenty-five years, the stability of income over the long term is important. But there are significant factors—unemployment and trends in part-time, temporary, and contract work—challenging the assumptions of life-long secure employment. Households considering entry to homeownership, or upward mobility within the sector, may question the extent to which they can be sure of the economic rewards and stability necessary to maintain their mortgage payments. Insofar as some of the features of the present labour market will continue into the foreseeable future, there may also be long-run adaptations in the housing market.

In the present paper we aim to provide some further evidence and discussion about the developments identified above. We begin by using the findings of the British Social Attitudes Survey (BSAS) to identify the nature and extent of variations amongst the population in attitudes towards homeownership. In particular, we examine the attitudinal changes which took place between 1989 and 1991, concentrating particularly on the extent to which labour market and other economic developments underlie those changes. We then examine in more detail the changes in labour markets, briefly noted in this introduction, along with predictions of change to the year 2000, all of which may have a long-term impact on attitudes.

#### The British Social Attitudes Survey

The data used here are taken from the BSAS series which was conducted first in 1983 and subsequently every year or every other year. The national probability sample included over 1700 adults in 1983 with this being increased to around 3000 in 1986. The aim of the BSAS is to produce a time series recording long-term changes in values. Although, from survey to survey, there are continuities in many of the questions asked this is not always the case. A consequence for the present interest in tenure attitudes is that the same questions are not replicated in all the surveys.

Our research involved the 1989 and 1991 surveys (Jowell et al, 1989; 1991). These two years were selected because their respective surveys contained comparable sets of questions about support for homeownership. Also, the first survey coincided with the height of the 1980s housing market boom (although it had already begun to peak in the south, there had been no corresponding decline recorded in national tenure preference surveys), and the second survey coincided with the greatest depths of the market slump in the sense that after 1991 nominal prices have been undulating but, overall, have been broadly level rather than falling further. Although the slump was to continue for a number of years—and indeed is still evident at the time of writing in late 1994—some of its worst features, such as levels of arrears, have lessened. There is a case for suggesting, therefore, that the two years represent the widest spread of market conditions and thus the most likely set of circumstances for identifying significant differences between groups in the population. At the time of writing there is not, in any case, access to the results of the 1993 survey so that it is not yet possible to see whether the findings reported are part of a longer term trend.

#### Influences on tenure preferences

A question asked in the BSAS is: "Suppose a newly married couple, both in steady jobs, asked your advice about whether to buy or rent a home. If they had the choice, which would you advise them to do?" Actually, such a household, insofar as it has two steady jobs, may be objectively amongst the better placed to take on the commitment to homeownership. Not only is the precise wording different to that asked in the national surveys analysed by McLaverty and Yip, but it externalises the

issue by referring to a hypothetical couple. It would be surprising if many of the respondents were not able, to an extent at least, to step back and to consider the issue in the way that the question invites. At the same time it seems clear from the responses that the advice which respondents give is related to their personal circumstances and experiences. To this extent the responses also provide a basis for understanding the nature of the demand for homeownership.

The responses to the question were recorded as "to buy a home as soon as possible", "to wait a bit, then try to buy a home", "not plan to buy a home at all", and "can't choose". For the purposes of the present analysis, the first of these responses was calculated as a percentage of all responses. In 1989, 78.3% of the sample advised buying as soon as possible as compared with the British Market Research Bureau finding, for the same year, of 81% of respondents ideally wishing to be owners (BMRB, 1989).

#### Influences in 1989

Table 1 sets out the percentage advising to buy as soon as possible against a number of the characteristics and opinions of the respondents. (The particular definitions are of course constrained by the categories in the BSAS data.) The first column shows that for 1989 the percentages differ according to particular characteristics and opinions. Some of the differences in the responses are probably not the result of chance; although varying with sample size and the level of the percentages, broadly, a difference of at least 5 percentage points is necessary before it is reasonably certain that it is statistically significant. Thus, the difference between the advice of those self-employed, full-time (87.8%), and part-time (86.6%) is not significant; but that of either of these groups with the retired (75.2%) is significant.

A systematic examination of the differences suggests some conclusions which are broadly consistent with the findings of McLaverty and Yip's analysis (1993). Thus existing tenure is significant, with owners, both outright and mortgaged, being more supportive. Likewise those living in the East and West Midlands were more positive than those from other regions, as were those in the middle age-groups. The latter is consistent with the general view that younger people often place a premium on the easier access and egress characteristics of rental housing, as well as on the lower financial commitment, and that owner-occupation is also often not the best tenure for the elderly; responsibility for repairs and maintenance can be problematic, for example.

Important to our argument, the BSAS data also indicate the importance of economic and labour market factors; the respondent's current economic position, as well as previous fortunes, are significant. Those respondents who are currently working for payment are more likely than those who are not to advise buying as soon as possible. The long-term unemployed appear to become even less positive about the wisdom of homeownership. Likewise, those who are currently working, but had been unemployed at some stage in the previous five years, were less positive than those without a history of unemployment. The conclusions about income are less clear-cut because its behavioural significance may be related less to its absolute size and more to its relation to average house prices in the area in which the respondent lives. Because the data have not been coded at a geographical scale smaller than standard regions, it is not possible to relate respondent incomes to house prices in local housing markets. In these circumstances, three bands of income have been defined to cover all respondents. The lowest band (below £10000) is a little lower than the average income for men in full-time employment, and the highest band (over £20000) would be sufficient to obtain a loan to buy at least a cheaper house in any region. Table 1 shows the not unanticipated result that



Table 1. Percentage advising couple to buy as soon as possible, according to respondent characteristics (source: Computed from Jowell et al, 1989; 1991).

Characteristic	Percentage advising to buy as soon as possible		Ratio 1991:1989
	1989	1991	
Economic position			
Employed more than 30 hours	82.6	71.1	0.86
Employed less than 25 hours	87.6	70.1	0.80
Self-employed full-time	87.8	77.4	0.83
Self-employed part-time	86.6	72.2	0.83
Unemployed	56.0	38.0	0.68
Looking after home	70.0	52.6	0.75
Retired	75.2	55.1	0.73
Belief that industrial performance in one year will			
Improve	81.6	66.7	0.82
Stay same	78.8	60.9	0.77
Decline	72.7	58.8	0.81
Belief that national unemployment in one year will			
Go up	66.5	59.8	0.90
Stay same	80.1	62.1	0.78
Go down	83.1	71.1	0.86
Unemployed in last 5 years			
Yes	76.3	59.1	0.77
No	85.1	73.4	0.86
Unemployed now			
Less than 12 months	61.9	42.6	0.67
More than 12 months	50.0	31.0	0.60
Employees in own workplace in a year			
Increase	86.5	73.0	0.84
Same	83.9	67.0	0.80
Decrease	79.1	77.1	0.97
Job sector			
Private	76.1	57.5	0.76
Public	82.9	68.1	0.82
Tenure			
Own outright	85.0	69.3	0.82
With mortgage	90.3	73.7	0.82
Social tenant	51.6	35.1	0.68
Region			
North	78.5	59.6	0.76
Midlands	85.6	64.3	0.75
South	75.1	62.1	0.83
Household type			
1-2 persons 60 years or over	73.9	53.4	0.72
1-2 persons 18-59 years	86.0	62.4	0.73
Families	78.0	63.3	0.81
Respondent age			
18-24	64.5	53.2	0.82
25-34	79.2	59.7	0.75
35-44	84.3	71.5	0.85
45-54	84.5	65.7	0.78
55-59	78.5	72.0	0.92
60-64	74.4	59.6	0.80
≥ 65	73.7	50.7	0.69
Household income			
Less than £10 000	63.8	47.4	0.74
£10 000-£20 000	84.3	67.2	0.80
More than £20 000	92.2	76.3	0.83

those with household incomes in the lowest band are less likely than those in the highest band to advise buying as soon as possible.

Just as past and present economic circumstances are important in attitude formation, so too are at least some aspects of the future. Those who predicted higher national unemployment in one year's time were far less likely to advise buying than were those who expected it to fall. In contrast, expectations about the respondent's own workplace (if they were working) did not seem to have an impact on tenure attitudes, suggesting that respondents did to an extent externalise the hypothetical couple and set them aside from the respondent's own possible work position. The respondent's expectations about the country's industrial performance was also not related to tenure attitudes. This is interesting because it suggests that respondents may have a fairly sophisticated understanding of the homeownership market. Whereas rising unemployment may make it more likely that any individual buyer will become unemployed and, as a result, adversely affect the ability of recent first-time buyers in particular to sustain loan repayments and ultimately will adversely affect homeownership itself, the same is not true of short-term changes in national output. Indeed the evidence of the last quarter of a century is that the indicators of housing market buoyancy, such as prices, number of transactions, and growth in the size of the sector, has borne little relationship to national industrial performance.

Overall, then, these findings suggest that opinions about tenure are strongly influenced by the individual's command over resources, as measured by their economic activity and household income, as well as by expectations about the national economy. In contrast, the type of economic activity—as an employee or self-employed, or working in the public or private sector—does not seem to affect tenure attitudes. The size and continuity of income appear to be more important than its origins.

#### **Influences in 1991**

This picture is also repeated in the 1991 BSAS, with the same characteristics correlated with tenure preferences—existing tenure, incomes, economic expectations, etc. This relative stability further confirms the significance of many of the intergroup differences for 1989 alone. However, there was overall a significant drop in the support for homeownership with only 61.4% advising the hypothetical couple to buy. The data suggest, therefore, a large across-the-board change in attitudes towards homeownership.

The relative size of the reductions in support for homeownership differs between respondent characteristics. This is recorded in the third column of table 1, where the lower the ratio the greater the reduction in support between 1989 and 1991. In general the reductions were greatest for those respondent types who were already the least supportive. Thus social tenants (0.68), the elderly (0.69 for the over 65s), and the unemployed (0.68) had the largest reductions. An interpretation of this is that whatever has brought about the change in attitudes has particularly affected those who were already most marginal to owner-occupation.

#### **The influences combined**

Further evidence of the shift in attitudes towards homeownership can be gained by using multiple regression where the variables defining respondent characteristics have been given values as described in table 2. Column (a) of table 3 shows the results of a forward stepwise regression procedure in which the dependent variable—BUYASAP—indicates whether the respondent advised buying a house as soon as possible.

Table 2. Definitions of variables.

Name	Description	Value
BUYASAP	Advise couple to buy	1 = yes; 0 = no
OWNER	Existing owner-occupier	1 = yes; 0 = no
HIGHINC	Household income over £20 000	1 = yes; 0 = no
LOWINC	Household income under £10 000	1 = yes; 0 = no
YOUNGER	Under 34 years	1 = yes; 0 = no
OLDER	Over 65 years	1 = yes; 0 = no
ECONPOS	In paid employment	1 = yes; 0 = no
EXPERUN	Unemployed in last 5 years	1 = yes; 0 = no
INDSECT	Working in private sector	1 = yes; 0 = no
SOUTH	Living in southern regions	1 = yes; 0 = no
CHILDREN	Youngest household member under 18 years	1 = yes; 0 = no
YEAR	Survey in 1989	1 = yes; 0 = no
FUTUNEMP	Expected unemployment in one year	3 = up; 2 = same; 1 = down
FUTINDUS	Expected industrial performance in one year	3 = up; 2 = same; 1 = down

Table 3. Stepwise regression.

Independent variables	(a) All respondents	(b) Respondents in work
OWNER	0.294939 (13.755)	0.369028 (12.069)
HIGHINC	0.047052 (2.027)	0.073967 (3.001)
LOWINC	-0.055595 (2.296)	
YOUNGER	-0.059127 (3.040)	
OLDER		
ECONPOS	0.085394 (4.019)	*
EXPERUN	*	
INDSECT	*	
SOUTH	-0.054231 (3.021)	
CHILDREN		
YEAR	0.127754 (6.363)	0.120165 (4.433)
FUTUNEMP	-0.049272 (3.990)	-0.032452 (1.985)
FUTINDUS		
Constant	0.54931 (11.904)	0.471765 (8.713)
$R^2$	0.201	0.198
Adjusted $R^2$	0.198	0.194
F-statistic	67.64	60.05
Sign of F-statistic	0.0000	0.0000

\* means not included in list of independent variables.  
 Figures in parentheses are *t*-statistics.

Overall the equation explains variation in BUYASAP at a level which is significant. The  $F$ -statistic and the  $R^2$ -value, which indicates that about a fifth of the variation in the dependent variable is explained, suggest that the model as a whole can contribute to an understanding of the determinants of tenure preferences. Even so, whereas the equation is significant, because the analysis is cross-sectional rather than longitudinal, it is not unexpected that much of the variation in the dependent variable remains unexplained. In addition, the low level of explanation indicates that there are variables, not captured by the BSAS, which contribute toward tenure evaluation. For example, many of the respondent characteristics relate to the respondents as individuals rather than as members of household units. Thus the experience of, say, unemployment is the experience of the respondent and not of members of the respondent's household. It may be that if these could be added in they would provide a richer understanding of the influences on tenure preferences. Thus, for example, we might anticipate that where more than one member of the family had experienced unemployment recently the preference for homeownership would be particularly low.

The contributions of the individual variables are largely consistent with a priori expectations: that is, they have coefficients which have signs which would be expected on the basis of the earlier discussion. Thus, the existing tenure of the respondent—OWNER—is an important influence on the advice given about buying, and HIGHINC and LOWINC performed as expected. A positive coefficient indicates that those respondents living in households which enjoyed higher incomes were generally more favourably disposed towards homeownership. Also consistent with a priori expectations, those in lower age groups—YOUNGER—were less likely to advise buying. In contrast those in the higher age groups—OLDER—did not enter the equation. The reason for this was probably that the variable measuring economic activity—ECONPOS—was significantly correlated with OLDER ( $-0.50$ ); in turn this was because many of those who were not working and therefore were assigned a value of 0 for ECONPOS were also retired. The part of the country in which respondents lived—as measured by SOUTH—was also significant with its negative coefficient indicating that southerners were less likely to advise buying. Whereas this would seem to be consistent with the regional impact of the recession in 1991, it is not at all clear why this effect should also operate in 1989 when the economy in the south was particularly buoyant.

The year in which the survey was undertaken was also highly significant. This variable does not directly measure the increase in unemployment or expectations about future unemployment which through ECONPOS and FUTUNEMP appear elsewhere in the equation. The presence of these variables is, in itself, an important confirmation of a connection in the respondents' minds between the housing market and the labour market. Nevertheless YEAR does seem to signify a marked change in attitudes toward homeownership. If the 1989 homeownership boom could be related to a 'feel good factor' and a belief that illiquid housing assets could be safely used to finance consumption (see Muellbauer and Murphy, 1990), the 1991 downturn can perhaps be attributed to a 'feel bad factor' and expectations that further indebtedness was risky.

Similar conclusions can also be drawn from column (b) of table 3 which shows the results of a regression analysis in which the sample is restricted to respondents who at the time of the survey were in employment. Overall the equation explains almost as much of the variation as that reported in column (a), but fewer of the variables are significant at the 5% level.



**Attitudes behind the 1989 to 1991 change**

The results of the empirical analysis described above provide some indication of what underlay the change in the overall attitude to homeownership over the period 1989 to 1991. It is clear that not only did the magnitude of the change vary, according to personal characteristics of the respondent such as age and tenure, but that economic characteristics and expectations were also important.

In a batch of questions which asked respondents whether they agreed or disagreed with statements about homeownership, the BSAS provides further indications of change. These questions are shown in table 4 which gives for each statement the percentage of the respondents who agreed or agreed strongly with each statement. For many of the statements there was almost no change in this percentage between 1989 and 1991. For three there were significant differences, around 10 percentage points: owning made it easier to move; owning can be a risky investment; and owning is too much of a risk if you do not have a secure job. The results indicate not a wholesale rejection or turning away from the putative advantages of owning over renting, but a selective reappraisal. The shifts in attitudes with respect to each of the three statements do reflect the actual changes which occurred in the housing market; in particular, the reduced number of transactions which has resulted in a large number of frustrated movers, and the large numbers who have experienced reduction in the values of their homes, often to the point of negative equity, and the increase in arrears and possessions largely associated with recessionary factors. The change in attitudes therefore does not represent a weakening of the support for owning per se, but a recognition that at a certain period some features of its comparative advantage have been eroded.

**Table 4.** Support for attributes of homeownership (source: computed from Jowell et al, 1989; 1991).

Attribute	Percentage agreeing	
	1989	1991
<i>Positive</i>		
Buying works out cheaper than renting	80.7	75.7
Gives freedom to alter the home	80.7	76.2
Something to leave the family	84.9	80.1
Easier to move	65.4	54.1
<i>Negative</i>		
Can be a risky investment	25.8	41.6
Too much responsibility	10.9	10.0
Ties up your money	35.3	35.0
Financial burden to repair and maintain	53.9	57.8
Too much of a risk if you do not have a secure job	58.1	68.0
Wait before having a family	60.3	59.4

**Homeownership and the labour market**

The analysis of the BSAS has indicated that there are links between attitudes toward homeownership and the current economic position of respondents, their personal experiences of unemployment, and their expectations about the economic future. Much of this is not inconsistent with the cyclical view which would argue that the change of attitudes between 1989 and 1991 was a direct consequence of the national economic recession, and thus preference would recover with an upturn in the economy. On this view, therefore, the housing market developments in levels of transactions, house price inflation, and so on, will soon recover to their long-term,

normal levels. Proponents of such a view would need to explain, however, previous periods of national economic recession, such as in the early 1980s, not also accompanied by less favourable attitudes toward homeownership. What other words, has been distinctive about the recession of the late 1980s? The which we posit here is that over the course of the 1980s there were large changes in the labour market, the implications of which, in the main, only became apparent because of the recession. Economic recovery, however, will not reassemble the structural characteristics. Thus the experiences of the 1989 to 1991 shift in attitudes, together with changes in house price inflation, number of transactions, so on reflect not an abnormal market but are themselves part of the new housing market.

In the present section we outline in more detail some of the main changes in the labour market at the macro level, first comparing the mid and late 1980s with the early 1990s, with projections to the year 2000, and, second, considering the extent to which the changes have been significant for mortgagors. We focus particularly on those aspects which may affect the size and stability of incomes. It is these aspects of income which have been identified from the BSAS as important influences on attitudes.

#### Changing labour market opportunities

Recently revised estimates from the Employment Department (1994) indicate that the number of employees in employment peaked in June 1990 at around 25.7 million. Over the 1980s around 1.3 million extra jobs became available. The sectoral location of the jobs changed, however, with a shift in jobs from manufacturing to services. Manufacturing lost 1.3 million jobs, a drop in its share of employment from 26% to 20%; and the primary and utilities sectors lost a third of a million jobs. The losses were mainly male, manual, full-time jobs, while the gains included both full-time and part-time jobs, although primarily the latter, and were taken mainly by women. At the end of the 1980s full-time employment as a share of total employment was down from 73% (1981) to approaching 65%, while part-time employment accounted for approximately 22% of total employment. Self-employment was approaching 12%. Unemployment was considerable, rising from 5.5% in 1980 to 11.6% in 1986.

Survey data comparing 1981 and 1991 [available from the housing trailers of the Labour Force Survey (DoE, 1988; 1992)] indicate the extent to which the labour market changes were affecting homeowners and particularly mortgagors. Table 5 indicates a reduction—from 92% to 86%—in the percentage of full-time employed mortgagor head of households over that period. There was a corresponding increase in heads who were in part-time employment, unemployed, retired, sick, or economically inactive. The absolute number of mortgagor households where the head of household was not in full-time employment increased from 506 880 in 1981 to 1.37 million in 1991. Over the same period, the number of mortgagors increased from 6.3 to 9.8 million so that some of the changing economic profile results from the changing profile of homeowners in general and the growth of low-income owner-occupation in particular.

These structural changes in the labour market resulted from global competitive technical change, and the implementation of government policies to secure greater deregulation, and so flexibility in the labour market (for example, see Atkinson 1985; Pollert, 1991; Rubery and Wilkinson, 1994). Their effects overall, however, were perhaps less transparent initially than might have been the case, for several reasons, and particularly for mortgagors. For example, overall there were net job gains in the economy and there were increased opportunities for women in the

labour market (often resulting in dual earner households), average increases in earnings were substantial [10% between 1981 and 1985, and 8.8% between 1985 and 1991 (CSO, 1994)], and the rising value of property allowed homeowners to withdraw equity or generally gain confidence from the feel good factor, including the substantial numbers who bought their council houses under the right-to-buy provisions. The safety net for unemployed mortgagors on Income Support remained intact until 1987 and the numbers claiming at the peak of the 1980s unemployment were relatively small at 356 000 (4.3% of all mortgagors; figures from Department of Social Security, Income Support Statistics Quarterly Enquiries). In addition, the general buoyancy of the labour market facilitated a route back into work, albeit sometimes at a lower wage level, or via self-employment which had strong political and ideological support. This, along with the other factors outlined minimised any challenge to the owner-occupation 'bandwagon'. Although there were danger signs with respect to both adequacy and stability of income from employment—and benefits—their impact (and certainly that of the labour market) was subdued.

Our argument, however, is that the continuation of the structural trends outlined above, in association with the harsh and prolonged recession of the early 1990s, may have provided a turning point for mortgagors and others in terms of some reassessment of their attitudes to owning. The late 1990s job peak was followed by a rapid decline to an employment trough in March 1993 (Employment Department, 1994). Over this period there was a net loss of 900 000 jobs (to 24.8 million), and these were mainly male, full-time jobs. Unlike the 1980s, job loss in this period affected both manufacturing and services. Manual workers were still twice as likely as nonmanual workers to experience unemployment in 1991 and 1992, but non-manual unemployment increased. For example, in the space of one year (1991–92), unemployment rose 1.7% overall (measured as a claimant count). Amongst craft and related occupations the increase was 4%, whilst amongst managers and administrators unemployment rose by 1%. Industrial sectors such as banking, insurance, and finance were particularly badly hit and in particular regions, such as the South East and South West, white-collar unemployment was pronounced.

There are some forecasts to the effect that some of these reversals are likely to be temporary and that "the underlying trends for [white-collar] workers remain favourable and a substantial increase in the numbers in managerial, professional and associate professional jobs is expected" (IER, 1993, page vii). These possibilities are,

Table 5. Employment status of household head by tenure (figures are percentages; sources: DoE, 1988; 1992).

Year and tenure	In employment		Unemployed	Retired	Disabled or sick	Economically inactive	Total
	full-time	part-time					
1981							
Owned	37	4	3	44	2	10	100
Buying	92	1	3	2	1	1	100
LA	43	4	9	28	4	11	100
All	58	3	5	24	2	8	100
1991							
Owned	26	6	3	58	4	3	100
Buying	86	3	4	4	2	2	100
LA	25	5	11	40	8	11	100
All	54	4	6	27	4	5	100

LA Local authority tenant.

however, largely irrelevant in this context. What matters is that workers, many of whom are mortgagors, have experienced economic instability and hardship often against all expectations. The geographical concentration of white-collar unemployment in the South East could only enhance the sense of a new era for previously 'safe' workers. The issue is what impact this is likely to have on those workers and on others. And even if white-collar workers find themselves in a more buoyant labour market as the 1990s proceed, this scenario is not one considered likely for manual workers, as discussed in more detail below. In the meantime, despite government pronouncements that the recession is 'officially' over, households face persistently high levels of unemployment in many regions.

Households may also increasingly recognise that the changes in employment opportunities are wide ranging and permanent. Unemployment is forecast to remain above 2 million throughout the 1990s and male unemployment will remain considerably higher than female unemployment. The continuing loss of male, manual full-time jobs may be particularly critical for the four million mortgagors where the head of household is currently in manual work (OPCS, 1995). Recent evidence from the Labour Force Survey has indicated the growth in the numbers defined as economically inactive (Gregg and Wadsworth, 1995), fuelling debates about the extent to which people are no longer seeking work and the extent to which this is an outcome of labour market or social security policy. The changing balance of full-time and part-time employment, and for men the need to consider part-time rather than full-time employment, are aspects of the labour market which are growing in prominence. For example, by 1991 there were more than 400 000 part-time male jobs in distribution, an increase of 45% on 1981, although these are a fraction of the 1.5 million in female jobs in the sector.

All of these trends suggest increasing pressures on incomes for a growing number of households, and for mortgagors potentially some anxiety about their ability to pay or the wider costs to them of doing so. The number of employees defined as in receipt of 'low pay' according either to the Council of Europe's decency threshold (£215.50 gross per week) or to the Low Pay Unit's definition (two thirds of median gross weekly earnings), now exceeds 10 million full-time and pro-rata part-time employees. With respect to mortgagor households, there are two income trends. One is the much higher average gross weekly income for mortgagors than for households in other tenures; in 1992, £320 per week compared with £110 for local authority tenants (OPCS, 1994). The other is the growth in the percentage of mortgagors found in the lowest income decile. Between 1979 and 1990 the percentage of mortgagors in the bottom decile grew from 11% to 27%, while the proportion of mortgagors in the total population increased from 38% to 50%. Again, this trend is suggestive of potential difficulties for homeowners, and these, and other related issues, are discussed in more detail elsewhere (Ford and Wilcox, 1994). However, the behavioural effect of all these changes on mortgagors' attitudes to homeownership remains open to investigation.

#### Security and stability of incomes

Attitudes to homeownership are not only potentially influenced by access to employment and thus income, but may also be affected by security and stability of income. This is certainly one of the conclusions to be drawn from our analysis of the BSAS data. It is also indicated by the 1992 DoE survey (DoE, 1994) which found that 26% of mortgagors were worried about the possibility of not being able to pay the mortgage and thus of having their home repossessed. As the report pointed out, such concerns are "often related to perceptions of the security of a job" (page 80).



Likewise, MacLennan (1994) found that a substantial proportion of mortgagors had anxiety about their abilities to keep making repayments, and that many had adjusted their consumer spending.

Security and stability of income can be measured in several ways, including the extent of temporary casual employment, short-term contracts, and self-employment, as well as propensity to unemployment, duration of unemployment, and number of periods of unemployment. The extent of commission-related pay (and the growth of performance-related pay) may also decrease the extent to which income flows exhibit stability and can be characteristic of both professional and unskilled employment. Some of these indicators of security and stability are considered here.

The extent of temporary employment appears to have grown recently. In the late 1980s around 5.5% of total employment was temporary (1.3 million workers). Currently, the number exceeds 1.4 million with a growth in the last year of 100 000 (Employment Department, 1994). As the recession has taken its toll, however, self-employment has decreased from a high of 3.1 million in 1991, but is likely to increase again during the rest of the decade (IER, 1993). The low income and precarious nature of self-employment are shown both in the growth of personal and small-trader bankruptcies and in the overrepresentation of the self-employed in the bottom income decile (18%) compared with their representation in the population as a whole (10%). Self-employed mortgagors may face a particularly precarious situation as is shown by their growing exposure to mortgage default (Ford, 1994; Ford et al, 1995).

There has also been a substantial growth in contract employment. This may involve an organisation in buying in specific services for limited periods of time, or specific tasks from those who are self-employed, or recruiting employees on fixed-term contracts. These changes affect both manual and white-collar workers.

#### Continuing trends

Although in much of the paper we have concentrated on labour market changes in the 1980s and early 1990s, there are indications that the structural changes identified are likely to continue. Their impact may be more or less apparent as they interact with cyclical processes, but the underlying trends persist. A number of labour market forecasts estimate an overall increase in employment to the year 2000 of around 500 000 jobs, taking employment past 26 million (IER, 1993). However, this net gain is argued to be the outcome of a further loss in male manual full-time jobs from the primary, utilities, and manufacturing sectors (around 845 000) but an increase of 1.3 million service sector jobs. Forecasts suggest that four fifths of these jobs will be part-time, largely in those sectors currently more heavily feminised, and so taken principally by women. Many, but not all, will be low paid. However, as men compete for the available jobs, more of them will enter part-time, service sector employment and possibly low-paid work. Later forecasts, although indicating differences in the detail, confirm the confidence in the general direction of the trends (IER, 1994).

Overall, since 1990, the experience of homeownership has been a different one from that of the 1980s, not just because of housing market changes but also as a result of the greater visibility and recognition of the changing structure of labour market opportunities. These two issues clearly interrelate, but they are different. On the one hand, many households and institutions will have an expectation that the housing market will recover or at least gain more buoyancy than it has currently. In contrast, there are few expectations that the labour market will regain its former self. Discourse on the labour market is more evidently that of organisations 'slimming down', 'de-layering', and 'empty raincoats' (Handy, 1993) and the government's

upbeat accounts (and technical evidence) of economic recovery sit beside routine announcements of more job losses. In large part the latter provides one means to secure and maintain the former.

#### Discussion and conclusions

The analysis of BSAS findings in this paper indicates that the preference for owning over renting in Britain is not held equally strongly in all sections of the population. Thus, consistent with earlier findings, the young and the old, those with lower incomes, and those currently renting were found to be considerably less disposed to owning. The underlying reasons for these relationships are not difficult to appreciate. For example, it is commonly acknowledged that the repairs and maintenance responsibilities of owning may be particularly disadvantageous for elderly people.

Notwithstanding these differences, the long-term trend has been an increasing preference for owning. Through economic boom and slump, through house price boom and slump the series of preference surveys have indicated that ever larger proportions of the population favour owning. To date, the one exception has been for the period after 1989 when support fell away. This both confirms the view that the support for owning is contingent upon the personal characteristics and experiences of respondents, and suggests that changes across the country as a whole may be important. Indeed the latter conclusion is directly supported by the analysis of the BSAS: economic experiences as well as expectations about the national economic future significantly contribute to our understanding of the way in which people evaluate the desirability of homeownership. The general picture is of a lower evaluation, although the analysis also indicates that this is not the consequence of an overall diminution of the comparative benefits of owning, but a reappraisal of a number of quite specific characteristics related to current developments both in the housing and in the labour market.

In contrast to much of the conventional wisdom about the cyclical recovery of the housing market, we have suggested that as the national economy improves there will be no automatic and corresponding return of the housing market, and tenure preferences, to a 'normal' state. Developments in the labour market, particularly over the last decade, have created a situation where long-term security of income is becoming increasingly rare in all sectors of the labour market. Because mass homeownership in Britain has been predicated upon loans taken out against future income, the insecurity of an increasing proportion of jobs means that the statistical risk of default (and with it repossession and financial loss for both buyer and lender) are likely to remain substantial. It would be surprising in these circumstances if there were not repercussions observed in the behaviour of all the actors in the market.

If these arguments have any validity, then an important question is: what will the new housing market look like? In some respects it might resemble the Victorian market in that it may be characterised by frequent changes of housing consumption patterns, made necessary by the instability of household incomes. In the Victorian case this flexibility was achieved through mass private renting. Households frequently took fixed-term leases anticipating that their financial situation might shortly change—for better or worse (Burnett, 1986; Daunton, 1983). This same reliance on rental housing seems unlikely a century or so further on. The BSAS findings reported here indicate that there has not been a general disillusionment with owning, but rather a reassessment of some of its characteristics. In addition, generally, existing owners remain more strongly supportive of owning than do renters. Nevertheless, in an insecure environment the advantages of renting increase.

For example, the landlord bears the investment risk, whilst currently the housing benefit system meets the rental payments of those households whose income drops below a certain level. It is possible, therefore, as we have seen over the last three or four years, that there will be a resurgence of demand for renting, at least in specific submarkets. Any increased supply of private rental property over that period, however, has not been primarily the result of new development, but rather the consequence of the failure of owners to sell their properties.

The main outcome, then, is more likely to be a continuation of the homeownership market as experienced over the last four years; a market in which prices do not outperform inflation and where buying is a less attractive investment. The demand for owning will be muted. Renters will not strain so hard to save a deposit. Households will not want to trade up so frequently. Mortgage maximisation will become less frequent with households wishing to place capital in other forms of investment. Arrears and repossessions are likely to continue at a substantial level. These possibilities, however, remain hypotheses. As yet there has been little empirical consideration of the behavioural impact of such changing structures. What is needed now is an in-depth analysis of household attitudes, assessments, and decisionmaking processes concerning the ways in which they house themselves.

**Acknowledgements.** The authors are grateful to Peter Symon for his insightful comments on an earlier draft of the paper, and to two anonymous referees. The BSAS data on which the empirical analysis of this paper is based were made available by the ESRC Survey Archive at the University of Essex. The original analysis and collection of data were carried out by Social and Community Planning Research, London. They bear no responsibility for further analysis or interpretation.

#### References

- Atkinson J, 1985, "Flexibility, uncertainty and manpower management", IMS report 89, Institute of Manpower Studies, University of Sussex, Brighton, Sussex
- BMRB, 1989, "Housing and saving: technical report and tables", British Market Research Bureau, copy available from Building Societies Association, 3 Savile Row, London W1X 1AF
- Burnett J, 1986 *A Social History of Housing in Britain 1815-1985* (Methuen, London)
- Coles A, 1991, "Changing attitudes to owner-occupation" *Housing Finance* 11 26-30
- CSO, 1994 *Annual Abstract of Statistics* number 130, Central Statistical Office (HMSO, London)
- Daunt M, 1983 *House and Home in the Victorian City* (Edward Arnold, Sevenoaks, Kent)
- DoE, 1988, "Housing trailers to the 1981 and 1984 Labour Force Surveys", Department of the Environment (HMSO, London)
- DoE, 1992, "Housing in England: Housing trailers to the 1988 and 1991 Labour Force Surveys", Department of the Environment (HMSO, London)
- DoE, 1994 *Housing Attitudes Survey* Department of the Environment (HMSO, London)
- Doling J, 1993, "Encouraging home ownership", in *New Perspectives on the Welfare State in Europe* Ed. C Jones (Routledge, London) pp 64-83
- Doling J, Ford J, 1991, "The changing face of home ownership: building societies and household investment strategies" *Policy and Politics* 19 109-118
- Employment Department, 1994 *Employment Gazette* May, Employment Department, Steel House, 11 Tothill Street, London SW1H 9WF
- Ford J, 1988 *The Indebted Society* (Routledge, London)
- Ford J, 1994, "Problematic home ownership: the management, experience and consequences of arrears and possessions in a depressed housing market", Department of Social Sciences, Loughborough University, Loughborough, Leics
- Ford J, Wilcox S, 1994, "Affordable housing, low incomes and the flexible labour market", RR22, National Federation of Housing Associations, 175 Grays Inn Road, London WC1
- Ford J, Kempson E, Wilson M, 1995 *Mortgage Arrears and Possessions: Perspectives from Borrowers, Lenders and the Courts* Department of the Environment (HMSO, London)

- Forrest R, Murie A, 1994, "Home ownership in recession" *Housing Studies* 9(1) 55-74
- Gibb K, 1994, "Labour market flexibility and housing in Britain", Occasional paper, Centre for Housing Research and Urban Studies, University of Glasgow, Glasgow
- Gregg P, Wadsworth J, 1995, "A short history of labour turnover, job tenure and job security, 1975-93" *Oxford Review of Economic Policy* 11(1) 73-90
- Handy C, 1993 *The Empty Raincoat* (Hutchinson, London)
- IER, 1993, "Review of the economy and employment 1992/3", Institute for Employment Research, University of Warwick, Coventry
- IER, 1994, "Review of the economy and employment 1993/4", Institute for Employment Research, University of Warwick, Coventry
- Jowell R, Witherspoon S, Brook L, Taylor B (Eds), 1989 *British Social Attitudes Survey, 7th Report* (Gower, Aldershot, Hants)
- Jowell R, Witherspoon S, Brook L, Taylor B (Eds), 1991 *British Social Attitudes Survey, 9th Report* (Dartmouth, Aldershot, Hants)
- McLavery P, Yip N M, 1993, "The preference for owner-occupation" *Environment and Planning A* 25 1559-1572
- MacLennan D, 1994, "Housing policies for economic change—final report of Housing and the Wider Economy Programme", Joseph Rowntree Foundation, The Homestead, 40 Water End, York YO3 6LP
- Muellbauer J, Murphy A, 1990, "As the archaeologist said to the economist: or how to keep down interest rates and house prices" *The Guardian* 8 September, page 10
- OPCS, 1994 *General Household Survey 1992* Office of Population Censuses and Surveys (HMSO, London)
- OPCS, 1995 *General Household Survey 1993* Office of Population Censuses and Surveys (HMSO, London)
- Pollert A (Ed.), 1991 *Farewell to Flexibility* (Basil Blackwell, Oxford)
- Rubery J, Wilkinson F (Eds), 1994 *Employer Strategy and the Labour Market* (Oxford University Press, Oxford)
- Wrigglesworth J, 1994 *No Eighties Style Boom in Prospect*, UBS Phillips and Drew, 100 Liverpool Street, London EC2M 2RH

(M)

p