

UNDERSTANDING AUSTRALIA'S DECLINE IN HOUSING MOBILITY

Nicholas Garvin and Theo Gibbons

From 1996 to 2021, Australia's rate of housing mobility declined from 18% of people moving homes per year to 15% – equivalent to around 750,000 fewer moves each year. Past work links this to Australia's decline in job mobility, but we find at most weak links. We find that:

- Non-work related moves have declined far more than work-related moves.
- Around half of the total decline is due to the ageing population, because people move less as they age.
- Around one third of the total decline is due to 18-24 year olds living longer with their parents.
- The rise in living with parents is partly explained by a decline in the number of young people in relationships. It is most pronounced among young women, who tend to move out with partners earlier than young men.
- Rising housing prices may explain some of these youth mobility patterns, but the contribution is difficult to quantify. Rising purchase prices are a more likely explanation than rising rents (which have risen less).
- On the other hand, aggregate housing mobility among 25-44 year olds may in fact have increased in response to higher housing prices. More of this age group now rents rather than owns, and renters move more than owners.

The ageing population and rising housing costs have potential to generate intergenerational inequality, and declining coupling among young people has implications for Australia's population sustainability. Future e61 work is exploring these issues.

1. The economics of housing mobility in Australia

A well-functioning housing market allows households to match with housing that aligns with their living and working needs. Housing needs depend on individuals' life events, like changing jobs or building a family, and on aggregate demographic shifts like the ageing population. Housing availability depends on the economic conditions that shape housing supply. Mobility is an important mechanism through which the housing market can adapt to changes in these influences.

In Australia, however, the rate at which adults move home has declined from 18% in 1996 to 15% in 2021 (Figure 1).¹ To assess the implications of this shift and to inform any policy responses, we must understand its underlying drivers.

Weak labour market dynamism could drive lower housing mobility if people are moving less for jobs. This could reflect impediments to job switching, such as the increased prevalence of non-compete agreements (Andrews and Jarvis, 2023), or occupational licensing requirements that deter movements across states. Housing market frictions like stamp duty or prohibitively high housing costs might also explain the mobility decline. Stamp duty burdens have been rising (Garvin et al., 2024), which makes moves costlier for owner occupiers, and rising housing costs generally can anchor young adults to their parents' homes. However, rising housing costs could also plausibly *lift* mobility, by lowering home ownership rates, given that renters tend to move more frequently than homeowners.² Alternatively, the ageing population might explain the decline in mobility, given that older people tend to move less.

2. Labour markets and moving distances

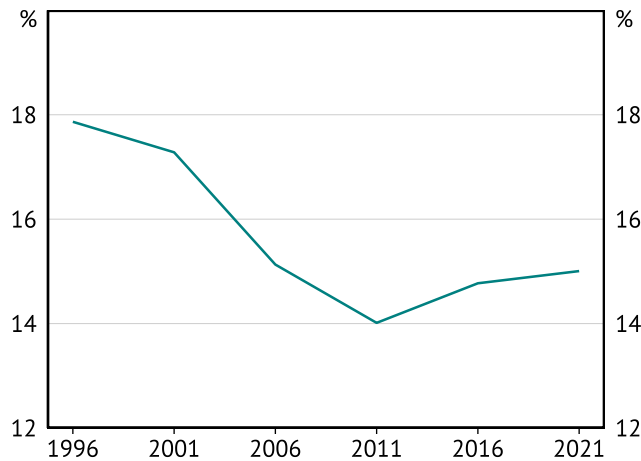
From 1996 to 2021, the proportion of Australians that switched jobs each year declined from 12.8% to 7.5% (ABS, 2024). Prior Australian analysis has emphasised strong links between job and housing mobility (Productivity Commission, 2014; Charles-Edwards et al., 2018; James et al., 2021), with some speculation that the decline in job mobility is partly caused by increasing

¹ Australia has historically had some of the highest rates of housing mobility in the OECD. A key contributor is that, in Australia, renters move more often than in nearly all other OECD nations (Causa and Pichelmann, 2020).

² From 1996 to 2021, 32.6% of renters and 14.7% of homeowners aged 25–44 moved each year on average, based on equal weighting of the six census years.

Figure 1: Australia-wide housing mobility

Share of people that moved in the past year*



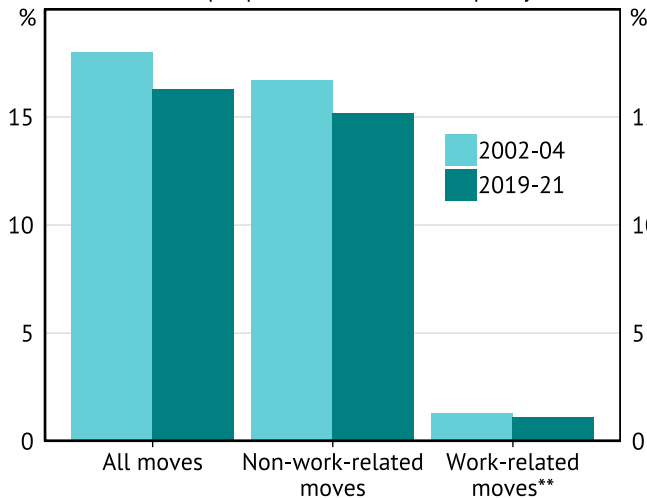
* People aged 18+
Sources: ABS Census; e61

barriers to housing mobility. These barriers to moving house could potentially hold back productivity by as much as four percent, through skills mismatch between workers and jobs (Barker, 2023).

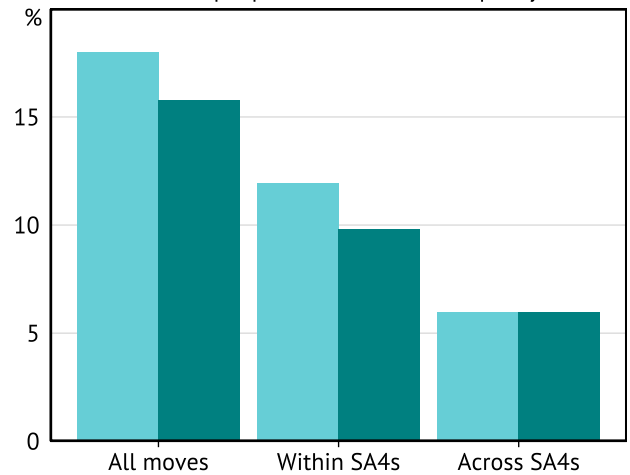
In other countries, housing mobility and labour mobility are positively related. In the United States, job-switching rates and interstate migration have declined in tandem since the 1980s, with some evidence that the job-switching decline is driving the interstate migration decline (Kaplan and Schulhofer-Wohl, 2017; Molloy et al., 2017). In OECD countries where people move a lot for work reasons, broader housing mobility rates tend to be high (Causa and Pichelmann, 2020). However, Australia stands out as an OECD outlier with some of the highest overall residential mobility rates, but relatively average rates of employment-related moves.³ This suggests that Australia’s high mobility is disproportionately driven by non-job related moves.

Figure 2: Changes in housing mobility

A: Share of people that moved in the past year*



B: Share of people that moved in the past year*



* People aged 18+

** Moves are classified as work-related based on self-reported main reasons for moving
Sources: HILDA Survey Release 22.0; e61

We find that work-related moves cannot explain much of Australia’s decline in housing mobility. From 2002 to 2021, there was a 0.4 percentage point decline in the share of adults that reported moving for work-related reasons, much smaller than the 2.9 percentage point overall mobility decline (Figure 2A). Additionally, we find that the overall mobility decline almost

³ See Figure 4 in Causa and Pichelmann (2020).

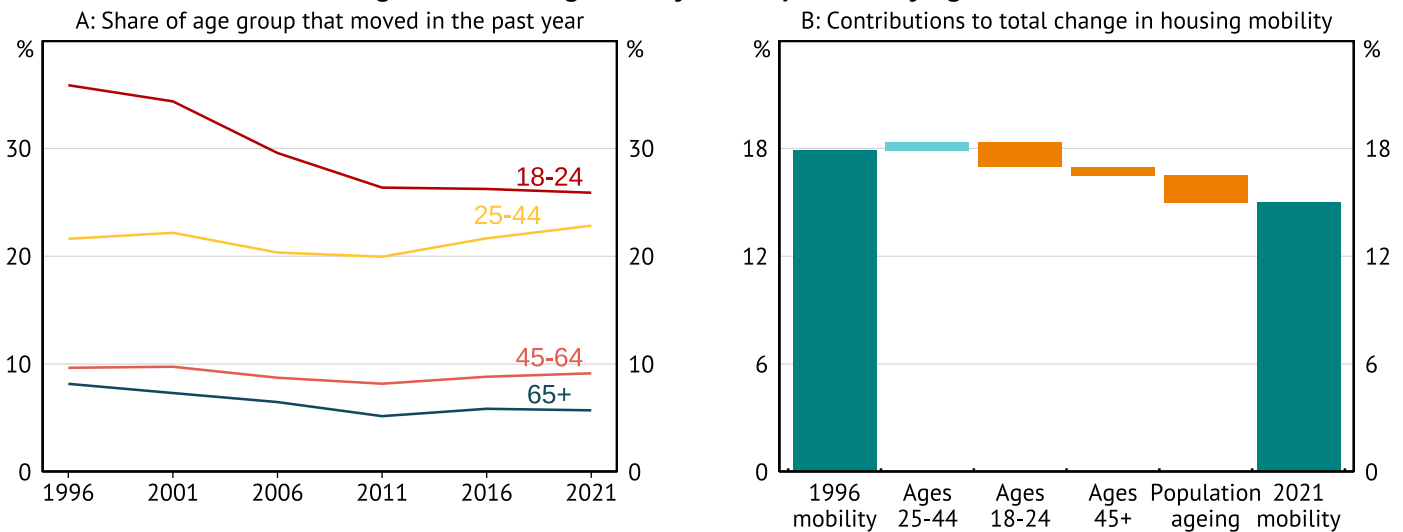
entirely reflects a decline in short-distance moves (Figure 2B).⁴ Moves that involve leaving a local labour market area, proxied by SA4s, have remained essentially unchanged. These patterns suggest that the decline in housing mobility is not driven by, or substantially contributing to, declining job mobility.

3. Mobility across age groups

Mobility among 18-24 year olds has declined by more than three times the aggregate decline, from 36% to 26% between 1996 and 2021 (Figure 3A). In contrast, mobility among 25-44 year olds has bucked the downward trend and risen slightly. Those aged 45 or more have experienced small declines from already low rates.

Kalemba et al. (2021) point out that population ageing has also contributed to the aggregate mobility decline. Census data show that the population share of people aged 65 and over, who are the least mobile group, has grown by 5.5 percentage points over this period, from 16.5% to 22.0%. At the same time, the population share of young adults aged 18-24, who are the most mobile group, has fallen by 3 percentage points.

Figure 3: Housing mobility decomposition by age



* Decomposition in Panel B has a residual of 0.037ppt
Sources: ABS Census; e61

Shift-share decompositions can help us to understand the relative importance of each of these influences. The method isolates the contribution of each individual influence on its own, by estimating how aggregate mobility would have changed if only that influence had evolved to its 2021 level while holding all others at their 1996 levels. Appendix A.2 explains this methodology.

The results suggest that population ageing and declining mobility among 18-24 year olds are equally important contributors to declining housing mobility, accounting for 1.5 and 1.4 percentage points respectively of the 2.9 percentage point total net decline (Figure 3B).⁵ The outsized contribution of 18-24 year olds is particularly notable given that they comprise only around 12% of the population (averaged across the sample). Figure A.3 shows that the contribution of 18-24 year olds to the total decline in mobility is more than five times as large as any five-year age group from ages 25 and up.

4. Youth mobility and living with parents

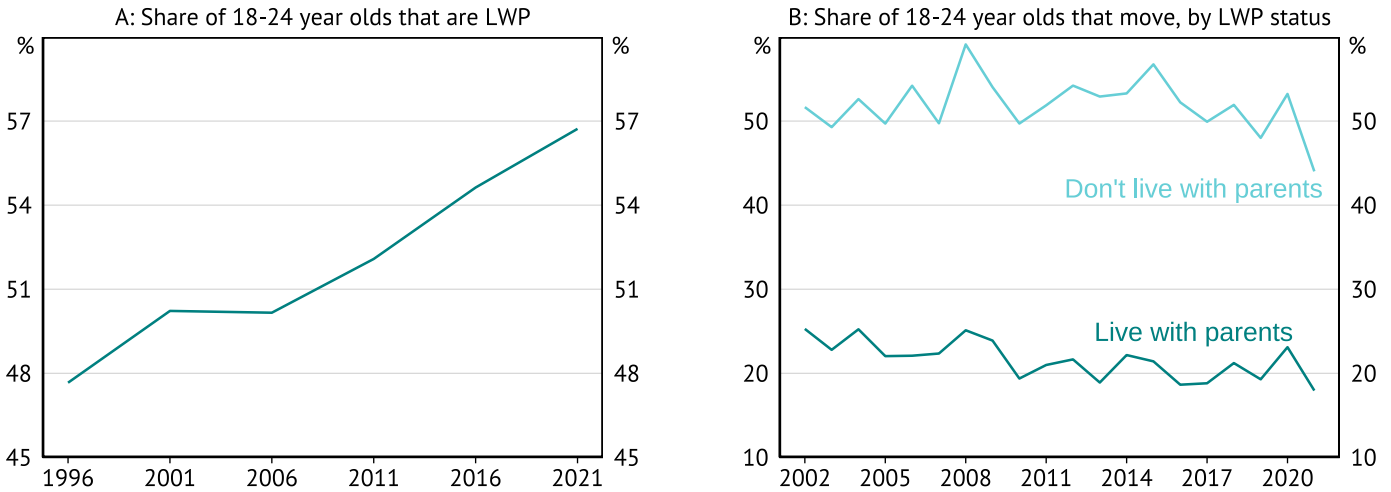
The decline in youth housing mobility appears primarily driven by more young adults living with their parents. Between 1996 and 2021, the proportion of 18-24 year olds living with their parents rose from 48% to 57% (Figure 4A). Living with parents is a key factor in youth housing mobility because young adults rarely move while with their parents – roughly once every five

⁴ Most of this note uses Census data; however, Figure 2 uses HILDA data due to changes in the Census data statistical geography over time. In Appendix A.1 and A.2, we show that the mobility rates across capital cities and regions display similar trends in the Census data and that this pattern is largely consistent across age groups.

⁵ Appendix A.3 shows that the results are very similar when ages are separated into more granular buckets.

years, whereas those who move out typically enter the rental market and move frequently – roughly once every two years (Figure 4B).

Figure 4: Youth mobility and living with parents (LWP)

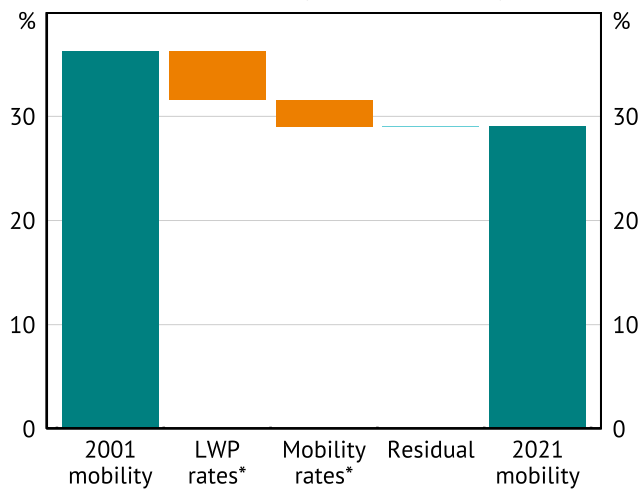


Sources: ABS Census; HILDA Survey Release 22.0; e61

Shift-share decompositions indicate that increased rates of living with parents explain about two thirds of the mobility decline among 18-24 year olds. The remainder is explained by within-group mobility declines, by those that live with their parents and those that don't (Figure 5; see Appendix A.3 for more detail).

Figure 5: Youth mobility decomposition

Contributions to mobility decline of 18-24 year olds



* Changes in rates of moving out or back to the parental home are included in LWP rates and not in mobility rates
Sources: HILDA Survey Release 22.0; e61

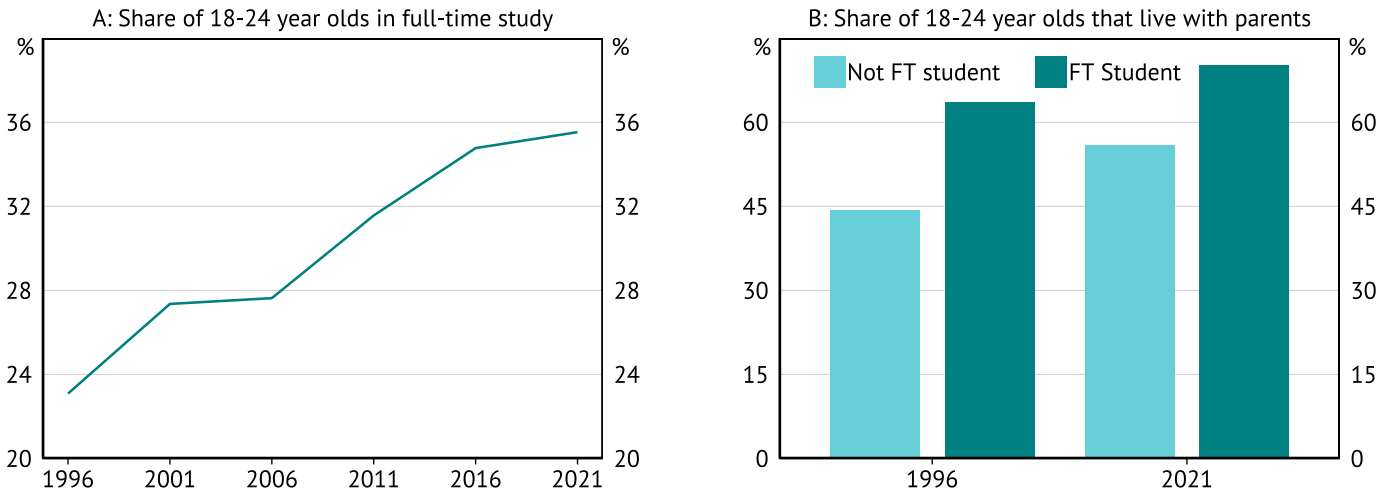
4.1 Full-time study

Rising educational attainment offers a potential explanation for the increase in living with parents, but our analysis suggests otherwise. Among 18-24 year olds, full-time study rates lifted by 12.4 percentage points between 1996 and 2021, from 23.1% to 35.5% (Figure 6A). But despite this large rise, the difference in living-with-parents rates between full-time students and others is too small to account for much of the rise in young adults staying longer with their parents.

That is, full-time students have only been around 15-20 percentage points more likely to live with their parents than non students (Figure 6B). For the rise in full-time study to account for the rise in living with parents rates, this difference would need to have been about four times as large. Moreover, the rise in full-time study has been more concentrated in the upper ages of the 18-24 age group, where differences in living with parents rates between full-time students and others are even

smaller. Our calculations suggest that rising rates of study may explain around 0.7 percentage points of the 9 percentage point rise in living with parents.⁶

Figure 6: Rising full-time (FT) study and living with parents



Sources: ABS Census; e61

4.2 Youth employment

Full-time employment among 18-24 year olds fell from 42% to 31% over 1996-2021, while part-time employment rose from 24% to 41%. The shift to part-time employment appears related to the rising rates of study. In HILDA surveys throughout this period, about 75% of young people in part-time work cited studying as the main reason to work part-time instead of full-time (Dhillon and Cassidy, 2018). Consistent with the rise in part-time employment exceeding the decline in full-time employment, youth unemployment fell from 15.6% in 1996 to 9.0% in 2021. The combination of these outcomes and the results in the previous section suggest that youth labour market conditions are not behind the rise in living with parents.

4.3 Housing costs

Housing costs could potentially explain the rise in living with parents. Higher rents directly lift the cost of moving out into the rental market, while higher purchase prices can encourage staying with parents longer to save more for a deposit. Survey results from 2023 indicate that the cost of housing affected the timing of moving out for around 37% of 18-24 year olds in capital cities, and 28% in regional areas.⁷ In recent decades, purchase price growth has exceeded income growth while rent growth has not, which suggests that if housing costs have pushed up living with parents rates, purchase costs are the more likely reason.⁸

The effect of housing costs on living with parents rates is difficult to tease out in the data. Regional areas that have experienced faster house price growth have had more rise in living with parents rates, but the opposite has been true in capital cities (Figure 7). Confounding factors are likely affecting these correlations. For example, areas with more price growth would have accumulated more housing wealth, and children of wealthier parents may face less financial obstruction to moving out. Further, if young adults move away to different areas that have lower housing costs, housing costs in their parents' areas may not be the best indicator of the cost pressures that they face. HILDA data suggest that around half of young adults move to a different SA4 when leaving their parents' place.

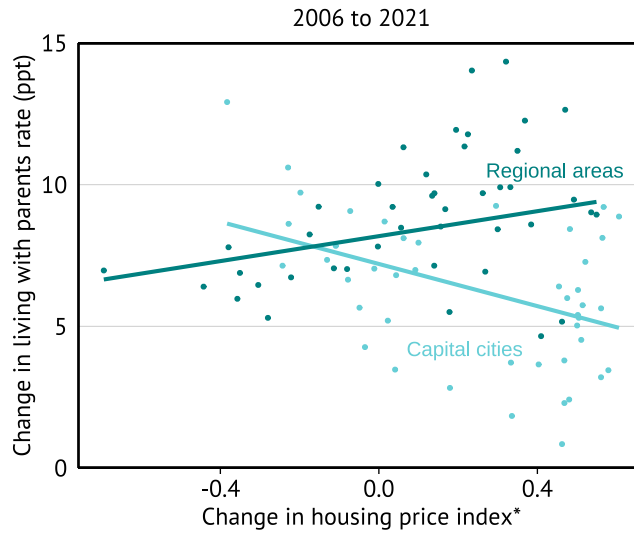
As the average age of moving out from parents has risen, the average age of first home purchases has moved roughly in parallel (Figure 8). In other words, the time in the rental market between moving out and buying a first home has not changed much. Given that the time required to save for a typical mortgage deposit has been rising (Dellow, 2024), this suggests that young

⁶ After controlling for age, in 2021 full-time students were only 5.4 percentage points more likely to live with their parents than non-students (Appendix A.4). This suggests that rising rates of study may explain around 0.7 percentage points (0.124×0.054) of the 9 percentage point rise in living with parents.

⁷ The data are from the 2023 McKinnon Poll 'Understanding attitudes towards housing in Australia' (Susan McKinnon Foundation, 2023).

⁸ Using ABS national wage and rent indexes (series IDs A2709982L and A2331876F), between 1998 and 2021 wages rose at 3.1% per annum while rents rose at 2.7% per annum. The ABS house price index (series ID A83728455L) is available from 2004. Between 2004 and 2021, wages rose at 3.1% per annum, rents at 2.8% per annum and house prices at 5.2% per annum.

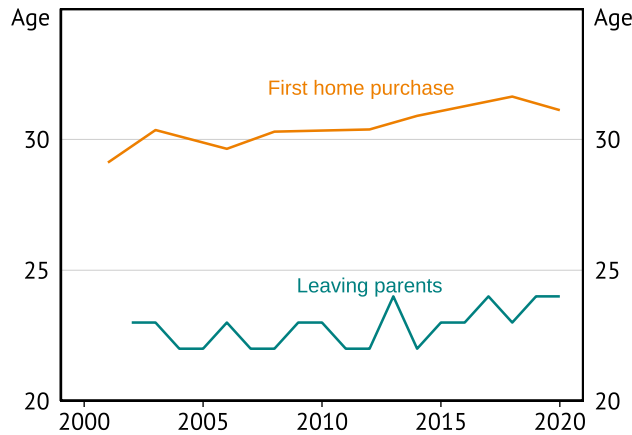
Figure 7: Living with parents and housing prices



* Price index is the residual of logged real prices controlling for dwelling characteristics
 ** Each dot is the average value for a SA4
 Sources: ABS Census; Proptrack; e61

adults are spending more of their deposit-saving time in their parents' home. This is consistent with, but not conclusive of, rising housing costs playing a role in the rising living with parents rate.

Figure 8: Median age of leaving parents and first home purchases



Sources: ABS SIH; HILDA Survey Release 22.0; e61

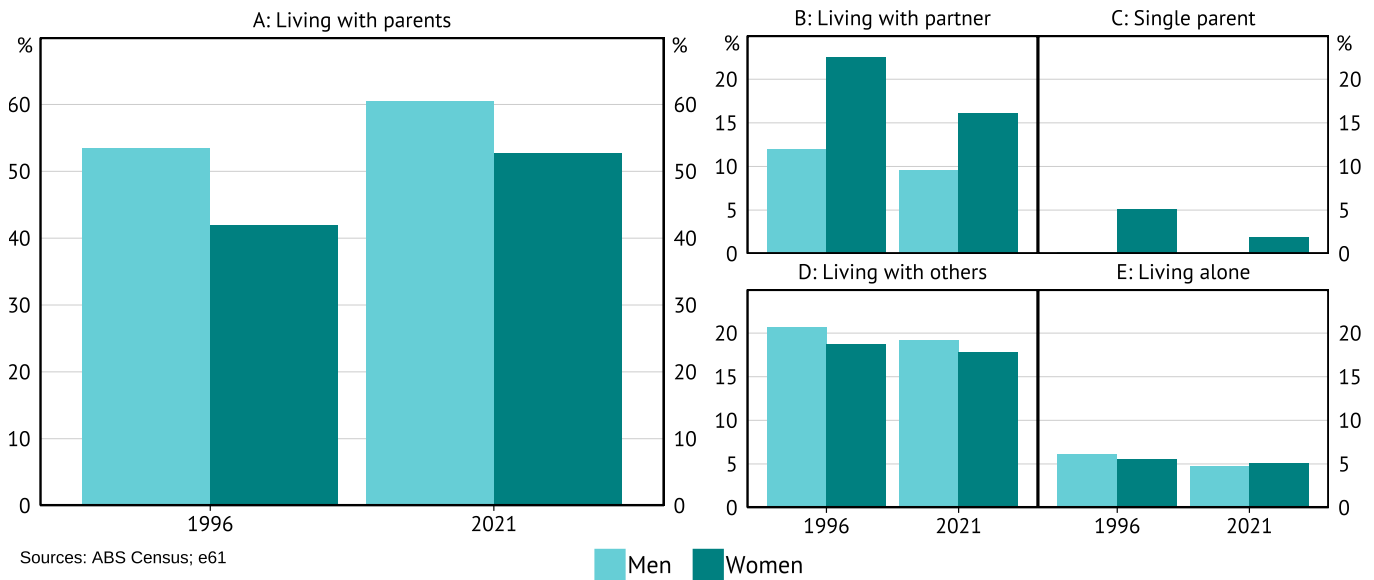
4.4 Relationship formation

The rise in living with parents is associated with a decline in living with partners, particularly for young women (Figure 9B). In the 18-24 age range, more women than men have partners older than 24, which permits the numbers of young women and young men living with partners to deviate.⁹ The proportion of young women living alone with a child has also dropped (Figure 9C). This could be driven by the decline in young women living with partners, if these women had initially moved out with a partner then separated. Rates of young people living alone or in group houses have declined only a little (Figure 9D & E).

⁹ HILDA data shows that around 72% of 18-30 year old women that live with a partner are younger than their partner. The proportion of couples that are same-sex appears too small to be the driver of this trend. HILDA data from 2021 shows that 2.5% of 18-30 year olds that lived with a partner were in a same-sex relationship.

Figure 9: Changes in young adults' cohabitation arrangements

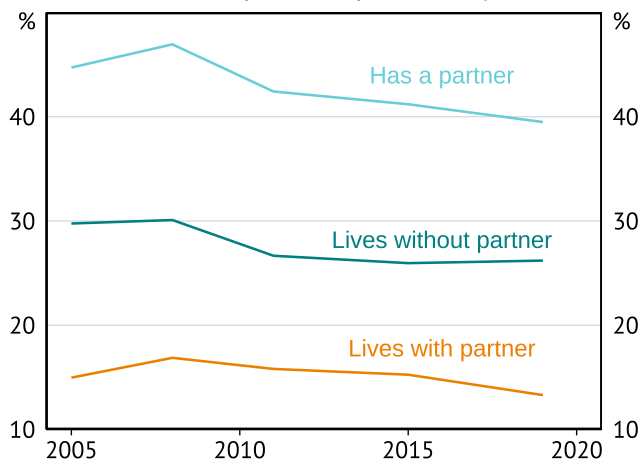
Share of 18-24 year old men or women by living arrangement



Rising housing costs could be behind the decline in living with partner rates, either by deterring couples from moving out together or making them more likely to live in group houses.¹⁰ However, other data show that the proportion of young adults in couples that do not live together has declined by a similar amount to those that do (Figure 10). This is quite suggestive of a demographic trend in couple formation playing a role in the rise in living with parents, beyond just a housing cost effect. This couple-formation explanation would also be consistent with the fact that the proportion of young adults living alone or in group houses has not declined as much.

Figure 10: Declining relationship formation

Share of 18-24 year olds by relationship status



Sources: HILDA Survey Release 22.0; e61

5. Home ownership and housing mobility

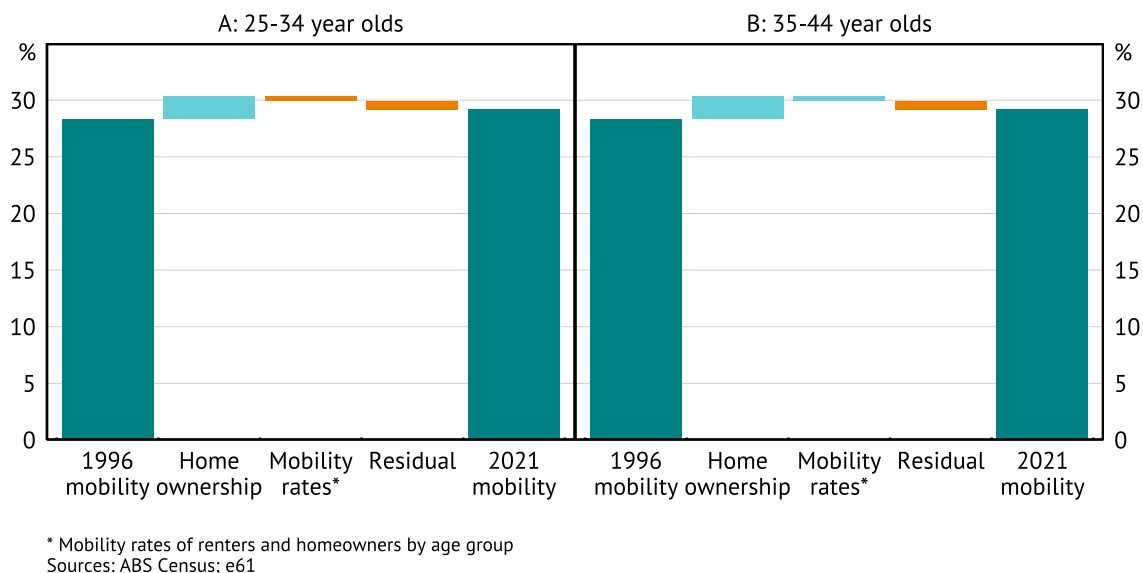
Housing costs appear to have *lifted* mobility for 25-44 year olds. The pattern in figure 8 illustrates an average person's housing lifecycle – living with parents, then renting, then owning – where the intermediate step of renting involves the highest mobility. While rising house prices may have held 18-24 year olds back from renting, they appear to have pushed more 25-44 year olds into renting by holding them back from owning.

¹⁰ For example, housing costs could push down all types of moving out from parents, and at the same time shift people away from moving out as couples and towards moving into group houses. In this scenario, we would potentially see a sharp decline in moving out as couples alongside flat levels of moving out into group houses.

From 1996 to 2021, mobility rose slightly for 25-44 year olds, with a small decline in the 2000s offset by a larger rise in the 2010s (Figure 3A). Over the same period, this age group's home ownership rates declined 8 percentage points, most sharply after 2006 (Appendix Figure A.7).

Shift-share decompositions support the interpretation that their mobility increase is due to declining home ownership (Figure 11; see Appendix A.6 for more detail). That is, mobility rates within the renter and homeowner groups have changed relatively little, while the change in mobility rates is largely as expected given the rising share that renters comprise. These results also highlight that higher mobility rates are not always economically beneficial – more important is the economic drivers they represent.

Figure 11: Homeownership and mobility
Contributions to mobility increase of 25-44 year olds



6. Conclusion

The decline in housing mobility between 1996 and 2021 in large part reflects two key demographic trends – population ageing and fewer young adults in relationships. The latter is leading to young adults leaving their parents' homes later. The rising cost of buying a home may also be pushing young people to stay with their parents longer to save, but this effect is difficult to quantify in the data.

The decline in mobility does not seem to be caused by, or the cause of, the simultaneous decline in labour-market mobility. Only short-distance moves have declined, whereas job switching is more associated with longer distance moves.

Alongside this, our findings challenge a number of common narratives. Full-time tertiary study can explain only a small share of the rise in young people living with parents. The rise does not seem to be related to disenfranchised young men becoming more isolated. Nor does it reflect much decline in group-house living. And while affordability pressures matter, falling home ownership has actually increased mobility. This highlights that not all mobility is a sign of economic flexibility or improved welfare.

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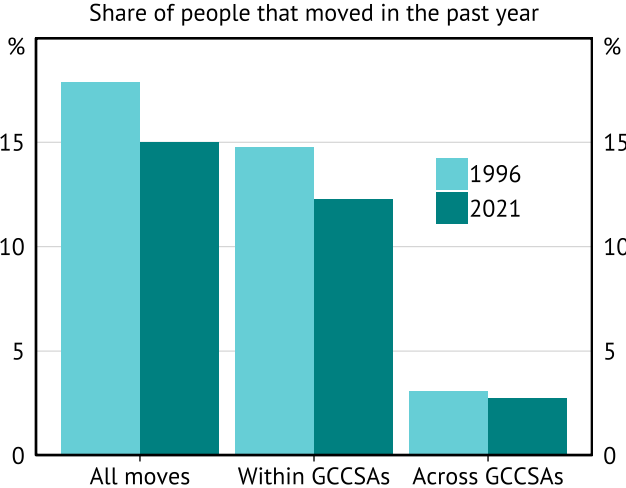
A. Appendix

A.1 Data used

The analysis in this report primarily uses Census Basic Microdata from 1996 to 2021. This is supplemented by data from the HILDA survey when longitudinal details of individuals or stable geographies are required for analysis. Watson (2020) demonstrates that estimates of housing mobility from HILDA are comparable to results from other cross-sectional data including the 2011 Census. Following Watson (2020), we use longitudinal weights from HILDA that are modified to account for when young people age into being a part of the responding sample.

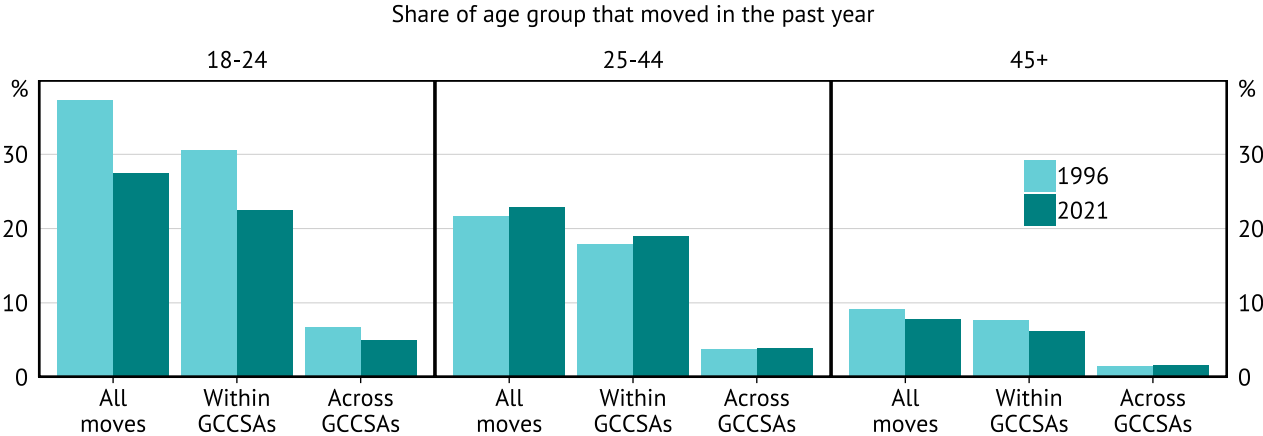
We find trends in moving distances using Census data (Figures A.1 and A.2) similar to those documented with HILDA data (Figure 2).

Figure A.1: Changes in housing mobility by move distance



* People aged 18+
Sources: ABS Census; e61

Figure A.2: Changes in housing mobility by age group and move distance



Sources: ABS Census; e61

A.2 Age-group decomposition

In Section 3, we decompose the aggregate decline in housing mobility using Census basic microdata. The aggregate mobility rate at time t is the sum of age-specific mobility rates weighted by population shares:

$$Mobility_t = \sum_a s_{a,t} \times m_{a,t}$$

where $s_{a,t}$ is the population share of age group a at time t and $m_{a,t}$ is the mobility rate for age group a at time t . The analysis groups the results across three age groups: 18-24 years, 25-44 years, and 45+ years. The decompositions are run using as granular age brackets as possible in the Census microdata, and the results are summed to totals for each of the three age groups.

The change in mobility between 1996 and period t decomposes as:

$$Mobility_t - Mobility_{1996} = \sum_a m_{a,1996}(s_{a,t} - s_{a,1996}) + \sum_a s_{a,1996}(m_{a,t} - m_{a,1996}) + \sum_a (s_{a,t} - s_{a,1996})(m_{a,t} - m_{a,1996})$$

This yields three components:

1. **Population share effect:** $\sum_a m_{a,1996}(s_{a,t} - s_{a,1996})$ - Impact of changing age composition with fixed mobility rates.
2. **Mobility rate effect:** $\sum_a s_{a,1996}(m_{a,t} - m_{a,1996})$ - Impact of changing mobility rates with fixed population structure.
3. **Residual:** $\sum_a (s_{a,t} - s_{a,1996})(m_{a,t} - m_{a,1996})$ - Interaction between changing shares and rates.

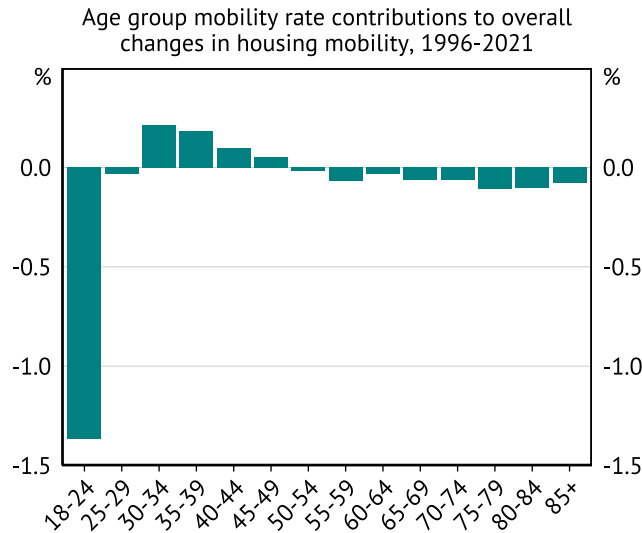
The mobility rate effect can be further decomposed by age group:

$$\sum_a s_{a,1996}(m_{a,t} - m_{a,1996}) = s_{18-24,1996}(m_{18-24,t} - m_{18-24,1996}) + s_{25-44,1996}(m_{25-44,t} - m_{25-44,1996}) + s_{45+,1996}(m_{45+,t} - m_{45+,1996})$$

This separation isolates the contribution of changing mobility rates within each age group to the overall change in mobility.

As a robustness check, we conduct the same decomposition for 5-year age groups from age 25 onwards. The mobility rate contributions of each age group are displayed in Figure A.3. This shows that the 18-24 age group is contributing far more to the total decline than any other age group.

Figure A.3: Contributions of changes in mobility rates



Sources: ABS Census; e61

A.3 Youth Mobility Decomposition

In Section 4, we decompose the mobility decline among 18-24 year olds based on parental living arrangements using HILDA data. The overall mobility rate for youth at time t can be expressed as:

$$Mobility_t = s_{LWP,t} \times m_{LWP,t} + s_{notLWP,t} \times m_{notLWP,t}$$

where:

- $s_{LWP,t}$ & $s_{not_LWP,t}$ - shares of youth living with or without parents
- $m_{LWP,t}$ & $m_{not_LWP,t}$ - mobility rates of those who do or don't live with parents

The changes in youth mobility between 2001 and 2021 could be decomposed into:

$$\text{Mobility}_{2021} - \text{Mobility}_{2001} = \underbrace{s_{2001}(m_{2021} - m_{2001})}_{\text{Mobility rate effect}} + \underbrace{m_{2001}(s_{2021} - s_{2001})}_{\text{LWP share effect}} + \underbrace{(s_{2021} - s_{2001})(m_{2021} - m_{2001})}_{\text{Residual}}$$

This decomposition separates the effect of:

1. **Mobility rate effect:** Changes in mobility rates within living arrangement groups, holding the population shares constant at 2001 levels.
2. **LWP share effect:** Changes in the proportion of youth living with parents, holding mobility rates constant at 2001 levels.
3. **Residual:** Interaction between changing shares and rates.

However, rates of young people moving out of and back home would be captured in the mobility rate effect defined above. These rates drive changes in the share of young people living with parents and to account for this we instead break down these mobility rates as:

- $m_{LWP,t} = m_{move_out,t} + m_{other_LWP,t}$ and
- $m_{not_LWP,t} = m_{back_home,t} + m_{other_not_LWP,t}$

where:

- $m_{move_out,t}$ & $m_{back_home,t}$ - share of people that live do or don't live with their parents that move out of or back to their parent's home
- $m_{other_LWP,t}$ & $m_{other_not_LWP,t}$ - mobility rates of all other moves for people that do or don't live with their parents

Grouping changes in move out and move back rates with changes in shares living with parents, we decompose changes in youth mobility into:

$$\begin{aligned} \text{Mobility}_{2021} - \text{Mobility}_{2001} &= \underbrace{s_{LWP,2001}(m_{other_LWP,2021} - m_{other_LWP,2001}) + s_{not_LWP,2001}(m_{other_not_LWP,2021} - m_{other_not_LWP,2001})}_{\text{Mobility rate effect}} \\ &+ \underbrace{m_{2001}(s_{2021} - s_{2001}) + s_{LWP,2001}(m_{move_out,2021} - m_{move_out,2001}) + s_{not_LWP,2001}(m_{back_home,2021} - m_{back_home,2001})}_{\text{LWP share effect}} \\ &+ \underbrace{(s_{2021} - s_{2001})(m_{2021} - m_{2001})}_{\text{Residual}} \end{aligned}$$

This methodological approach allows us to quantify how much of the youth mobility decline is attributable to increased rates of living with parents versus changes in other mobility behavior within living arrangement groups.

A.4 Living with parents and full-time study

In Section 4.1, we examine the contribution of rising full-time study on living with parents rates. We use Census basic microdata in 2021 to understand the rates at which 18-24 year old full-time students are more likely live with their parents. In Table A.1, we regress a binary variable for whether an individual lives with their parents on a binary variable for whether they are a full-time student. When age fixed effects are included in this regression, the coefficient on full-time study decreases from 0.143 to 0.054.

Table A.1: Effect of full-time student status on living with parents

	(1)	(2)
Full-time study	0.143*** (0.003)	0.054*** (0.003)
Constant	0.559*** (0.002)	0.818*** (0.004)
Age Fixed Effects	No	Yes
n	89824	89824
R ²	0.020	0.106

Robust standard errors are reported in parentheses.

*** indicates significance at the 99% level.

A.5 Housing cost indexes

In Section 4.3, we examine the relationship between living with parents and housing costs using housing price and rental indexes. To construct housing price and rental indexes, we use property sales and rental data between FY08 and FY21 from REA PropTrack Data. The calculation procedure follows two steps as in Dwyer (2023). To control for seasonality and housing characteristics, the first step regresses sale and rental prices on month-of-year indicators, property type fixed effects, and the number of bedrooms, bathrooms, and carspaces, including interactions between property type and these characteristics:

$$\log(Y_{it}) = m_t + \gamma \cdot \text{Apartment}_i + \beta_1 \cdot \text{Bedrooms}_{it} + \beta_2 \cdot \text{Bathrooms}_{it} + \beta_3 \cdot \text{Carspaces}_{it} + \theta_1 \cdot (\text{Bedrooms}_{it} \times \text{Apartment}_i) + \theta_2 \cdot (\text{Bathrooms}_{it} \times \text{Apartment}_i) + \theta_3 \cdot (\text{Carspaces}_{it} \times \text{Apartment}_i) + \varepsilon_{it}$$

where

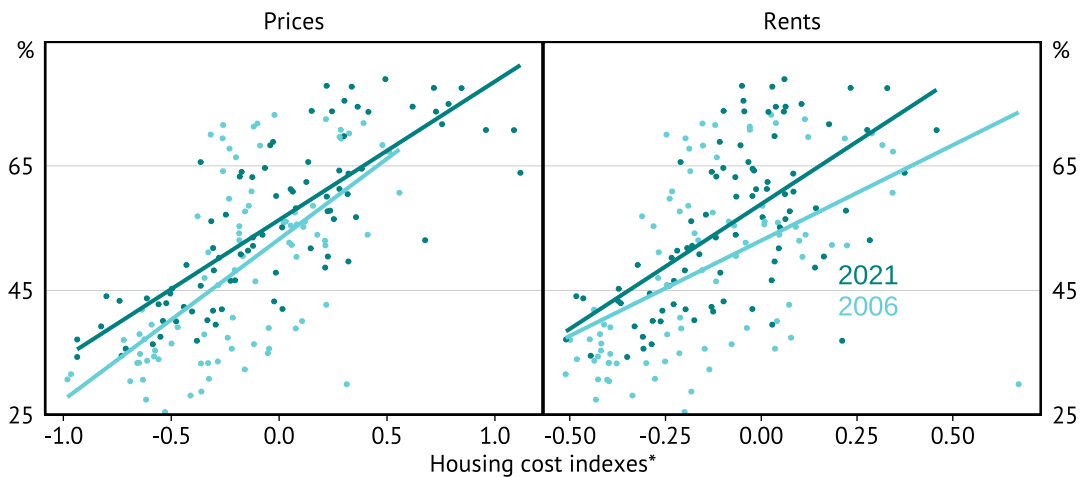
- $\log(Y_{it})$ – the natural logarithm of the real rents or price prices of property i at time t .
- m_t – month-of-sale fixed effects.
- Apartment_i – dummy variable equal to 1 if property i is an apartment, 0 if it is a house.
- Bedrooms_{it} – number of bedrooms in property i at time t .
- Bathrooms_{it} – number of bathrooms in property i at time t .
- Carspaces_{it} – number of carspaces in property i at time t .
- γ – fixed effect for being an apartment (relative to house).
- $\theta_1, \theta_2, \theta_3$ – additional effects of bedrooms, bathrooms, and carspaces for apartments (relative to houses).
- ε_{it} – an error term.

The second step takes the mean of the residuals by calendar year and SA4. Using the estimated SA4-year specific means, we take the difference between financial years 2008 and 2021 as the changes in our housing cost indexes.

Using these indexes, we find a positive cross-sectional relationship between living with parents rates and rents and housing prices that is consistent from the start to the end of the Proptrack data (Figure A.4). We use FY08 data from Proptrack as a proxy for housing costs in the 2006 Census year. We find little relationship between rent growth and living with parents growth in Figure A.5. This is consistent with income growth having exceeded rental price growth. As discussed in Section 4.3, confounding factors may affect these results. Children from areas with stronger housing price growth may face fewer barriers to moving out due to greater parental wealth and assistance. We find stronger relationships between rent growth controlling for housing price growth and growth in living with parents rates (Figure A.6).

Figure A.4: Living with parents and housing costs levels

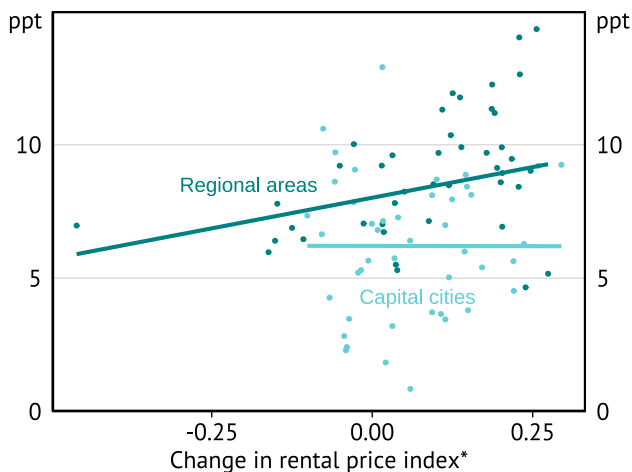
Share of 18-24 year olds living with parents and housing cost indexes, 2006/2021



* Price/rent indexes are the residual of logged real prices/rents controlling for dwelling characteristics
 ** Each dot is the average value for a SA4
 Sources: ABS Census; Proptack; e61

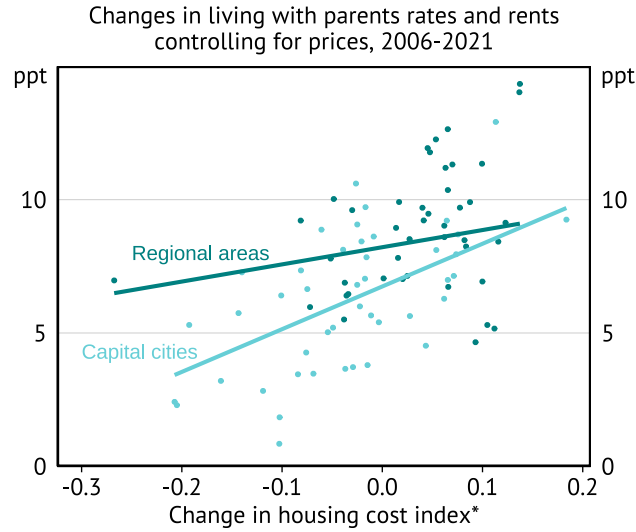
Figure A.5: Rental price growth and living with parents

Changes in living with parents rates and rental price indexes, 2006-2021



* Rental price index is the residual of logged real rents controlling for dwelling characteristics
 ** Each dot is the average value for a SA4
 Sources: ABS Census; Proptack; e61

Figure A.6: Rent growth controlling for housing price growth

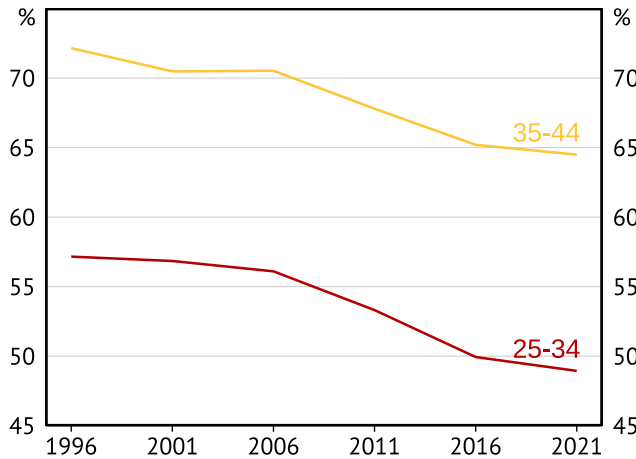


* Rents controlling for prices are the residuals of the rent index regressed on the price index
 ** Price/rent indexes are the residual of logged real prices/rents controlling for dwelling characteristics
 *** Each dot is the average value for a SA4
 Sources: ABS Census; Protrack; e61

A.6 Homeownership Decomposition

In Section 5, we quantify the impact of declining homeownership on the mobility rates of 25-44 year olds. Homeownership rates declined similarly for 25-34 and 35-44 year olds between 1996 and 2021 (Figure A.7).

Figure A.7: Home ownership rates across age groups



Sources: ABS Census; e61

For both age groups, we decompose the changes in mobility rates based on homeownership status using Census basic micro-data. The overall mobility rate for this age group at time t can be expressed as:

$$Mobility_t = S_t \times M_t,$$

where:

- $S_t = (S_{homeowner,t}, S_{renter,t})$ - shares of 25-44 year olds who are homeowners or renters
- $M_t = (m_{homeowner,t}, m_{renter,t})$ - mobility rates of homeowners and renters respectively

The changes in mobility between 1996 and 2021 could be decomposed into:

$$Mobility_{2021} - Mobility_{1996} = \underbrace{S_{1996}(M_{2021} - M_{1996})}_{\text{Mobility rate effect}} + \underbrace{M_{1996}(S_{2021} - S_{1996})}_{\text{Homeownership share effect}} + \underbrace{(S_{2021} - S_{1996})(M_{2021} - M_{1996})}_{\text{Residual}}$$

This decomposition separates the effect of:

1. **Mobility rate effect:** Changes in mobility rates within tenure groups (homeowners vs. renters), holding the population shares constant at 1996 levels.
2. **Tenure share effect:** Changes in the proportion of homeowners vs. renters, holding mobility rates constant at 1996 levels.
3. **Residual:** Interaction between changing shares and rates.

B. Data disclaimers

This paper uses unit record data from Household, Income and Labour Dynamics in Australia Survey [HILDA] conducted by the Australian Government Department of Social Services (DSS). The findings and views reported in this paper, however, are those of the author[s] and should not be attributed to the Australian Government, DSS, or any of DSS' contractors or partners. DOI: 10.26193/SJEPRM

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