

Dossiê: Desigualdades, estratificação e justiça social

Homeownership of the young middle class

The case of elite university graduates

Casa própria entre jovens de classe média

O caso de graduados em universidades chinesas de elite

Zhu Di*

Abstract: This paper uses the survey data of graduates from six ‘985 Project’ Universities¹ in 2010, and for the first time systematically elaborates homeownership of young middle class, i.e. those born in the 1980s generation, and its influence factors. The research shows that: the overall homeownership rate of the ‘985 Project’ Universities graduates is higher than the average rate of the urban youth in China; the graduates who own a house tend to have better-off parental backgrounds and have better quality of life, which reveals social division; parents’ financial help, their marriage status and age are the most important factors influencing homeownership. The results emphasize the increasingly important social stratification function of housing. The government needs to increase the macroeconomic control on real estate and to enhance the housing welfare policies, so as to prevent further social segregation.

Keywords: Youth. Homeownership. Intellectual elite. The only child. Social stratification.

Resumo: Este artigo utiliza os dados da pesquisa com graduados em Universidades chinesas que faziam parte do ‘Projeto 985’ em 2010. Pela primeira vez, analisa-se sistematicamente a questão da casa própria entre jovens de classe média que nasceram nos anos 1980, e seus fatores de influência. A pesquisa mostra que a taxa de jovens com casa própria entre os entrevistados no ‘Projeto 985’ é inferior à taxa dos pares em países desenvolvidos, mas superior à taxa média entre a juventude urbana na China. Os graduados que possuem uma casa tendem a vir de famílias com nível socioeconômico mais elevado, e a ter uma melhor qualidade de vida, o que revela certa divisão social; a ajuda financeira dos pais, seu estado civil e idade são os fatores mais importantes que influenciam a possibilidade de contar com casa própria. Os resultados enfatizam a cada vez mais importante função de estratificação social da habitação. O governo precisa aumentar o controle macroeconômico sobre imóveis e reforçar as políticas de bem-estar habitacional, de modo a evitar mais segregação social.

Palavras-chave: Juventude. Casa própria. Elite intelectual. Filhos únicos. Estratificação social.

* Phd in Sociology from the University of Manchester (UK), associate professor, Institute of Sociology, Chinese Academy of Social Sciences, in Beijing, China <zhudisoc@163.com>.

¹ In order to set up world-class universities and high-level universities, the Chinese government started the ‘985 Project’ in 1998. There were 9 universities as the first-selected universities in this project. By the end of 2013, there were 39 universities in this project. Hence, these 39 universities are the best universities in China.

Homeownership issue of the youth has always been the focus of the world. First of all, from the perspective of social and country development, whether or not a young man, who is a newbie and does not have too much wealth accumulation, can afford to find his own 'home' is the touchstone of whether the economy works healthily and whether the income distribution is fair. The living arrangement (renting a house, buying a house or living with parents) and the way of acquiring a house (with parents' financial support or buying a house by oneself, buying the government-subsidized houses or the commercial houses) reflects the problems above. Whether young people's housing problems can be properly solved or not concerns the society's stability and people's confidence in the future development of the economy and the society. Further, from the angle of life cycle, adolescence means growing up, being independent of parents and having the need of building their own living space. However, since their wealth accumulation in this period is relatively low, house ownership of the youth, among all age groups, may be the most outstanding and the most difficult. Thirdly, young people's choice of living arrangement reflects changes of the population and the society, such as marriage aspiration and marriage age, population mobility, living culture and so on. This can have implications for a country to make relevant policies. Therefore, the government and the academia all over the world pay great attention to homeownership rate of the youth and its influence factors.

In China, among the young people who were born in the period from late 1970s to the 1980s, the only child takes a very large proportion. They witnessed great social changes. The academia and the public are used to call them 'the post-1980 generation'. Their life chances have increased significantly due to economic and social development, but they also face severe challenges. Life trajectory of the 'post-1980 generation' has been summarized as (although with exaggeration): when they were entering colleges, the colleges enrollment expanded; when they were graduating, they became unemployed immediately; when they were preparing to get married, they could not afford to buy a house; when they were not grown up yet, their parents were old. The young people's housing problems became more special in today's Chinese social context. The recent decade tends to be the peak period for the 'post-1980 generation' to start to settle down and have their own family. On the one hand, the housing price has been very high and does not seem to go down; on the other hand, the competition in the labor market is severe and the influence of economic crisis is still on. It seems to be very difficult to buy a house depending only on personal income.

This paper focuses on the middle class of the ‘post-1980 generation’ by studying the graduates from the ‘985 Project’ Universities. Graduating from a good university, to a large extent, means stable income and a promising job, then gradually becoming rich, having high social status and becoming middle class. Further, the middle class of the ‘post-1980 generation’ or the ‘quasi-middle class’ were also the beneficiary of the reforms. Many of them work in state sectors or emerging industries and their jobs are stable and well paid.

Even though they all graduated from ‘985 Project’ Universities, there is a large difference in their life chances. Some can live freely without worrying about money, but some have to live being careful with money. Life chances refer to the chances that everyone in the society gets in education, health, material rewards and social mobility. Some countries (e.g. UK) often use this concept in their official statistics to measure the living conditions of various groups of people in the society. When investigating life chances – especially the household expenses and housing issues, income is the key factor. Normally, it has important influence on a person’s lifestyle and life quality. However, due to the special social context, these ‘985 Project’ Universities graduates’ life chances are also influenced by their parents’ background, the society’s macro-background and the social system. In the Chinese society from the 1980s, not only the social background and the system are experiencing changes, but also the personal social mobility pattern has changed – from an equalitarian society to a society composed of different social classes –, and people’s living standard has improved significantly. Life chances and consumption patterns of these ‘post-1980’ generation’s graduates’ reflect the society’s changes in these aspects and play important roles in social development. Whether or not they live and work in contentment, and whether or not they have their own house, can reflect the macro-control on housing prices and housing welfare policies, and also play an important role in maintaining social stability and reducing social segregation. Hence, no matter if from the angle of consumption research or from the angle of social structure research, these potential or existing crowds of middle class are worth paying attention to.

Data resource of this paper are the ‘Tracking Survey of Graduates from Six ‘985 Project’ Universities in 2010’, conducted by the Department of Youth and Social Problems, Institute of Sociology, Chinese Academy of Social Sciences. This survey selects six ‘985 Project’ Universities from southeast, southern, southwest, northwest, northeast and the middle area of China. The random sampling is based on the graduates list of each university and the selected candidates were contacted by Email. They were asked to login the

online survey system to fill in the questionnaire. The survey stopped when the response rate reached 50%. This survey's sample size is 4655 graduates of these 6 universities, who graduated from 2003 to 2010. In order to improve representation, the data were weighted on gender and major, based on the gender and major rate of universities graduates published by the Ministry of Education. In the sample, graduates who were born in 1990 and after or before 1979 only took a very little percentage. Therefore, the '985 Project Universities graduates' in this paper, as a whole, can be considered as a sample of the 'post-1980 generation'.

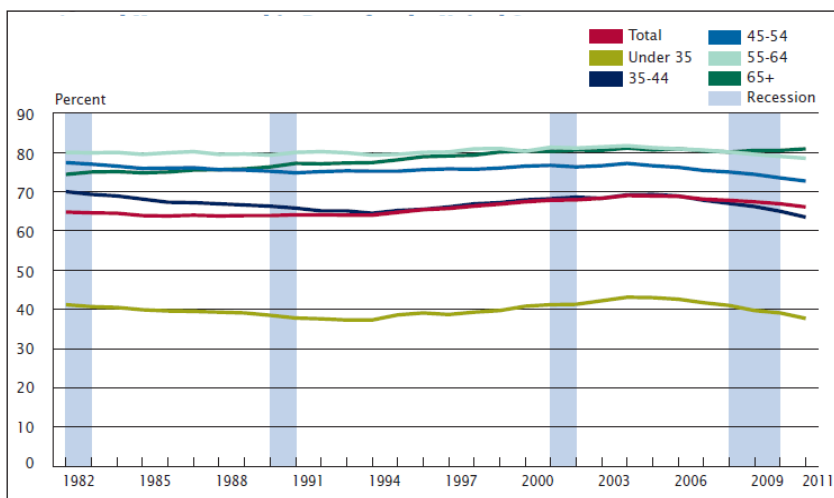
First of all, this paper will conduct international comparison on homeownership rate of the youth, to evaluate the level of homeownership of Chinese young people and to analyze the main factors influencing homeownership rate of young people by referring to the existing literature. Then, on the basis of empirical data, this paper will examine homeownership situations of the '985 Project' Universities graduates' and the social stratification reflected by housing, and also analyze the influence factors of the '985 Project' Universities graduates to own a house. At last, this paper will discuss the implications of the findings and relevant policy suggestions.

International comparison on homeownership of the youth

Data from the US Census Bureau show that from 1982 to 2011, homeownership rate of people under 35² is a stable curve fluctuating around 40%, and the overall homeownership rate fluctuates around 65%, as shown in Figure 1. As the age increases, the homeownership rate also rises. These 30 years witnessed four economic depressions and, except the one at the beginning of this century, three of them have significant influence on the homeownership of young people. For instance, in the recent economic depression, at the beginning of 2005, the homeownership rate of people under 35 was 43.3%. In the fourth quarter of 2010 and the fourth quarter of 2011, the rate decreased to 39.2% and 37.6% (Callis and Cresin, 2011) respectively. According to the data from Fannie Mae Foundation (Nevullis, 2011), from 1980 to the end of 2011, the homeownership rate of people under 35 dropped 9.6%.

² The homeownership rate of different age groups in US government statistics and Australian government statistics are both based on the householders' age.

Chart 1. Annual homeownership rates for the United States by age groups: 1982-2011



Data source: United States Census Bureau <<http://www.census.gov/hhes/www/housing/hvs/charts/files/fig07.pdf>> [last accessed 10th March 2012].

From 1980s till now, the homeownership rate of Australian young people also shows a similar declining tendency. According to the data from Australian Bureau of Statistics (2004), the population under 35 who possessed and bought their house is 22% of the total population, but in 2001 this percentage dropped to 15%. Among all age groups, the homeownership rate of people aging from 25 to 34 declines most significantly. The percentage of householders aging from 30 to 34 and owning property rights declines from 68% (in 1981) to 57% (in 2001). The percentage of householders, aging from 25 to 29, drops from 53% (in 1981) to 43% (in 2001). From 2009 to 2010, the data from Australian Bureau of Statistics (2011) shows that people under 35, no matter they live alone or with their partners, have the highest rate of renting a house, among all age groups: the percentage of renting a house and living alone for people under 35 is 56%, and that of renting a house and living with their partners is 48%.

Why the homeownership rate of young people in developed countries generally tends to go down? This question is very complicated. Homeownership rate of young people is a result of macro economy, birth rate, social conventions, culture and many other factors. Existing literature believe that factors influencing young people to possess their house mainly include:

demographic characteristics, affordability and population mobility. The factors of demographic characteristics include: number of children, marital status, age, ethnic group, gender and residential area; the factors of affordability include: salary or income, the percentage of government subsidy in their income and the ratio of house price to rents; the factors of population mobility mainly refer to the personal movement and family movement in recent years. Haurin et al. (1993) found that, by analyzing the data of National Longitudinal Survey of Youth in 1987, except the gender factor of single householder –which has insignificant influence–, age, ethnic group, the ratio of house price to rents, predicted wage and the percentage of government subsidy in income have significant influence on the young people, aging from 22 to 29, in owning a house. Bourassa et al. (1994) analyzed the Australian Longitudinal Survey in 1985 and found two economic variables influencing young people aging from 25 to 28 in having a house. The ratio of house price to rents has significant negative impact. Predicted wage has significant positive impact. The (predicted) number of children has significant positive impact on both Australian and American young people in buying a house (Bourassa et al. 1994; Cameron and Tracy, 1997), but the prediction of no movement in 3 years significantly increases the possibility of buying a house (Cameron and Tracy, 1997).

American and Australian researchers focus on influencing factors of renting or buying a house, but in China and some South European countries young people who do not own a house may not choose to rent a house, but choose to live with their parents, which takes a rather high percentage. For instance, the Spanish scholar Moreno (2012) argues that young people's homeownership is also influenced by some cultural factors, including the culture of 'homeownership' and the culture of 'familism', especially in Italy, Spain and other South European countries – young people usually live with their parents until they can afford to buy a house. This living arrangement is very familiar to Chinese people. In the UK, US, Australia and some North European countries, young people normally either rent a house or buy one, and only a few adults live with their parents; but in South European countries and China, if conditions allow, young people normally choose to either live with parents or buy a house. However, since there is significant increase in young people's mobility in work and life, in urban areas of China, especially in big cities, it is very common for young people to rent a house alone or with others.

The transition in housing policy would help to understand homeownership of the young generation. Under the system of the planned economy, an individual's house was allocated by work unit with very low rent, according

to the family size and job rank. At the beginning of the ‘reform and opening-up’ the idea of developing a real-estate market as a stimulus to economy was put forward by the authorities. It was, however, not until 1998 –when the state-allocating housing policy was officially suspended all over the country– that housing has gradually become a costly and unaffordable commodity, especially after 2004, when house prices have begun to climb disproportionately nationwide. In fact, the social welfare policies, including housing allowance and the scheme of ‘Economically Affordable Housing’ (EAH), had been drafted in the meantime, when housing became commercialized, but failed to be implemented for various reasons. It did not come into nationwide implementation until the early 2000s. The scheme of EAH was targeted at lower-middle income households, who would be supplied with housing at a much lower price than market. Such affordable housing, however, failed to enhance homeownership of the young generational substantially. First, the locations as well as the quality of the houses were not satisfactory. Second, the application procedures are complicated and it is associated with the ‘hukou’ system,³ e.g. people without Beijing ‘hukou’ can hardly be eligible to the affordable housing in Beijing, which sets up institutional obstacle for the large quantity of young migrants. Against this transitional background, it is difficult for the young generation, especially born after 1980, who need to set up families and foster children, to own a house. Some of them have to pay heavy mortgages to own a home at the cost of extending working hours and reducing leisure time, and even damaging their health. This group of young people are called ‘house slaves’.

China does not have official statistics on the rate of homeownership, which mainly depends on scholars’ estimations based on large scale of survey data. By analyzing China’s General Social Survey (CGSS) 2005, Min Xueqin (2011) found that 52.8% of young people who were aging from 18 to 35 and have an urban Hukou possess a house, but only 27.8% of them own the property right or their spouse owns the property rights. If we narrow down the token range to people with marriageable age or married young people whose age is from 22 to 35, the percentage of owning the property right increases to 32.1% and 42% respectively. Feng Xiaotian’s (2011) data sources are the survey in 2007 on 2357 employed young people (born after 1976) in 12 cities of China, and the survey in 2008 on 1216 married young people (at least one

³ The ‘*hukou*’ (household registration) system is a regulation which imposes strict limits on changing permanent place of residence for ordinary Chinese citizens. After communist China was founded, the binary ‘hukou’ system was established to restrict free migration between rural and urban areas.

of the couple was born in 1975 or after) in 5 large cities – Beijing, Shanghai, Nanjing, Wuhan and Chengdu. The analysis reveals that in 2007 19% of young people bought the house by themselves; only 5.7% of unmarried young people bought the house by themselves; 48.6% of married young people bought the house by themselves. The survey in 2008 on married young people in large cities shows that only 37.1% of them bought the house by themselves, showing the negative influence of high house price on homeownership. If comparing the general homeownership rate of young people under 35 among China, US and Australia,⁴ the rate of Chinese young people is relatively low.

Due to the differences in social contexts and policies, the factors influencing Chinese young people's homeownership have some uniqueness. Comparing to US researches and Australian researches, many Chinese empirical researches emphasize more the influence of family background and parents' financial aid, whether or not they are the only child, whether or not they own urban Hukou and whether or not they are floating population. Song and Qi (2011) found that, with a survey in 2009 on young people aging from 20 to 34 in Beijing, Baoding, Huangshi and Xi'an, there are 40.5% of young people who can be categorized as 'Ken Lao' in terms of housing (living with parents, or living alone but having parents pay for the house mainly). The only child, being native and urban Hukou, have significant positive influence on this phenomenon, and the factor of age has significant negative influence. Min (2011) found out that, by analyzing China's General Social Survey 2005, to live in a house bought by oneself or by parents is significantly influenced by factors of age, education background and annual income; interestingly, people who buy a house have rather lower annual income than people who rent a house, but their self-assessment of income class, social status and family social status are much higher than people who rent a house. The research by Feng (2011) mainly concentrates on the influence of the only child factor on homeownership and shows that in large cities, among the married young people who live alone, the influence of the only child factor is mainly reflected by parents' financial aid: the percentages of buying a house are close no matter if both of them are the only child or one of them is the only child, or neither

⁴ Min Xueqin's (2011), China's General Social Survey (2005) and Feng Xiaotian's (2011) survey in 2007 on employed young people in cities use random sampling and it is very unlikely to get both of a couple. Feng's (2011) survey in 2008 on married young people uses a sampling method which assures only one person of a couple is selected as a sample. Therefore, although the survey data study individual's homeownership condition, they can approximate the family/household homeownership condition. Hence the research data of China can be compared with the census data of US and Australia.

of them is the only child; but in the case of parents' buying the house for the young couple, the percentage of ownership for 'the only child' couple is 10% higher than the 'not the only child' couple (32.9% and 23.7% respectively).

Homeownership situation of the '985 Project' universities graduates

The homeownership rate

According to the data of the '985 Project' Universities graduates, of all the graduates, 58% are male, mainly between 23 to 30 years old (about 80%), 41% are the only child, 25% are married, 13% have children and most of them (70%) have graduated for 1-3 years, 65% have undergraduate degree, 29% live in Beijing, Shanghai and Guangzhou and their current average monthly income is 4359yuan. Among these '985 Project' Universities graduates, only 21% possess their private house (owning the property right), 62% of them do not have their private house, 17% of them are in other conditions. The homeownership rate of unmarried graduates is only 9% and the rate of married graduates is 59%. As we can see, the homeownership rate of the whole young people, the unmarried ones and the married ones are all higher than the two results in Feng (2011). A possible reason is that the sample of this research focuses on '985 Project' Universities graduates who have better and more stable professions and income. However, the overall homeownership rate of '985 Project' Universities graduates is much lower than the average rate of urban residents. This is not only due to the fact that most post-1980 generation young people cannot enjoy the housing distribution policy, but also owing to the soaring housing price and young people's poor wealth accumulation. Hence, no matter from the angle of policy, macro-background or life cycle, the issue of not being able to afford a house is outstanding among the post-1980 generation.

It is shown that whether a young man can own a house is significantly associated with the degree of their parents' financial aid. About 68% of the interviewees say that their parents (will) buy them a house or (will) pay part of their house payment or offer a little financial support. As shown in table 1, in the sample of people owning a house, 11% of the houses are paid entirely by parents, 36% of the houses are paid partially by parents, 21% of the houses are paid with a little financial aid from parents, but only 32% of the houses are bought without any financial support from parents. However, in the samples of people not having a house, 33% of their parents can only

provide a little financial support, and 32% of parents cannot provide financial support. Hence, owning a house among ‘985 Project’ Universities graduates, to a large extent, depends on parents’ financial support, not only relying on their own income.

Table 1. Home ownership of the ‘985 Project’ Universities graduates and their parents’ financial support (%)

| Parents’ financial support | House | Not owning a house | Owning a house | Total |
|---|--------------|---------------------------|-----------------------|---------------|
| Parents (can) buy me a house | | 4.64 | 11.1 | 6.39 |
| Parents (can) pay part of the house payment for me | | 30.63 | 35.87 | 32.05 |
| Parents (can only) provide a little financial support | | 33.28 | 21.29 | 30.04 |
| Parents do (can) not provide financial support | | 31.45 | 31.75 | 31.53 |
| Total | | 100.00 | 100.00 | 100.00 |

Notes:

1. Data source: Tracking survey of graduates from Six ‘985 Project’ Universities in 2010.
2. The data uses the gender and university weights
3. Total sample size is 3570 and the chi-square test is significant.

The survey also finds that the parents who can entirely or partially fund the children in house purchase mostly have one child, with higher financial status, or from urban area. First of all, among the interviewees who say that their parents (can) buy them a house, 75% are graduates who are the only child, 25% are ones who are not the only child. Among the interviewees who say that their parents can pay part of the house payment, 65% are the only one child. However, among the graduates whose parents (can only) provide a little financial support, 68% of them are not only child and among the graduates whose parents do not provide financial aid, up to 84% of them are not only child. Further, the average monthly income of the parents who (can) buy their children a house is 10135yuan, and the variation inside the group is quite large, with the highest income as 30000yuan per month. The average monthly income of parent who (can) pay part of the house payment is 5864yuan. However, the average monthly incomes of parents who (can only) provide a little financial support or do (can) not provide financial support are 2838yuan and 2062yuan respectively, and the differences inside the groups are rather small. Thirdly, up to 39% of the graduates who state that their parents (can) buy them a house are

from provincial capitals and municipalities, but only 7% of them are from rural area. Only 6% of graduates who state that their parents do (can) not provide any financial support are from provincial capitals and municipalities, but up to 65% of them are from rural area. These research findings, to some extent, show the intergenerational reproduction of life chances and the polarizations between the rich and the poor among classes and regions which may further aggravate.

Homeownership and social stratification

In contemporary society, house is not only a consumer good or investment good, but also an indicator that divides socio-economic classes. Li (2009) points out that, in China's urban area, housing becomes an important carrier showing social differentiation, due to the space resources it brings and the 'accessible resources' it relates to. Meanwhile, housing patterns also shape life styles and promote the formation of class identity. Li (2009) names this status attainment/partition pattern as 'housing status groups'. The research on '985 Project' Universities graduates also show the function of housing to divide social classes. The analysis above indicates that the graduates who possess a house have better parental family backgrounds. This section will discuss how housing patterns build life styles and life quality mainly from the angle of car ownership and 'house slaves', in order to infer the degree of social differentiation.

Generally speaking, car is the second most expensive consumer good after house for young people. It can largely enhance people's mobility so as to help increase chances of life, work and leisure. We will examine car ownership divided by homeownership to look at differences in quality of life among young people. First of all, homeownership significantly relates to private car ownership. Among '985 Project' Universities graduates, only 10% of them own their private car. Table 2 divides these graduates into 4 groups: the percentage of the richest group including graduates 'possessing both house and car' is about 10%; the graduates 'possessing house but no car' takes 16%; the percentage of the group of graduates 'possessing car but no house' is 2%; the percentage of the poorest group which is 'no house no car' is 72% and this group is the majority. Further, analysis shows that house property has strong relations to car ownership, which indicates that people who have a house are more likely to have a car and people who do not have a house are more likely not to have a car and vice versa. This shows that the overall living standard of '985 Project' Universities graduates is not very superior and the inner differentiation is quite significant.

Table 2. The house ownership and car ownership situation of ‘985 Project’ Universities graduates (%)

| Car | House | Not having a house | Having a house | Total |
|------------------|--------------|---------------------------|-----------------------|---------------|
| Not having a car | | 72.08 | 16.07 | 88.15 |
| Having a car | | 2.29 | 9.56 | 11.85 |
| Total | | 74.37 | 25.63 | 100.00 |

Notes:

1. Data source: Tracking survey of graduates from six ‘985 Project’ universities in 2010.
2. The data uses the gender and university weights.
3. Total sample size is 3848 and the chi-square test is significant.

‘House slaves’ are people who have to pay house mortgages, as it often occupies high proportion of individual or family income. It is generally believed that the life quality of the ‘house slaves’ is the lowest and therefore this group is regarded as the disadvantaged group. However, this research finds that this is not the case. Since in the data there are no variables on the amount of mortgage loans, this research can only do the estimation with the variable of monthly mortgage payment. According to common sense, it is impossible for the monthly payment of mortgage loan to be under 500yuan. Thus, this research abandons samples whose mortgage loan’s monthly payment is between 1yuan to 500yuan (about 2.11%) to estimate graduates’ average monthly payment of mortgage loan. In the sample of ‘possessing a house’, the average mortgage loan’s monthly payment is about 1773yuan and around 65% of the graduates need to pay mortgage loan (based on the estimation with mortgage loan’s monthly payment above 500yuan). In the sample of graduates who need to pay mortgage loan, the average monthly payment is 2824yuan which is roughly 43% of their personal monthly household expenses (average 6588yuan) and is 52% of their personal monthly salary income (average 5247yuan). Therefore, ‘985 Project’ Universities graduates are indeed ‘house slaves’. Their personal income needs to cover not only mortgage loan, but also their basic expenses, such as food, clothing and traveling. Thus, it is reasonable to say that their expenses on entertainment, leisure, relaxation and even self-improvement are, to a large extent, restricted.

However, the phenomenon of ‘house slave’ cannot be easily explained like this. It is also necessary to relate to the unique living background of the ‘post-1980 generation – the financial aid from parents. It was mentioned above that in the sample of ‘possessing a house’, 68% of graduates have parents’ financial aid in various degrees and the parents who are able to offer this

aid have rather high financial income which, therefore, to some extent, helps improve these graduates' life.

Further, in the sample of 'needing to pay mortgage loan', that monthly payment takes 52% of their personal monthly income cannot prove that the 'post-1980 generation' who possess a house is in the 'house slave' condition – low life quality, heavy burden and boring life. One reason is that the '985 Project' Universities graduates average personal monthly income may be underestimated. Interviewees may not include their bonus, allowance and other material salary in their income. Further, among these graduates who own a house, the married ones are more than the unmarried ones and their household expenses are shared by both husband and wife, which can relieve part of the life stress. Moreover, if leisure expenses can represent one's life quality, this research also finds that among '985 Project' Universities graduates, the ones who own a house but no mortgage loan live most comfortably; then, the ones who own a house and mortgage loan, and the ones without a house have the lowest life quality. According to the data, this paper defines leisure expenses as 'entertainment socials', 'self-improvement expenses (e.g. obtaining certificates, attending training sessions etc.)', 'image improvement expenses' (e.g. purchasing cosmetics, hairdressing etc.), 'clothing expenses (including clothing, shoes, hats etc.)' and 'traveling expenses'. Of course, clothing expenses may also include some basic expenses, but for the 'post-1980 generation', clothing purchase usually shows their personalities and personal tastes. Therefore, clothing expenses and life quality have close relations.

Table 3. Average annual leisure expenses of the '985 Project' Universities graduates' (RMB yuan)

| Statistic index | Graduates without a house | Graduates having a house and mortgage loan | Graduates having a house but no mortgage loan |
|------------------------|----------------------------------|---|--|
| Average expenses | 6323 | 12665 | 13980 |
| Linearized std. err. | 249.4 | 803.1 | 1961.8 |
| The minimum value | 0 | 0 | 0 |
| The maximum value | 211000 | 170000 | 409000 |

Notes:

1. Data source: Tracking survey of graduates from Six '985 Project' Universities in 2010.
2. The data uses the gender and university weights.
3. Total sample size is 3190 and the chi-square test is significant.

Table 3 shows that among ‘985 Project’ Universities graduates, the average leisure expenses of the ones who own a house but no mortgage loan is the highest (13980yuan) and the maximum value in the sample is even over 400,000yuan per year. The second is the leisure expenses of the graduates who have a house and mortgage loan, and its average number is 12665yuan per year. The lowest life quality belongs to the graduates who do not own a house. Their average annual leisure expense, which is around 6323yuan, is only half of the leisure expense of graduates who have a house and mortgage loan. This research finds that the monthly incomes of the graduates who have a house but no mortgage loan, and of the graduates who have a house and mortgage loan, are quite close (5724yuan and 5247yuan respectively) and both of the two are far higher than the average monthly income of the graduates who have no house (3934yuan). This further explains why graduates with a house enjoy a much better life quality than graduates without a house.

The discussions above analyze the relation between homeownership and social differentiation from the angle of life quality. The ‘985 Project’ Universities graduates who have a house, no matter whether they have mortgage loan or not, are more likely to have private car, more likely to get financial aid from parents and spend more on leisure expenses. This, to some extent, shows that their life quality is higher. Hence, the living condition of ‘post-1980 generation cannot be simply explained with the phrase ‘house slave’, which may cover up the intergenerational transition of economic capital, social capital and cultural capital and may also cover up the social equality caused by regional differences. The real ‘house slave’ may not be the one who bears heavy mortgage loan, but the one who has very little possibility to possess his/her own house.

Factors influencing the ‘985 Project’ Universities graduates’ homeownership

Following the existing literature, this paper chooses whether owning a house as the outcome variable, and gender, age, monthly income, marital status, being the only child or not, living in first-tier cities including Beijing/Shanghai/Guangzhou or not, parents’ financial aid condition and education background as explanatory variables. Further, considering China’s housing policy, employees of state sectors are more likely to enjoy housing welfare or benefits – one reason is that some of the state sector institutions still distribute houses to their employees, another is that it is easier for them to obtain local ‘hukou’ than non-state sector employees, so they are more likely to be entitled to housing benefits provided by local government; thus, they are more likely to own a house. Hence, this paper lists the nature of work unit as one of the explanatory variables.

The logistic regression model is shown in table 4. The model includes 813 cases and is representative. The impact of these explanatory variables are roughly similar to the existing researches' conclusions. However, the differences from Feng's (2011) and Song' and Qi's (2011) researches' findings are: the only one child factor and the living in first-tier cities factor are not significant. This may be related to '985 Project' Universities graduates' particularities: generally rather stable job, rather good income and many of the graduates' better family background (parents can financially support them with the house purchase). These may be able to overcome the obstacles in buying a house of not only child and living in first-tier cities.

Table 4. Factors influencing the '985 Project' Universities graduates' to own a house

| Independent variables | Coef. | Odds ratio | Linearized Std. Err. |
|--|-----------|------------|----------------------|
| Monthly income (logarithm) | .853*** | 2.346 | .191 |
| Marital status (married=1) | 2.526*** | 12.500 | .241 |
| Nature of work unit (state sector=1) | 1.073*** | 2.923 | .239 |
| Gender (male=1) | -.412 | .662 | .267 |
| Living in Beijing/Shanghai/Guangzhou (yes=1) | -.372 | .689 | .271 |
| Only child (yes=1) | -.008 | .992 | .299 |
| Parents' financial aid situation (the control group is the 'no financial aid group') | | | |
| Parents (may only) provide a little financial aid | .146 | 1.158 | .305 |
| Parents (will) pay part of the house payment for me | 1.362*** | 3.902 | .329 |
| Parents (will) buy me a house | 2.525*** | 12.486 | .560 |
| Age (control group is the age of 31 and above) | | | |
| Age 16-22 | Dropped | Dropped | Dropped |
| Age 23-25 | -2.367*** | .094 | .434 |
| Age 26-30 | -1.813*** | .163 | .328 |
| Education background (control group is bachelor degree) | | | |
| Master degree | -.592* | .553 | .288 |
| Doctor degree or post-doctor degree | -1.491* | .225 | .622 |
| Sample in total | 813 | | |

Notes:

1. Data source: Tracking survey of graduates from six '985 Project' Universities in 2010.
2. "****" represents $p < 0.001$; "***" represents $p < 0.01$; "**" represents $p < 0.05$.
3. The data uses the gender and university weights.

From the model, it is shown that current monthly income, nature of work unit, parents' financial aid, age, education background and marital status have significant influence on homeownership ($p < 0.05$). The most influential factors are parents' financial aid and marital status, then is age. This indicates the uniqueness of young people's housing issues in China.

With control on other variables, the graduates whose parents can pay for the house are 12 times more likely to own a house than those whose parents cannot provide financial support. These graduates whose parents (can) pay part of the house payment are almost 4 times more likely to own a house than the graduates whose parents cannot provide financial support. This model further proves the importance of parents' financial aid on this 'post-1980 generation's' homeownership and that their homeownership does not only depend on young people's personal income. This finding, to some extent, reflects that it is not only the youth's business to buy a house and start a family, but it is the entire family's responsibility, which shows the unique 'House Complex' in traditional Chinese culture.

When other factors are the same, married graduates are almost 13 times more likely to own a house than unmarried graduates, which indicates that, in contemporary social context, houses have already become a 'necessity' of marriage for young people. The '985 Project' Universities graduates over 31 years old (including 31) are most likely to own a house – the likelihood to own a house for them is 11 times more than graduates aging from 23 to 25 and 6 times more than graduates aging from 26 to 30. This indicates the importance of young people's housing issue from the angle of life cycle and also reflects the crucial influence of wealth accumulation on homeownership.

Current monthly income and jobs in state sectors have significant positive influence on homeownership. With control on other variables, it is more likely to own a house when working in state sectors (government organizations, state enterprises and scientific research institutions) than working in non-state sectors (private enterprises, foreign-invested enterprises/sole proprietorship, self-employed entrepreneurs, Sino-foreign joint ventures, NGO, NPO and others). The homeownership probability for the young people working in state sectors is 3 times more than those working in non-state sectors. The nature of work units has stronger influence on homeownership than monthly income. The interesting thing is that current monthly income of the '985 Project' Universities graduates working in state sectors is lower than the graduates working in non-state sectors, and the difference is significant. It might be inferred that the income of '985 Project' Universities graduates who work in state sectors is underestimated, or that the house they own is very likely to

be purchased not with their income, but with their enterprise welfare or with their parents' financial support. Data analysis confirms that the graduates who work in state sectors are more likely to have their parents pay for their house, but the difference is not significant.

There is an upsetting finding that the higher education background is, the higher the risk of 'not owning a house' is. This, from another angle, reflects the phenomenon of education degree being devalued in the contemporary society. When other factors are the same, the probability to own a house for those owning a bachelor degree is 1.8 times more than those with a master degree, and is 4.44 times more than those with a PhD degree, and the difference is significant.

The model also shows that men are less likely to own a house than women, but this difference is not significant. This result may indicate that the influence of gender on the '985 Project' Universities graduates in case of occupational status attainment and material rewards is not significant.

Conclusion

In the case of '985 Project' Universities graduates, we can make conclusions on this 'post-1980 generation middle class' or quasi-middle class's homeownership condition. (1) Comparing to the peer young people's homeownership rate in developed countries, the general homeownership rate is still low, although higher than the average level of the youth in China's urban area, but the homeownership rate of married graduates is higher than the married peers' in developed countries. (2) Homeownership's function of social stratification is significant. Young people who own a house are more likely to come from better family background, and they are more likely to have cars and better life quality. This shows social differentiation. (3) The most important factors influencing homeownership are parents' financial aid situation, marital status and age.

The analysis reveals that houses are not just consumer goods or investment goods, but are of important influence on living standard. Young people who own a house are more likely to have better family background and to enjoy better life quality. Hence, young people's homeownership, to some extent, can indicate the degree of social differentiation and the degree of inequalities on intergeneration mobility. Particularly, the difference in living standards revealed by the housing issue cannot be simply explained by the 'house slave' phenomenon, which may cover up the intergenerational heritage of economic capital, social capital and cultural capital and the social inequality caused by regional differences, since people who do not own a house are the real disadvantaged groups. Therefore, this research suggest adding the

homeownership rate of various age groups into government's annual statistics, as one of the important measures or indices for the economy and the society as the result of macro-control on housing prices.

The analysis indicates that when studying the 'post-1980 generation' population living in large cities, apart from the indices for income, occupation and educational background, the important role of consumption, especially homeownership, should be considered when analyzing life chances and dividing social classes. Further, when the factor of parents' socioeconomic status is controlled, among young people, the older ones and the married ones are more likely to possess a house and settle down. This result reveals not only the influence of life cycle, but also the inequality on accessing benefits among different generations, under such a social background that China is transforming in a rapid speed, and the government should consider compensational practices aiming at specific generation. It also shows that traditional concepts, such as that of having a house, still have strong influences on contemporary young people.

From the discussion above, policy implications can be generated: (1) the government should insist on macro control on the real estate market and make the house price acceptable; (2) the government should make and implement a housing welfare policy for the 'post-1980 generation', so young people can meet their needs of 'settling down with a house and a career', reducing wealth gap and social segregation.

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Autora correspondente:

Zhu Di

Institute of Sociology, Chinese Academy of Social Sciences

No.5 Jian Guo Men Nei Da Jie, Dong Cheng District

Beijing, China, 100732

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