

Briefing Note

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Housing: The unintended contraceptive

The government have declared that there is a housing crisis, in part this is demonstrated by increasing house prices and reduced levels of affordability.

What is also clear is that the increase in house prices have coincided with a falling birth rate so that the fertility rate has dropped below the replacement rate. This means that without future migration the population will decline.

The impact of rising house prices however is not uniform, either between tenures or spatially which in part might explain the political difficulties in gaining widespread support to tackle this issue.

The confluence of past government actions (or inactions) in addressing the housing crisis and emerging policies such as directing growth to the 20 largest urban area (the urban uplift) with a renewed concentration on inner city brownfield locations with their resultant apartment living are, according to research, likely to have a continuing negative impact on fertility rates which have already fallen below natural replacement levels.

This note explores the research and data that highlight the correlation between suitable and available accommodation and the decisions being taken to have children.

Results of research in the UK

Primarily, the key existing research relating to the UK concludes that:

- Homeowners have more children
- Renters have fewer children

For those owning their own homes in the UK a 10% increase in house price correlates with a 2.8% increase in births, whilst for renters the same increase correlates with a 2.8% decrease in births. Overall, a 10% increase in house price equals a 1.3% decrease in births.

Average house prices in England increased by nearly 290% between 1995 and 2013, with some counties experiencing more than 900% rise in house prices. There is a link between housing market structure and having children in England.

Research indicates that for homeowners;

- An increase in house price = an increase in assets
- An increase in assets = an increase in demand for children due to greater wealth

And for renters:

- An increase in house price = an increase in rent payments
- An increase in rent payments = a decrease in consumption
- A decrease in consumption = a decrease in demand for children due to lack of wealth

The negative effect amongst renters is driven by those ages 20-29, whereas the positive effect amongst homeowners is driven by those ages 30-44.

This may be due to the increased wealth of homeowners allowing them to start a family, whilst private renters postpone having children until they are on the property ladder.

The research concludes that:

“These findings support the notion that housing costs exert downward pressure on the fertility outcome of young adults and that there is a connection between getting on the property ladder and building a family.”

If the fertility rates of those groups who have not reached 45 are extrapolated, it suggests that the completed family size for those born in the 1980's will be 1.96 but those born in the 1990's and 2000's will have a decreasing family size falling to 1.8 to 1.35 respectively and finally 1 for those born in 2020 (See figure below).



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Whilst it is acknowledged that there will be many factors at play here, there is a demonstrable link between the provision of family housing and the size of families in the UK.

Figure 1. Projection Number of children by age and year of birth

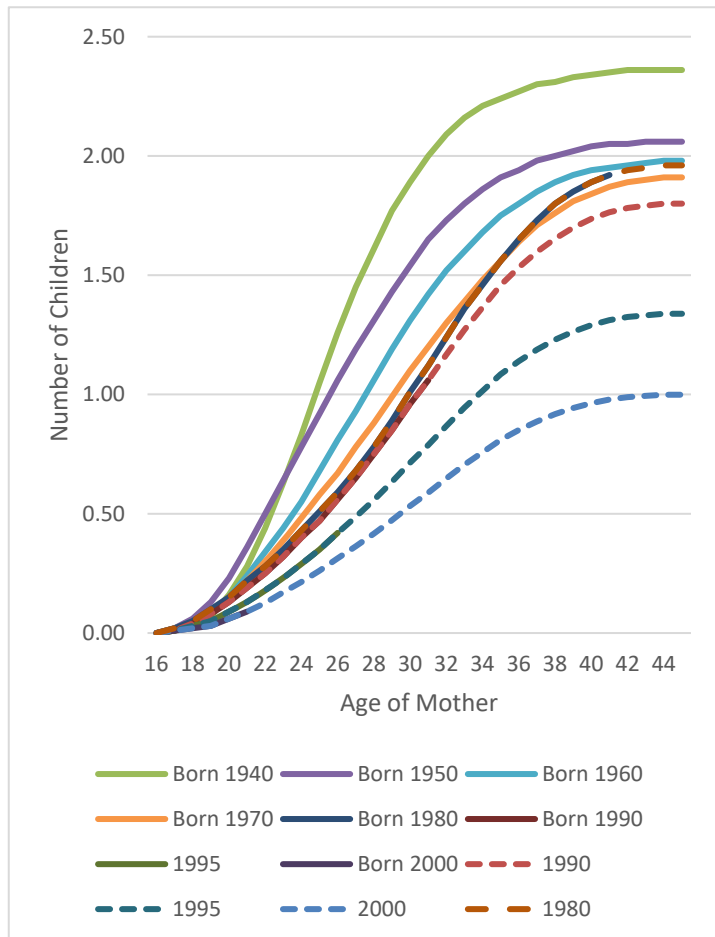
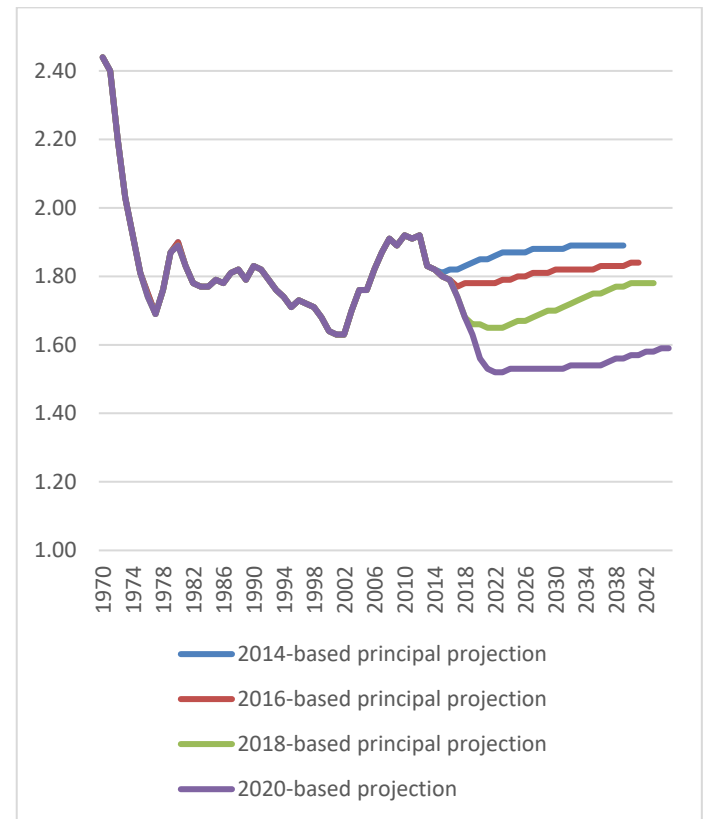


Figure 2. Past and projected total fertility rate, UK, 1970 to 2045



Implications of present trends in fertility

A review of recently published Childbearing statistics for women born in different years shows:

- For those born in 1940 who completed the fertility cycle in 1985 there was a total of 2.2 children (TFR – total fertility rate)ⁱⁱ
- For those born in 1975 who completed the fertility cycle in 2020 there was a total of 1.92 children (TFR – total fertility rate)ⁱⁱⁱ

This is a 10% reduction in total number of children in terms of total fertility rate.

Impact on fertility of location

Research in the UK^{iv} found that total fertility declined as the size of an urban area increased; within urban regions, suburbs had significantly higher fertility levels than the city centres. The analysis showed significant variation in first- and third-birth rates by residential context, but no variation in second-birth levels. First-birth levels were low in the capital city of London, whereas first- and third-birth rates were high in rural areas and small towns. The different nature of housing stock in urban and rural could explain this to some extent, with stock in urban areas usually small than that in rural areas, and more likely to be rented accommodation.

Fertility rates, Total Fertility Rates and Completed Family size have all been decreasing the UK. The extrapolation of fertility rates for cohorts who have yet to reach the completed family size would suggest that TFR are likely to reduce even further an outcome supported by the 2020 National population projections.

ⁱ Short-term effects of house prices on birth rates Cevat Giray Aksoy
European Bank for Reconstruction and Development Working Paper
No. 192 Prepared in September 2016

ⁱⁱ Childbearing statistics for women born in different years Table 1
ONS January 2022

Both UK based and overseas research suggest that rising house prices have an overall negative impact on fertility. This is because the negative impact for those residing in private rented accommodation is greater and longer lasting than the positive effect for those who reside in owner occupation.

If this is the case then the recent substantial increase in the population who are residing in private rented accommodation will accentuate the impact of any further price rises. This is especially the case where it is the age groups who have yet to reach their completed family size which are continuing to occupy private rented accommodation in greater numbers up to and beyond the age of 45.

In conclusion policies which do not address house price inflation and concentrate new provision in private rented apartment schemes in the larger urban areas and do not provide family sized accommodation for owner occupation will continue to be contributory factor in the country's falling fertility.

ⁱⁱⁱ Obit

^{iv} H. Kulu, E. Washbrook Advances in Life Course Research 21 (2014)
168–182