

Leaving home and housing prices. The experience of Italian youth emancipation

Francesca Modena* and Concetta Rondinelli†

Abstract

This paper provides an explanation for the postponement of youth emancipation in the Italian context mainly characterized by a sharp increase in both house and rent prices together with stagnant disposable income over the past decade. We first assemble a unique database related to the housing and rental market which is then matched with household characteristics. House prices have been found to be negatively correlated with the youth emancipation for both males and females: a one-SD change in real house prices would induce a reduction of 0.45 and 1.18 percentage points in the probability of moving out for males and females, from 4.1% to 3.7% and from 5.2% to 4.0%, respectively. Rents strongly affect females' decisions and have little impact on non-student males. Together with property prices, local labour markets play a prominent role in determining home-leaving decisions: men tend to begin their working lives in the parental home, regardless of house prices, while there is evidence of the role of the marriage market for unemployed females. A cohort analysis has revealed that, owing to structural reforms of the labour market and the sharp increase in house and rent prices at the beginning of the last decade, the economic conditions of individuals born between 1976-1982 deteriorated when they were supposed to enter adulthood. On the other hand, the cohort 1971-1975 faced a flat profile of house and rent prices between 22 and 29, the age at higher risk of leaving the parental home.

* University of Trento, Department of Economics, via Inama, 5, 38121 Trento Italy. E-mail: francesca.modena@unitn.it.

† Bank of Italy, Economic Outlook and Monetary Policy Department, via Nazionale, 91, 00184 Roma Italy. E-mail: concetta.rondinelli@bancaditalia.it. Corresponding author.