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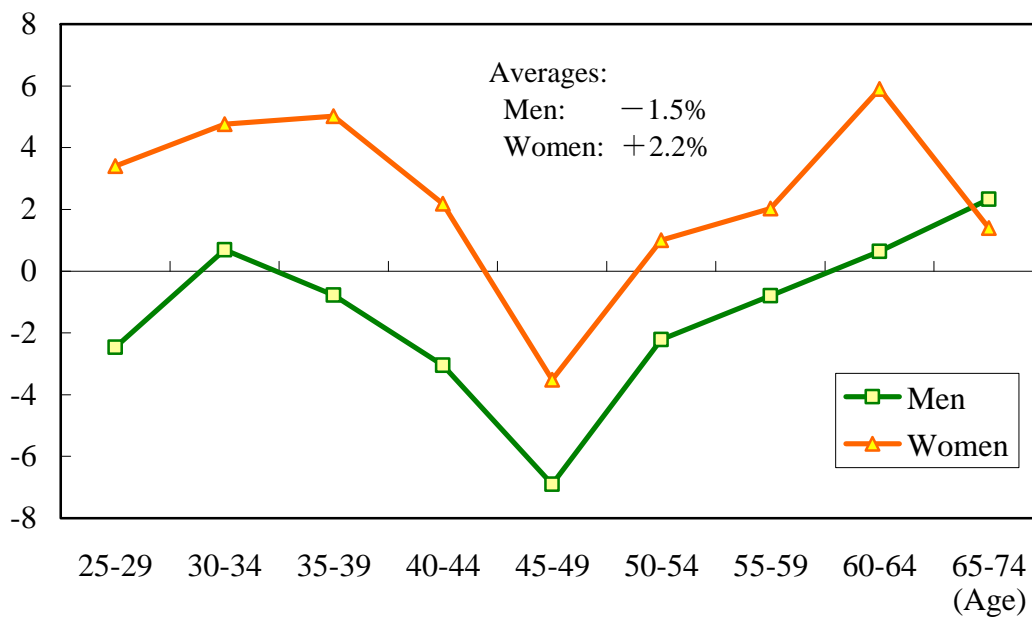
Home Purchases Increasing Among Women in Their Thirties

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Since the second half of the 1990s, home purchases by women have been increasing. According to a *Housing and Land Survey* by the Ministry of Internal Affairs and Communications, home purchases by men declined between 1998 and 2003 by an average annual rate of 1.5 percent, while those by women increased by an average annual rate of 2.2 percent (Figure).

Home purchases by women increased in all age groups, except the late 40s age group. The increases were particularly large for women in their 30s and their early 60s. While many of the home acquisitions by women in the latter group were scrap and build, or building a new home on the land they already owned, those by women in the former group were primarily purchases of new or used condominiums or other forms of residence.

Figure Average Annual Rate of Change in the Number of Acquisitions of Owner-Occupied Homes (1998-2003)
(%)



Note: The survey covers men and women who are the main income-earners of households, and homes built or newly occupied during the four years and nine months prior to the survey.

Source: The Ministry of Internal Affairs and Communications, *Housing and Land Survey*,

Seeking “Sense of Security” amidst Relatively Low Price Perception

Since Japan’s “asset-price bubble” burst in the early 1990s, home acquisitions have become easier than before. Not only have home prices declined relative to the rent of rental properties (due to the decline in land prices), but also, the drop in interest rates has reduced the size of home loans to be taken out. The government’s special measures, such as the deduction of interest on home loans from taxable income and the preferential tax treatment of parental gifts to finance home acquisitions by offspring, have also provided impetus.

However, women have not been the only beneficiaries of these developments. It should also be noted that during the second half of the 1990s, the income situation was harsh, with the number of gainfully employed persons declining and wages remaining on a downward trend. Why, then, have home purchases by women, primarily those in their 30s, increased?

It has been pointed out that for women, housing accounts for a large percentage of their living expenses and that women are very particular about their housing. Therefore, they feel very strongly that purchasing housing is more advantageous than paying rent. Another reason is that women have a very strong sense of anxiety about old age [Yui (2006)].

A survey carried out by the Institute for Research on Household Economics in 2004 also found that the largest reason for home purchases was “to secure a place where one can always live” [Hirayama (2006)], indicating that women want a sense of security about their future. More than 60 percent of the respondents aged 30-34 years cited this reason. Also, more than 50 percent of the respondents said, “It is more economical to buy than to pay rent.”

It is also possible that changes in the stances of financial institutions and the real estate industry have had an impact. In the low-interest rate environment, financial institutions, in a bid to cultivate new clients for their lending business, have begun to actively extend credit to single-person households. Loans to women are a part of this business strategy. Meanwhile, the real estate industry has increased construction of condominiums, which meet the needs of women in terms of security, specifications and equipment.

Improved Economic Power Provides Underpinnings

Then, how about the economic power of women, which is a prerequisite for purchasing a home? Over the past 10 years, there has been an upward trend in the levels of women’s income. Between 1994 and 2004, the ratio of college graduates aged 30-44 years to all female workers rose from 7.4 percent to 15.6 percent (Table). In the same period, more women continued to work for the same employer, and the ratio of those holding managerial posts increased, albeit marginally.

Table Changes in Women's Employment Status

	1994	99	2004
[Workers' attributes (Aged 30-44)]			
1. Ratio of college graduates (All female workers=100)	7.4	11.0	15.6
2. Ratio of college graduates who have continued to work* (All college graduate female workers=100)	3.9	5.4	6.1
3. Ratio of those in managerial posts** (All female workers=100)	3.1	4.1	4.3
[Annual income]			
4. College graduate women aged 30-44 years*** (Men=100)	61.6	63.0	64.6
5. Those in their 30s who are in a single-person household (Men=100)	76.2	72.9	81.4

Notes:

* Those aged 30-34 who have worked for the same employer for 10-14 years, those aged 35-39 who have worked for the same employer for 15-19 years and those aged 40-44 who have worked for the same employer for 20-24 years are defined as those who have continued to work.

** The ratio of those in managerial posts denotes the percentage of department managers, section chiefs and unit heads in enterprises with 100 or more employees.

***Annual income=Fixed amount of monthly cash compensation \times 12 + annual bonuses, etc.

Sources:

For items 1)-4), The Ministry of Health, Labor and Welfare, *Basic Survey on Wage Structure*, For item 5), The Ministry of Internal Affairs and Communications, *National Survey of Family Income and Expenditure*.

Higher educational levels, more years of service with the same employer and an increase in the ratio of those holding managerial posts mean higher wages. During the survey period, the average annual income of college-graduate women rose from 61.6 percent to 64.6 percent of that of college-graduate men. While the gap in the annual income of men and women in single-person households widened during these years in all other age groups, the gap shrank somewhat for those in their 30s.

In terms of the employment situation, women in their 30s appear to have fared better than women in other age groups or men in general. The *Employment Status Survey* (which is conducted every five years) by the Ministry of Internal Affairs and Communications found that between 1997 and 2002, the number of those engaged in work declined for the first time in the history of the survey. However, of the women who were between the ages of 30 and 44 years in 1997, the number engaged in work in 2002 was greater than in 1997. The increase was particularly large for junior-college and college graduates.

According to the survey by the Institute for Research on Household Economics, which was mentioned earlier, among married women, the higher the annual income and educational level, the higher was the ratio of those who had housing in their own names. In terms of employment status, the ratio was higher for regular employees [Hirayama (2006)]. This might suggest that if women's income continues to rise, so will their home ownership ratio.

The *Housing and Land Survey* (1998) shows that the ratio of homeowners increased sharply among full-time female employees of the government after these women reached their mid-30s. The gap between these women and other employed women in terms of home ownership widens dramatically after this age. This is a characteristic which is not observable among men. The gap between these privileged women and others may be attributed not only to the gap in their present incomes but also to the gap in their expected future incomes. Because of their job security, female government employees can expect income in the long term. If this is the case, the gap between women could widen due to differences in their employment status.

Eased Income Requirements for Loans

However, it has been reported that high-income women are not the only ones purchasing condominiums [Yui (2006)], indicating that women have needs for home ownership regardless of their income levels.

Some private financial institutions are offering home loans to women, whose annual income is as low as 1 million yen or who are temporary workers. It would be interesting to assess to what extent the easing of loan requirements is contributing to home ownership among women in the lower income bracket and whether this is narrowing the gap in homeownership resulting from differences in employment or income status.

Reference:

1. Hirayama, Yosuke (2006), “*Josei to Jutaku Shisan*” (Women and Residential Assets), *Josei no Raifu Kosu to Jutaku Shoyu* (The Life Courses of Women and Home Ownership), the Institute for Research on Household Economics.
2. Yui, Yoshimichi (2006), “*Jenda kara Mita Jutaku Mondai*” (Housing Problems as Seen from Gender), *Japanese Journal of Research on Household Economics*, the Institute for Research on Household Economics.

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