

Earnings of Wives: A Key to Housing Demand

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Dual-earner households have become the dominant type of homebuying household. NAHB surveys of households buying new houses found that among purchasers of new single family detached homes, the percentage with two or more earners increased from 45% in 1976 to 62% in 1986. Generally, those homebuyers are married couples. Despite the increase in single-person households, mingles, unmarried couples and other non-traditional households, about 85% of new single family detached houses are sold to married couples.

Not only have dual-earner couples become more common among home buyers, but the importance of the second income has increased as the relative incomes of the two spouses have become somewhat more equal. There are strong reasons to expect that the trends toward more dual-income couples and toward greater parity between the two incomes will continue.

One effect of these trends is an increased reluctance of couples to move from one area to another, implying that an even larger share of home buyers will already be residents of the local area.

Growth in Dual-Income Couples

In 1986, about 86% of all married-couple households included one or more members who worked some time during the year. In 66% of those

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married couple households where either spouse had earned income, both spouses had earnings. A decade earlier, only 55% of married-couple households with earnings included two working spouses. That increase was primarily due to a dramatic increase in the labor force participation rate of women in such households with children, particularly of those with children under 6 years old.

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As of 1986, the median earnings of wives in married-couple dual-earner households was still less than half of the median earnings of husbands. In part, that large earnings gap reflects the fact that only about half of working wives are employed on a full-time year-round basis. Among couples where both spouses are year-round full-time workers, wives' earnings are closer to two-thirds of husbands' earnings.

To the extent that the relative incomes of husbands and wives in dual-earner couples have become more equal over the past decade, the narrowing of the gap has been due to the increased proportion of wives working full-time instead of part-time. Surprisingly, the relative earnings of wives in married-couple households where both spouses work full-time have not increased. Between 1976 and 1986, the ratio of the median income of all working wives to the median income of all working husbands rose from 37% to 43%, as the percentage of working wives who worked on a full-time year-round basis increased from 42% to 50%. But among couples where both husband and wife were full-time year-round

workers, the ratio of the median income of wives to the median income of husbands remained essentially unchanged at about 62%.

There are wide variations among individual couples in the relative earnings of husbands and wives. For example, in 1986, in 18% of all couples where both spouses had some earnings, the wife's earnings exceeded the husband's. In nearly one-fourth of the couples where both spouses were year-round full-time workers, the wife earned more.

Closing the Earnings Gap?

The factors contributing to the earnings gap between working spouses include greater education and greater work experience of husbands. As of 1983, 26% of earning husbands were college graduates, compared to 20% of earning wives. Partly because women often leave and re-enter the labor force, men also have typically had more years in their jobs and/or occupations.

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The gap in education and experience levels of working spouses has been closing. Male enrollment exceeded female enrollment in higher education by more than 50% in the mid-1960s, but by 1985 female enrollment exceeded male enrollment by more than 10%. The increased labor force participation rate for women with young children suggests fewer career interruptions and a consequent narrowing of the experience gap.

In light of the narrowing of the education and experience gaps, and considering the apparent improvement in job opportunities for women, it is puzzling that the income gap between husbands and wives who are both full-time year-round workers has not narrowed. The relative earnings of all women working full-time year-round have improved (from 60% of men's earnings in 1976 to 64% in 1986), but this has not been true of married women living with their

working husbands. Perhaps this anomaly was due to the fact that a substantial number of older wives re-entered the full-time labor force after a long absence, and their relatively low earnings offset the various positive influences on relative earnings.

In any case, it is likely that the trend in the years ahead will be towards a larger proportion of wives working, towards more of them working full-time, and towards greater

equality in the relative earnings of the two spouses in married-couple households.

Impact on Mobility and Location

Data on mobility rates by age show that married couple households with working wives are more likely to move to another home within the same

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county, but less likely to move to another county or state, than married-couple households where the wife is not in the labor force. The lower interstate mobility of couples with working wives is logical, since the problems of finding a new job in another area are certainly a constraint to movement. As wives' jobs and earnings become relatively more important, fewer couples will be willing or able to undertake long-distance moves to further the husband's career.

Because of this constraint on mobility, one possible effect of the growth of dual-career households may be to increase the attraction of major metropolitan areas, where numerous job opportunities are likely to be available for both spouses.

Table 1 Employment and Earnings of Wives in Married-Couple Households

	1976	1986
Total Married Couple Households (000)	47,497	51,537
Both Have Earnings	48.5%	56.8%
Only Husband Earns	36.6%	24.5%
Only Wife Earns	3.8%	4.3%
Both work Year-round, Full time	16.3%	24.3%
Ratio of Wives' Earnings to Husbands:		
All earning wives, husbands	37.4%	43.4%
Both work Year-round, Full time	62.5%	61.8%
Proportion of wives with earnings:		
All married couples	52.1%	61.1%
Wife under 65 years old	56.8%	68.4%
Proportion of wives earning year-round, full time		
	22.5%	30.8%
Labor force participation rate as of March:		
All wives	45.1%	54.6%
with no children under 18	43.7%	48.2%
with youngest child 6—17	53.6%	68.4%
with youngest child under 6	37.5%	53.8%

Source: Data from Current Population Survey provided by Bureau of the Census and Bureau of Labor Statistics