

# Procrastination

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Although it is sometimes alleged that children today are forced to grow up too fast, the trend over recent decades has been toward postponement of major life events. Young adults are leaving their parents' homes later, getting married later (if at all), having children later, and buying homes later. The effect has been to shift housing demand backward in time, with the result that the demand for new homes, which was previously expected to drop off in the late 1990s, is likely to be stronger than had been anticipated.

The process of children growing up and leaving their parents' homes to establish households is one of the principal dynamics driving housing demand. Often to the dismay of their parents, today's young adults have been less anxious than their predecessors to strike out on their own. The percentage of people 18 to 24 years old who lived with their parents increased from 43.0 percent in 1960 to 48.4 percent in 1980, with the increase accelerating to reach 52.8 percent in 1990.<sup>1</sup> After 1990, the tendency for young adults to live with their parents increased even further, with the share among people aged 18 to 24 rising to 54.1 percent in 1992 as the effects of the 1990-1991 recession were added to the longer term trend (see Table 1).

The increased share of young adults living with their parents was more than offset during the 1970s by a greater tendency among those who did leave their parents' homes to establish separate households rather than to join together to form married couples or groups of roommates. An explosion in divorce rates contributed to that pattern, the result of which was to raise headship rates

(the percentage of people in each age group who were household heads). In the 1980s and early 1990s, with faster growth in the share of young adults living with parents and an easing of the divorce rate, there was a net decline in headship rates among younger age groups.

Most young adults have left the nest by the time they reach about 21 years old,<sup>2</sup> but even among people in their late 20s or early 30s, the share living with parents is substantial, and that share increased in the 1980s from 8.7 percent to 11.5 percent, after dropping in the 1960s and rising modestly in the 1970s.

A large part of the increase in the share of young adults living with their parents is associated with the delay or avoidance of marriage. Among married people 20 to 24 years old in 1992, for example, only 6 percent lived with their parents,<sup>3</sup> while 58 percent of unmarried people in that age bracket lived with parents.<sup>4</sup>

The tendency to live with parents, as well as the tendency to delay marriage, is partly the result of unfavorable developments in the labor market. While real income growth

has been disappointing overall, it has been especially unfavorable for young adults. The median real income of households headed by a person younger than age 25 fell by 20 percent between 1973 and 1992! For households headed by people 25 to 34 years old, the median real income fell by 11 percent. For households with heads older than age 45, however, there was an increase in median real income over that 19-year period.<sup>5</sup> These income numbers refer to households that were formed. The young adults who lived with their parents and failed to form households may have had incomes that fell by even more, or they may simply have viewed the relatively spartan existence of young households as an unattractive alternative.

Another factor in the pattern of delayed household formation has been the extension of education. In 1970, 44 percent of people 18 or 19 years old, 32 percent of those 20 or 21 years old, and 15 percent of those 22 to 24 years old were enrolled in educational institutions. There was little change in those proportions in the 1970s, but since 1980 the share

**Table 1 Living Arrangements of Young Adults**

	1960	1970	1980	1990	1992
<b>Age 18-24:</b>					
<b>Living with Parents</b>	<b>43.1%</b>	<b>47.4%</b>	<b>48.5%</b>	<b>52.8%</b>	<b>54.1%</b>
<b>Head of Household</b>	<b>18.1%</b>	<b>20.4%</b>	<b>22.5%</b>	<b>20.1%</b>	<b>19.7%</b>
Family	15.7%	15.6%	13.0%	11.2%	10.7%
Nonfamily	2.4%	4.8%	9.5%	8.9%	9.0%
<b>Age 25-34:</b>					
<b>Living with Parents</b>	<b>9.1%</b>	<b>8.0%</b>	<b>8.7%</b>	<b>11.5%</b>	<b>12.0%</b>
<b>Head of Household</b>	<b>43.4%</b>	<b>47.5%</b>	<b>50.2%</b>	<b>47.3%</b>	<b>47.1%</b>
Family	40.6%	42.6%	38.2%	34.4%	33.8%
Nonfamily	2.9%	4.9%	12.0%	13.0%	13.2%

Source: U.S. Bureau of the Census, Decennial Census and Current Population Survey.  
Note: Children in dorms were counted as living with parents. Data exclude military and institutional population.

attending school has grown, with the enrolled proportions in 1992 reaching 61 percent for ages 18 and 19, 44 percent for 20 or 21 year olds, and 24 percent for those 22 to 24 years old.<sup>6</sup> The largest increases occurred among young women, who now outnumber young men in higher education by nearly 20 percent.<sup>7</sup>

An additional factor that may have encouraged young adults to live in their parents' homes is the increase in the amount of room available to them in those homes, as a result of two important, conflicting trends—smaller families, but larger homes.

The average family size decreased from 3.67 to 3.17 people between 1960 and 1990,<sup>8</sup> due in large part to a change in childbearing patterns. The big change between the baby boom and the baby bust was not in the number of potential parents or in the share of women who became mothers, but in the number of mothers who had more than two children.

At the same time that families were getting smaller, homes were getting bigger. The share of owner-occupied homes with more than

three bedrooms increased from 18 percent in 1970<sup>9</sup> to 24 percent in 1991.<sup>10</sup>

Beyond all of the economic, demographic, and physical factors, there seems to have been a social or cultural change as well. The generation gap appears to be much narrower now than in the 1960s or 1970s. Today's young adults may not feel terribly stifled living with their ex-hippie parents.

## Marriage

After declining during the first half of this century, the median age at which young adults married reached an all-time low in 1956 at 22.5 years for men and 20.1 years for women. Since then, there has been a trend toward later marriage, with the median ages for first marriages of men and women reaching 26.5 years and 24.4 years, respectively, in 1992.<sup>11</sup>

The increase in the median age at first marriage translates into dramatic changes in the proportion of young adults who have never been married. Among men, the proportion aged 20 to 24 who had never married increased

from 55 percent in 1970 to 80 percent in 1992, while the corresponding increase among women in that age bracket was from 36 percent to 66 percent. In the 25 to 29 age bracket, the never-married share rose from 19 to 49 percent for men and from 11 to 33 percent for women.

In general, young adults are delaying marriage rather than choosing to forego marriage altogether. The overwhelming majority of Americans will eventually marry, but the proportion likely to go through life without ever marrying, which has been less than 5 percent, may rise to about 10 percent.<sup>12</sup>

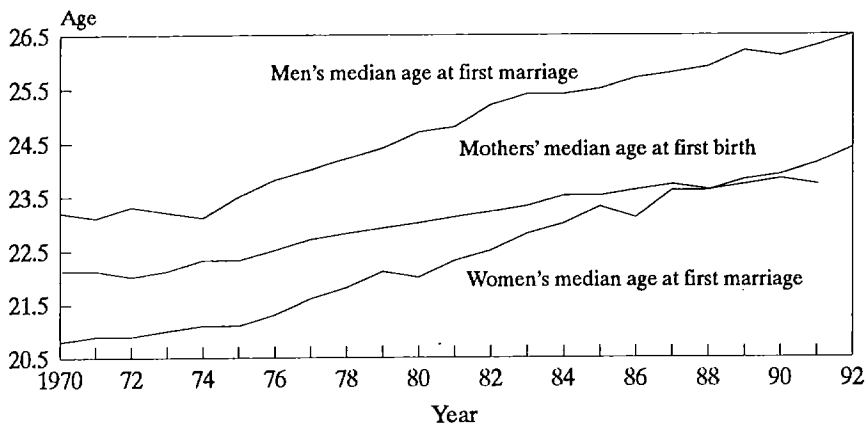
The postponement of marriage may reflect the declines in real incomes of young adults discussed earlier, and may especially reflect the large decline in income for young men in contrast to the relative increase in income for young women. It also reflects a decline in the share of people who feel that, because of impending parenthood, they "have to" marry. The share of unmarried pregnant women who married before the birth of a first child fell from about half in the early

**Table 2** Changes in Fertility

Birth Rates	1960	1970	1975	1980	1985	1990	1991
By Mother's Age:							
10-14	0.8	1.2	1.3	1.1	1.2	1.4	1.4
15-19	89.1	68.3	55.6	53.0	51.0	59.9	62.1
20-24	258.1	167.8	113.0	115.1	108.3	116.5	115.7
25-29	197.4	145.1	108.2	112.9	111.0	120.2	118.2
30-34	112.7	73.3	52.3	61.9	69.1	80.8	79.5
35-39	56.2	31.7	19.5	19.8	24.0	31.7	32.0
40-44	15.5	8.1	4.6	3.9	4.0	5.5	5.5
45-49	0.9	0.5	0.3	0.2	0.2	0.2	0.2
Median Age:							
First Birth	21.6	22.1	22.3	23.0	23.5	23.8	23.7
All Births	25.4	25.4	25.3	25.7	26.1	26.3	26.2

Sources: National Center for Health Statistics, *Monthly Vital Statistics Report*, Vol. 42, No. 3 supplement, September 9, 1993, p. 20; *Statistical Abstract of the United States*, 1989, p. 62; and unpublished data  
 Note: Birth rate calculated as number of births per 1,000 women in specified age group.

**Figure 1 Median Age at First Marriage By Sex  
1970 to 1992**



Source: U.S. Bureau of the Census, Current Population Survey.

1960s to about one-fourth in the late 1980s

## Parenthood

Fertility rates fell sharply for women in all age groups from the peak of the baby boom in the 1950s to the nadir of the baby bust in the 1970s. Since then, however, fertility rates have been relatively stable among women under age 30, but have increased substantially among women older than 30 (Table 2).

The effect of the drop in fertility in the 1960s and early 1970s has been to increase the share of women reaching their late 20s or their 30s before having children. The mother's median age at first birth increased from 22.1 in 1970 to 23.8 in 1990.<sup>13</sup>

While women have deferred having children, they haven't delayed that as much as they delayed marriage (see Figure 1), and the share of new mothers who were not married increased from 10.7 percent in 1970 to 28.0 percent in 1990. Among new mothers younger than 20 years old in 1990, more than two-thirds were unmarried.<sup>14</sup> Although the perception that there has been an explosion in overall teenage child bearing is not supported

by the fertility rates shown in Table 2, the number of out-of-wedlock births to teenage mothers has quadrupled since 1960.

## Home Ownership

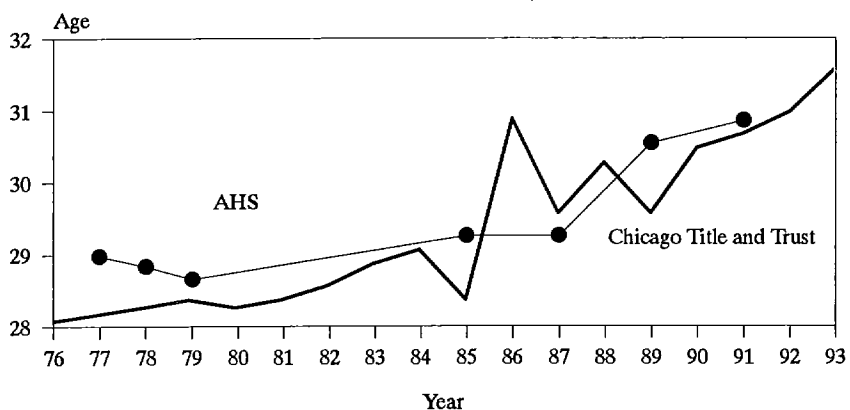
The pattern of postponement of major life events extended to home buying, and home ownership rates among young households fell sharply during the 1980s. For example, among households with heads aged 25 to 29, the home ownership rate fell from a peak of 44.0 percent in 1979 to a low point of 33.6 percent in 1992 before recovering slightly in

1993. Ownership rates for all age groups up to about 55 years old fell over that period, but the sharpest declines occurred among households younger than age 40 (Figure 2).

Part of the decline in the share of young households who were home owners is attributable to shifts in the composition of households. A smaller proportion of young households consisted of married couples, who tend to have relatively high home ownership rates, while larger proportions consisted of single parents, single individuals, and unmarried couples, who are less likely to be owners. Even among married-couple households, however, there was a sharp drop in ownership. For example, among married-couple households aged 25 to 29, the home ownership rate fell from 58.1 percent to 49.6 percent over the same 1979 to 1992 period that the ownership rate among all households in that age bracket fell from 44.0 percent to 33.6 percent. For married couples aged 25 to 29, the peak ownership rate was actually in 1978, at 58.5 percent.

The ownership rates for young nontraditional households, while lower than married-couple ownership rates, actually held up relatively well over the

**Figure 2 Median Age of First-Time Home Buyers**



Source: U.S. Bureau of the Census, American Housing Survey; Chicago Title and Trust Co.

1980s. For example, among single person households aged 25 to 29, the home ownership rate dipped from a peak of 22.1 percent in 1979 to 18.3 percent in 1985, but by 1992 it had recovered to 19.8 percent.

The decline in ownership rates among young households wasn't due entirely to postponement of first-time purchases. Part of the decline was due to young owners reverting to being renters or losing their status as household heads.<sup>15</sup> But the age at which households bought their first homes has risen. Data from the American Housing Survey indicate that the median age of first-time buyers increased from 29.0 years old in 1977 to 30.9 in 1991. A series of surveys by Chicago Title and Trust Company shows the median age of first time buyers rising from 28.1 years in 1976 to 30.7 in 1991 and surging to 31.6 in 1993.

## The Future

The postponement of household formation and home ownership translates into higher expected housing demand for the remainder of this decade. The 4.3 million babies born in 1957 are now 37 years old. Survivors among the 3.1 million born in 1973 are now 21 years old. To the extent that household formations and home purchases are based on a demographic pool that is closer to 37 years old and farther from 21 years old, prospective demand is larger.

The magnitude of the boost to housing demand will depend, however, on two questions about future behavior. First, will the people who postponed forming households, getting married, having children, and

buying homes make up for lost time and catch up to the headship, marriage, fertility, and ownership rates of earlier cohorts by the time they reach middle age, or will a large share of their postponements become permanent? Second, will the new generation now entering adulthood continue the behavior pattern of their immediate predecessors and defer the actions and events that translate into housing demand, or will there be a swing back in the other direction—as there was following World War II.

It is somewhat improbable that ticking biological clocks will cause the aging members of the tail end of the baby boom to fully offset their earlier procrastination. It is also somewhat improbable that the members of Generation X will suddenly adopt the attitudes and behavior of young Americans in the 1950s. It is highly improbable that both shifts will occur simultaneously. But it's not impossible, and such a scenario would translate into an extraordinary level of demand for housing.

<sup>1</sup>Arlene F. Saluter. Marital Status and Living Arrangements: March 1990. *Current Population Reports*, Series P-20, No. 450, p. 10.

<sup>2</sup>Based on the fact that in 1992, the share of people age 20 to 24 who lived with parents was 44.9 percent, while the share of 18 and 19 year olds who live with their parents was 78.9 percent. See: Arlene F. Saluter. Marital Status and Living Arrangements: March 1992. U.S. *Current Population Reports*, Series P-20, No. 468, p. 14.

<sup>3</sup>About half of the married people in that age group who lived with their parents had no spouse present. For the remainder, their spouse also lived with their parents.

<sup>4</sup>Saluter. Op. cit.

<sup>5</sup>U.S. Bureau of the Census. Money Income of Households, Families, and Persons in the

United States: 1992. *Current Population Reports*, Series P-60, No. 184, p. B-8.

<sup>6</sup>Robert Kominski and Andrea Adams. School Enrollment—Social and Economic Characteristics of Students: October 1992. *Current Population Reports*, Series P-20, No.474, p.1; and *Statistical Abstract of the United States: 1993*, p.151.

<sup>7</sup>For purposes of the Census Bureau's Current Population Survey, college students living in dormitories are considered to be part of their parents' households. In the decennial census, such students are counted as living in "group quarters." Approximately 2 million people lived in college dormitories in 1990, compared to a total full-time enrollment in higher education of about 7.8 million, according to data reported in *Statistical Abstract of the United States: 1993*, pp.66 and 148. See also: Eric Belsky. Student Housing. *Housing Economics*, November 1991.

<sup>8</sup>U.S. Bureau of the Census. *Statistical Abstract of the United States, 1993*, p.55.

<sup>9</sup>U.S. Bureau of the Census. *1970 Census of Housing, Detailed Housing Characteristics*. United States Summary (HC(1)-B1), p. 1-254.

<sup>10</sup>U.S. Bureau of the Census. *American Housing Survey for the United States in 1991*, (H150/91) p.4.

<sup>11</sup>U.S. Bureau of the Census. *Marital Status and Living Arrangements: March 1992*, (P20-468), p. 7. These medians represent the age at which half of all people in the cohort likely to marry have been married. Another measure from the National Center for Health Statistics, based on the median ages of people getting marriage licenses, shows a similar trend, but the latest figures from that series only extend to 1988.

<sup>12</sup>Arthur J. Norton and Louisa F. Miller. Marriage, Divorce, and Remarriage in the 1990s. *Current Population Reports*, Series P-23, No. 180, p.4.

<sup>13</sup>Based on unpublished data from the National Center for Health Statistics.

<sup>14</sup>*Statistical Abstract of the United States: 1993*, p.78; and *Statistical Abstract of the United States: 1989*, p.66.

<sup>15</sup>See: David Crowe. Home Ownership Trends Revisited. *Housing Economics*, May 1991.