SUMMARY

30 Years of Household Change in Scotland:
• Overall household numbers are increasing because the average household is getting smaller with more people living alone and in smaller households. The share of households containing just one adult has increased from 22 per cent of total households in 1981 to a current rate of 38 per cent.
• People are delaying family formation. Trends in marriage and divorce should be seen against a backdrop of increasing cohabitation, delayed parenting, lone parenthood and living alone. Many more people than in the past now experience a number of different family formations throughout their adult lives.

Scotland’s Households of the Future:
General trends in household structure change are set to continue but at a faster rate.
• Household numbers will increase. Between 2008 and 2033, the number of households is projected to increase by 21 per cent to 2.8 million- an average of 19,250 additional households per year. Scotland’s population is only expected to increase by 7 per cent in the same period.
• Households will get smaller with the average size projected to decrease from 2.18 people in 2008 to 1.93 in 2033. Numbers of larger households, containing two or more adults with children, are projected to decrease from 19 per cent of all households to 11 per cent in 2033.
• One adult households will become increasingly common, increasing from 36 per cent of all households in 2008 to 45 per cent in 2033- a total of 1.25 million one adult households.
• Our ageing population will have an impact on household structure. Children tend to live in larger households and older people in smaller ones. Older women are more likely than older men to live alone. The number of men living alone is projected to increase more rapidly and for those aged 85+ is projected to increase from 12,000 to 40,000 households.
• Household projections have limitations as indication of housing demand. They are trend-based but they are not policy neutral.

Changing Patterns of Household Formation Among Young Adults
• Increased dependency on parents especially for those in their mid-twenties to early thirties is a well-established pattern in the evidence. Young men are more likely to leave the parental home at a later stage than young women. Leaving home for any form of partnership formation (including cohabitation) is in decline.
• The probability of forming an independent household increases with age; people with partners or dependent children are more likely to form independent households. Females are 1.7 times more likely to stay in an independent household than males.
• The rate of household formation has been lower than trend based forecasts predicted in the UK and evidence suggests that housing affordability may have constrained young people from forming independent households.

Household Structure Change - Policy Questions:
• How many households will live together from choice or because they are unable to afford or gain access to separate accommodation? What does the growth in single living mean for policy responses?
• How will we meet the needs of increasingly elderly households and the provision of specialist housing for our ageing population. Will more or fewer single adults in the older age groups live in institutions in the future than in the household population?
• What kind, type and size of housing will be needed to satisfy needs of our changing population?
INTRODUCTION

In order to plan for appropriate and adequate housing it is necessary to assess the demographic factors that have contributed to household structure and formation change that has been taking place in Scotland. This paper draws together existing data on household formation change and also changes that are expected in the future in Scotland using General Registrar for Scotland (GROS) data. **Section One** shows the demographic factors which have contributed to changes in household formation and structure in Scotland. **Section Two** uses household projection data to explore what the future make-up of Scotland’s household will look like and the changes that are expected. It also discusses some of the limitations of the use of this data to inform housing demand. **Section Three** focuses on young people’s housing transitions and **Section Four** briefly discusses some of the implications for housing requirements.

SECTION ONE: CHANGES IN HOUSEHOLD STRUCTURE IN SCOTLAND

Over the past 30 years there have been many changes in the structure and size of Scotland’s households. The ‘traditional’ family household - a couple with children - is less common now, while there has been an increase in one person households. These trends have been observed across the rest of the UK and Europe to varying degrees. The increasing diversity and complexity in household types has been attributed to the following demographic factors:

- Delay in marriage/increasing number of late marriages
- Decrease in marriage rate
- Increase in co-habitation and
- Increase in divorce rates

This section briefly highlights some of the above factors that have contributed to the change in Scotland household structures using a range of data sources.

**Overall Household Change**

Since 1991 Scotland’s population has increased by around two per cent, however, the number of households has increased at a far greater rate (by almost 15 per cent). In mid-2009 there were 2.34 million households in Scotland, around 300,000 more than in 1991. The number of households in Scotland has been increasing by between 11,000 and 23,000 each year since 1991.

There is, however, evidence to suggest that the rate of growth in the number of households has slowed in the past three years. Between 2008 and 2009, the increase in the number of households was lower than in any other year for the past five years. Over the last year, there as been as increase of 13,200 households- an increase of 0.6 per cent. The average yearly increase since 1991 is 19,100. Evidence suggests that during any economic downturn adults are encouraged to live or stay together to limit their combined expenditure.

Since 2004, there has been an overall increase in the number of households in all areas except Inverclyde where it fell slightly. The areas with greatest increases over the last five years have been in Highland (8.3 per cent) and Aberdeenshire (8.3 per cent). Since 2008, the number of households

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1 For the purposes of this paper, a ‘household’ is defined as one person or a group of people, living in accommodation as their only or main residence.
in Scotland has increased in every council area except Argyll and Bute where it has remained the same.

So why have Scotland’s household numbers been increasing?

**Changing Household Type**

Figure 1 below shows data on changes in household size and type taken from the Scottish Household Survey. This shows that the average household size is getting smaller with more people living alone and in smaller households. Between 2003 and 2008, the number of households containing just one adult has increased by seven per cent, and the number of two adult households increased by 7 per cent. In contrast, the number of larger households (such as two or more adults with children), has decreased.

This change in household size and type has led to a five per cent increase in the number of households in Scotland which is more than double the increase in the population.

![Figure 1. Change in household type, 1981-2008](image)

As indicated above there is evidence to suggest that during recessions and periods of rising unemployment, adults are encouraged to live or stay together. This may suggest that there have been fewer single-person households forming since 2008 than would otherwise be expected.

Longer term census data also highlights this trend with the proportion of single person households in Scotland rising from 22% in 1981 to 33% in 2001 with numbers increasing in every age group. Figure 2 overleaf shows the proportion of one person households by age group for both males and females in both these years. The greatest increase in the proportion of one-person households was found amongst women aged 25-34 and men aged 35-44. Explanations for the increase amongst women

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aged 25-34 include more young women opting for a career prior to settling down and having children whilst the increase in men aged 35-44 may be due to divorce or cohabitation breakdown.

Clarke and Henwood\(^6\) suggest that the dramatic increase in the prevalence of single person households - one of the most significant changes in Scotland’s household composition - is a result of policy changes on a variety of issues over the last 30 years. However, there is a commonly expressed view that this is caused by the young having greater freedom, economic resources and less commitments, so allowing them to set up on their own which may be true. Some interpretations of the evidence however suggest the opposite: young people are remaining in the parental home longer due to their inability to afford to set up on their own in conjunction with their desire to "have a life" or to attend higher education before marriage and family.\(^7\)

The increase in one-person households has also contributed to the decreasing average size of households in Scotland, decreasing from 2.92 in 1971 to 2.11 in 2008.\(^8\)

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Marriage, divorce and cohabitation in household change

The decrease in marriage and rise in divorce in Scotland over the last 30 years will also have contributed to the changing formation of Scotland’s households. In 2008, GROS data shows that there were 28,903 marriages in Scotland 963 (3.2 per cent) fewer than in 2007. Provisional annual results for 2009, show a further drop in the rate of marriages to 27,524. Figure 3 shows that, following a decline from over 40,000 marriages a year in the early 1970s, the annual total has levelled out at around 30,000. The highest total recorded in recent years was 32,154 in 2004 whilst the 2009 total is the lowest since Victorian times and the lowest rate per 1000 population in records going back to 1855. The average age at marriage continues to rise for both males and females. For first marriages, the average age of grooms has risen from 27.6 in 1981 to 32.5 in 2008; the comparable figures for brides are 25.3 in 1981 and 32.3 in 2008. One reason often cited for the increase in average age is the increasing proportion of marriages where one or both parties were divorced at the time of marriage. These marriages now count for 1 in 4. A further key factor that has contributed to marriages at a later age is the growing number of couples who live together before they marry.

The number of divorces in 2008 was 11,474, 10 per cent (1,336) fewer than the 12,810 in 2007. Provisional figures for 2009 show this has continued to show this downward trend and fell to 10,131. Changes to divorce legislation were introduced by the Family Law (Scotland) Act 2006. These changes, which came into effect on 4 May 2006, reduced separation periods for divorce with consent to one year (previously two years) and without consent to two years (previously five years). Figure 4 shows the number of divorces between 1971 and 2008. There was a marked increase in the number of divorces up to a peak in the mid 1980’s.

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11 Ibid.
Recent years have seen a slight fall from the levels recorded in the late 1980s and 1990s. Increasing levels of cohabitation are cited as being related to the general decline in divorces since the breakdown of cohabiting relationships is not subject to divorce proceedings. The recent peak in 2006 (13,075 divorces), the highest figure since 1993, and the subsequent decrease in annual figures, were expected as a result of the change in legislation.

A range of sources point to the growth in unmarried cohabitation. Among UK women under 50 years, the proportion experiencing cohabitation at some time in their lives more than trebled between 1976 and 1998, from 9% to 29%. There is evidence however, that although increasing numbers of people are living together, the length of cohabitation is likely to be relatively brief and lead either to marriage or the relationship breaking down. According to analysis of British Household Panel Survey data, cohabitations rarely last in the long-term as unmarried unions. This analysis suggests that cohabitating unions (at median) last 2 years before either making a transition to marriage or dissolving. Data from the Scottish Social Attitudes Survey suggests that the median length of cohabitation in Scotland is 3 years.

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Related to the increase in cohabitation is the confusion over property rights. There is evidence of lack of use of current legal provisions by cohabitants for relationship breakdown or in the death of a partner. Evidence also suggests that the majority of cohabitants own accommodation but less than half of these own their property jointly. The table below uses Scottish Household Survey data to show marital status by tenure. Consistent with other evidence, it shows that the majority of adults (60 per cent) who are cohabiting or living together own their home with help of loan or mortgage or own it outright.

**Figure 5 Martial Status by Tenure**

<table>
<thead>
<tr>
<th>Marital Status</th>
<th>Owned outright</th>
<th>Buying with help of loan/mortgage</th>
<th>Rent - LA</th>
<th>Rent - HA, Co-op</th>
<th>Rent - private landlord</th>
<th>Other</th>
<th>Base</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single / never been married</td>
<td>17</td>
<td>35</td>
<td>19</td>
<td>11</td>
<td>16</td>
<td>2</td>
<td>5,840</td>
</tr>
<tr>
<td>Cohabitating / living together</td>
<td>9</td>
<td>51</td>
<td>15</td>
<td>8</td>
<td>16</td>
<td>1</td>
<td>1,768</td>
</tr>
<tr>
<td>Married and living with spouse</td>
<td>35</td>
<td>48</td>
<td>8</td>
<td>5</td>
<td>1</td>
<td>1</td>
<td>10,403</td>
</tr>
<tr>
<td>In a same-sex civil partnership</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>21</td>
</tr>
<tr>
<td>Separated</td>
<td>13</td>
<td>36</td>
<td>21</td>
<td>14</td>
<td>13</td>
<td>3</td>
<td>857</td>
</tr>
<tr>
<td>Divorced</td>
<td>21</td>
<td>28</td>
<td>27</td>
<td>14</td>
<td>8</td>
<td>1</td>
<td>2,139</td>
</tr>
<tr>
<td>Dissolved civil partnership</td>
<td>30</td>
<td>19</td>
<td>21</td>
<td>11</td>
<td>13</td>
<td>6</td>
<td>41</td>
</tr>
<tr>
<td>Widowed</td>
<td>55</td>
<td>9</td>
<td>20</td>
<td>10</td>
<td>3</td>
<td>3</td>
<td>3,521</td>
</tr>
<tr>
<td>Bereaved civil partner</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>7</td>
</tr>
<tr>
<td>All</td>
<td>28</td>
<td>41</td>
<td>14</td>
<td>7</td>
<td>9</td>
<td>2</td>
<td>24,597</td>
</tr>
</tbody>
</table>

Source: Scottish Household Survey 2007-2008. Random Adult Data

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SECTION TWO: SCOTLAND’S FUTURE HOUSEHOLDS: THE NATURE OF PROJECTED HOUSEHOLD CHANGE IN SCOTLAND

What does the future hold for the make-up of Scotland’s households? Household projections are estimates of the future number of households based on assumptions about the future population growth in Scotland, household composition and size. Determining household projections is affected by five distinct components: population trends; marital status; household representative rates; sub-national controlling and the institutional population. This section highlights some of the household projection estimates for Scotland using the GROS Household Projections for Scotland 2008 based data. The data gives forward projections of the number of households in Scotland up to 2033, based on the estimated population of Scotland mid 2008.

**Overall Household Numbers**
The GROS 2008 based household projections show an average annual growth in Scotland of around 19,250 households from 2008 to 2033. The number of households is projected to increase from under 2.3 million to over 2.8 million in this time period— an increase of 21 per cent— around 400,000 households. This is equivalent to the current household population of Glasgow, Perth and Kinross and Dundee City combined. The same period the projected increase in Scotland’s population is around 7 per cent. The projections indicate a continuing decline in the average household size from 2.18 in 2008 to 1.93 in 2033. Most of the 21 per cent increase in the number of households is due, therefore, to more people living alone or in smaller households. One person households comprise the greatest proportion in the number of households as indicated in Figure 6 below.

![Figure 6: Projected number of households in Scotland by household type, 2008 and 2033](image)

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**Household Type**

There will be a large increase in the number of adults living alone, from 841,000 (36 per cent of all households) in 2008 to potentially over 1.25 million (45 per cent) by 2033. Households containing just two adults without children are projected to rise from 702,000 to 866,000 and the number of households containing one adult with children is projected to rise from 163,000 to 238,000. In contrast, the number of larger households is projected to fall, with households containing two or more adults with children decreasing from 433,000 (19 per cent of all households) in 2008 to 315,000 (11 per cent) by 2033. There is also a projected decrease in the number of households containing three or more adults, from 192,000 to 140,000.

**Local Differences**

As figures 7a&b show, projected growth in the number of households is unevenly distributed in Scotland across local authorities, although the number of households in almost every local authority area is projected to increase. Figure 7b shows the projected percentage change in the number of households between 2008 and 2033. The largest projected increases between 2008 and 2033 are in Clackmannanshire (41 per cent), East Lothian (40 per cent) and Perth and Kinross (38 per cent). Aberdeenshire, Edinburgh, West Lothian and Orkney Islands also have projected increases of over 30 per cent. In contrast, Inverclyde has a projected decrease of five per cent over the same period.
Household Size

Figure 8 overleaf shows the projected percentage of households which contain just one adult, in each local authority area, in 2033. Some of the highest proportions of people living alone, comprising between 48 and 54 per cent of all households are in Aberdeen City, Dundee City, Glasgow City, Inverclyde and West Dunbartonshire in 2033, compared to the Scottish average of 45 per cent. This shows a different picture to the 2006 based projections which showed a general trend to the city authorities having some of the highest proportions of people living alone. In every local authority area there is a projected increase in the number of people living alone between 2008 and 2033 and the highest projected increase occurs in Clackmannanshire (81 per cent).
Figure 8: Map of projected percentage of households containing one adult and no children by local authority area in 2031.

The average household size is projected to decrease in every local authority area in Scotland. The areas with the smallest average household size in 2031 are the four main cities of Aberdeen, Dundee, Glasgow and Edinburgh, and the three island authorities of Eilean Siar, Orkney Islands and Shetland Islands (between 1.72 and 1.84). The areas with the largest projected average household size in 2031 are East Renfrewshire (2.26) and East Lothian (2.13). The average household size is projected to be fewer than two people for almost three quarters of the local authority areas in 2033.

Figure 9 below shows the projected number of households in 2008 and 2033 by the age of the head of household. The population projections show that Scotland’s population is ageing, with a projected increase in the number of people in the older age groups, and fewer people in the younger age groups. This trend is reflected in the household projections, with the largest increases shown in households headed by people aged 60 and over (an increase of over 50 per cent between 2008 and 2033, from 783,000 to 1.15 million). In contrast, households headed by men aged under 60 are projected to increase by just seven per cent, to around 1.66 million. The number of households headed by someone aged 85 or over is projected to more than double over the same period, from 73,000 to 196,000.

**Figure 9: Projected number of households in Scotland by age of head of household, 2008 and 2033**

<table>
<thead>
<tr>
<th>Age of head of household</th>
<th>2008</th>
<th>2033</th>
</tr>
</thead>
<tbody>
<tr>
<td>16-29</td>
<td>200,000</td>
<td>300,000</td>
</tr>
<tr>
<td>30-44</td>
<td>600,000</td>
<td>700,000</td>
</tr>
<tr>
<td>45-59</td>
<td>600,000</td>
<td>700,000</td>
</tr>
<tr>
<td>60-74</td>
<td>600,000</td>
<td>700,000</td>
</tr>
<tr>
<td>75-84</td>
<td>100,000</td>
<td>100,000</td>
</tr>
<tr>
<td>85+</td>
<td>0</td>
<td>200,000</td>
</tr>
</tbody>
</table>

**One adult households:** In 2008, 20 per cent of the population aged 16 or over lived alone, and this is projected to rise to 29 per cent by 2033. People are more likely to live alone as they become older, with 62 per cent of people aged over 85 projected to be living alone in 2033. The figures vary according to gender and age, as illustrated in figures 10a and b overleaf. In 2006, in most age groups up to their mid-50s, men are more likely to live alone than women. From the age of 55 onwards, however, women are more likely to live alone, and the figures increase with age. This is influenced by women’s greater life expectancy and the tendency of women to marry men who are older than themselves. In 2033, 77 per cent of women aged over 85 are projected to live alone compared to 38 per cent of men in the same age group. The gap between the average life expectancy of men and women in Scotland is decreasing. **This means that the number of older men is projected to increase**...
more rapidly than the number of older women which contributes to the projected increase in the number of men living alone, from 370,000 households in 2008 to 578,000 in 2033, an increase of over a half. The number of men living alone who are aged 85 or over is projected to increase from 12,000 to 40,000.
Household projections and their limitations
A drawback of the household projections is that they quickly become out of date. Between the publication of the 2008-based household projections and population projections, there is a gap of two years. The population projections are based on trends in the five years up to the base year and information from the past two Censuses. Consequently, although published in 2008 and with some revisions, the household projections are heavily dependent on, and to some degree reflect, demographic trends from 2001 to 2008. A recent report\textsuperscript{17} on the future of housing urges caution in the use of household projections as either an estimate of future housing need or for future housing demand. The commentators of that report suggest that as household projections take little account of events that have occurred since 2006 (such as the recent recession) they are out of date and may be deceptive. Economic conditions significantly affect household formation and migration. They state that the present set (in England and Wales) are almost certainly too high in the short term.

The General Registrar for Scotland acknowledges the limitations of the household projections for Scotland. The following statement explains their status:

\textit{The household projections are trend-based, and are not therefore, policy-based forecasts of what the Government expects to happen. They do not take into account social and economic factors that may influence the formation of households including policies adopted by both central and local government as well as any imbalances between housing supply and demand. Local planning policies are often intended to modify past trends and development plans may demonstrate departures from the projections that seem better able to fit particular local circumstances.} (GROS, 2010a, p22)\textsuperscript{18}

The trends which informed the 2008-based projections (the most current at time of writing) coincided with a period of high net inward migration. Historically, Scotland has been a country of net out-migration, with more people leaving Scotland to live elsewhere than moving to live in Scotland. However, since the 1960s, net out-migration has greatly reduced and in some years during the late 1980s and early 1990s Scotland experienced net migration gains. This has also been the case in the last six years, with net gains of around 9,000 to mid-2003, 26,000 to mid-2004, 19,000 to mid-2005, 21,000 to mid-2006, 27,000 to mid-2007 and 20,000 to mid-2008. The net migration gain in 2006-07 was the highest since current records started in 1951; the 2007-08 total was the fourth highest. This can be seen in figure 11 below.

\begin{figure}
\centering
\includegraphics[width=\textwidth]{figure11}
\caption{Estimate net migration, Scotland, 1951-2008}
\label{fig:net_migration}
\end{figure}

Source: National Health Service Central Register (NHSCR) patient movements.


Net migration is the difference between much larger flows of migrants into and out of Scotland. The level of net migration can be significantly affected by relatively small changes in these gross flows from year to year, particularly if one flow rises while the other falls. In the last five years, migration into Scotland has typically been about 90,000 to 100,000 per year whilst migration from Scotland has ranged from around 65,000 to around 75,000.  

Figure 12 compares the total number of households projected by the latest (2008-based) household projections, and the 3 previous projections. The **2004-based projections** showed an average increase of 14,000 households, while the **2006-based projections** show an average increase of 17,590. The **current 2008 based projections show as average increase of around 19,250 households.** The 2008-based population projections were higher than the previous set of projections, due to a combination of higher net migration into Scotland, a slightly higher projected birth rate and a slightly lower projected death rate.

As highlighted in figure 12, each set of projections can vary fairly considerably from its predecessor with successive revisions producing a higher projection. The household projections therefore simply indicate the number and type of households which may form if past (recent trends) are to continue. As circumstances, policies and housing supply practices change, projections and household numbers are likely to increasingly diverge from each other over time. Underestimating or over estimating future household numbers, types and sizes would fail to identify housing need and demand or conversely lead to a waste of resources.

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20 The 2004 projections cover a 20 year period compared to the 2006 and 2008 which cover a 25 year period. Direct comparisons of these figures should therefore be treated with some caution.
Some commentators\(^{21}\) even go as far to highlight that if projections are treated wrongly as a measure of housing need, then the interests of some of the economically weakest groups in society would not be identified. Evidence\(^{22}\) suggests that this is because for some of the groups the projections may underestimate household formation. This occurs when hidden or concealed households i.e. prospective households that would be likely to form new or larger households, but are prevented from doing so for economic and other reasons.

A summary of the limitations of household projections are outlined below\(^{23}\):

<table>
<thead>
<tr>
<th>Ethnic Background:</th>
<th>There can be marked difference in household formation, fertility and life expectancy among different ethnic groups.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Migration Assumptions:</td>
<td>NHS patient registers are used as the key data source for internal migration into Scotland but are known to underestimate migration. In particular, young men are less likely to register with a GP when or after they move.</td>
</tr>
<tr>
<td>Length of time elapsed since the census used to derive projections:</td>
<td>The process of change is cumulative so the reliability of projections decreases over time.</td>
</tr>
<tr>
<td>Private households:</td>
<td>Household projections largely disregard concealed households and tend to be based on out of date information regarding the size of the institutional populations or other populations such as Gypsy/Travellers.</td>
</tr>
<tr>
<td>Variation amongst younger households:</td>
<td>Household formation amongst younger adults is more variable reflecting a range of factors including housing policy and socio-economic trends.</td>
</tr>
</tbody>
</table>

The importance of household formation amongst young adults in discussed in more detail in the following section. The influence of economic and social factors and what this could mean for housing policy is then discussed in the subsequent section.


\(^{22}\) ibid.

\(^{23}\) Department for Communities and Local Government (2007) *Strategic Housing Market Assessment Practice Guidance*. 

18
SECTION THREE: CHANGING PATTERNS OF RELATIONSHIPS AND HOUSEHOLD FORMATION AMONG YOUNG ADULTS

As demonstrated in Section One, there have been dramatic shifts in patterns of household formation over the past 30 years, however, there is some evidence to suggest that although demographic trends are powerful influences over the rate of household formation, housing affordability has contributed to new households not forming.24 Household formation amongst younger adults is more variable reflecting a range of factors including housing and employment.

Evidence shows that patterns of leaving the parental home and transitions to independent living, partnership and family formation are now far more protracted and diverse than they were in the recent past.25 A large scale study undertaken by the Joseph Rowntree Foundation26 highlights that over the past twenty years, there have been significant changes to the institutional and structural context within which young adults make these transitions. Their research has found that young people leaving home for any form of partnership formation (including cohabitation) is in decline. The recent recession has been accompanied by a sharp increase in unemployment rates among young adults. While local employment difficulties may force some young people to move out of their home for employment reasons many without employment will lack the necessary financial independence to establish an independent household.

All of the above factors are often cited in literature as partial explanations for the postponement of marriage and family formation.27 This postponement is also, however, a reflection of normative ages for partnership and family formation. It is unclear the extent to which remaining in (or returning to) the paternal home is an outcome of choice rather than constraint for these ‘emergent adults’.28

A study by Ermisch29 used British Household Panel Study data from the 1990s to show that higher house prices and tighter housing markets significantly reduced the rate of young people leaving home and that higher house prices discouraged the formation of partnerships. Higher house prices also increased the likelihood that people would remain at home with their parents. In addition, unemployment increased the chance of leaving home but, along with high house prices, increased the probability of a young person returning home. Evidence from a study of rural housing markets found further evidence that housing affordability produced delays in young adults forming new households30.

UK-wide analysis of the Labour Force Survey undertaken by the University of Southampton31 has shown the extent to which the living arrangements of young adults including the percentage living in the parental home, have changed over the past 20 years. Key findings from their UK analysis are highlighted below:

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Over the past 20 years there appears to have been virtually no change in the percentage of young adults aged 16-34 living with their parents in the UK. However, this average picture masks changes in the tendency to live in the parental home in different age groups.

Living at home has become less common among adults in their early twenties. In contrast, young adults in their mid-twenties and early thirties were more likely to be living with their parents in 2008 than was the case in 1998.

On leaving the parental home, there has been a shift away from living with a partner in early adulthood and a move towards living outside a family, either alone or sharing with others.

Young adults, particularly men who are unemployed, have become increasingly likely to be living in the parental home during their early twenties.

More young adults with degree-level education are living with their parents in their early twenties which may be related to returning to the parental home on completion of higher education.

Among those in their early thirties those without educational qualifications and men classified as economically inactive are most likely to be living within the parental home and this trend has become more pronounced over the past two decades.

In Scotland, the proportion living with a parent is highest in the Strathclyde region.

Figure 13 Estimates of adults living with their parents in Scotland by sex and age

<table>
<thead>
<tr>
<th>Gender</th>
<th>Age-group</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>20-24 years</td>
<td>97.8</td>
<td>100.8</td>
<td>103.0</td>
<td>99.6</td>
<td>103.6</td>
</tr>
<tr>
<td></td>
<td>25-29 years</td>
<td>34.5</td>
<td>35.2</td>
<td>37.8</td>
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<td>23.4%</td>
<td>24.1%</td>
<td>25.2%</td>
<td>21.7%</td>
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<tr>
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<tr>
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<td>10.3%</td>
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<tr>
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<td>30-34 years</td>
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<td>3.6%</td>
<td>4.3%</td>
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Figure 13 on page 18 uses Annual Population Survey data to estimate the number of adults living with their parents by age and gender. It shows that in 2008, there was an estimated total of 248,500 adults between 20-34 years of age living with their parents in Scotland- an increase of 8700 adults from 2004 figures. Consistent with the UK wide analysis highlighted above, adult males are more likely to live with their parents than females. This is particularly evident in the 30-34 year old age group where 9 per cent of males in that age group are still living with their parents in 2008 compared to just under 4 per cent of females aged 30-34 years of age. 21.7 per cent of males aged 25-29 live with their parents compared to 12 per cent of females in the same age group in 2008.

Several studies identified delays in getting married and starting a family. They suggest that young adults’ often associate house purchase with ‘settling down’ and common triggers of starting a family or getting married are happening much later. As highlighted in Section One, the average age for getting married is 32.5 for men and 32.3 for women in Scotland. Similarly, the age when people have their first child has risen from 25 to 27 during the same period. A BMRB study found that there was a ‘right time’ in terms of life stage when it was appropriate to buy a home. A secure and settled relationship, prior to or just after marriage, prior to the birth of children, and ‘around 30’ which was seen as a settling down age.

During the 1990s, demographic factors contributed to the decline in household formation and economic factors explain the choice of tenure. Similarly a study by Holman, found that the size of particular age cohorts is important but so too is the age, which was found to be a factor that influenced household formation rather than tenure choice, indicating that young people are unconcerned with the type of housing services they use. Bramley et al. also found that demographic factors and age are more influential explanations of household formation amongst young people in the UK than income, unemployment and other economic variables. The availability and cost of housing, while offering some influence over the rate of household formation, were overshadowed by other issues. However, high house prices have a significant negative effect on rate of forming households of under 25s, and unemployment decreases the rate of household formation for the over 25s, while low social class decreases the rate of household formation for this age group. The supply of housing also influences the rate of household formation amongst young households. There is an increase in 16-24 year old households in areas where there is a good supply of private renting or, amongst the under 25s and the 30-34 age group, in areas that have a high supply of social renting. Bramley et al. argue that to a degree this is in accordance with economic theory that suggests higher rates of household formation will occur if there is an increase in housing supply.

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SECTION FOUR: ECONOMIC & SOCIAL INFLUENCES ON HOUSEHOLD FORMATION-IMPLICATIONS FOR HOUSING POLICY

Fewer households forming than predicted?
As highlighted in Section One, economic downturns encourage more adults to live or stay together in order to limit their combined expenditure. This means there will be fewer single-person households than would otherwise be expected to form in times of prosperity. The rate of household formation is sensitive to interest rates. When these are higher and mortgage availability is lower, fewer new households can be expected to form and vice versa. These influences suggest that the increase in household numbers is, at present, no longer following the accelerating upward trend shown in the 2006-based household projections.

Bate et al highlight four possible scenarios:
1) The present economic recession is short-lived and has no effect on the overall mean increase in households;
2) the recession has the effect of reducing short-term demand (perhaps for five years) but the recent upward trends then return and the increase in household numbers continues as in the 2006-based projections, but from a lower starting point;
3) The recession causes fundamental changes in aspirations, which reduce rates of household formation, so that the assumptions underlying the 2006-based projections no longer apply; and
4) Recent high levels of net inward migration are not sustained. Migration rates are restored to a lower and more stable rate in the future, leading to a more modest increase in household numbers.

These alternatives would create four totally different scenarios for household numbers and housing requirements in the future.

There is some evidence that, although demographic factors are powerful influences over the rate of household formation, housing affordability has contributed to new households not forming. A number of studies have highlighted significant differences between population based projections of household numbers and survey based or market-driven projections and suggest the explanation is that fewer households were able to form due to high housing costs. Meen and Andrew also find a difference between higher official projections and market based modelling that includes housing affordability rather than just trend-based predictions. The recent rise in birth rate may well have slowed as a result of the current recession because of people delaying setting up independent homes and starting families. Recent GROS data for 2009 does suggest that this might be the case. It shows that there were nearly a thousand fewer births in 2009 than in 2008. The 59,046 total for the year was the first fall in the number of births after six consecutive annual increases. The total was still over a thousand higher than in 2007, when there were 57,781 births.

39 ibid.
Rise in solo living

The growth in solo living also has implications for housing policy. As discussed, the average household size has been decreasing and this trend is set to continue. As household size has declined, housing space per person has risen although this space is not, of course, evenly distributed across the population. In part this reflects the desire for more space which accompanies rise in incomes and general prosperity. Bate et al argue that the implications of this for housing supply should be approached with caution. They suggest that smaller households might satisfactorily be accommodated in smaller dwellings e.g. with fewer bedrooms than would otherwise be appropriate. They urge that household size is not the sole force determining dwelling size as most households seek as much space as they can. In the private rented sector this is limited by what households can afford or choose to spend, while in the social sector households are given the space which the state decides to supply. In the private sector, whether owned or rented, wealthy households unsurprisingly occupy larger homes. There is limited scope to constrain under-occupancy in the private sector, however as the rise in sole living increases, the use of incentives to downsize in the social rented sector may have an increasing role. A number of Local Authorities in Scotland are now offering their tenants financial incentives for downsizing.

CONCLUSION

This paper has highlighted the key demographic influences that have resulted in a change in Scotland’s household structure and formation over the past 30 years. Whilst Scotland’s population has increased by around one per cent since 1991, the number of households has increased at a far greater rate (by over 14 per cent). This has been consistent across all areas of Scotland and is due to a dramatic increase in the prevalence of single person households which is one of the most significant changes in Scotland’s household composition. This growth in household numbers but decrease in size of the average household is reflective of expectations and social conventions such as delays in marriage and also changes in the age structure of the current population. Looking forward, household projections show that the above trends are set to continue but at a faster rate. Household numbers are projected to increase by 21 per cent to 2.8 million by 2033, an average of 19,250 additional households per year. Households are also projected to continue to get smaller with single adult households becoming increasingly common across all local authority areas, increasing from 36 per cent of all households in 2008 to 45 per cent in 2033.

Evidence suggests that uncertainty surrounds future household formation and the housing requirements which flow from it and from the recent recession. Some limitations of the use of household projections were also identified. One of the commonly cited limitations is that household projections carry forward trends identified at the time and can soon become out of date. It was highlighted for example, that recent GROS data has shown a decrease in the birth rate in Scotland between 2008 and 2009 for the first time after six years of consecutive annual increases. This is consistent with historic evidence which shows that birth rates fall when the economy is in a downturn. Should the effects of the recession be sustained into 2010 birth rates this should reduce any population forecast relative to the trend based projection given that the economy was buoyant during the period on which the household projections are based (2001-2006).

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These influences suggest that the increase in household numbers is at present no longer following as steep an upward trend shown in the 2006 and 2008 based projections. Looking further ahead, a reconsideration of the policy responses is required if there is change in future household numbers. As demonstrated in Section 4 the recent recession could have an effect on household projections such as reducing short term demands (perhaps for five years) or cause fundamental changes in aspiration which reduce rates of household formation even further.

**So how should the change in household structure and future projections inform housing requirements and policy responses?**

Although the projections have some merit in forewarning of possible future housing policy responses, this paper has demonstrated that numerous and complex forces shape demographic trends and the assessment of housing policy responses to them. Both the number of new households and number of new dwellings needed to house them across the tenures will be affected by demographic factors noted in this paper but also social and economic factors. Household projections *can* indicate a direction of travel however it should not be assumed that policy interventions, which applied previously will continue to apply in the future. Future economic and social conditions, environmental changes and migration trends can depart quickly from past trends and may serve to limit household growth in the future.
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