by status indicators (education and work disability) that reflect income-producing potential. Poor mental state (depression) and psychological orientation also explain one’s perceived difficulty to manage with one’s available household finances. The analysis points out, moreover, that when controlling for the other study variables, population group differences did not retain significance. In sum, despite the comparable mean income level reported in Israel and its favorable purchasing power, the majority of the 50+ population in the country still feels economically challenged. The SHARE data suggest that this perception is based mostly upon objective indicators.

Conclusions
This chapter documents several significant trends in the lives of Israelis aged 50 and over, trends that have important implications for the development of public policy.

- There are notably different life circumstances across the major population groups in Israel, circumstances that may well have significance for well-being in late life.
- Different population groups in Israel tend to rate subjective health differently, making it necessary to view such ratings in concert with objective health indicators.
- Exit from the labor force in Israel seems to be mediated by occupational pension coverage. Late life immigrants who lack sufficient coverage in the new country tend to remain in the labor force at older ages.
- Despite these differences, population group per se does not affect perceived income adequacy. Subjective economic status is explained mostly by accumulated wealth and other factors.

The findings presented in this chapter underscore the many benefits that SHARE-Israel can offer. The diversity among Israeli population groups provides additional points on the scale of social and economic development among the SHARE countries, thus enriching the SHARE “laboratory” as a resource for scientific inquiry into the life circumstances and their changes in an ageing world.

References

3.5 Home, Houses and Residential Mobility
Viola Angelini, Anne Laferrère

When traveling across Europe, even the most uninformed visitor cannot but be struck by the variety in housing architecture, from stately 19th century apartment buildings, to medieval villages, from rows of narrow houses to large villas or the high rise public housing of the 1960s. Housing seems to summarize the variety of European history, even more than languages, or social insurance systems. Besides, housing is a most important feature of the life of the 50+. Retiring from work and getting older may mean being more sedentary and having to adjust housing consumption.

The 50+ Live in Houses They Own
In many continental languages, the words for home and house are the same. Indeed a majority of Europeans aged 50 and over live in a house, i.e. in a building with less than three dwellings, rather than in a flat. The rate ranges from around 80 percent in Belgium, the Netherlands and Denmark, down to 1 in 2 in Spain and Switzerland, or 1 in 3 in the Czech Republic. Generation effects play in opposite directions. The decline in agriculture translated into a movement from rural to more urban areas from the older generation to the younger ones, and into a parallel move out of farmhouses, which can still be seen for Poland, Greece and Spain in Figure 1. An inverse movement towards houses in the Netherlands, Denmark, Sweden, and Belgium is linked to a shift from renting towards owner-occupation. In countries where less clear age/cohort evolution is seen, the two types of change may have occurred simultaneously and cancelled out, as in France for instance.

![Figure 1: Houses by country and age group](image_url)

Note: Unless otherwise stated all figures are at the individual, not the household level

1Unless otherwise stated, all figures are on the individual level, not the household level. Hence, they are not directly comparable to the SHARE First Results Book, Wave 1.
In all countries home ownership is higher for people living in a house. The difference is striking as more than 80 percent of those living in a house own it, compared to only 46 percent for those living in a flat. The regularity can be explained by various reasons. On the supply side, houses are more costly to maintain for a landlord than the same number of flats in one building (Hilber, 2007). In continental Europe, the 19th century witnessed the construction of rental “vertical” apartment buildings, as opposed to the “horizontal” developments of Britain, which so much struck visitors from the continent. Most of the supply of rental social (subsidized) housing has been and is still is in apartment buildings (Massoit, 2007). On the demand side, a taste for more space and privacy, provided by houses, may be linked to a taste for home ownership. Moreover, low-income people might not be able to afford the higher maintenance costs of houses and, therefore, choose flats; since they are also more likely to be credit constrained to buy, the rental demand would be higher for houses if they were available. Indeed among the 50+, a higher income group usually goes at living more frequently in a house. This is not so in the Southern countries, in Austria and in the two new Eastern countries, where a house is often more likely to be an old farm than a modern construction.

Most houses are detached except in the Netherlands, where row houses predominate. Row houses are also frequent but to a lesser extent in Belgium and Spain, while they hardly exist in Poland and Greece. As for flats, a majority is located in small buildings of 3 to 8 units, in all countries, except Sweden, Denmark, France, Austria, Spain, the Czech Republic and Poland where larger low rise buildings predominate. Only in the Czech Republic and to a lesser extent in France and Poland a significant proportion of the 50+ live in a high-rise building. The taste for living in houses may pose two types of problems. One is general: the higher maintenance cost of houses often goes with higher energy consumption, both in heating and transportation costs. The internalization of these costs by the consumer may be only partial. One could probe deeper into the elderly taste: is it taste for houses, or desire for ownership, taste for space and garden or wish for privacy? This should be taken into account if the housing supply is to become more environmentally friendly. The second problem is more specific to an ageing population: a house may be less convenient than a flat to an invalid elderly. Either because it involves stairs, is less easy to maintain, or because it is situated further from services. Retirement homes provide mostly flats and we expect moving elderly would choose flats.

Subsidized rental housing goes under various names (social, public, non-profit) and exists in most countries. Even if each system differs with respect to eligibility or rent level, the subsidized supply has an important effect on local housing markets. Social housing is important in the Nethelands, where it makes up to 35 percent of the overall stock, and in Austria, Poland, Sweden, Denmark, France and the Czech Republic, where it is between 15 and 20 percent of the housing supply. It is around 6 percent in Germany and Switzerland, 5 percent in Italy and Belgium, 2 percent in Spain, and is nonexistent in Greece (Ball, 2007; Federesaka, 2006). Moreover, in most countries tenant protection is high, and the evolution of rents is somewhat controlled. For many elderly Europeans, renting can be just as secure as owning, and the benefits of home ownership in that respect should not be overstated.

We mentioned that houses are more likely to be owned than flats, but the rate of home ownership is also the result of both life-cycle and cohort effects. If a dwelling is seen as an investment, the life-cycle effect predicts an increasing rate of home ownership with age as saving increases and then a declining rate in old age when the elderly start to run down their assets to support consumption as they age. The positive age gradient is mitigated by the existence of credit markets and by inheritances, both of which allow owning a home without waiting to build up savings. The decline in old age is mitigated by the fact that living in one’s home is directly consuming its rent, just as one would consume the income from an asset without selling it. Overall in most SHARE countries we find a slightly hump shaped age profile for home ownership. Age has a positive effect up to 58 years old, as most of the first purchases occur before 50. Then the effect is negative but the decline “with age” is mainly an increase “with cohort”, as in many countries home ownership developed after World War II when credit became available and rental public housing declined at the end of the 20th century. Indeed switching from owning to renting is uncommon before age 80. Home ownership is rising among the 50+ from one generation to the next in all countries. The trend is spectacular in the Netherlands where the rate nearly triples between the 80+, born before 1925 (25 percent) and the 50-59, born after 1945 (72 percent). In this country, public rental housing has been sold and the 50+ benefited from it. Hence, in the Netherlands home ownership rate declines linearly with age. The same evolution happened in many other countries, although it often stops with generation aged 60-69 and then home ownership remains stable for the following generations.

Figure 2 Homeownership by country and age group

There are also important wealth effects. In nearly all countries a higher household income increases the likelihood of ownership, except in Spain (where home ownership is the norm), in Belgium and in the Czech Republic (where home-ownership was granted to many former tenants). Price effects are captured through the urbanization variable: the less urbanized the more ownership.

“Taste” plays an important role as home ownership usually grows with being family oriented. Being married rather than in a partnership increases home ownership, except in the Netherlands and Switzerland, where it does not make any difference, in Poland, where partnership is rare, and in the Czech Republic, where tastes do not play any role. Living in a couple, too, or being widowed rather than single or divorced have a positive effect on ownership. The stability of marriage allows this long-term investment and a taste for
stable marriage may be linked to taste for a home ownership. We would have expected the taste for children to be linked to taste for ownership. However, the effect is counteracted by the income effect as having more than two children means fewer opportunities to save for a home in many countries, such as Denmark, the Netherlands, Belgium and France. Another sign of resource constraint is the negative effect of current household size in some countries, especially France, Spain and Greece. This may point to additional income constraints preventing home ownership by the 50+ in those countries. Note that at a given age women are less likely to own their home than men (in all countries except Spain) but they are not so when controlling for income. This means that if women own less it is because they are poorer.

Home ownership divides Europe into three clearly defined groups of countries, see Figure 2. It is almost universal in the three Southern countries (Greece, Spain and Italy) and in Belgium. Poland and the Czech Republic, where rental housing has been turned to owner occupation, can be included in this high ownership group. At the other extreme, four “central” countries, Austria, Switzerland, Germany and the Netherlands, have a large rental sector (between 43 and 47 percent). These countries offer a good supply of rental units, with high tenant protection, or a supply of social or rent-controlled units that increases the relative cost of owning. Even taking into account observed differences in income, demographics, urbanization or dwelling types, most of the striking country differences remain striking. They capture unobserved heterogeneity, and differences in local housing markets, taxation of home ownership and other institutional features. The opposition remains between the one hand Germany and the Netherlands, with low ownership rates and a large rental housing supply (large public housing in the latter, large affordable private sector in the former), and the three Southern countries and the Czech Republic with no or little organized rental market on the other. Other countries are characterized by some equilibrium between rental and ownership housing market, even if Switzerland, Denmark and Austria lean toward low-ownership, while Sweden and Poland lean toward high-ownership.

Nearly a third of European elderly live either in the same dwelling or in the same building as their children, see Figure 3. They are more likely to share a building without co-residing when they live in a house (10 percent) rather than in a flat (5 percent). The two ways of close family life seem quite distinct, as for instance co-residence goes with more home ownership and is often associated with a widowed mother, while “child-in-building” goes with less home ownership, other things being equal. Co-residing is common in Spain, Italy and Greece. In a large group of Central-Southern European countries (Austria, the Czech Republic, Poland, Germany, Greece, and Italy) between 14 and 20 percent of the elderly living in a house have a child living in the same building. This form of living, which seems to characterize older middle class households outside large cities, hardly exists in all the other countries, except Switzerland (7 percent) and Spain (5 percent). It provides occasions for family exchanges of services, which might be important for both the 50+ and their children.

### Residential Mobility of the Elderly is Low

Beyond describing where the 50+ live, it is crucial to assess what their future housing choices will be as they may have large effect on the European housing markets. SHARE respondents who followed after the first interview, providing an opportunity to measure the mobility rate of the 50+ and probe into their choices. The proportion of mobile 50+ individuals can be estimated in various ways. First, we can look at those who have been living in their present abode for less than 2 years. The rate is a low 2.2 percent at the individual level and around 2.7 at the household level. Residential mobility between the 2004 and the 2006 wave, as declared by the respondents, is another means to get at a yearly mobility rate. However, it is not straightforward as there are significant differences in the time span between interviews, both within and across countries. The time separating Wave 1 and Wave 2 interviews goes from a minimum of 11 months to a maximum of 40 months and we need to correct for it. With due adjustment for the time distance between interviews, the estimated mobility rate is 2 percent at the individual level (weighted, Figure 4). However, the respondents who moved between the two waves might have been particularly difficult to retrieve; hence, this 2 percent may underestimate the true mobility rate. We then try to identify those households who were not retrieved in Wave 2 but presumably moved and include them in the calculation of the mobility rate. If we add them to those who moved between private residences and to those who moved to nursing homes, we arrive at an estimated yearly mobility rate around 2 percent at the household level (Figure 5, unweighted). Hence, all measures converge to a low residential mobility rate somewhat above 2 percent per year. The rate ranges from around 3-3.5 percent in Denmark and Sweden to less than 0.5 percent in Greece.

---

They answered yes to “Since [[month year previous interview]], have you moved to another residence, house, or flat?” or they moved from a private residence in Wave 1 to a nursing home in Wave 2.
Mobility is found to decrease with age with an important rebound after age 80, as people move to nursing homes, see Figure 4. Mobility rate above 80 is 3 percent. In some countries, such as the Netherlands and Belgium, the mobility rate is higher among the 60-69 than at younger ages, which may be due to moving on retirement. However, we should remain prudent in the interpretation of this result, as it does not translate into a decrease in the number of years in accommodation. Note also the case of Greece where mobility rate is lower than in Italy and Spain, while the number of years in accommodation is very similar.

Changing Home Before 80...

The longitudinal nature of SHARE and the unique feature that individuals were followed into nursing homes provide precious information on what determines residential mobility and the choices made by those who move. Moving between private homes is definitely very different from moving to a nursing home. The former is determined by the quality of housing and neighborhood, and mobility costs, whereas moves to a nursing home are determined by age and health. Moreover, the economic situation plays in different directions. Let us look more precisely into both mobility types.

Residential mobility between private homes is usually found to decline with age as housing consumption is progressively adjusted along the life-cycle; but it is also time dependent as the more years spent in an accommodation, the less likely to leave it (Boehm and Schlottmann, 2006). For the 50+ most age adjustments have been made already and, controlling for the time spent in the accommodation, which has a strong negative effect, age has absolutely no effect on mobility, except above age 80 where some decide to move. Even this old age effect disappears when controls other than the number of years in accommodation are added. The elderly who own their home are less likely to move. Mobility costs are higher for them than for tenants as they include higher transaction costs. Besides a home is likely to be more adapted for owners, who can arrange it as they like, than for tenants. Of course, one also selects into owner occupation if one expects not to move. A higher income level helps to move, especially for tenants. So does a higher wealth level, especially for owners who become tenants. Most of the wealth of the European 50+ is embedded in the home (Christelis et al., in this volume). Hence, a higher wealth means a higher home value, which induces owners to release home equity and move out ceteris paribus. A change of home can also be a response to shocks in income, household size, health, or to changes in tastes and preferences that make current accommodation less adapted to new circumstances. Both being divorced and divorcing since Wave 1 have a positive effect on residential mobility, so has being or getting widowed. Other changes in household size, such as the last child moving out, also increase the likelihood to move home. Some factors are clearly linked to age or ageing. Retirement can trigger a move for homeowners, while it has no significant effect for tenants. For owners there is no sign that a decline in income would force them to move, but on the contrary moving seems to be linked to better economic conditions. For tenants, neither a deterioration nor an amelioration in economic conditions are associated to moves. The difference may be linked to higher mobility costs for owners. Among owners, those who have no child and those who are widowed are more mobile. However, widows with no children are less mobile than when they have children, which may be linked to inheritance laws or care giving (Bonnet et al., 2008). As far as living conditions are concerned, complaints of neighborhood crime in the 2004 wave also induce more mobility but only for those who rent, as they may live in the worse neighborhoods. Living in a house, rather than in a flat induces to move. This is a first sign that a house may be not suited for old age.

When all these controlling factors are introduced, Sweden and Denmark are still the most mobile countries. Then by declining mobility rate, we find Switzerland, Spain, France, Belgium, Italy, Germany, the Netherlands, Austria and finally Greece.
... Is Very Different from Moving to a Nursing Home

By contrast, mobility to a nursing home is triggered by age, ill health and the absence of close family (note that none of the respondents moved to a nursing home in Italy and in Greece). Some may be able to adapt their dwelling and “age in place” (see Kohli, Kinemund, and Vogel, this volume) but often this is not possible. As is clear from Figure 4, moving to a nursing home begins only after 80. It is more likely for those who have physical health mobility problems and for those who have neither a spouse nor any living child. Becoming widowed since Wave 1 is an important factor of a move to a nursing home; thus, moving to an institution can follow bereavement quite closely. Becoming disabled and having neither spouse nor child are the two main determinants usually found in the literature (Gaymu et al., 2007). Interestingly SHARE allows adding a third element, a low income. Indeed moving to a nursing home is more likely for those in the lowest income quartile. Even if more should be known on long term care availability and financing, it seems likely that both economic and family circumstances play a role in the housing choices of the frail elderly.

Movers Reduce the Number of Rooms and Choose to Rent a Flat

Along the life cycle, adjustments first go from small apartments to bigger houses with marriage and the arrival of children. Then the adjustments are very rare, but one would expect that they would be to smaller homes as children move out, or a spouse dies, especially if the home was a saving device. Indeed, independently of moving, the number of rooms per person increases with age because household size decreases with age. There are two stages. Among the 50-69, most of the increase in rooms per person with age is due to children moving out. This is an important phenomenon in the life of the 50-69: among the 40 percent of the respondents who co-resided with a child in Wave 1, 28 percent had their last child moving out between the two waves. In terms of space, the departure of the children increases parents’ welfare. In a second stage, the death of a spouse is a rarer event, which affected only 6 percent of the 70-79 married respondents, and 15 percent of those aged 80 or over.

More generally, whether the elderly downsize is still debated (Banks et al., 2007). Indeed we find that on average moving implies a negative adjustment and that the older the mover the more important the adjustment is. Among those aged 50-59, the movers lose 0.3 room on average; among the 60-69 they lose 0.7 rooms; they lose 0.8 rooms if aged 70-79 and as much as 1.4 rooms if aged over 80. Even if the movers are not very numerous, their demand is clearly for smaller dwellings, but not much before age 70 or 80. However, even if on average those who change place of residence reduce the number of rooms, still 20 percent of them move to larger homes. Reducing the number of rooms is not linked to income or health, but to a decrease in household size. When the elderly move, a majority choose a flat rather than a house. Both choosing a flat and leaving a house for a flat increase with age. Indeed, 47 percent of movers aged 50-59 choose a flat and the proportion increases to 52 percent when aged 60-69, 57 when 70-79 and a high 63 percent for the 80+. Hence, part of the decline in house living with age is indeed an age effect, even if very small. Moving to a flat is more likely for those in the low-income quartile and for widows, but is not linked to a change in household size.

Even if overall the rate of owner-occupiers does not decline much between the two waves, among those who move, 32 percent of owners move out of ownership, while only 24 percent of renters move to ownership. Overall the rate of owners among movers declines from 57 percent to 50 percent. So again the trend is clear. Controlling for home ownership in Wave 1, ownership declines with age after 69 and with mobility at all ages, even more at older ages. The move out of ownership is less likely as income increases.

Conclusions

- The majority of the 50+ own their home. This is an insurance against rent risk in case their pension income is not indexed to rents. However, if all saving is in the house, the elderly are vulnerable to house price downturn. Among tenants, some of those who do not benefit from social housing may be at risk.
- The majority of the 50+ live in houses. While houses are linked to home-ownership, hence to security and probably to some other aspects of individual and collective well being, a house can be ill suited to very old age. Indeed, many turn to apartments and/or to renting as they get older, especially over 80 years old. The consequences on the housing market, both in terms of supply and demand, might be important.
- The yearly mobility rate is a low 2 percent. However, signs pointing to downsizing are clear, especially among the lower income group. Whether this is linked to reduced housing expenses remains to be seen.
- Becoming disabled, having neither spouse nor child, having a low income, all make moving to a nursing home more likely.

References

M. Kohli, H. Kinemund, C. Vogel. 2008. Staying or Moving? Housing an Residential Mobility, this volume.
Masse, A. 2007. La situation du logement dans six pays d’Europe. LAURIF.