

Leaving the nest: the interaction of parental income and family environment
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The influence of parental income on the choice of young adults to leave the parents' home is still an open question. This paper suggests a model in which either more parental income increases the independent child's consumption and encourages leaving (standard altruism) or increases more his consumption when co-residing (proximity altruism) and induces to stay. Besides, housing is a distinct non transferable good, and less housing consumption at the parents' induces to move out. The model is tested on the French Housing survey. Both poor and rich parents are more likely to see their children go than middle class parents and the quality of the nest matters. Lack of space in the parents' home encourages leaving, so do privacy costs linked to living with a step-parent. When the quality of the nest is controlled for, the effect of parental income is closer to standard altruism, especially for younger children. This suggests that parental housing decisions and income play an important role in the human capital accumulation of young adults.

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