ONCAMPUS SOUTHAMPON

Research Project

Should owning a home be encouraged?

by

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Abstract

As society develops, many countries have faced some common social problems, such as wealth inequality, environmental issues, and housing problems. Among them, particularly in South Korea, the housing problem is considered to be one of the most serious social issues. After WW II, many governments encouraged people to buy their own houses (The Economist, 2020). Although that seems to give people benefits, it has been recently believed that owning a home could make people poorer. In addition, the notion that homeownership is the best option, in terms of tenure and investment, is regarded to be unwittingly learned (Ronald and Jin, 2010). This research looks at how different Koreans and Germans think about homeownership, considers the social benefits and drawbacks of owning homes, and finally thinks about whether owning a home should be encouraged. It is conducted by mainly using the primary research method with a questionnaire and secondary research strategy, referencing and analysing other related literature. Based on the collected data from the questionnaire, this research shows that financial benefits for homeowners compared to renters could not exist. Also, it argues that the increasing number of single-person households could distort the result of lower homeownership rates in Korea. Therefore, a way of handling the housing problem should be reconsidered by not just promoting homeownership rates but focusing on solving the housing security.

Keywords: homeownership rates, Korea, Germany, homeownership benefits, homeownership drawbacks, housing security

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Chapter 1: Introduction

1.1 Introduction

As society develops, many countries have faced some common social problems, such as wealth inequality, environmental issues, and housing problems. Among them, particularly in South Korea, the housing problem is considered to be one of the most serious issues. This project looks at the issues of homeownership in Korea. In this chapter, the background of this research and current debates will be mainly covered. In addition, brief methodologies of the topic and research questions will follow.

1.2 Background

Many people may think that higher homeownership rates can make societies more stable and people wealthy. For example, according to The Economist (2020), Singapore, which has relatively higher homeownership rates in the world as well as been largely introduced as one of the best examples of higher homeownership rates country, seems quite well organised and developed. However, a country like Romania, which has even higher rates of homeownership than Singapore, does not seem as highly developed as Singapore according to UN's Human Development Index, which evaluates the level of each nation's development. The index of Romania is 0.828, which is ranked at 49th and that of Singapore is 0.938, which is positioned at 11th in the world (UN, 2020). Therefore, higher homeownership rates do not guarantee a better society.

Nevertheless, many governments seem to promote homeownership rates. In Korea, the government has introduced several housing policies such as supplying more houses in the market

and imposing higher taxes for multi-home owners. However, in spite of government efforts, the rates have not significantly changed (Ronald and Jin, 2010). The importance of homeownership is that not only does it have economic benefits but also it has many social benefits. Yun and Evangelou (2016) argue that homeownership and stable housing have considerable social effects, for instance, education, parenting, healthcare and also lower crime rates. Nonetheless, it is still controversial whether higher a rate of homeownership is beneficial to society.

Many Koreans believe that owning a home is a basic desire of human life. However, The Economist (2020) insists that that belief could be embedded by politicians and also that could just be the result of having weak tenant protection schemes. For instance, Switzerland, a country has a strong tenant protection programme, has a stable housing market, and most people do not find difficulties in terms of housing despite well-known expensive living costs of the country. In conclusion, homeownership could not be a human desire, but an illusion stemmed by policymakers.

In addition, since some Koreans consider houses as a method of investment, some of them have bought multiple houses expecting profits from rising prices. In other words, it can be called speculation. As a result, the housing price surged and it became unaffordable, especially for young people. According to Choi (2020), it will take nearly 12 years for ordinary Koreans to purchase their own house without spending any income. In addition, Byun (2021) reported that over half of young Seoul residents need parents' support when they try to buy a house. Therefore, policymakers and the government have introduced some regulations on the real estate market. However, the market distortion, which happened because of those market regulations, sometimes results in unexpected outcomes such as unreasonable panic buying.

As mentioned above, the housing problem in Korea is one of the most significant problems in the country and is also a similar problem in other countries. This research will look at how different

Koreans and Germans think about homeownership, consider the social benefits and drawbacks of owning homes, and finally think about whether owning a home should be encouraged.

1.3 Research questions

This research will examine whether promoting homeownership rates is beneficial to society and owning homes should be encouraged by answering the following questions.

- Are homeownership rates really problems?

- Why do governments try to promote homeownership rates?

- What are the underlying social benefits/drawbacks to home ownership?

- How do differences in policies or cultures affect people's decisions over owning homes? (Comparing the policies and cultures of Korea to Germany)

1.4 Research methodology

This research, first of all, will use a questionnaire to collect data from Korea and Germany. Also, the data from governments and other recognised organisations will be considered. In addition to these primary data, secondary data from related research will be utilised. The related research will include books, journal articles, professional economic magazines, and government reports. Since the research is fundamentally about comparison among two countries, statistical analysis will be mainly used.

1.5 Budget

As this research will not be supported by any organisations, only necessary expenditures should be spent. First, in order to find sources in the library, travel expenses, such as bus fare, will be paid. In addition to this, in the case spending many hours in the library, expenses on food will be spent.

Table 1. Research budget

Uses	Cost
Travel (Bus fare)	£60
Food	£100
Printing	£5
Total	**£165**

1.6 Plan of the research (Gantt Chart)

Figure 1. Gantt Chart

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Topic Decision	███	███														
Planning	███	███	███													
Searching Literatures	███	███	███													
Draft of Proposal		███	███													
Research Proposal		███	███													
Literature Review			███	███	███	███	███	███	███	███	███					
Methodology								███	███	███	███	███	███			
Searching data								███	███	███	███	███	███			
Analysing data											███	███	███	███		
Result and discussion												███	███	███	███	
Draft	███	███	███	███	███	███	███	███	███	███	███	███				
Revising draft											███	███	███			
Submission													███	███		
Presentation															███	███
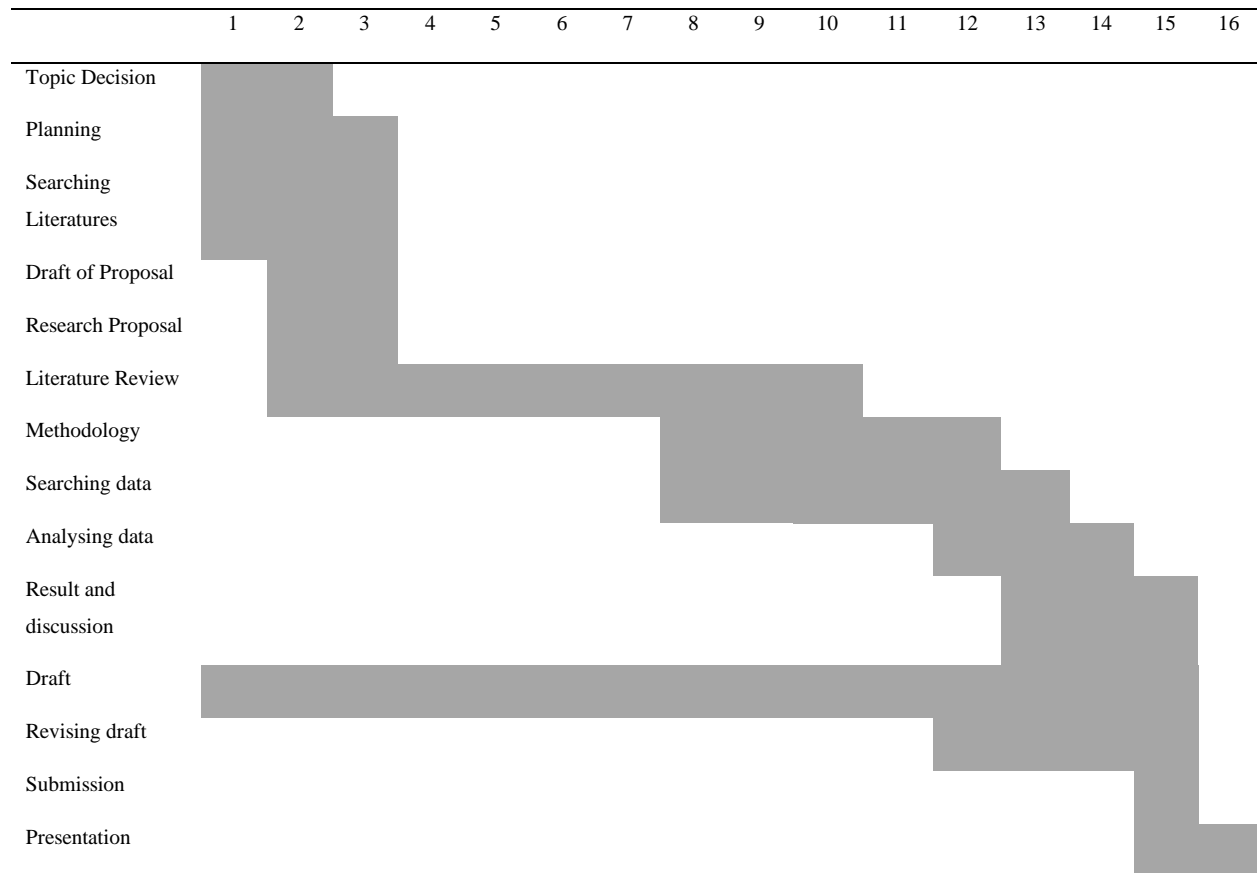
1.7 Conclusion

In the following chapters, this topic will be further studied according to the stated methodologies.

Chapter 2: Literature review

2.1 Introduction

After WW II, governments in many countries, particularly the United States and the United Kingdom, encouraged people to buy their own houses (The Economist, 2020). Although that seems to give people benefits, it has been recently believed that owning a home could make people poorer. In addition, the notion that homeownership is the best option in terms of tenure and investment is being regarded that it has been unwittingly learned (Ronald and Jin, 2010). This chapter will review and analyse the literature which considers the advantages and disadvantages of owning a home.

2.2 Benefits of homeownership

According to The Economist (2020), homeownership rates have been strongly promoted by governments for decades in many countries. They believe that owning a home is beneficial both to individuals and to society.

As an illustration of individual advantages of owning a home, Zumbro (2014) claims that residential properties can be used to form wealth and that has been proven to be an effective way. Also according to Kuhn and Grabka (2018), the longer the period of owning a house from a young age, the more advantageous it is to accumulate wealth. They found out that owner households are 5 times and 7 times wealthier than renter in Switzerland and Germany respectively. These demonstrate that owning home gives people an opportunity to become wealthier. However, The Economist (2020) claims that if everything related to housing is considered, such as interest costs

and home repairs, the renters pay less for housing-related expenses than homeowners. Therefore, this point is still under debate.

In addition, Zumbro (2014) argues that homeowners can benefit from using their house to hedge against financial fluctuations. As a result, owning a home can make their total financial assets stay stable. Moreover, he also points out that one of the most worthwhile aspects of homeownership is that owners do not have to unintentionally leave their dwellings. Once there are many people who have to move out from their homes unwillingly, they have to spend unexpected money, which can be considered to be a social cost. Therefore, these perspectives show that homeownership can be both individual and social benefits.

Furthermore, Coulson (2002) insists that as homeownership rates increase, a number of social benefits will follow accordingly. He claims that homeowners are willing to maintain their homes since they can reap the benefits such as better house value. It is also often true that rental property has poorer conditions comparing to the owner-occupied one (Zumbro, 2014). Also, he adds that homeowners are more likely to maintain their neighbourhood than renters as the owners will have to live there for a longer period. These will result in making better society and they are definite social benefits.

2.3 Drawbacks of homeownership

Despite those benefits, it is reported that there are disadvantages in owning a home. Ronald and Jin (2010) claim that the notion that homeownership is the best option in terms of tenure and investment has been unwittingly learned. Also, this perception across the world that

homeownership creates a more stable and better society only has very weak evidence (The Economist, 2020).

Oswald (1999) argues that homeownership increases unemployment rates and the rates strongly linked to people's mobility. Also, according to Broulíková et al. (2020), the homeownership often reduces mobility. In other words, if people reside their own homes, they are reluctant to go further away to work and this leads them to find local based jobs. In addition, he claims that since the owners will face higher housing-related transaction fees, it is hard for them to choose moving to another place once they lose their jobs. As a result of these constraints, if homeowners become unemployed, it seems challenging to find new jobs. However, Flatau et al. (2003) insist that their result of study rejects the Oswald hypothesis that homeownership causes unemployment. They point out that if the owners may more willingly accept salary cuts to sustain their job or to get a job than renters in order to pay their mortgage to keep their house. Nonetheless, especially for low-income households, homeownership can be risky because the higher level of debt can make them financially invulnerable (Kuhn and Grabka, 2018).

If homeownership rates are high (since a majority number of people are homeowners), the government has no choice but to create a policy centred on homeowners. In countries like the United Kingdom or the United States, where homeownership rates are fairly high, they tend to have less flexible planning systems (The Economist, 2020). Also, tax breaks for homeowners often encourage overinvestment in housing (Coulson, 2002). As a result, the housing industry often earns more dealing land than developing it for housing. This makes them not able to respond quickly to changed housing demand (Rorrest et al., 1990). Therefore, higher rates of homeownership can distort the housing market without following the signal of demands.

2.4 Conclusion

Considerably reasonable numbers of claims from supporters and oppositions are debateable. In following section, based on these arguments, I will focus on analysing the primary and secondary data from previous studies.

Chapter 3: Methodology

3.1 Introduction

This chapter will explain several methodologies of research, such as primary and secondary research, qualitative and quantitative analysis, and questionnaire and interviews. In addition, their advantages and disadvantages will be introduced as well as how they will be used in this research.

3.2 Primary and secondary research

In terms of using sources, research methodologies can be divided into two main approaches: primary research and secondary research. One of the major differences between them is the way of using data.

Primary research is the method that only uses primary sources which have originality, such as raw data, questionnaires and interviews. The type of primary sources, in fact, can be substantially different depending on the fields. For instance, letters, diaries, or even maps are considered primary sources in history. However, in social science subjects, census or survey data usually count as primary data. Their difference comes from research feasibility because historians cannot collect new data from people since most of them may be already dead, but social scientists can (Booth et al., 2016). In spite of these differences, primary sources have been widely used. As the sources are generated with certain purposes, they are easy to fit research objectives. In addition to this, they have benefits of being relatively recent data or even new data. However, the primary research has substantial drawbacks as it usually takes much time and requires funds. Also, it could face some

ethical problems since it uses subjects' personal data, and sometimes, subjects are not informed properly in advance of the purpose of the research and its implications.

On the other hand, secondary research is the approach that utilises secondary sources, which have been analysed by other researchers based on primary sources. They include books, articles, or reports and also are sometimes called "literature" (Booth et al., 2016). It usually takes much less time to collect data than primary sources. Also, since it is already peer-reviewed, its reliability is already achieved. There is also an advantage that research ethics, such as subject consent, have already been processed. In addition, it is useful when comparing present and past facts in that conducting new research on the past is sometimes not possible. However, finding sources that fit their research aim is often tricky. Also, even though the sources are found, their authenticity, representativeness, and reliability are not guaranteed. Therefore, due to its limitations, using primary sources is strongly recommended in some fields.

This research will use both strategies of research. Primary research will be used while collecting and analysing the raw data from each government such as census data. A secondary approach will also be applied to support the result of the primary source, which could be government reports. It will be solely used to support my arguments as well.

3.3 Quantitative and qualitative data

While conducting research, the methodology varies depending on the data type. There are two typical types of data: quantitative data and qualitative data. Quantitative data is known to be numerical data, whereas qualitative data is all other types of data except numerical one.

Quantitative data is the data which can be expressed in numbers. For example, it includes closed questions in questionnaires or interviews and also any kinds of numerical data. In addition, quantitative data is objective, easy to analyse, and can provide a powerful and persuasive foundation. However, the data has several disadvantages. It can sometimes hide reality, be difficult to identify reasons behind behaviour, and also be biased (Bell and Waters, 2018; Denscombe, 2017). Therefore, quantitative data can describe findings reliably, but it is challenging to identify intentions or be interpreted.

On the contrary, qualitative data is the collection of information focused on its quality. It consists of the form of words, which are not numbers and accurate measurement (Murray and Hughes, 2008). It is usually collected from interviews, documents and observation. However, it could also be achieved from open questions of questionnaires. While quantitative data is analysed in statistical ways, qualitative data is subject to other special methods of analysis, such as content analysis, disclosure analysis or ground theory (Denscombe, 2017). There are some benefits of using qualitative data. It can include emotions and beliefs which are difficult to be expressed only by numbers. Furthermore, since it is straightforward data, it is easy to find the meanings and motives behind the behaviour. Despite these advantages, qualitative data has some drawbacks as well. Due to its complexity, it can sometimes easily violate research ethics in collecting data, as well as it requires relatively much time to be analysed. Moreover, it often needs background knowledge in analysing the data. In addition, because of statistical significance, findings are difficult to be tested and generalised to whole populations (Bell and Waters, 2018). As a result, qualitative data is usually valid but may not be reliable.

In this research, among these types of data, I may mainly use quantitative data and some qualitative data. The quantitative data that I will primarily use is raw data from each government, such as a

questionnaire, census data, homeownership rates, and annual household consumption on housing. In addition, qualitative data, for instance, analysis of other experts on the relationship between homeownership rates and social benefits and also open questions from a questionnaire, will also be used to support my arguments.

3.4 Research methods

This research will mainly use primary data from governments as well as established real-estate firms. These will be mostly quantitative data, so simple statistical concepts will be used to explain some phenomena. As they are primary sources, they will perfectly fit the research aim, and it might be much easier to get clear results. However, even though it is considered primary sources, since they are not collected by other organisations, there could be no exact data that can be used directly. Therefore, some data will be analysed with other data as well.

In addition, a questionnaire will also be utilised as another source of primary data. It usually gives quantitative results, but qualitative data can also be achieved from open questions. It is easy to be conducted, collected and analysed. Furthermore, it is quite fast to collect many responses and analyse the results. However, it is not always valid since most questions are closed, which means the answers are constrained by the researchers. As a result, respondents may sometimes find it challenging to answer questions as there could not be the one they want. Also, the quality of the answers may decrease because it could be difficult to understand the questions, and respondents need to predict the intention of the questioners. Despite these disadvantages, it is widely used thanks to its promising benefits.

Moreover, secondary research will be used in this research as well. As the secondary sources, academic articles and books will be utilised. Using secondary research is beneficial in terms of time consumption since it takes less time than conducting primary research. However, usually, this approach has drawbacks in that the sources may not be up to date, particularly books. Despite its limitations, among other types of secondary sources, research articles are considered to be relatively brand-new research rather than books so in this research, research articles will be mainly used.

3.5 Conclusion

To sum up, several methodologies are introduced and explained in this chapter. Also, strategies and approach which will be used in this research are proposed as well. Primary sources such as government data and a questionnaire will be explained using some simple statistical methods and secondary sources will support these results.

Chapter 4: Sampling framework

4.1 Introduction

This chapter will discuss the process of getting a research sample for the project and the limitations of the research.

4.2 Sampling framework

One of the methods that requires sampling in this research is the questionnaire. Sampling should be done because it is almost impossible to collect the whole population data. Even if possible, it requires the great amount of money and also takes a long time to conduct. Therefore, many statistical estimation methods have been introduced to predict the population using samples. One of the well-known methods is random sampling. Samples are randomly selected from the population with an equal chance of being chosen (Bruce et al., 2020). It generally estimates the population well, but because of its nature to be significant, it requires many samples. Another method of sampling is the stratified sampling. It is similar to random sampling; however, it is distinct in that it uses strata for random sampling (Bruce et al., 2020). Therefore, it can represent the population better than simple random sampling. There are still many other approaches of sampling, such as systematic sampling, clustering sampling, dimensional sampling and event sampling. The sampling methods will be decided depending on the understanding of the population or questions (Blaxter et al., 2010). In this research, although stratified sampling seems more suitable, random sampling will be used due to a lack of time and resources.

4.3 Ethical issues

An ethical mind is always essential to researchers since the research data can be misused. Therefore, ethical problems should be prior to anything. The questionnaire conducted in this research will provide brief explanation of the research objectives and how the data will be used. As this questionnaire will not include any sensitive questions and also will be collected anonymously, it is expected not to violate research ethics.

4.4 Limitations to the research

The stratified sampling method in terms of the status of homeownership and wealthiness should be used for this questionnaire. However, since this research has the limited time and money, the survey will be randomly sampled. This may be quite hard to collect good quality of data, which can result in biased outcomes.

Chapter 5: Results

5.1 Introduction

This chapter will show the results analysed for this study from the questionnaire and other primary data. It will also be triangulated with secondary sources. The questionnaires were conducted in Korea and Germany electronically, and their number of respondents was 42 and 11, respectively.

5.2 Result

The total number of participants in this questionnaire collected in Korea is 42 and 11 in Germany. In the case of Germany, due to the limitations of distribution, only a small number of participants were able to answer the questionnaire. In addition, among 42 Korean participants, as two of them are not currently residing in Korea, they are excluded from this questionnaire. Therefore, overall, 40 answers from Korea will be valid.

5.2.1 Korean sample

Question 2: Please choose your gender.
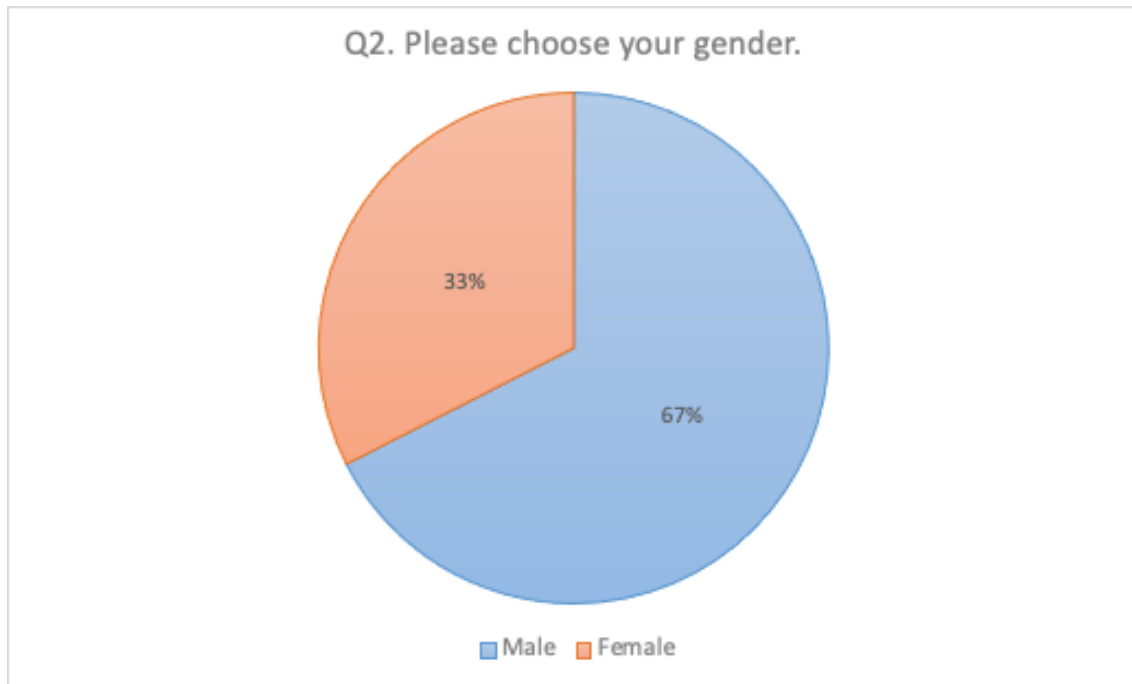
Figure 2. Question 2 (Korean result)

Question 3: Please choose your age group.
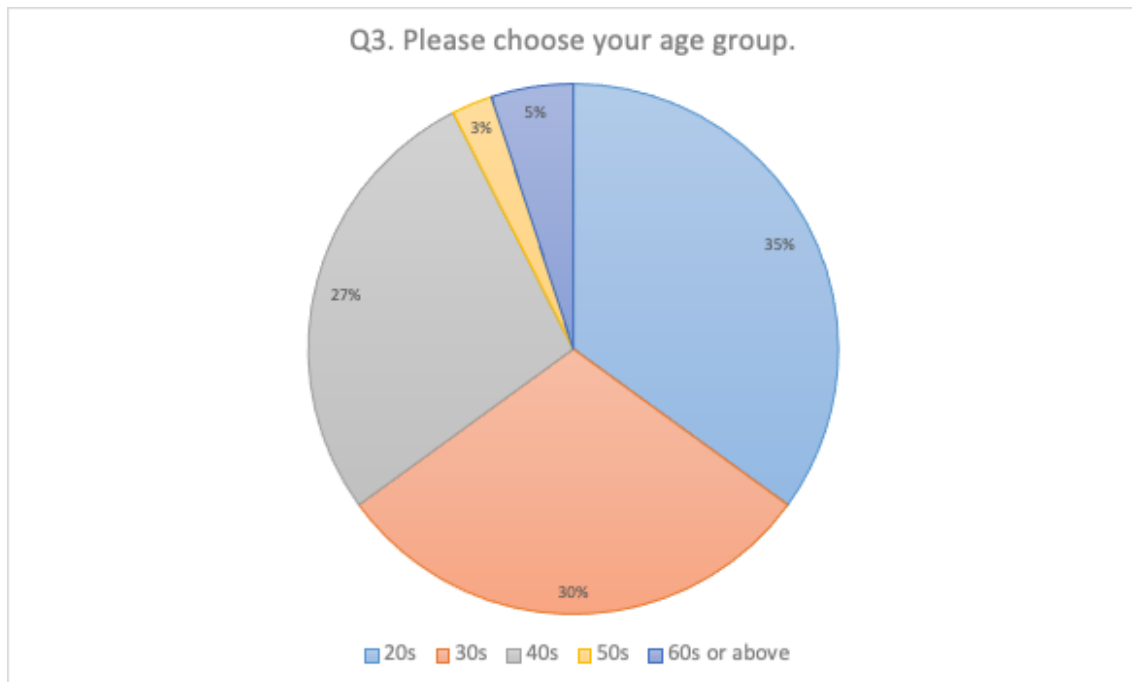
Figure 3. Question 3 (Korean result)

Question 4: Please choose your marriage status.
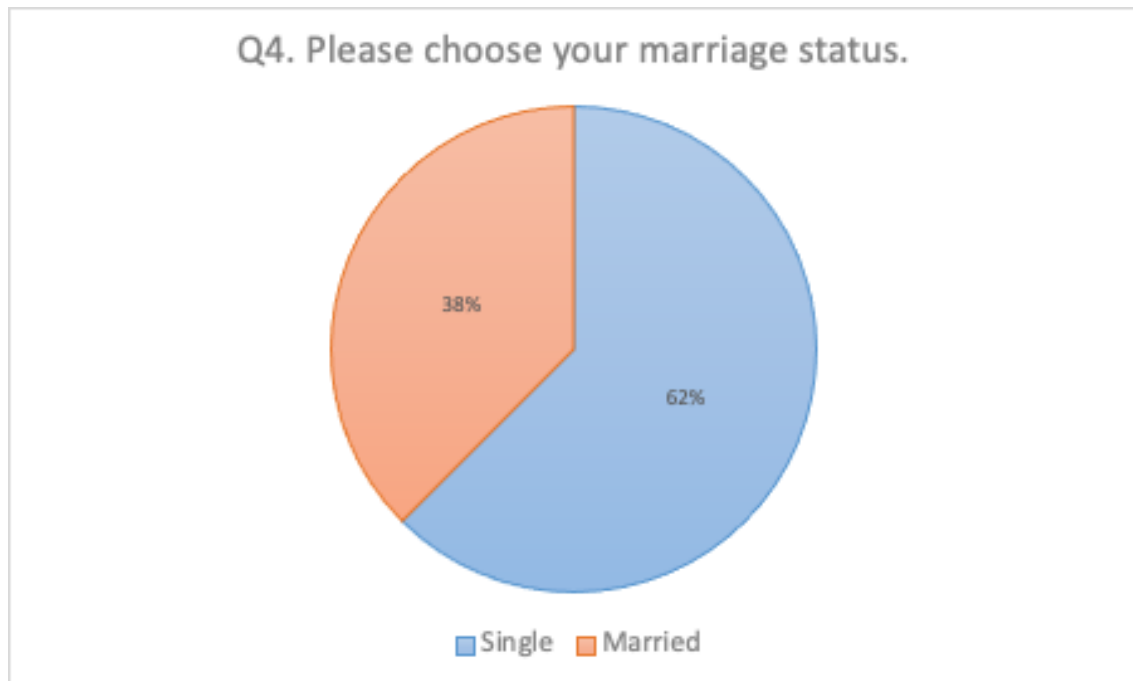
Figure 4. Question 4 (Korean result)

Question 5: How many people are in your household? (including yourself)
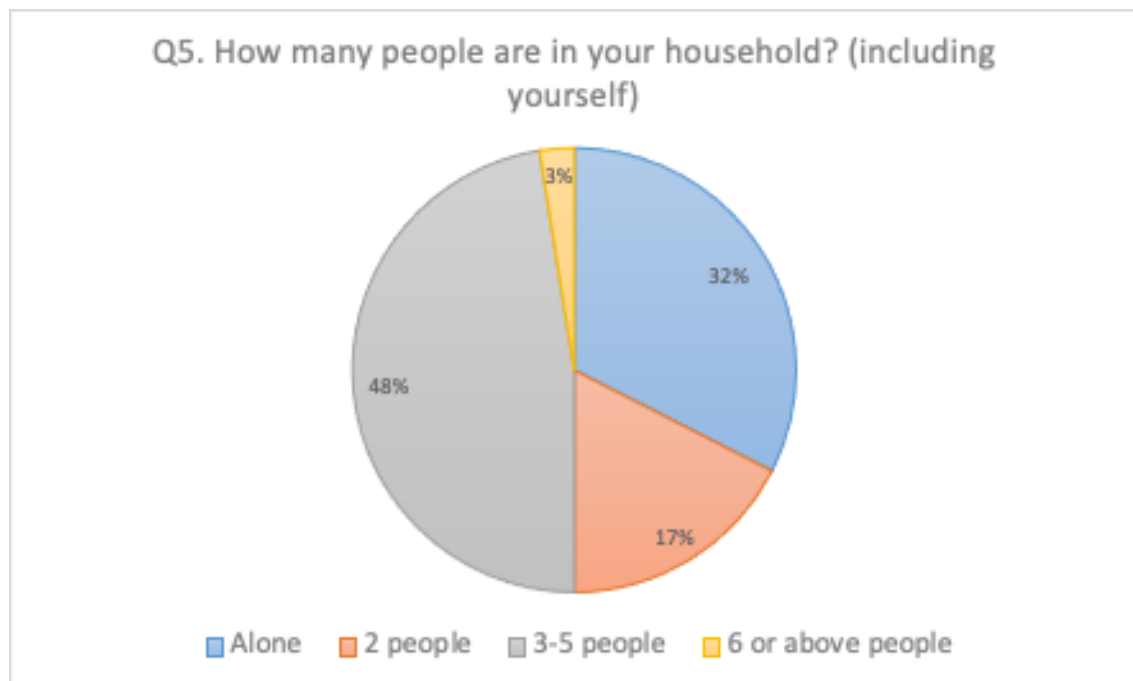
Figure 5. Question 5 (Korean result)

First, twenty-seven males (68%) and 13 females (32%) finished the survey. In addition to this, in terms of participants' age, 14 participants (35%) are in their twenties, 12 (30%) are in their thirties, another 11 (27%) are in their forties, and 3 of them (8%) are in their fifties or above. Also, 63% of people are married, and 37% are single. Furthermore, most people (68%) live with other family members, and 32% of participants live alone, which is a similar result to the national proportion (31%) (Statistics Korea, 2021c).

Question 7: Does your household own or rent this dwelling?
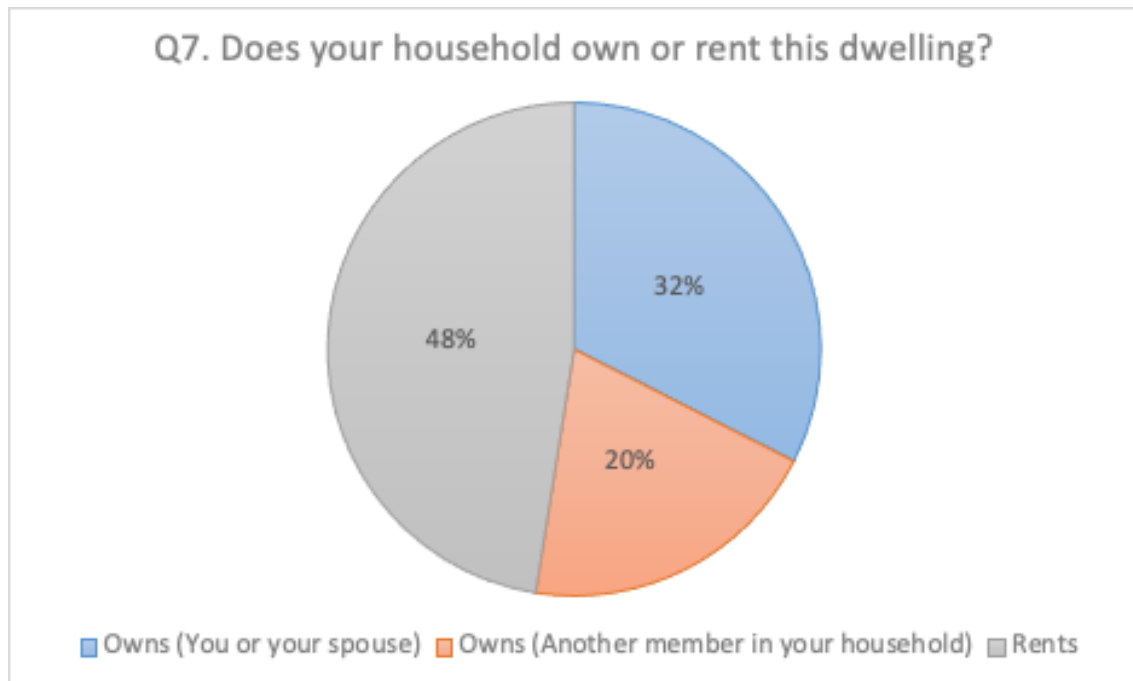
Figure 6. Question 7 (Korean result)

Question 8: Are you willing to own a house?
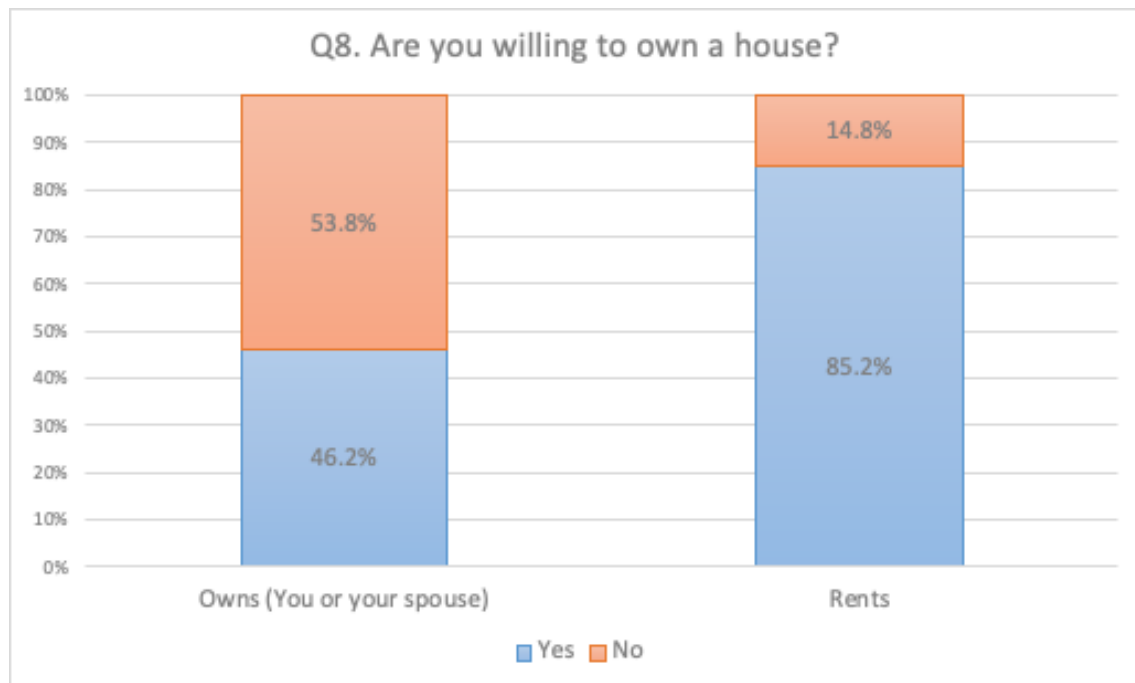
Figure 7. Question 8 (Korean result)

Similar to the reported homeownership rates (Statistics Korea, 2021a), which are 56%, the survey shows 52% of homeownership rates[1]. The majority of renters (85%) have the wiliness to own a house in the future. However, 4 of them answered that they are not interested in owning a home because they think the house price is too high and they would rather do something else with that money. In addition, one of them considers living in social housing due to the same reason. On the other hand, among homeowners, nearly half of them (46%) would like to own more houses. Also, another half believe that one house is enough and do not find any necessity to own more. Overall, around a quarter of participants are eager to buy a couple of houses. In addition, interestingly, their marriage status seemingly influenced their homeownership decision. First, the willingness to own more than one house for homeowners shows a similar result in both married and single groups. In contrast, the result is different for renters. Every renter in the married group wants to own their home, while 71% of renters who are single wish to own a house (Table 2, Table 3). Therefore, it could mean that marriage can affect people's decisions on homeownership. However, as the age for the married group is mostly forties or above in this questionnaire (80%), their age could lead to the result.

Table 2. Willingness of owning home (Married group)

	Owns (You or your spouse)	Owns (Another member in your household)	Rents
Willing to own a house	4 (44%)	1 (100%)	5 (100%)
Not willing to own a house	5 (56%)	0 (0%)	0 (0%)

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[1] Since the data was studied regarding a household, in this case, people who selected one of their household members who own the property are considered owners. However, they will be considered renters for further analysis as they do not actually own one.

Table 3. Willingness of owning home (Single group)

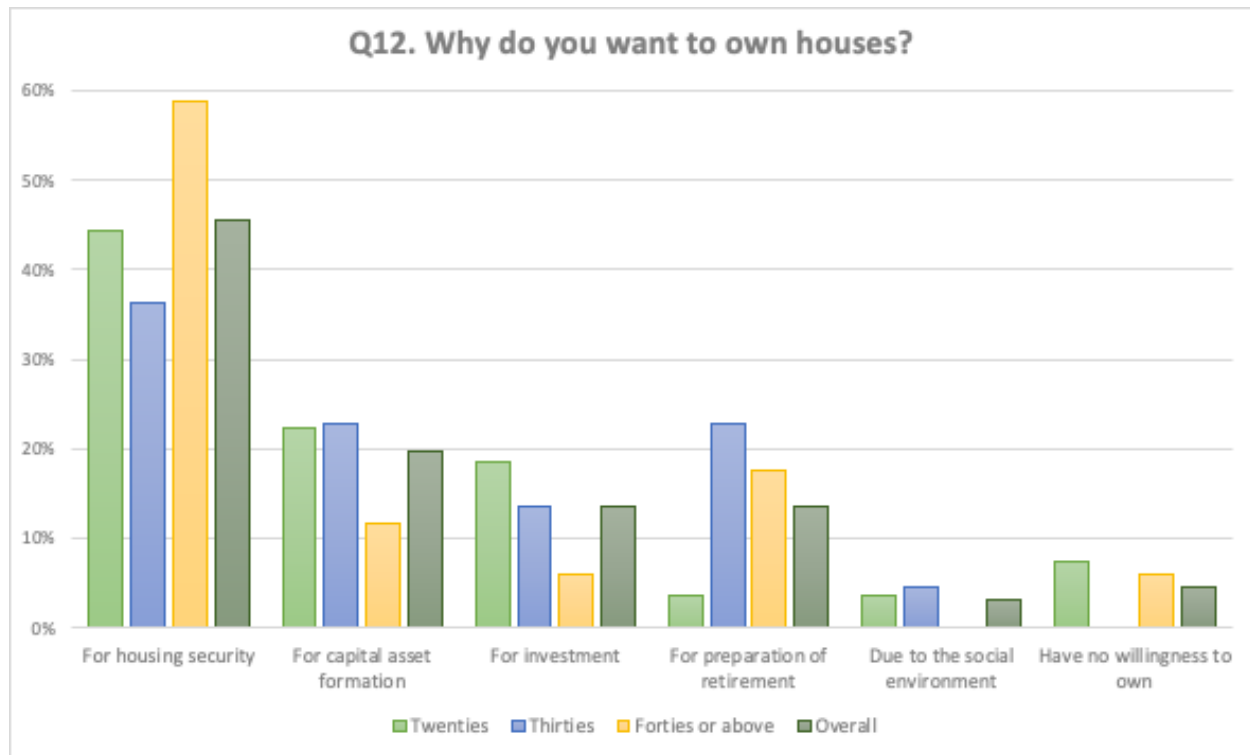|	Owns (You or your spouse)	Owns (Another member in your household)	Rents
Willing to own a house	2 (50%)	7 (100%)	10 (71.4%)
Not willing to own a house	2 (50%)	0 (0%)	4 (28.6%)

Question 12: Why do you want to own houses?

Figure 8. Question 12 (Korean result)

According to the questionnaire, participants think housing security is the main reason for buying a house (31/40, 77.5%). It is followed by the purpose of forming financial assets (13/40, 32.5%), and then that of an investment and preparation for retirement (10/40, 25%) come together. More specifically, this should be analysed in terms of age group. In all age groups, housing security has been answered as the most important reason to buy a house. However, the second major reason is different for each age group. The twenties buy a house to form their capital asset using it (22.2%), and then they want to invest their money in a house (18.5%). On the other hand, people in their thirties consider a house as a way of investment (22.7%) and also preparation for their retirement (22.7%) as well. In contrast, people in their forties want to buy a house due to preparing their retirement (21.4%) and then financial asset formation. Therefore, this shows that while the

twenties do not worry about their retirement, people who are in their thirties or above are concerned about it and think a house should be owned before their retirement.

Question 13: I agree that _____ affects homeownership decision.
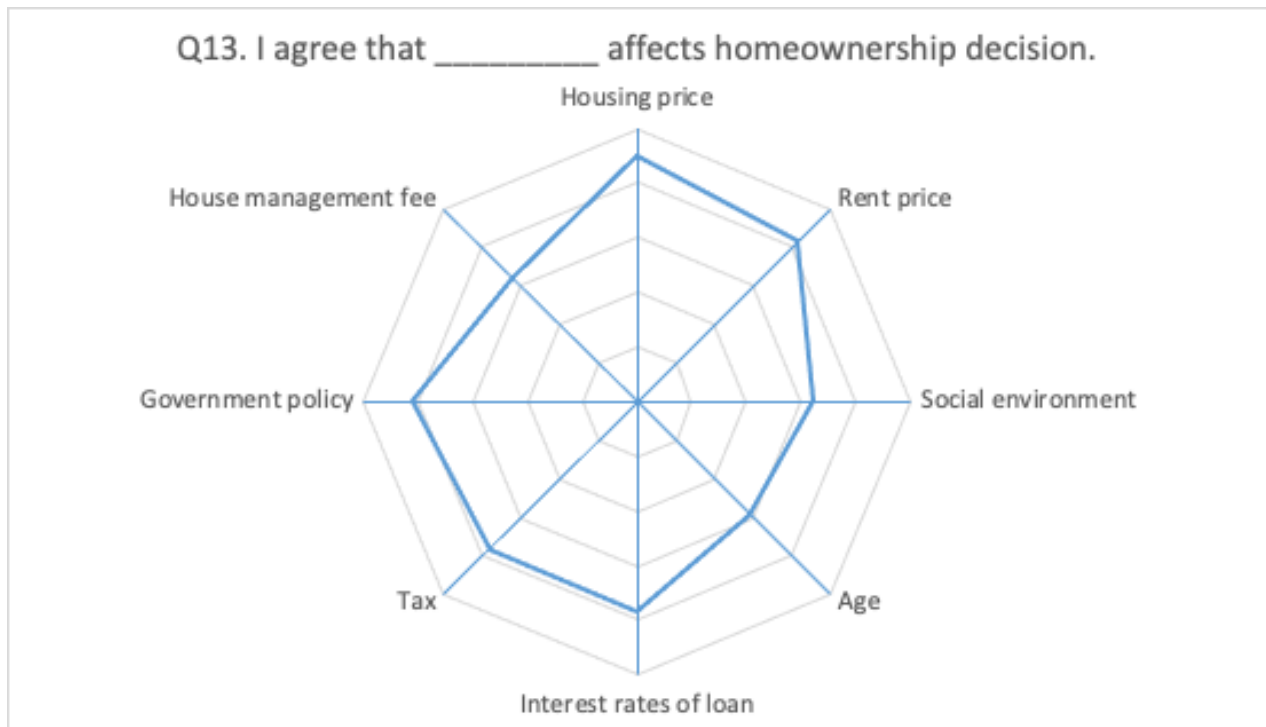
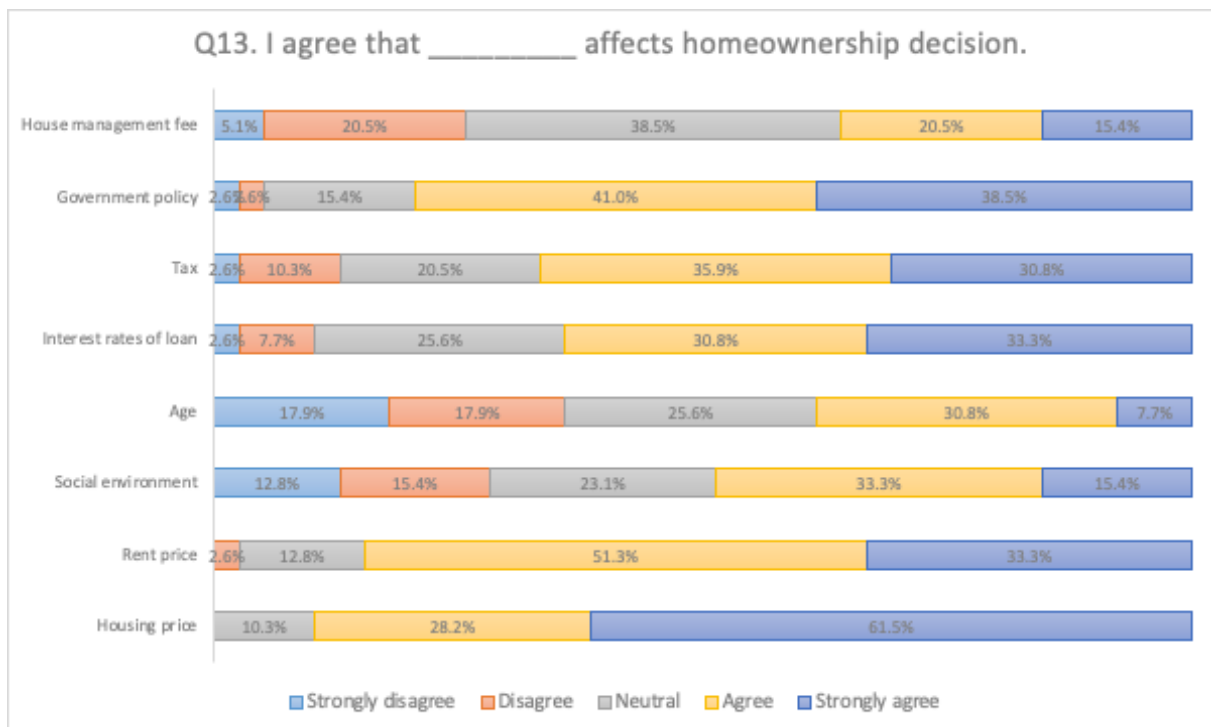**Figure 9.** Question 13 (Korean result A)

Figure 10. Question 13 (Korean result B)

This question shows that the housing prices have the biggest impact on Koreans when they decide to buy a house, on an average point of 4.51 out of 5-point scales. Then, rent price (4.15), government policy (4.10), interest rates (3.85), tax (3.82), social environment (3.23), house management fee (3.21), and age (2.92) follow.

Question 14: What is the percentage of total household income spent on housing?
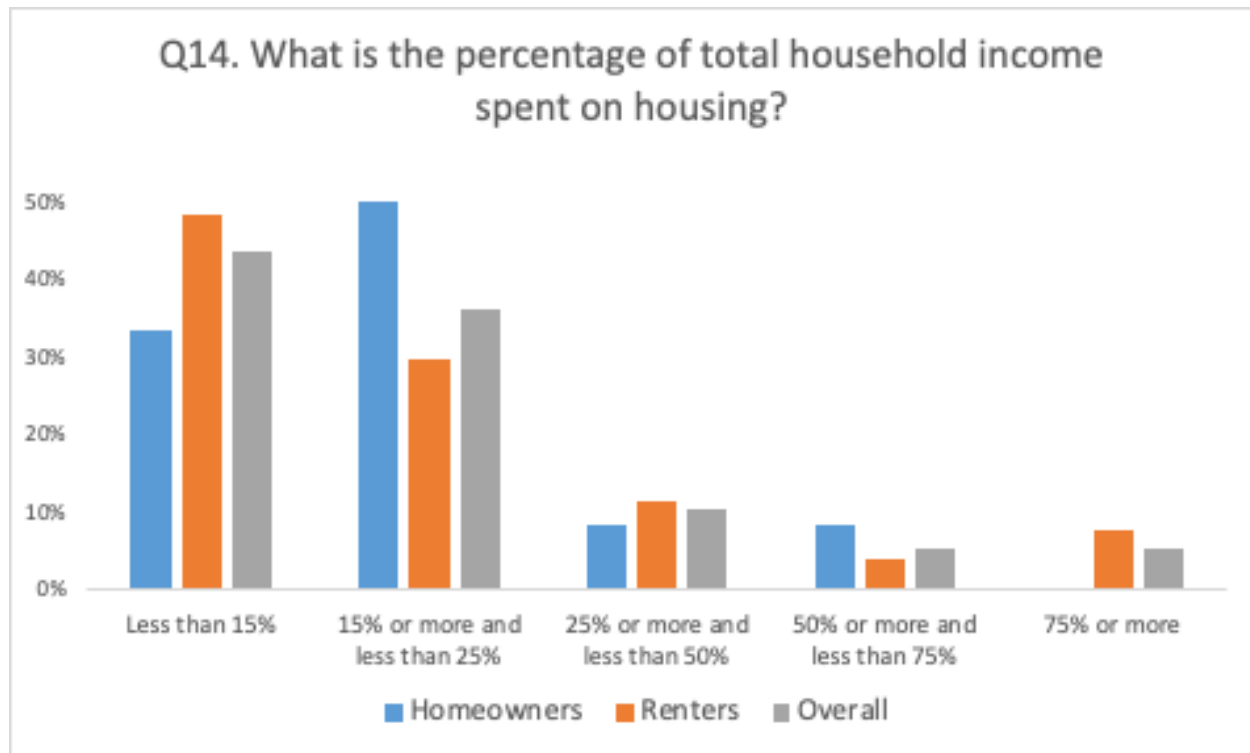
Figure 11. Question 14 (Korean result)

Lastly, the overall ratio of household income spent on housing has been investigated to 22% in Korea[2]. Interestingly, the majority of homeowners pay 15% or more and less than 25% of their income and that of renters spend less than 15%. It could be because this spending includes all housing-related expenditures, including interest on loans. Despite this result, the average spending on houses for homeowners is 20.8% and for renters is 22.5%. This does not seem to be a significant difference. Also, it is difficult to ignore but if we could consider people who spend more than 75% as outliers, what renters spend on housing is less than homeowners. This could result in denying the common concept of owning a home to spend less money on housing.

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[2] This is calculated roughly using collected data. The median value of each category has been used as the representative value to achieve this figure ($\sum representative\_value \times each\_ratio$).

5.2.2 German sample

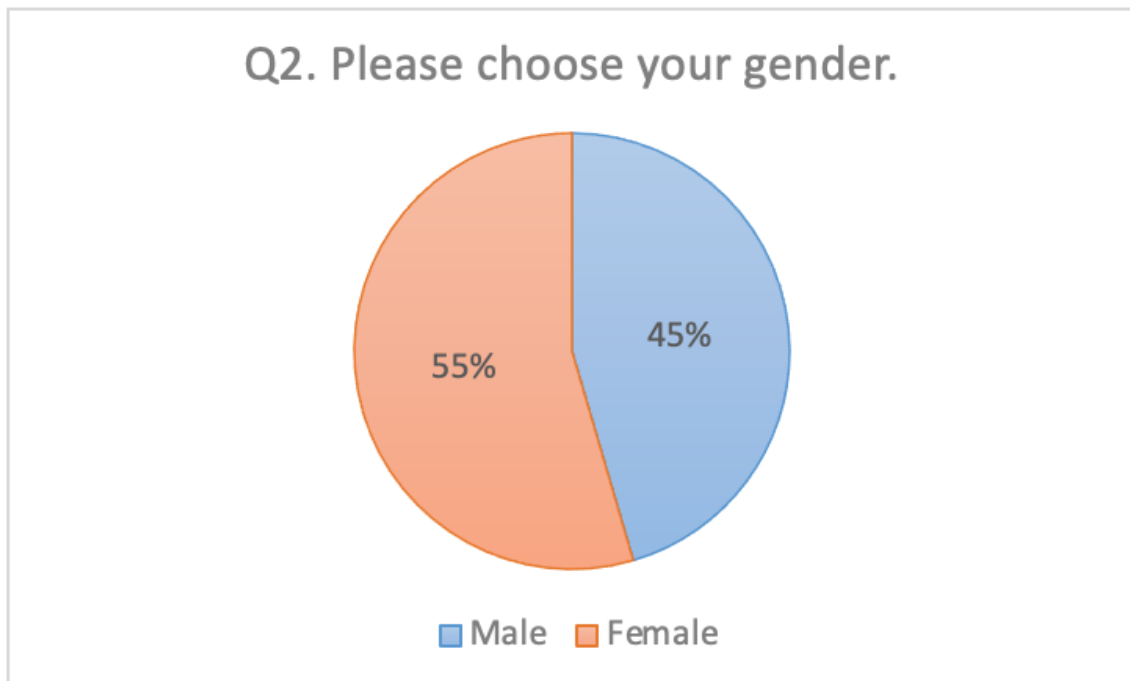**Question 2: Please choose your gender.**

Figure 12. Question 2 (German result)

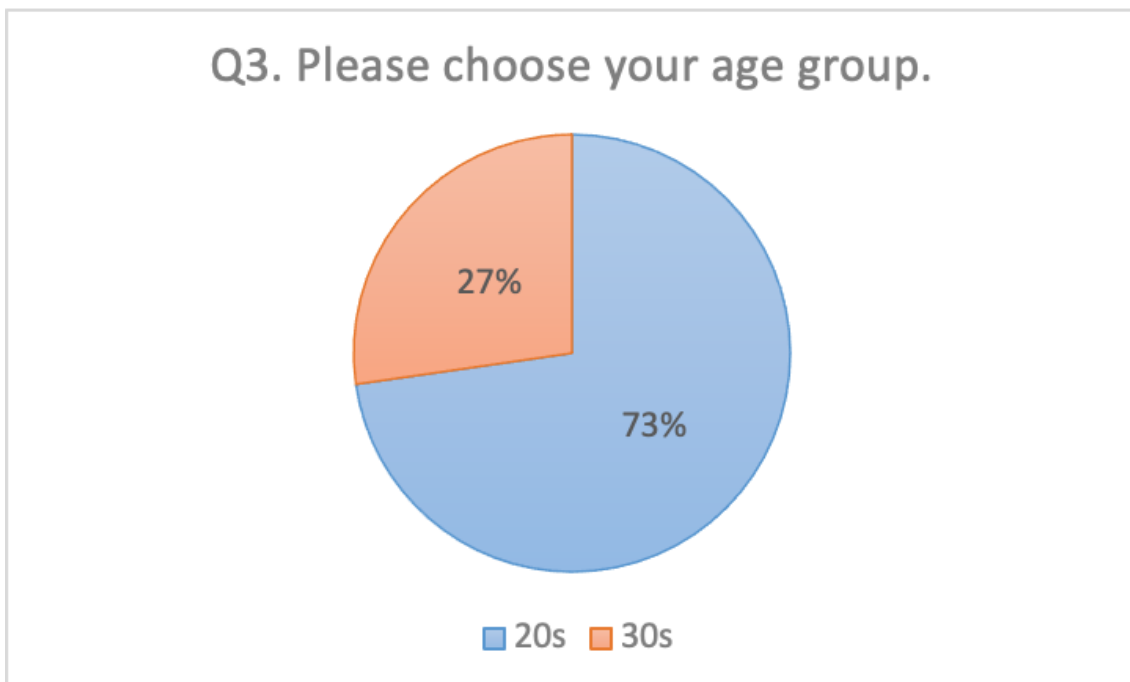**Question 3: Please choose your age group.**

Figure 13. Question 3 (German result)

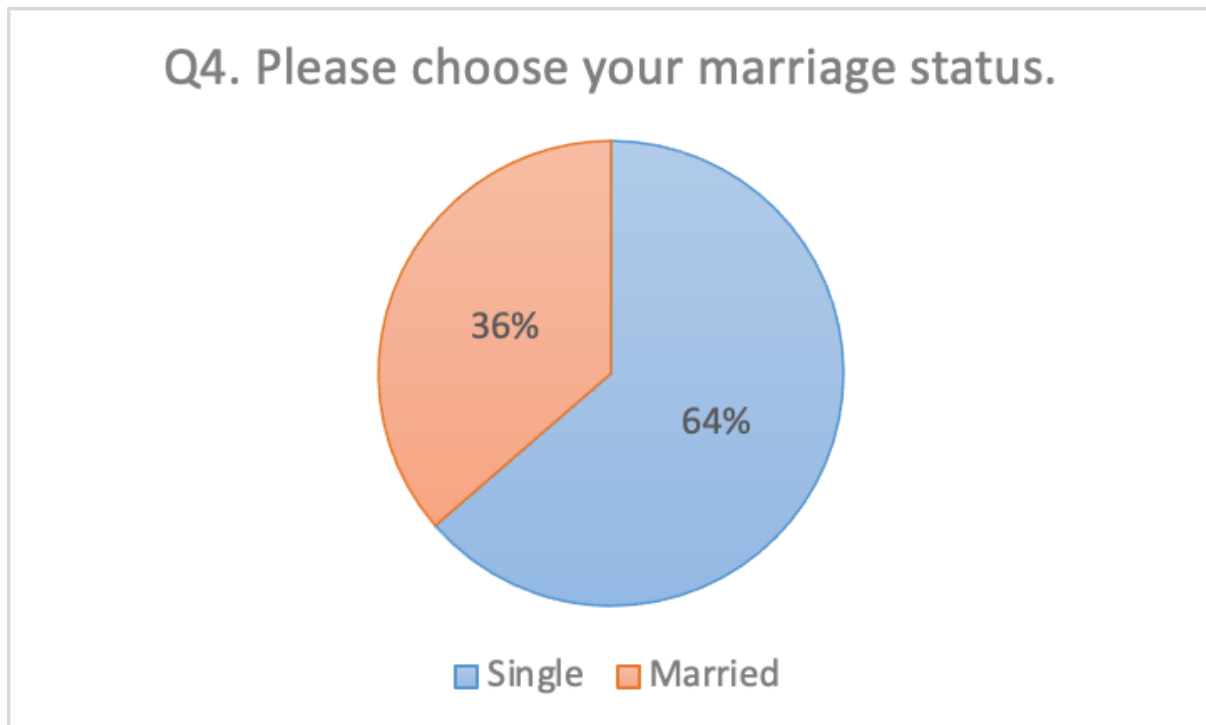**Question 4: Please choose your marriage status.**

Figure 14. Question 4 (German result)

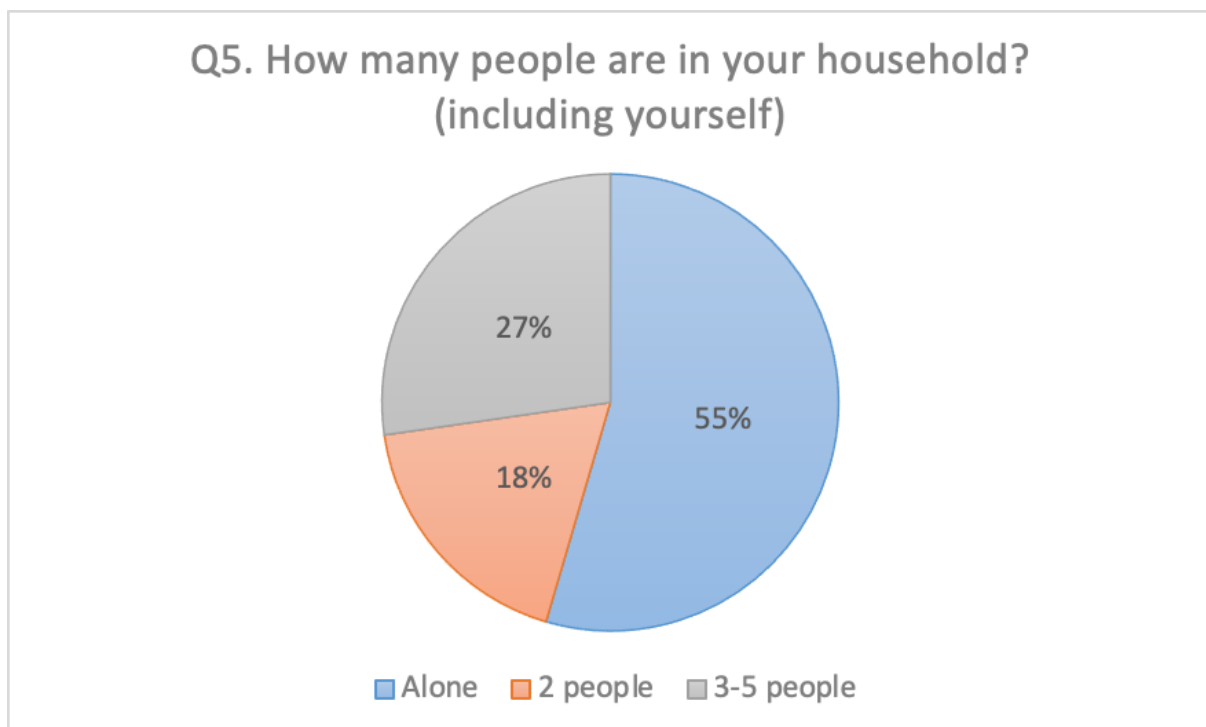**Question 5: How many people are in your household? (including yourself)**

Figure 15. Question 5 (German result)

Compared to Korean data, the sample size of German data is relatively small so it might not be representative. The data collected in Germany consists of 55% males and 45% females. Also, 73% of the participants are in a group of twenties, and 27% are in their thirties. In addition, 36% of them are single, and 64% are married. Additionally, nearly half of the respondents live alone, and the rest of them live with family or housemates. From this data, we can find a quite large number of people are living alone compared to Korea.

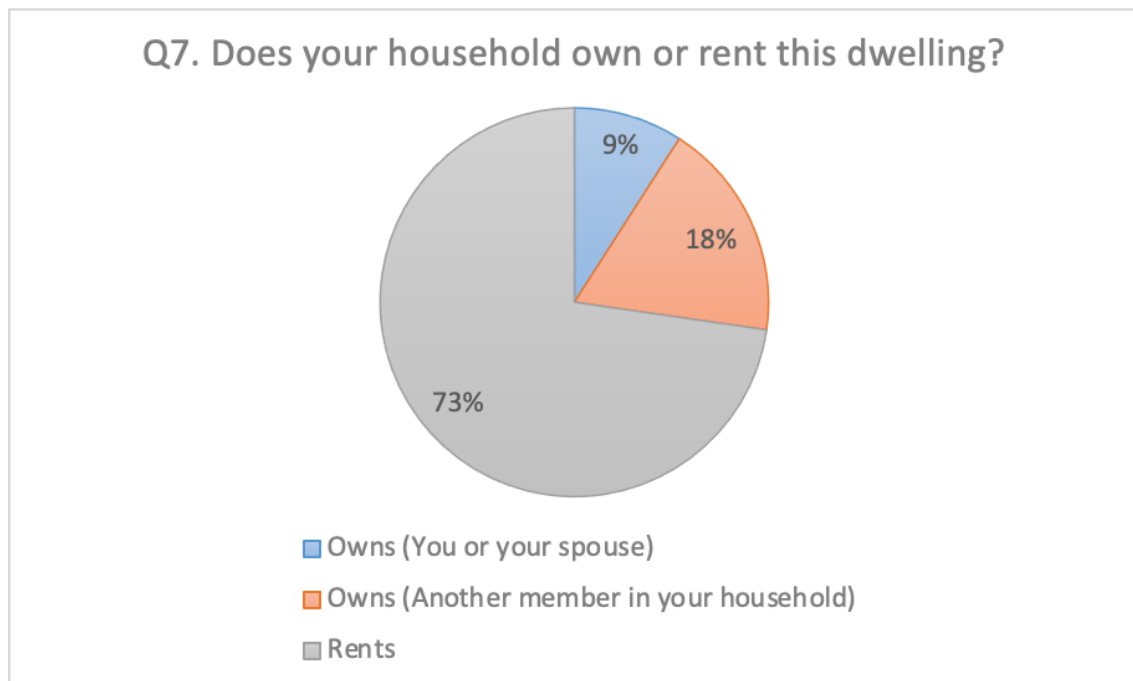**Question 7: Does your household own or rent this dwelling?**

Figure 16. Question 7 (German result)

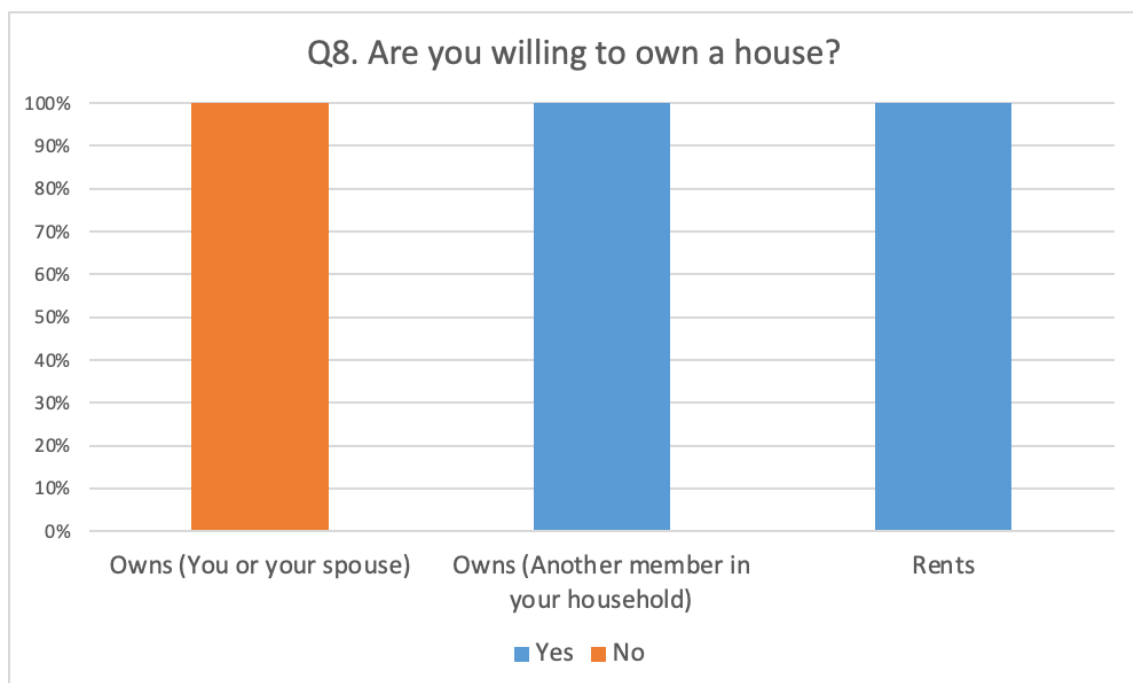**Question 8: Are you willing to own a house?**

Figure 17. Question 8 (German result)

In the case of Germany, only 9% of people are found to own a house. Although Germany is well known for its low homeownership rates, still this result seems to be quite biased. Also, the result shows that willingness to buy a house for the homeowner is 0% and for the rest who do not own a house is 100%. First of all, for the homeowner case, as the sample size is only one, it is quite difficult to conclude. However, in other cases, the result that all of them are willing to buy a house was quite unexpected. It is considered that their unwillingness to own a house results in lower homeownership rates. In fact, their low rates came from the government policies that give incentives toward rents (Kaas et al., 2020). Therefore, it could vary depending on people.

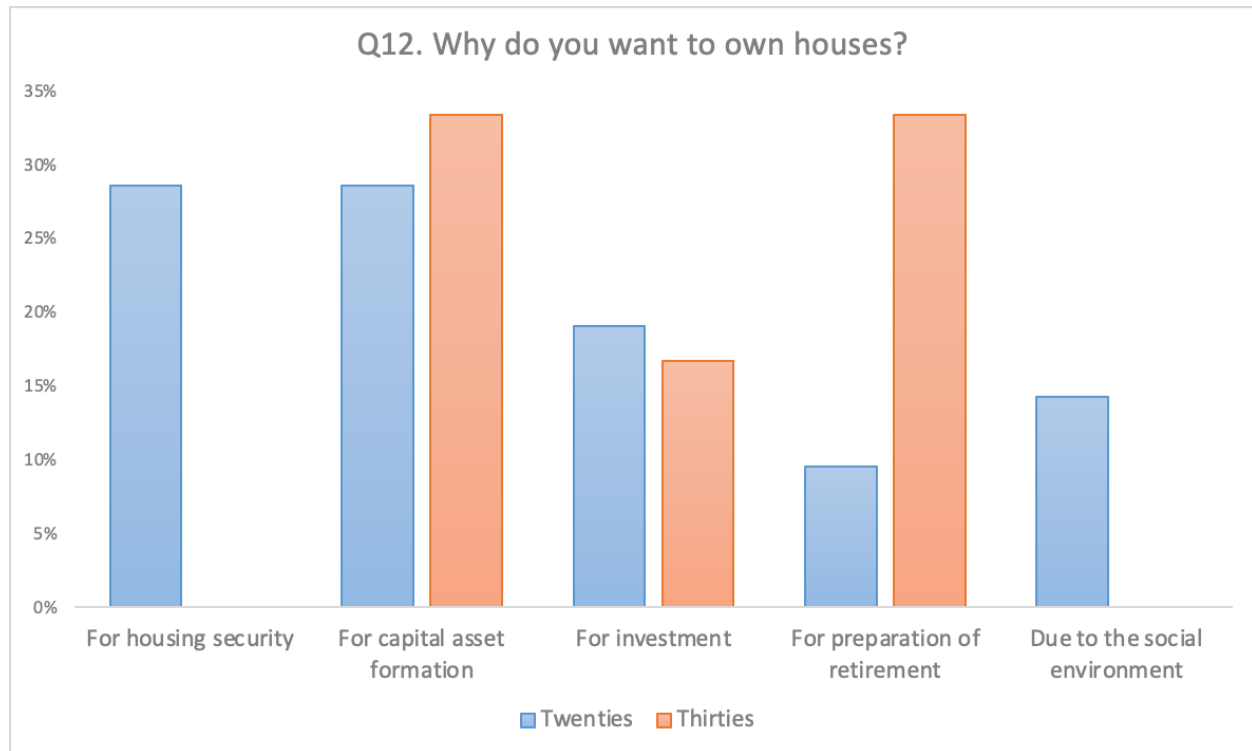**Question 12: Why do you want to own houses?**

Figure 18. Question 12 (German result)

The majority of twenties (28.6%) want to own a house for their housing security and for financial asset formation as well. They are followed by the purpose of the investment (19%), then the social environment (14.3%) makes them buy a house. On the other hand, the majority of thirties (33.3%) buy a house to form their asset as well as to prepare for their retirement. This seems similar to Korea, where the twenties do not really worry about their retirement while the thirties or above do.

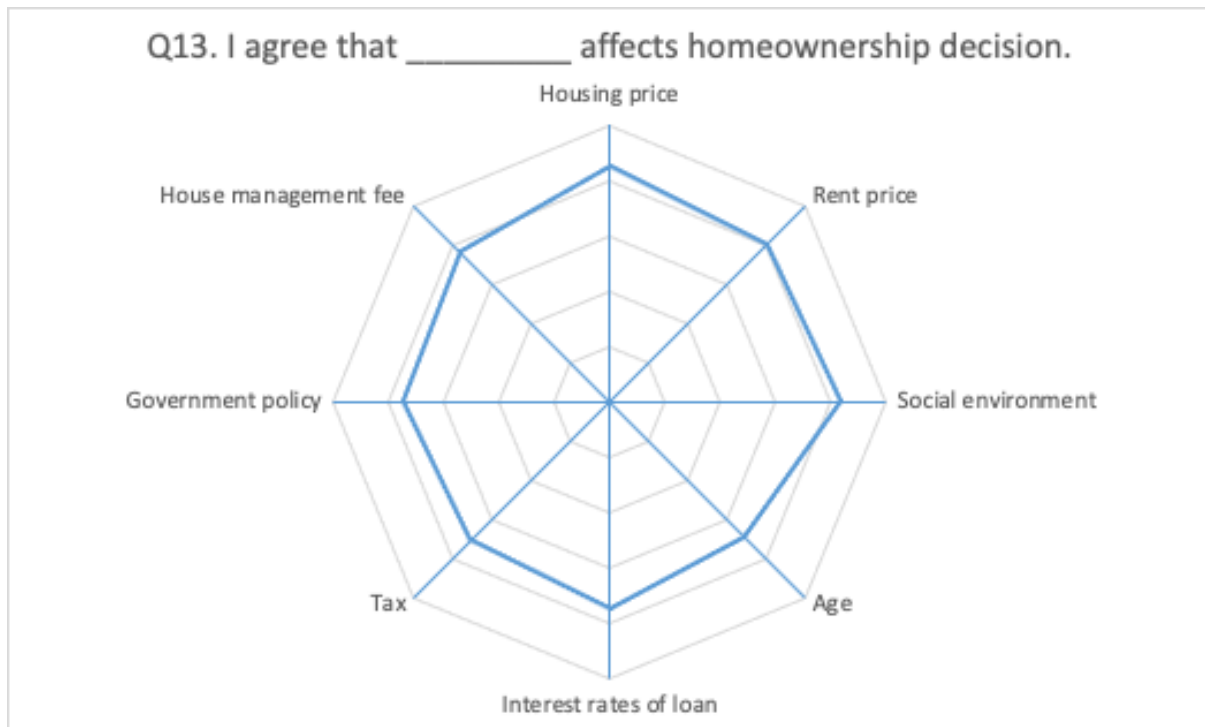**Question 13: I agree that _____ affects homeownership decision.**

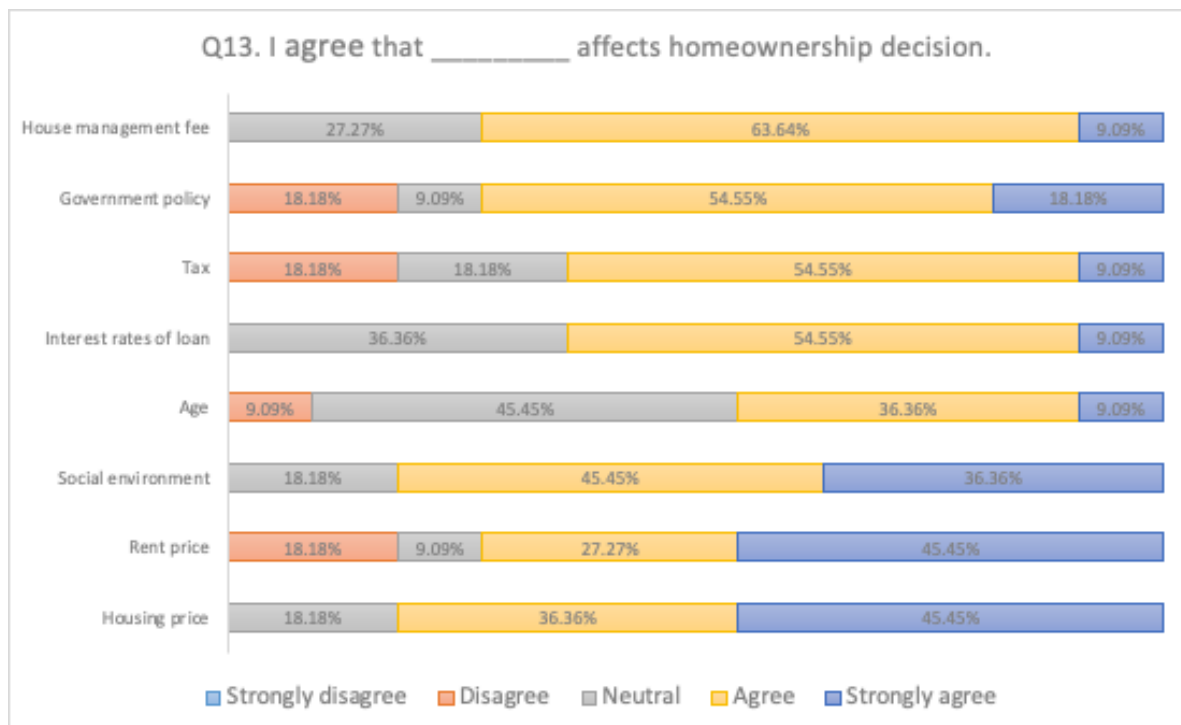**Figure 19.** Question 13 (German result A)

Figure 20. Question 13 (German result B)

The result from Germany also shows that the housing prices make Germans decide to buy a house at the point of 4.27. Then it is followed by social environment (4.18), rent price (4), house management fee (3.82), interest rates and government policy (3.73), tax (3.55) and age (3.43). This result is apparently different from the Korean one.

5.3 Conclusion

Due to the quality of the questionnaire result, it was a bit difficult to draw a good quality of analysis. Despite this limitation, this questionnaire gave meaningful findings such as that people's marriage status seemingly influences their homeownership decision and people consider buying a home as one of the methods to prepare for their retirement. The next chapter will discuss on deeper analysis and limitations of this research.

Chapter 6: Conclusions

6.1 Introduction

This chapter will discuss about the research questions with the analysis of collected data and also the limitations of this research.

6.2 Research questions

Are homeownership rates really problems?

According to the recent five years of government data, the number of single-person households has increased (Statistics Korea, 2021a; Statistics Korea, 2021b). In fact, due to this recent change, analysis of the Korean government on one of the major concerns that the homeownership rates are relatively low could be misled. Due to the increase in single-person households, which account for about 30% of all households in Korea, the rates are statistically influenced and ostensibly decrease. In the case of the UK, for instance, the proportion of single-person households is similar to Korea, 27.9%, but their homeownership rates are 58.7%, and this is not that far behind than national average, 64.6% (Ministry of Housing and Department for Levelling Up, 2021). Therefore, different from the Korean result, the single-person household does not critically affect the overall rates. Thus, the lower homeownership rates in Korea are mainly due to the lower rates of single-person households. This shows that the government should not only focus on increasing the homeownership rates but should rather focus on how to offer housing security.

<u>Why do governments try to promote homeownership rates?</u>

<u>What are the underlying social benefits/drawbacks to homeownership?</u>

According to the questionnaire, owning a home seems to have financial benefits. Comparing the price to income ratio for homeowners to renters, homeowners pay relatively low on housing. In addition to this, they can use the property as their financial asset in the future. Therefore, homeownership helps people to be financially secured. Moreover, according to a recent study, Kaas et al. (2020) insist that homeownership rates are related to social inequality. They found that homeownership rates have a negative correlation to the Gini coefficient[3], which is the norm of social inequality. In other words, the higher homeownership is, the lower the coefficient is, which means that the society which has higher homeownership rates has less social inequality.

6.3 Improvements

As this was the first time for me to conduct the research by myself, even though tutors guided me in many ways, particularly designing and structuring research, it was a quite challenging task. Due to the lack of time and resources, collecting and analysing the data was quite difficult. Particularly as collecting data from Germany was limited, its quality could not be guaranteed. Therefore, it must be helpful if the data can be collected in person next time.

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[3] Gini coefficient is the norm of social inequality. It could be between 0 and 1, where 0 means that society has perfectly equal rights and one means that society is full of social inequality.

Appendix

Appendix A: Questionnaire (German and Korean[4] version)

Homeownership questionnaire

I am Ji Hwan Kim, a student in the master's foundation programme at ONCAMPUS Southampton. I am currently doing a research project about homeownership.

Due to the research objective, people who are living in Germany are only eligible for this questionnaire.

As society develops, many countries have faced some common social problems, such as wealth inequality, environmental issues, and housing problems. Among them, particularly in South Korea, the housing problem is considered to be one of the most serious issues. This project looks at the issues of homeownership in South Korea and compares the problems to Germany, one of the countries which has lower homeownership rates but has a relatively stable housing market in Europe. Also, in the end, I would like to conclude this project by answering the main question of whether homeownership should be promoted by the government.

This questionnaire will be only used as primary data for this research and discarded. It will be conducted anonymously, therefore, it will not collect or store any private data such as name, address, or contacts at all. While you are answering the questionnaire, you can, of course, have a right to stop the questionnaire anytime if you feel uncomfortable with the question, and also, you can claim your data not to be used and discarded anytime as well.

If you have any further questions about this study, please contact me directly via email at jhk1c21@soton.ac.uk (mailto:jhk1c21@soton.ac.uk).

* Required

Personal Information

1. Are you currently residing in Germany? *

◯ Yes

◯ No

5/11/2022

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[4] The Korean version is written and distributed in Korean with the exact same contents except for the questionnaire description and the first question. In the Korean version, it is stated that "Due to the research objective, people who are living in Korea are only eligible for this questionnaire", but the German version says "…living in Germany are only eligible…". Also, the first question of the Korean version asks whether they are residing in Korea and the German version for Germany.

2. Please choose your gender. *

○ Woman

○ Man

○ Non-binary

○ Prefer not to say

○ [   ]

Other

3. Please choose your age group. *

○ 10s, 20s

○ 30s

○ 40s

○ 50s

○ 60s and over

4. Please choose your marriage status. *

○ Married

○ Single

○ Divorced

○ [   ]

Other

5. How many people are in your household? (including yourself) *

◯ Alone

◯ 2 people

◯ 3-5 people

◯ 6 or over people

6. What type of the dwelling are you living in? *

◯ Flat, Apartment

◯ Terraced house

◯ Detached house

◯ Studio

◯ [   ]

Other

7. Does your household own or rent this dwelling? *

◯ Owns (You or your spouse)

◯ Owns (Another member in your household)

◯ Rents

For people who do not own a house

8. Are you willing to own a house? *

  ◯ Yes

  ◯ No

Reason that you do not want to own a house

9. If you do not want to own any house at all, could you please briefly describe the reason? *

For people who own houses

10. If you are currently owning a house, are you willing to own an additional house as well? *

    ○ Yes

    ○ No

Reason that you do not want to own an additional house

11. If you do not want to own an additional house, could you please briefly describe the reason? *

12. Why do you want to own houses? (you can choose as many options as you want) *

- [ ] For housing security

- [ ] For capital asset formation

- [ ] For investment

- [ ] For preparation of retirement

- [ ] Due to the social environment

- [ ] Have no willingness to own

- [ ] [_____]

    Other

13. I agree that _____ affects homeownership decision. *

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Housing price	○	○	○	○	○
Rent price	○	○	○	○	○
Social environment	○	○	○	○	○
Age	○	○	○	○	○
Interest rates of loan	○	○	○	○	○
Tax	○	○	○	○	○
Government policy	○	○	○	○	○
House management fee (e.g., house repairs, interest on loans)	○	○	○	○	○

14. What is the percentage of total household income spent on housing? (i.e., housing expense / total income; housing expense: including rent, interest on loans, house repairs, cleaning fee) *

○ Less than 15%

○ 15% or more and less than 25%

○ 25% or more and less than 50%

○ 50% or more and less than 75%

○ 75% or more

○ Do not have income

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