



Economic and Social Restructuring: Housing Implications for Young People in Hong Kong

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1. INTRODUCTION

Service sector expansion and industry sector decline have marked Hong Kong's latest round of economic transitions. Unlike the previous transition from fishing and agriculture to light industry, this round shifted the majority of Hong Kong's manufacturing sector to mainland China, and transformed Hong Kong into a leading financial, logistic and trading centre. However, such restructuring has not been without risk. The term "lost decade" comes from Japan's economic bust a few years after the Plaza Agreement, when Japan began to transform itself from a major manufacturer into a servicing giant. Once an economy is trapped in negative fixed asset liabilities, it would be difficult to return to the original track. Mentally, economic busts can undermine people's willingness to buy real-estate and confidence in home ownership. This is particularly true for the younger generation who are more vulnerable to housing price collapse. Economic restructuring also has a salient impact on the social structure. Different hierarchies and interest groups may arise, reshaping the social consensus and generational preferences. In the context of Hong Kong, delayed home purchase and a declining fertility rate are the consequences.

Economic restructuring is only part of the entire picture. As long as housing remains a major component of household wealth, sooner or later in the course of their lives Hong Kong's younger generation will have to make the choice: to invest their wealth in government bonds, or in the property market. In the long run, the two investment vehicles are mutually exclusive, for higher bond rates should indicate higher interest repayments and hence lower real estate prices, but over the past two decades, the proliferation and recession of Hong Kong's property market seems to be less affected by interest rate fluctuation. Some "black swan events" in the financial market, most notably the Asian Financial Crisis in 1997 and the Global Financial Tsunami in 2008, have deeply hurt the confidence of ordinary investors. Even experts from London and New York, who have sophisticated financial hedge products and substantial risk management experience, are not immune to such occurrences. As mirrored in the housing market, although the USA has well-established mortgage systems to encourage young adults to leave home early and live independently, still the younger generation have experienced events that deterred their departure from the parental home. Similar trends can also be observed in UK, Western Europe, and other OECD countries.

Hence, generational fracture sets in: The traditional Chinese Dream regards homeownership as a necessary condition for being counted among the middle class. But similar to the Japanese Dream or the English Dream, this is based on the assumption that people prefer to be homeowners at an earlier age and such norms are passed down from one generation to another (Forrest and Hirayama, 2009). The reality, in contemporary Hong Kong as well as in many other countries, is quite different. Does economic transition lead to demographic restructuring and other social changes? What is the impact of economic restructuring on young people's education and career development plans? How do variations in financial status affect young people's attitudes towards independent living? Based on the analysis of two surveys, as well as macro and micro census data, this working paper discusses the economic and social factors underpinning post-80s generation's housing tenure choices in Hong Kong.

2. DATA DESCRIPTION

As part of a larger research project on the housing aspirations and expectations of the post-80s generation in Hong Kong, 1,008 individuals aged 18 to 35 were randomly interviewed in January 2013. All interviews were conducted by telephone. Among the interviewees, 493 had full-time work and 44 worked part-time; 174 were studying full time and 13 part time; 82 had full-time work while studying part time; 134 were studying full time while working part time; 64 were not in education, employment or training; and 4 chose not to answer the question. A second round of interviews of

the same group (but with *only* some 700 individuals) was conducted subsequently in May 2013 to compare and validate the findings.

The educational distribution of our survey is roughly consistent with the overall distribution of Hong Kong. Specifically, for those attending secondary school or below, the census ratio is 3 per cent higher than the survey ratio. For *those in* diploma/certificate/sub-degree courses, the census ratio is 1 per cent lower than the survey ratio. For degree courses and above the census ratio is 3 per cent lower than the survey ratio. Concerning occupational structure, the largest difference between the census and the survey distribution is in the elementary occupations: The census is 14 per cent higher than the survey. For higher-paid jobs including managers, administrators and professionals, the census in aggregate is 9 per cent lower than the survey. For associate professionals the census is 8 per cent higher than the survey, while for clerical support, service and sales, crafts and related workers in total the census is 9 per cent lower than the survey. Generally speaking, the survey data is more representative of the educational level than of occupation structure compared to the census data.

Table A1 Young People’s Composition of Census and Survey Population

Education Level	Survey	Census*
Secondary school and under	49.3	52.2
Diploma or certificate	12.5	7.7
Sub-degree course	4.6	8.5
Degree course	27.7	31.6
Postgraduate and above	5.9	
Occupation Structure	Survey	Census**
Managers and administrators	9.6	7.1
Professionals	14.7	8.4
Associate professionals	14.8	22.6
Clerical support workers	25.8	20.0
Service and sales workers	22.7	18.0
Crafts and related workers	3.1	4.9
Plant and machine operators	2.2	2.1
Skilled agricultural and fishery workers	0.5	0.1
Elementary occupations	2.9	16.8
Unemployed	3.7	n/a

* This ratio for the overall census population has been estimated by taking 40% of Group 15-19 plus Group 20-34 plus 20% of Group 35-39. Source of Data: “2011 Hong Kong Population Census”.

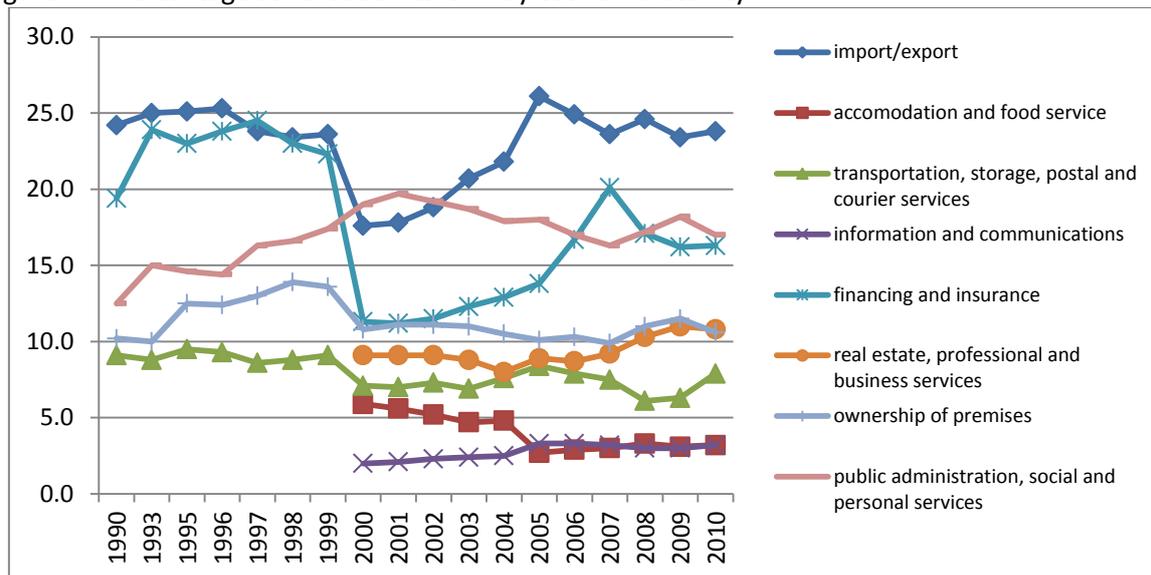
** This ratio for the overall census population has been estimated by taking 70% of Group 15-24 plus Group 25-34 plus 10% of Group 35-44. Source of Data: “2011 Hong Kong Population Census”.

3. ECONOMIC RESTRUCTURING AND EDUCATIONAL EXPANSION

As a successful example of post-industrialization and internationalization, Hong Kong has reaped the benefits of transforming from a manufacturing to a service based economy. The service sector now constitutes the majority of the labour force. During the economic transition, by 1998 the service sector constituted over 80 per cent of Hong Kong’s gross domestic product, and by 2005 it was over 90 per cent. Looking in more detail at the contribution of different service sectors to the local GDP, import/export, financing/insurance, real estate, professional and business services have generally expanded since 1998. As the manufacturing sector shifted to Mainland China, experienced workers

were compelled to enter the low-end service industry, thus squeezing out the job opportunities *that would have normally gone to young people* (Forrest and Yip, 2012).

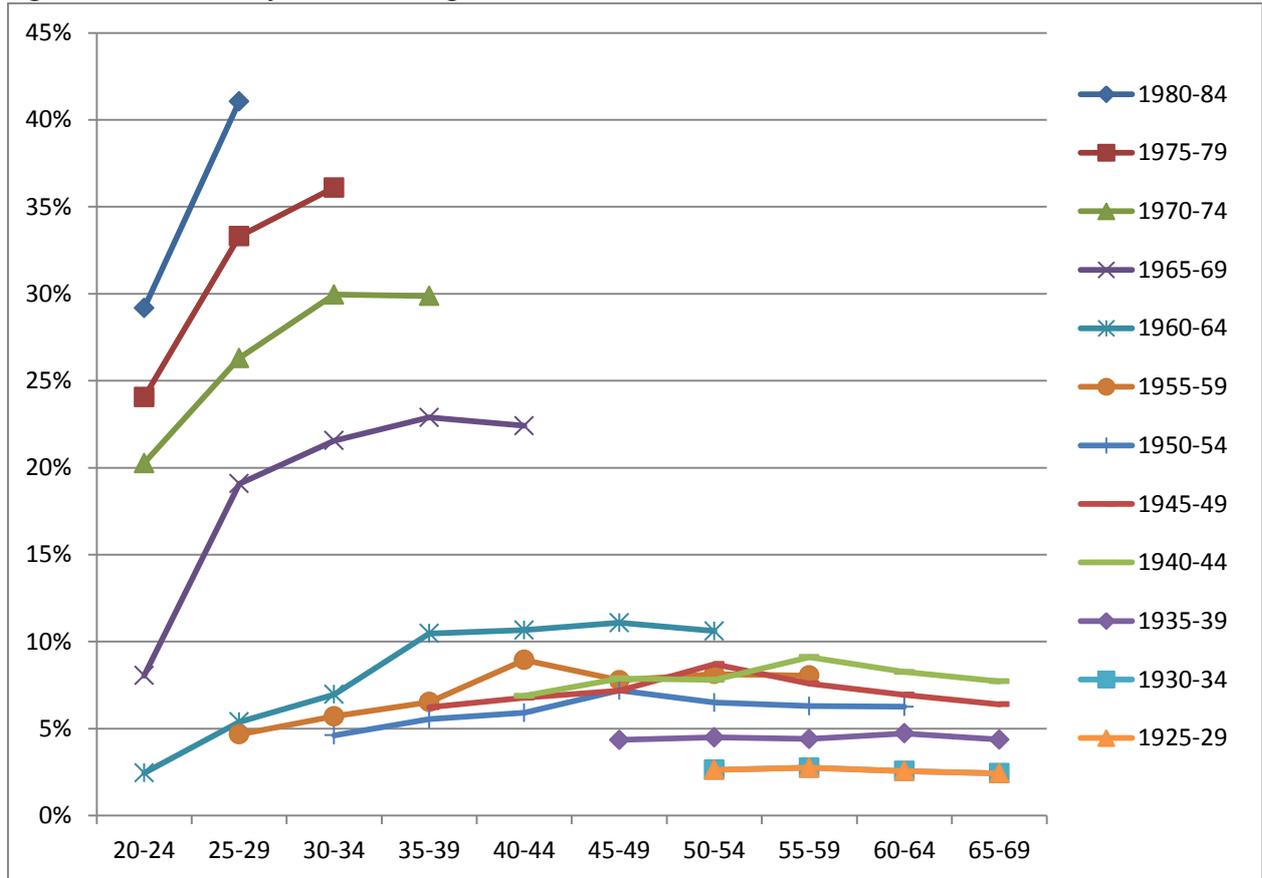
Figure A1 Percentage contribution to GDP by economic activity



Source: Hong Kong Annual Digest of Statistics (various issues)

Higher education has also greatly expanded, due to the government’s efforts to develop Hong Kong into a knowledge-based economy (Wu, 2010). Analysis of the micro census data shows that the expansion in higher education since the late 1980s has led to sharp increases in the attainment of university degrees. Those with university degrees account for more than 20 per cent of the 1965-69 birth cohort, 30 per cent of the 1970-74 birth cohort, 35 per cent of the 1975-79 birth cohort, and 40 per cent of the 1980-84 birth cohort. Since there is a lack of systematic youth policies to help adolescents cope with the challenges of employment, the entry of fresh graduates into the job market is delayed (Forrest and Yip, 2012). The new “3+3+4” academic structure, which provides a 4-year higher education opportunity for young adults from 2012 onwards, may further delay their job seeking due to longer periods of higher education.

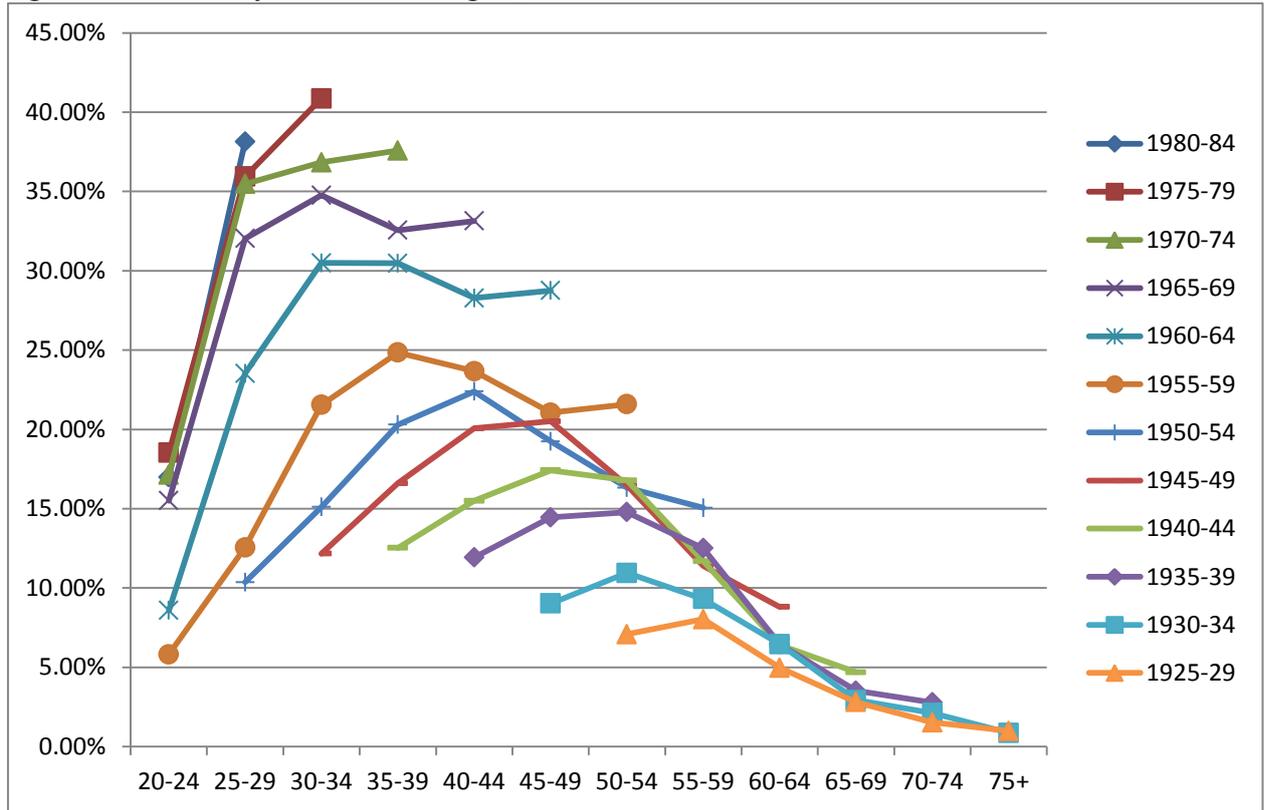
Figure A2 Cohort Trajectories for Higher Education



Source: Author's reanalysis of the Population Census 1981-2011

One possible consequence of enhancing education is entitlement inflation in the job market. Nowadays, an increasing number of young people with higher academic degrees are given managerial and administrative titles immediately after they enter into the job market. Our analysis of the micro census data indicates that the younger generation have taken the lead in being managers, professionals and associate professionals (Figure A2). But it does not necessarily mean that the post-80s generation are better paid, for Hong Kong's economy has worsened since 2005, in terms of stagnant per capita real income, increasing job insecurity and intensified social polarization (ADB, 2011).

Figure A3 Cohort Trajectories of Managers, Professionals and Associate Professionals



Source: Author's reanalysis of the Population Census 1981-2011

Yet the trend toward more respectable job titles may have a salient impact on young people's housing tenure choices: a positive view about their future prospects may enhance their housing aspirations. Thus, for those who said they intended to move out of the parental home, almost 60 per cent said that they would prefer to live alone or with partners in houses that they owned *outright* or bought under the homeownership scheme. Less than 15 per cent expected to live in private rental housing, and less than 10 per cent in public rental housing (Table 1).

Table 1 Expectations of living for those intending to leave the parental home

Age/Gender	18-35	18-24	25-29	30-35	Male	Female
Share with friends	16.9	19.5	11.2	9.6	12.7	18.0
Alone or with partner in owned housing/HOS	58.8	56.5	62.7	63.5	62.5	56.6
Alone or with partner in private rental housing	14.2	16.0	11.2	14.8	12.7	16.3
Alone or with partner in public rental housing	8.0	6.4	9.7	10.4	10.1	6.1
Others	2.1	1.6	5.2	1.7	1.9	3.1
No. of respondents	763	313	134	115	267	295
Refuse to answer	245	38	26	74	60	78

Source: Survey of Young People in Hong Kong

For those intending to change their housing, more than half said that they would expect to be homeowners. HOS (14 per cent), private rental (6 per cent) and public rental housing (3 per cent) altogether constituted a mere one fifth of their preferences. Almost one quarter did not give an answer.

Table 2 Expectation of type of housing for those intending to change homes

Age/Gender	18-35	18-24	25-29	30-35	Male	Female
Home owner	56.3	54.5	56.0	66.2	64.9	58.3
HOS	13.5	9.1	24.0	11.3	14.0	12.5
Private rental	5.9	9.1	0.0	4.2	3.5	5.6
Public rental	2.7	9.1	16.0	5.6	8.8	8.3
Go back to parents' or relatives' home	0.3	6.1	0.0	1.4	1.8	2.8
Others	2.4	12.1	4.0	11.3	7.0	12.5
No. of respondents	222	33	25	71	57	72
Refuse to answer	786	318	135	118	270	301

Source: Survey of Young People in Hong Kong

Concerning preferred housing type, almost half of the respondents stated that they expected to live in ordinary private residential flats. More than a quarter said they would expect to live in villas, bungalows and modern village houses. Only 11 per cent expected to live in resold or subsidized sale flats, and even fewer in HOS and other subsidized units (7 per cent), public rental (5 per cent) or TPS units (2 per cent).

Table 3 What kind of property do you expect to be living in?

Age/Gender	18-35	18-24	25-29	30-35	Male	Female
Public rental	5.4	5.4	6.7	4.3	4.9	6.1
TPS units	1.7	1.3	2.2	2.6	1.1	2.4
HOS and other subsidized units	6.7	7.3	8.2	7.0	5.2	9.5
Resold (second hand) subsidized sale flats	10.5	10.2	9.7	8.7	12.0	7.8
Ordinary private residential flats	46.9	48.2	47.8	45.2	42.7	51.9
Villas, bungalows and modern village houses	27.4	26.2	23.9	30.4	32.2	21.4
others	1.4	1.3	1.5	1.7	1.9	1.0
No. of respondents	763	313	134	115	267	295
Refuse to answer	245	38	26	74	60	78

Source: Survey of Young People in Hong Kong

However, our survey also reveals that very few young people seem to have achieved that housing tenure goal. A mere 15 per cent of the friends of the respondents who are not living with their parents are home owners. Even among the age band of 30-35, only one fifth of them are homeowners. Altogether, university school accommodation (27 per cent) and privately rented housing (26 per cent) take up more than half of their housing structure, followed by rental sharing with friends (11 per cent) and privately rented social housing (4 per cent).

Table 4 Housing situation for friends who are not living with their parents

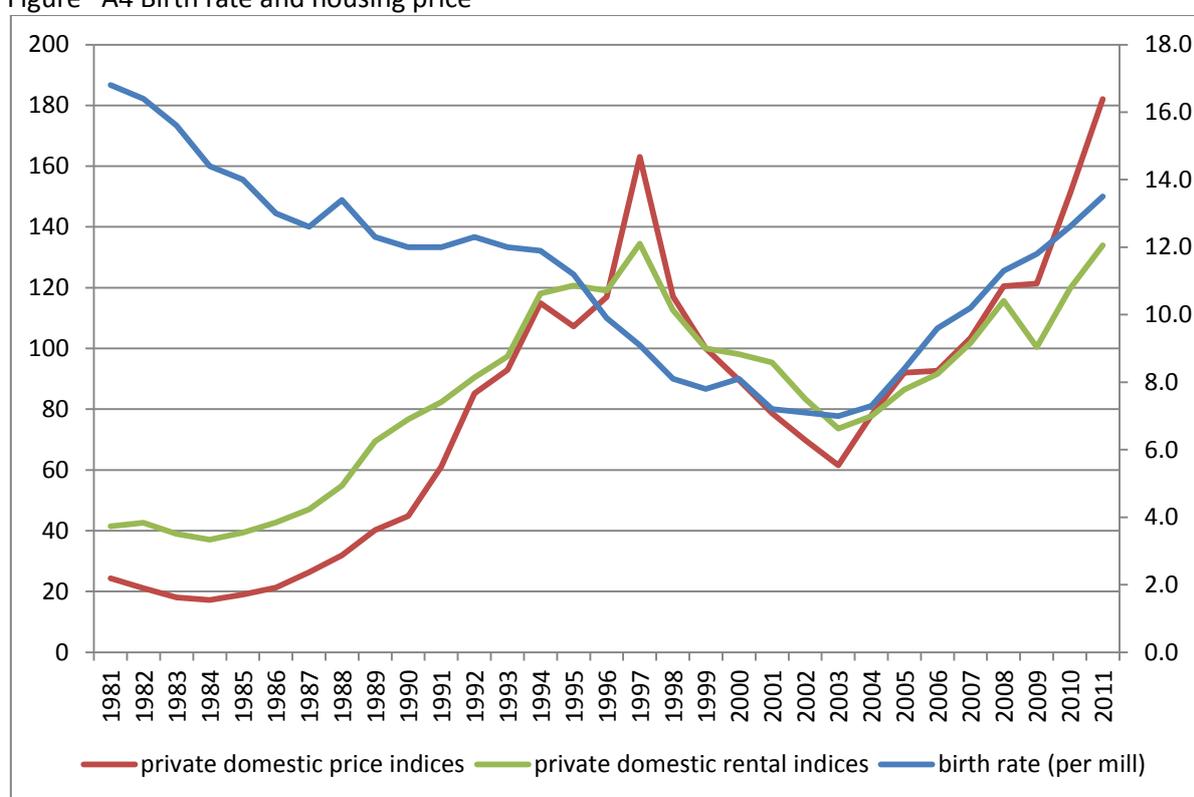
Age/Gender	18-35	18-24	25-29	30-35	Male	Female
Privately owned	13.4	8.6	19.4	21.4	13.9	13.6
HOS owned	2.3	2.1	0.8	3.9	1.6	2.6
Privately rented	26.4	20.0	34.7	24.3	24.9	23.9
HOS rented	2.6	2.1	4.8	2.9	4.1	1.8
Privately renting social housing	3.7	3.8	4.0	3.9	4.5	3.3
Share rent with friends	11.3	11.0	7.3	14.6	13.5	8.5
University school accommodation	27.4	39.3	16.1	16.5	26.1	32.0
Other dormitory	0.6	1.0	0.0	0.0	0.0	1.1
Others	12.3	12.1	12.9	12.6	11.4	13.2
No. of respondents	700	290	124	103	245	272
Refuse to answer	308	61	36	86	82	101

Source: Survey of Young People in Hong Kong

4. FINANCIAL VULNERABILITY AND HOUSEHOLD FERTILITY

Accompanying the economic cycles is volatile property market performance. Private domestic property prices kept increasing and reached their first peak in 1997. After the Asian Financial Crisis, private domestic price indices dropped sharply by up to 60 per cent and did not bottom out until 2003. The construction volume also shrank from its peak in 1997 to its lowest in 2006, generating problems of over-capacity in the property sector (CII-HK, 2008). The property market nevertheless started to revive after the announcement of the ten mega construction projects in 2007, which aimed at employment generation through the Keynesian multiplier effect. The output of the construction sector grew by 11.6% on a year-to-year basis in the first quarter of 2012, resulting not only from these new public works but also from a revival in the private sector (Half Yearly Economic Report, 2012). Property prices picked up even earlier. By 2011, private domestic price indices had surpassed their peak in 1997, and private domestic rental indices have also reached a record high.

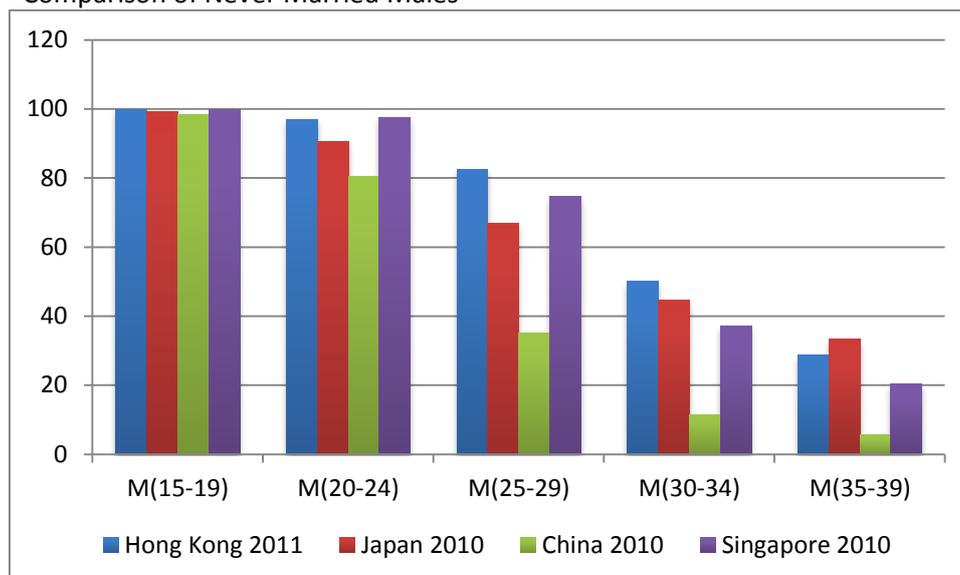
Figure A4 Birth rate and housing price



Source: Private domestic price indices and private domestic rental indices are from the “Rating and Valuation Department Property Market Statistics”. Birth rate is from “Demographic Trends in Hong Kong 1981-2011”.

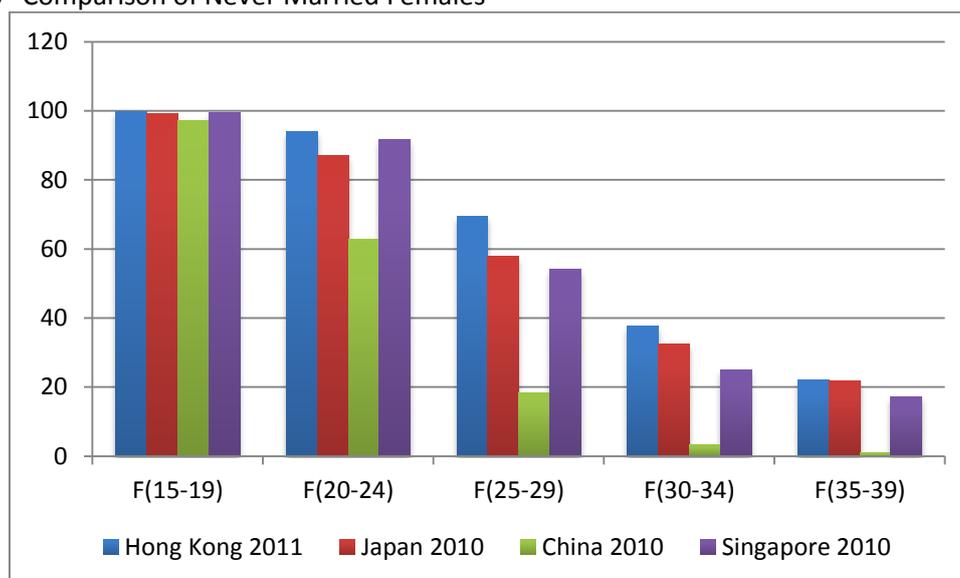
Before the Asian Financial Crisis, the movements of private domestic housing prices and birth rates were distinctively converse: that is, housing prices kept increasing while the birth rate kept declining. Intuitively it is quite logical, for higher housing prices should increase the cost for households and make young parents less inclined to bear children. Surprisingly however, the annual birth rate has moved with the movement in house prices in recent years. What has caused such a difference?

Figure A5 Comparison of Never Married Males



Source: Demographic Trends in Hong Kong 1981-2011

Figure A6 Comparison of Never Married Females



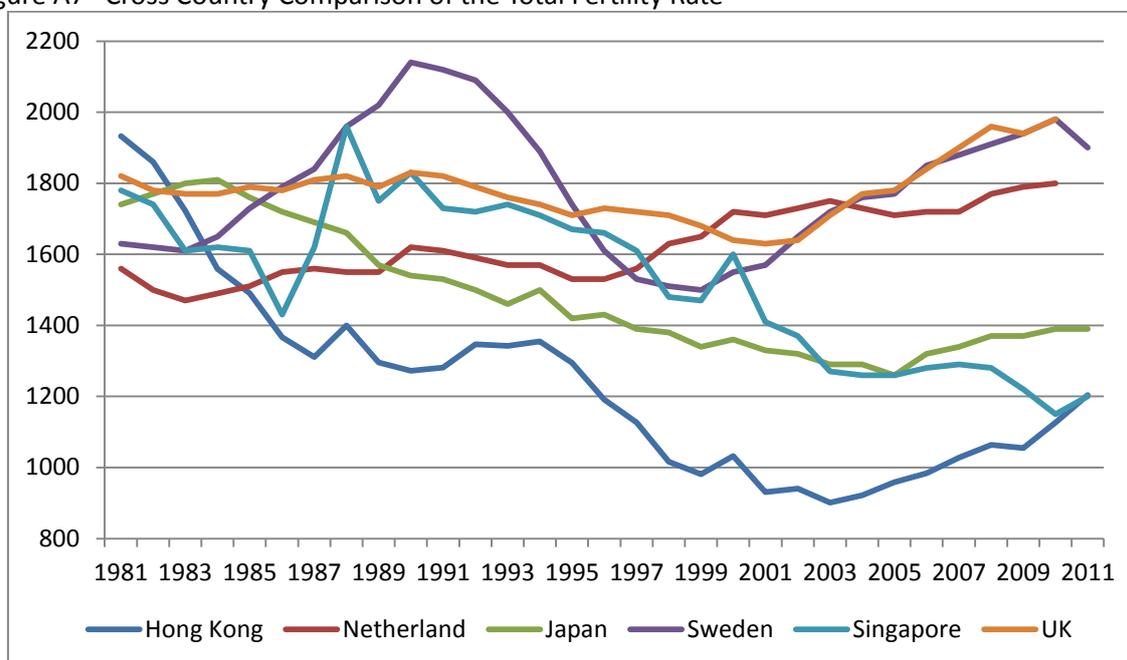
Source: Demographic Trends in Hong Kong 1981-2011

Analysis of the macro-census data suggests that Hong Kong has a much lower marriage rate for young people than does China, Japan and Singapore. Specifically, for males aged 25-29 in Hong Kong, 83 per cent are not married. Yet for China, the figure drops sharply to 35 per cent. Again, almost 70 per cent of females aged 25-29 in Hong Kong are still not married, while the figure for China declines significantly to only 18 per cent.

The above comparison leads to the hypothetical relationship between birth rates in Hong Kong and mainland China. Through cross-country comparison, it is evident that the total fertility rate in Hong Kong is lower than in other developed economies, although it picked up after 2003 (Figure A7).

Societal aging is a result of increased longevity and declining fertility. Hence the initial relaxation on mainland mothers may have a positive outcome: From a development economics perspective, new immigrants contribute to Hong Kong’s total fertility rate, which may be conducive to a sustainable and healthy local economy.

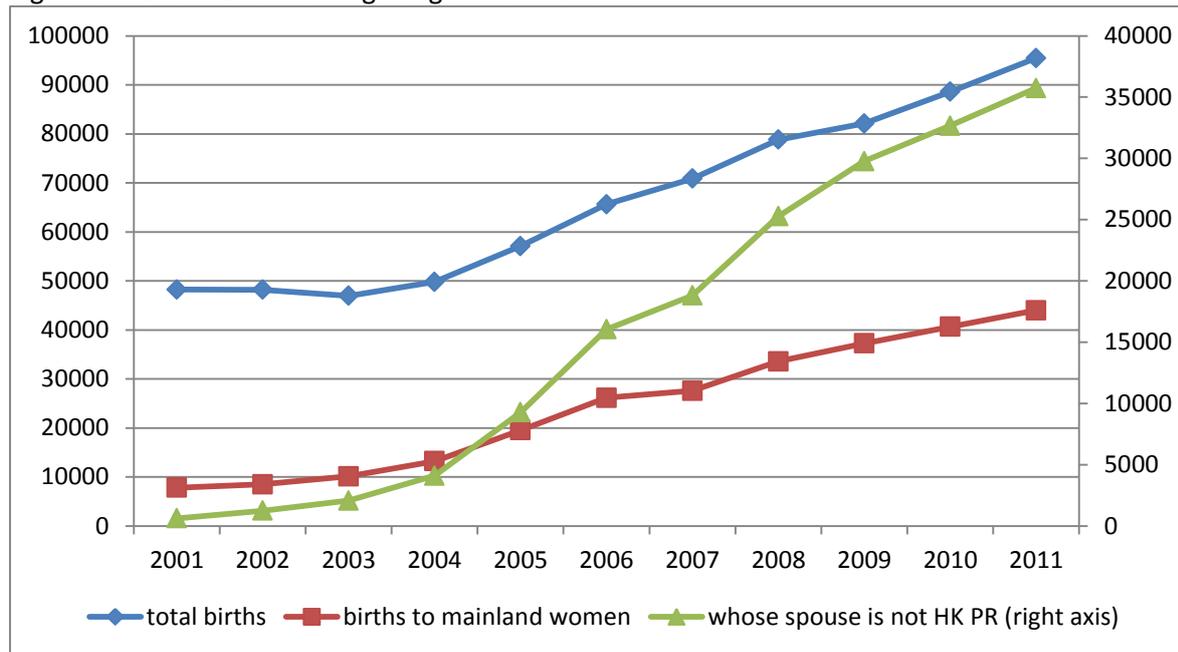
Figure A7 Cross Country Comparison of the Total Fertility Rate



Source: Demographic Trends in Hong Kong 1981-2011

However, the aspirations and motivations of mainland mothers are quite different from those of Hong Kong mothers: a child born in Hong Kong immediately gets permanent residency, so that there is no need to reside or work for seven consecutive years in Hong Kong before the child qualifies. A Hong Kong permanent resident can visit over 140 countries without a visa, gains exposure to the diversity in eastern and western cultures, gets free medical care, 12-year free primary and secondary education, housing and elderly subsidies, a lower income tax rate, and no restriction on giving birth to a second baby. These advantages are quite attractive to mainlanders. The Hong Kong Census Department has recorded a steady increase in mainland mothers who delivered their babies in Hong Kong over the last decade (Figure A8): In 2001, the proportion of births by mainland women constituted 16 per cent of total Hong Kong births. In 2001, the proportion of births to mainland women constituted 16 per cent of total births. In 2011, the ratio rose to 46 per cent. Among the mainland mothers, in 2001 over 90 per cent were married to husbands who are Hong Kong permanent residents. However, in 2011 less than 20 per cent have spouses with permanent residency in Hong Kong. This change is in line with the hypothesis that the pursuit of easier access to permanent residency by mainlanders has greatly boosted the birth rates in Hong Kong.

Figure A8 Births Born in Hong Kong to Mainland Women

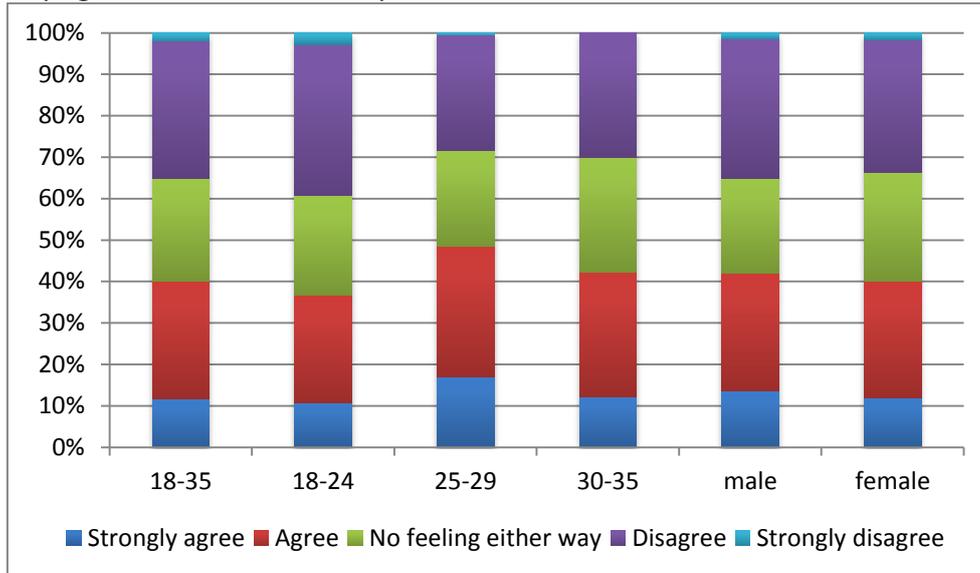


Source: Demographic Trends in Hong Kong 1981-2011

A follow-up hypothesis is that pregnant women from the mainland may also push up housing prices and rents, because it is not safe to let a pregnant woman cross the border for baby delivery immediately before she is about to give birth. A typical way to care for the mothers-to-be from the mainland is thus to rent an apartment for a few months, both before and after the baby is born. However, this may add to the housing pressures on local residents. As reported by the local media, there are growing complaints about escalating house prices, longer queues for public hospital care, and the reduced availability of milk powder and napkins, which they believe are mainly caused by *shuangfei* (both parents are non-local residents) babies from mainland China. These conflicts have led to a series of restrictions by the Hong Kong government, including a ban on public hospitals' accepting mainland women delivering *shuangfei* children, more restricted entry for *shuike* (brokers from Lo Wu and Lok Ma Chau), higher requirements for minimum levels of property investment, and an additional housing purchase tax for non-permanent residents.

These situations could have reshaped the attitudes of young people in Hong Kong toward housing. House purchase is increasingly out of their reach, while higher inflation adds to their living expenses. For example, our survey suggests that respondents are neutral about the idea that paying rent is a waste of money (Figure 1). And almost three quarters agreed that they lived with parents so that they could have money to spend on other things.

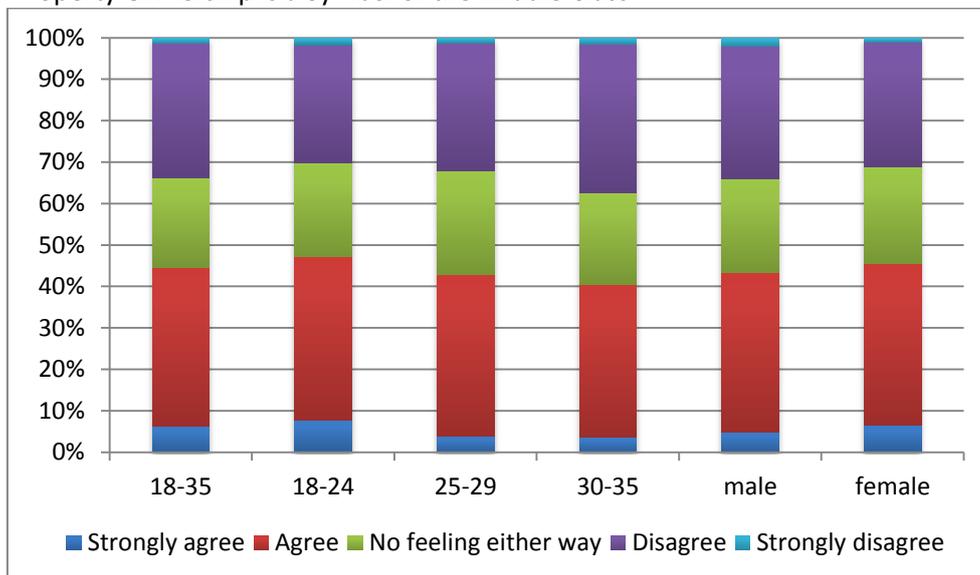
Figure 1 Paying rent is a waste of money



Source: Survey of Young People in Hong Kong

Besides, homeownership has long been regarded as a store of wealth but not necessarily a source of income in western societies (Forrest and Murie, 1995), and Hong Kong’s younger generation seem to transform their housing consumption pattern from investment to access as well. For example, less than half of our respondents agree that owning property is a symbol of the middle class (Figure 2), indicating that they may be more reluctant to be homeowners even if they are well paid.

Figure 2 Property Ownership is a Symbol of the Middle Class

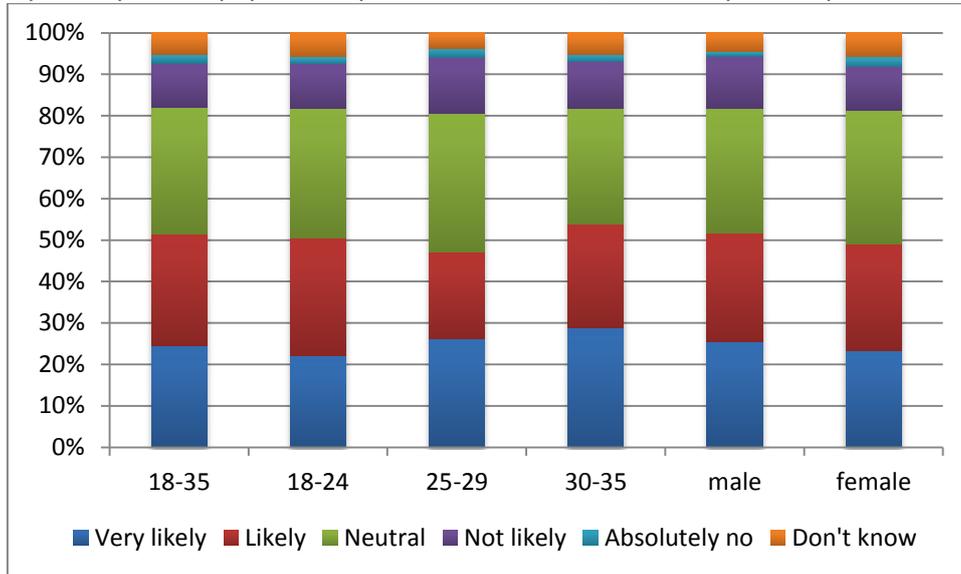


Source: Survey of Young People in Hong Kong

Nevertheless, around half of our respondents said that they would like to move out if they only had to spend 20 per cent of their income on rent (Figure 3). The problem is, while the average income for

fresh university graduates is *only* 12,000 HKD per month (UGC report, 2012), the monthly rent for a 50 square meter private domestic flat in Hong Kong Island is about the same (R&VD, 2013).

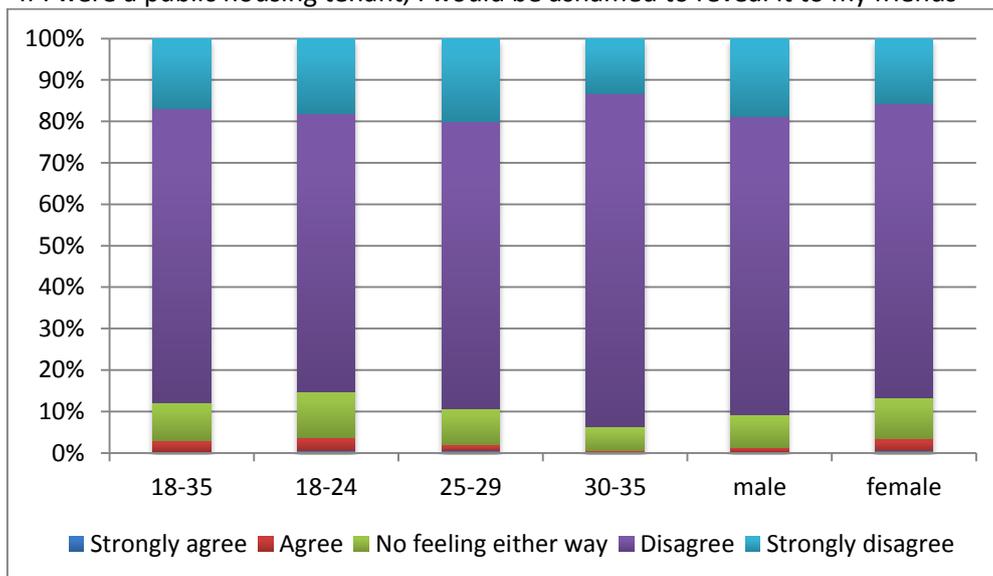
Figure 3 If you only had to pay 20% of your income for rent, how likely would you be to move out?



Source: Survey of Young People in Hong Kong

More important, the average salary for fresh university graduates has not increased over the past decade (UGC report, 2012), while domestic house prices and rents have nearly doubled (Figure A4). This probably explains why over 95 per cent of our respondents stated that they would not be ashamed to reveal to their friends that they were public housing tenants (Figure 4). It is more affordable to live in public rental housing, which is less cramped than private rental housing at the same rent level. Being that it is an efficient economic decision to be a public housing tenant, it is little wonder that the average length of residence in public rental housing is as much as 20 years (Forrest and Wu, 2013).

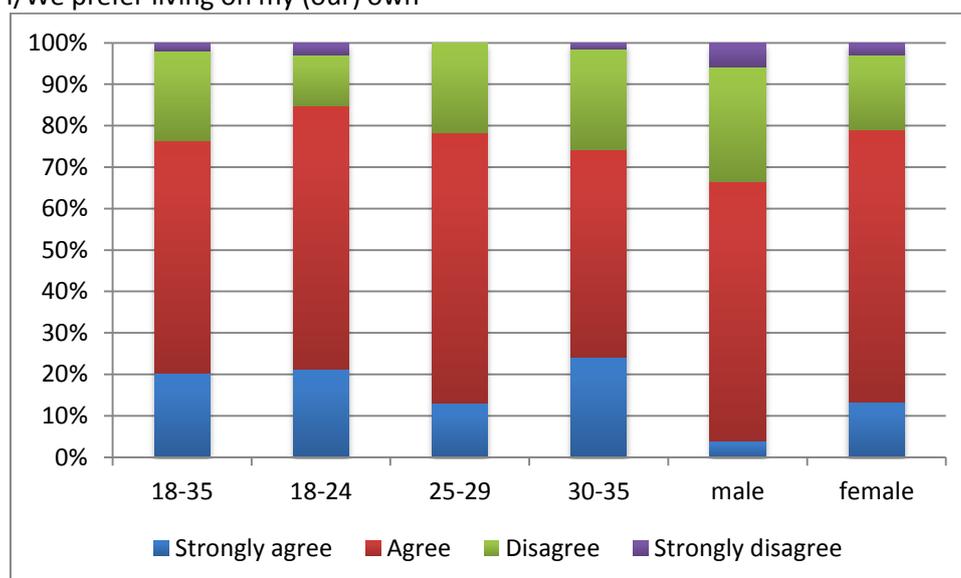
Figure 4 If I were a public housing tenant, I would be ashamed to reveal it to my friends



Source: Survey of Young People in Hong Kong

Although their financial conditions are tightening, the post-80s cohort does not seem to like the idea of sharing a flat with friends. Almost three quarters said they would prefer to live on their own if they leave their parent's home (Figure 5). This finding seems unusual compared to many other developed economies where young people sharing housing is quite common. Can social norms and expectations explain the variation? Young people in western societies are perhaps more independent. The idea of living with parents after they become adults could be a source of embarrassment among their peers. But if house prices are too high to buy, why not rent with friends? Yet for young people who grow up in eastern societies, living with parents until they get married and then purchase a house with family support seems to remain their main expectation of access to homeownership. Another difference lies in that Hong Kong is a *city* not a nation. For young people in western countries, there is a high possibility that they do not attend university in their hometown, and they may not work in the hometown after graduation. But for Hong Kong's young people, their considerations for employment and housing may be more realistic: Are they studying elsewhere? Are their working places far away from their parent's homes? Do they need to save enough for a wedding before achieving independent living? Unless these pre-conditions are met, there is no need to bother living with their friends.

Figure 5 I/We prefer living on my (our) own



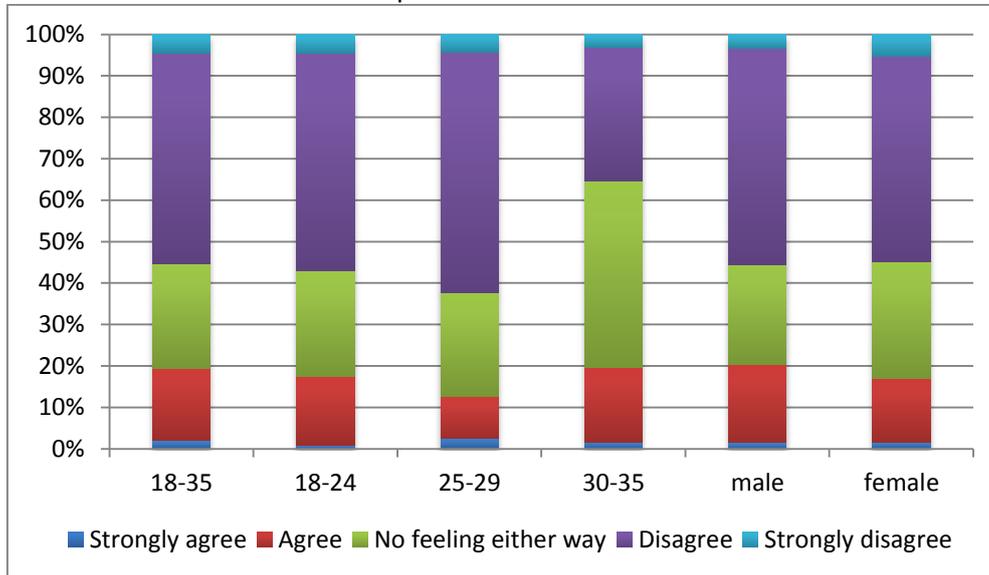
Source: Survey of Young People in Hong Kong

5. FAMILY CONTINUITY AND NEOLIBERALISM POLICY

There is an old Chinese saying, "The first generation is rich, the second poor and the third bankrupt". Whether rich (grand) parents will inevitably produce poorer (grand) children remains debatable, but the impact of familism on the Hong Kong post-80s' generation's housing tenure choices cannot be ignored. In general, over 85 per cent of the respondents agreed that Chinese people should preserve strong family ties, while less than 30 per cent thought that young people in Hong Kong should leave home earlier. Strong family ties, the norm of staying with parents until marriage, a greater degree of financial dependence on parents in exchange for more independence in terms of lifestyles and attitudes, are certainly key cultural and institutional elements accounting for the younger generation's longer co-residence with parents (Forrest and Yip, 2012): there may also be a greater tolerance of different lifestyles. Such paradoxical dependent independence may lead to more

intergenerational friction and conflict in terms of housing opportunities and trajectories, but our survey provides a little clue for Hong Kong: Less than 20 per cent thought it inconvenient to live with parents (Figure 6), probably because over 60 per cent have a room of their own.

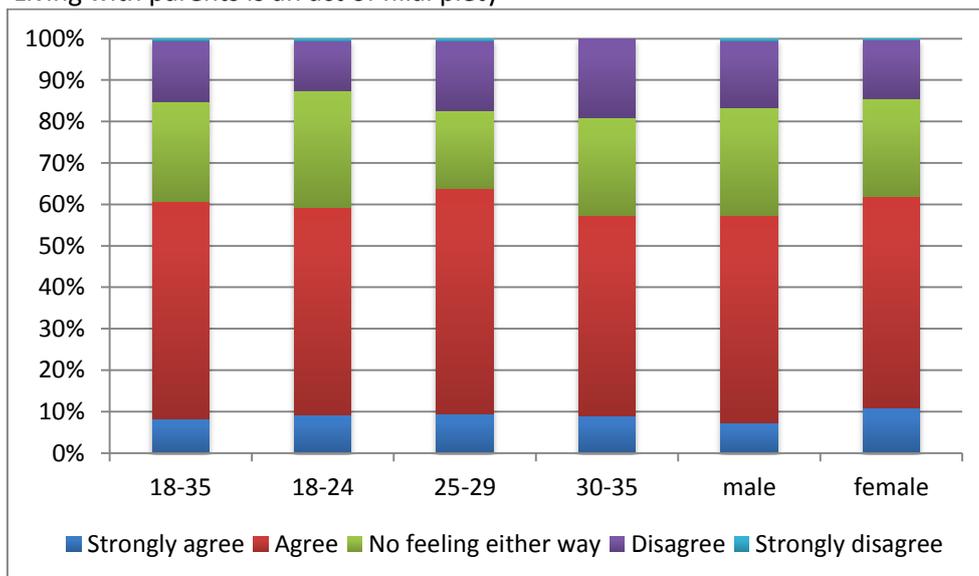
Figure 6 It is not convenient to live with parents



Source: Survey of Young People in Hong Kong

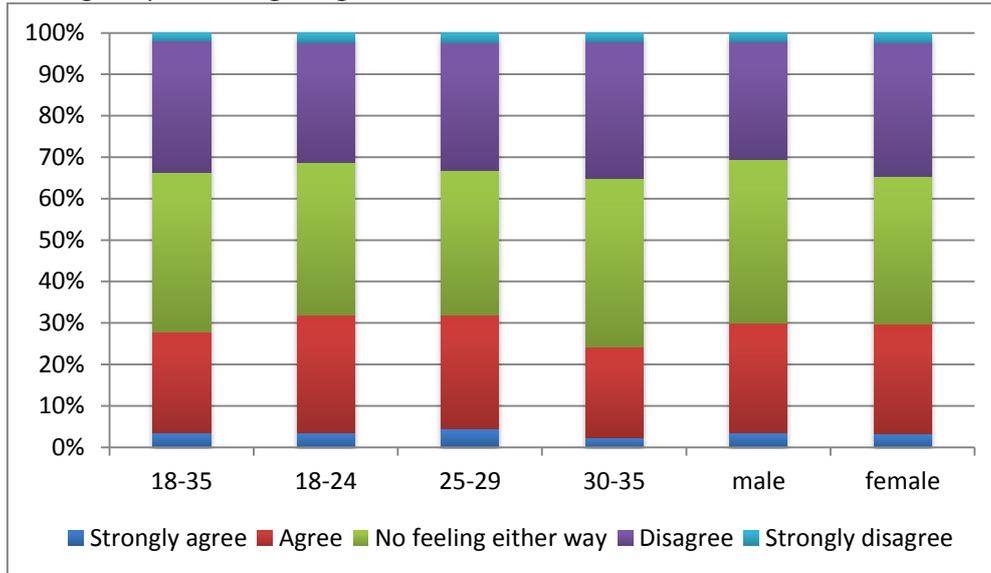
Moreover, almost 60 per cent said that living with parents is an act of filial piety (Figure 7), while less than 30 per cent thought that young people in Hong Kong should leave home earlier (Figure 8). Over 70 per cent said they would rather live with their parents, indicating that the conflicts between familism and individualism may not be that acute for young people in Hong Kong.

Figure 7 Living with parents is an act of filial piety



Source: Survey of Young People in Hong Kong

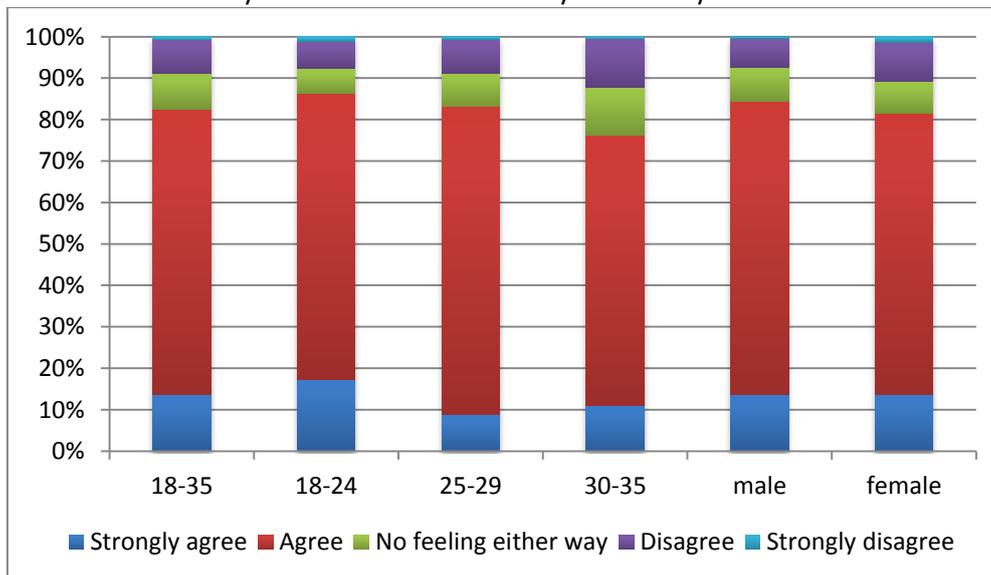
Figure 8 Young People in Hong Kong should leave home earlier



Source: Survey of Young People in Hong Kong

Perhaps an additional reason for young people in Hong Kong to stay longer in their parent’s home is that their parents can take care of the routine housework. For example, over 80 per cent of respondents said that there are too many domestic chores to do if they live on their own (Figure 9).

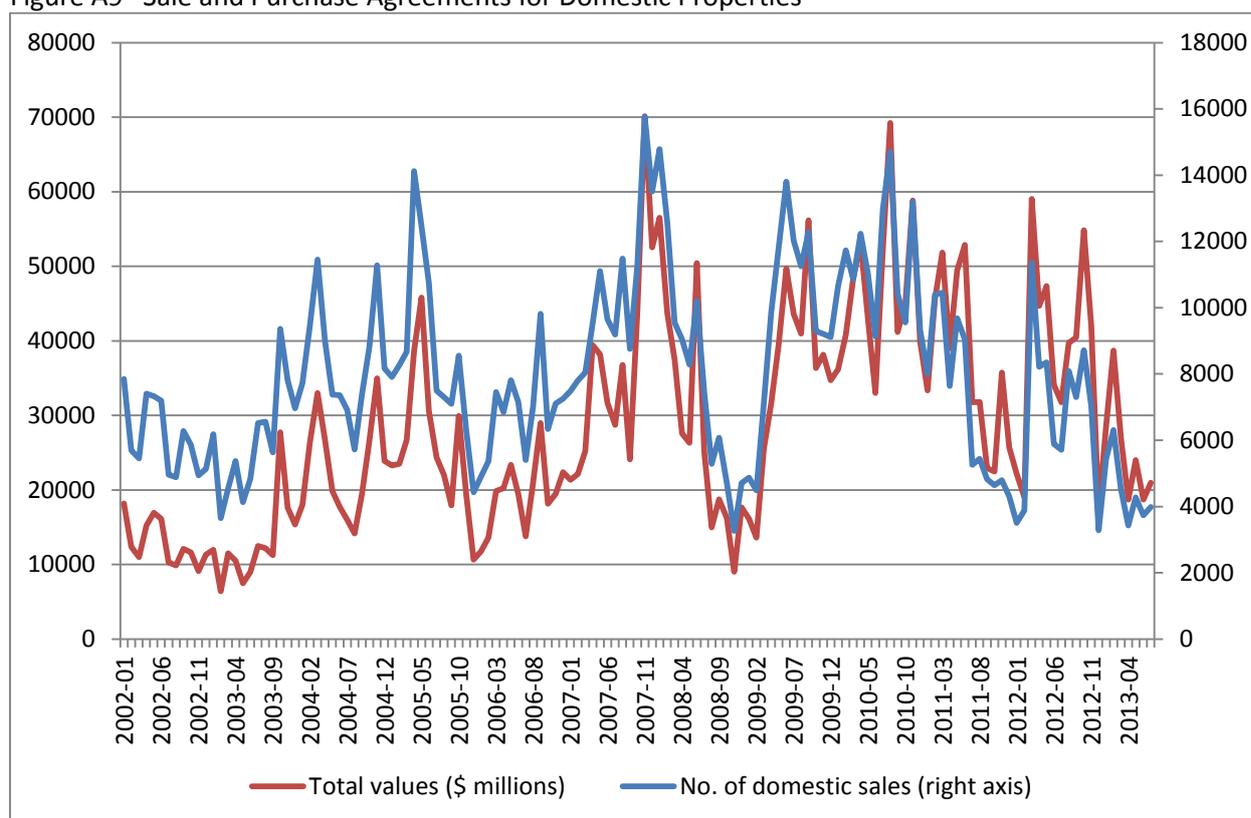
Figure 9 There are too many domestic chores to do if you live on your own



Source: Survey of Young People in Hong Kong

Worldwide, a new breed of private landlords regard property ownership as investment vehicles only, since the interest rates are low and stock markets more volatile (Forrest, 2013). In the USA, more institutional investors including big corporations, hedge funds and private equity firms have purchased properties as if they were undifferentiated commodities (The *Economist*, 2012). As the world’s freest economy and with its currency pegged to the US dollar, Hong Kong has also had a volatile turnover of housing stock in the last decade (Figure A9).

Figure A9 Sale and Purchase Agreements for Domestic Properties



Source: Hong Kong Property Review Monthly Supplement

Our survey also suggests that young people are wary of property investment because of the increased volatility in housing markets: More than half of our respondents said that the housing market is too risky for ordinary people to investment in. Young people who do not have access to sufficient savings or parental support for the down-payment would be further marginalized in terms of home ownership. International evidence reveals that families and households need to provide more financial assistance for young people to become homeowners, due to insufficient bank credit and lack of any supportive government policies (Forrest, 2013). Our survey substantiates that argument: Over 60 per cent of respondents thought that the Hong Kong government should provide more youth hostel type accommodation; over 70 per cent thought the government should relax rules for access to public rental housing; more than half expected the government to provide subsidies or other help for their access to private rental housing; over 70 per cent expected the provision of more HOS flats. Overall, more than half of the respondents thought that it is the government’s responsibility to help people buy their own housing.

6. CONCLUDING REMARKS

Globally, independent living and asset accumulation used to be among the major considerations for young people wanting to acquire ownership of their homes. Yet today in Hong Kong as well as in other developed economies, a reduced level of home ownership and young people delaying the formation of households have become prevalent phenomena. Due to the imbalance between house prices and incomes, access to housing seems an insurmountable impediment to the younger generation in Hong Kong. Such difficulty has reshaped their thoughts and behaviour. Distinctive features of the post-80s generation include late marriage, increasing mobility, heterogeneity in

beliefs, more consumerism and optimism, unstable employment, longer schooling and rising education costs. Apart from these generational features, the post-80s cohort in Hong Kong has also been enmeshed in the transition to a knowledge-based economy. This working paper argues that their housing attitudes and aspirations are thus largely a product of the restructuring and enhancement of the local economy, property market volatility and the financial vulnerability of individuals, the continuing strength of family ties, and a neoliberal policy on real estate investment.

The economic restructuring of Hong Kong, conceived as a process of outsourcing its manufacturing sector to mainland China and internationally expanding its financial servicing sector, has created an urgent demand for better educated manpower. Against such a background, in the late 1980s Hong Kong embarked on a reform of its higher education system, aimed at injecting fresh blood into the local economy. However, due to the lingering effects of the financial market turmoil and housing market collapse, when the post-80s cohort graduated there were insufficient opportunities in the job market. Even for those who were able to find a job, their salaries are lower than their titles indicate. To this end, the oversimplified structure of young people's expertise and career path interests have resulted in higher unemployment risks and more financial vulnerability. They are more exposed to the drastic ups and downs of the stock and property markets, because either their jobs are associated with financial/property services or their portfolios consist of equity/REIT investment. They are thus less able to afford home ownership, and the mismatch between their housing aspirations and the actual situation is widening.

While the local economy had been increasingly losing its self-stabilizing function due to the dominance of the service sector, escalating property prices had affected the fertility rate among local young households. Meanwhile, the Hong Kong government began to relax its entry permit for mainland immigrants. Economic integration between Hong Kong and mainland China has certainly reshaped housing market dynamics. The inflow of mainland migrants and investors have not only pushed up property prices, but also increased fertility rates. But local residents complain that daily resources and housing opportunities are being exhausted by mainland "intruders". Such conflicts reflect a dilemma for the government: A migrant-friendly city is conducive to economic growth, but it may be at the expense of longer standing residents. This probably explains why on the one hand the government has been expanding its recruitment of mainland students to enter local universities, while on the other hand has issued hands-off warnings through increasing investment thresholds and transaction taxes for investment migrants. After all, homeownership is much more difficult for the younger generation, since in general they have fewer savings and less stable employment compared to the more skilled and experienced elder generation.

From another angle, this working paper indicates that familism still plays a salient role in the housing tenure of young people: They tend to favour the idea of living with their parents longer, partly due to filial piety and partly for more practical purposes. In pursuit of efficient work, fewer housing expenses and closer family relationships, they are ready to "sacrifice" their individualism – meaning that they do not wish *move out* to share a flat with their friends. The higher volatility in the property market may provide another excuse for young people to avoid purchasing homes. For our risk-averse younger generation, in this sense staying at home may be a sensible wealth management strategy.

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