

Original Research Article

Homeownership and housing consumption demand of rural-urban migrantsTingyi Yang¹, Wei Ma²*1 School of Economics and Management, Xi'an University of Technology, Xi'an, Shaanxi, 710000, China**2 International Business School, Shaanxi Normal University, Xi'an, Shaanxi, 710000, China*

Abstract: In recent years, the migration of rural populations and agricultural laborers has emerged as a dominant trend in China's population shifts, yet despite the extensive literature on residential challenges faced by rural-urban migrants, there remains a notable lack of focus on their housing demands. This study aims to broaden the theoretical perspective by incorporating intergenerational differences, resource endowments, social capital accumulation, and social rights to investigate the key factors influencing rural-urban migrants' housing tenure attainment, home purchase intentions and financing need in the context of China's urbanization. Notably, the findings reveal that the younger generation of rural-urban migrants prefer rental housing, while the accumulation of urban capital contributes to their housing payments and financing demands. Furthermore, agricultural land resources boost property income, lowering the cost of urban citizenship and intensifying rural-urban migrants' home purchase intentions. Additionally, national social security coverage proves indispensable in facilitating rural-urban migrants' urban settlement and accelerating their full integration.

Keywords: Urban settlement; Rural-urban migrants; Homeownership; House purchase behavior

1. Introduction

Since the early 1990s, China has undergone a swift process of rural-to-urban migration^[1]. This migration was paralleled by rapid land urbanization, which was the dominant urbanization model until 2014. The advent of the "National New-type Urbanization Plan (2014-2020)"^[2] marked a pivotal shift towards a new type of urbanization. This new approach is characterized by a transition from land-centric urbanization^[3] to a sustainable and people-oriented model^[4]. According to China's National Bureau of Statistics, at least 22.6 million rural migrants will likely settle in cities. The nearly 11% gap indicates that more than 200 million rural migrants have not yet fully integrated into the city. Such large influx of immigrants will create significant demand for housing^[5]. The purchase of housing reflects the immigrants' long-term economic achievements and financial security in the inflow cities and also reflexes their strong willingness to settle down and commitment to integrate into the local society^[6,7].

Despite the considerable attention researchers globally have devoted to the housing preferences and purchase intentions of rural-urban migrants^[8-10], there remains a notable gap in studies examining the accommodation needs and housing demands of these migrants as they integrate into urban life. Few has ever discussed the questions about what crucially influence rural-urban migrants' housing choices as to living in the dormitory, renting or purchasing housing. Do they really have a strong willingness for home purchase in urban destinations? Therefore, this work tries to bridge the research gap and refine the existing research by extending the theoretical framework of intergenerational differences, resource endowment, urban capital accumulation and social interests to analyze issues concerning housing consumption issues of rural-urban migrants.

2. Theoretical framework and hypotheses

2.1. Intergenerational difference

New-generation migrant workers, is officially defined as those who were born from 1980 onwards, hold an agricultural hukou (household registration identity), and are currently primarily engaged in non-agricultural urban employment. Unlike the old-generation migrant workers who intend to eventually return to their rural hometowns, the new-generation migrant workers are more eager to become a part of the urban society. Therefore, due to the significant intergenerational differences in many aspects especially socioeconomic and consumption attitudes, generational status might contribute to heterogeneity in their housing tenure choices and housing purchase demand. Referring to previous research about generational difference of rural-urban migrants, this paper considers to divide rural-urban migrants into three generations and puts forward the following hypotheses:

Hypothesis 1: there exists significant difference in housing tenure choices between the third generation of and the first generation of rural-urban migrants.

Hypothesis 1.1: the third generation of rural-urban migrants has a stronger demand for owning a home in destination cities.

2.2. Push-pull theory and resource endowment

The migration decision-making of rural-urban migrants is the balanced results of “thrust and pull. The personal factors in push-pull theory mainly involve age, gender, marital status, household registration type and education level. In many developing countries, rural households have real ownership of their agricultural land, providing a possibility to sell the land in the market if they decide to move to cities and work in non-agricultural sectors^[11]. Comparatively, in China, rural households only have land-use rights but without ownership. As a result, the rural land system in China raises migration costs and hinders labor mobility. Land tenure insecurity prohibits households from quitting agriculture and their cognition of land rights through formal certificates encourages rural-urban migration^[12]. Combining previous research, this paper propose that:

Hypothesis 2: The better the endowment of land resources, the stronger the willingness of rural-urban migrants to purchase houses.

2.3. Social capital accumulation

Social capital is produced by people's social relations and activities, arising from social interactions among people. Therefore, social network is the foundation for establishing trust and is an important form of social capital. Although rural-urban migrants have a strong desire to settle down in cities, the proportion of people who can truly integrate into urban life and become new citizens is still low, with a lack of social capital accumulation being one of the most important reasons. With the strengthening of trust and the development and consolidation of human relationships, the degree of rural migrants' urban integration will also increase. Some researchers believe that urban credit resources are closely related to household credit behavior. The more credit resources rural-urban migrants have, the greater the likelihood that households will obtain formal financing for their home purchases. Therefore, the following hypothesis is proposed:

Hypothesis 3: Social trust will enhance rural-urban migrants' house purchase intention and house financing demand.

Hypothesis 4: The accumulation of family capital of rural-urban migrants will significantly increase their

homeownership.

2.4. Social security

The social insurance coverage in the destination cities may serve to reduce migrants' financial risks and increase their sense of security^[13]. Massey (1990) argues that migration is a "dynamic social process" and studies of settlement intentions of migrants should consider the social and cultural attachment that migrants feel towards both places of destination and origin. Such attachment may range from having family or children in the destination place, having a local network of social ties, to feeling psychologically or emotionally attached to the destination places^[14]. Some research claim that the symbolic meaning of urban social insurance coverage may undermine the inferior status attached to migrants' rural hukou. This type of place attachment is particularly important in fostering social identity that propels and strengthens an intention to stay long-term and to become one of the urban citizens through hukou conversion^[15]. Therefore, the social welfare coverage is likely to encourage migrants to stay in the city in the long run and even permanently by promoting social integration and the sense of belonging. For the reasons stated above, we anticipate that:

Hypothesis 5: Social security attainment can significantly improve rural=urban migrants' willingness to purchase houses.

3. Empirical process and discussions

3.1. Sample description

The data used in this paper comes from the sixth round of China Household Finance Survey (CHFS) conducted by China Household Finance Survey and Research Center of Southwest University of Finance and Economics in 2019. CHFS (2019) data adopts the sampling method of three age stages stratified sampling and proportional to population size, which is consistent with the data of the National Bureau of statistics in many aspects, such as population age structure, urban and rural population structure, gender structure, etc.

3.2. Methodological approach

Rural-urban migrants' housing tenure realization, housing purchase intention and financing demand can be treated as a group of binary selection problems, thus examined by binary selection models. Assuming that the three dependent variables (housing tenure realization, housing purchase choice and purchase financing decision) are denoted as Y here and the explanatory variables that affect y are recorded as x_1, x_2, \dots, x_k . If $F(x, \beta)$ is a cumulative distribution function of standard normal distribution, then:

$$\begin{cases} P(Y = 1|x_1, x_2, \dots, x_k) = F(x, \beta) \\ P(Y = 0|x_1, x_2, \dots, x_k) = 1 - F(x, \beta) \end{cases}$$

So, the following relationship is assumed:

$$P(Y = 1|x) = F(x, \beta) = \Phi(\beta_0 + \beta_1 x_1 + \beta_2 x_2 + \dots + \beta_n x_n)$$

where Φ denotes the distribution function of the standard normal distribution. Therefore, the binary Probit model for housing purchase consumption behavior of rural-urban migrants can be constructed as:

$$\begin{aligned} P(Y_{\text{housing}} = 1|x) &= \Phi(\beta_0 + \beta_1 x_{\text{landendow}_i} + \beta_2 x_{\text{socialsec}_i} + \beta_3 x_{\text{others}} + \beta_4 x_{\text{cparty}_i} \\ &\quad + \beta_5 x_{\text{control}_i}) \\ P(Y_{\text{hpurchase, debt}} = 1|x) &= \Phi(\beta_0 + \beta_1 x_{\text{landendow}_i} + \beta_2 x_{\text{socialsec}_i} + \beta_3 x_{\text{others}} + \beta_4 x_{\text{control}_i}) \end{aligned}$$

Where $Y_{housing}$, $Y_{hpurchase}$ and Y_{debt} represents three dependent variables: housing tenure realization, housing purchase choice and house purchase financing decision.

4. Conclusions

This paper has applied Probit model to investigate the determinants on housing related issues of rural-urban migrants including housing tenure realization, house purchase intention and house purchase financing demand. The results show that, firstly, in terms of housing tenure reality, householder of a family who belongs to the third generation has lower probability of owning a house in cities and the corresponding housing tenure realization is mainly rental housing. In addition, the third generation of rural-urban migrants has a stronger demand for house purchase. Secondly, personal characteristics and family characteristics have considerable impact on housing tenure realization and house purchase financing behavior of rural-urban migrants and the accumulation of family capital including human capital, economic capital and social capital exert significant positive effects on their home ownership, house purchase willingness and house purchase financing. Thirdly, social trust greatly enhances rural-urban migrants' willingness for house purchase in cities. Fourthly, land resource endowment helps to raise the property income of rural-urban migrants and reduce the cost of citizenization, thus triggering their house purchase intention. Fifthly, social security coverage is proved to be one of the key factors to encourage and promote rural-urban migrants to settle down and integrate into city life.

References

- [1] Meng, X. Labor market outcomes and reforms in China. *J. Econ. Perspect*, 2012, 26 (4): 75-102.
- [2] Chen, M., Liu, W., Lu, D. Challenges and the way forward in China's new-type urbanization. *Land Use Policy*, 2016, 55: 334-339.
- [3] Long, H. Land use policy in China: introduction. *Land Use Policy*, 2014, 40: 1-5.
- [4] Tang, S. S., Feng, J. X., Li, M. Y. Housing tenure choices of rural migrants in urban destinations: A case study of Jiangsu province, China [online] *Housing Studies*, 2017, 32(3): 361-378.
- [5] Yanjiao Song and Chuanyong Zhang. City size and housing purchase intention: Evidence from rural-urban migrants in China *Urban Studies*, 2020, 57(9): 1866-1886
- [6] Desilva, S., Elmelech, Y. Housing Inequality in the United States: Explaining the White-Minority Disparities in Homeownership. *Housing Studies*, 2012, 27: 1-26.
- [7] Painter, G., Yu, Z. Immigrants and Housing Markets in Mid-Size Metropolitan Areas. *International Migration Review*, 2010, 44(2): 442-476.
- [8] Wang X. R., Hui C. M., & Sun J. X. Population migration, urbanization and housing prices: Evidence from the cities in China. *Habitat International*, 2017, 66: 49-56.
- [9] Tian, X., Hu, J., Zhang, C., & Zhao, Y. Housing expenditure and home purchasing behaviors of rural-urban migrants in China. *China Agricultural Economic Review*, 2017, 9(4): 558-566.
- [10] Zou, J., & Deng, X. Return Intention, Subjective Social Status and Residential Choices of Rural Migrant Worker Households: Evidence from China. *Housing, Theory and Society*, 2020, 37(4): 417-438.
- [11] Xiao, W., & Zhao, G. Agricultural land and rural-urban migration in China: A new pattern. *Land Use Policy*, 2018, 74: 142-150.
- [12] Deininger, K., Jin, S.Q., Xia, F. Moving off the farm: land institutions to facilitate structural transformation and agricultural productivity growth in China. *World Dev.* 2014, 59: 505-520.

- [13] Huang, Y., Liu, W., Zhuo, Y., & Sun, X.. Social insurance participation and urban settlement intentions of China's floating population. *Population Space and Place*, 2020, 26.
- [14] De Vroome, T., & Van Tubergen, F. Settlement intentions of recently arrived immigrants and refugees in the Netherlands. *Journal of Immigrant & Refugee Studies*, 2014, 12(1): 47-66.
- [15] Tang, S., & Feng, J. Cohort differences in the urban settlement intentions of rural migrants: A case study in Jiangsu Province, China. *Habitat International*, 2015, 49: 357-365.