

THE EFFECT OF YOUNG ADULTS' NEST-LEAVING ON PARENTAL HAPPINESS*

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Abstract. Nest-leaving describes the process of young men and women leaving their parental homes, and acquiring autonomy and financial independence. A series of studies over the past decades has documented vast differences in patterns of nest-leaving between Northern European countries, where the median age of leaving is around 21 for women and 23 for men, and Southern Europe, where the median age at moving out is around 26 for women and 29 for men. Several alternative hypotheses have been developed to explain these differences, focusing on such factors as labor market conditions, housing prices, and parental preferences. In this paper, I use a new longitudinal data set with data for most European countries to examine the dynamic effect of child nest-leaving on parents. I focus in particular on parents' self-reported assessments of financial satisfaction. Northern European parents report systematic gains in financial satisfaction when their adult children leave home, while Southern European parents report systematic declines, which are bigger when older children leave. This pattern points to an alternative model of the nest-leaving decision which emphasizes the role of adult children in supporting their parents, particularly in Southern Europe where incomes of the parental generation are relatively low.

Keywords: Nest-leaving, satisfaction, matching estimator, treatment effect.

JEL Classification: J12, J13

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