

research snapshot

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Greater gambling severity decreases the likelihood of homeownership

What this research is about

Homeownership is linked to wealth accumulation and social status. It is also linked to other positive impacts, including residential stability and better quality of life. Household ownership is influenced by many socioeconomic factors, such as household income, number of children, and level of education. Most of the existing studies have mainly looked at housing instability and problem gambling. There is little research on how gambling may influence the likelihood of homeownership. Therefore, the researchers of this study examined the impact of gambling on homeownership in Australia.

What the researchers did

The researchers used two waves of data from the Household, Income, and Labour Dynamics in Australia (HILDA) survey. This survey is a nationally representative panel survey for Australians. The current study used data from waves 15 and 18. In these two waves, respondents were asked a set of questions about participation in gambling activities.

Measures of Gambling: The HILDA survey measured gambling using the Problem Gambling Severity Index (PGSI). The PGSI assesses gambling behaviour and consequences in the past 12 months. Higher scores indicate more severe gambling problems. The researchers also derived a measure of four gambling risk categories based on the survey respondents' PGSI scores. Respondents with non-problem gambling had a PGSI score of 0. Respondents with a score of 1 or 2 were categorized as low risk. Respondents who scored 3 to 7 on the PGSI were categorized as having moderate risk. Those who scored 8 or higher were categorized as having problem gambling.

What you need to know

The researchers examined the impact of gambling on homeownership in Australia, and factors that might influence this link. The researchers used two waves of data from the Household, Income, and Labour Dynamics in Australia (HILDA) survey. Based on the Problem Gambling Severity Index (PGSI) scores, people with more severe gambling problems are less likely to own a home. One unit increase in PGSI score is linked to 1.6 to 1.8 percentage point decrease in the likelihood of homeownership. When looking at the risk categories based on the PGSI, those belonging to a higher risk category are less likely to own a home. Greater financial stress and lower social capital are two channels through which gambling lowers the likelihood of homeownership. Financial stress has a greater effect on the relationship between gambling and homeownership than social capital.

The researchers looked at the average spending on gambling each month as a share of income. They also used data on the different gambling activities that the respondents engaged in. These activities included scratch cards, lotto or lottery games, bingo, keno, poker, casino table games, poker machines, horse and dog race betting, sports betting, and private betting.

Measure of homeownership: The HILDA survey asked the respondents whether they (or any other members of their household) owned the home they lived in, rented it, or lived there rent free. The researchers categorized the respondents as owning a home or not.

Measures of financial stress and social capital: The researchers included measures of financial stress and

social capital as factors that might help explain the relationship between homeownership and gambling. The HILDA survey asked the respondents if they experienced any of seven issues related to financial hardship (e.g., could not pay utility bills or mortgage/rent on time, or went without meals). The researchers added up the responses to all seven questions to create an indicator of financial stress (scores ranging from 0 to 7).

The HILDA survey asked 10 questions about how much support the respondents could get from other people. The researchers added up the responses to create a social capital score for each respondent. Higher scores indicated higher social capital.

Controls: The researchers also controlled for factors that might affect homeownership. These included gender, age, marital status, employment status, education status, household size, income, and geographic location.

What the researchers found

Overall, people with more severe gambling problems (higher PGSI scores) are less likely to own a home. The researchers tested two models. In one model, a unit increase in PGSI score is linked to a 1.6 percentage point decrease in the likelihood of owning a home. In the other model, a unit increase in PGSI score is linked to a decrease of 1.8 percentage point.

When looking across the risk categories, those belonging to a higher risk category are less likely to own a home. That is, people with problem gambling are the least likely to own a home. People with moderate risk are less likely to own a home than people with low risk. People with non-problem gambling are the most likely to own a home.

People who engage in bingo, lottery games, casino table games, and sports betting are less likely to own a home. Spending a greater share of income on gambling also lowers the likelihood of owning a home.

Financial stress and social capital are channels through which gambling influences homeownership. People with higher PGSI scores have higher financial stress and lower social capital. Financial stress has a

greater effect on the relationship between gambling and homeownership than social capital.

How you can use this research

This research can inform the gambling and housing sectors. Policy makers can focus on increasing homeownership rates by curbing gambling participation, especially in bingo, lottery games, casino table games, and sports betting.

About the researchers

Kingsley Tetteh Baako and **Kwabena Mintah** are affiliated with the School of Property, Construction and Project Management at RMIT University in Melbourne, Victoria, Australia. **Sefa Awaworyi Churchill** and **Lisa Farrell** are affiliated with the School of Economics, Finance and Marketing at RMIT University in Melbourne, Victoria, Australia. For more information about this study, please contact Kingsley Tetteh Baako at kingsley.baako@rmit.edu.au.

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