

Homeownership in New Zealand:

*Trends over time
and generations*

Stats 
Tatauranga Aotearoa

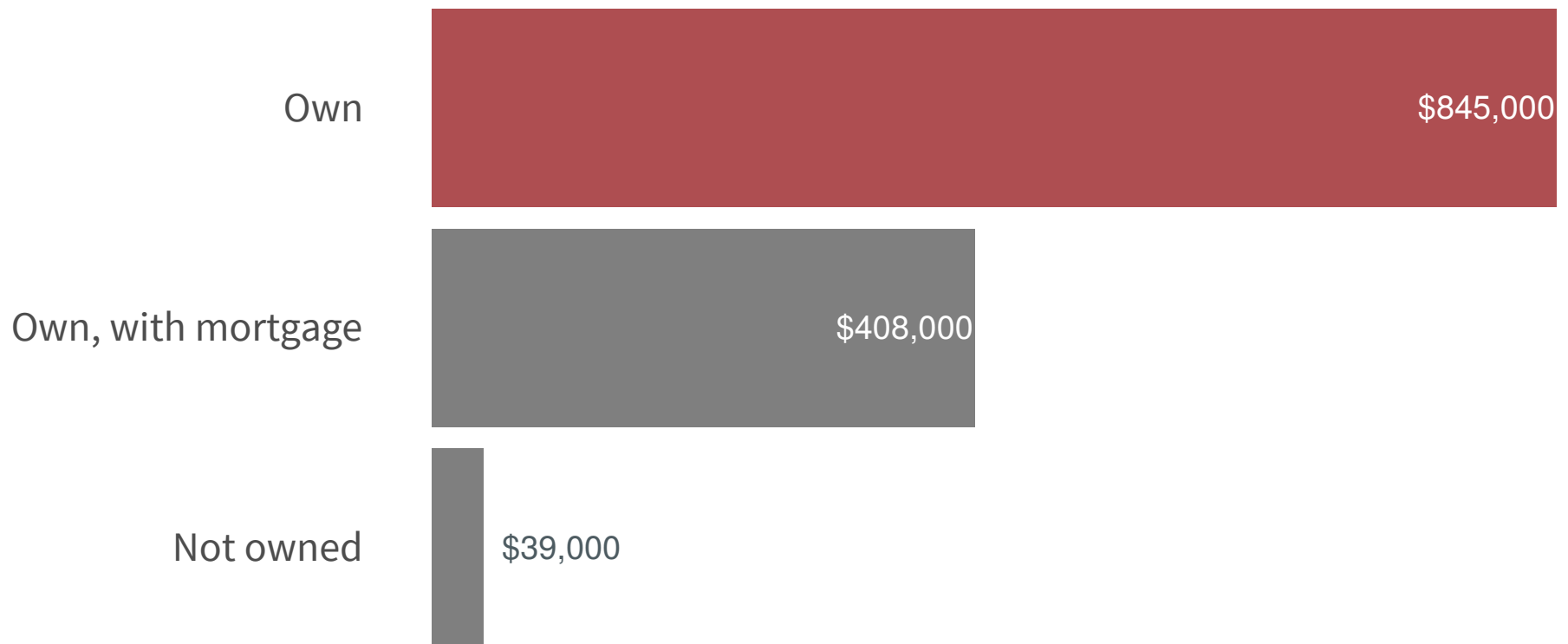
New Zealand Population Conference
Wellington, 20 June 2019

Alan Bentley, Senior Analyst

Why it matters

Homeowners typically twenty-times wealthier

Median household net worth 2018, by tenure



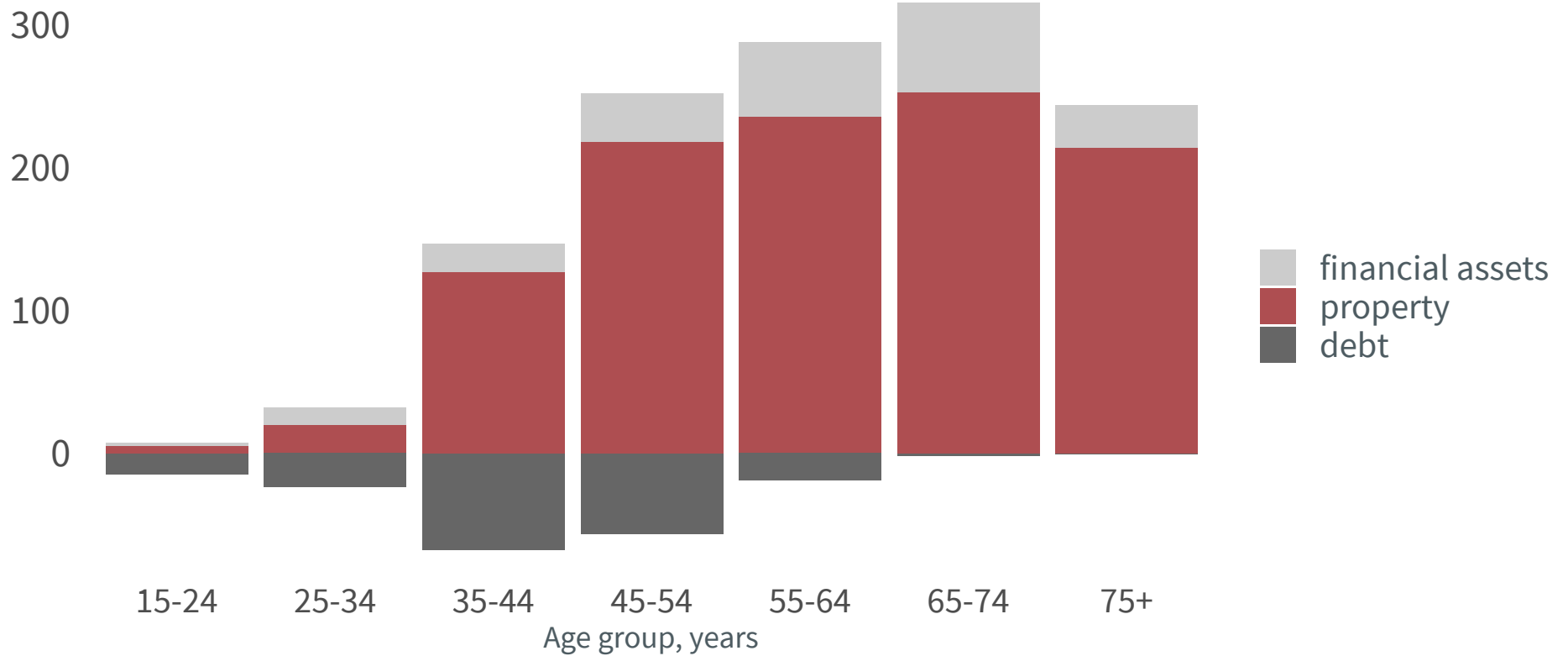
Owner-occupied dwellings held in family trust not shown

Source: Stats NZ Household Economic Survey 2017-18

Property a big part of wealth accumulation

Median household assets and liabilities 2018, by age group

\$ thousands



Source: Stats NZ Household Economic Survey 2017-18

Homeowners report better health

Self-rated general health by tenure

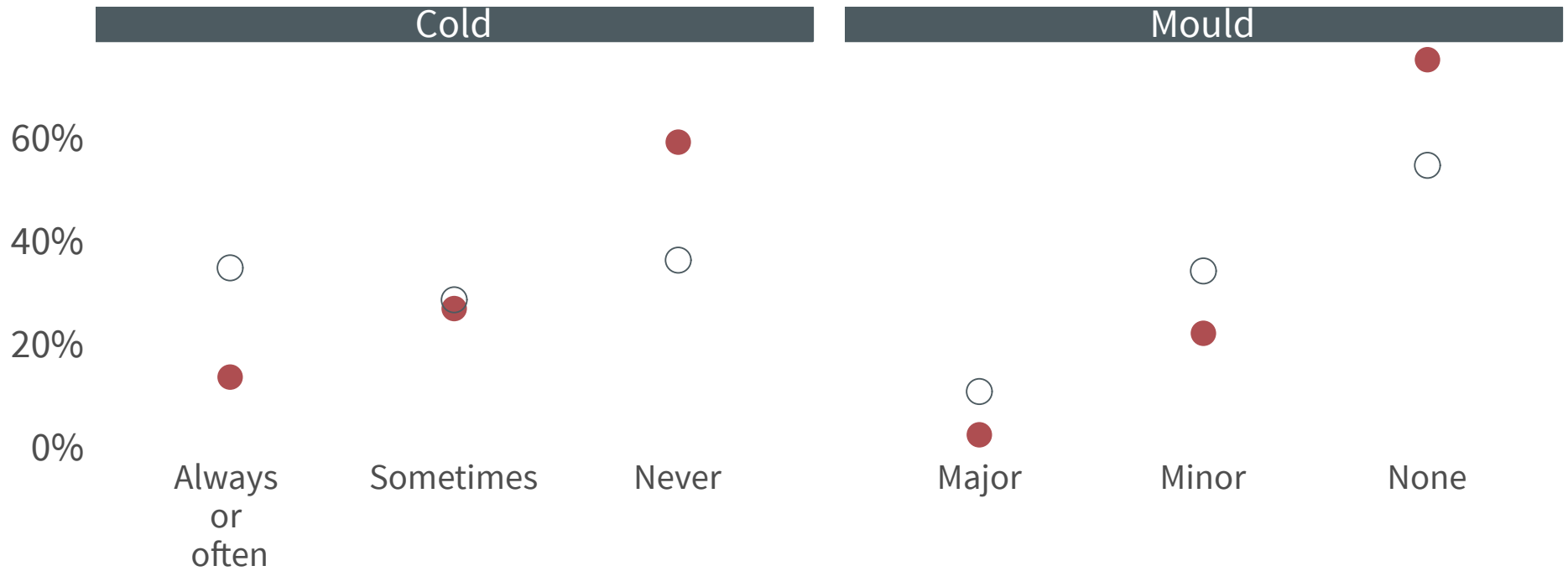


Source: Stats NZ General Social Survey 2016

Homeowners' homes have less mould and cold

Proportion of households reporting mould and cold problems

● owner-occupied ○ not owner-occupied

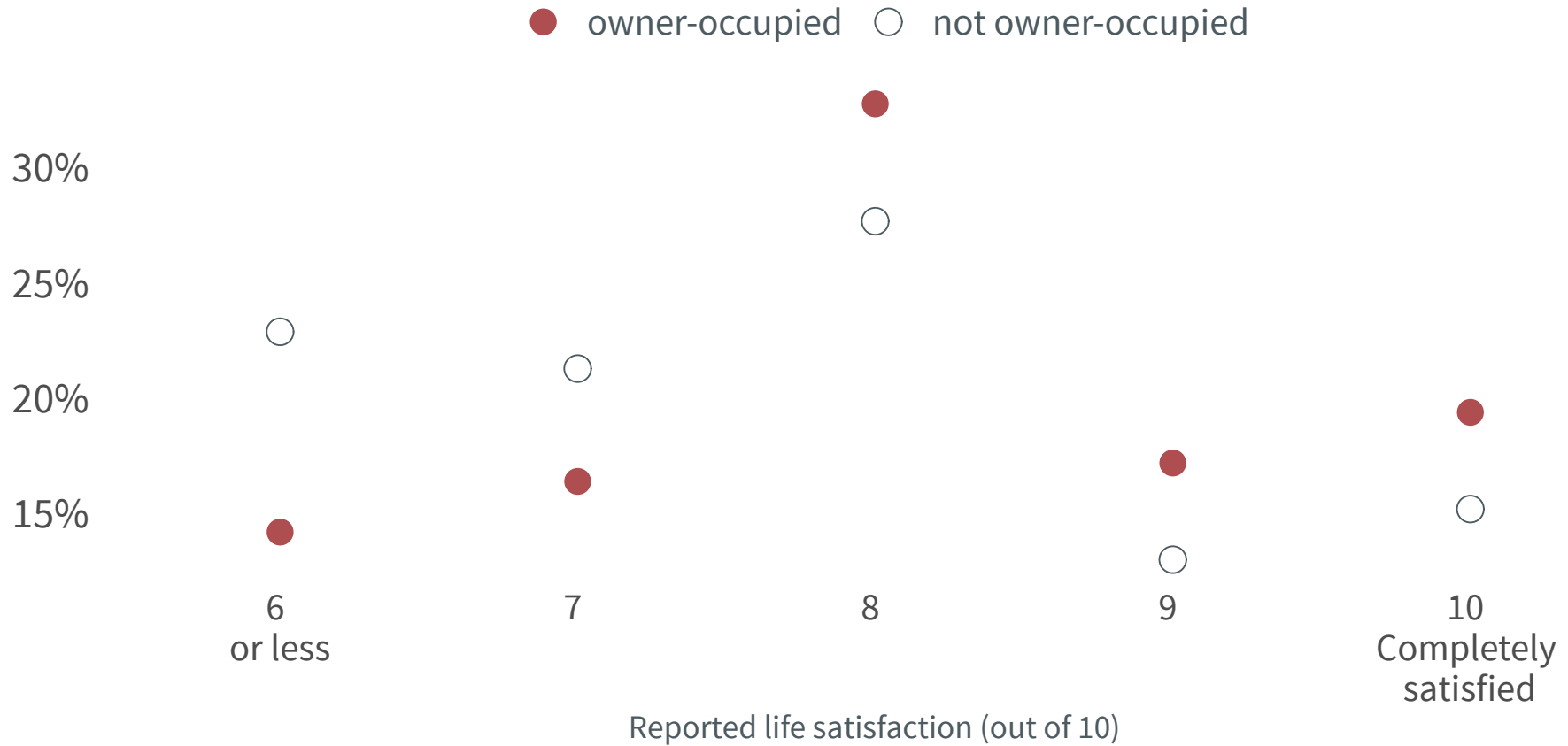


Mould problem: House or flat with dampness or mould problem
Cold problem: In winter, house or flat colder than desired

Source: Stats NZ General Social Survey 2016

Homeowners appear happiest with their lot

69% of homeowners reported a life satisfaction score of 8 or more, compared with 56% of non-homeowners

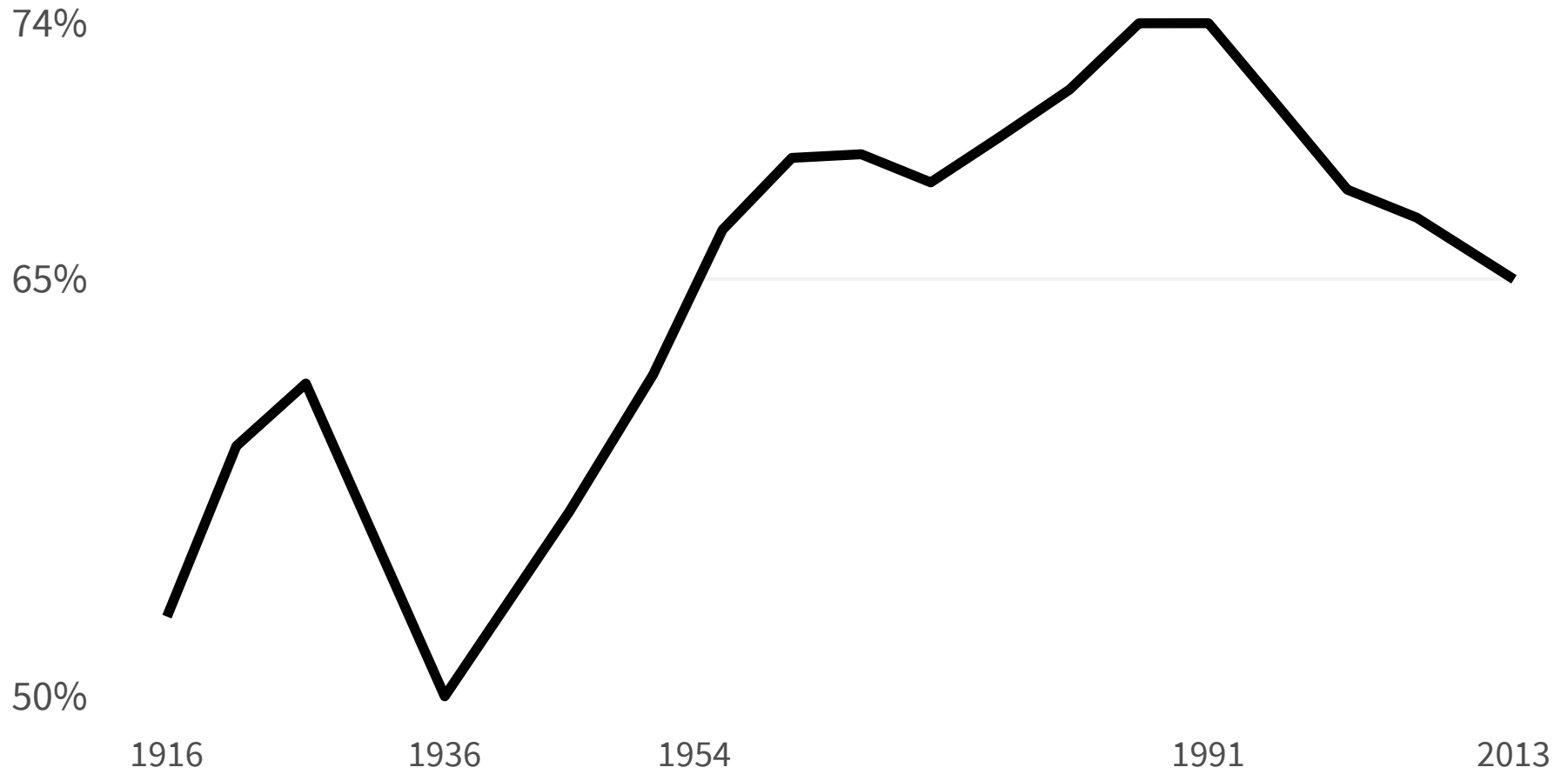


Source: Stats NZ General Social Survey 2016

Context

Homeownership rate lowest since 1954

Proportion of dwellings owned by their occupants

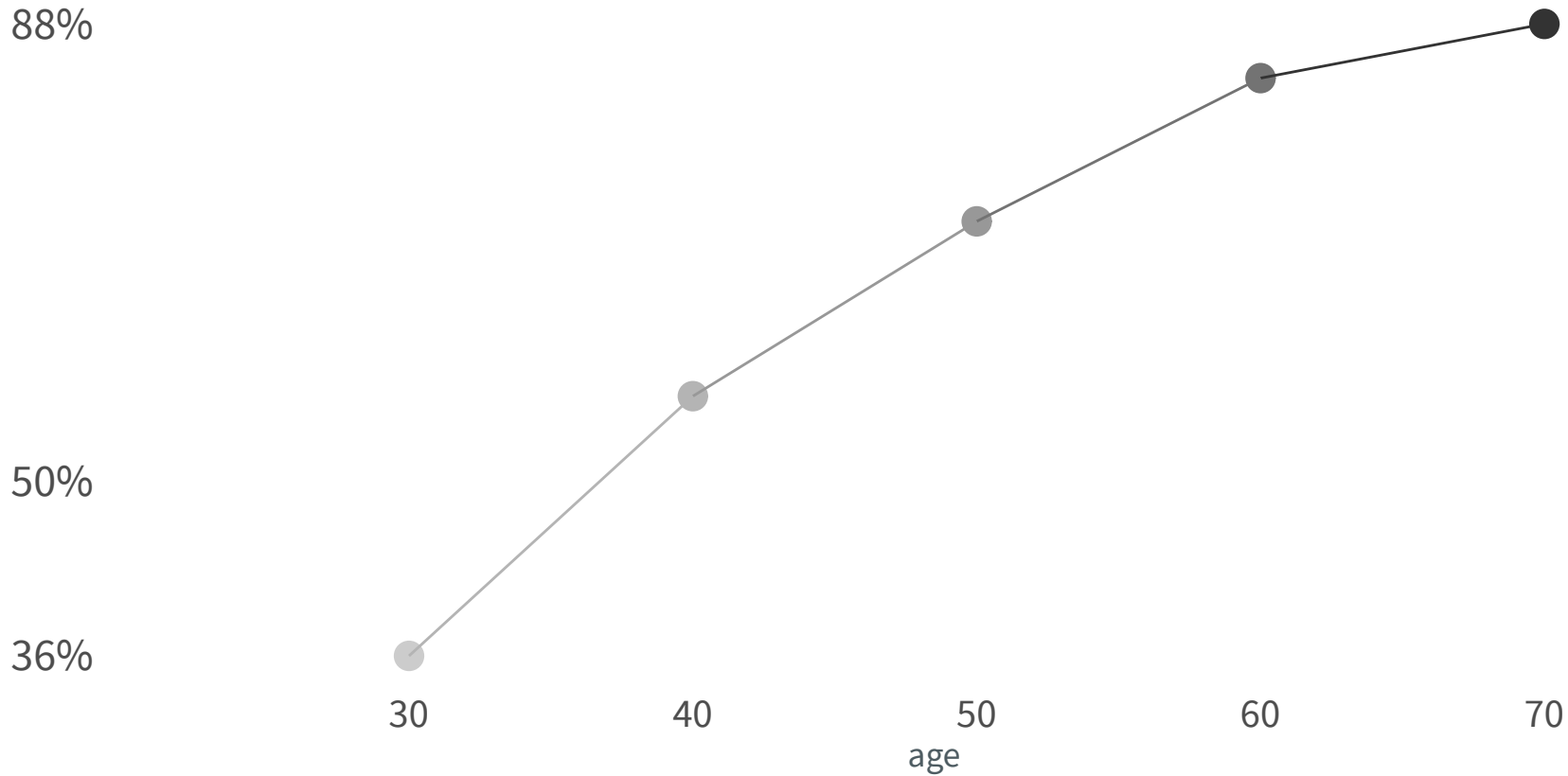


Source: Stats NZ, Censuses of Population and Dwellings

Generations

Homeownership rates increase with age

2018

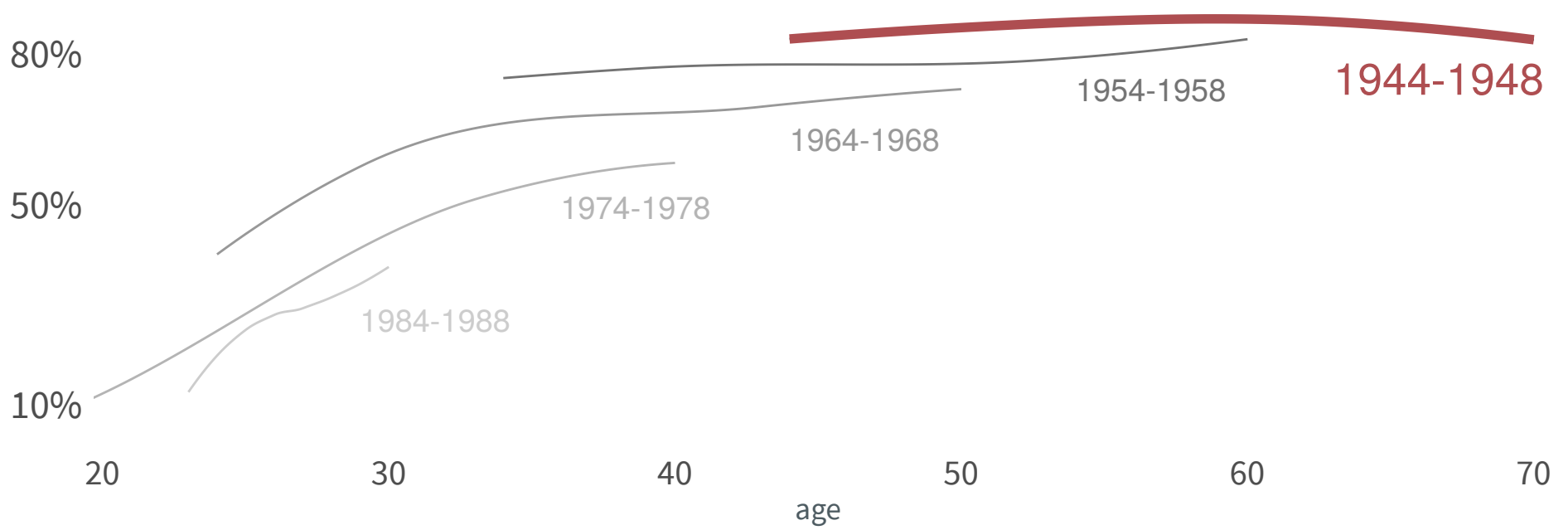


People who own: includes ownership by household, own with mortgage, and since 2007, in a family trust excludes people living with parents

Source: Stats NZ, Household Economic Surveys 1988-2018

Majority of today's 70-74 year-olds have enjoyed homeownership since their 40s

Trends in homeownership by birth cohort



LOESS trend lines

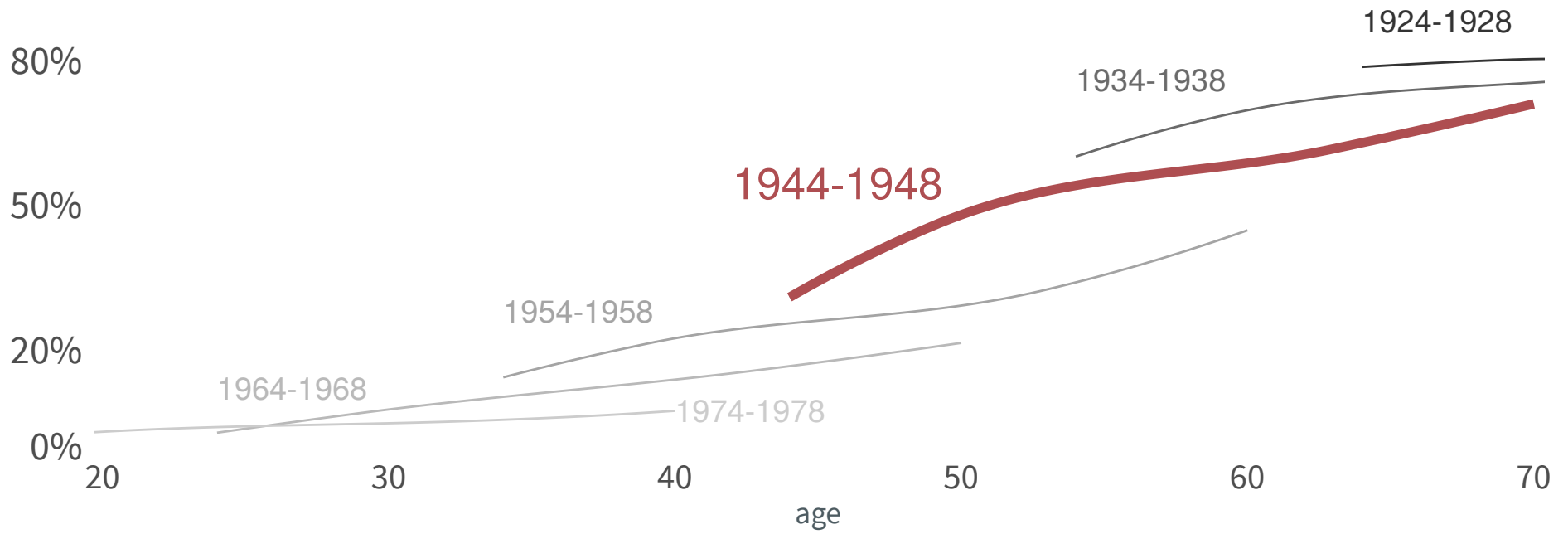
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excludes people living with parents

Birth cohorts shown if we have observations at that age for all five birth years in that cohort

Source: Stats NZ, Household Economic Surveys 1988-2018

Many of today's 70-74 year olds paid off their mortgage in their 40s and 50s

Trends in full homeownership by birth cohort



LOESS trend lines

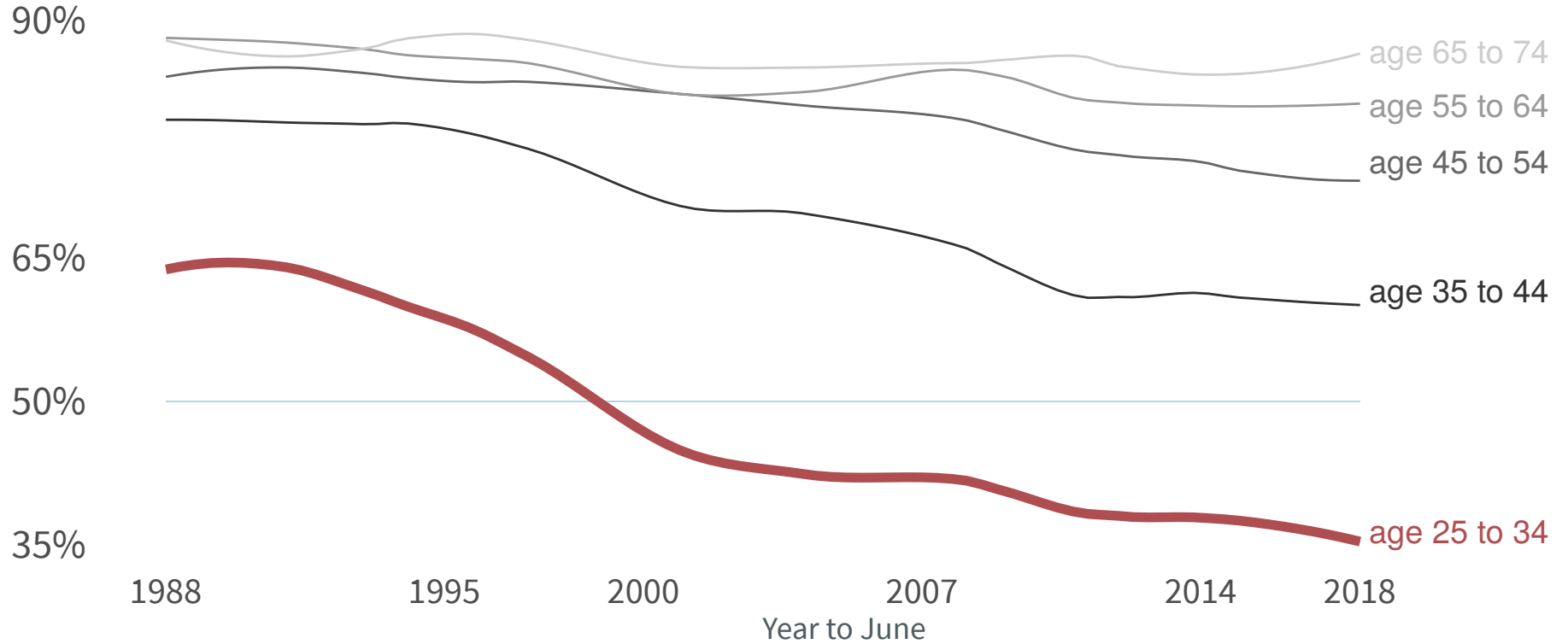
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Declining proportion of young home-owners

Proportion of people who own by age and year



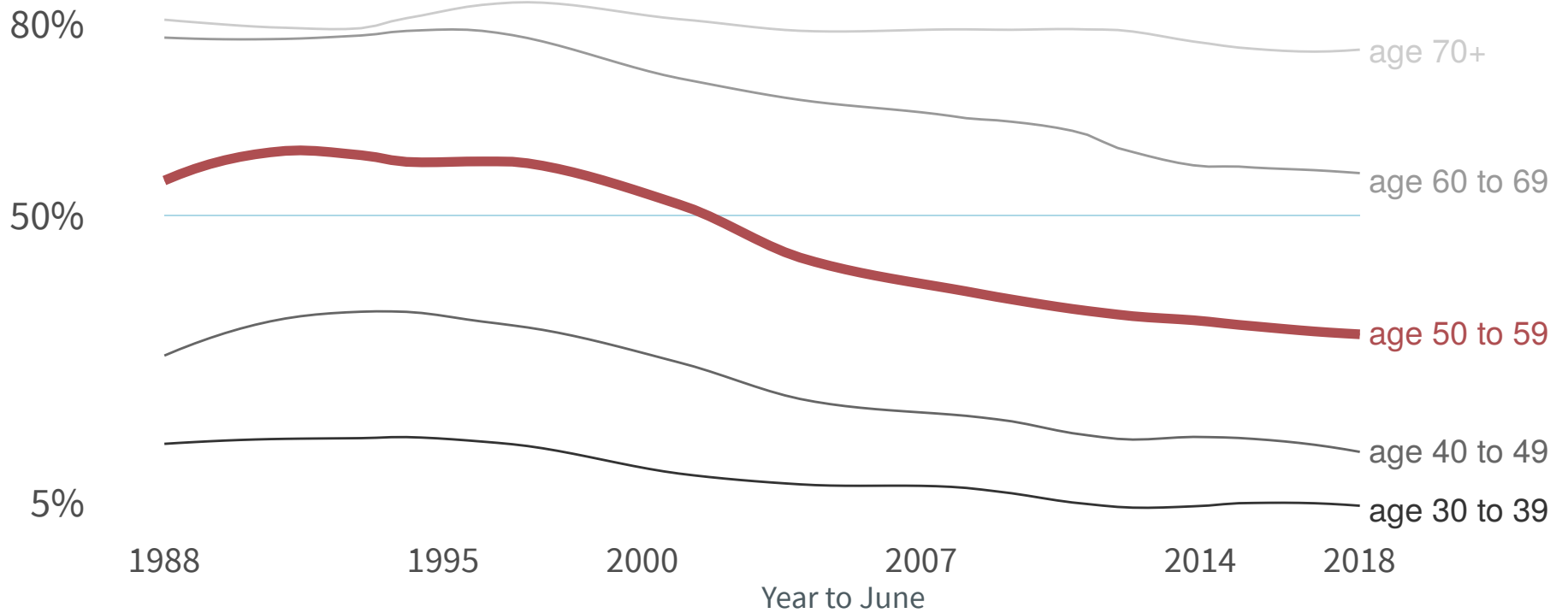
LOESS trend lines

People who own: includes ownership by household, own with mortgage, and since 2007, in a family trust
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Source: Stats NZ, Household Economic Surveys 1988-2018

Full homeownership becoming less common

Proportion of people who fully-own by age and year



LOESS trend lines

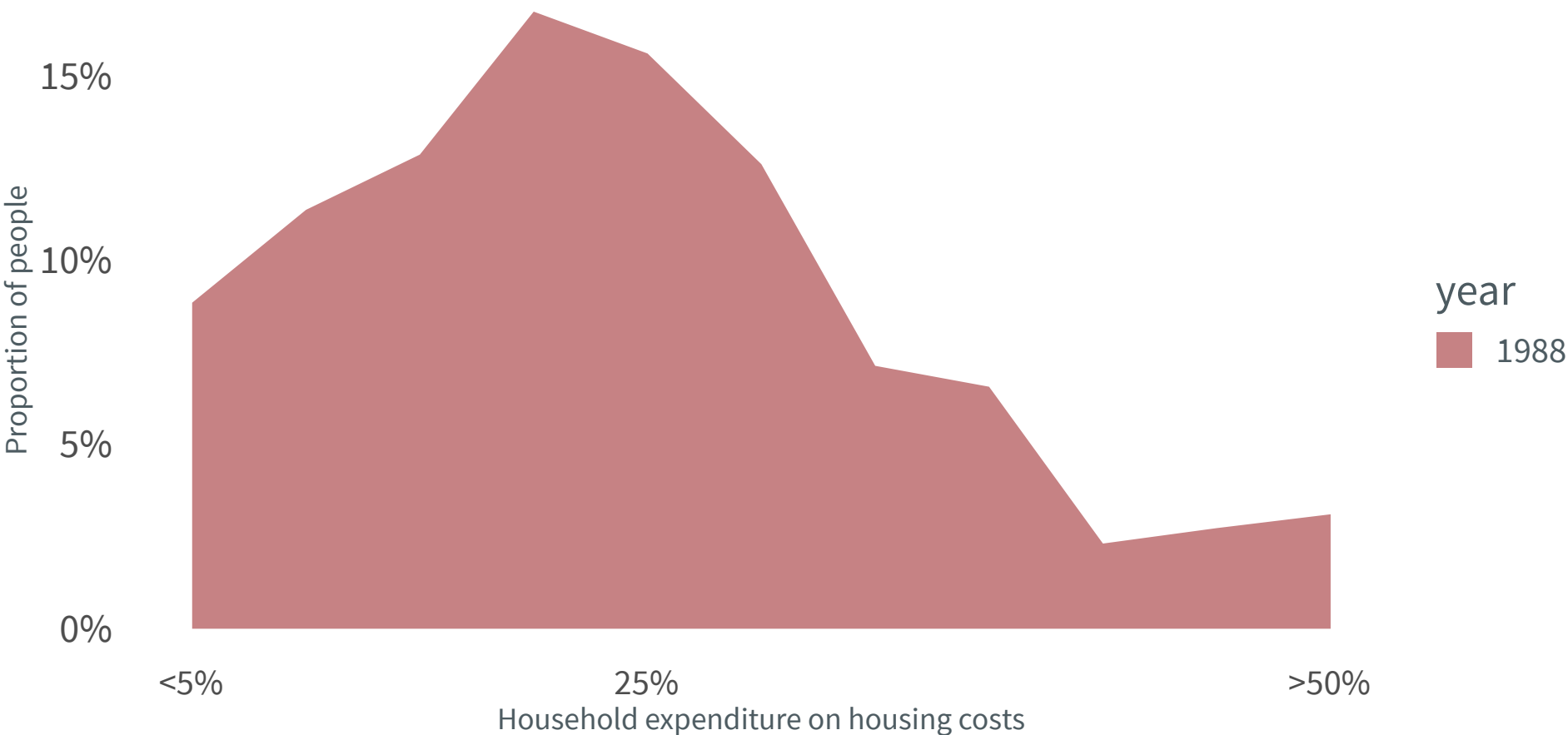
People who own: includes full ownership by household, and since 2007, in a family trust
excludes people living with parents

Source: Stats NZ, Household Economic Surveys 1988-2018

Housing becoming a bigger cost

Distribution of homeowners spending on housing costs, by age and year

25 to 34

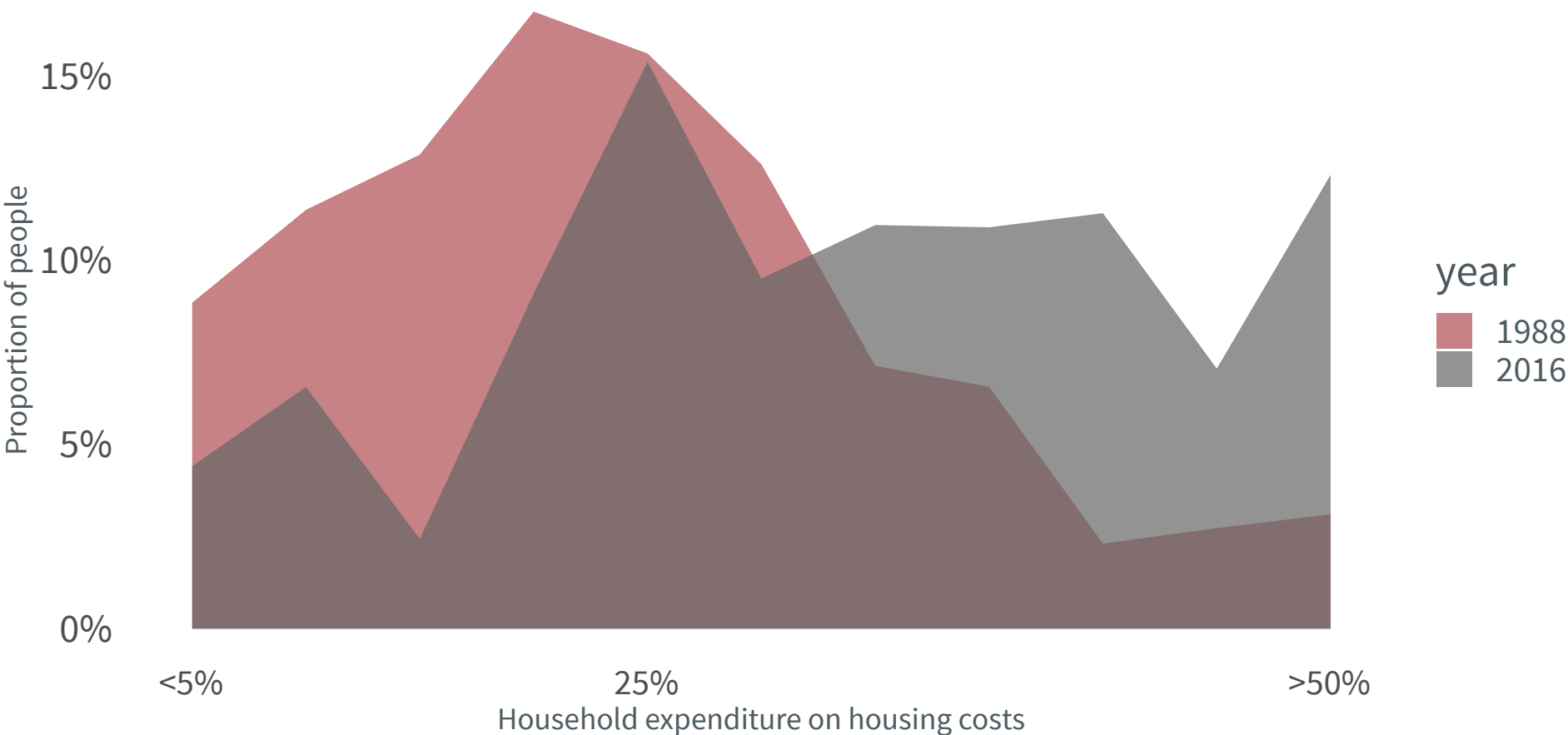


Source: Stats NZ, Household Economic Surveys 1988-2018

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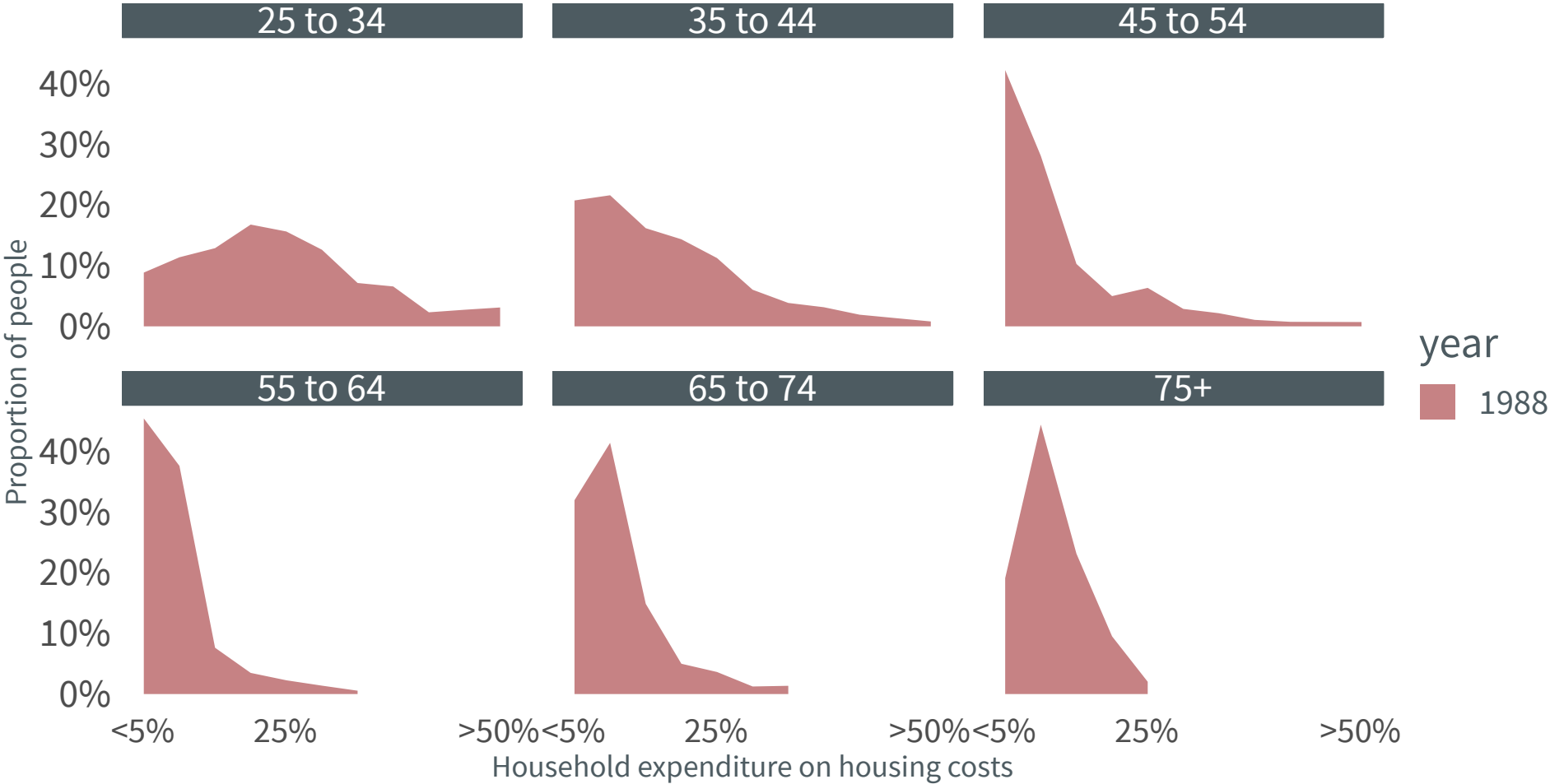
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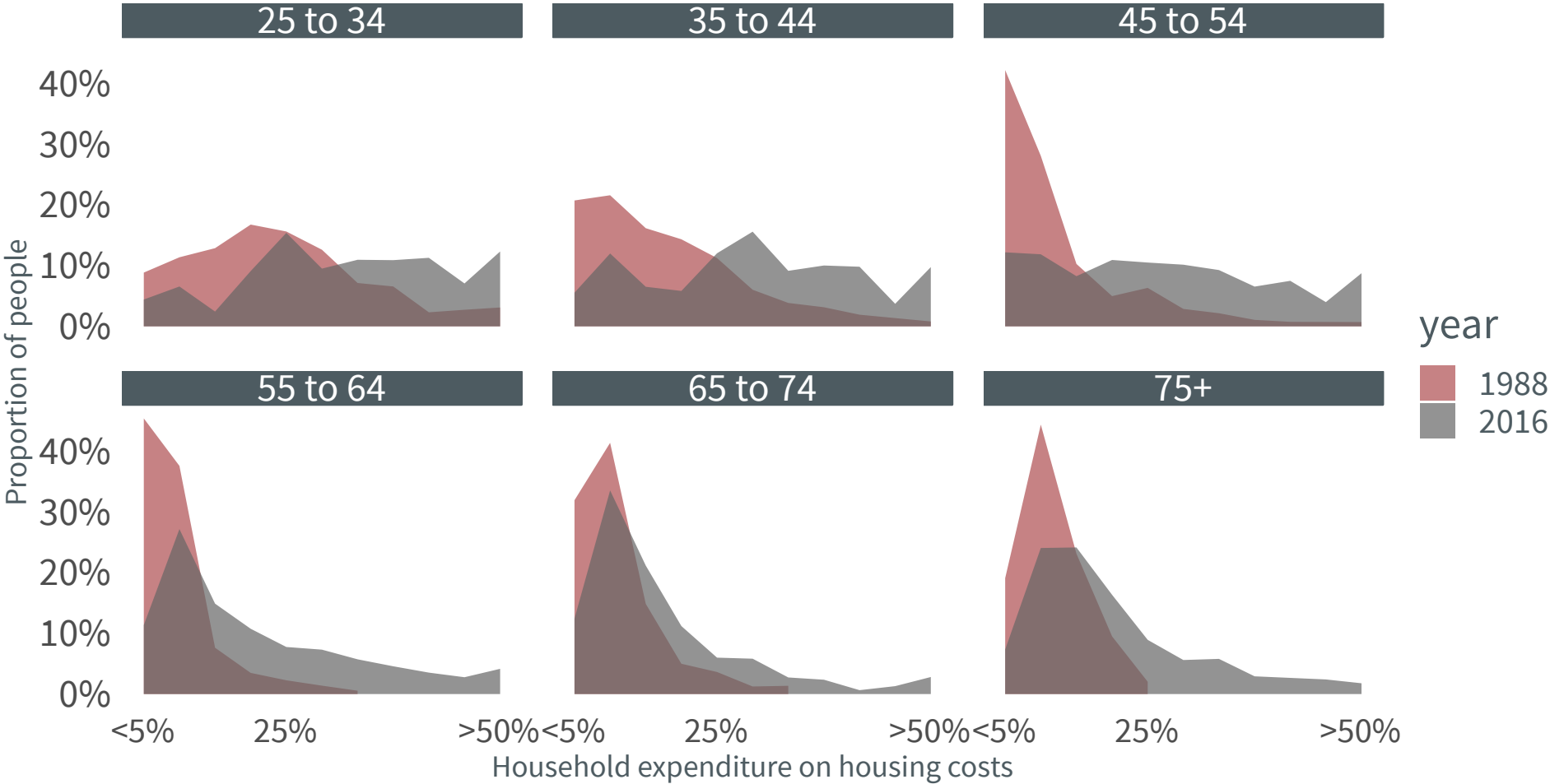
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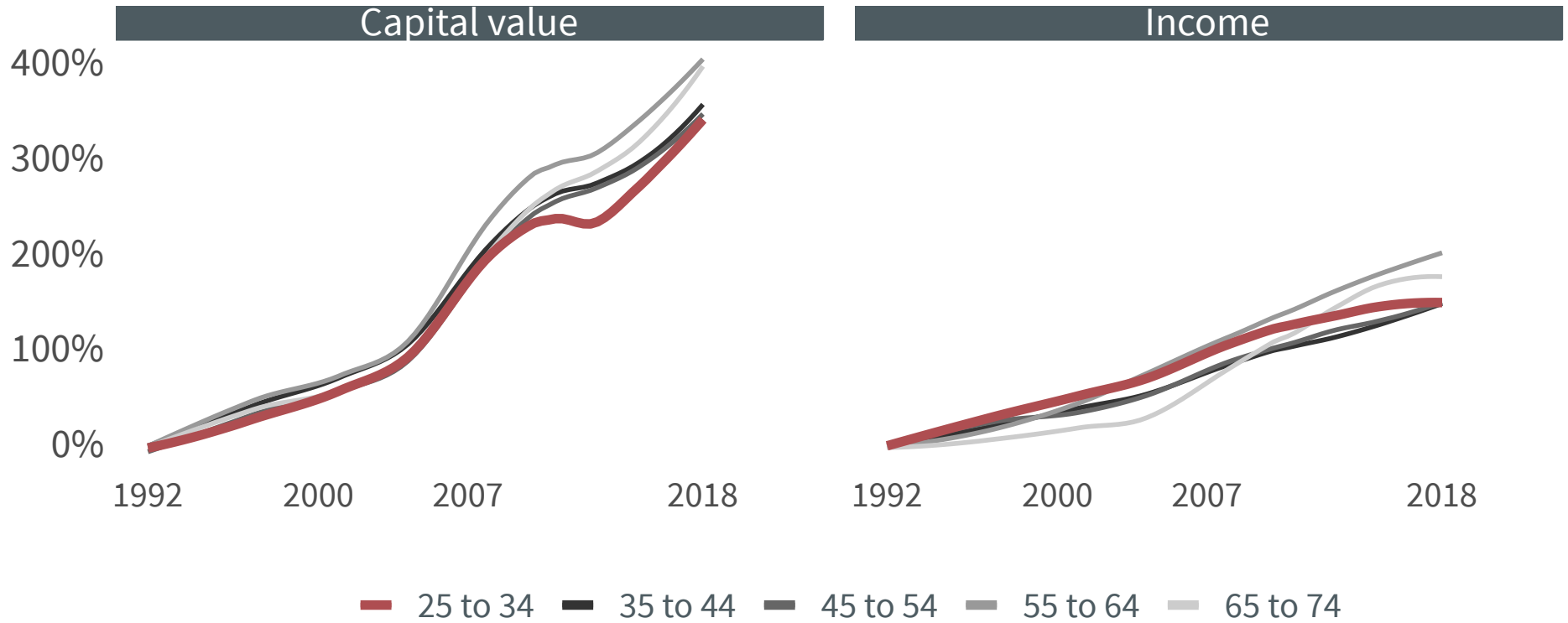
Distribution of homeowners spending on housing costs, by age and year



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Income growth has not kept pace with value growth

Change in homeowners' median capital value and median income, by age

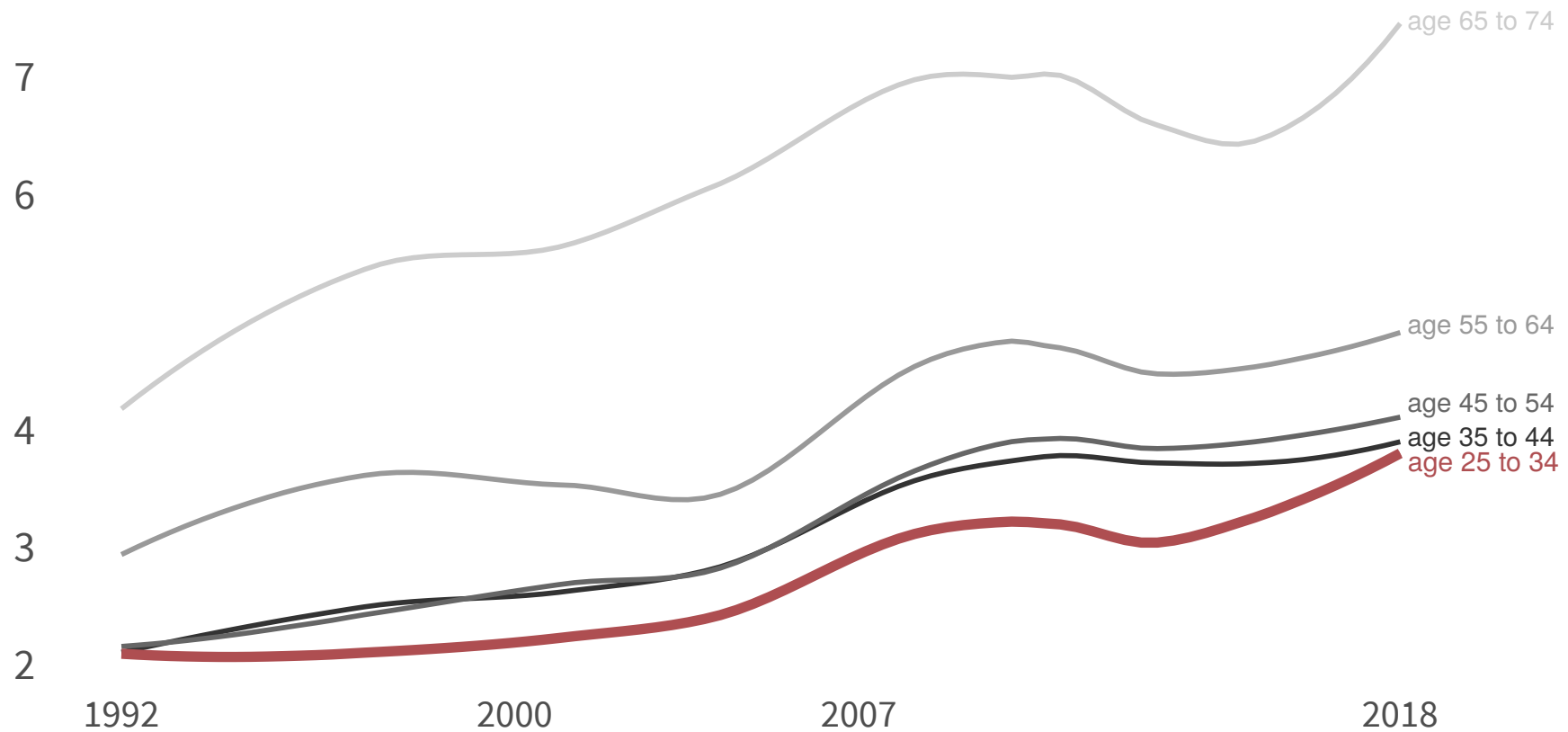


LOESS trend lines

Source: Stats NZ, Household Economic Surveys 1988-2018

Rising value-to-income ratios

Homeowners' median income to capital value ratio

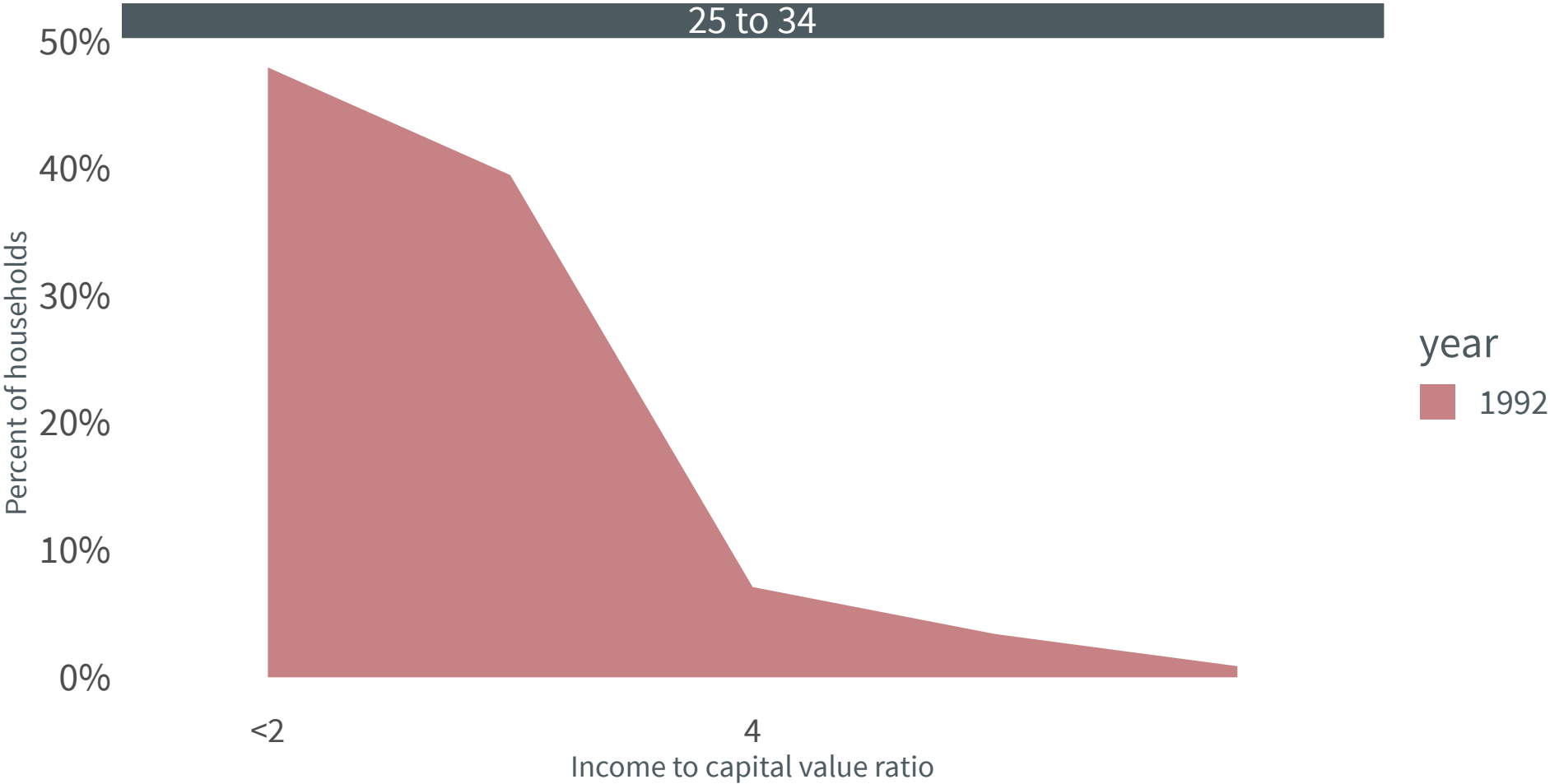


LOESS trend lines

Source: Stats NZ, Household Economic Surveys 1988-2018

Capital values rising faster than income

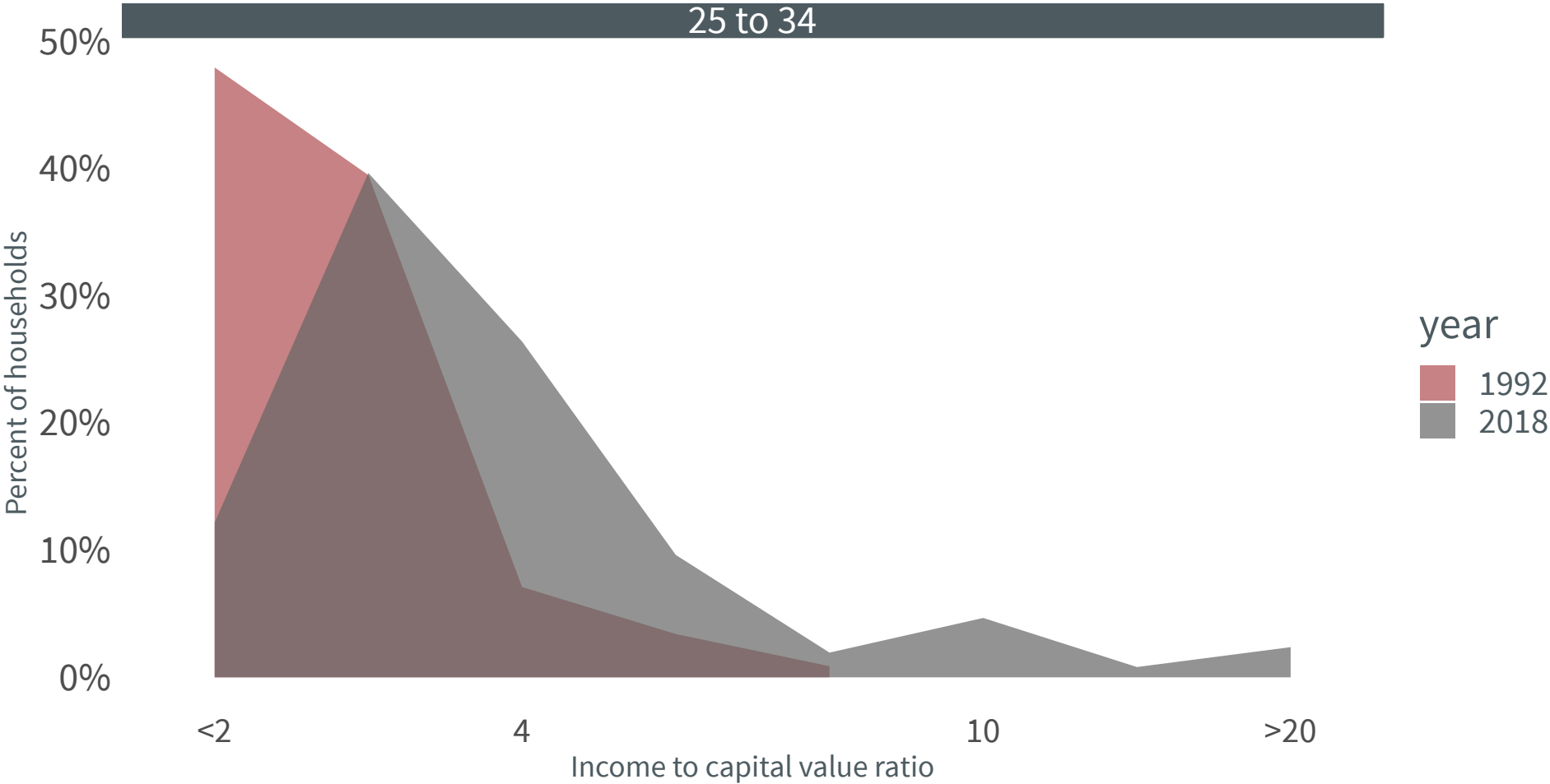
Distribution of capital-value to income ratio



Source: Stats NZ, Household Economic Surveys 1988-2018

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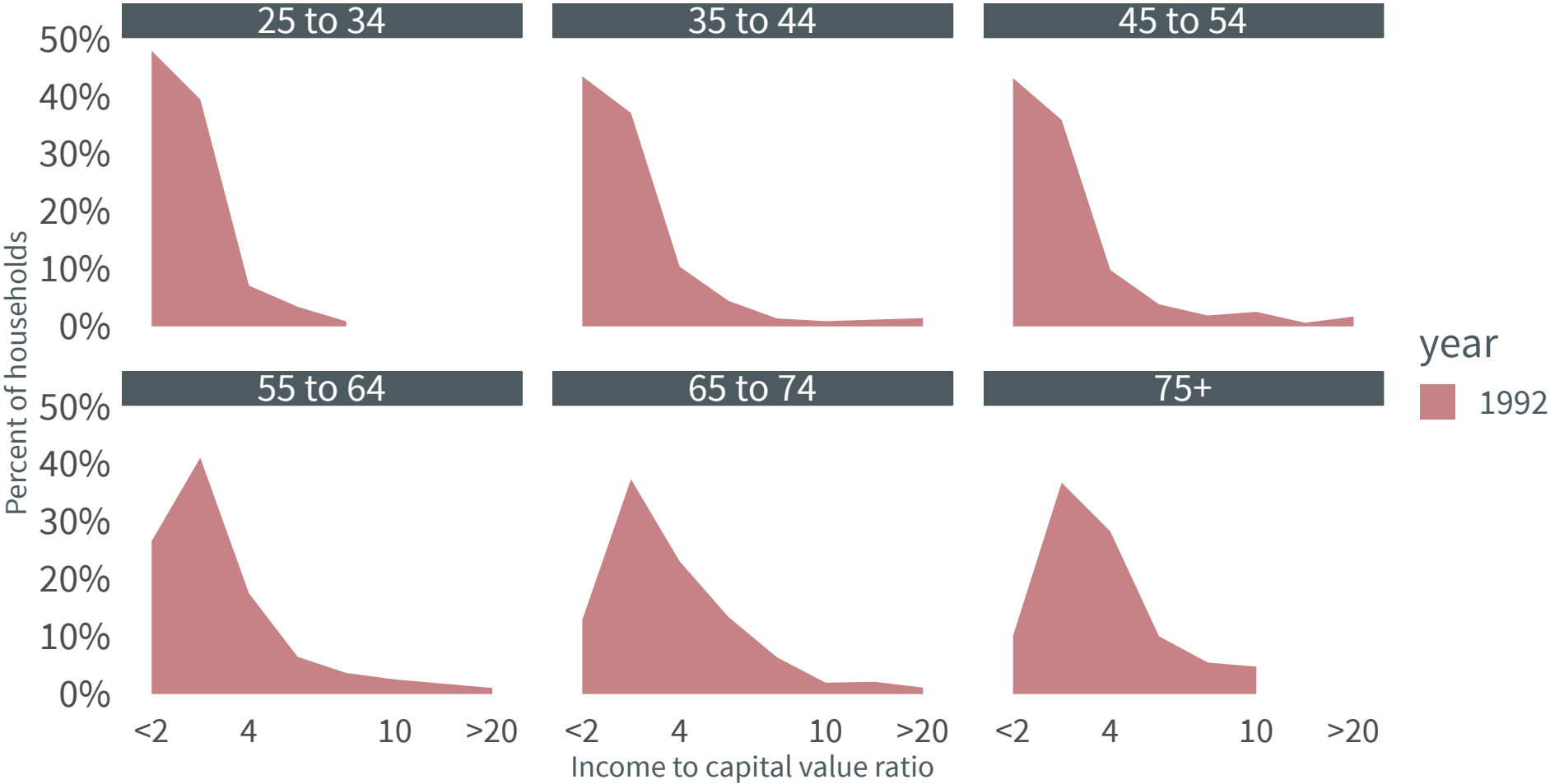
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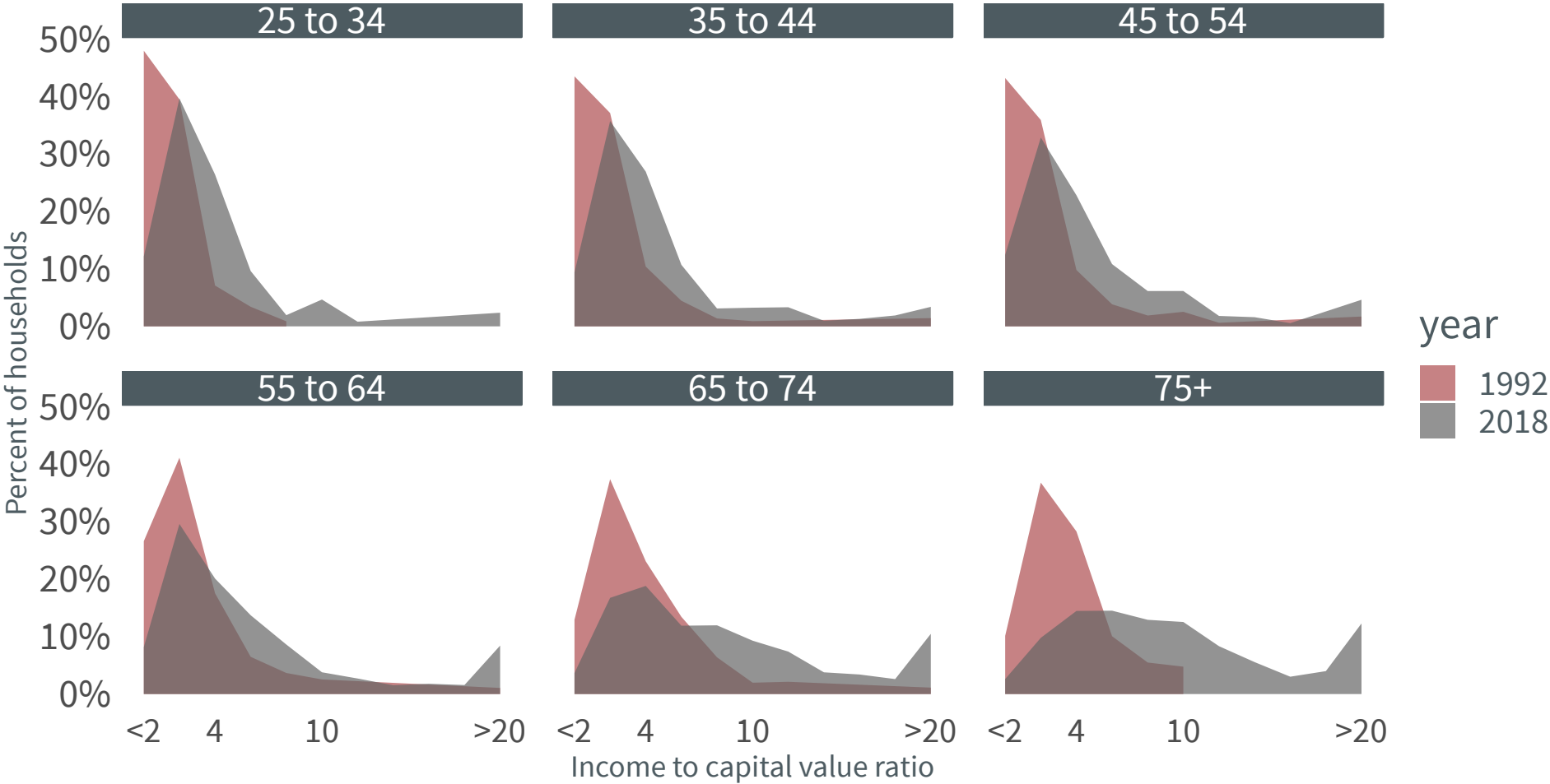
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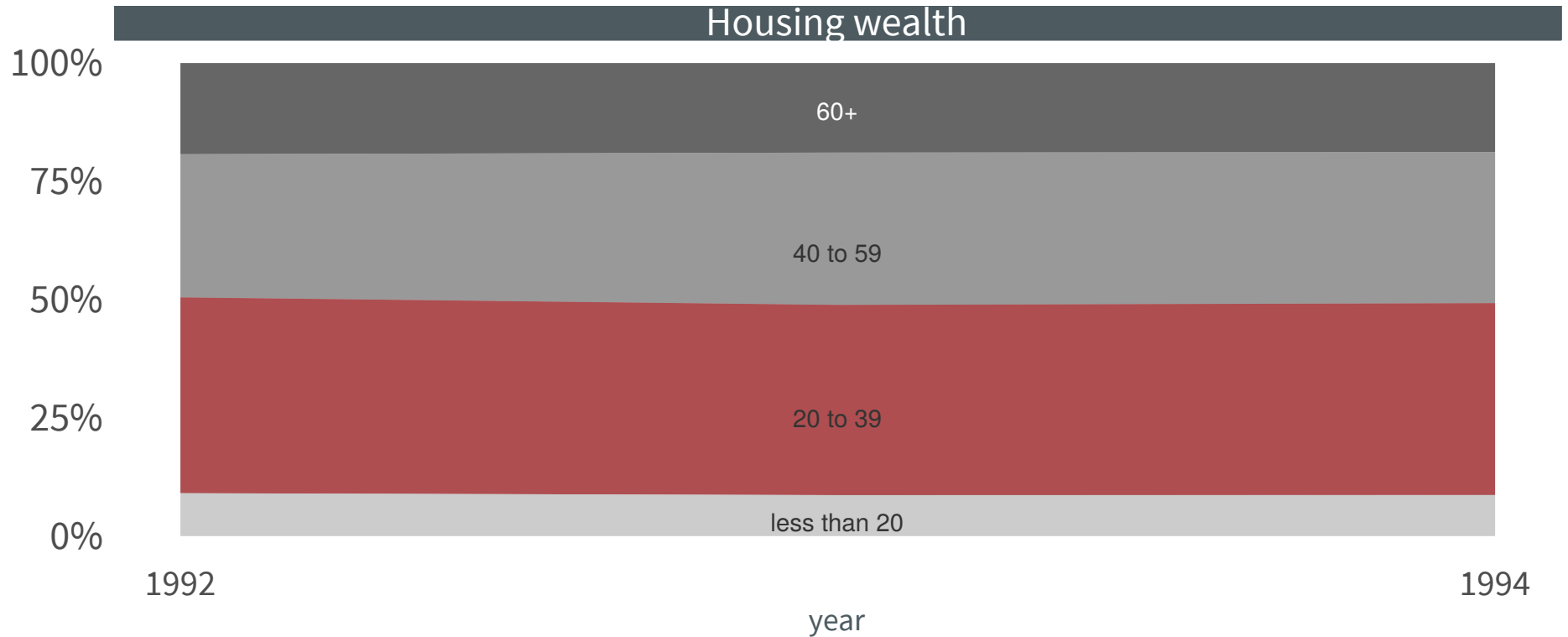
Distribution of capital-value to income ratio



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Housing wealth a generation ago

Share of housing wealth by age

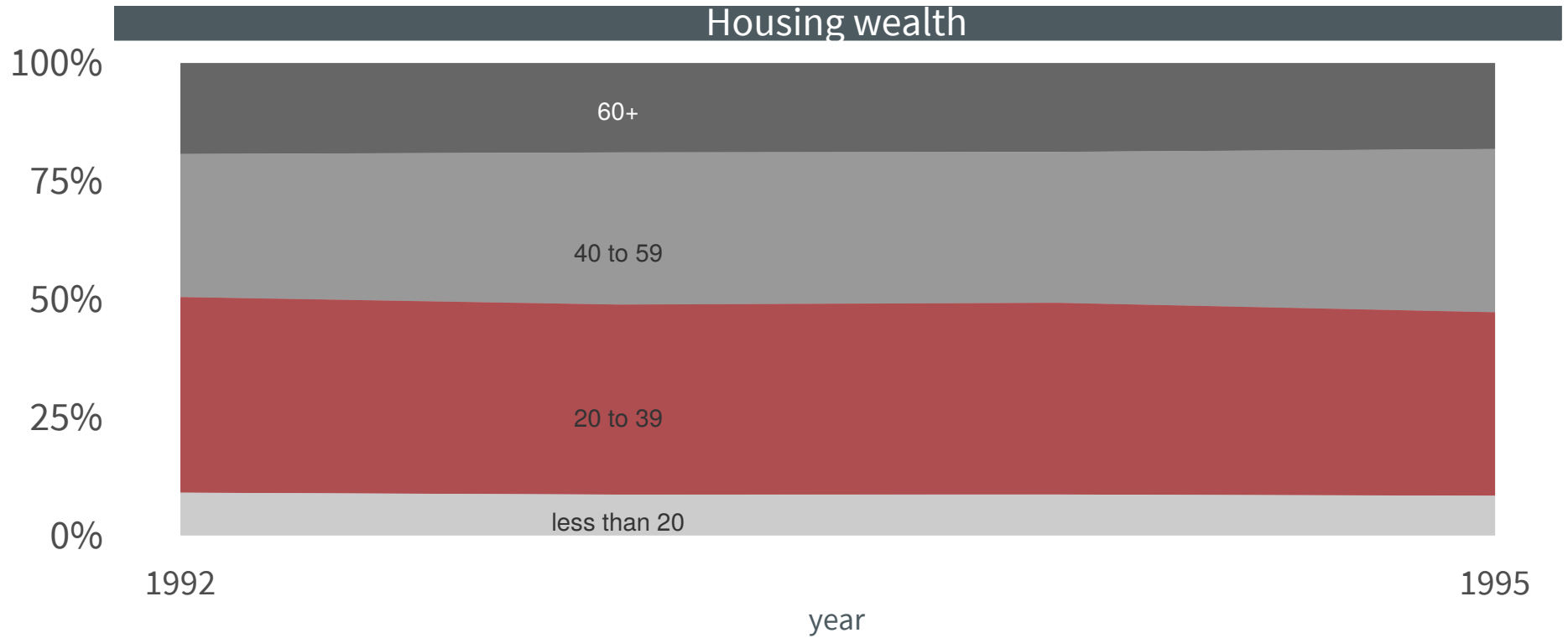


Housing wealth: Owner-occupied housing wealth

Source: Stats NZ, Household Economic Surveys 1988-2018

Housing wealth

Share of housing wealth by age

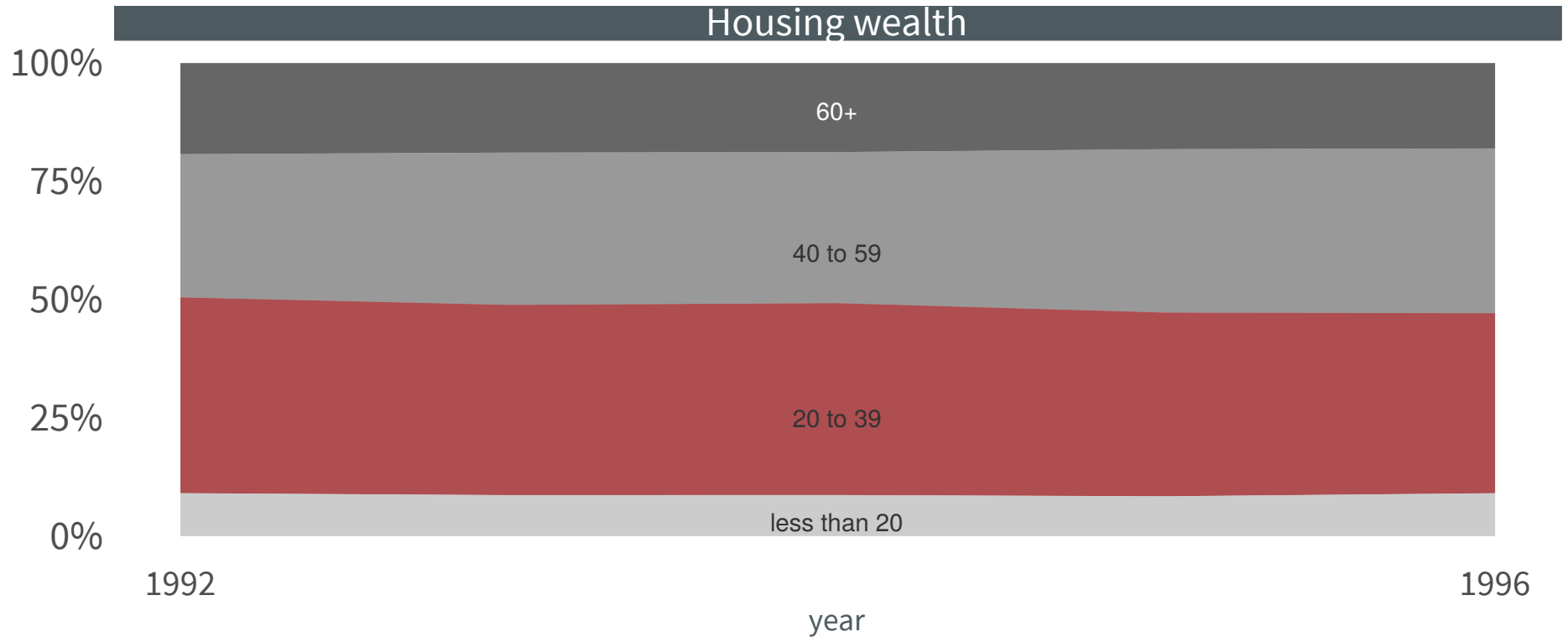


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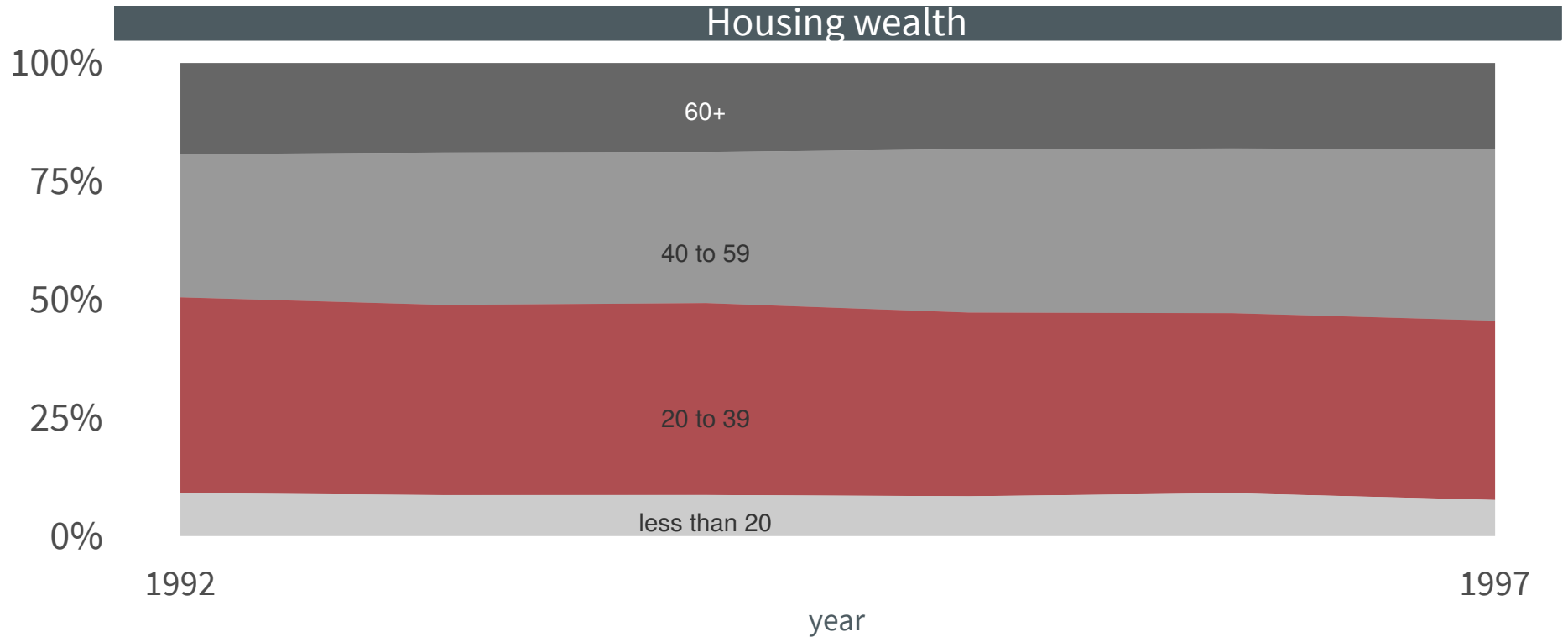


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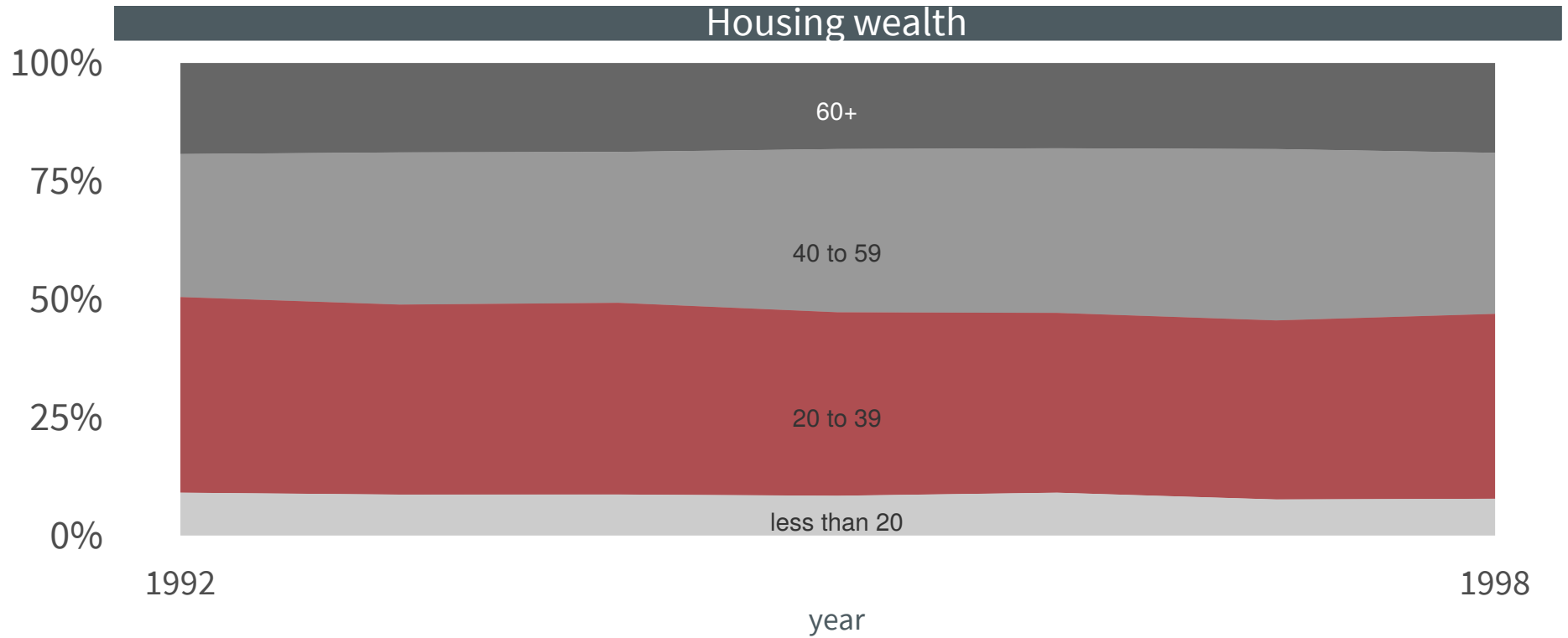


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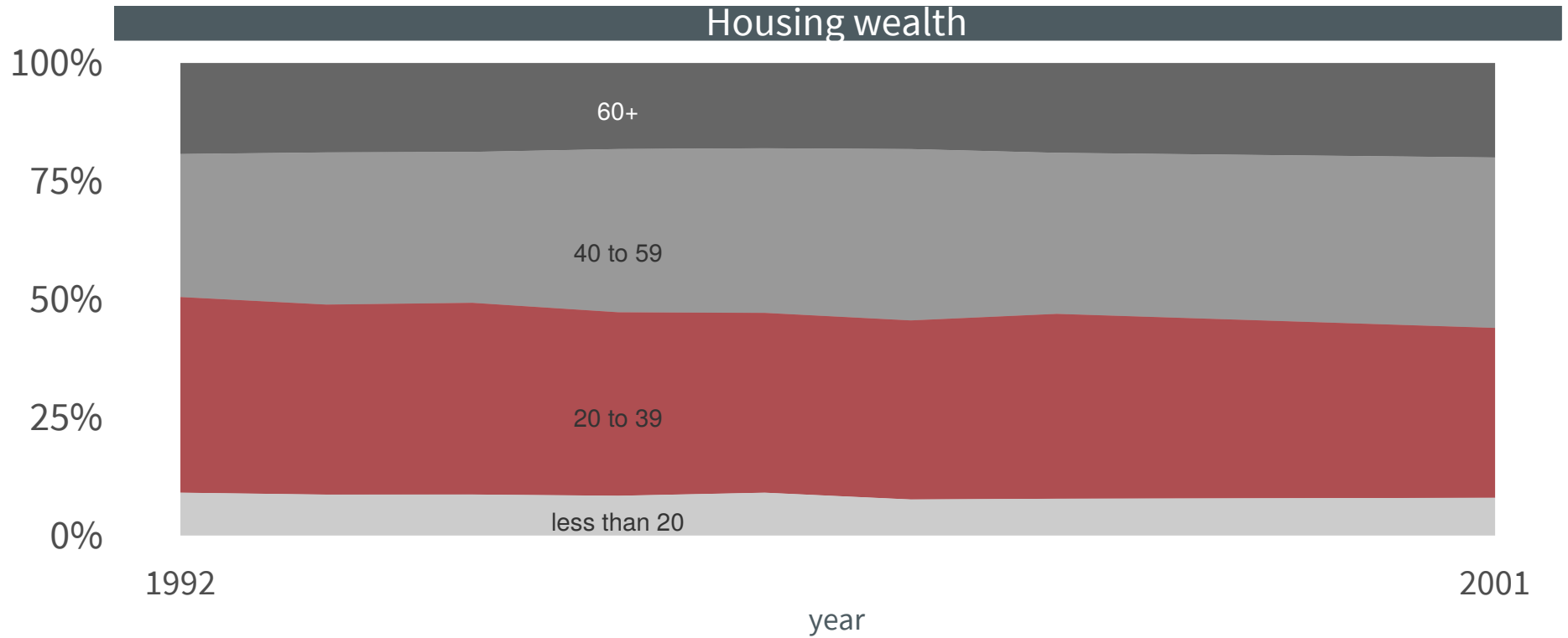


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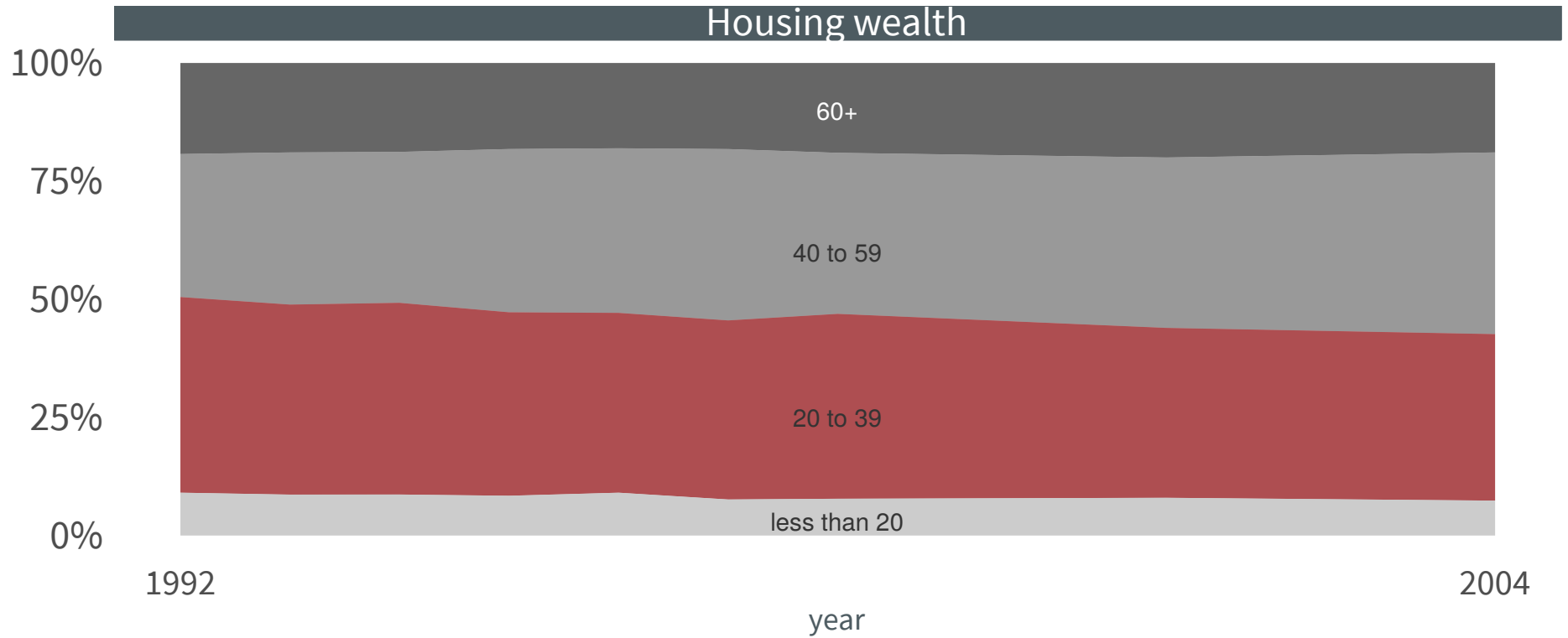


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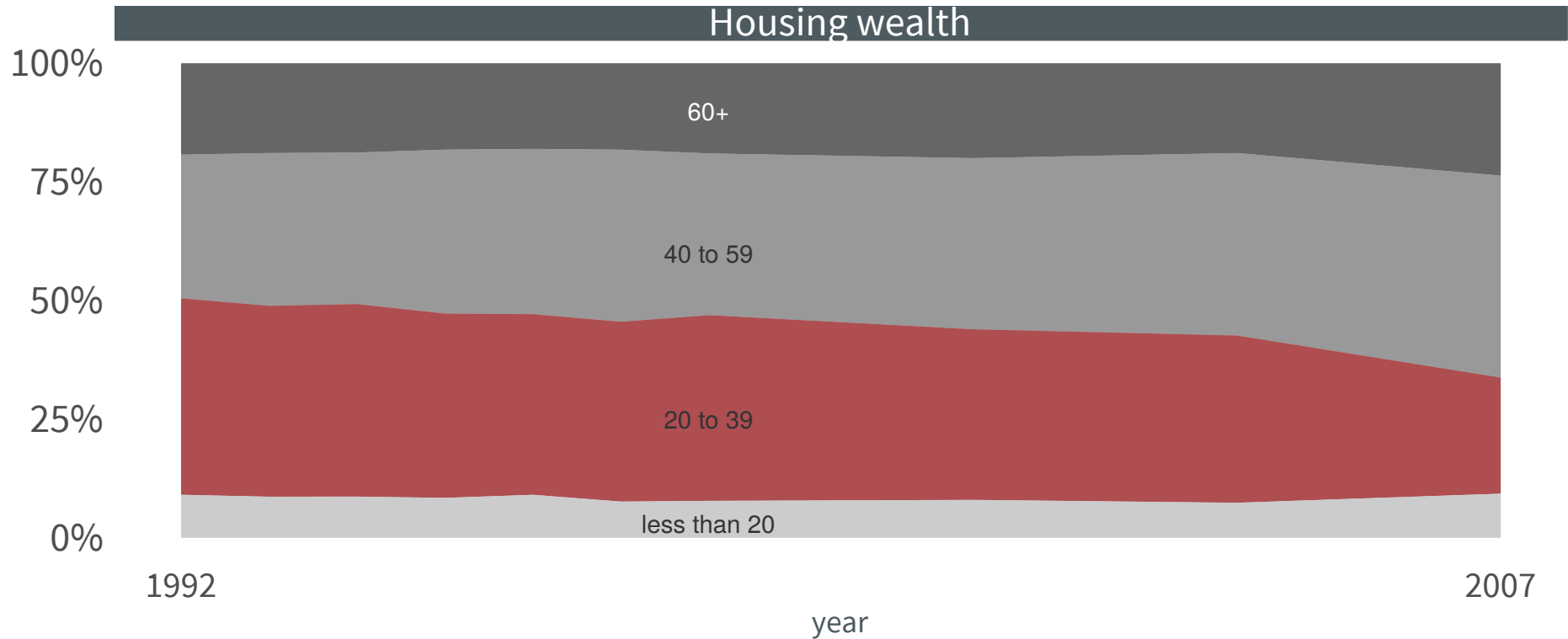


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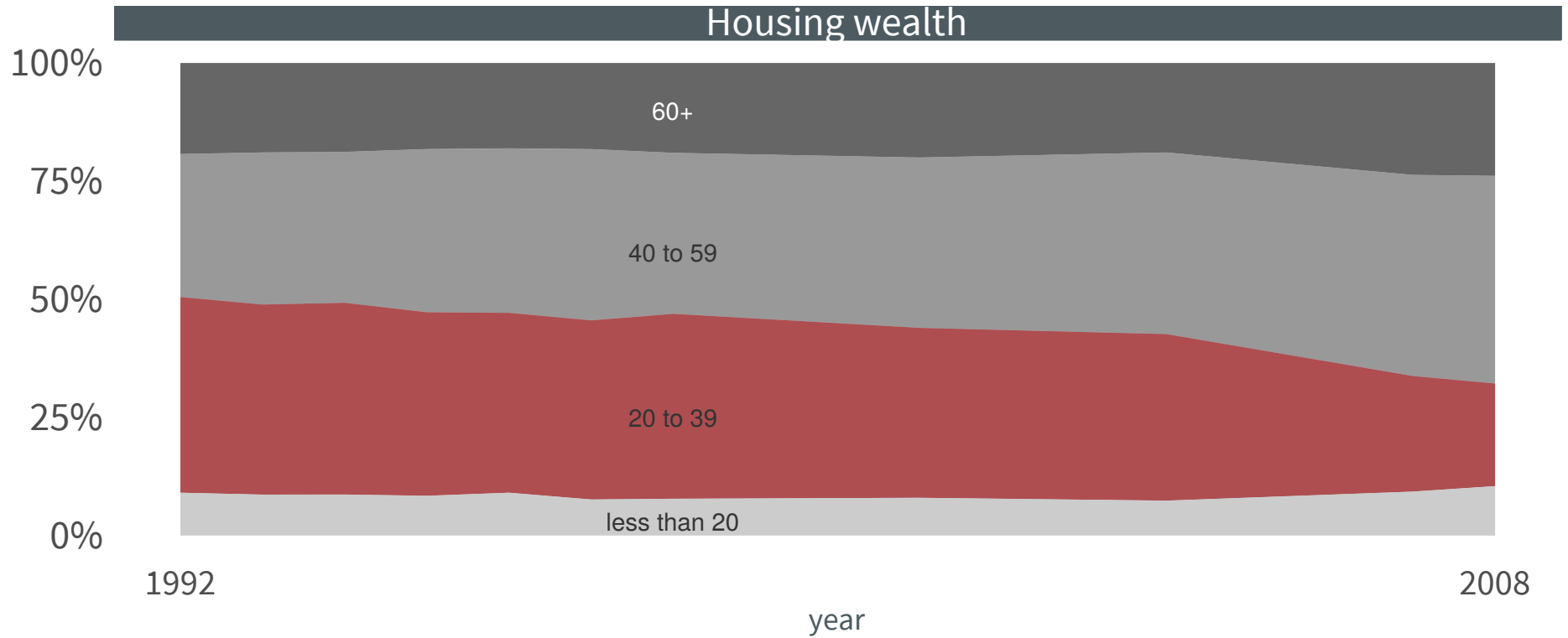


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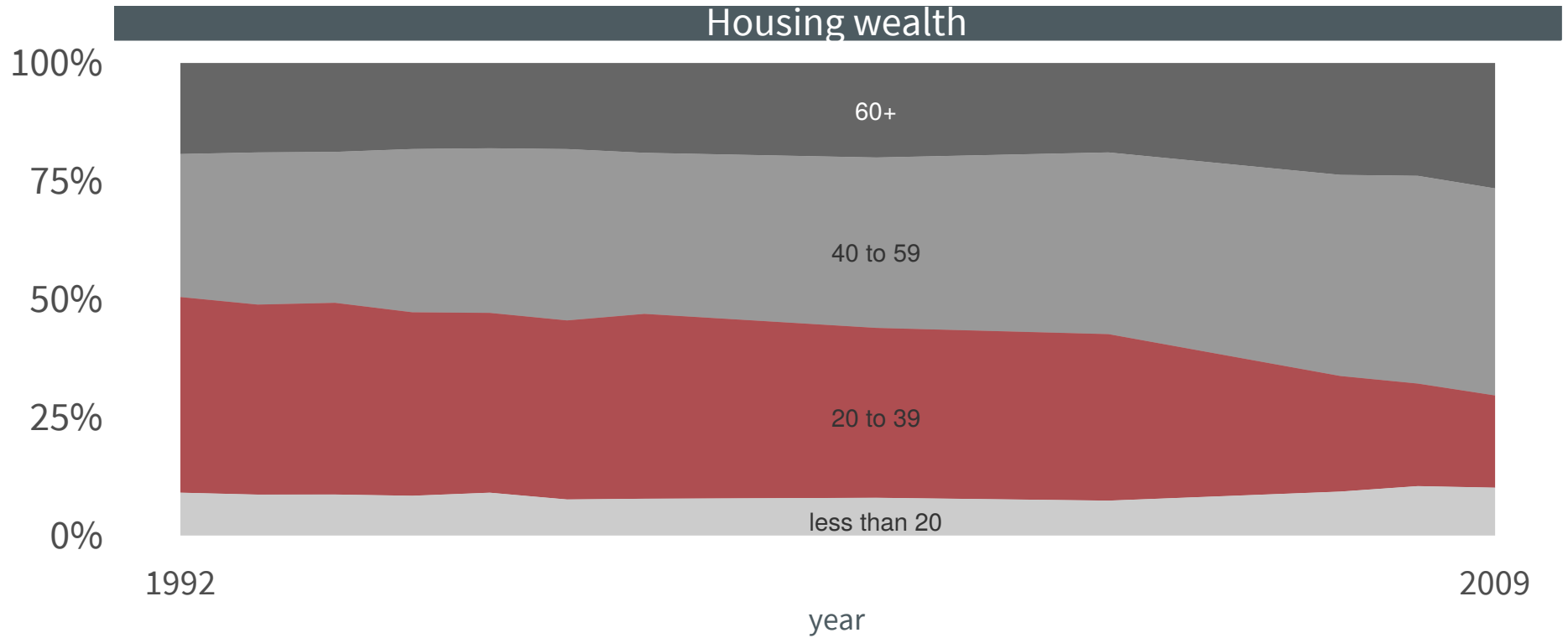


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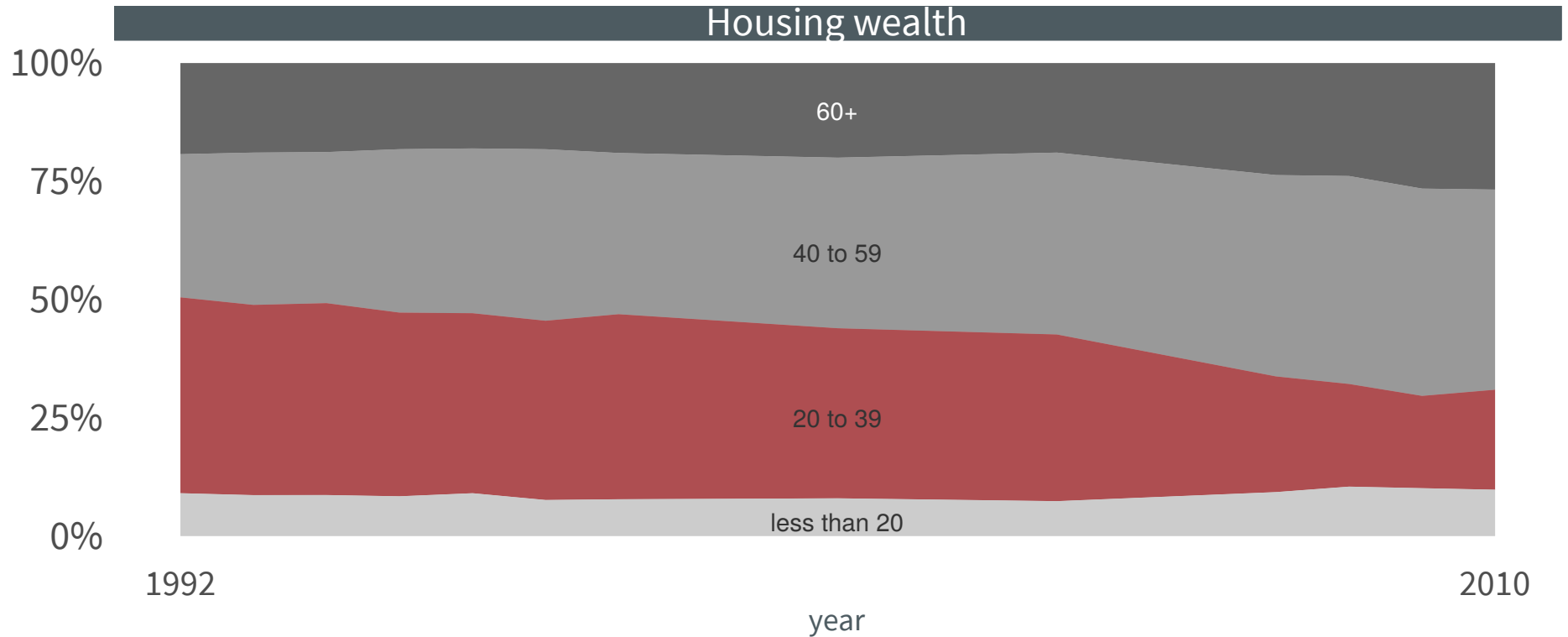


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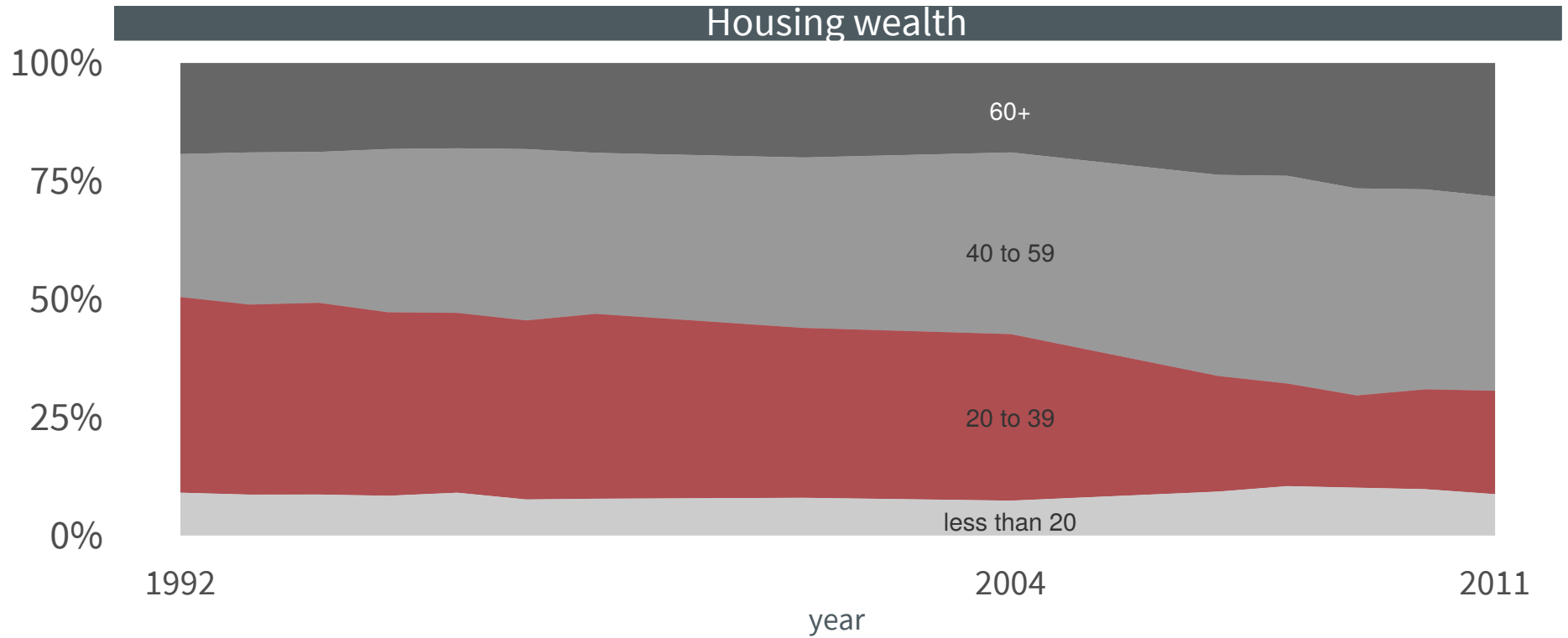


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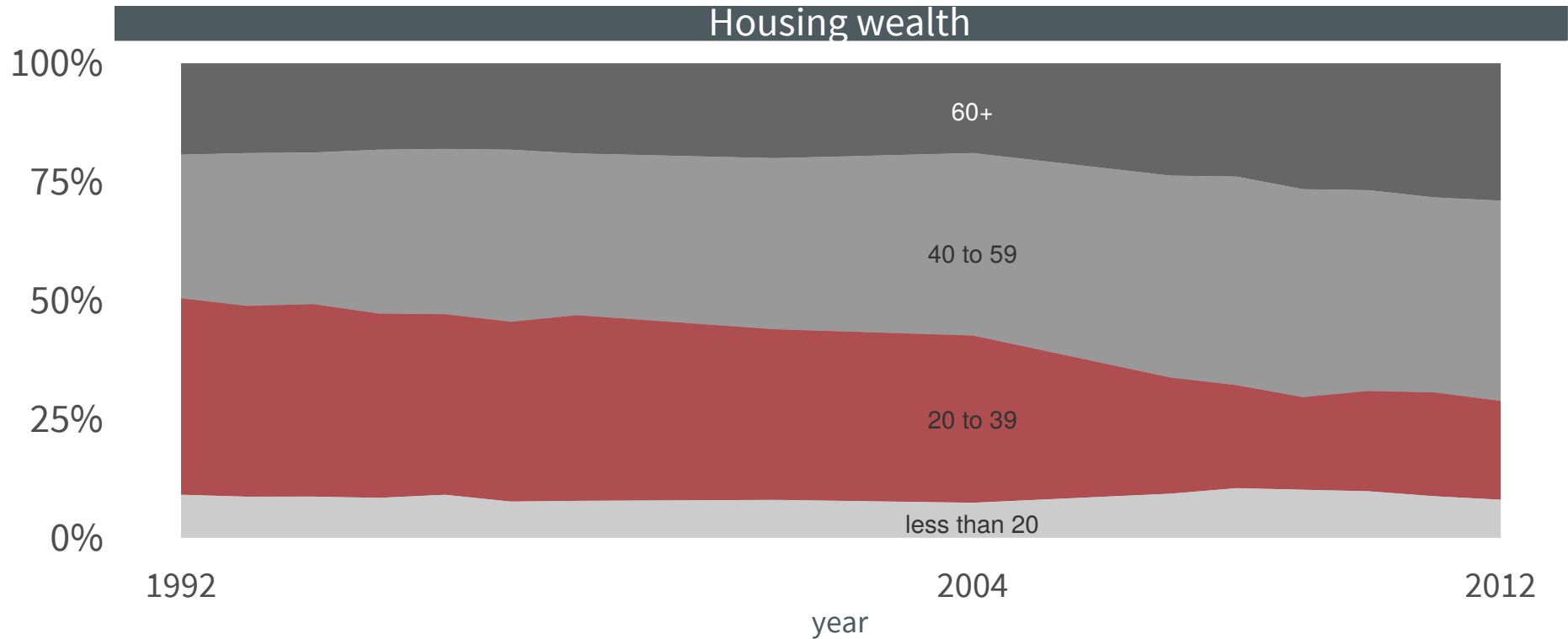


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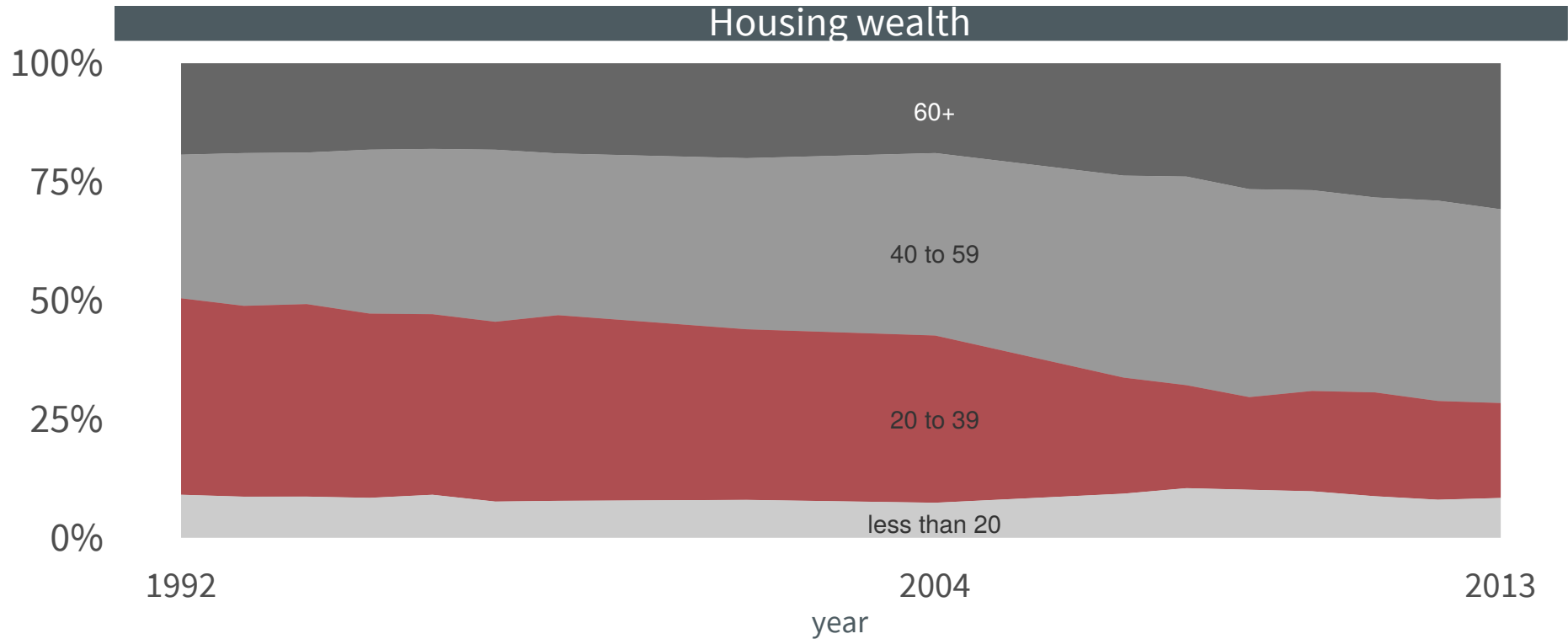


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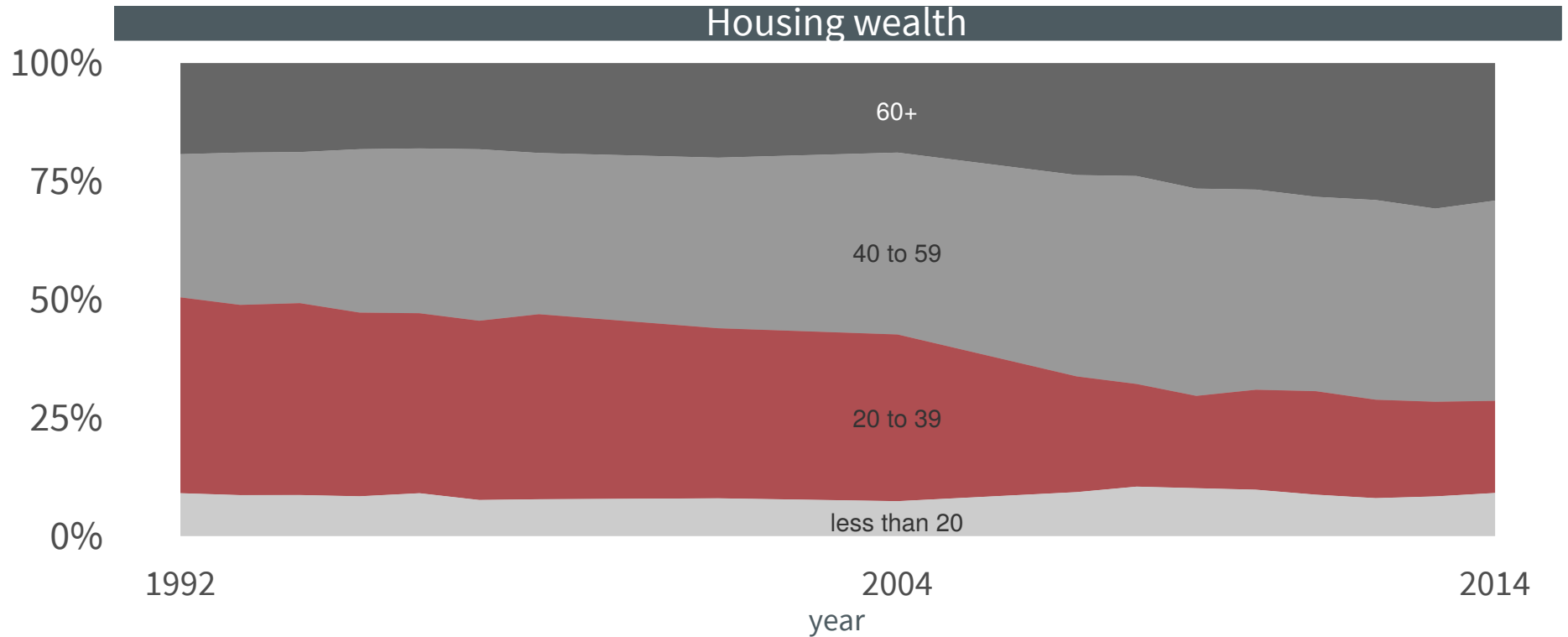


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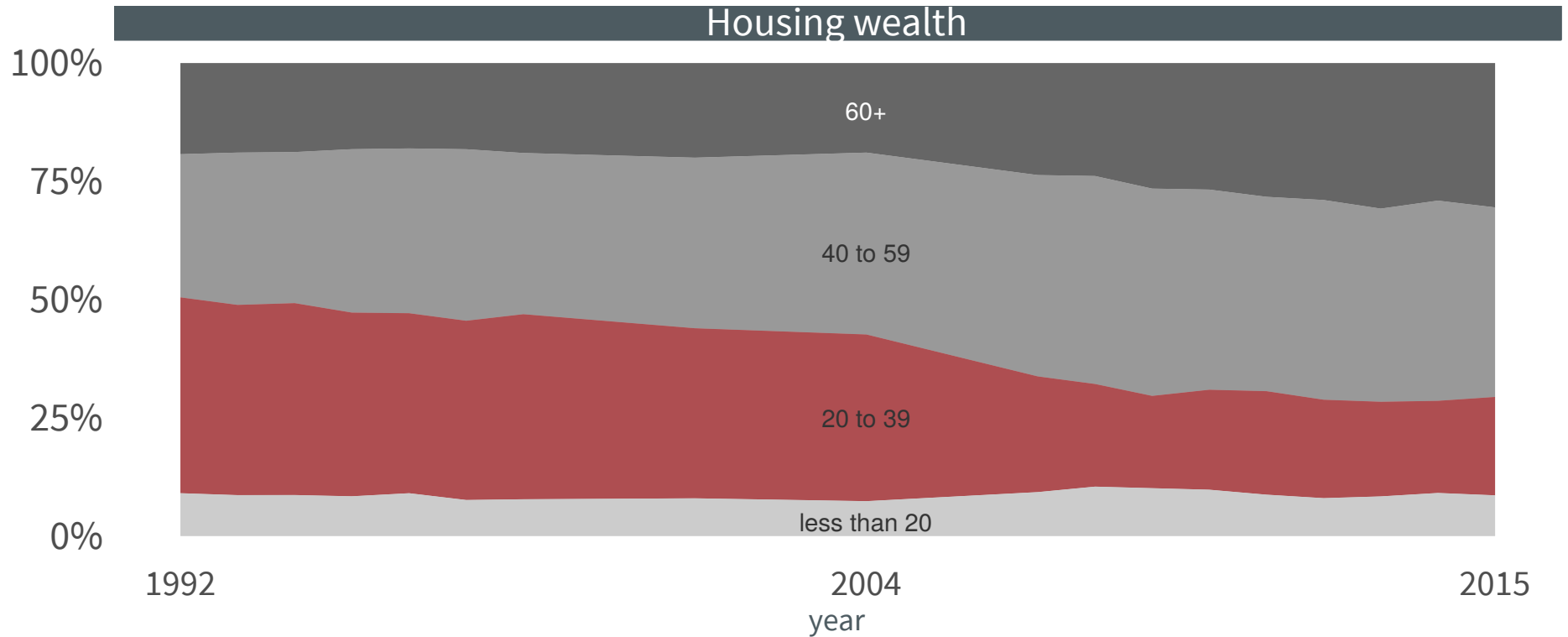


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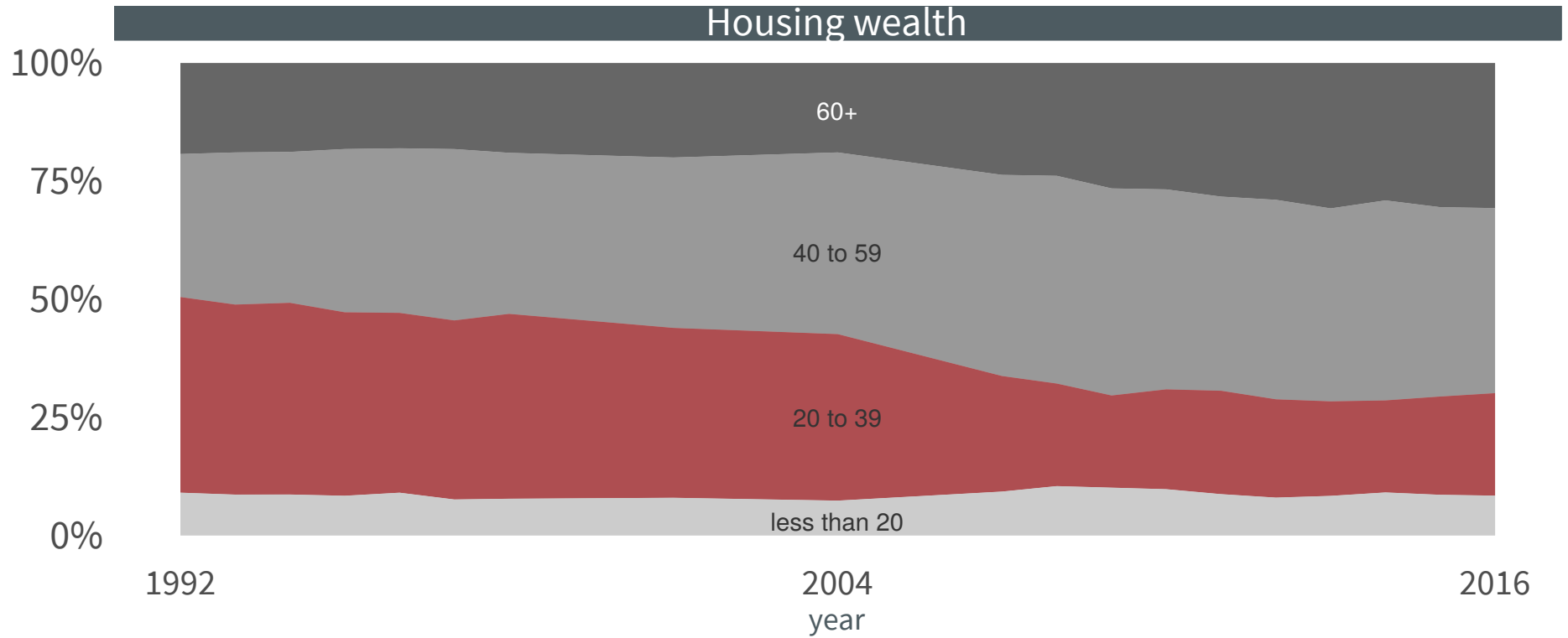


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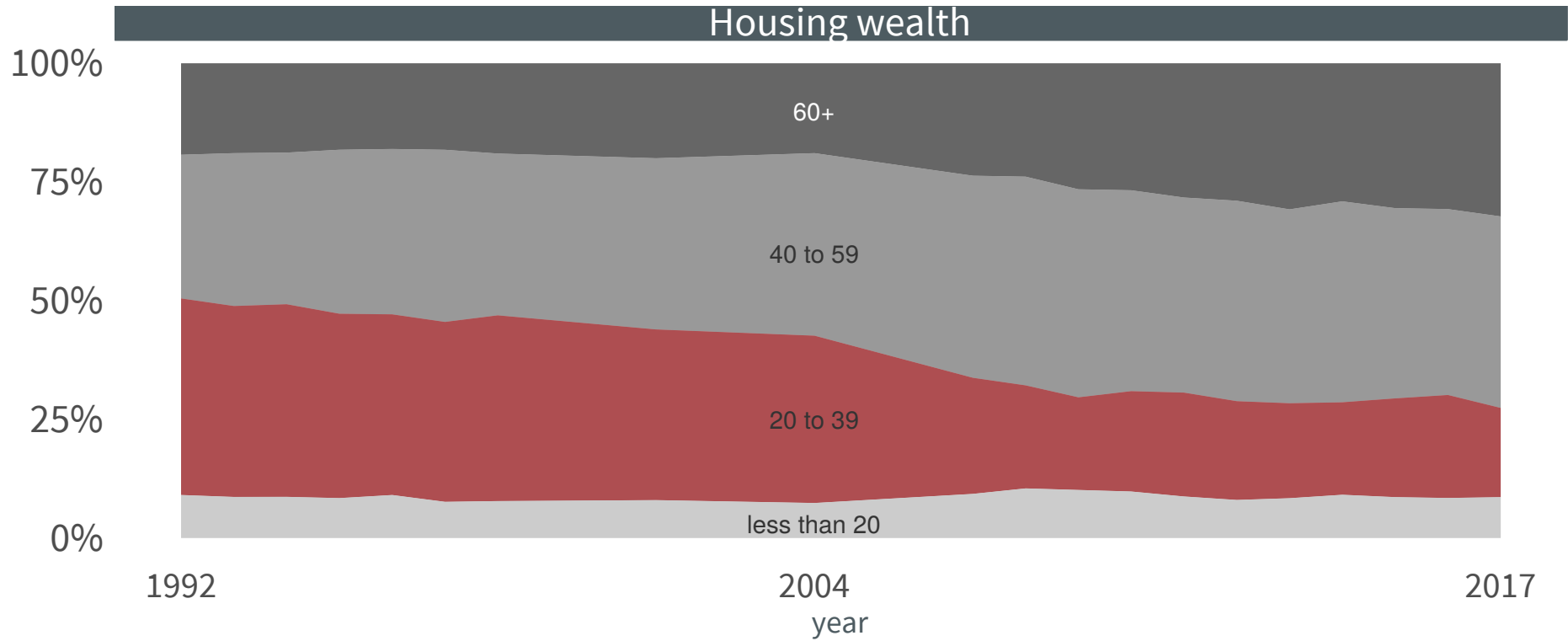


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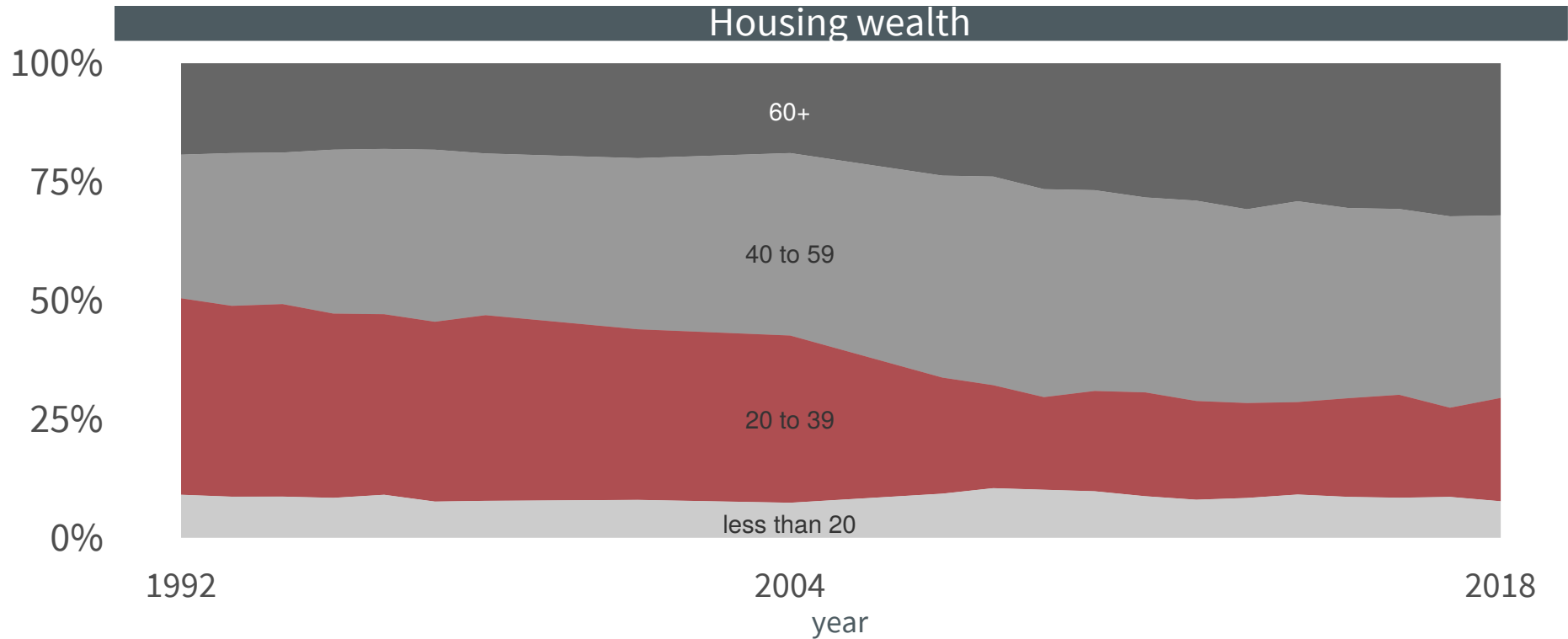


Housing wealth: Owner-occupied housing wealth

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Housing wealth has been transferred to older generations

Share of housing wealth by age

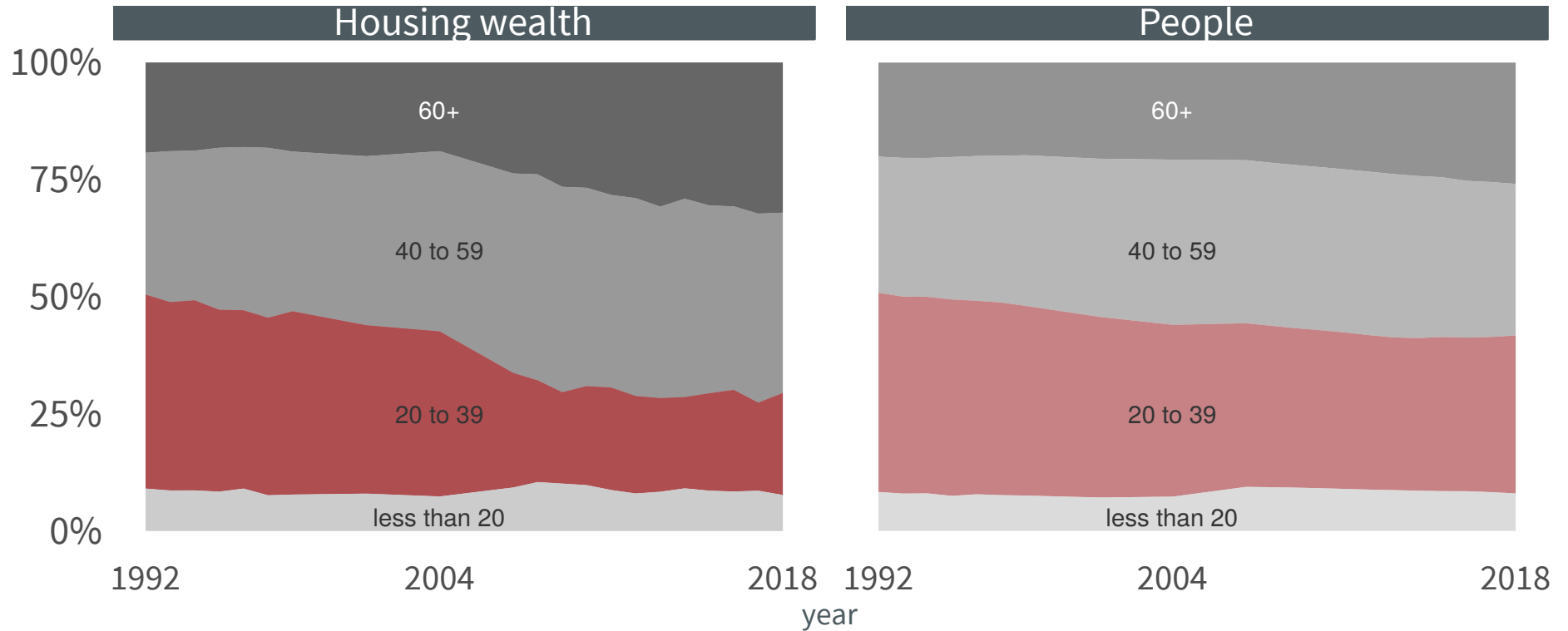


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Housing wealth has been transferred to older generations

Share of housing wealth by age (population age-structure shown for comparison)



And for the next generation?



Summary

Why homeownership matters

Health, wealth & happiness

Trends

Decline in homeownership rate, over past 3-decades

- majority of today's pensioners have enjoyed homeownership since their 40s (many paying down their mortgage during their 40s and 50s)
- acute decline for young adults
- housing costs becoming a bigger share of expenditure, at all ages
- capital values rising faster than income

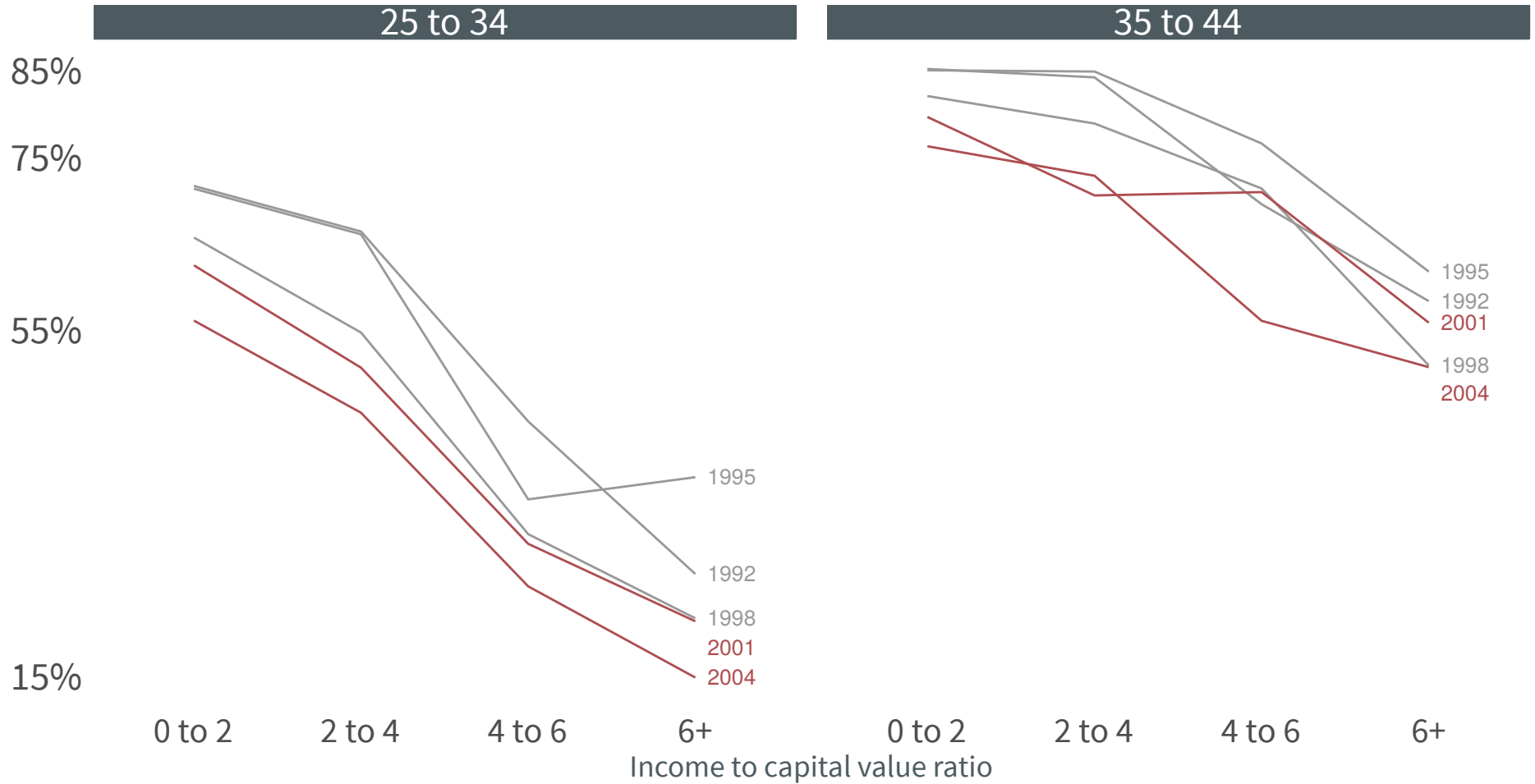
Consequences

Transfer of housing wealth from young-adults to retirees

Supplementary slides

Less young homeowners at each value-to-income ratio

Homeownership by age, year, and income-to-value ratio



Source: Stats NZ, Household Economic Surveys 1988-2018