



Home-Buyers in New Zealand

Working Paper 6

Charles Crothers
School of Social Sciences & Public Policy
AUT University
March 2015

It is important to know who it is that is making the decisions concerning choice of dwellings, and especially at what point they are brought into the decision-making. Under some circumstances decision-makers might be brought into the design process and thus affect the long-term shaping of the built environment. However, in most cases existing housing stock will be taken up. But even in this circumstance the shaping of the future of the built environment is affected through the choice to dwelling type and configuration. Hence, this working paper examines the characteristics of households which indicate an interest in moving, and particularly in purchasing a dwelling.



There are several studies which have investigated this topic. This working paper notes some of their findings and then carried out secondary analysis on some available to the author. The various surveys each take a somewhat different angle on this topic so drawing on each will help to assemble a more composite picture. The Ministry of Business, Innovation & Employment (MBIE) commissioned a report from *Research NZ* on the new-home buying market (see and Sharman, 2014). New house owners were identified by local authorities and a sample of some 750 assembled. Half were 55 years or older and most of NZ European ethnicity and earning above average income. For only 7% this was their first home building. The report goes on to cover: budget, borrowing, obtaining plans, implementing plans, home builder, method of costing, length of time to build, reason for preference of new-home, and considerations of design, neighbourhood location. The report concludes by identifying two polar opposite segments: low and high costs house-builders.

A *NZ Herald* report (2014) on a survey (n=800) by the Westpac-Massey University Fin-Ed Centre found two-thirds of those renting were not planning to buy a house. More than 80% could not raise a big enough deposit, and 63% could not afford to cover mortgage payments. 22% considered renting for life remained a possibility and of this group 6.1% had a high expectation they would never buy a home. This was seldom because of a commitment to renting. Fewer than 20% said renting was a positive experience with negative aspects including the lack of stability and security, interfering landlords and missed opportunity to build equity in a home. But respondents also knew the risks of long-term renting with 90% believing it would only become more difficult to purchase a home in the future. Nevertheless (perhaps unrealistically given the objective housing conditions) 63% believed they could save their deposit in one to five years.

A survey commissioned by Mitre 10 (n=1500) asked opinions on the size of backyards and what respondents were doing to make the most of them. A major use (46%) was home entertainment (e.g. dining/having drinks outside). Most (84%) liked the idea of the traditional Kiwi quarter-acre paradise - a large plot of land with a standalone house on it, and almost all said they would rather live on the traditional quarter-acre section than in high-density housing. More than half felt that their outdoor living space is smaller now than what they had growing up. Half of the respondents attributed this to smaller sections of land, while 35% believed houses were getting bigger, so there's less room on a section for an outdoor living space. A commentator suggested that whereas 20 to 30 years ago a lot of new houses were two-storey, now people prefer a single level and that section sizes were decreasing to keep costs down. 11% paid someone else to mow their lawns. 36% would look to move to a property with more outdoor space if they shifted house while 16% wanted a smaller outdoor space or one with minimal maintenance. Nearly 40% had made a renovation decision that would help them avoid having to do maintenance for an outdoor living space. DIY was

popular for these projects – 63% did the work themselves or along with family and friends.

The Survey of Dynamics and Motivations for Migration in New Zealand (DMM) describes the motivations behind people's decisions to move to another area or to stay in an area. The primary focus of this survey (n=23,465) is to provide an understanding of the drivers behind internal migration. It was a supplement to the Household Labour Force Survey (HLFS) for the March 2007 quarter.

SMM found that people moving within rural areas (centres with populations less than 1,000) moved from their homes mainly for employment reasons (for better employment opportunities or to start a new job), followed by economic reasons (e.g. having purchased or built a dwelling, or sold a dwelling). Moves within urban areas (centres with populations of 1,000 or more) were mainly for the same economic reasons, but setting up home independently or moving with other people who were also moving were important social reasons. A move from a rural to an urban area was mostly driven by economic and employment reasons, but also often education-related. In contrast, when people chose to move from an urban residence to a rural residence, it was also frequently environmental factors prompting the move, such as not being satisfied with previous lifestyle. The table below shows that economic reasons are more likely drivers for leaving than arriving, whereas environmental reasons are a more important destination criterion.

DMM results: Reasons for Moving

	From	To
Social	9.0	11.4
Education	2.9	8.8
Employment	14.8	16.0
Economic	40.0	20.9
Housing	21.6	15.0
Environment	8.4	26.0
Other	3.3	1.9
Total	100.0	100.0

In several of its surveys, UMR includes in their categorisation of household's tenure status, whether they are renting but interested in purchasing (N=42,750). Results of a secondary analysis are reported below.

Finally, the AUT housing and voting survey included questions on both intention to purchase (for renters or at least non-owners only) and another related question: intention move. The numbers in the sample intending to purchase were too small for further analysis but the analysis of those intending to move throws a further

light on dwelling change. However, there were so few respondents to indicate an interest in purchasing it was not possible to analyse these. However an examination of those never intending to purchase indicate that they are mainly a group of women, older-age and long-settled in their current house and in Auckland and are [predominantly European and living in a one or two person household.

Results from UMR Survey:

The UMR found that 8% of the sample are currently renting but looking to buy. On the other hand another 14% are renting but not looking to purchase. 69% are house owners (more than the census proportions).

The characteristics of those in this purchase group include slightly more males than females, more married or pre-married than ex-married. Those in the 25-34 age-group, those with dependent children and other than European ethnicity. Households with middle-level household incomes (\$30k-\$70k) are more likely to be looking to purchase (with a similar pattern in terms of personal income). Household size (number of adults) is unrelated to seeking to purchase as is urban/rural residence.

In terms of socio-economic status, would-be purchasers are concentrated in lower groupings and in terms of occupation there is a concentration in the middling occupational ranks.

		Column N %
Which of the following describes the home you live in?	I am renting and looking to buy	8.0%
	I am renting and not looking to buy	14.3%
	I own my home freehold	32.9%
	I own my home with a mortgage	36.2%
	I live at home with parents	5.7%
	Other	2.5%
	Unsure	0.1%
	Refused	0.3%

		Row N %	Row N %
Sex of respondent	Male	91.5%	8.5%
	Female	92.5%	7.5%
Partnership	PreMarried	89.2%	10.8%

	Married	84.8%	15.2%
	XMarried	93.8%	6.2%
Age-groups	.18-19	95.0%	5.0%
	.20-24	85.8%	14.2%
	.25-29	77.7%	22.3%
	.30-34	80.6%	19.4%
	.35-39	87.5%	12.5%
	.40-44	90.2%	9.8%
	.45-49	94.1%	5.9%
	.50-54	95.8%	4.2%
	.55-59	96.4%	3.6%
	.60-64	98.1%	1.9%
	.65-69	98.9%	1.1%
	.70-74	99.2%	0.8%
	.75 Plus	99.6%	0.4%
DEPENDENT CHILDREN	Yes	87.8%	12.2%
UNDER 18YRS	No	94.6%	5.4%
Ethnicity	NZ Maori	83.7%	16.3%
	NZ European	94.1%	5.9%
	Pacific Island	80.5%	19.5%
	Chinese	81.5%	18.5%
	Other	88.4%	11.6%
Household Income	\$20,000 or less	93.5%	6.5%
	\$20,001-30,000	94.1%	5.9%
	\$30,001-40,000	89.8%	10.2%
	\$40,001-50,000	88.5%	11.5%
	\$50,001-70,000	89.1%	10.9%
	\$70,001-100,000	90.4%	9.6%
	More than \$100,000	94.2%	5.8%
	Income was nil/or made a loss	95.1%	4.9%
Personal Income	\$15,000 or less	93.3%	6.7%
	\$15,001-25,000	93.6%	6.4%
	\$25,001-30,000	91.4%	8.6%
	\$30,001-40,000	89.0%	11.0%
	\$40,001-50,000	88.4%	11.6%
	\$50,001-70,000	90.1%	9.9%
	More than \$70,000	93.7%	6.3%
	Income was nil/or made a loss	91.4%	8.6%
	Refused	94.2%	5.8%
	1.00	93.2%	6.8%
	2.00	92.0%	8.0%

How many people 18 years of age or older are currently living in your district that has a population of less than	3.00	90.9%	9.1%
	4.00	91.0%	9.0%
	or more	88.7%	11.3%
Do you live in a rural area or district that has a population of less than	Yes	92.7%	7.3%
	No	91.9%	8.1%

		Looking to buy	
		Other	I am renting and looking to buy
		Row N %	Row N %
What is your occupation?	Legislators, Administrators and Managers	92.1%	7.9%
	Professionals	90.6%	9.4%
	Technicians and Associate Professionals	90.1%	9.9%
	Clerks	90.1%	9.9%
	Service, Sales and Armed Forces	87.2%	12.8%
	Agriculture and Fisheries	91.4%	8.6%
	Trades Workers	86.9%	13.1%
	Plant and Machine Operators and Assemblers	83.3%	16.7%
	Elementary Occupations	90.7%	9.3%
	Students	92.5%	7.5%
	Retired	99.4%	0.6%
	Unemployed	91.6%	8.4%
	Homemakers, Mothers	87.3%	12.7%
	Beneficiaries	93.5%	6.5%
	Self-employed	93.6%	6.4%
	Refused	86.8%	13.2%
	Volunteer	92.0%	8.0%
What is your occupation?	SES1	92.4%	7.6%
	SES2	91.6%	8.4%
	SES3	90.3%	9.7%
	SES4	89.2%	10.8%
	SES5	89.7%	10.3%
	SES6	86.8%	13.2%

AUT Housing Survey Results		Column N %
Q15B INTEND PURCHASE	Year	5.4%
A HOME	2 years	7.1%
	Not within the next 2 years	7.1%
	Would like to some time in future	53.6%
	Never intend to purchase a home	26.8%
Q17A INTEND MOVING	Year	8.2%
NEXT 2 YEARS	2 years	16.0%
	Not within the next 2 years	75.7%

References:

- Small, Jamie (2014) Our Backyards are Shrinking <http://www.stuff.co.nz/life-style/home-property/63626547/our-backyards-are-shrinking> *Waikato Times* (November)
- Statistics NZ (2009) [Survey of Dynamics and Motivation for Migration in New Zealand: March 2007 quarter](#)
- Westpac-Massey University Fin-Ed Centre (2014) To rent or own a house: At the landlord's mercy - for life. *NZ Herald* (2014, Dec 10)