

Home Ownership, Renting, and Residence in a Home Owned by a Family Trust for the Western Bay of Plenty and Total New Zealand, by birth cohort, for the period 1986-2013

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Dr Natalie Jackson

Director

Natalie Jackson Demographics Ltd

+64 2102537490

Dr Bev James

Director

Public Policy & Research

+64 272478353



**LIFE WHEN
RENTING**

AGEING WELL NATIONAL SCIENCE CHALLENGE

Enabling Older People's Independence
in the Tenure Revolution

Executive Summary

This paper provides an analysis of homeownership, renting and residence in a home owned by a family trust according to the *New Zealand Census of Population and Dwellings*, for the Western Bay of Plenty sub-region (WBOP) and Total New Zealand, by birth cohort, for the period 1986-2013.

Key points:

- There are diminishing levels of home ownership, and rising levels of renting and family trusts, for almost all cohorts in WBOP.
- The reduction in home ownership levels is pronounced for each successively younger cohort when at the age of its immediate predecessor, in almost all cases.
- The decline in home ownership appears greater for most WBOP cohorts than their national level counterparts.
- The decline in home ownership for WBOP cohorts falls from a higher peak than nationally, to lower levels than nationally.
- Home ownership in WBOP is not just falling faster, but by a much greater margin than nationally, so it is a bigger 'shock' for WBOP.
- This shift away from home ownership was led by the older cohorts, and has been occurring earlier in the life-cycle for each successively younger cohort.
- The cohorts born 1977-81 and 1982-86, at 30-34 and 25-29 years respectively in 2011, are still increasing their level of renting, contrasting them with their older predecessors when at the same age.
- All WBOP cohorts have somewhat higher levels of living in a home owned by a Family Trust than nationally.
- Prospectively, the 2013 data indicate that:
 - WBOP cohorts that will turn 65 years of age by 2021 and 2026 (born 1952-56 and 1957-61) will have home ownership levels below 50 per cent.
 - Younger WBOP cohorts born 1962-66 and 1967-71, turning 65 years of age by 2031 and 2036 already have home ownership levels below 50 per cent, with levels trending downwards, but at a decelerating rate.
 - For cohorts born 1957-61 and 1962-66, turning 65 years of age by 2026 and 2031, renting levels are above 20 and 27 per cent respectively and trending upwards, suggesting future levels of above 30 per cent.
 - Renting levels are already above 30 per cent for the cohort born 1967-71, turning 65 years by 2036, suggesting future levels in the vicinity of 40 per cent.

This paper provides an analysis of homeownership versus non-ownership (hereafter 'renting') and residence in a home owned by a family trust according to the *New Zealand Census of Population and Dwellings*, for the Western Bay of Plenty and Total New Zealand, by birth cohort, for the period 1986-2013. Changes in the level of housing tenure information sought by the Census mean that differing levels of detail are available for each observation (see Table 1); however for the purposes of this analysis, all relevant data have been aggregated to 'own/do not own', with 'not own' and 'provided free' being a proxy for 'renting', and residence in a home owned by a family trust treated as a separate category from 2006.

Three caveats accompany the analysis:

A) In 1986 and 1991 there was a stand-alone category: 'provided free'. From 1996 (inclusive) this item was incorporated within other relevant categories. In order to line up with the data for the remaining years, 'provided free' in 1986 and 1991 has been included under 'Rented or Leased'. However I have indicated that it could also plausibly have reflected a Family Trust situation, prior to 2006.

B) In 2006 and 2013, the Census included a question on whether or not the home was owned by a Family Trust. For those living in a home owned by a Family Trust, the experience may be very much the same as that for those living in an 'owned home', for example, 'Dwelling held in a Family Trust, mortgage payments made/not made by usual resident(s)'. However to preserve objectivity, the Family Trust data have been treated as a separate category. This discontinuity may partially explain the sizeable drop in home ownership in and since 2006.

C) The data by age and birth cohort are presented in 5-year age groups. However in order to accommodate the 7-year gap between the 2006 and 2013 Censuses, single year of age data for 2013 were aggregated to the correct age band—for example, 42-46 years of age, instead of the standard 40-44 years. Excel is not as flexible for illustrative purposes, so the data for the final age group observation for each cohort should be read as advanced by two years (i.e., 40-44 years = 42-46 years). Data are capped at 80-84 years as the broad 85+ year age group cannot be used for cohort analysis.

Table 1 outlines the information available at each census, and the resulting classification as owned/not owned after taking into account subtle changes/introductions/deletions in classification and description of each variable. Figures 1 and 2 present data on home ownership, Figures 3 and 4 on renting, and Figures 5 and 6 on residence in a home owned by a family trust. Tables 2, 3 and 4 provide additional detail for selected cohorts.

NB: 'Age' in this analysis pertains to the age of the person who filled in the Census 'dwelling' questionnaire. Any person of any age may actually fill out this form; however the guidelines suggest that this person would ideally be an adult who usually resides at the address. The resulting age and sex breakdown of the data indicates that women are more likely to fill out the form than men.

Table 1: Housing Tenure by Census Variable, 1986-2013

1986	Total Owned		Total Rented or Leased							Provided Free
	Owned with a mortgage	Owned without a mortgage	Private Person, Rented or Leased, furnished	Private Person, Rented or Leased, unfurnished	Private Person, Rented or Leased, furnishings not specified	Housing Corp., Rented or Leased	Other Govt, dept. Rented or Leased	Local Authority, Rented or Leased	Landlord not specified, Rented or Leased	
1991	Total Owned		Total Rented or Leased							Provided Free
	Owned with a mortgage	Owned without a mortgage	Private Person, Rented or Leased	Real Estate Agency, Rented or Leased		Housing Corp., Rented or Leased	Govt, dept. Rented or Leased	Local Authority, Rented or Leased	Landlord not specified, Rented or Leased	
	Dwelling Owned, Partly Owned by Usual Resident(s)			Dwelling Not Owned by Usual Resident(s)						
1996	Owned with a mortgage	Owned without a mortgage	Owned, mortgage not specified	Rented	Not Owned, Rental status not specified	Provided Rent Free				
	Dwelling Owned, Partly Owned by Usual Resident(s)			Dwelling Not Owned by Usual Resident(s)						
2001	Dwelling Owned or Partly Owned by Usual Resident(s), Who Make Mortgage Payments	Dwelling Owned or Partly Owned by Usual Resident(s), Who Do Not Make Mortgage Payments	Dwelling Owned or Partly Owned by Usual Resident(s), Mortgage Arrangements Not Further Def.	Dwelling Not Owned by Usual Resident(s), Who Make Rent Payments	Dwelling Not Owned by Usual Resident(s), Who Do Not Make Rent Payments	Dwelling Not Owned by Usual Resident(s), Rental Arrangements Not Further Defined				

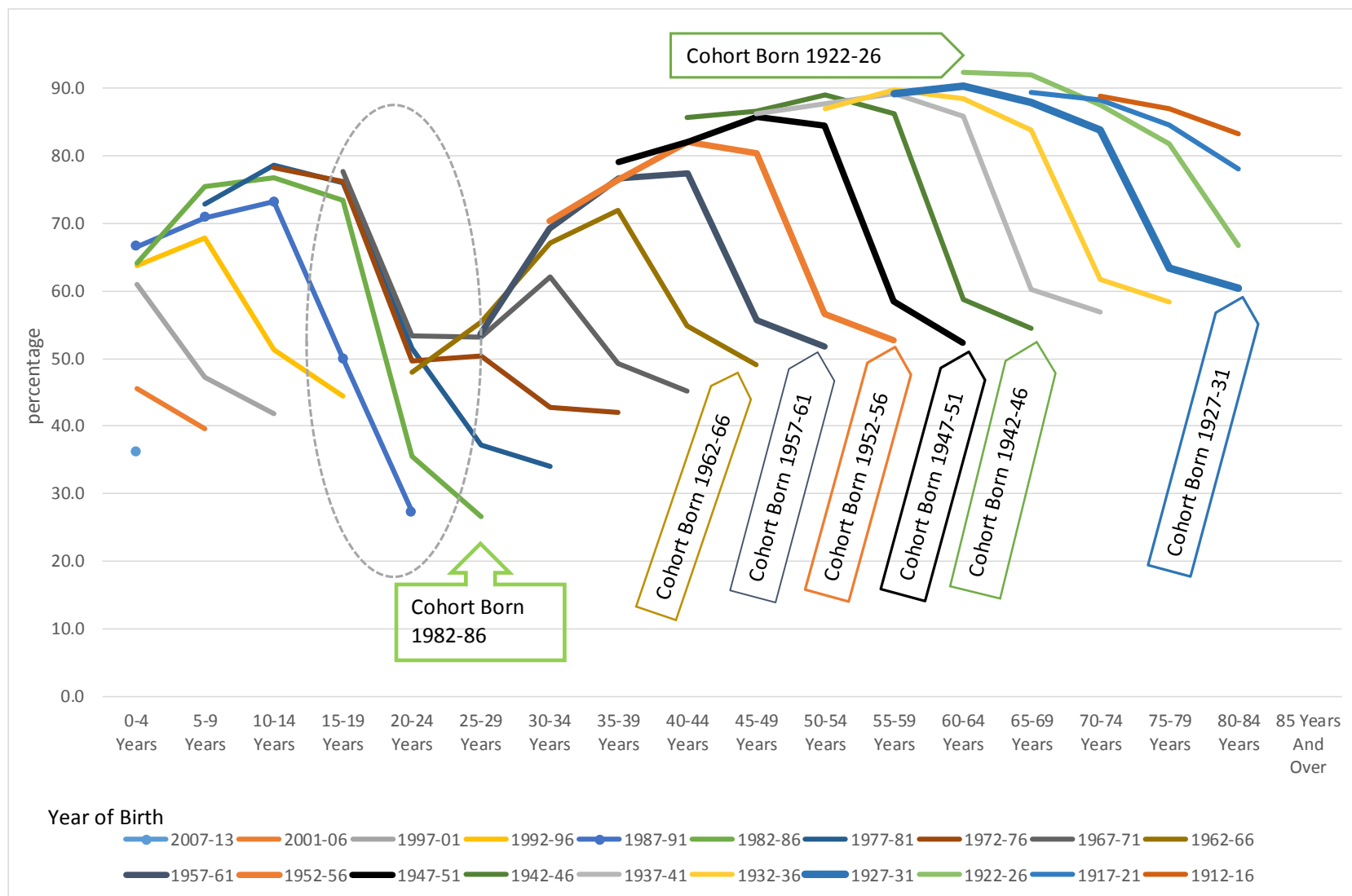
Table 1 (cont.): Housing Tenure by Census variable, 1986-2013

2006 and 2013									
	Dwelling Owned or Partly Owned by Usual Resident(s)			Dwelling Held in a Family Trust by Usual Resident(s)			Dwelling Not Owned by Usual Resident(s)		
	Dwelling Owned or Partly Owned by Usual Resident(s), Who Make Mortgage Payments	Dwelling Owned or Partly Owned by Usual Resident(s), Who Do Not Make Mortgage Payments	Dwelling Owned or Partly Owned by Usual Resident(s), Mortgage Arrangements Not Further Defined	Dwelling Held in a Family Trust by Usual Resident(s), Who Make Mortgage Payments	Dwelling Held in a Family Trust by Usual Resident(s), Who Do Not Make Mortgage Payments	Dwelling Held in a Family Trust by Usual Resident(s), Mortgage Arrangements Not Further Defined	Dwelling Not Owned by Usual Resident(s), Who Make Rent Payments	Dwelling Not Owned by Usual Resident(s), Who Do Not Make Rent Payments	Dwelling Not Owned by Usual Resident(s), Rental Arrangements Not Further Defined

A. HOME OWNERSHIP (Figure 1 presents data for all birth cohorts born since 1912 and living in the Western Bay of Plenty at each Census, while Figure 2 and Table 2 provide additional detail for selected cohorts directly compared with their national counterparts):

1. The overarching picture is one of diminishing levels of home ownership for all cohorts, with the reduction in levels pronounced for each successively younger cohort when at the age of its immediate predecessor, in almost all cases. The decline appears greater for most WBOP cohorts than their national level counterparts, and falls from a higher peak (Fig 2 and Table 2, see below for more detail). There has been a deceleration in the rate of decline for most cohorts across the period 2007-2013.
2. At the youngest ages, there is a steadily decreasing likelihood of cohorts living in an owned home, with no increase experienced for the three youngest cohorts (born 1997-01, 2001-06 and 2007-13) as they passed through their childhood.
3. By contrast, their immediately older counterparts born 1992-96, 1987-91, 1982-86 and 1977-81 each saw an increase in levels of living in an owned home during their childhood and/or early teenage years; however these levels then fell as they passed through each subsequent age group. Notably the decline for the cohort born 1992-96 begins from age 5-9 years, so it is too early for a 'leaving home' effect, while that reason is likely to explain the severe decline from 15-19 years for the cohorts born 1982-86 and 1977-81.
4. The cohorts born 1982-86 and 1972-76 each show a deceleration in the rate of decline of living in an owned home from age 20-24, indicating either moving back into a family situation, or beginning to take on home ownership personally, while this does not occur for the cohort born 1977-81 until age 25-29. However the trend for all immediately older cohorts suggests that the peak for living in an owned home occurred between 1991 and 2001 and that further decline is likely for their younger counterparts.
5. Insofar as these data can indicate, the WBOP cohort born 1922-26 experienced the highest peak home ownership levels (92.4 per cent) in 1986 when aged 60-64 years (irrespective of sex) (Fig 1). This compares with peak levels of 87.7 per cent for the national cohort born 1927-31, occurring in 1991 when similarly aged 60-64 years (the older WBOP cohorts may thus be slightly advantaged) (Fig 2).
6. Insofar as these data can indicate, the peak year of home ownership for cohorts born between 1912 and 1926 was 1986, while it was 1991 for cohorts born between 1927 and 1936, 1996 for cohorts born between 1937 and 1956, and 2001 for cohorts born between 1957 and 1966. This quite dramatic shift away from home ownership was thus led by the older cohorts, and has been occurring earlier in the life-cycle for each successively younger cohort. (An alternative interpretation would be that younger cohorts have not progressed to the higher levels experienced by their older counterparts when at the same age, and have reduced their home ownership levels earlier.) The picture is similar for total New Zealand.

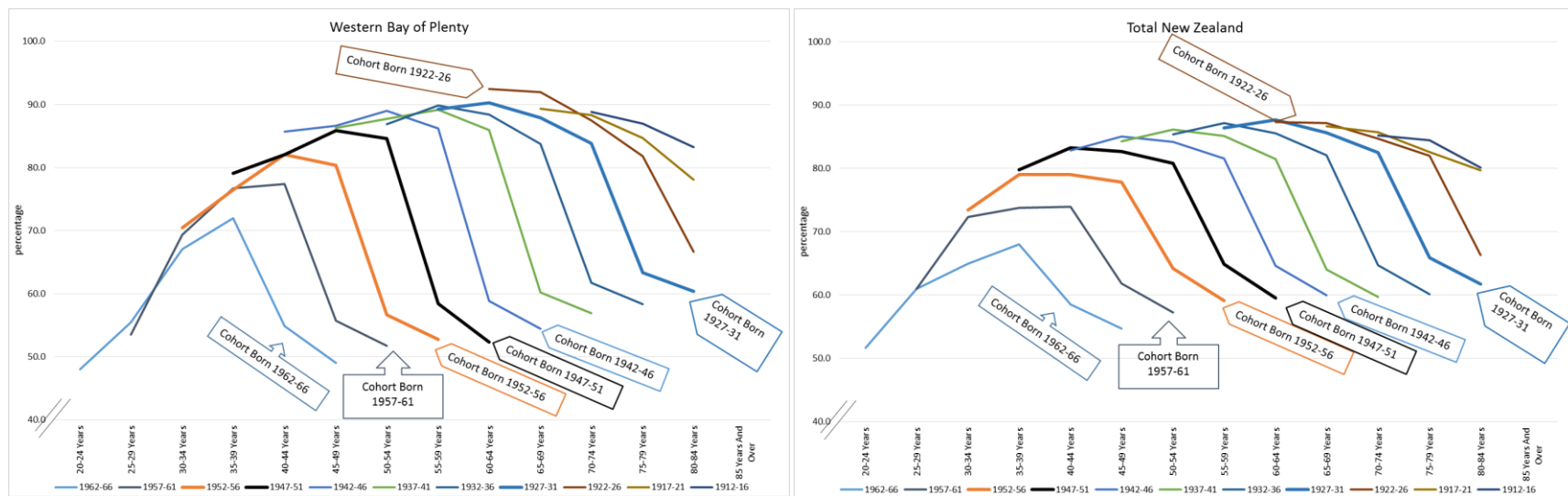
Fig 1: Home Ownership* by birth cohort (all cohorts born since 1912), Western Bay of Plenty



*From 2006 (inclusive), those living in a Family Trust home are treated as a separate category

7. Figure 2 and Table 2 show that all WBOP cohorts born before 1966 (aged 47 years and over in 2013) experienced higher peak rates of home ownership than their national counterparts, while all but two experienced lower levels in 2013 (the exceptions being the cohorts born 1922-26 and 1912-16). Table 2 shows that the former situation (WBOP cohorts having higher peak rates but lower rates in 2013) also extends to the cohort born 1967-71.
8. For WBOP cohorts born 1937-51, peak levels were achieved at slightly older ages than for their national counterparts (i.e., home ownership was being acquired until later ages), while all other cohorts (younger and older) achieved peak levels at the same ages.
9. Prospectively, the data indicate that cohorts that will turn 65 years of age by 2021 and 2025 (born 1952-56 and 1957-61) will have home ownership levels below 50 per cent (both nationally and for WBOP), while younger WBOP cohorts born 1962-66 and 1967-71, turning 65 years of age by 2031 and 2036 already have levels below 50 per cent, with levels trending downwards, but at a decelerating rate, both nationally and in WBOP.

Fig 2: Home Ownership* by birth cohort for cohorts born before 1966, Western Bay of Plenty and Total New Zealand



*From 2006 (inclusive), those living in a Family Trust home are treated as a separate category.

Table 2: Selected Indicators of Home Ownership* by birth cohort for cohorts born before 1971, Western Bay of Plenty and Total New Zealand

Cohort Born:	Western Bay of Plenty			Total New Zealand			PP Difference**	
	Peak %	Age	End % (in 2013)	Peak %	Age	End % (in 2013)	At Peak	In 2013
1967-71	77.7	15-19	45.1	74.0	15-19	51.7	3.7	(6.6)
1962-66	72.0	35-39	49.0	68.0	35-39	54.7	4.0	(5.7)
1957-61	77.4	40-44	51.8	73.9	40-44	57.3	3.5	(5.5)
1952-56	82.1	40-45	52.7	79.0	40-45	59.1	3.1	(6.4)
1947-51	85.9	45-49	52.3	83.2	40-44	59.5	2.6	(7.2)
1942-46	89.0	50-54	54.5	85.1	45-49	60.0	3.9	(5.5)
1937-41	89.2	55-59	56.9	86.2	50-54	59.7	3.0	(2.8)
1932-36	89.8	55-59	58.4	87.2	55-59	60.1	2.6	(1.8)
1927-31	90.3	60-64	60.4	87.7	60-64	61.8	2.6	(1.4)
1922-26	92.4	60-64	66.7	87.3	60-64	66.3	5.1	0.3
1917-21	89.3	65-69	78.1	86.6	65-69	79.7	2.7	(1.6)
1912-16	88.8	70-74	83.2	85.2	70-74	80.1	3.7	3.1

*From 2006 (inclusive), those living in a Family Trust home are treated as a separate category.

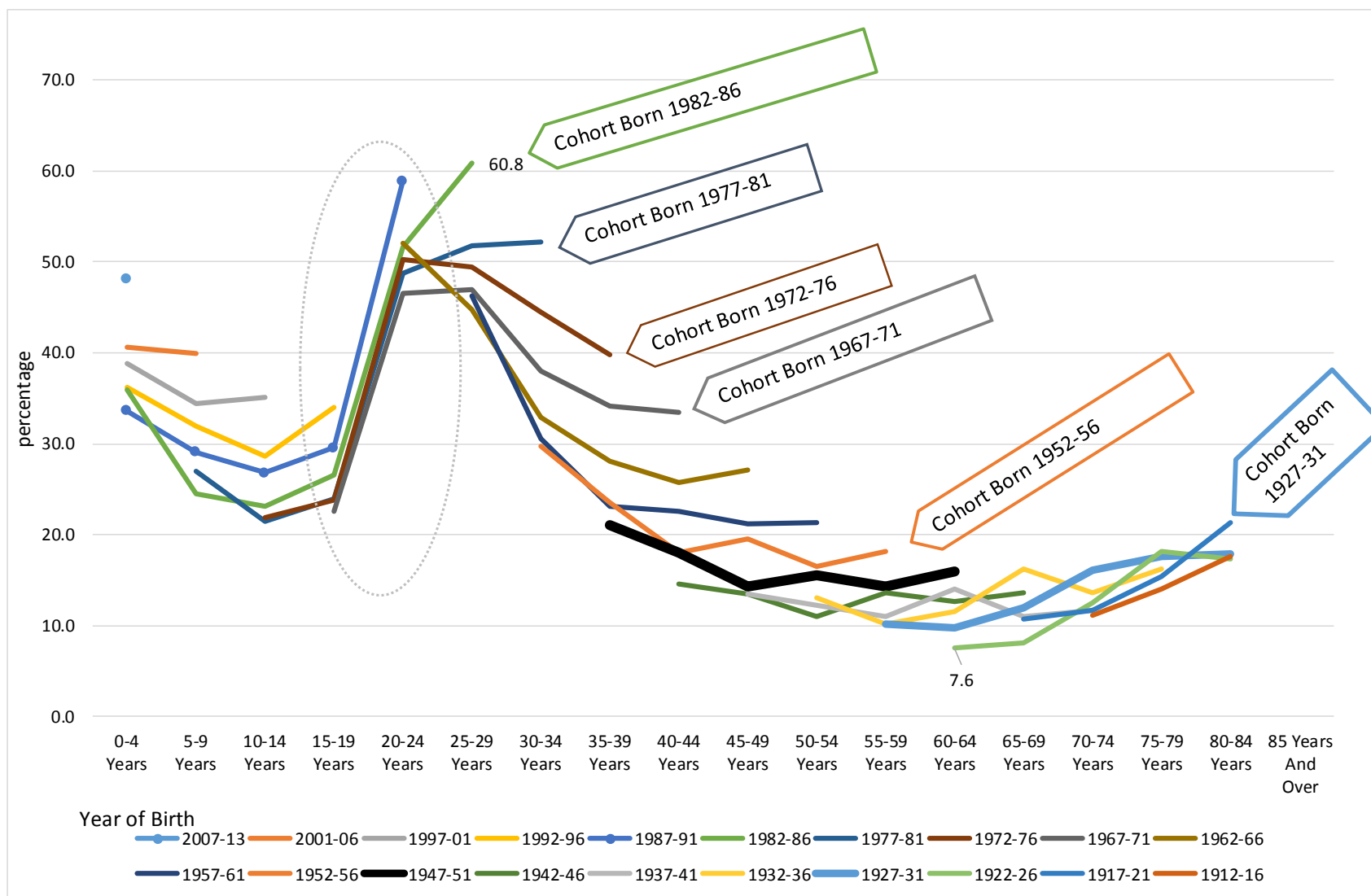
**Percentage Point difference, Western Bay of Plenty minus Total New Zealand

Note about Table 2: figures in red brackets are negative. E.g., for the 1947-51 cohort, the peak home ownership rate was 85.9% in the WBOP, compared to 83.2% for total New Zealand. For the same cohort in 2013, home ownership had fallen below the national percentage of 59.5%, to 52.3%. This was 7.2 percentage points lower than the national rate. This drop is shown in the last column as the negative value (7.2).

B. RENTING: Figure 3 presents data for all WBOP birth cohorts born since 1912, while Figure 4 and Table 3 provide additional detail for selected cohorts and direct comparison with total New Zealand. The data to 2001 (inclusive) are essentially a mirror image of the home ownership data, although from 2006 (inclusive), data for living in a family trust complicate this picture (see Section C). Please recall caveats A, B and C from the introduction above, especially (C) that data for the final age group observation for each cohort should be read as advanced by two years, due to the delayed 2011 Census (i.e. the data are for the corrected age group +2 years).

1. Largely reflecting the findings for home ownership to 2001, the overarching picture is one of increasing rental tenure, with just two exceptions, these being the cohorts born 1967-71 and 1972-76 and at the key reproductive ages of 40-44 years and 35-39 in 2011. For these cohorts, renting levels have declined from their (post-parental) peak at 20-29 years, but appear to be levelling off. After also declining for most of their lives (insofar as can be shown from these data), the trajectories for its older counterparts born, 1962-66, 1957-61, 1952-56 and 1947-51 each show a deceleration in their rate of decline which turns into an increase in renting toward the end of the period, indicating that they are reducing their levels of home ownership (and/or living in a home owned by a family trust). For all cohorts born before 1947, renting has also increased along with age, with the percentage renting in 2013 higher than in 1986 in all cases.
2. The abrupt increase in rental tenure at 15-19 and 20-24 years of age reflects life cycle stage and the likelihood of leaving the parental home and renting over those years. However the shift out of this situation is notably later and from a higher level for each successively younger cohort, particularly for the cohorts born 1977-81 and 1982-86 which, at 30-34 and 25-29 years respectively in 2011, are still increasing their level of renting, contrasting them starkly with their older predecessors when at the same age.
3. The trend at the main parental ages is reflected for each successively younger child cohort when aged 0-14 years, these being more likely to live in a rented home than their immediately older predecessor when at the same age.
4. Insofar as these data can indicate, the peak level of renting for both WBOP cohorts and their national counterparts has occurred for the cohort born 1982-86, when aged 25-29 years in 2011 (60.8 and 59.5 per cent respectively), while the WBOP cohort born 1922-26 has experienced the lowest levels (7.6 per cent in 1986, when aged 60-64 years). Nationally, the lowest renting levels (12.3 per cent) were experienced by the cohort born 1927-31, when aged 60-64 years in 1991.

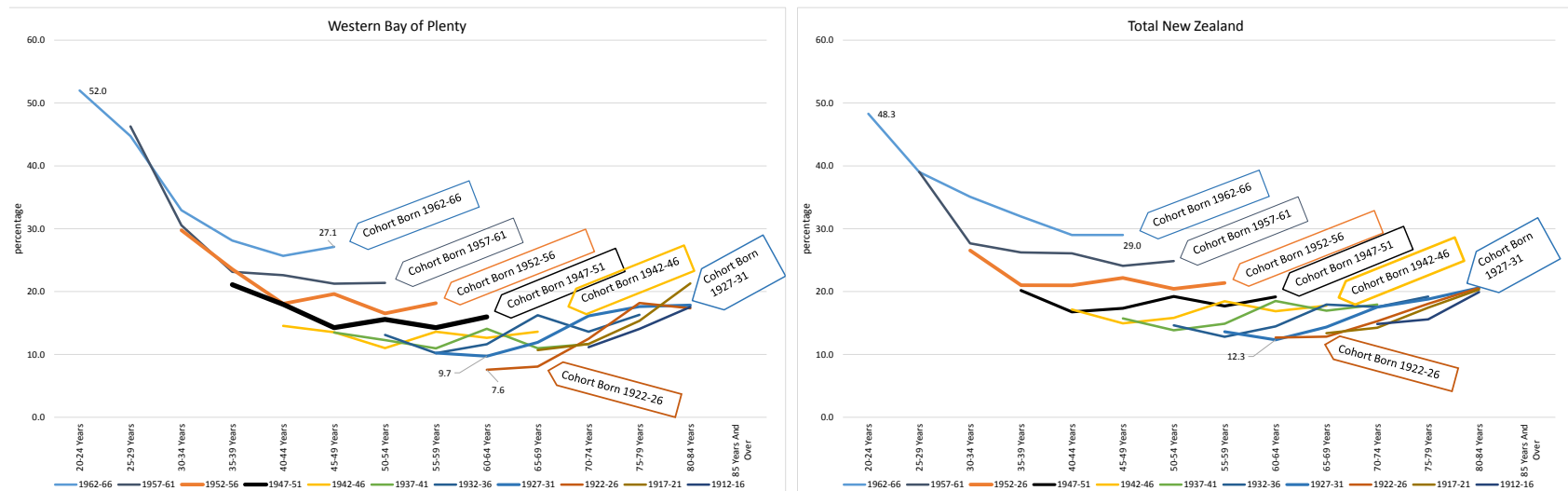
Fig 3: Renting* by birth cohort (all cohorts born since 1912), Western Bay of Plenty



*From 2006 (inclusive), those living in a Family Trust home are treated as a separate category.

5. Figure 4 and Table 3 show that only five WBOP cohorts born before 1966 had higher peak renting rates than their national counterparts: those born 1947-51, 1952-56, 1957-61, 1962-66, and 1917-21. For the four younger cohorts this occurred at ages 35-39, 30-34, 25-29 and 20-24 years respectively, commensurate with higher renting rates for younger adults in cities, while for the older cohort it occurred at 80-84 years.
6. In 2013, only one WBOP cohort had higher renting rates than was the case nationally; this was the cohort born 1917-21. These data identify that WBOP cohorts are generally seeing a lesser increase in renting than is the case nationally.
10. Prospectively these data suggest that renting levels for WBOP cohorts yet to reach 65 years of age will be somewhat greater than at present. For the cohort born 1952-56 and turning 65 years of age by 1921, renting levels are above 18 per cent and rising. For those born 1957-61 and 1962-66 and turning 65 years of age by 2026 and 2031 respectively, levels are above 20 and 27 per cent respectively, also trending upwards, and likely to reach 30 per cent, following the trajectory of the cohorts born 1922-26 and 1927-31. For their younger counterpart born 1967-71, turning 65 by 2036, levels are already above 33 per cent, suggesting future levels above 40 per cent.

Fig 4: Renting* by birth cohort for cohorts born before 1966, Western Bay of Plenty and Total New Zealand



*From 2006 (inclusive), those living in a Family Trust home are treated as a separate category.

Table 3: Selected Indicators of Renting* by birth cohort for cohorts born before 1971, Western Bay of Plenty and Total New Zealand

Cohort Born:	Western Bay of Plenty			Total New Zealand			PP Difference**	
	Peak %	Age	End % (in 2013)	Peak %	Age	End % (in 2013)	At Peak	In 2013
1967-71	46.9	25-29	33.5	48.5	20-24	33.9	(1.6)	(0.4)
1962-66	52.0	20-24	27.1	48.3	20-24	29.0	3.7	(1.9)
1957-61	46.3	25-29	21.4	39.0	25-29	24.9	7.3	(3.5)
1952-56	29.8	30-34	18.2	26.5	30-34	21.4	3.2	(3.2)
1947-51	21.1	35-39	16.0	20.2	35-39	19.2	0.9	(3.2)
1942-46	14.5	40-44	13.6	18.5	55-59	17.8	(3.9)	(4.1)
1937-41	14.1	60-64	11.6	18.5	60-64	17.9	(4.4)	(6.3)
1932-36	16.3	75-79	16.3	19.2	75-79	19.2	(2.9)	(2.9)
1927-31	17.9	80-84	17.9	20.6	80-84	20.6	(2.7)	(2.7)
1922-26	18.2	80-84	17.4	20.6	80-84	20.6	(2.4)	(3.2)
1917-21	21.3	80-84	21.3	20.3	80-84	20.3	1.0	1.0
1912-16	17.6	80-84	17.6	19.9	80-84	19.9	(2.4)	(2.4)

*From 2006 (inclusive), those living in a Family Trust home are treated as a separate category.

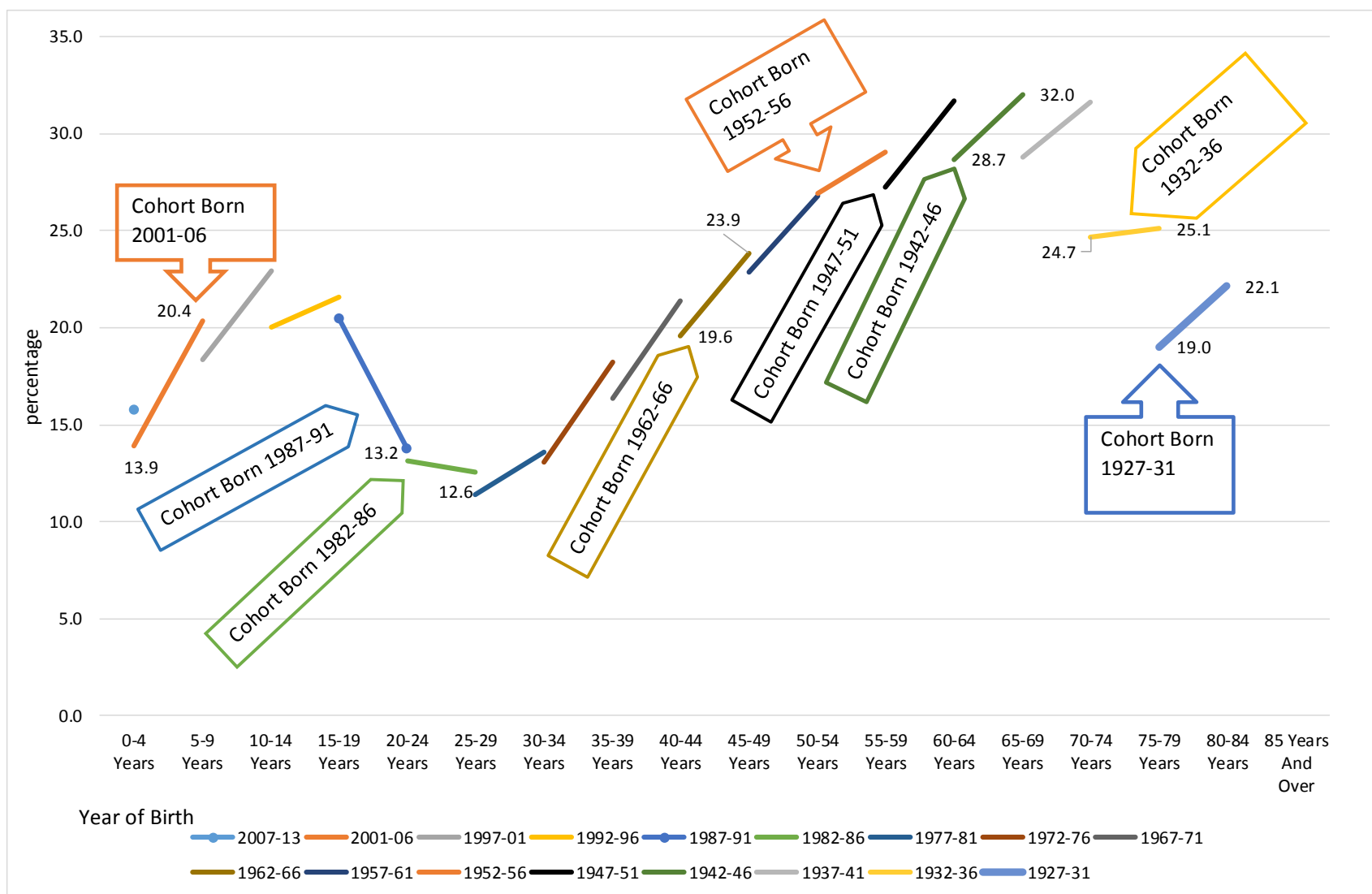
**Percentage Point difference, Western Bay of Plenty minus Total New Zealand

Note about Table 3: figures in red brackets are negative.

C. FAMILY TRUSTS: Family Trust data are available for 2006 and 2013 only, so the data are presented slightly differently in this section. Figure 5 presents data for all WBOP birth cohorts born since 1927, and Figure 6, the same for Total New Zealand. Table 4 provides additional detail for selected cohorts and direct comparison with total New Zealand. Please recall caveats A, B and C from the introduction above. It is particularly plausible that some earlier data categorized as ‘Provided Rent Free’ may have pertained to Family Trust homes.

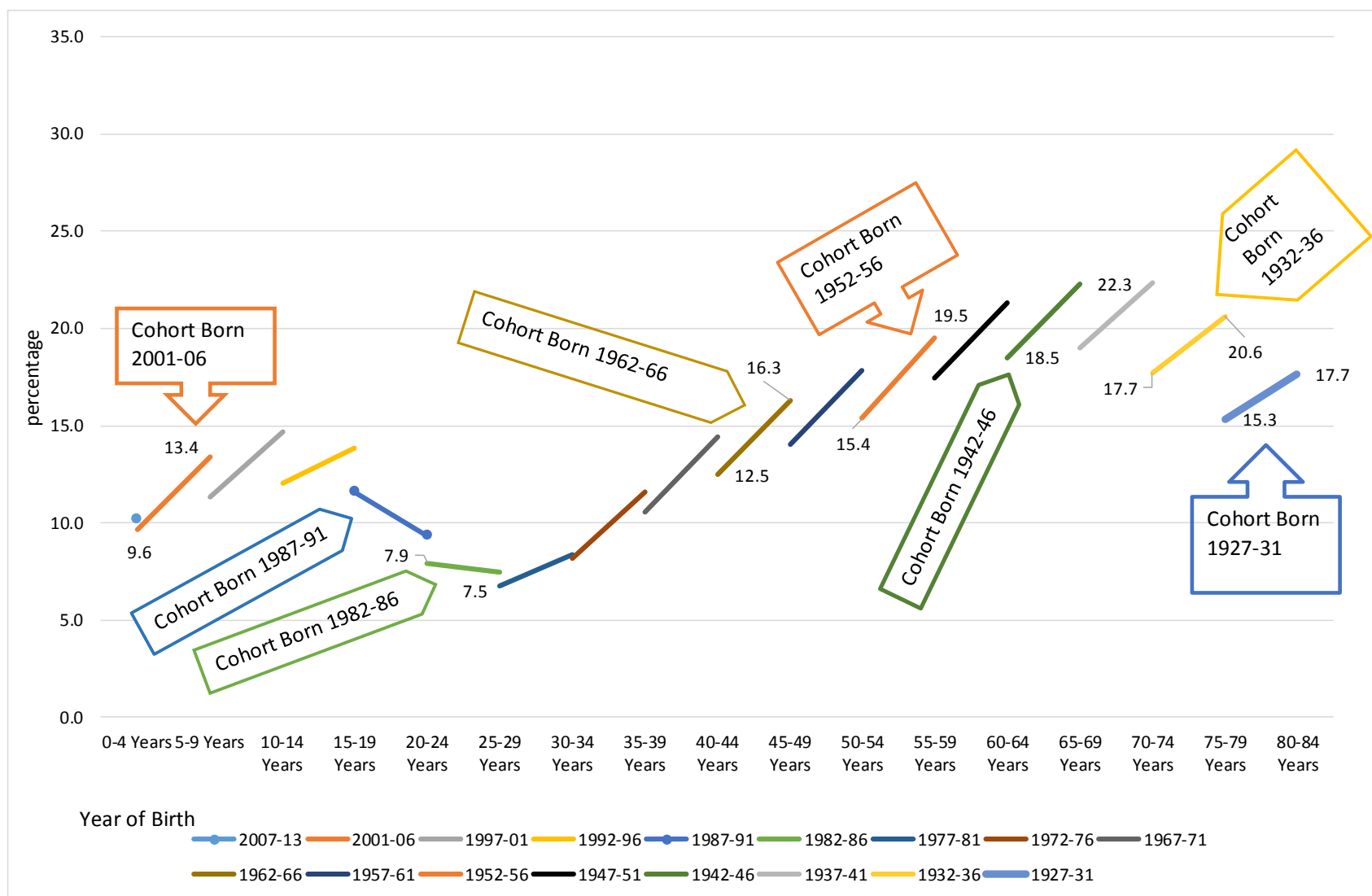
1. With the exception of the two young adult cohorts passing through the main ‘leaving home’ age groups (15-19 and 20-24 years) in 2006 and 2011 (cohorts born 1982-86 and 1987-91), all WBOP cohorts have experienced increasing levels of living in a home owned by a Family Trust.
2. The trend is both pronounced and similar for all parental and middle-aged cohorts, while it is slightly less pronounced among the older cohorts—noticeably the cohort born 1932-36 (aged 75-79 years in 2013).
3. There is a notable impact on very young cohorts passing through their childhood years, especially the cohort born 2001-06, their marked increase in living in a home owned by a Family Trust reflecting the trend at parental ages.
4. With just one exception (the cohort born 1957-61) each successively younger WBOP cohort has higher levels of living in a home owned by a Family Trust in 2013 than its immediate predecessor when at the same age.
5. The trends are similar at national level (Fig 5), except that all WBOP cohorts have somewhat higher levels of living in a home owned by a Family Trust than is the case nationally, and for nine of 16 cohorts this difference increased between 2006 and 2013 (Table 4). At the same time, the situation that each successively younger cohort had a higher level of living in a home owned by a Family Trust in 2013 than its immediate predecessor when at the same age is universal at national level (i.e., there are no exceptions).
6. In 2006 the cohort born 1937-41 had the highest levels of living in a home owned by a Family Trust, in both the WBOP and nationally, while in 2013 the highest levels for the WBOP were for the immediately younger cohort, born 1942-46. However the difference between cohorts born 1947-51, 1942-46 and 1937-41 is marginal in each case (albeit consistently higher in WBOP than nationally).
7. Prospectively the data indicate that living in a home owned by a Family Trust will continue to increase, and more so in the WBOP than nationally, although recent changes to the Family Trust situation may see the rate of increase decelerate.
8. Taken together (home ownership, renting and living in a home owned by a Family Trust), the data indicate that currently younger cohorts are experiencing greatly reduced levels of living in an owned home than was experienced by their older counterparts when at the same age, and this could feed through into their future housing preferences.

Fig 5: Living in a home owned by a Family Trust* by birth cohort (all cohorts born since 1927), Western Bay of Plenty



*Family Trust data available from 2006 only.

Fig 5: Living in a home owned by a Family Trust* by birth cohort (all cohorts born since 1927), Total New Zealand



*Family Trust data available from 2006 only

Table 4: Selected Indicators of living in a home owned by a Family Trust by birth cohort for cohorts born before 2013, Western Bay of Plenty and Total New Zealand, 2006 and 2013

Cohort Born:	Western Bay of Plenty		Total New Zealand		PP Difference**		PP Change 2006- 2013
	% in 2006	% in 2013	% in 2006	% in 2013	In 2006	In 2013	
2007-13	...	15.7	...	10.2	...	5.5	
2001-06	13.9	20.4	9.6	13.4	4.3	7.0	2.7
1997-01	18.3	23.0	11.3	14.7	7.0	8.3	1.3
1992-96	20.0	21.6	12.1	13.8	7.9	7.7	(0.2)
1987-91	20.5	13.8	11.6	9.4	8.9	4.4	(4.5)
1982-86	13.2	12.6	7.9	7.5	5.2	5.1	(0.2)
1977-81	11.4	13.6	6.8	8.4	4.6	5.2	0.6
1972-76	13.0	18.2	8.1	11.6	4.9	6.7	1.8
1967-71	16.4	21.4	10.6	14.4	5.8	7.0	1.2
1962-66	19.6	23.9	12.5	16.3	7.1	7.6	0.4
1957-61	22.9	26.8	14.1	17.9	8.8	8.9	0.1
1952-56	26.9	29.0	15.4	19.5	11.5	9.5	(2.0)
1947-51	27.2	31.7	17.5	21.3	9.8	10.4	0.6
1942-46	28.7	32.0	18.5	22.3	10.2	9.7	(0.4)
1937-41	28.8	31.6	19.0	22.4	9.8	9.3	(0.5)
1932-36	24.7	25.1	17.7	20.6	7.0	4.5	(2.5)
1927-31	19.0	22.1	15.3	17.7	3.7	4.5	0.8

***Percentage Point difference, Western Bay of Plenty minus Total New Zealand*

Note about Table 4: figures in red brackets are negative.