

Census 2013 – is home-ownership really falling?

RPRC *PensionBriefing* 2013-7

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Census 2013 data seemingly show that home-ownership continues to fall in New Zealand. However, because of shortcomings in the ‘dwelling’ questions, we do not really know what proportion of Census respondents have an ownership interest in the home they live in. The gaps in 2013 data are the same as in the last (2006) Census because the questions were the same.

In summary

Every five years, Statistics New Zealand asks New Zealanders about the dwellings they were in on Census night¹. In *PensionBriefing 2013-4 Census 2013 - shortcomings in questions about housing* (accessible [here](#)), we highlighted shortcomings in the 2006 Census questions. These left an accumulated gap of 21% of all dwellings where we did not know who the owners were.

Because the 2013 Census questions were the same as those used in 2006, the gaps persist so while Statistics New Zealand says that home-ownership rates continue to fall², the Census data do not actually provide proof of that.

This *PensionBriefing* summarises the latest information, released on 10 December 2013. It does not repeat the detail of *PensionBriefing 2013-4* so both publications need to be read together.

Census data for 2013 show that, on Census night, at least 60% of *occupied* dwellings were owned by the occupants, either directly (46%) or through a family trust (14%). Another 29% paid rent for their homes. That leaves about 11% of *occupied* dwellings where we do not know what the 2013 relationship was between owners and occupiers. That ‘gap’ has the potential to skew any analysis of home ownership rates.

Then there were another 185,000 *unoccupied* dwellings (12% of all dwellings) where we have no information on either ownership or the dwellings’ facilities (number of rooms etc.).

We need more accurate information from the next Census on the *economic* status of the relationship between all owners and occupiers; also on the unoccupied housing stock.

Census 2013 – what we know

Table 1 summarises what we know from Census 2013 data and compares it with 2006 data.

¹ Following the Christchurch earthquakes, the 2011 Census was delayed two years.

² See [here](#), for example.

Table 1: all dwellings in 2006 and 2013

	Census 2006	% of total	Census 2013	% of total	% change 2006-2013
Total dwellings	1,637,985	-	1,756,143	-	+7.2%
Total occupied	1,478,709	90.3%	1,570,695	89.4%	+6.2%
Total unoccupied ³	159,276	9.7%	185,448	10.6%	+16.4%
Total - owned directly	743,952	45.4%	725,445	41.3%	-2.5%
Total - owned by family trust	167,922	10.3%	215,283	12.3%	+28.2%
Total rented (rent stated)	388,272	23.7%	453,132	25.8%	+16.7%
Total - ownership 'unknown'	337,839	20.6%	362,283	20.6%	+7.4%

Source: Statistics New Zealand⁴

As an aside, the average number of 'usually resident' New Zealanders for each occupied dwelling was 2.70 in 2013, slightly down from 2.72 in 2006.

Comparing the numbers from 2006 and 2013, highlights from Table 1 include:

- Total dwellings (both occupied and unoccupied) increased by 7.2%, higher than the increase in the 'usually resident' population (+5.3%).
- Unoccupied dwellings grew at a somewhat faster rate (+16.4%)⁵.
- The number owned by family trusts increased by 28.2% in just seven years. The true growth is probably higher as the questions around family trust involvement were porous.
- We have no ownership information regarding 362,283 dwellings (20.6% of all dwellings). This includes the 185,448 unoccupied dwellings (shown in Table 1⁶) and the 176,835 *occupied* dwellings for which we have no ownership information (see Table 2). That is the same proportion as identified in the 2006 Census.

Of the *occupied* dwellings on Census night, Table 2 analyses what we know of the ownership arrangements in 2006 and 2013:

Table 2: occupied dwellings in 2006 and 2013

	Census 2006	% of total	Census 2013	% of total
Total occupied	1,478,451	-	1,570,695	-
Total - owned directly	743,952	50.3%	725,445	46.2%
Total - owned by family trust	167,922	11.4%	215,283	13.7%
Total rented (rent stated)	388,272	26.3%	453,132	28.8%
Total - ownership 'unknown'	178,305	12.1%	176,835	11.3%

Source: Statistics New Zealand

Table 2 identifies three categories where the tenure of 'private occupied dwellings' on Census night in 2013 was reasonably clear:

³ Because of the 2010/11 earthquakes, the Canterbury region saw the largest increase in unoccupied dwellings of the 16 regional council areas at +56.3% (up from 18,117 in 2006 to 28,320 in 2013). The Canterbury region had 15.3% of all unoccupied dwellings in 2013. Occupied dwellings in Canterbury were, by contrast, 13.4% of all occupied dwellings.

⁴ Data from Census 2013 results are accessible [here](#) and [here](#).

⁵ The regional council areas with the highest proportion of unoccupied dwellings were Northland (18.6%) and Marlborough (17.9%). The regions with the lowest proportions were Nelson (6.5%) and Auckland (6.6%).

⁶ Statistics New Zealand says that 23.7% of the unoccupied dwellings (44,082 dwellings) were 'residents away' rather than 'empty'.

- 'Owned or partly owned' 46.2% of all occupied dwellings
- 'Rent payments' made 28.9%
- 'Held in a family trust' 13.7%
- Total 88.8% (down from an equivalent 89.4% in 2006)

Census 2013 – what we don't know

As Tables 1 and 2 show, there continue to be large gaps in Census data:

- on the relationship between occupiers and owners for 11.3% of *occupied* dwellings;
- on the ownership status of all 185,448 *unoccupied* dwellings (and any details about their size and facilities).

The information gap now covers a total of 362,000 dwellings in 2013 (up from 338,000 in 2006) so any statements about falling home-ownership rates need to be heavily qualified. All we can really say is that, of Census respondents who gave an identifiable answer in respect of *occupied* dwellings, the proportion owned directly or through family trusts fell from 61.7% of all occupied dwellings in 2006 to 59.9% in 2013.

Given the importance of home-ownership to a number of statistics on saving, living standards and financial preparation for retirement, such qualified data need improvement. New Zealand needs to know about the other 20.6% of all dwellings.

Census 2013 – updating the data on rent-payers

As suggested in *PensionBriefing 2013-4*, a more reliable estimate of the 'don't owns' might be obtained from looking at those households who say they are paying rent, presumably to an arms-length owner, though we cannot be sure of that from the answers to Census questions.

In summary, the 2013 Census showed that households were paying rent in respect of 28.8% of all occupied dwellings.

Table 3 looks at the data on this since 1916.

Table 3: Household 'rent-payers': Census data 1916-2013 – only *occupied* dwellings

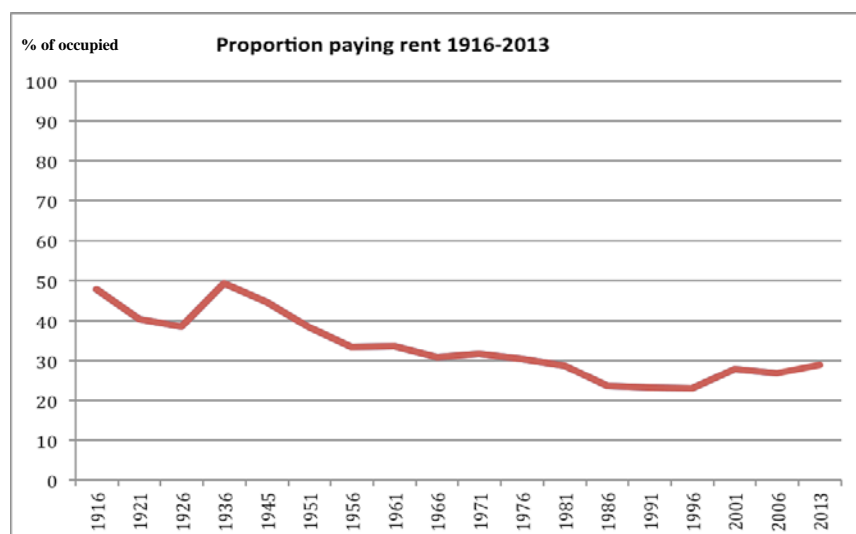
Year	% paying rent	Year	% paying rent
1916	47.8%	1971	31.7%
1921	40.3%	1976	30.3%
1926	38.5%	1981	28.6%
1936	49.3%	1986	23.5%
1945	44.5%	1991	23.1%
1951	38.3%	1996	22.9%
1956	33.4%	2001	27.8%
1961	33.6%	2006	26.7%
1966	30.8%	2013	28.8%

Source: Statistics New Zealand⁷

Table 3 shows that greater proportions of residents in *occupied* dwellings were paying rent between 2001 and 2013 than in the three Censuses 1986, 1991 and 1996 but that there were smaller proportions of household 'rent payers' in the 12 years to 2013 than there were in 1976 and in all Censuses before 1976.

⁷ Table 3's data for 1916 to 2001 were prepared for the author by Statistics New Zealand in 2004. 2006 and 2013 Census data have been added.

Chart 1 illustrates the Table 3 data for just *occupied* dwellings where the rental status was clear:



It seems difficult to construct a story about *increasing* long-term trends in rent-paying tenure rates from Table 3/Chart 1.

The proportion of households who said they were paying rent was lower in 2013 than it was in 1976 and in all previous Censuses and was about the same as in 1981 (28.8% in 2013; 28.6% in 1981). The number of rent-payers grew by 163,700 over the 32 years from 1981 to 2013 but that was over a somewhat larger occupied housing stock: 28.6% of 1.01 million dwellings in 1981 compared with 28.8% of 1.57 million dwellings in 2013.

Statistics New Zealand points out there are issues with the comparability of the data from the three censuses (1996, 2001 and 2006); also with the seven year gap between 2006 and 2013 and that data from earlier Censuses may not be completely comparable either. But that probably does not explain the relatively flat proportions of renters over the 47 years from 1966-2013.

What we need to know

As we stated in *PensionBriefing 2013-4*, New Zealand needs better quality data on housing tenure than was produced in recent Censuses.

For completeness, we repeat what the next five-yearly Census⁸ should aim to discover:

- (a) Do the occupiers have any sort of ownership interest in the dwelling (direct or indirect; legal or beneficial)?
- (b) If 'yes', how is that relationship best described – direct ownership or through a family trust, or even a will trust? It does not matter who the trustees are.
- (c) Again if 'yes', is there a mortgage on the dwelling where the legal owner (individuals or trust) pays interest to an arms-length, third party; if 'yes', how much is owing on the mortgage? How much of that is borrowed for business purposes?
- (d) If 'no', do the occupiers pay rent to an arms-length, third party? If 'yes':
 - i. Who is that third party?
 - ii. How much is the rent?

⁸ Statistics New Zealand (2013) suggests that the next Census will be in 2018.

- iii. If there is no rent, why is that the case?
- (e) Does the occupier own another dwelling that is not occupied on Census night? If 'yes', a second Home Dwelling Form should be completed.

Conclusion

To understand the tenure of occupied dwellings and the status of unoccupied dwellings, the Census questions must change.

Statistics New Zealand has tried since 1996⁹ to understand the impact of family trusts on housing tenure. Uncertainty about the influence of family trusts on ownership statistics has grown over the 17 years to 2013. We do know that the number of dwellings affected by family trust ownership grew by at least 28.2% in the seven years to 2013.

The home-owning proportion of the population may have fallen since the 1991 Census. However, given the difficulties with interpretation noted above, a more reliable indicator of tenure trends may be the proportion of occupiers who are paying an identified amount of rent rather than the so-called 'owners'.

The full influence of family trusts on the ownership status of homes cannot be deduced from the porous set of questions in the 2013 Census (the same as were asked in 2006).

There are too many gaps in the Census results to draw any particular conclusion about home ownership trends.

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Reference

Retirement Policy and Research Centre (2013) *PensionBriefing 2013-4 Census 2013 - shortcomings in questions about housing* (accessible [here](#)),

Statistics New Zealand (2013) *Options for future New Zealand censuses*, Wellington (available [here](#))

⁹ The 1996 Census was the first to ask about the existence of a family trust in the ownership questions. The then equivalent of the Census 2013 question asked: "If nobody who lives here owns this dwelling, who owns it? - a person or a *private trust*" (our emphasis - one of six options). In 2001, the Census *Guide Notes*, for some reason, suggested that houses owned by a family trust should be noted as *not* being owned by the household; but respondents might not have read the *Notes*.