Centre for Housing Research
AOTEAROA NEW ZEALAND

Kāinga Tipu

The Intermediate Housing Market in New Zealand

PREPARED BY

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3.4.9 Intermediate Housing Market Households by Length of Tenure

Table 3.12 presents the analysis of the private rental market by sub-group for various lengths of tenure. Under each sub-group the percentage figure represents the relative proportion of those households to the same group in the total private rental market.

Table 3.12: Length of Tenure 2006

Length of Tenure	Intermediate		Relatively Well Off		Not Employed		Total Private Renter	
	Hhlds	% Tot	Hhlds	% Tot	Hhlds	% Tot	Hhlds	% of TPR
Less than one year	74,600	53%	43,090	30%	23,647	17%	141,337	44%
1-4 Years	67,401	53%	38,237	30%	21,331	17%	126,969	39%
5-9 Years	17,297	54%	7,292	23%	7,438	23%	32,027	10%
10 Years +	7,848	50%	3,289	21%	4,620	29%	15,757	5%
Not Elsewhere	2,499	42%	975	17%	2,421	41%	5,895	2%
Total	169,539	53%	92,882	29%	59,437	18%	321,859	100%

Source: DTZ

Intermediate housing market households account for slightly more that 50% of all private renter households across all length of tenure periods. The relatively-well-off-households are under represented in the longer tenure groups whereas not-in-work households are over represented in the longer tenure groups. Overall 83% of households in the private rental market have tenure length of four years or less. The comparative percentage for intermediate housing market households is very slightly higher at 84%.

4.0 Projected Growth in the Intermediate Housing Market

4.1 Introduction

The objective of this section of the report is to present our analysis of the future possible variations in the size of the intermediate housing market under a number of different scenarios.

4.2 Household Growth and Home Ownership Rate Projections

The home ownership rates and growth in the number of households used in this section of the report are based on the analysis presented in Section 8 of *"Census 2006 and Housing in New Zealand",* a report by DTZ for the Centre for Housing Research Aotearoa New Zealand. The trend in home ownership rates by region has taken into account projected changes in each region's household composition, age profile and level of population growth using synthetic age cohorts. The projected home ownership rates also take into account changes in property values since the 2006 Census.

Table 4.1 presents the projected change in home ownership rates by region.

Table 4.1: Home Ownership Rate Trends by Region

Region	Home Ownership Rate					Change	
	1996	2001	2006	2011 (p)	2016 (p)	1996 to 2006	2006 to 2016
Northland	71.2	70.5	68.6	66.4	64.1	-2.6	-4.5
Auckland	69.2	64.6	63.8	61.0	58.3	-5.4	-5.5
Waikato	68	67.6	65.4	63.2	61.4	-2.6	-4.0
Bay of Plenty	71.7	68.4	67.3	64.7	62.1	-4.4	-5.2
Gisborne	65.1	63.2	61.8	59.2	57.0	-3.3	-4.8
Hawkes Bay	70.6	67.8	67.9	65.2	62.7	-2.7	-5.2
Taranaki	72.1	72.2	69.9	67.1	64.6	-2.2	-5.3
Manawatu-Wanganui	68.7	67.9	66.8	64.4	62.4	-1.9	-4.4
Wellington	69.9	66.9	66.1	63.8	61.3	-3.8	-4.8
Tasman	74.7	73.7	72.5	69.7	67.2	-2.2	-5.3
Nelson	72.3	68.7	68.6	65.3	62.7	-3.7	-5.9
Marlborough	77.4	76.1	75.8	73.1	70.0	-1.6	-5.8
West Coast	73.7	72.6	69.3	66.6	64.5	-4.4	-4.8
Canterbury	73.8	71.4	70.4	67.9	65.3	-3.4	-5.1
Otago	71.9	69.6	69.1	66.4	64.1	-2.8	-5.0
Southland	77.7	75.6	73.5	70.8	68.8	-4.2	-4.7
New Zealand	70.7	67.9	66.9	64.3	61.9	-3.8	-5.0

Source: DTZ (2007)
[#] 1996 and 2001 home ownership rates are unadjusted figures and consequently not directly comparable with the 2006 survey results. 2011 and beyond projections are based on the 2006 Census results and consequently are directly comparable with the 2006 home ownership rates.

Home ownership rates are expected to continue to decline across all regions. Strong growth in dwelling values has significantly reduced housing affordability, particularly for younger households. This is projected to have a sustained impact on home ownership rates over the next ten years, as the lower home ownership rates in the younger age groups progress through the population.

Table 4.2 demonstrates the trend in the number of owner and renter households between 2006 and 2016.

Table 4.2: Projected Number of Owner and Renter Households (Total Renter Market)

Region	2006		2011		2016	
	Owner	Renter	Owner	Renter	Owner	Renter
Northland	39,510	18,090	40,700	20,600	41,470	23,230
Auckland	300,630	170,570	314,520	201,080	328,990	235,310
Waikato	94,900	50,200	96,760	56,340	99,220	62,380
Bay of Plenty	68,310	33,190	71,040	38,760	73,340	44,760
Gisborne	10,200	6,300	9,950	6,850	9,860	7,440
Hawkes Bay	39,310	18,590	38,990	20,810	38,620	22,980
Taranaki	29,290	12,610	28,650	14,050	27,970	15,330
Manawatu-Wanganui	59,050	29,350	58,540	32,360	58,590	35,310
Wellington	117,330	60,170	118,540	67,260	118,370	74,730
Tasman	13,410	5,090	14,150	6,150	14,520	7,080
Nelson	12,900	5,900	13,060	6,940	13,230	7,870
Marlborough	13,270	4,230	13,520	4,980	13,580	5,820
West Coast	8,800	3,900	8,660	4,340	8,510	4,690
Canterbury	148,050	62,250	149,720	70,780	151,040	80,260
Otago	54,660	24,440	54,380	27,520	54,160	30,340
Southland	27,780	10,020	27,050	11,150	26,350	11,950
New Zealand	1,038,690	513,910	1,059,990	588,510	1,081,700	665,800

Source: DTZ (2007)

The number of owner households in New Zealand is projected to increase by 4.1% over the 2006 to 2016 period or from 1,038,690 to 1,081,700 households. The number of renter households is projected to increase much more strongly over the same period, by slightly less than 30%, or from 513,910 to 665,800 households. Slightly less than 43% of the increase in renter households is projected to be in Auckland, 12% in Canterbury, 9.6% in Wellington, 8% in the Waikato and 7.6% in the Bay of Plenty. Overall 62.4% of the increase in renter households is projected to be in the upper half of the North Island.