

Is home ownership all it's hyped up to be?

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By [Chris Daniels](#)

They say Aucklanders talk about nothing but property prices and owning a home – but what if that "Kiwi dream of home ownership" really doesn't matter as much as everyone thinks?

It's taken as a basic truth that homeowners make better citizens but there's less actual research to back this up than you might think.

Two economists are embarking on a three-year mission next year to find out whether there's some truth behind the accepted wisdom.

Dr Arthur Grimes and Dr Steven Stillman, of Motu, a non-profit economic and public policy research institute, are heading up a study looking at whether or not homeowners are better citizens, parents and neighbours than their renting cousins.

Public policy, they say, "tends to promote home ownership", indicating we think homeowners make for better citizens.

Stillman says the work should provide concrete evidence for policymakers about the importance of home ownership for individuals and society.

"By examining the direct and indirect effects of home ownership, we will be able to give the debates about its virtues firmer foundations."

At the heart of this social economics work will be crunching numbers provided by Statistics New Zealand in what is known as a survey of family, income and employment.

This is a "longitudinal" study that has been tracking thousands of individuals and families.

People at 15,000 addresses randomly selected across New Zealand have been part of this research, which began in late 2002 and is due to finish in 2010.

The length of the survey means Statistics New Zealand can build up a picture of how their circumstances change during this time.

Stillman and Grimes will use this data to see how changes in home ownership patterns may affect employment, education, health, wealth, crime, and voting.

"We are hoping to find out whether people who become home-owners – whether that changes their behaviour. The question isn't just whether homeowners have different behaviours than non-homeowners, because obviously people are choosing to become homeowners for different reasons," says Stillman.

By looking at the same people over time – some of whom become homeowners – Stillman and Grimes can look at their children, whether they go to school, the health of the homeowners and wealth. It could be that homeowners have more financial hardship because of what they have to spend getting into a house and paying the mortgage.

The researchers will also look at areas where home ownership has grown and see if there has been a growth in school enrolment rates.

"There's this hypothesis that you have more invested in your neighbourhood, so you are more likely to care about things, like local crime rates and how good the schools are," says Stillman.

Overseas research into home ownership has looked at "economic mobility" – people who own homes are often tied to an area. If it's not doing very well, then the homeowners are the ones who are "stuck" in a bad area, unable to sell.



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British economist Andrew Oswald says: "Home ownership makes workers less mobile, which brakes economic growth and worsens unemployment, especially in areas blighted by the decline of industries."

He points out that two-thirds of people in one of the world's richest nations, Switzerland, rent and links the labour market with home ownership. Selling a home and moving is expensive, making owners less mobile and more vulnerable to regional economic downturns.

New Zealand Census data suggests a decline in the home ownership rate from 74 per cent in 1991 to 68 per cent in 2001, but then stabilising at that level in 2006.

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