

# Pacific Peoples' Homeownership in New Zealand

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Pacific peoples in New Zealand have low rates of homeownership compared with the average homeownership rate in the country. There is a tendency also for Pacific peoples to have relatively low incomes and to live in areas with high concentrations of Pacific ethnicity. While incomes may, on average, be low, the areas with high Pacific concentrations are mostly in the Auckland region, and so may have high property values and rents relative to many parts of New Zealand. This combination contributes to a relatively high proportion of the Pacific population living in multi-family dwellings and in areas of social housing where there are high Pacific

concentrations. The prevalence of social housing may diminish the attractiveness of properties in these areas, and hence, moderate the high values associated with them. The purpose of this brief paper is to provide some supporting statistics and context pertaining to these observations.

Our statistics come from three sources. We make use of 2006 data from the New Zealand census and from Quotable Value New Zealand (QVNZ). These data cover population statistics, homeownership rates, rents and property value data. In addition, we use data from the 2006 wave of Statistics New Zealand's Survey of Family Income and Expenditure (SoFIE), including its associated wealth survey. SoFIE covers approximately 10,000 households. The survey design is such that each household is representative of other households in New Zealand, so responses can be weighted up to represent all households across the country. All SoFIE results are presented after such weights have been applied.

One issue that we wish to examine is whether Pacific people pay high rents relative to the level of house prices

*The information in this paper was collated as part of Motu's Homeownership research programme. This programme uses the longitudinal Survey of Family, Income and Employment (SoFIE) to estimate the impact of homeownership on labour market outcomes, health status, wealth, educational status, and employment for youth.*



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for areas in which they live. Prior research shows a national tendency for economically more deprived areas to have high (private sector) rents relative to local house prices. This may be explained by high maintenance costs, high tenant turnover, rent arrears or possibly by some form of discrimination. We investigate whether this result carries over specifically to areas with high proportions of Pacific residents.

## Area Results

Initially, we examine characteristics of areas with high concentrations of Pacific peoples. We use Statistics New Zealand's definition of "area units", which are akin to tightly defined suburbs. There are 1,919 area units in New Zealand; Manukau City and Porirua City have 91 and 25 area units respectively. Using the 2006 census, we obtain the ratios, for each area unit, of the Pacific population to total population, and extract data for the 20 area units with highest Pacific concentrations. Of these 20, seventeen are in Manukau City and the remaining three are in Porirua City. The census is also used to extract data on: the homeownership rate in the area unit, the proportion of multi-family households in the area unit, the proportion of social housing in the area unit, the median weekly rent paid by households in that area unit, the sector of landlord in each

area unit, and the median household income level.

We express the area unit rent as a ratio, relative to average rents in the territorial authority (TA) – Manukau City or Porirua City – in which the area unit (AU) is located. We use the AU/TA ratio as our measure since it adjusts for city-specific factors affecting the overall level of rents in a city. Likewise, our house prices, house values, rent/price, income/prices, and income/rent are all expressed as AU/TA ratios. All other (i.e. non-price) data are expressed as AU-specific measures. Data on median sale prices and median capital values of houses in the AU and the TA are obtained from QVNZ.

Table 1 presents the raw data for each variable that we investigate. The first column presents the ratio of the Pacific to total population in each AU. The second column presents a valuation-based measure of the value of residential houses in the AU relative to its local TA. The third column presents the median rent paid within an AU relative to the median TA rent (according to the census). In the fourth column, the median rent is expressed as a ratio of the AU's median house sale price (a market-based measure of house values), again with respect to the TA average. The fifth column presents the AU's homeownership rate and the

Table 1: Area Unit Data

Area Unit Description	Pacific/ Total Population Ratio (AU)	Median Capital Value Ratio (AU/TA)	Median Rent Ratio (AU/TA)	Median Rent/ Sales Price (AU/TA)	Home- ownership Rate (AU)	Multi- Family Households Ratios (AU)	Median Income/ Sales Price (AU/TA)	Median Income/ Rent (AU/ TA)	Social Housing/ Total Occupied Dwellings (AU)	Social Housing/ Total Rental Properties (AU)
Harania North	0.784	0.600	0.454	0.698	0.330	0.215	1.392	1.995	0.356	0.761
Otara South	0.756	0.529	0.500	0.838	0.275	0.187	1.163	1.387	0.307	0.636
Otara East	0.726	0.529	0.542	0.933	0.292	0.180	1.279	1.370	0.354	0.678
Harania East	0.722	0.586	0.846	1.254	0.341	0.163	1.120	0.893	0.187	0.397
Arahanga	0.721	0.586	0.438	0.658	0.321	0.187	1.221	1.856	0.403	0.778
Viscount	0.717	0.557	0.538	0.899	0.269	0.188	1.281	1.425	0.373	0.687
Clover Park	0.708	0.586	0.962	1.579	0.490	0.211	1.690	1.070	0.148	0.425
Ferguson	0.704	0.529	0.454	0.783	0.259	0.202	1.342	1.715	0.337	0.699
Mangere Central	0.702	0.629	0.719	1.044	0.426	0.225	1.193	1.143	0.225	0.535
Otara West	0.697	0.500	0.435	0.771	0.217	0.185	1.217	1.577	0.412	0.767
Mascot	0.682	0.671	0.615	0.890	0.460	0.221	1.328	1.492	0.224	0.596
Flat Bush	0.681	0.557	0.712	1.133	0.318	0.179	1.347	1.189	0.292	0.581
Otara North	0.675	0.529	0.527	0.911	0.243	0.189	1.215	1.334	0.378	0.750
Favona West	0.672	0.729	0.692	0.879	0.322	0.184	1.074	1.222	0.263	0.597
Waitangirua	0.640	0.542	0.819	1.489	0.265	0.131	1.189	0.799	0.359	0.659
Cannons Creek East	0.639	0.569	0.550	0.935	0.307	0.108	1.105	1.181	0.386	0.782
Harania West	0.623	0.657	0.692	1.072	0.354	0.168	1.235	1.152	0.233	0.541
Favona North	0.611	0.729	0.769	0.976	0.420	0.150	0.984	1.008	0.167	0.455
Cannons Creek South	0.562	0.569	0.830	1.534	0.300	0.064	1.321	0.861	0.329	0.639
Manukau City	0.263	na	na	na	0.579	0.084	na	na	0.079	0.265
Porirua City	0.253	na	na	na	0.586	0.049	na	na	0.131	0.420
New Zealand	0.066	na	na	na	0.627	0.027	na	na	0.042	0.156

Notes: All area units are located in Manukau City except for Waitangirua, Cannons Creek East and Cannons Creek South (each located in Porirua City).  
Sources: Statistics New Zealand 2006 census; Quotable Value New Zealand.

sixth shows the proportion of multi-family households. The next two columns provide measures of housing affordability (median income/median house sales price) and rent affordability (median income/median rent), respectively. The last two columns reveal the prevalence of Housing New Zealand Corporation (HNZC) and/or other social housing in each AU in relation to the total number of occupied dwellings, and the total number of rental properties, respectively. Where applicable, the table also provides data for Manukau City, Porirua City and for New Zealand as a whole.

Table 2 presents a matrix of correlation coefficients for these variables. A high ratio of Pacific peoples within an AU is found to be related negatively (and significantly) to rents and also to rents relative to house prices. This result is contrary to expectations given the cited findings of Grimes and Aitken (2007). One likely explanation is that social housing may be prevalent among areas with high Pacific concentrations; below-market rents for such housing would account for the relatively low levels of rents in these areas. From Table 1, we see that each of the area units has a high rate of social housing relative both to its broader TA and to New Zealand as a whole. From Table 2, we observe that social housing is negatively (and

significantly) correlated with rents and with rents/prices. Together, these results offer support to the conjecture that the relatively low level of rents for Pacific dominated areas is at least in part due to the impact of social housing assistance in these areas.

Housing affordability more generally is represented by the ratios of both median household income to median house sales price and of median household income to median rents. Table 2 indicates that these ratios rise as the concentration of the Pacific Island population increases, which suggests that housing is more affordable in areas that have high concentrations of Pacific people. As indicated above, these areas contain a greater proportion of social housing. The relationship between Pacific peoples' concentration and social rental housing offers an explanation for increasing rent affordability within areas of high Pacific density, given the policies in force for income-related (often below market) rents within social housing. One possible explanation for the increase in affordability on the house price measure is that the rising frequency of social housing, with associated perceptions of greater social problems, may be offsetting the attractiveness of properties. These perceptions could deter demand for housing within the areas; thereby lowering property values, so making

Table 2: Correlation Coefficients

	Pacific/ Total Popu- lation Ratio (AU)	Median Capital Value Ratio (AU/TA)	Median Rent Ratio (AU/TA)	Median Rent/ Sales Price (AU/TA)	Home- ownership Rate (AU)	Multi- Family House- holds Ratios (AU)	Median Income/ Sales Price (AU/TA)	Median Income/ Rent (AU/ TA)	Social Housing/ Total Occupied Dwellings (AU)	Social Housing/ Total Rental Properties (AU)
Pacific/Total Population Ratio (AU)	1									
Median Capital Value Ratio (AU/TA)	-0.298	1								
Median Rent Ratio (AU/TA)	<b>-0.475</b>	0.355	1							
Median Rent/Sales Price (AU/TA)	<b>-0.495</b>	-0.025	<b>0.902</b>	1						
Homeownership Rate (AU)	-0.064	<b>0.658</b>	<b>0.559</b>	0.298	1					
Multi-Family Households Ratios (AU)	<b>0.745</b>	0.086	-0.312	<b>-0.467</b>	0.292	1				
Median Income/Sales Price (AU/TA)	0.267	-0.306	0.153	0.321	0.284	0.324	1			
Median Income/Rent (AU/TA)	<b>0.652</b>	-0.182	<b>-0.854</b>	<b>-0.830</b>	-0.216	0.575	0.209	1		
Social Housing/Total Occupied Dwellings (AU)	0.141	<b>-0.644</b>	<b>-0.729</b>	<b>-0.433</b>	<b>-0.828</b>	-0.193	-0.092	<b>0.483</b>	1	
Social Housing/Total Rental Properties (AU)	0.169	<b>-0.498</b>	<b>-0.817</b>	<b>-0.568</b>	<b>-0.685</b>	-0.069	-0.053	<b>0.628</b>	<b>0.952</b>	1

Notes: Numbers in bold are significant at the 5% level.

housing relatively more affordable.

Tables 1 and 2 demonstrate that areas with high Pacific concentrations have high ratios of multi-family households: the ratio is above both the TA average and the national average for each of the 19 area units. Across these AUs, the ratio of multi-family households is 18.0% compared with the national average of 2.7%. The correlation between Pacific population concentration and relative housing capital values indicates that Pacific households generally reside in lower value properties compared with the TA average value. Homeownership rates are high in areas with higher capital values for houses and in high rent areas, consistent with renters being located in poorer communities.

Figures 1-7 present graphs of the relevant relationships. The negative relationships between concentrated Pacific populations and each of the capital value of houses and rents (relative to sale prices), and the strong positive relationship with multi-family households, and housing and rent affordability are all evident. The relationship between social housing prevalence and Pacific population concentration is much less evident, but we have already observed that all the area units included in the study have high ratios of social housing relative to the relevant TA and to New Zealand as a whole.

We do not graph the relationship between concentrated Pacific areas and the homeownership rate because the correlation coefficient indicates no

Figure 1: Median Capital Value (AU/TA) vs Pacific/Total Population (AU)

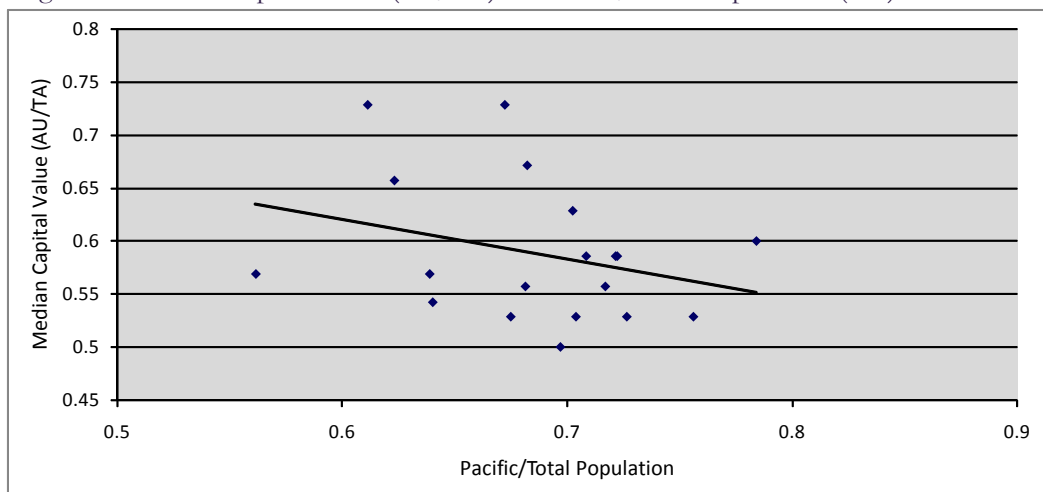


Figure 2: Rent/Sale Price (AU/TA) vs Pacific/Total Population (AU)

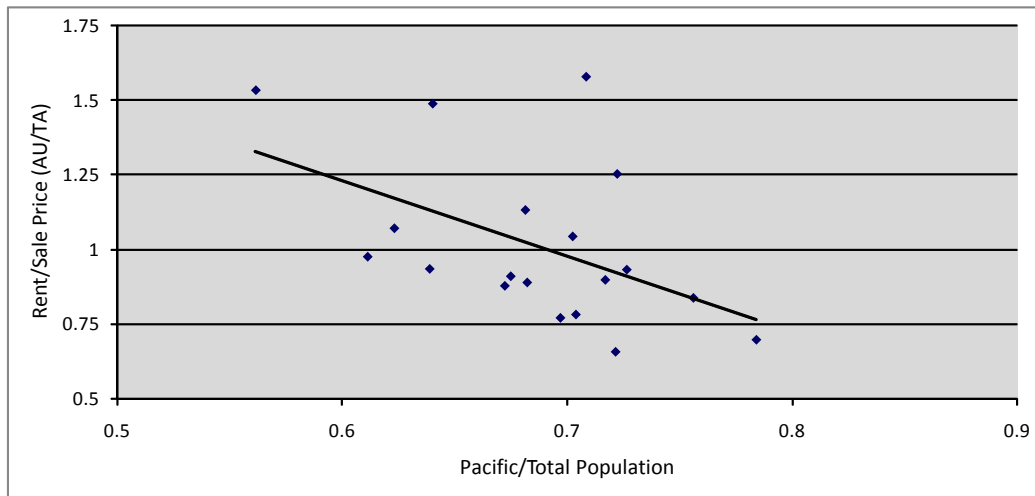


Figure 3: Multi-Family Households Ratio (AU) vs Pacific/Total Population (AU)

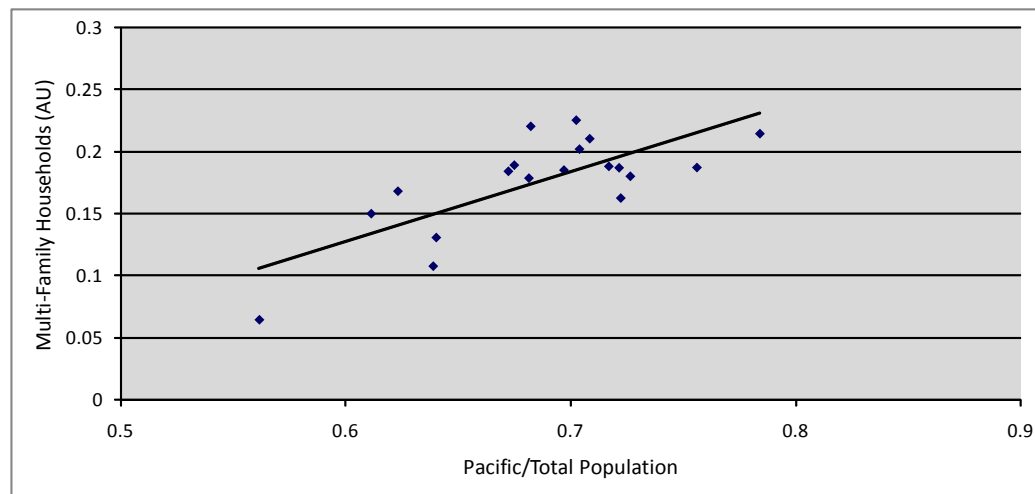


Figure 4: Social Housing/Total Occupied Dwellings (AU) vs Pacific/Total Population (AU)

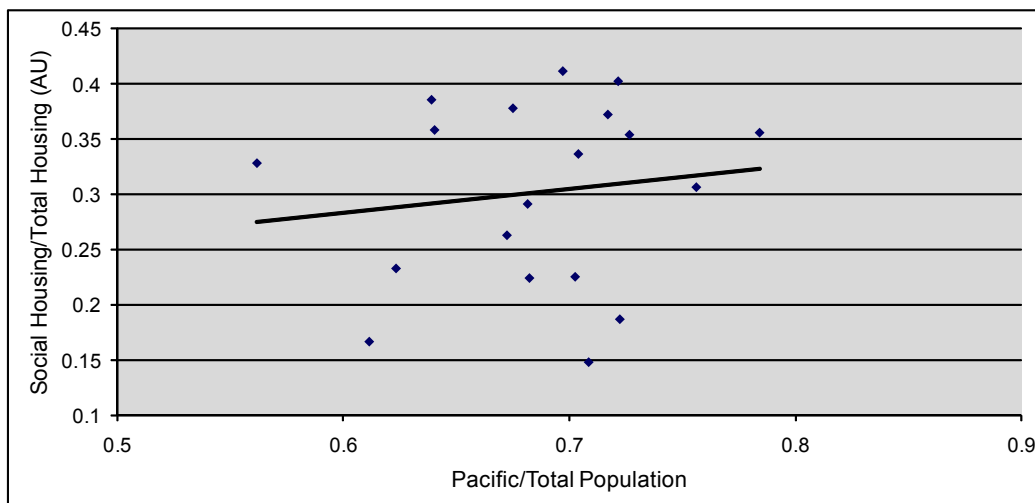


Figure 5: Social Housing/Total Rental Properties (AU) vs Pacific/Total Population (AU)

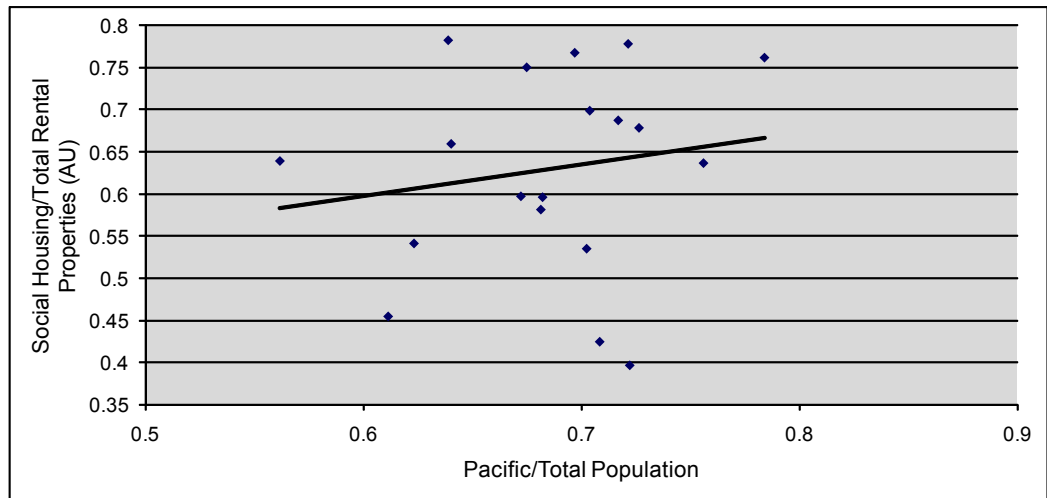


Figure 6: Median Income/Sales Price (AU/TA) vs Pacific/Total Population (AU)

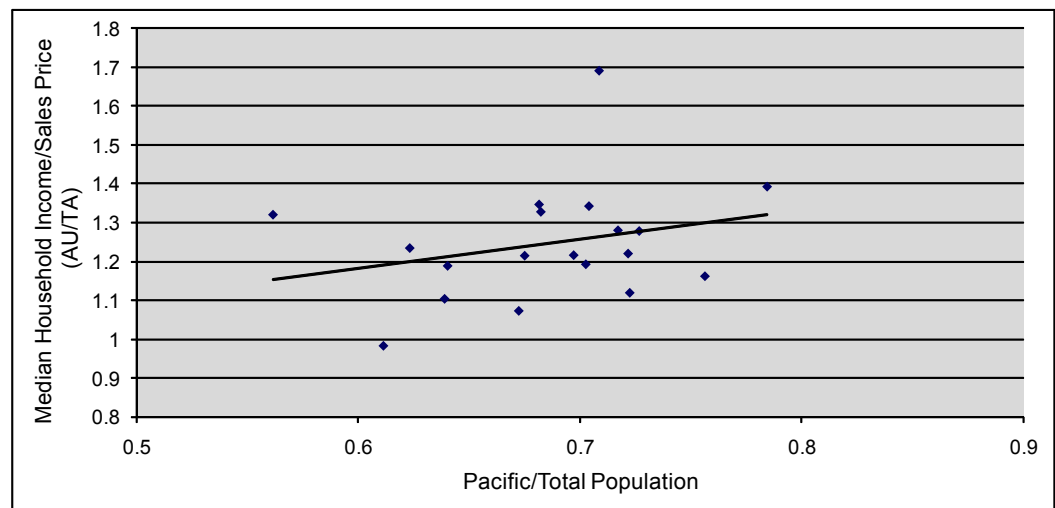
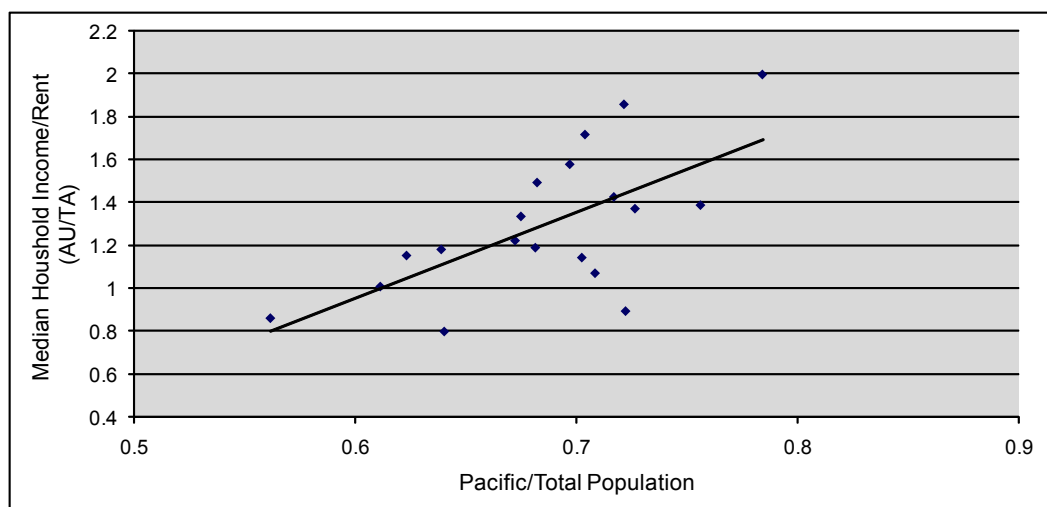


Figure 7: Median Income/Rent (AU/TA) vs Pacific/Total Population (AU)





material relationship across this sample. However, again, this does not mean that homeownership is unrelated to ethnicity. Taking our 19 area units as a whole, the homeownership rate is 32.9%; this contrasts with a homeownership rate across each of Manukau and Porirua cities as a whole of 57.9% and 58.6% respectively, and with a New Zealand-wide homeownership rate of 62.7%. Thus, the homeownership rate in areas with high concentrations of Pacific people is approximately half that of the remainder of the country.

## Household Results

The SoFIE survey enables us to gain more detailed analysis of the situation of Pacific households across New Zealand. Table 3 presents information on homeownership rates and mean house values of owner-occupier homes for 4 different ethnicities, plus “other”, and for New Zealand as a whole (using survey weights).

The national homeownership rate according to this sample survey is 56.8%. European rates of homeownership (60.2%) are above the national rate, while Asian and “other” rates of homeownership (53.5% and 50.0% respectively) are a little lower. The major discrepancies come from the Maori and Pacific ethnicities with homeownership rates of 39.1% for Maori and just 28.8%

Table 3: SoFIE data

Category	Homeownership Rate (%)	Mean House Capital Value (\$)
European	60.2%	378200
Maori	39.1%	236100
Pacific	28.8%	281600
Asian	53.5%	396400
Other	50.0%	499700
1 Family Household	58.1%	373600
2 Family Household	48.4%	332400
3 or more Family household	17.0%	335000
New Zealand	56.8%	370800

Source: Statistics New Zealand Survey of Family Income and Expenditure (SoFIE), 2006

for Pacific households. The latter figure is similar to the ownership rate recorded above for the 19 AUs with the most concentrated Pacific populations (32.9%).

Given the Pacific population's high propensity to live in multi-family households, Table 3 also records the homeownership rates for households with one family, two families, and three or more families. Single family households are the most likely to be owner-occupiers at 58.1% while almost half of two family households own a home (48.4%). It is rare for households with more than two families to have an occupant as the homeowner (17.0%). Pacific peoples are over-represented in this final category, consistent with their low homeownership proportion.

Of those who own a house, we find that house values are, on average, lower than the New Zealand mean for Maori and Pacific households, and higher than the mean for the other ethnic categories. Pacific homeowners tend to have more expensive homes than do Maori homeowners, which is likely to reflect the urban (particularly Auckland) concentration of Pacific relative to Maori households. Households with two or more families, on average, own lower value houses despite the potential extra needs of multi-family households relative to single family households. This

is indicative of financial stress being a common factor within such households.

## Summary

Our three (2006) data sources indicate some consistent characteristics for Pacific peoples' homeownership and related factors. First, homeownership rates are low for Pacific households. Second, rents (both absolute and relative to local house prices) tend to be low for Pacific households, possibly reflecting high uptake of social rented housing. The low relative rent ratios faced by Pacific households may contribute to the first finding of low Pacific homeownership rates since low relative rents favour renting rather than buying. This is an area that warrants further research and policy consideration. Third, house and rent affordability both increase in areas with high concentrations of Pacific populations. Fourth, Pacific peoples have a high propensity to live in multi-family households. Lastly, despite this tendency, Pacific households tend to live in lower value houses than do other (non-Maori) ethnicities; and multi-family households tend to live in lower value houses than do single family households. These latter statistics indicate that housing pressures may be felt most strongly amongst multi-family households, many of whom are Pacific households.