

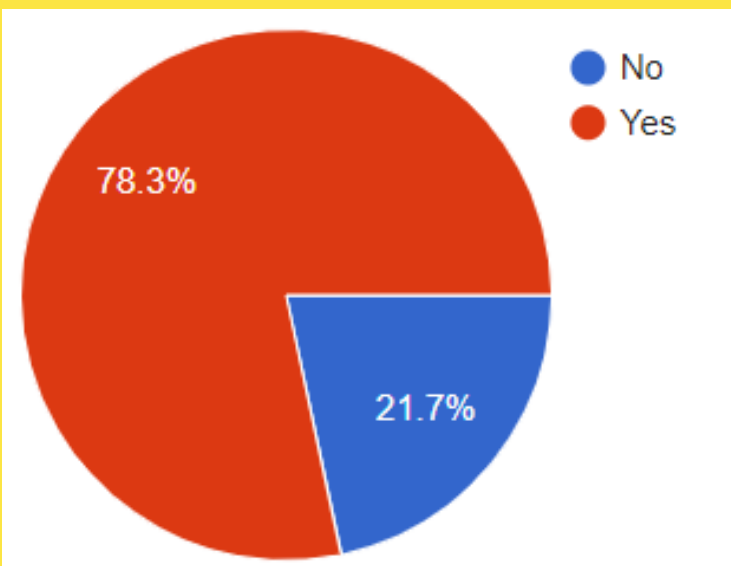
Generation Z and Homeownership

What factors influence first homeownership for New Zealand individuals of Generation Z?

Introduction and Objective

- In this project, Generation Z are defined by individuals who are born in the years 1997 – 2012 inclusive (The American Psychological Association, 2018).
- This research is important because homeownership among young New Zealand citizens is declining each year (Censuses of Population and Dwellings, 1916-2013; Evans & Hartwich, 2006).
- There is minimal research that investigates the reason for this declining rate and therefore this project aims to provide insight on this issue by analysing a small range of factors that influence homeownership for New Zealand individuals in Generation Z.
- It is important to recognise these factors impact each individual differently depending on their personal circumstances.
- The main factors thought to influence first homeownership are: Lack of knowledge about housing and the process of buying your first home, any potential debt in particular student debt, and personal goals and ideas for their first home.

Lack of Knowledge



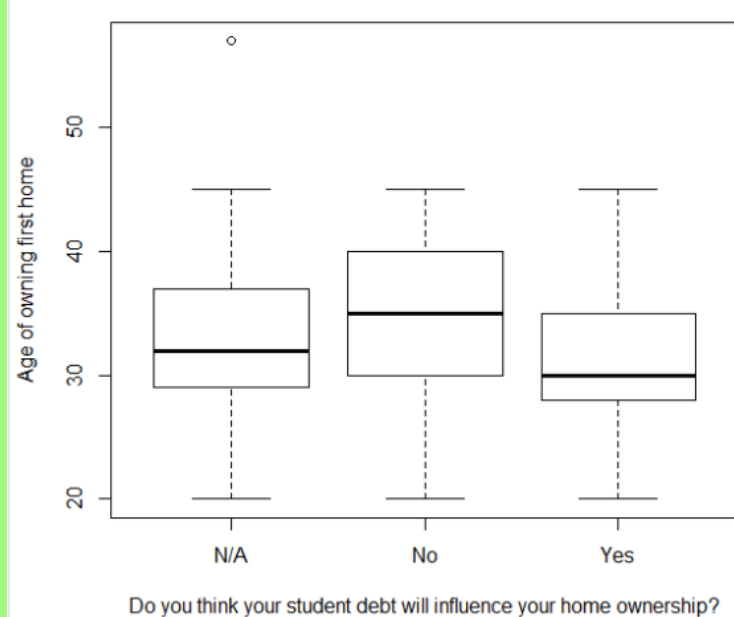
Would more knowledge about the housing market, and the mortgage process change your opinion on owning your first home, and when you might be able to do this?

- 78.3% of respondents said that more knowledge about the housing market, and the mortgage process would change their opinion on owning their first home, and when they might be able to do this?
- Mark Honeybone's experience working with first home buyers follows the above opinion as in his experience many first home buyers aren't educated and therefore a lot of time goes into helping his clients understand the housing process (personal communication, July 14, 2020).

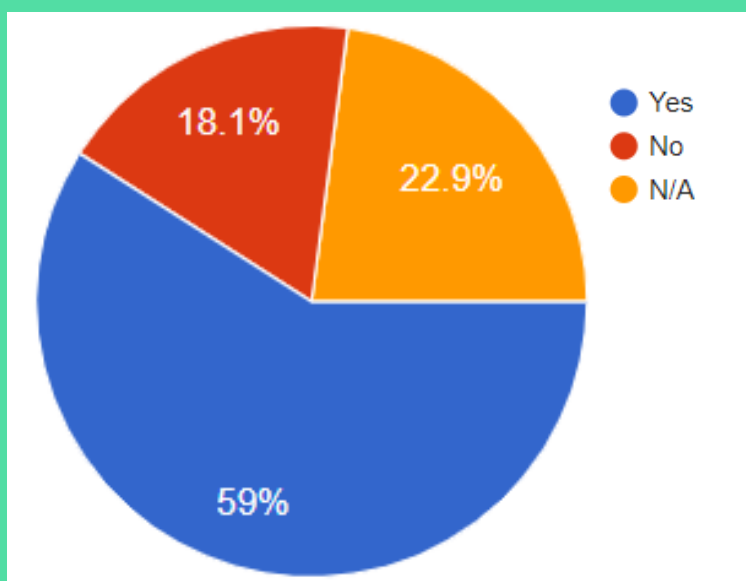
Student Debt

- 19.3% said they expect to pay between 300-500k for their first home, 31.9% expect to pay 501-700k, 31.9% expect to pay 701-900k, and 16.9% expect to pay 900k+.
- When asked what potential barriers may apply to the individual to prevent them from owning their own home..
 - 91.6% said high house prices
 - 51.2% say lack of ability to save for a down payment
 - 45.2% said having a student loan
 - 39.2% said lack of job stability
 - 38% said lack of education about buying a house

Specific Age of Owning First Home by Student Debt Influence



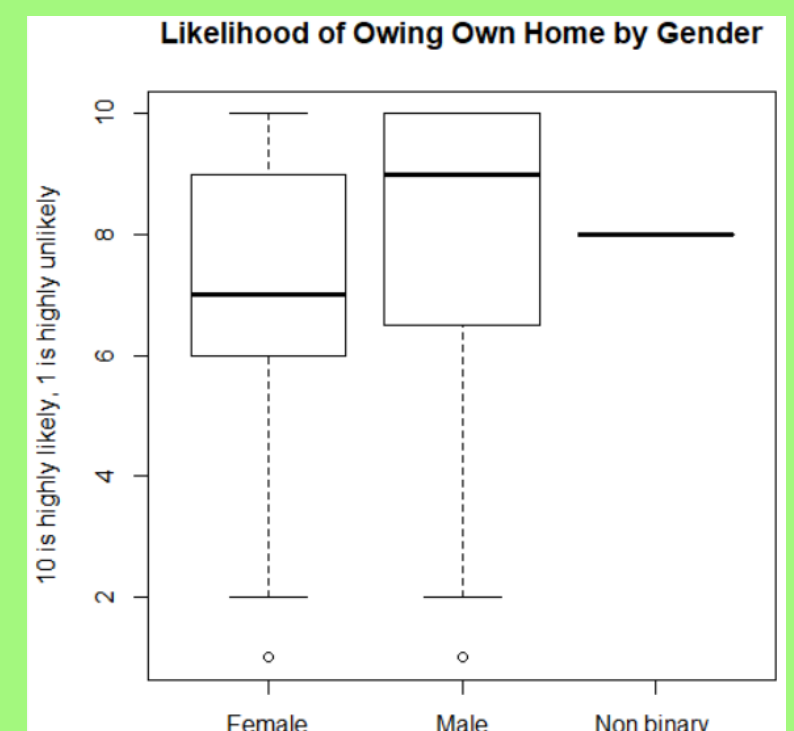
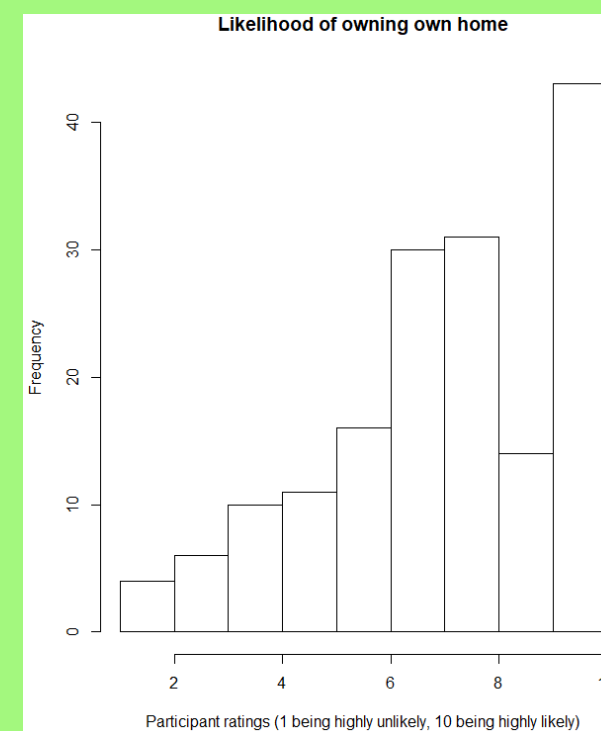
If you have student debt, do you think it will influence the time you choose to buy your first home? (Please tick N/A if you don't have a student debt)



- After cross examining the age an individual thinks they'll own their first home by whether they think student debt will influence the age they purchase their first home:
 - The individuals who said they do not believe student debt will influence the age they'll purchase their first home, reported they think they'll own their first home later in life.
 - Whereas individuals who said they do believe student debt will influence the age they'll purchase their first home, reported they think they'll own their first home earlier in life.
- This difference in age is approximately 5 years.

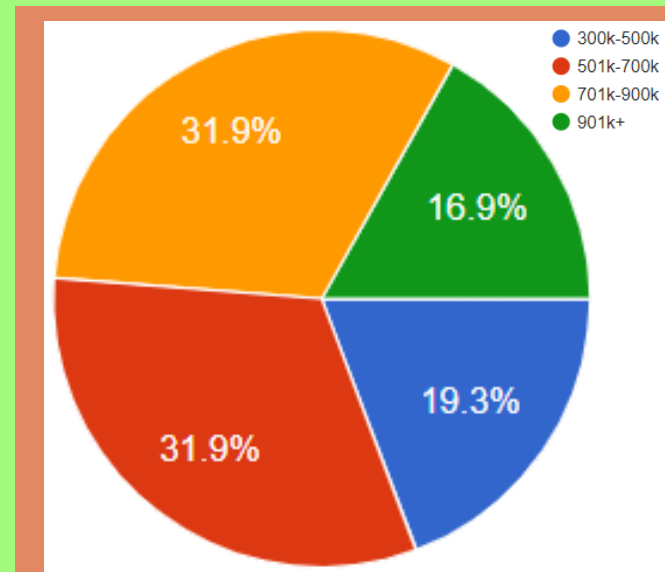
Methods

- Data for this project has been collected through an online Google Forms survey. The survey targeted New Zealand individuals in Generation Z and aimed to understand their values and beliefs about home ownership, so in turn, be able to understand specific factors that may influence Generation Z's ability to purchase their first home.
- The survey was open for one month and collected 165 responses.
- Descriptive statistics such as probabilities, percentile ranks, and central tendency measures have been used to calculate the averages of outcomes for each factor.
- The general results of the questionnaire will be presented visually as histograms, pie charts, and bar graphs.
- The results from this project will be compared in the form of cross-sectional analysis to compare previous data and results collected from Statistics New Zealand, Trading Economics, and mainly literature sourced from America.
- Mark Honeybone who has his own company and has 14 years of experience working with property buyers, sellers, and investors, allowed a face to face interview.
- For this interview I asked him questions similar to the questions in my questionnaire so I could get his expert opinion on my results.



Personal Beliefs about Homeownership

- After calculating the results, only 71.7% of respondents think its at least likely they will own a home one day. When cross examined by gender (boxplot above), females were slightly less confident on average that they will own a home in comparison to males.
- The violin graph below gives a better understanding of where majority of the data fell. With most females estimating they'll own their own home around age 30 or 35 and males around 25-27.
- The average age that Generation Z believe they'll own their first home at is 32 years old. This aligns with Mark Honeybone's estimate of 20-30 years old for how old he thinks Generation Z are when they purchase their first home (personal communication, July 14, 2020).
- Honeybone suggests that if schools taught kids about investing and homeownership, individuals will be more confident with the process and therefore more motivated to purchase their first home earlier (personal communication, July 14, 2020).



How much do you expect to pay for your first home? (left)

Violin graph illustrating the distribution of age of owning first home by gender (below)

- Participants had a wide variety of wants and needs for their ideal home. Including how much it'll cost to purchase their first home (see above pie chart).
- Mark Honeybone says on average first home buyers pay around \$600k for their first home, and generally purchase a home in family oriented areas (personal communication, July 14, 2020).
- The box plot for what specific age individuals believe they will own their first home by gender, on average, males expect to be older when they purchase their first home than females. Moreover, as discussed above, females tend to think they will be younger when they purchase their first home, but in general believe they are less likely to own their own home in comparison to males.



Conclusion

To conclude, more research into the causation between females thinking they will purchase their first home earlier than males and thinking in general it's less likely they will own a home in comparison to males should be conducted as it might provide insight into the current social gender imbalance. There are many unique factors that influence an individual's ability to purchase a home. Through intensive research, the factors above are the relevant factors to Generation Z in New Zealand and are factors that Generation Z believe have strong influence in their ability to purchase their first home.

References

- RBentley, A. (2019). Homeownership in New Zealand: Trends over time and generations. New Zealand Population Conference. https://population.org.nz/app/uploads/2019/07/3dHomeOwnAge_Bentley2019_session3d.pdf
- Evans, A. W., & Hartwich, O. M. (2006). Better homes, greener cities. Policy Exchange Limited. <https://www.localis.org.uk/wpcontent/uploads/2006/02/Evans-A.W.-Hartwich-O.M-Better-HomesGreener-Cities.pdf>
- M. Honeybone (personal communication, July 14, 2020)