

## **‘Generation Rent’ - is home ownership an unattainable dream for most young Kiwis?**

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The Kiwi dream of home ownership is still alive, but it’s becoming harder to make a reality for most younger New Zealanders.

That’s the finding of ‘Money and You: Generation Rent’, new research from the Financial Services Council [FSC] that asked New Zealanders for their views on home ownership and highlights the particular challenges facing younger Kiwis.

‘Generation Rent’ (aged 18-39), makes up 1.5 million New Zealanders, and of that group approx. 40% own a home, leaving the remaining 60% (916,000,) as renters.

“Around 83% of Gen Renters surveyed still believe that owning a home is a ticket to long-term financial security, and 55% of Generation Rent are actively working towards buying their own home in the next five years,” says FSC Chief Executive Richard Klipin.

“But it is becoming more out of reach, and it seems as though the majority of Kiwis agree, whether they’re Gen Renters or not. 82% of respondents of all ages believe that the dream of home ownership is now unattainable for the average Kiwi,” says Klipin.

“We’re all in agreement that the younger generation are having a harder time, with close to 90% – across all age groups – believing that younger Kiwis are being locked out of the property market.

“The barriers to entry are a combination of increasing house prices, ability to save for a deposit and availability of property in areas where people want to live.

“Younger Kiwis are seeking support from external sources to achieve their property goals, with the research showing that applying for Government grants, asking for financial assistance from parents and taking out personal loans are also among the strategies being adopted.

“These factors are impacting Generation Rent’s overall wellbeing. Their physical and mental health and their relationships with family and friends are more likely to be affected by financial issues when compared with older generations.

However, they’re also hard workers and willing to make sacrifices to reach their home ownership goals.

“We found that they are employing a number of strategies, including cutting back on lifestyle expenses, delaying starting or growing a family, moving in or staying with family, all to help them get on the property ladder,” says Klipin.

Ryan Bessemer, the CEO of Trustees Executors who sponsored the research report, says that the difficulty in getting on the home owning ladder is arguably one of the most challenging social and economic issues we have seen for some time.

“In addition to access, the increasing risk profile for Kiwis who have accumulated substantial debt at historically low interest rates is also a concern.”

Despite the challenges around property investment, there are some silver linings the research identified. In particular, it found younger Kiwis are looking at other ways to invest their money.

“The great news is Gen Renters aren’t without investments and are being increasingly savvy with their money; 60% have an investment portfolio of between \$1K-\$150K (including KiwiSaver but excluding property),” says Klipin.

“They’re adaptable and creative, and, as we saw in our previous research, *The Rise of the Digital Investor*, are turning to alternative forms of investing. They’re building their financial capability with micro-investing platforms and adopting new financial technologies that weren’t around during their parents’ generation.

“This financial innovation is reason for some optimism, but this research shows that Generation Rent needs a lot more help to reach the dream of owning a home in New Zealand”, concluded Klipin.

## **ENDS**

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### **About the research**

The research was conducted via an online survey developed and hosted by CoreData. Data was collected between 15 April and 26 April 2021. A total of 2,035 valid complete responses were collected, which formed the basis of the analysis and the report. The sample is representative of the New Zealand consumer population in terms of age, gender and income based on the latest Stats NZ data. According to Stats NZ1 in March 2021 there was an estimated resident population of 5,116,300. As this survey only included respondents aged 18 years old or over, the estimated resident population of the sample is 3,944,700. The purpose of this survey was to understand how financially confident and the financial wellbeing of New Zealanders.