

Improving Housing

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SENSE PARTNERS

DATA LOGIC ACTION

Improving housing



Housing market is broken



Need to fix land supply, infrastructure, supply across continuum



Policies are changing, but we need to do more

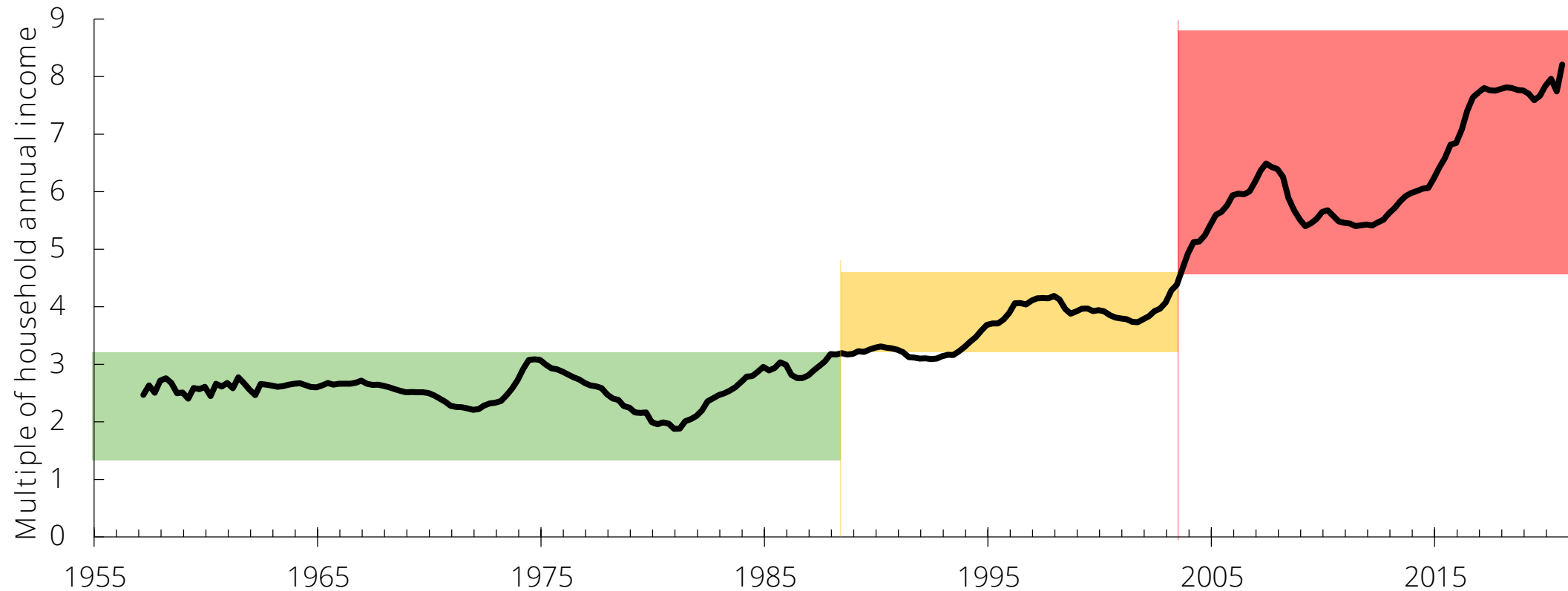


What's needed: Courage and urgency.

Crisis building for decades



House price to income ratio



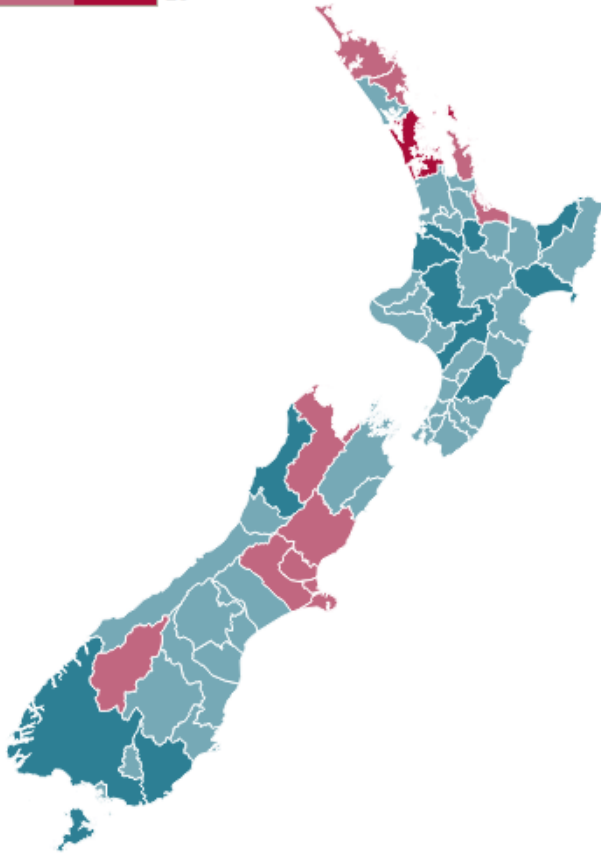
Source: Eaqub & Eaqub (2015) "Generation Rent" BWB Texts, updated

The infection is spreading



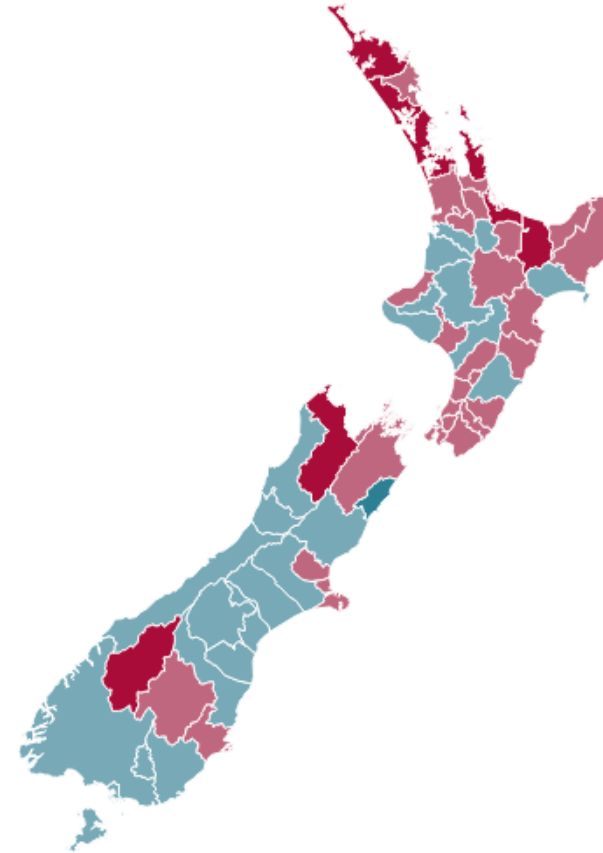
House price to income ratio (2013)

House price to income ratio
0 10



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House price to income ratio (2018)



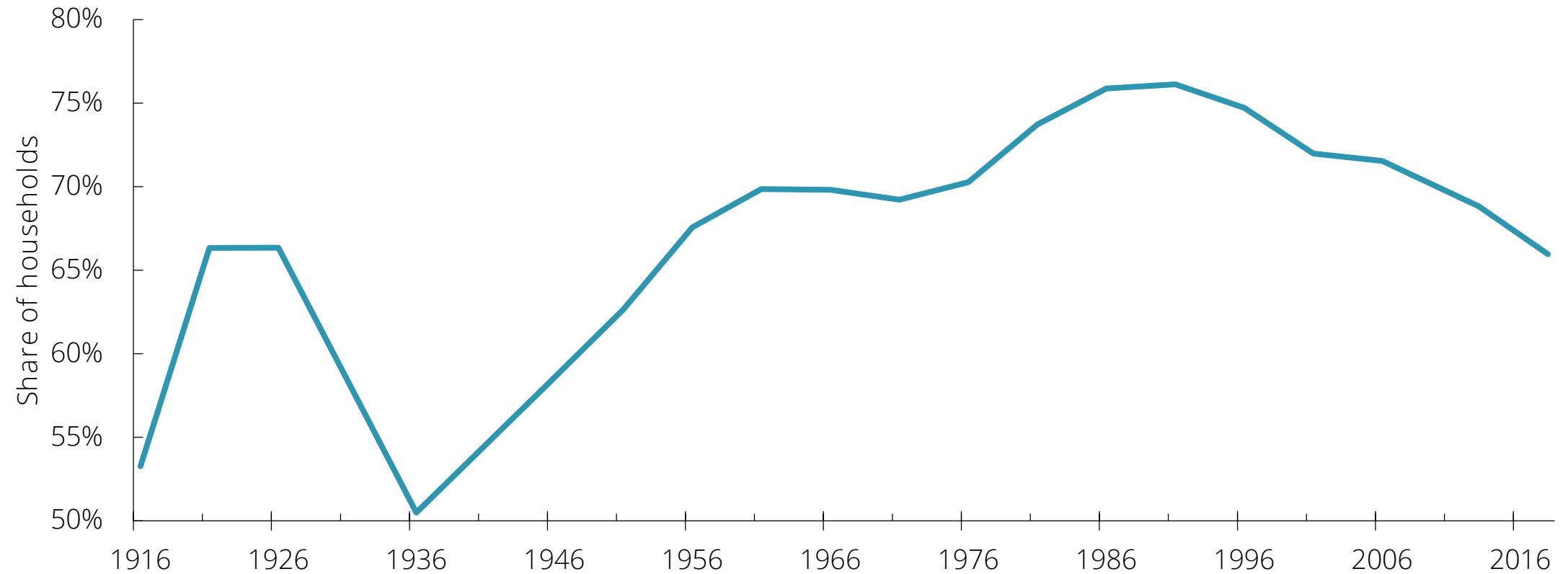
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Source: REINZ, Statistics NZ, Sense Partners

Generation rent



NZ home ownership rate

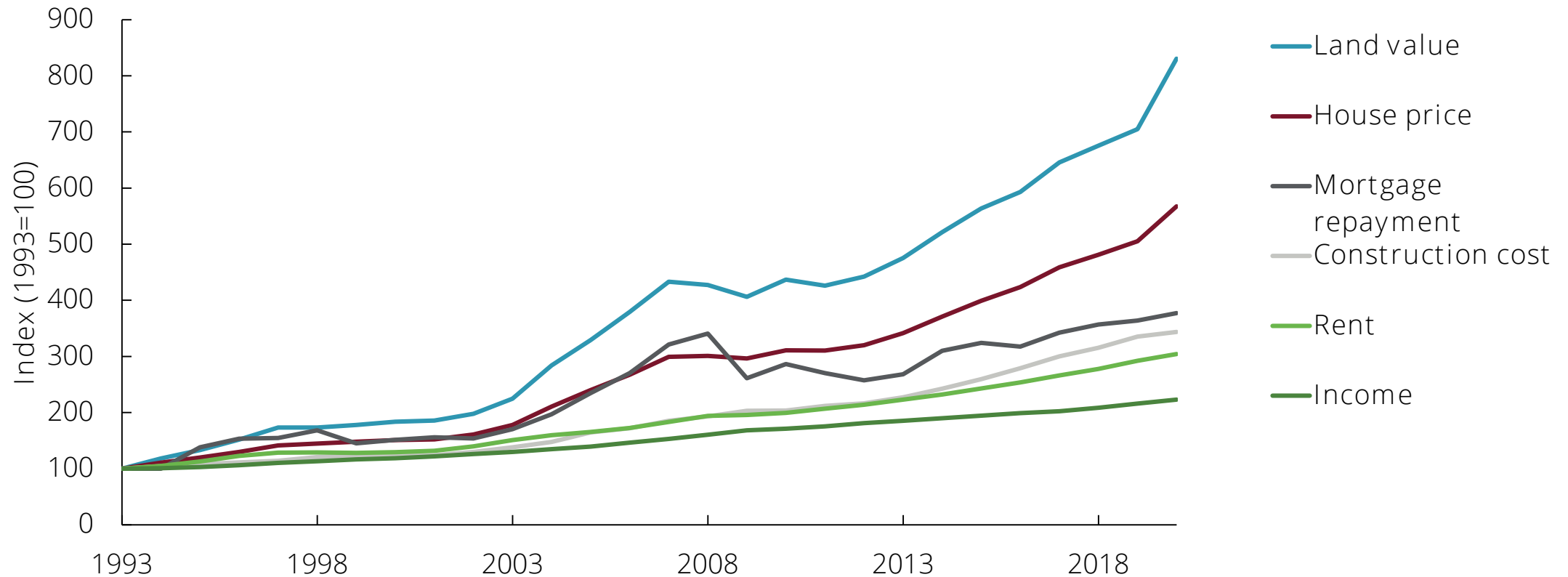


Source: Eaqub & Eaqub (2015) "Generation Rent" BWB Texts, updated

Not equally broken

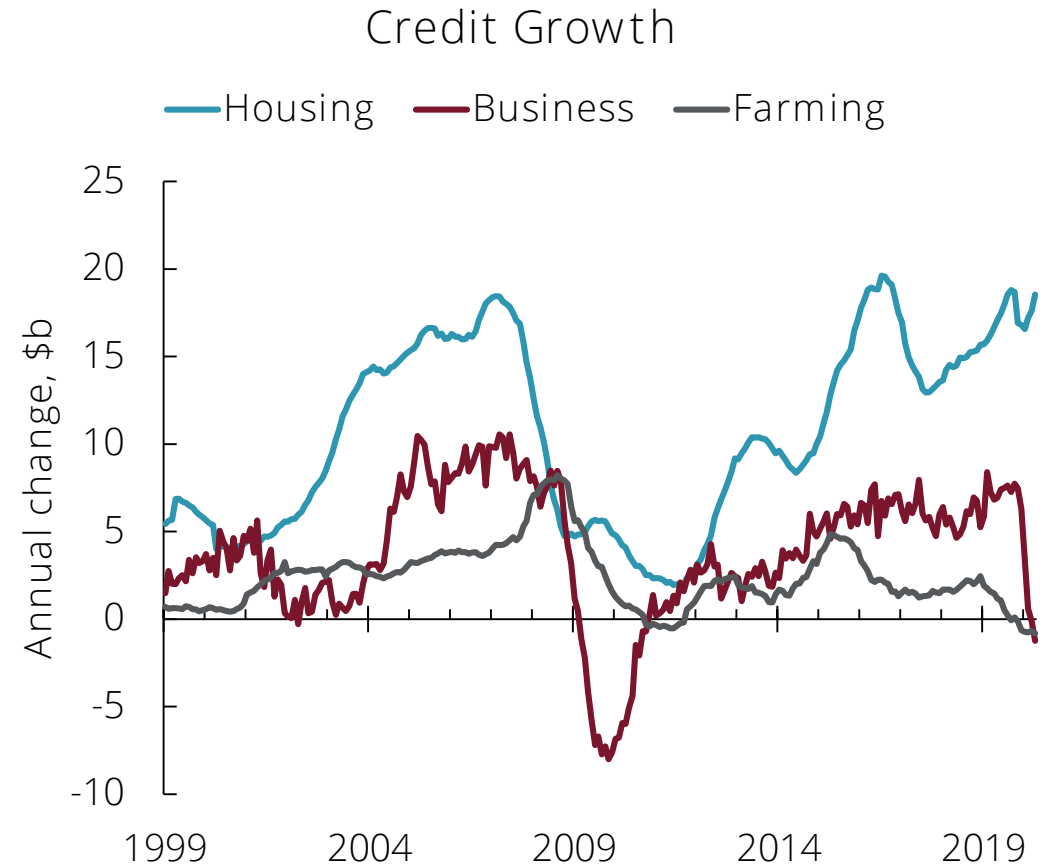
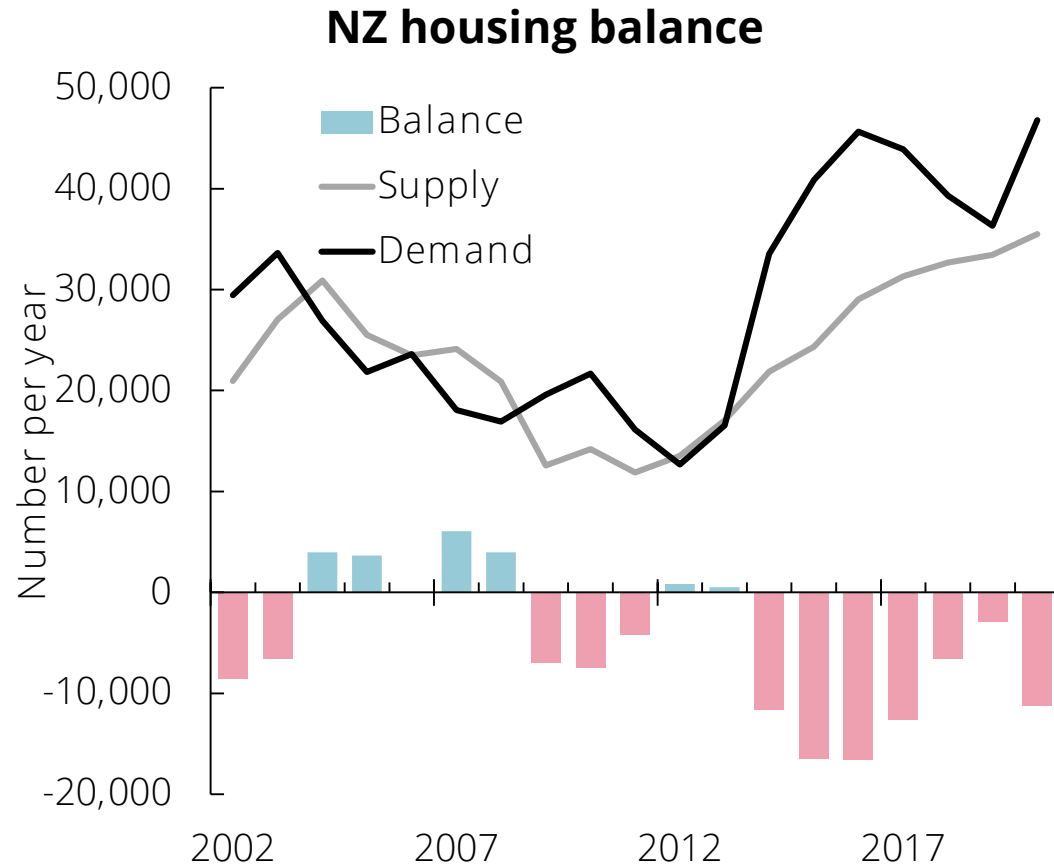


Components of Housing Costs



Source: Eaqub & Eaqub (2015) "Generation Rent" BWB Texts, updated

Physical vs investment demand

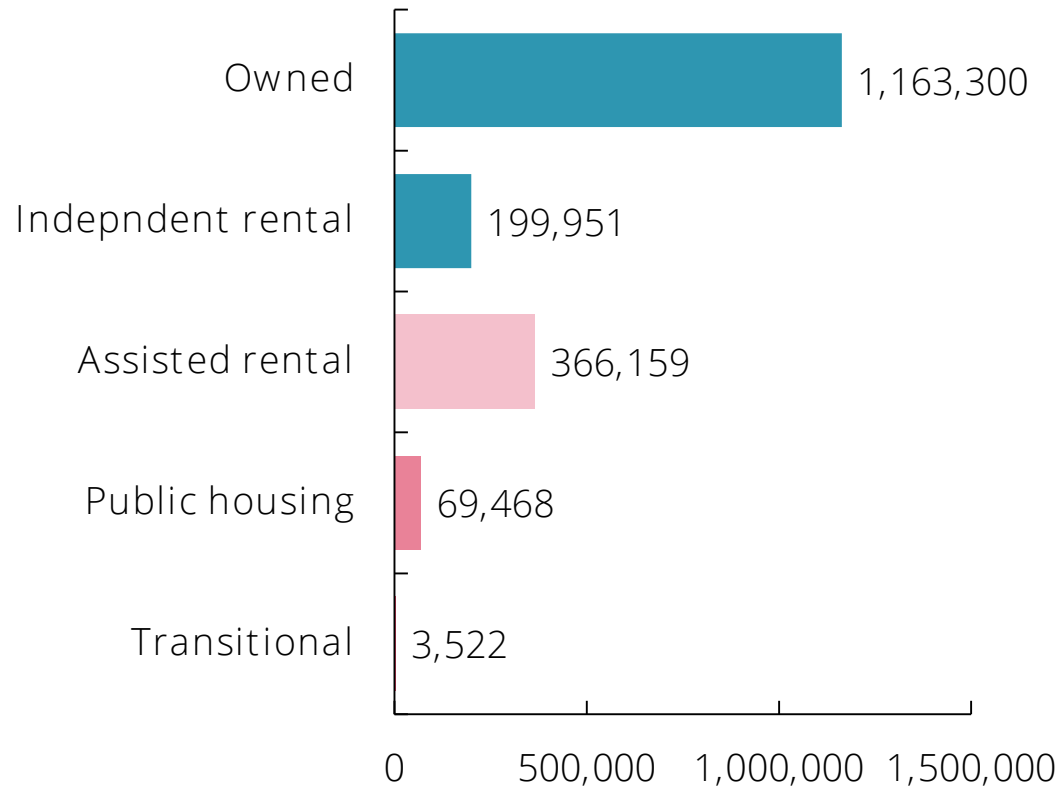


Source: Statistics NZ, RBNZ, Sense Partners

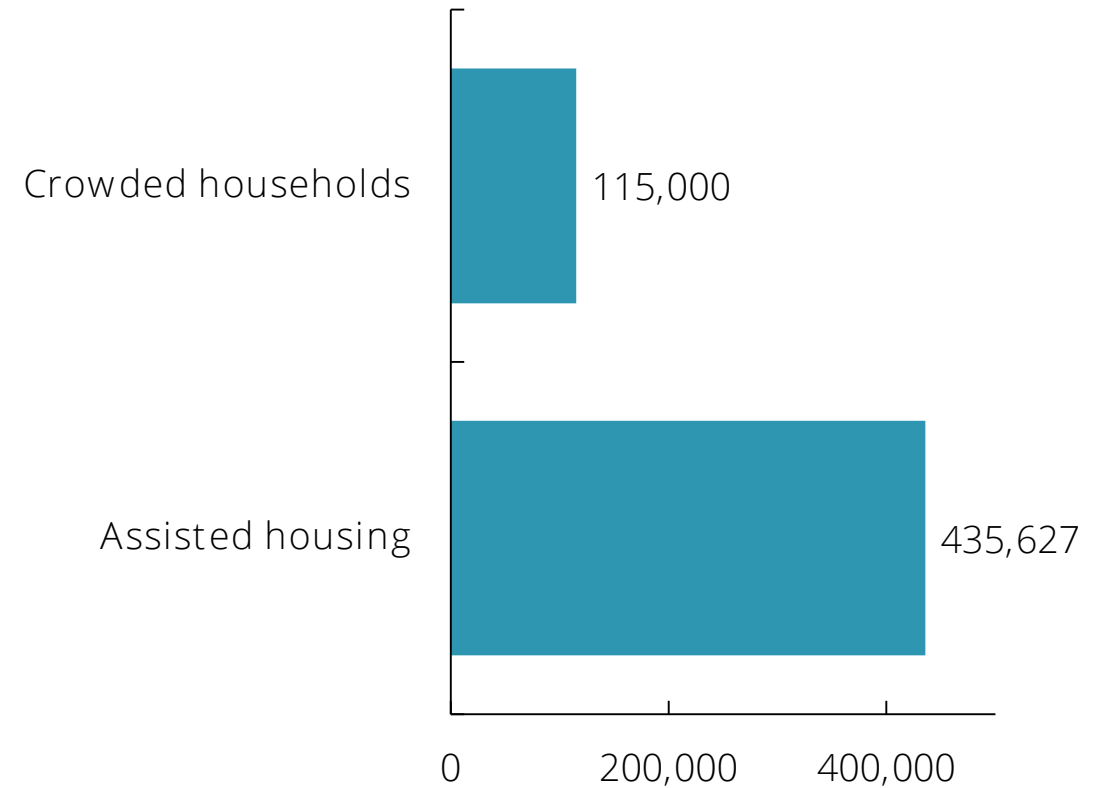
Response needs to be across continuum



Housing Continuum



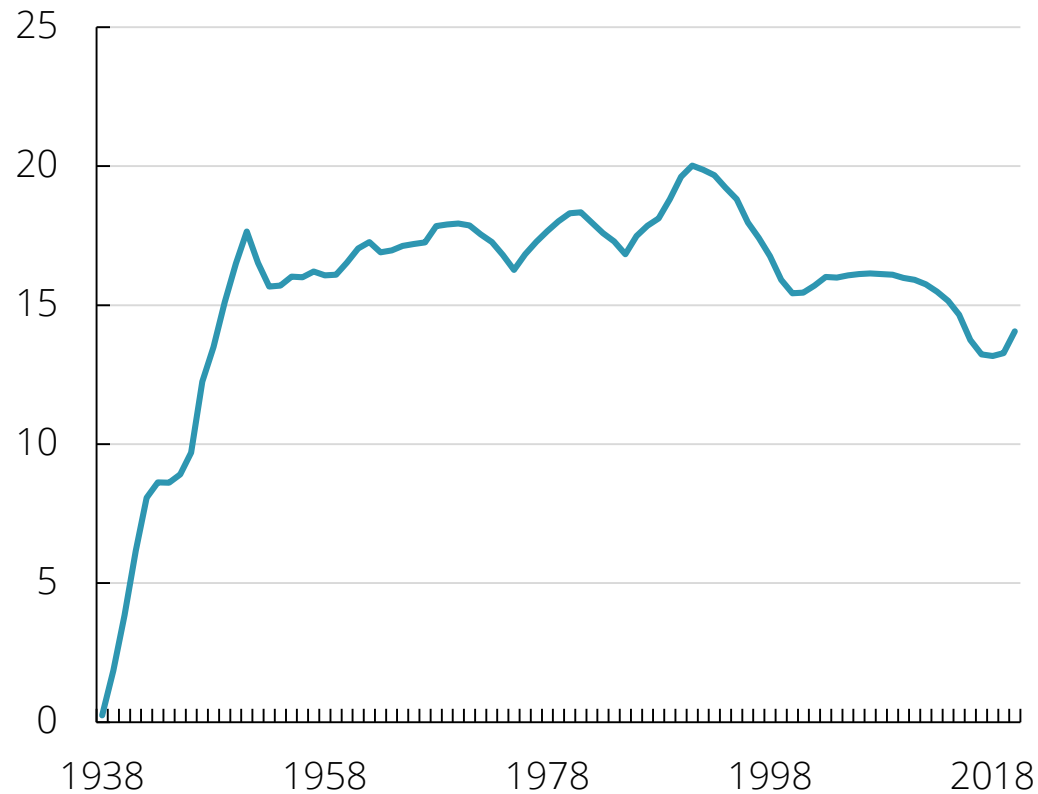
Stressed Households



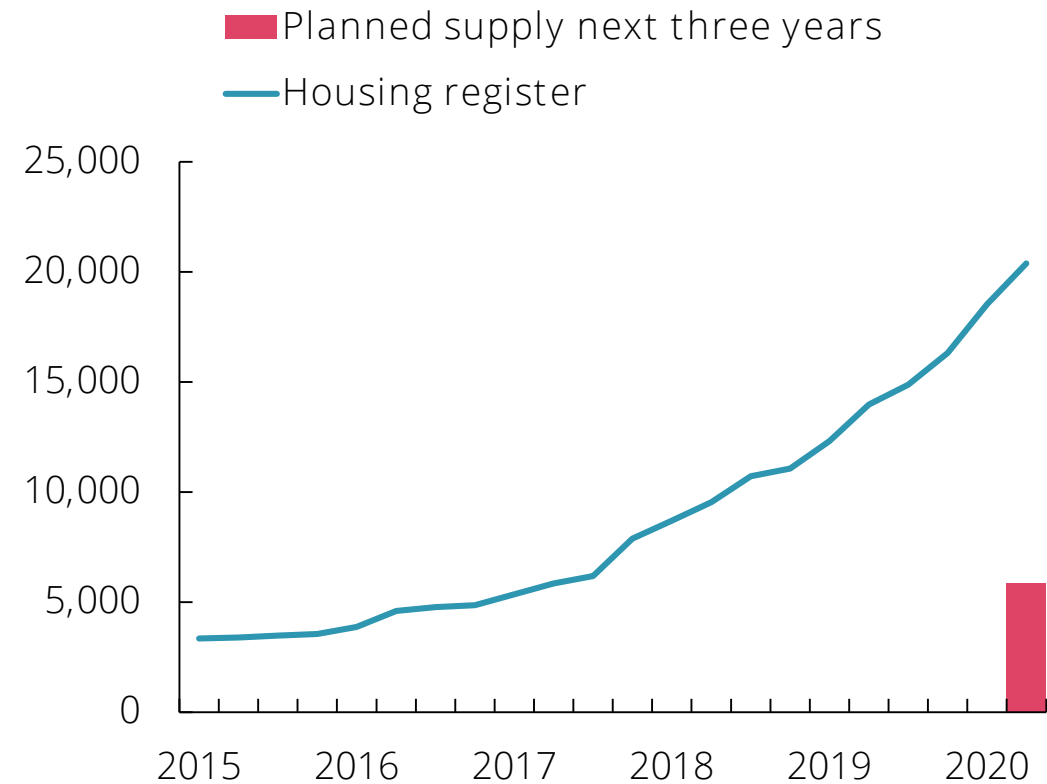
Planning to fail



State houses per 1,000 people



Housing Register & Planned Supply

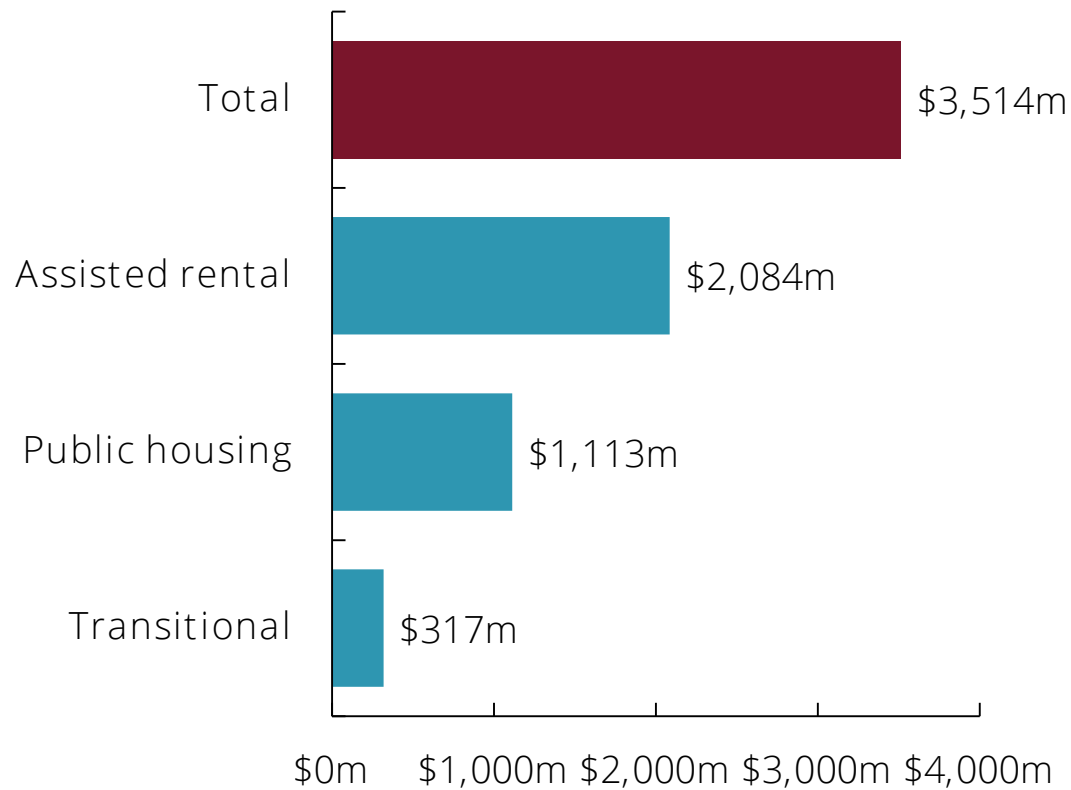


Source: Statistics NZ, MHUD, MSD, Kainga Ora, Sense Partners

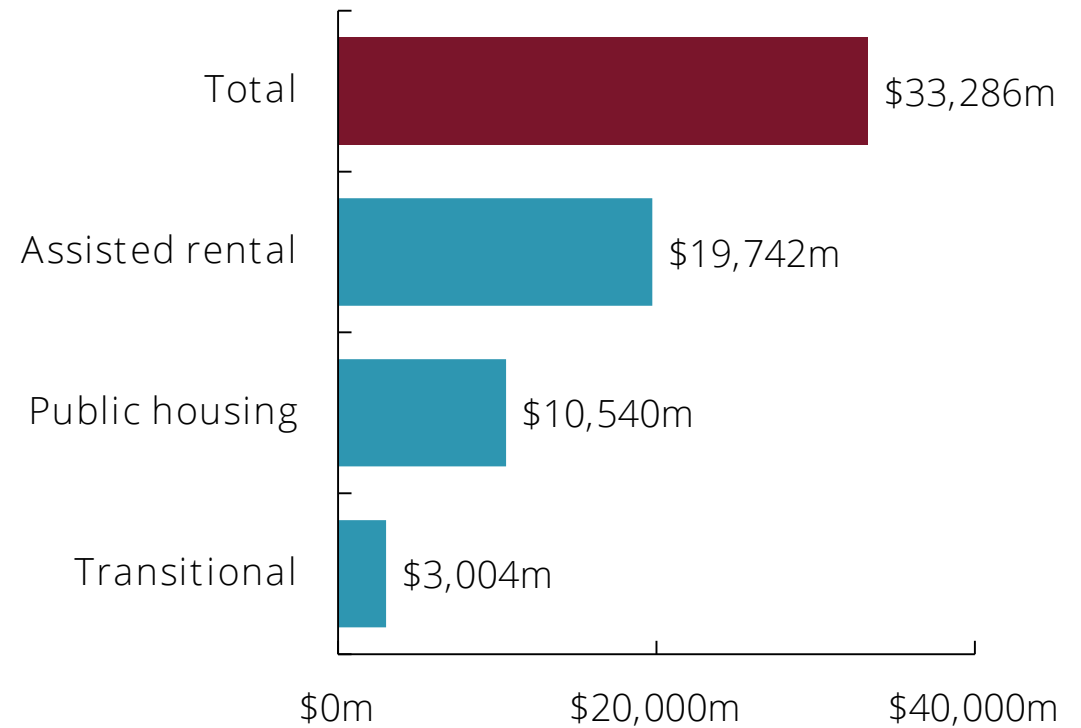
We spend a lot of money on housing



Annualised Spend in June 2020



Capitalised Cost, at 1% Coupon repaid over 10 years



The world is different

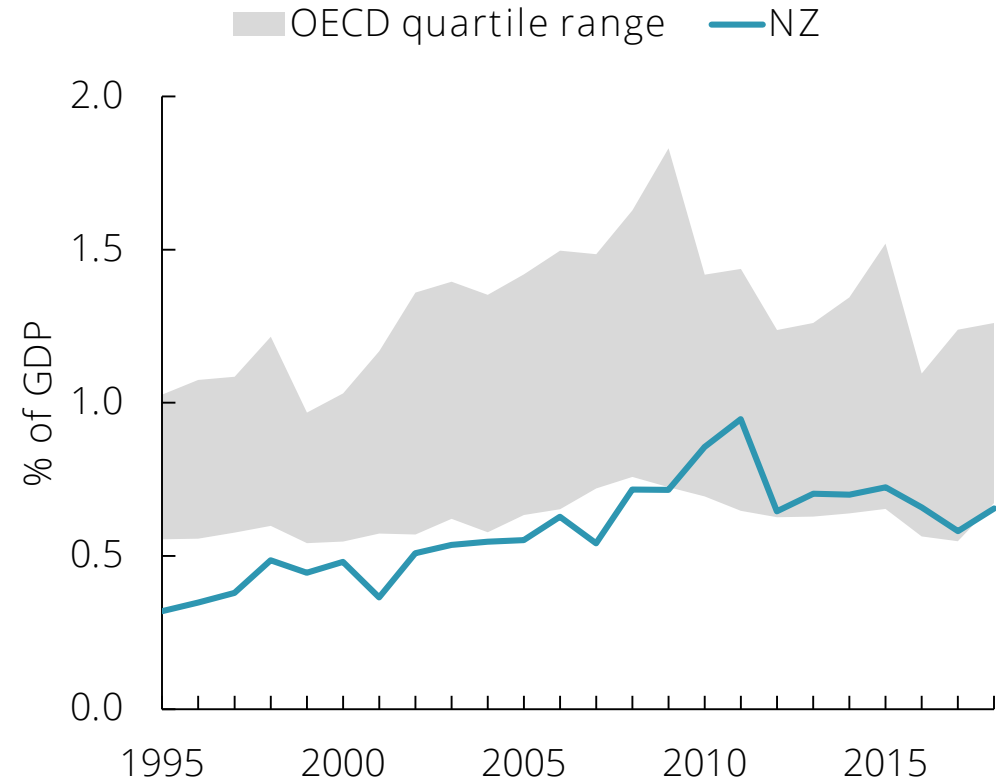


LGFA Bond Yields - 5Y



Source: LGFA, Sense Partners

Infrastructure Investment



Source: OECD, Statistics NZ, Sense Partners.

Sweden's million homes: grand vision; right values



- 1 million homes built; population 8 million
- **Generous state loans** and large-scale **industrialised construction**.
- **Shortage of labour** was a serious obstacle to increased construction volumes and **rising wages** lifted building costs.
- **Standardisation** and **prefabrication** were favoured by state support, prepared through a series of government inquiries.
- Local authorities' **provision of land** for new development was facilitated
- Houses built were of **mixed tenure** and **mixed typology**
- Moved from under-supply to **over-supply**.

Thomas Hall & Sonja Viden (2005) The Million Homes Programme: a review of the great Swedish planning project, *Planning Perspectives*, 20:3, 301-328, DOI: 10.1080/02665430500130233



What we need to do

- Build more homes
 - State houses
 - Retained affordable houses (IZ)
 - Build to rent
 - Small, close to amenities & good quality
- Sort out planning, infrastructure and finance
- Actively favour prefab
- Sort out banks & taxes
- Ownership a goal for later.

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Thank You.

