

OneRoof Property Report: Just a third of NZ

Homes Mortgage-Free

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Household expenditure surveys show that the numbers of people aged 65-plus owning their own homes mortgage-free dropped from 83 per cent in the mid-1990s to 78 per cent in the mid-2000s and 72 per cent on average from 2015 to 2017.

The number of homeowners who have cleared their mortgage has fallen in the last five years, raising concerns that Kiwis will still be paying them off during retirement.

New research from OneRoof shows that just a third of New Zealand homes are mortgage-free - despite a prolonged period of low interest rates.

High house prices are a factor, as buyers get into more debt than they can manage and diminish the chances of having a nest egg in their older years.

OneRoof and its data insights partner Valocity found the number of homes without a mortgage has slipped from 36 per cent in 2014 to 33 per cent.

The proportion of mortgage-free homes dropped in 41 out of 67 local council districts and is now below half of homes in all except two districts – Thames-Coromandel and Wairoa.

Districts with the steepest declines in mortgage-free homes were:

- Selwyn, down 16 points from 43 per cent to 27 per cent;
- Queenstown, down 8 points from 48 per cent to 40 per cent; and
- Tauranga, down 8 points, from 40 per cent to 32 per cent.

Auckland's share of mortgage-free homes dropped from 33 per cent to 30 per cent.

Hamilton, Waikato District, Wellington and Selwyn shared the lowest percentage of mortgage-free homes, 27 per cent.

OneRoof editor Owen Vaughan said: "In places like Auckland, Hamilton, Upper and Lower Hutt and Porirua, two thirds or more of homes still have mortgages on them, due to both higher median property values and higher proportions of both first home buyers and investors who are heavily mortgaged.



Suburbs that have seen the biggest change in median values in three months to January.

On the rise



1 Te Anau

Southland \$437,000 +19.4%

2 Woodville

Tararua \$198,500 +16.8%

3 Turangi

Taupo \$232,000 +13.2%

4 Kenepuru Sound

Marlborough \$568,000 +12.9%

5 Andersons Bay

Dunedin \$479,000, +12.7%

On the slide



1 Huntly

Waikato \$346,000 -9.2%

2 Wellington Central

\$334,500 -8.5%

3 Ohaupo

Waipa \$832,500 -8.2%

4 Bluff

Invercargill \$161,000 -7.5%

5 Ohoka

Waimakariri \$830,000 -7.1%

"That suggests there is potential for high mortgage stress, and that the New Zealand dream of retiring with your house mortgage free - like that of buying your first home in your 20s - is fading fast."

Household expenditure surveys show that the numbers of people aged 65-plus owning their own homes mortgage-free dropped from 83 per cent in the mid-1990s to 78 per cent in the mid-2000s and 72 per cent on average from 2015 to 2017.

In the latest survey, 13 per cent of over-65s were renting and another 13 per cent were still paying off a mortgage.

In the 55-64 age group only 38 per cent now own their homes freehold.



Richard Leckinger, 56, took the money rather than the house when he and his wife

divorced 20 years ago, and has never been able to buy a house since. Photo / File Richard Leckinger, 56, who runs the [Be a Tidy Kiwi](#) charity in Auckland, has been renting since he and his wife broke up 20 years ago.

"I took the cash, not the house, and I can't get back in," he said.

"I got half the equity, which was not a lot because we had only been in there for five or six years when we divorced."

He doubled his KiwiSaver contributions to 6 per cent in the hope of buying a house again, but cut them back when the Government reduced its KiwiSaver subsidies in 2012.

He has also invested money privately and may now have enough to buy elsewhere, but not in Auckland.

"I have started looking outside of Auckland," he said. "I don't really want to move, but if I want to own my own house then I will be one of the 50-pluses who will still have a mortgage past 65."



Auckland Grey Power president Anne-Marie Coury, a keen cyclist, says many elderly renters are "living off the accommodation supplement". Photo / File Grey Power Auckland president Anne-Marie Coury said many superannuitants were paying more than the [single living-alone superannuation rate](#) of \$400 a week just in

rent. Many were "living off the accommodation supplement" against Work and Income policy.

"Work and Income would say we can't fund you to go into it, but what else is there - a basement, a garage, couch-surfing, or boarding with someone?" she said.

"That's what they say: 'Go boarding with someone.' But say that to someone who's 80 who has been used to their own home."

Grey Power national president Mac Welch called on the Government to revive subsidies for council-owned pensioner rental housing, which were axed about 30 years ago.

He said pensioner villages sold by the former Auckland City Council to Housing NZ in 2002 were now used for general social housing.

"I have a very good old friend who lived in what used to be a pensioner village in Mt Roskill and they had refugees in there and solo mums and all sorts of people," he said.

"If we took him home at night, we escorted him to his front door because he used to get frightened and he lived under lock and key."

James Wilson, director of valuation innovation at Valocity, said one reason for the growing numbers still paying off mortgages in later life was a trend towards using the home as security to borrow to buy either other properties or goods.

"Increasingly, Kiwis see the growing equity in their homes as something that can be used to buy new cars or boats, update kitchens or bathrooms or to consolidate other debt," he says.



John Bolton says remortgaging the house to buy other things in later life is not a bad thing. Photo / File

John Bolton, head of mortgage broker Squirrel, doesn't see that as a bad thing.

"It's not due to desperation - the family home has become a bit of an ATM in your late 50s or early 60s," he said.

"They're working past 65, but often not in the big crazy job, choosing more around a lifestyle, what's important to them. Where they've got equity, they're not slavishly getting the debt down by retirement, they're not going to retire at 65 anyway."