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Housing Tenure in Northern Ireland

Generational change

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SUMMARY

This *inBrief* examines how housing tenure in Northern Ireland has changed over the last number of decades and how it has affected particular age groups.

Housing tenure had been shifting away from public and social rental towards mortgaged ownership up until 1990. Since then private rental and outright ownership have increased significantly. These shifts in tenure have not been experienced equally by all age groups.

Younger age cohorts have seen the largest falls in mortgaged ownership and outright ownership, and the largest increases in private rental. The two older age cohorts saw the largest increase in outright ownership while the decline in public and social renting has been experienced more equally by all age cohorts.

KEY POINTS

- In 2005/06, just over 10% of people rented their homes from private landlords. By 2015/16, this proportion had almost doubled to 19.2%.
- The proportion of people who now rent their home from the public sector is almost equal to the proportion of people who rented their home privately 10 years ago.
- Private rental has increased for all age cohorts but dramatically so for 34-49 age group where it has increased over the period from 6.8% of the total in 2005/06 to 19.9% in 2015/16.
- Half of all young people (18-34) now rent privately compared to only one quarter 10 years ago.
- Mortgaged ownership has fallen most sharply for the 18-34 age cohort, dropping from nearly half of all tenures in 2005/06 (49.4%) to less than a third in 2015/16 (31.4%).

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Introduction

Northern Ireland, like much of the rest of the United Kingdom has seen a significant change in housing tenure over the last number of decades. In particular, the last 10 years have seen widening disparities in housing tenure among different age groups.

Statistics on housing tenure at UK level show that the relative size of the private rental sector now is much the same as it was in 1961 but that the structure of it has changed significantly over that period. Research from the IFS (2015) and the Resolution Foundation (2017) at UK level showed that there was a large increase in mortgaged ownership and a fall in private rental up until the mid-1990s. From there, mortgaged ownership gradually began to fall and was replaced by both outright ownership and private rental. At the same time the proportion of private rental was also being boosted by a gradual decline in the proportion of public rental.

Recent Trends

As Table 1 shows, in terms of tenure, it is clear that in some respects NI is more closely aligned with the Republic of Ireland (ROI) than it is with the regions of the UK. The levels of outright ownership and private rental are almost exactly matched between NI and the ROI. Mortgaged ownership levels in NI are most similar to those in England and bear a closer resemblance to Scotland and Wales than they do the ROI.

Table 1: Housing Tenure in UK by country and Republic of Ireland, 2015/16 (%)

	NI	ROI	Eng.	Wal	Scot
Own outright	37.1	37.8	33.1	40.4	32.9
Own with mortgage	29.7	33.1	29.6	25.8	27.7
Rent private	19.2	19.2	20.3	14.6	17
Rent Public	10.8	8.9	7.6	9.8	13.2
Rent Social	3.2	1	9.4	9.5	9.3

Source: Family Resources Survey, NISRA (2017) Housing in Ireland CSO (2017)

A breakdown of historical housing tenure figures for NI are available from the census. There have been a number of significant changes in the balance of housing tenures within NI between 1981 and 2011, when the last census was completed. In particular, there was a strong decline in tenures rented from the NIHE, and substantial growth in both housing association and private rented tenures. Together these changes signalled an emerging trend of change in the housing system with growth in privatisation and owner-occupation and falling proportions of social housing.

Table 2: Housing Tenure Northern Ireland, 1981-2011 as per census figures (%)

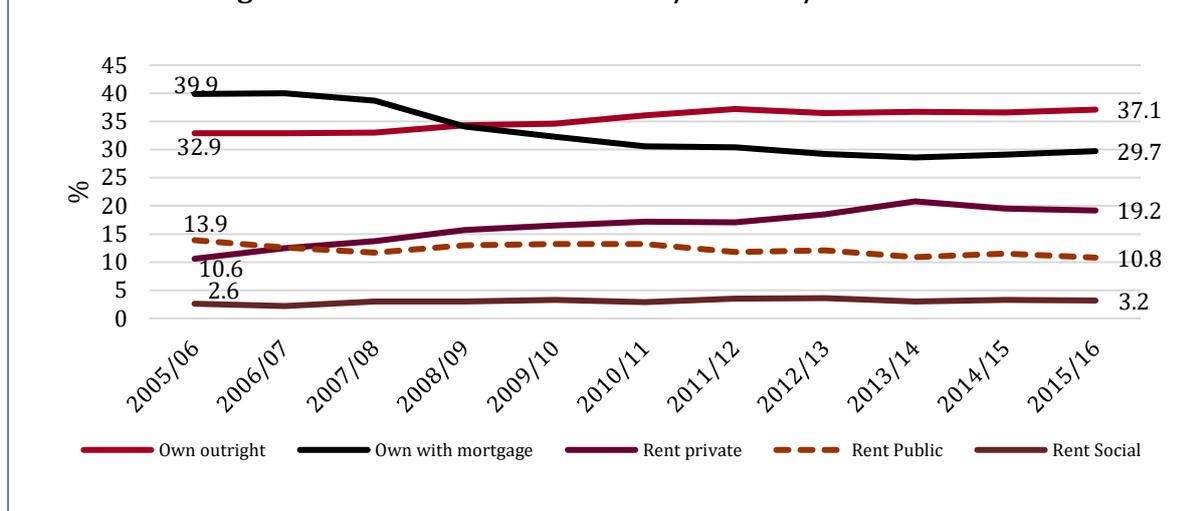
	1981	1991	2001	2011
Owns outright	49.4	26	29.4	32.1
Owns with mortgage	-	36.3	40.2	35.4
Rented from NIHE	39.3	29.4	18.6	11.5
Rented from HA	1.0	2.6	2.6	3.4
Rented privately	9.1	5.8	6.7	13.5
Other, not stated etc.	1.2	1	2.5	4

Source: Census, NINIS.

Note: Outright ownership not separated out between own's outright and owns with mortgage in 1981.

Among both those who own and rent their home, there has been a significant shift in the form of ownership to renting, in NI, over the last 10 years. As Chart 1 shows the number of people who own their own home, either mortgaged or outright, has fallen from 72.8% in 2005/06 to 66.8% in 2015/16 and as a consequence the number of people renting has increased 27.1% to 33.2% over the same period. Whilst this is a significant shift, the changes within ownership and rental tenure categories have actually been more dramatic.

Chart 1: Housing Tenure Northern Ireland 2005/06-2015/16



In 2005/06, just over 10% of people rented their homes from private landlords. By 2015/16, this proportion had almost doubled to 19.2%. The proportion of people renting from the public sector (NIHE) has fallen from 13.9% in 2005/06 to 10.8% in 2015/16. The proportion of people who now rent their home from the public sector is almost equal to the proportion of people who rented their home privately 10 years ago. Whilst the proportion of people who rent their homes from Housing Associations has increased, the significant increase in private rental tenures is likely to have also been affected by changes in the owner occupier sector. In 2005/06, people who owned their own home with a mortgage were the largest group by housing tenure at nearly 40%. That proportion has fallen by over a quarter in the 10 years to 2015/16 while outright home ownership grew from 32.9% to 37% of all dwellings.

The trend at UK level from 1961 most likely reflects the scale of home building that was initiated by the Macmillan government and subsequent administrations in the 1960s (CIH, 2012). Thus, there is likely to be a significant generational impact with those who bought homes in the boom time of mortgages from the late 1960s to the mid-1990s coming into outright ownership over the last 25 years. The Right-to-Buy policy introduced by the UK government in 1980 is likely to have impacted on the drop in public rental over the years that followed. These

are just two significant housing events which are likely to have influenced the tenure trends of the past 10 years. However, it is quite likely that within this overall compositional change, different age groups have impacted disproportionately by these events as per the findings of Cribb et al, 2018.

How does housing tenure differ by age?

Table 3 presents housing tenure by age cohorts for 2005/06 and 2015/16 respectively. Looking first at public rental, the reduction in tenure has been almost uniform across the three age groups (18-32, 35-39, 50-64). The 65+ age cohort saw the largest fall in public rental and was the only group to also see a significant fall in social renting. However, almost all of the reduction in both public and social renting for the 65+ age cohort has been replaced with outright home ownership. The increase in social renting was largest for the 18-34, with more modest increases for the 34-49 and the 50-64 age groups.

Private rental has increased for all age cohorts but dramatically so for the 34-49 age group where it has increased over the period from 6.8% of the total in 2005/06 to 19.9% in 2015/16. Among the 18-34 cohort where it has increased from 27.6% of the total in 2005/06 to 50.3% of the total in 2015/16. Mortgaged ownership has fallen most sharply for the 18-34 age cohort, dropping from nearly half of all tenures in 2005/06

Table 3: Age Cohorts by Housing Tenure in Northern Ireland 2005/06 – 2015/16 (%)

	Year	18-34	34-49	50-64	65+
Rented from NIHE	05/06	13.1	13.1	13.3	16.4
	15/06	10.4	10.1	11.4	11.2
Rented from HA	05/06	1.9	1.5	1.3	6.1
	15/06	4.7	2	2.7	3.9
Rented private	05/06	27.6	6.8	5.4	7
	15/06	50.2	19.9	7.8	6.6
Owned outright	05/06	7.8	15.2	43.6	68
	15/06	3.3	12.8	51.5	75.6
Owned with mortgage	05/06	49.6	63.5	36.4	2.6
	15/06	31.4	55.1	26.6	2.7

(49.4%) to less than a third in 2015/16 (31.4%) but has increased for the two oldest age groups (See Table 3). Both forms of home ownership have fallen for all of the age cohorts under 65 and both have increased for the over 65s.

Conclusions

The overall trend of falling public rental and mortgaged ownership leading to increased private rental and outright ownership has not impacted all age groups in the same way. Whilst there are exceptions, the majority of the increase in private rental is contained amongst the lower age cohorts, as is the fall in mortgaged ownership. While the fall in public rental has been more evenly spread across the age cohorts, this has resulted in increased outright ownership amongst older cohorts and increased private and to a lesser extent social rental in younger age cohorts.

The 10-years from 2005/06 to 2015/16 have seen a significant shift in the patterns of housing tenure in NI. It would be mistaken to assume this change has been natural or wanted however. For example, looking at Chart 3 it would be possible to deduce that the reduction in the proportion of households in public housing represents a reduction in demand for public housing. However, it is equally plausible to deduce that Right-to-Buy policies reduced the stock of public housing available and therefore prospective public housing tenants sought other tenures. Similarly, younger cohorts may have developed less of a preference for mortgaged ownership, but it is equally likely though that they can no longer afford to buy

their own homes and thus seek out private rental (Shelter, 2012). These figures show that in assessing the sufficiency of housing supply, attention must be paid not only to the total stock of housing, but also how ownership is distributed among the population.

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