Demographic trends and their implications for housing in NI

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Introduction & overview

• Overall focus: changing relationships between NI population, households and housing provision
• Part 1: review NI demographic trends 2001-2011
  • Trends in population and households
  • Partly in comparison with GB, the Republic of Ireland (RoI) & EU
  • With consideration of likely future developments
  • Derives from a larger study and follows previous studies of trends 1981-91 and 1991-2001
• Part 2: consider implications for housing in NI 2011-21
  • In relation to the changing housing system
  • And two-way interactions between housing & households
  • A scenario for NI housing in 2021
• Part 3: conclusions
Demographic trends and housing 1981-2011

• This presentation derives from a larger project in association with RSM McClure Watters, John Palmer & Peter Williams
  • Demographic trends and future housing need
• The study combined a range of quantitative and qualitative methods:
  • Analysis of census & other data
  • A review of the literature on policy developments across the UK
  • Extensive consultation with NI housing experts
  • Assessment of the need for social housing 2011-2021
• Thus we now have a 30-year perspective on demographic change and housing in Northern Ireland
Demographic trends 2001-11

• Continuity and *dis*continuity with previous periods
• Some trends *continued*:
  – The overall population continued to grow
  – Falling % of married couples with dependent children
  – Increasing % of all children in sole parent households
• Some trends *slowed*:
  – Average household size (AHS) fell but at a *slower* rate than before
  – Growth of households slowed relative to population growth
• And other trends *changed*:
  – From fall to growth of households with non-dependent children
  – Reversal of trend of falling birth rates
  – A new dynamic of migration with a shift from overall loss to gain
NI population growth 2001-11

• Total NI population increased by 7.5% (125,600)
  • Mainly due to natural increase (births and deaths)
  • Overall net migration gain mainly 2003-07 but then falling
• Overall growth > UK average (7%) but << the RoI
  • Net migration gain was much more significant in England
  • Average annual growth of 0.7% in NI but 1.8% in RoI
• More in households, fewer in communal establishments
  • Large out-migration of defence personnel (c. 3,000 overall)
  • Fewer residents in Health & Social Care Trust (HSCT) establishments but more in non-HSCT establishments
  • More residents in educational establishments
Fewer babies, longer lives

• Slight reversal in trend of declining fertility after 2008
• But the population continued to age overall
• Over-65s = 12% of the population in 1981 <14.5% to 2011
• Increases greatest in ‘old, old’ categories
• Children <16 = 28% in 1981 > 21% in 2011
• These trends are almost certain to continue
• The number of over-65s is projected to exceed the number of under-16s around the mid-2020s, despite recent changes in fertility patterns
Children aged under 16 and adults aged 65 and over, actual and projected, 1981-2037

Source: NISRA
A changing mix of households

- Continuing fall in the % of married couples with dependent children, 19.7% of households in 2011: *from 1/3 to 1/5 of all households in 20 years*
- Continuing fall in the proportion of all households with dependent children: 34% in 2011, down from around 42% in 1991
- Small overall growth in number of co-habiting couples 2001-11: 3.9<5.5%
  - NI > all other UK countries & RoI
- Slower growth in % of lone parent households with dependent children (9.1%)
- Lone parent families = 27% of all households with dependent children in 2011, compared to just 15% in 1991
- Slower growth in the proportion of single person households (28% overall) with continuing growth in share of non-pensioners
- The trend towards fewer households with non-dependent children *reversed* and there were increases in all of these household types
- There were numerous sub-regional demographic variations between 2001 and 2011, as in previous decades.
Young adults living with parents, UK

The 669,000 increase (25%) has occurred despite the overall population of 20 to 34-year-olds staying largely the same during this period.

The increase has been sharper since the start of the economic downturn, the result of a large rise in the proportion of 20 to 24-year-olds living with their parents.

Source: ONS (2013)
NI tops the league table

Source: ONS (2013)
The migration wild card

- The impact of changing net migration on population change

Source: NISRA
Comparisons with UK overall & RoI

Components of population change, UK, 1992 to 2013

Components of population change, RoI, 1951 to 2011
Migration: actual and projected

This line will not be flat but we cannot know what it will look like in advance.
IMPLICATIONS FOR HOUSING
It’s not a one-way street

- Demographic change and housing = a “two-way street”:
  - Demographic changes drive changing housing needs, AND
  - Changes in the housing system affect demographic change
- The falling AHS and growth of single living imply a need for more smaller homes, especially in the social sector
- But housing shortages and house price inflation can delay household formation
- Other factors also affect demography-housing equations:
  - Household income & wealth affect housing and demographic choices (rent/buy, have children or not)
  - Public policies can affect patterns of dwelling availability and price: e.g. policies relating to the housing needs of older people, welfare reform, education funding, HMO policy and implementation
Turbulent housing market context

• 2001-2011 = boom and bust in housing market
  – Rapid growth in house prices and building to 2007
  – Falling prices and construction levels since 2007
• Big changes in the mix of households by tenure 2001-2011
  – Private renting up from 7% to 14% of households
  – HE tenants down from 18% to 12% of households
  – Small growth in housing associations, especially compared to GB where there have been major stock transfers
  – Growing % outright home owners: 29% < 32%
  – Falling % home purchasers 40% > 35%
• The sale of HE dwellings appears to have played an important role in boosting the private rented sector
  – But this may or may not continue
  – Potential impacts of welfare reform
Need for continuing growth in supply

- The increasing population & number of households imply a need for growth in housing supply.
- But the rate of decline in average household size may continue or that trend may even reverse.
- And uncertainty about scale of change, especially given volatile migration patterns.
- Considerable market & policy uncertainties remain.
  - Continuing uncertainty in the local housing market and new housing construction likely only to pick up slowly.
  - The overall RSM Watters research study considered the need for social housing 2011-21, using the NET Stock Model (NSM).
Need for additional social housing

• The NSM has informed the NI social housing programme for 20 years and has the merits of simplicity, clarity and consistency

• It considers the need for additional social housing construction on the basis of a range of factors including:
  • The projected growth in households and expected private housing construction
  • Other variables, such as demolitions, vacancy rates and concealed households.

• It is an objective analytical model with a clear rationale and structure: an aid to decision making, not a substitute for it!

• This application of the NSM considers the changed housing market context, especially low rates of new building since 2007, and uncertainties about future market developments.

• Current policy making may need to consider implementation issues in strategic housing-related reforms of governance and policies.
Social housing requirements to 2021

- The NSM estimates that around 15,000 additional social housing dwellings are required for the period 2011-21
- No regional disaggregation due to the scale of the NI housing system
  - And decisions about the allocation of land for housing affect where new housing is developed and thus the regional distribution of households
  - Thus locally-based assessments of need are also very important
- The model does not consider what specific types of dwellings should be provided, nor which organisations should provide them.
- John Palmer’s consultations with housing experts provided many criticisms of the NSM – positive and negative – but nobody came up with a better overall model.
- We had to use the NISRA 2008-based household projections
- 2012-based household projections are planned for publication in November or December 2014.
- The NSM needs to be reviewed when the updated projections are available.
Managing the stock better

• Current uncertainties focus additional attention on the capacity of the existing stock to house more people rather than population increases being automatically associated with a need for additional stock.

• The remodelling of existing stock into different numbers/sizes of dwelling units and changing allocations happen ‘naturally’ in the owner occupied and private rental sectors.

• It appears to be harder to do this in social housing, but may be pushed along by welfare reform and continuing housing market uncertainty.
The NI housing system in 2021

- A scenario not a forecast: *not* my preferred outcomes
  - With specified assumptions, uncertainties and risks
- Assumptions and expectations
  - NI population will *continue to age* overall
  - Growth of population and households but *rates* of natural increase and household formation will *fall*
  - Big *spatial housing market* variations across UK and within NI
  - Limited recovery in new private house building in NI
  - Current proposed changes in governance and public policies *will* be implemented, including welfare reform
  - Continued/growing market dominance in housing provision
  - A social housing programme of around 1,500 a year 2011 to 2021
- Major uncertainties
  - Migration: overall and composition—driven by *economic* not demographic factors
  - Timing, extent and impacts of next global financial crisis (may come *after* 2021)
  - The extent and impacts of fiscal austerity
  - The speed and impacts of implementation of changes in governance and policy
  - The extent and impacts of geo-political conflicts (especially Middle East)
NI households & housing in 2021

- The level of home ownership will fall overall (to about 65% of households)
  - Biggest fall % buying with a mortgage or loan (30-31%) especially under 30s
  - But small increase in % of outright owners (34-35%), especially older households
  - NI house prices will have fallen further below UK averages and differentials between sub-regions and suburbs will have increased
- The % of households in social housing will fall (about 13%)
  - Little or no net growth in provision of sheltered social housing
  - Increasing % of lowest incomes, sole parent households & other high needs groups
  - Social housing rents will increase in real terms with implications for poverty levels and for household formation
  - The HE, possibly re-badged, probably will still be around in 2021
- Private renting will continue to grow (about 18%)
  - Including HMOs (which are unlikely to be closely regulated)
  - Possible growth of investor-landlords who rent rather than become home buyers
- Other, not stated etc will remain around 4% of households
- The % of population in communal establishments, not households, will grow
  - Mainly in non HSCT establishments & educational establishments
CONCLUSIONS
Conclusions

• 2001-2011: many changes in trends relating to NI population, households and housing provision
• Major changes also in NI housing system: unprecedented housing boom and bust and rapid change in balance of tenures
• Complex inter-relationship between demographic change and housing: not a one-way street
• Continuing overall growth in population & households & an ageing population
• But uncertainty about future developments, especially:
  • Relationships between housing and household formation
  • Impacts of policy changes on demography and housing provision
  • Extent and impacts of net migration changes
And finally

• Your views are an important part of this process - so please respond now
• Or write to me at ct.paris@ulster.ac.uk