



UMR poll finds 60% of Aucklanders over 18 would prefer house prices fell a bit or dramatically; 63% of NZers want lower house prices; 55% of home owners would like lower prices; 85% of Aucklanders see housing crisis

Posted in [Property](#) [UPDATED](#) August 22, 2016 - 03:46pm, [Bernard Hickey](#)

In news that counters assumptions about home owners opposing falling house prices, an opinion poll conducted by UMR has found 60% of Aucklanders and 55% of home owners would prefer that house prices either fell a bit or fell dramatically over the next year.

The poll of 1,000 New Zealanders over the age of 18 was taken from July 29 to August 17 through UMR's online omnibus survey and found a total of 63% who would either prefer house prices to 'fall but not too much' (37%) or to fall dramatically (26%).

UMR, which conducts polls for the Labour Party, found 55% of home owners would prefer house prices to fall a bit (40%) or dramatically (15%).

The poll found 14% of respondents preferred house prices either kept rising rapidly (4%) or at a slower pace (14%), while 17% of Aucklanders wanted house prices to keep rising rapidly (4%) or at a slower pace (13%). A total of 15% of home owners wanted house prices to rise rapidly (2%) or at a slower pace (13%). There were 633 home owners and 331 Aucklanders in the poll of 1,000 respondents.

The poll also asked if there was a housing crisis at the moment and found that 81% of all respondents and 85% of Aucklanders thought there was a crisis, while 79% of home owners thought there was housing crisis. Fourteen per cent of those polled thought there was no crisis and 5% were unsure.

The Arthur Grimes Test

The topic of whether voters oppose falling or even sharply lower house prices has come into focus in recent months after Arthur Grimes challenged politicians to pursue policies that built

150,000 houses in six years to cause a 40% fall in house prices in Auckland. The political calculus of falling house prices was that voters would be opposed to falling house prices. See [my July 10 column on this](#).

Prime Minister John Key said at the time that deliberately causing a 40% fall in house prices was "crazy."

"Go and ask the average Aucklander who has got a mortgage with the bank whether they want see 40% of their equity disappear on a sort of notion from an economist that you're gonna crash the market," he said.

"It would also leave an enormous number of people who have just entered into the market with huge losses," he said.

"I suspect it would put enormous pressure on developers, that could put pressure on some of the banks."

Turei vs Key over house price deflation

Opposition leader Andrew Little has also dismissed the idea of falling house prices.

However, Green Co-Leader Metiria Turei said in [this Morning Report interview on July 26](#) that a house price to income multiple of three to four should be targeted, which would imply a 50% house price fall if it were to be achieved overnight without any income increase.

In what was clearly a deliberate move, she answered "yes" when asked the direct question about whether she wanted house prices to fall outright.

"What we don't want is people getting into trouble with their mortgages, that is absolutely what we don't want," Turei said.

She pointed to the Auckland Council's strategic goal, articulated by its then Chief Economist Chris Parker, of aiming to reduce Auckland's house price to income multiple to five (from over nine currently) by 2030.

'War on the poor'

Key has since targeted her comments in Parliament (see video above), saying she was launching a 'war on the poor'.

"What I do not support is the hard-working young couple who go out and buy a house, who borrow money against the equity that they have put down, only to see that house price halve," Key said last Wednesday in Parliament in answer to a question from Turei.

"That member has launched a war on the poor. She is saying to the poorest New Zealanders who are borrowing money against their property that she wants to see them owing the bank more than their house is worth. I think there is a reason why the Greens' numbers are tumbling, and that is because people can see that," Key said.

'Grain of salt'

Key told a post-cabinet news conference he took the survey results with a grain of salt.

"If you don't own a house, I'm sure you want to house prices to fall. If you do own a house it would depend on what you mean by a 'bit'," he said.

"I don't think there's any public appetite from home owners to see a substantial reduction in house prices," he said.

"There might be from those who don't own a house obviously, but the sorts of numbers that Metiria Turei's been talking about of a 50% reduction -- would have a very significant impact on the least well off New Zealanders who typically borrow the most. I can't see why they would want that policy."

Turei said the poll showed most New Zealanders understood that rising house prices had driven families out of the market, regardless of whether they were directly affected or not.

She said a comprehensive plan to return house price to income multiples to around 3-4 was needed, with slow house price deflation and rising wages, rather than a damaging bust with much sharper declines.

"If there is to be a correction it needs to be carefully managed over a reasonable period of time and that means both house prices falling and wages rising in order to get to a better proportion between median income and house prices. That can only happen with a planned approach," she said.

She rejected Key's 'war on the poor' comments.

"I'd like to know how many poor people he knows who owns NZ\$1 million homes, and how many poor people National has thrown out of their state houses and who are now living in garages and cars. It's a dirty thing to say and it belies the fact that most New Zealanders know the housing crisis is in full swing and that it's bad for them and their community, and they want someone to show real leadership on it and National is failing every day," she said.

"They won't accept there is a crisis and they won't put in place plans to help correct the market so that people don't suffer. If there is a housing crash, people will be hurt and the role of Government is to manage the economy to avoid the consequences of that. If there's not a plan to bring wages up and house prices down slowly over 5-10 year then a crash could happen at any time. Those are the two choices we have. At some point there'll be a crash unless there is careful planning to manage the housing crisis we have."