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## Reserve Bank workshop on ‘Housing, savings, and the household balance sheet’

On 14 November 2006, the Reserve Bank held a one-day workshop to discuss issues around housing, saving, and household balance sheet developments. Seven papers were presented at the workshop. These papers are available from the Reserve Bank website at <http://www.rbnz.govt.nz/research/workshops>.

The website also contains a summary of workshop findings and key points. This summary groups the findings under four categories:

- *Measurement issues:* The national-level estimate of household saving appears low; it is possibly not covering fully the income of trusts. In contrast, household-level data appears to be under-estimating household expenditure, which explains why saving measures based on this data are typically high.
- *Macro and micro views of household saving:* Macro-level data shows low household saving but large gains in household wealth due to house-price increases. Micro or household-level data shows that most households in the 45-54 age group will need to save relatively high proportions of their incomes if they wish to maintain their post-retirement consumption at pre-retirement levels. After adjustment for the effects of inflation and government transfers, it seems that the young are generally saving, while the old are dissaving.
- *The global house price phenomenon:* Growth in housing finance over the last decade or so has been driven by low inflation and low nominal interest rates, along with financial deregulation. This has resulted in higher demand for housing. With supply being unable to meet this demand, at least in the short term, house prices have risen.
- *Determinants of saving/consumption behaviour:* The withdrawal of equity from both housing and farms appears to be affecting household spending and saving.

The papers presented at the conference were:

- *Household savings and wealth*, by Bernard Hodgetts, Phil Briggs and Mark Smith, Reserve Bank of New Zealand.
- *Family trusts*, by Phil Briggs, Reserve Bank of New Zealand.
- *What do we know about equity withdrawal by households in New Zealand?* by Mark Smith, Reserve Bank of New Zealand.
- *Housing in the household portfolio and implications for retirement saving: some initial findings from a longitudinal panel survey*, by Grant Scobie and Trinh Le, Treasury, and John Gibson, University of Waikato.
- *Housing and housing finance: the view from Australia and beyond*, by Luci Ellis, Reserve Bank of Australia.
- *The life-cycle model, savings and growth*, by Andrew Coleman, Reserve Bank of New Zealand.
- *Statistical issues in the measurement of New Zealand's saving(s)*, by Geoff Bascand and Diane Ramsay, Statistics New Zealand.