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The Housing Tenure of Immigrants in Ireland: Some Preliminary Analysis

David Duffy*

Abstract: A feature of the Irish economy in recent years has been the high net flow of people into the country. The analysis compares owner-occupancy by natives and immigrants in 1995 and 2004. The results show that immigrants have higher headship rates than the native population but have a much lower rate of owner-occupancy than natives and that the gap has widened over time. The longer an immigrant has been resident in Ireland the more likely they are to be homeowners. The changing mix of the immigrant population may be a contributing factor in explaining the widening gap.

JEL Classification: J61, R21

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The Housing Tenure of Immigrants in Ireland: Some Preliminary Analysis

1. Introduction

For many years the Irish experience was one of emigration. However, in recent years the net flow has reversed and Ireland is experiencing large net inflows annually. The number of non-Irish residents enumerated as part of Census 2002 was 222,000, 5.8 per cent of those usually resident in the State. Census 2006 indicate that this has risen to 10 per cent, a stock of around 420,000. Over the same period the Irish economy has experienced rapid increases in house prices. In 1994 the average price of a new house was €72,700. By 2004 this had risen to an annual average of €249,000. Although the increase has been national statistics show that new house prices in the Dublin area increased much more, from €82,000 to €222,600.

Migration flows have had a decisive influence on the pattern of population change in Ireland. The late 1980s was a period of high levels of emigration resulting in a net outflow from Ireland, peaking at 44,000 in 1989. During the early 1990s there was a small net inflow of migrants. This changed in 1996 and since then there has been a substantial net inflow into the country, contributing more to population growth than the natural increase. Preliminary estimates for 2006 indicate that the net inflow had increased dramatically to over 69,900 in the 12 months to April 2006, up from 53,000 in the previous 12 months. The fact that immigration has been such an important driver of population growth suggests it must be having some influence on the housing market¹. The ESRI *Medium-Term Review* includes a decomposition of housing demand. The most recent of these, (Fitz Gerald et al., 2005) estimates that having made no contribution between 1991 and 1996 immigration added almost 6,000 units per annum to demand between 1996 and 2002 and between 2002 and 2006 this rose to 8,300. Traditionally Ireland has had an extremely open labour market, with migration ensuring an elastic labour supply. Duffy, Fitz Gerald and Kearney (2005) argue that the housing market has become a new infrastructure constraint for the Irish economy. One of the results of the boom in the late 1990s was that the Irish economy effectively

¹ For example, Hamilton Osborne King find that 30 per cent of new homes are purchased by non-nationals while a survey by the Irish Mortgage Corporation reports that nearly one in five first-time buyers is a non-national

reached full employment and a significant trade-off between wages and unemployment emerged. Full employment also saw the emergence of infrastructural constraints as growth in output outpaced capacity. House prices rose sharply, so the decision to migrate to Ireland was now influenced, not only by relative employment opportunities and relative wages, but also by the rapid rise in house prices. This resulted in labour supply becoming less elastic. Since many immigrants are in the household formation age group, and tend to be highly educated, the boom in house prices in Ireland could reduce the attractiveness of Ireland for potential immigrants. This would, in turn, reduce potential labour supply in the medium term and act as a brake on medium-term growth in output and employment. Recent NESC reports on migration (NESC 2006 and IOM 2006) point out that the scale and diversity of migration in recent years represents a challenge to all strands of social policy including the housing market.

Homeownership by immigrants can provide another indicator as to the assimilation of immigrants in addition to earnings and employment. Homeownership also provides a measure of long-term integration. This paper uses data from the 1994 and 1995 Labour Force Survey and the Quarter 2, 2003 and 2004 of the Quarterly National Household Survey². Using these data this note calculates separate headship rates for natives and immigrants and examines how homeownership rates in the immigrant population have changed over time.

2. The Dataset

The data used to analyse the housing tenure of the immigrant population in Ireland is the Labour Force Survey from 1994/95 and its replacement, the Quarterly National Household Survey from Quarter 2, 2003 and Quarter 2, 2004³. The experience of immigrants is compared to those who describe themselves as Irish nationals and who say that they were born here – the “native” population. An individual is defined as an immigrant if the person is born outside of the Republic of Ireland and is not an Irish national⁴.

To be included in the analysis the individual must be aged 20 years and over. In order to ensure that sufficient responses are available for the analysis of the sub-groups the

² Central Statistics Office – Census and QHNS Microdata File, © Government of Ireland.

³ The QNHS replaced the Labour Force Survey in 1997.

⁴ For comparison purposes a native is a person born in Ireland and an Irish national.

data for 1994 and 1995 is merged, as is the data for 2003 and 2004⁵. This leaves us with an initial sample of 182,357 from the LFS, (of which 3 per cent are immigrants) and 126,627 from the QNHS, (of which 5.9 per cent are immigrants).

As an initial step we examine headship rates for the different population groups we have established. The headship rate is the proportion of individuals in an age cohort that list themselves as “head of household” or “principal reference person” in the Census or in the QNHS⁶. While the Census would represent the primary data source for calculating headship rates these can also be calculated using QNHS data. Figure 1 shows headship rates based on Census 2002 and the QNHS from the same year and indicates that, at an aggregate level, there is little difference between the two sources.

Figure 1: Proportion of Population in Ireland who are heads of households, 2002

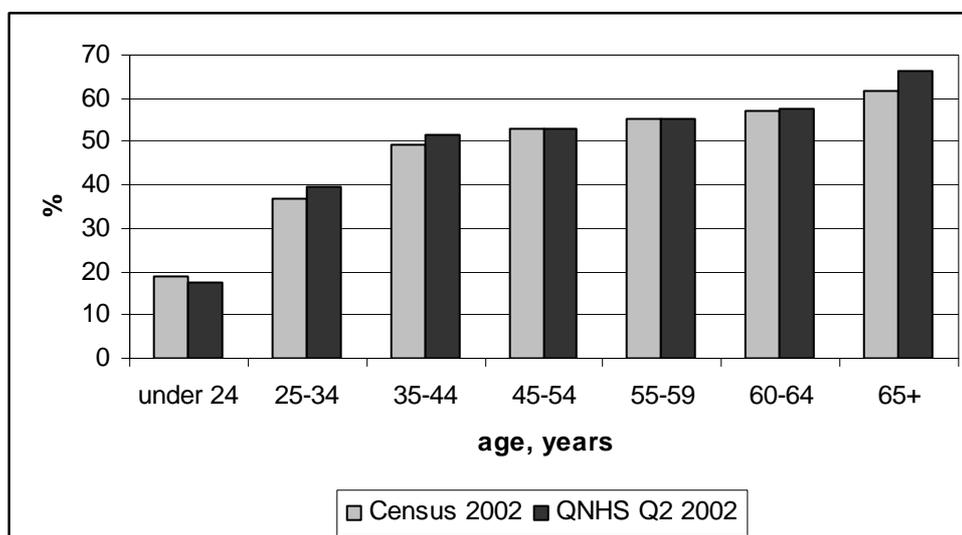


Table 1 shows headship rates for different types of individual. What is interesting to note is that immigrants generally have a much higher headship rate than the native population. It is also worth noting that the headship rates for natives remain reasonably stable between the two time periods. In contrast, the proportion of immigrants who state that they are the “head of household” is generally marginally lower in the later period.

⁵ For ease of reference the merged dataset for 1994 and 1995 is referred to as 1995 and 2003 and 2004 is referred to as 2004.

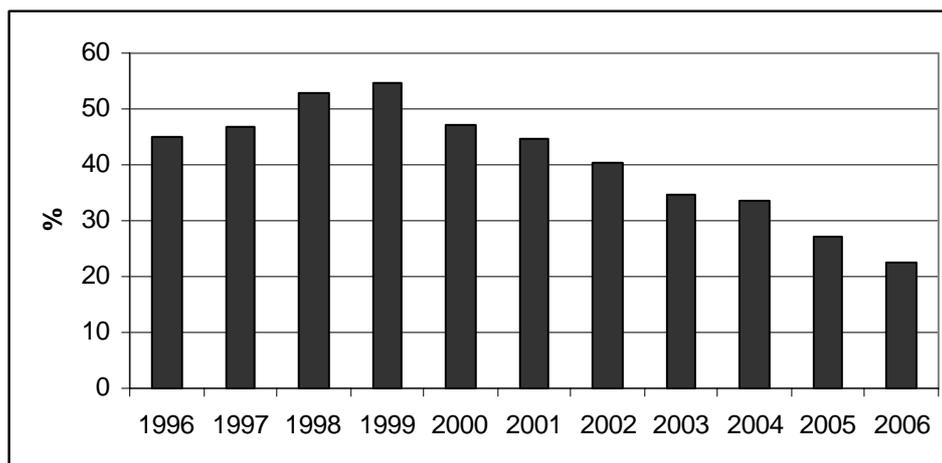
⁶ Fitz Gerald (2005) presents headship rates since 1981 based on the census. McCarthy et al (2003) discuss the limited change in Irish headship rates in recent years.

Table 1: Headship Rates, % of Cohort who are “Heads of Household”

	LFS 1994 and 1995		QNHS 2003 and 2004		
	Native	Immigrant	Native	Immigrant	
	%	%	%	%	
20-24	14.4	31.9	20-24	16.6	33.4
25-34	39.3	47.3	25-34	40.1	44.5
35-44	50.8	53.1	35-44	51.5	52.4
45-54	54.1	54.2	45-54	52.5	54.1
55-59	56.7	64.7	55-59	54.4	57.2
60-64	60.8	55.9	60-64	55.9	58.5
65+	68.6	67.2	65+	66.2	64.1

At present the housing demand forecasts from the *Medium-Term Review* are based on the assumption of identical headship rates for the entire population. The headship rates presented above show that the headship rate can differ between the two groups. Immigration data show that the proportion of Irish nationals in immigration flows has fallen steadily over the period. Thus, the impact of immigration and changing headship on housing demand may be higher than is currently estimated. The higher headship rates for immigrants may also mean that the impact of house prices on the migration decision is greater than estimated in Duffy, Kearney and Fitz Gerald (2005).

Figure 2: Irish immigrants as a % of total estimated immigration



Given that the topic of focus is housing tenure the data is aggregated to the household level. Thus, the responses analysed are those of the reference person. A household is defined as an immigrant household if the reference person is born outside of the

Republic of Ireland and is not an Irish national⁷. Table 2 shows the distribution of the different groups for both datasets.

Table 2: Composition of sample, aged over 20 years, Household Heads

	LFS 1994 and 1995	QNHS 2003 and 2004
	%	%
Native	96.8	94.2
Immigrant	3.2	5.8
Observations	89,323	61,673

We now briefly examine the characteristics of the different groupings. In both periods immigrants tends to be younger than natives. In 1995 just over 56 per cent of immigrant household heads were aged under 44 years, compared with just over 41 per cent of natives. By 2004 this had risen to nearly 72 per cent for immigrants and had declined to around 39 per cent for the native population.

Table 3: Age Distribution, those over 20 years, Household Heads

	LFS 1994 and 1995		QNHS 2003 and 2004	
	Native	Immigrant	Native	Immigrant
	%	%	%	%
20-24	3.4	8.2	3.8	11.5
25-34	15.8	24.6	15.0	34.1
35-44	22.0	23.4	20.7	26.0
45-54	20.9	20.4	20.5	12.5
55-59	6.1	5.3	9.1	4.5
60-64	7.4	4.4	7.4	3.8
65+	24.4	13.7	23.6	7.6

The distribution of educational attainment is also presented. Previous research (Barrett, Fitz Gerald and Nolan, 2002, Minns, 2005, Barrett, Bergin and Duffy, 2005) has shown that immigrants arriving in Ireland up to 2000 tended to be skilled. In 1995 22.5 per cent of immigrants had a third level qualification, compared with just 7.4 per cent of the natives. By 2004 the proportion of immigrants with similar attainment had

⁷ For comparison purposes a non-immigrant household is one where the reference person was born in Ireland and is an Irish national.

risen to 46.9 per cent. For the native population the proportion had nearly trebled to 21 per cent. The changing educational profile is also reflected at the other end of the distribution with a decline in the proportion stating that they have only lower secondary or less.

Table 4: Distribution of Educational Attainment, aged over 20 yrs, Household head

	LFS 1994 and 1995		QNHS 2003 and 2004	
	Native	Immigrant	Native	Immigrant
	%	%	%	%
No formal/ primary education	41.5	13.2	32.5	11.3
Lower secondary	23.2	21.5	17.2	12.9
Upper secondary	20.3	24.9	20.1	21.1
Post Leaving	7.6	14.9	9.2	7.8
Third level	7.4	25.5	21.0	46.9

A change in the classification of occupations occurred between the Labour Force Survey data and the QNHS. The old and new classifications are not perfectly comparable. Table 5 shows the proportion in professional and managerial occupations⁸. The proportion of natives in these “higher” occupations has increased between the two periods while the proportion of immigrants in similar occupations has declined (see Barrett et al (2005), and Barrett and Duffy (2006)). Table 4 also shows the proportion in a higher occupation by years of residency in Ireland. This suggests that the decline in the proportion of immigrants in a higher occupation is in part due to the lower proportion of recent immigrants in such occupations.

⁸ From the LFS these are higher professional/managerial proprietors/farmers on 200+ acres and lower professional/managerial proprietors/farmers on 100-199 acres. From the QNHS these are managers and administrators, professional, and associate professional and technical.

Table 5: Proportion in professional and managerial occupations, aged over 20 yrs, Household head

	LFS 1994 and 1995			Total
	Period of residence			
	< 10 years	> 10 years	Born in Ireland	
	%	%	%	
Native			24.2	24.2
Immigrant	39.8	38.3		39.0
	QNHS Q2 2003 and Q2 2004			
Native			29.4	29.4
Immigrant	31.3	36.4		32.6

Table 6 presents marital status. Immigrants are more likely to be single or never married. Comparing 1995 and 2004 the proportion of immigrants who are married has declined between the two periods.

Table 6: Marital Status, aged over 20 yrs, Household head

	LFS 1994 and 1995	
	Native	Immigrant
	%	%
Never Married	19.9	23.4
Married or Remarried	61.1	60.1
Widowed	14.4	8.4
Married but Separated	4.7	8.2
Total	100.0	100.0
	QNHS 2003 and 2004	
Single	25.4	37.5
Married	55.7	50.4
Widowed	12.7	4.0
Divorced/Separated	6.2	8.1
Total	100.0	100.0

3. Main Results

The main focus of this paper is on how housing tenure differs between Irish and immigrant households. Table 7 presents the main finding of the analysis. The data show that homeownership rates for immigrants are lower than for other individuals. The table also shows that the homeownership gap has widened over the “Celtic Tiger” period. Owner occupancy rates for the stock of immigrants living in Ireland prior to

1995 are substantially higher than for the stock of immigrants living in Ireland by 2004. Up to the period 1995 61.9 per cent of immigrants recorded their housing tenure as being owner-occupied. By 2004 this had fallen to 46.3 per cent. The proportion of immigrants indicating that they were renting their dwelling rose from 33.1 per cent to 50.7 per cent. In contrast owner occupancy by native households has remained high over the period and by 2004 had risen slightly when compared to 1995. Thus, the gap between the two groups has widened. In 1995 there was a 16.8 percentage point gap in owner occupancy rates between immigrants and natives. By 2004 this had risen to a gap of 36.4 percentage points.

Table 7: Homeownership rates by Age and Individual Type, household head aged over 20 yrs

	LFS 1994 and 1995		QNHS 2003 and 2004	
	Native	Immigrant	Native	Immigrant
	%	%	%	%
20-24	23.8	9.2	39.3	18.1
25-34	68.0	44.2	68.0	27.5
35-44	80.1	63.9	84.7	51.0
45-54	83.4	79.9	86.4	62.9
55-59	84.8	77.7	88.7	80.6
60-64	84.3	87.6	89.0	86.6
65+	84.8	80.5	89.6	89.1
Total	78.7	61.9	82.7	46.3

The finding of a lower rate of owner-occupancy for immigrants living in Ireland is similar to the experience of Irish emigrants to London at the beginning of the 1980s (see NESC 1991). The analysis referred to in the NESC report found that the total Irish population of London in 1981 showed a considerable under representation in owner occupation (35 per cent against an average of 49 per cent), an equal over representation in local authority housing (39 per cent as against an average of 31 per cent) as well as in private rented furnished accommodation. The report also notes that the main under representation was in privately owned housing where the Irish had the lowest representation of all ethnic groups, except immigrants from Bangladesh.

Owner-occupancy can vary substantially by age cohort. Table 7 also presents the homeownership rate for different age groups and type of individual. The finding at an aggregate level outlined above is in many instances replicated at the age cohort level. In the key household formation age groups (aged 25-44 years) immigrants have a

much lower rate of homeownership and the gap between immigrants and natives has widened between 1994/95 and 2003/04. It is only in the older age groups that the difference in the homeownership rate between natives and immigrants narrows substantially.

Broad data are also provided on length of residence in Ireland, see Table 8. It is evident that the later period contains many more recently arrived immigrants, i.e. those who have been here for less than 10 years.

Table 8: Period of arrival and owner occupancy, Household heads aged over 20 years
Distribution by period of arrival, those aged over 20 years

	LFS	QNHS
	%	%
Ten years or less	48.1	74.5
Over ten years	51.9	25.5

Owner occupancy rates by years of residence in Ireland

	LFS	QNHS
	%	%
Ten years or less	45.0	35.5
Over ten years	77.6	79.3

The housing tenure of immigrants can be broken down into those who have been resident in Ireland for 1 to 10 years and those resident in Ireland for over 10 years. More recent arrivals, immigrants who have arrived in Ireland over the previous 10 years, encompassing the “Celtic Tiger” boom in the Irish economy, have a lower owner occupancy rate than natives and immigrants resident in Ireland for over 10 years. We have seen from Table 2 that immigrants tend to be in younger age groups and so Table 9 presents owner occupancy rates by years of residence by broad age group. Broader age groups than those previously used are necessary in order to ensure sample size. The table shows that immigrants in the younger age group, which includes the main household formation age groups, have a much lower homeownership rate when resident in Ireland for less than 10 years. The rate of owner occupancy is also lower than natives and immigrants who have lived in Ireland for more than 10 years.

Table 9: Immigrant owner occupancy rates by years of residence by broad age group

	Ten years or less		Over ten years		Native	
	Aged 20-44 yrs	Aged 45 yrs +	Aged 20-44yrs	Aged 45 yrs +	Aged 20-44yrs	Aged 45 yrs +
	%	%	%	%	%	%
Labour Force Survey	34.9	71.7	67.7	84.4	70.8	84.2
Quarterly National Household Survey	29.4	65.2	71.0	83.8	74.0	88.3

Some of the differences in the homeownership rate may well reflect the decision by immigrants to live in different locations than the native population. The data in Table 11 shows that most of the population tend to live in the Eastern and Southern Region, which would include Dublin, and this proportion increased between 1995 and 2004. What is noticeable is that there has been a much more dramatic decline in the homeownership rate for immigrants living in the Eastern and Southern Region than for those living in the Border, Midlands and Western Region. The data also shows that the homeownership gap between natives and immigrants widened in both regions but that the biggest change was in the Eastern and Southern Region. In contrast, the homeownership rate for the native population in both regions increased over the period.

Table 11: Differences in the Homeownership Rate by Region, 1995 and 2004

	Native	Immigrant
<i>Population distribution</i>	%	%
<i>Labour Force Survey 1994 and 1995</i>		
Border, Midland and Western	29.2	27.6
Eastern and Southern	70.8	72.4
<i>Quarterly National Household Survey Q2 2003 and Q2 2004</i>		
	%	%
Border, Midland and Western	26.7	23.3
Eastern and Southern	73.3	76.7
<i>Labour Force Survey 1994 and 1995</i>		
<i>Homeownership rate</i>	%	%
Border, Midland and Western	83.4	61.3
Eastern and Southern	76.7	62.1
<i>Quarterly National Household Survey Q2 2003 and Q2 2004</i>		
	%	%
Border, Midland and Western	85.2	56.6
Eastern and Southern	81.7	43.0

Finally we look at homeownership rates by marital status. Once again homeownership rates for natives are higher than for the immigrant population, particularly for single or married. Again the gap is wider in the later period.

Table 12: Homeownership by marital status

	Labour Force Survey 1994 and 1995	
	Native	Immigrant
	%	%
Never Married	62.0	28.8
Married or Remarried	85.3	73.5
Widowed	82.1	77.4
Married but Separated	52.9	53.1
Total	78.7	61.9
<i>Quarterly National Household Survey Q2 2003 and Q2 2004</i>		
Single	64.4	31.3
Married	91.7	54.7
Widowed	88.1	81.7
Divorced/Separated	64.7	45.0
Total	82.7	46.3

4. Estimating the impact of Immigrant status on Homeownership

Section 3 shows that immigrants have a lower owner occupancy rate than natives. In this section the factors that might contribute to the lower homeownership rate are examined. Table 13 shows the results from probit models applied separately to each dataset (1994/95 and 2003/04), where the dependent variable is 1 if the dwelling is owner-occupied. In the initial specification the independent variables include age cohorts, educational attainment, a series of dummy variables for life cycle (couple, couple with children, lone parent, not in a family unit), equal to 1 if male, equal to 1 if employed, equal to 1 if the individual is an immigrant, equal to 1 if the individual is in a higher occupation (see Table 4) and equal to 1 if the individual is resident in the Eastern or Southern region.

In general the signs of the coefficients are as would be expected. The omitted age cohort is 20-24 years and so the positive coefficients on the other age categories are in line with expectations. Similarly the omitted education category is “no formal qualifications/primary education” and so the positive coefficients make sense. Green (1995) shows the important role played by marital status as a factor determining owner-occupancy. A couple with children are more likely to be homeowners, although the impact is small. Lone parents or those not in a family unit are less likely to own a dwelling. Being employed has, as would be expected, a positive impact. Interestingly, the impact of many of these variables is smaller in the later period, 2004.

The dummy variable identifying an individual as an immigrant is significant in both 1995 and 2004. In both cases being an immigrant has a negative impact on homeownership, controlling for the other variables. The model suggests that the negative impact has increased. In 1995 immigrants were 15 per cent less likely than natives to be homeowners. By 2004 this had increased to 22 per cent.

Table 13: Model A, Probit models of Homeownership status
(dependent variable =1 if owner occupier)

	LFS 94/95		QNHS 2003/04	
	Coeff.	dF/DX	Coeff.	dF/DX
<i>Age</i>	<i>(base = age 20-24 years)</i>			
Age 25-34 years	0.93	0.19 ***	0.38	0.13 ***
Age 35-44 years	1.37	0.26 ***	0.71	0.23 ***
Age 45-54 years	1.69	0.29 ***	0.81	0.25 ***
Age 55+ years	2.25	0.48 ***	1.10	0.37 ***
<i>Educational Attainment</i>	<i>(base=primary/ no formal education)</i>			
Secondary Education	0.52	0.14 ***	0.15	0.06 ***
Third level Education	0.43	0.10 ***	0.21	0.07 ***
<i>Family Cycle</i>	<i>(base=couple no children)</i>			
Couple with children	0.05	0.01 ***	0.09	0.03 ***
Lone parent	-0.46	-0.14 ***	-0.36	-0.14 ***
Not in family unit	-0.52	-0.15 ***	-0.29	-0.11 ***
<i>Other characteristics</i>				
Employed	0.57	0.16 ***	0.17	0.06 ***
Male	-0.10	-0.03 ***	-0.07	-0.02 ***
Higher occupation	0.29	0.07 ***	0.14	0.05 ***
Located in Eastern or Southern region	-0.23	-0.06 ***	-0.08	-0.03 ***
Immigrant	-0.48	-0.15 ***	-0.57	-0.22 ***
N	89323		61668	
LR Chi2	16292.7		5559.1	
Prob > chi2	0.000		0.000	
Pseudo R2	0.1702		0.0699	

*** = significant at 1% level

The model is also estimated using separate identifiers for the immigrants region of origin. In a similar study using US Census data Borjas (2002) found that ‘the “newer” national origin groups tend to have relatively lower homeownership rates than the “earlier” national origin groups’. In the earlier period (1994 and 1995) immigrants from the EU accounted for just over 80 per cent of total immigrants. By the second period under consideration (2003 and 2004) this has declined to just over 51 per cent (new member states are not included in the EU data in 2004). More disaggregated country of origin would be preferable. However, micro-data from the Labour Force Survey only provides information at a broad level. For both origin regions there is a negative impact on home ownership, although this is much less for EU nationals. Tests show that the effects of the two origin regions are significantly different. The

QNHS micro-data provides a more dis-aggregated country of origin and so the impact of origin region is shown in more detail. Again tests reveal that the effect from different origin regions is significantly different.

Table 14: Impact of region of origin on immigrant homeownership
(dependent variable =1 if owner occupier)

	LFS 94/95		QNHS 2003/04	
	Coeff.	dF/DX	Coeff.	dF/DX
<i>Region of origin</i>				
EU	-0.40	-0.12 ***	-0.24	-0.09 ***
Other	-0.81	-0.28 ***	-0.95	-0.36 ***
N	89323		61668	
LR Chi2	16331.8		5478.6	
Prob > chi2	0.000		0.000	
Pseudo R2	0.1706		0.0689	
<i>QNHS Region of Origin</i>				
UK			-0.14	-0.05 ***
Other EU			-0.60	-0.24 ***
Rest of World			-0.95	-0.36 ***
N			61668	
LR Chi2			5503.3	
Prob > chi2			0.000	
Pseudo R2			0.0692	

*** = significant at 1% level

Other research shows that in an Irish context non-English speaking immigrants suffer a higher occupation underachievement than other immigrants (Barrett, Bergin and Duffy, 2006) and non-English speaking immigrants are more likely to earn less than natives or English speaking immigrants (Barrett and McCarthy, 2006). Income data is not available in the Labour Force Survey or the Quarterly National Household Survey. The country of origin variables may be therefore be picking up an income or affordability effect and so the rest of the analysis is carried out using the overall immigrant dummy⁹.

The descriptive statistics also point to a major change in the length of residence for immigrants in Ireland, with a substantially higher proportion now being resident for less than 10 years. Table 15 shows the impact of period of residence on homeownership. Immigrants resident for less than 10 years are less likely to own their

⁹ This compares to Sinning (2006) who finds in a German context that the region of origin is not significantly different. His analysis includes household income.

home when compared to native households. The negative impact is much more severe than immigrants who have been resident for over 10 years. There has been a small increase in the negative impact between the two periods. Again the data is broadly grouped. More dis-aggregated data would allow more detailed examination of this issue.

Table 15: Impact of period of residence on immigrant homeownership (dependent variable =1 if owner occupier)

	LFS 94/95		QNHS 2003/04	
	Coeff.	dF/DX	Coeff.	dF/DX
<i>Residence</i>				
< 10 years	-0.84	-0.27 ***	-0.71	-0.29 ***
> 10 years	-0.29	-0.05 ***	-0.24	-0.06 ***
N		89323		61668
LR Chi2		16417.36		5689.66
Prob > chi2		0.000		0.000
Pseudo R2		0.1715		0.0716

*** = significant at 1% level

The main focus of the paper is on the homeownership rate of immigrant and native households. The data was also pooled and a dummy variable included for the later period. The time dummy variable was significant on its own. However, it was not significant when interacted with the immigrant dummy variable. This suggests that it is factors other than the difference in the time periods that has influenced the homeownership rate of immigrants.

Lower owner occupancy for recent arrivals may reflect the fact that this group of immigrants are uncertain as to how long they will remain in Ireland. In addition recent arrivals may have travelled on their own and not as a family. It is only later when they become established and are joined by other members of their family that they decide to alter from renting to owner occupancy. A change in housing tenure may also occur for immigrants who travelled alone but form a relationship with either an Irish or foreign national¹⁰. Approximately 12 per cent of those who are resident for less than 10 years give their status as married but also respond that they are not living in a family unit. Immigrants resident in Ireland for over 10 years have a homeownership

¹⁰ The LFS and QNHS microdata show that approximately 2 per cent of individuals indicate that they are in a “mixed” relationship. Both of the recent NESC reports suggest that some migration policies, for example a family reunification policy, would have implications for the housing market.

rate close to that of native households¹¹. Painter, Gabriel and Myers (2000) have a similar finding for the United States.

The difference in homeownership could be the result of a variety of other reasons. It may well reflect the preferences of immigrants for rental property. Ireland has one of the highest owner-occupancy rates in the EU. The lower homeownership rate amongst newly arrived immigrants may reflect the owner-occupancy rate in the immigrant's country of origin. Alternatively, given the rapid rise of house prices in Ireland in recent years to a high level immigrants may be making a rational decision not to purchase a dwelling in the current Irish housing market.

The impact of immigration on the housing market is not simply a function of inward migration flows. Rather the analysis above suggests that it reflects the composition and mix of immigrants coming into Ireland. The changing mix of the immigrant population may be a contributing factor in explaining the widening gap. Sizeable differences exist in rate of owner-occupancy for EU and non-EU immigrants (EU excludes new member states). In 1994/96 76.9 per cent of immigrants were from an EU country. In 2003/04 the proportion from the "UK" and "rest of EU" amounted to just over 45 per cent of immigrants (excluding 'not stated'). The proportion of immigrants in professional and managerial occupations declined between 1994/95 and 2003/04.

Some of the difference in homeownership may reflect the fact that many immigrants may view their stay in Ireland as temporary, even if lasting for a number of years. Thus, they may not wish to make long-term commitments such as buying a house¹². McGinnity et al (2006) in a survey of non-EU immigrants to Ireland found that about 40 per cent intended to stay in Ireland for good, about 25 per cent expected to return to their origin country and over 28 per cent were unsure of their migration intentions. Kropiwiec (2006) in a series of interviews with Polish immigrants found that many had come to Ireland with the goal of earning and saving money for a better future back in Poland and they wished to return to Poland having spent some time in Ireland. Lower homeownership for immigrants may reflect the fact that immigrants have more binding affordability constraints. Barrett and McCarthy (2006) provide evidence that

¹¹ Barrett et al 2006 and Barrett and Duffy 2006 also show that the occupational penalty suffered by migrants disappears over time.

¹² NESO (1991) cites research suggesting that a significant proportion of Irish emigrants to Britain never "unpack" and even after long periods resident in the UK see themselves as "going home" at some stage in the future. This is possible one reason as to why many do not buy a house.

immigrants in Ireland earn significantly less than the native population. Barrett, Bergin and Duffy (2006) and Barrett and Duffy (2006) show that, controlling for a range of factors, immigrants have lower occupational attainment relative to natives. Immigrants may find it more difficult to open a bank account and therefore to access a mortgage¹³. Results from the QNHS module on equality (2004) show that nearly 7 per cent of non-nationals had experienced discrimination in financial services and nearly 5 per cent had experienced discrimination obtaining housing or accommodation. McGinnity et al (2006) found that around 15 per cent of non-EU immigrants participating in the private housing market reported being denied access to it because of their national ethnic origin and a similar percentage reported being denied credit and/or a loan. Against the backdrop of the more recent Irish housing market experience, immigrants do not have the benefit of any housing equity built up from the strong house price inflation.

5. Summary

This note presents data on the housing tenure for different household types. The analysis finds that immigrant households have a much lower owner-occupancy rate than native households. Furthermore, the gap has widened substantially over the last decade. The findings are not unique to the Irish housing market. Analysis of immigrant homeownership in the United States shows that immigrants have a lower homeownership rate than natives and that the gap can vary depending on ethnic group, for example Painter, Gabriel and Myers (2001), Borjas (2002), Callis, (1997, 2003).

At present the micro-data does not include detailed country of origin data or detailed information on where immigrants decide to locate within Ireland. Borjas (2002) points to these two factors as being key elements in explaining the change in homeownership rate. Detailed information on year of arrival is also not available on a regular basis. Given the importance of migration as a population driver but also a factor in the housing market more detailed information may provide further insights. A richer data set would allow the examination of returned emigrants and those in transition i.e. returned emigrants living with their parents. Inclusion of housing

¹³ Conroy and Brennan (2003) based on surveys of and interviews with migrants find some evidence of difficulties opening a bank account and evidence of some migrants operating without accounts.

information in the census micro-data would make possible detailed analyses of specific groups in specific areas.

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