

Australia named second least-affordable housing market in the world

The latest research from Demographia has put Australia in second place, behind Hong Kong, as the least affordable country for housing.



[Hannah Blackiston](#) January 23, 2019 1 minute read

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The 15th Annual Demographia International Housing Affordability Survey shows Australia as the second most unaffordable market for housing, with New Zealand coming in third.

The survey uses a measurement of ‘median multiple’ to rank affordability, which is found by dividing median house price by gross annual median household income. This method is the same favoured by the United Nations and the World Bank.

From there the markets are ranked from “affordable” (3.0 or less) to “severely unaffordable” (5.1 and over).

The report assessed 239 urban markets in nine countries: Australia, Canada, Hong Kong, Ireland, Japan, New Zealand, Singapore, United Kingdom and the United States, as of the third quarter of 2018.

Housing Affordability Rating	Median Multiple
Affordable	3.0 & Under
Moderately Unaffordable	3.1 to 4.0
Seriously Unaffordable	4.1 to 5.0
Severely Unaffordable	5.1 & Over
Median multiple: Median house price divided by median household income	



Hong Kong ranked the highest overall, with a median multiple of 20.9. Australia landed in second place with 5.9, followed by New Zealand at 5.8. The top ten was rounded out with Singapore (4.8), the UK (4.5), Japan (4.2), Canada (3.9), the US (3.7) and Ireland (3.7).

Table ES-2
Housing Affordability Ratings by Nation: Major Housing Markets (Over 1,000,000 Population)

Nation	Affordable (3.0 & Under)	Moderately Unaffordable (3.1-4.0)	Seriously Unaffordable (4.1-5.0)	Severely Unaffordable (5.1 & Over)	Total	Median Market
Australia	0	0	0	5	5	6.6
Canada	0	2	2	2	6	4.3
China: Hong Kong	0	0	0	1	1	19.4
Ireland	0	0	1	0	1	4.8
Japan	0	1	1	0	2	4.2
New Zealand	0	0	0	1	1	8.8
Singapore	0	0	1	0	1	4.8
United Kingdom	0	1	14	6	21	4.6
United States	10	20	11	13	54	3.8
TOTAL	10	24	30	28	92	4.2

It doesn't come as a surprise that Australia ranks highly. Experts have raised affordability as an issue for many years, but when broken into the 22 smaller markets used by Demographia, 20 of them fell into the seriously unaffordable or severely unaffordable categories.

Australia's five major housing markets (Sydney, Melbourne, Adelaide, Brisbane and Perth) were all listed as severely unaffordable, as they have been in the previous 13 Demographia surveys, demonstrating that this isn't a new problem for Australia.

Middle-Income Housing Affordability AUSTRALIA: CAPITAL CITY HOUSING MARKETS: 1981-2017

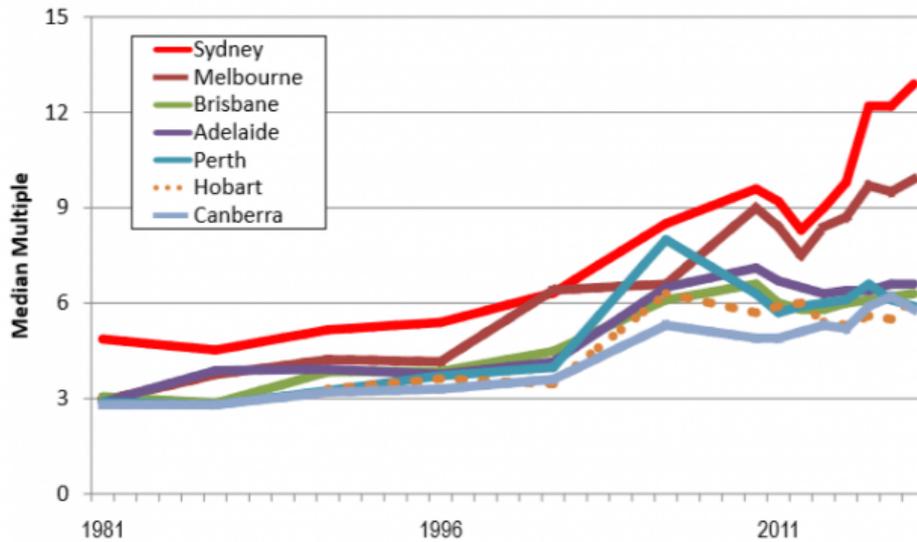


Figure 6

Sydney topped the list at 12.9, making it the third worst city worldwide, behind Hong Kong and Vancouver. Since 2001, the data shows Sydney's affordability issues have worsened significantly, with the city more than doubling its median multiple in this time.

Melbourne came in with a median multiple of 9.9, ranking it fifth worldwide, up from 6.3 in 2001. Adelaide has a median multiple of 6.6, Brisbane 6.2 and Perth 5.9.

Australia's most affordable markets in the survey were Gladstone at 3.2 and Rockhampton at 3.9. Outside the major markets, the least affordable are the Sunshine Coast (9.0) and the Gold Coast (8.4).

SCHEDULE 3							
ALL HOUSING MARKETS BY NATION: 2017: Third Quarter							
<i>14th Annual Demographia International Housing Affordability Survey</i>							
International Affordability Rank	Major Market Rank	National Rank	Nation	Housing market	Median Multiple*	Median Price	Median Household Income
260	77	17	Australia	Adelaide, SA	6.6	\$450,000	\$68,500
191		6	Australia	Alice Springs, NT	4.6	\$476,500	\$102,800
226		8	Australia	Ballarat, VIC	5.4	\$337,000	\$62,200
226		8	Australia	Bendigo, VIC	5.4	\$334,500	\$62,300
256	75	15	Australia	Brisbane, QLD	6.3	\$516,900	\$81,700
226		8	Australia	Bundaberg, QLD	5.4	\$280,000	\$51,900
246		12	Australia	Caïms, QLD	5.9	\$410,000	\$70,000
243		11	Australia	Canberra, ACT	5.8	\$640,000	\$110,500
167		5	Australia	Darwin, NT	4.3	\$495,000	\$115,600
257		16	Australia	Fraser Coast, QLD	6.5	\$310,000	\$47,400
267		18	Australia	Geelong, VIC	7.1	\$492,000	\$69,100
72		1	Australia	Gladstone, QLD	3.2	\$279,500	\$68,300
277		19	Australia	Gold Coast, QLD-NSW	8.4	\$601,850	\$71,300
255		14	Australia	Hobart, TAS	6.2	\$426,300	\$68,600
147		3	Australia	Mackay, QLD	4.1	\$307,300	\$75,700
288	88	21	Australia	Melbourne, VIC	9.9	\$817,000	\$82,800
246	72	12	Australia	Perth, WA	5.9	\$504,300	\$86,200
130		2	Australia	Rockhampton, QLD	3.9	\$264,500	\$68,500
279		20	Australia	Sunshine Coast, QLD	8.5	\$560,000	\$66,100
292	91	22	Australia	Sydney, NSW	12.9	\$1,177,600	\$91,600
214		7	Australia	Toowoomba, QLD	5.0	\$343,500	\$68,200
158		4	Australia	Townsville, QLD	4.2	\$316,300	\$75,400
				Median Market	5.9		

The survey makes the point that rising land prices are a big factor in unaffordability in Australia, something which is supported by experts. The concern is that a lack of new land being released, due to extensive red tape and procedure associated with that release, is creating a bottleneck and driving up prices for available land.

This theory is supported by land costs being an issue in many of the unaffordable urban markets. Canada, New Zealand and the UK also suffer from escalating land prices. In comparison, an expedited system in the US has allowed housing to stay relatively affordable in the areas where the system is in place.