

Victorian home ownership rates collapse

Jul 20, 2016

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What does the HILDA survey say about us?

The annual 'Household, Income and Labour Dynamics in Australia (HILDA)' survey has landed. The University of Melbourne's HILDA Survey has been following the health and economic wellbeing, and family life of 17,000 Australians for 12 years.

Victoria has experienced the biggest collapse in home ownership in the nation, with a generation of aspiring buyers squeezed out of the market by soaring prices.

A major long-term survey of 17,000 people by the Melbourne Institute of Applied Economic and Social Research has laid bare the impact of the housing affordability crisis.



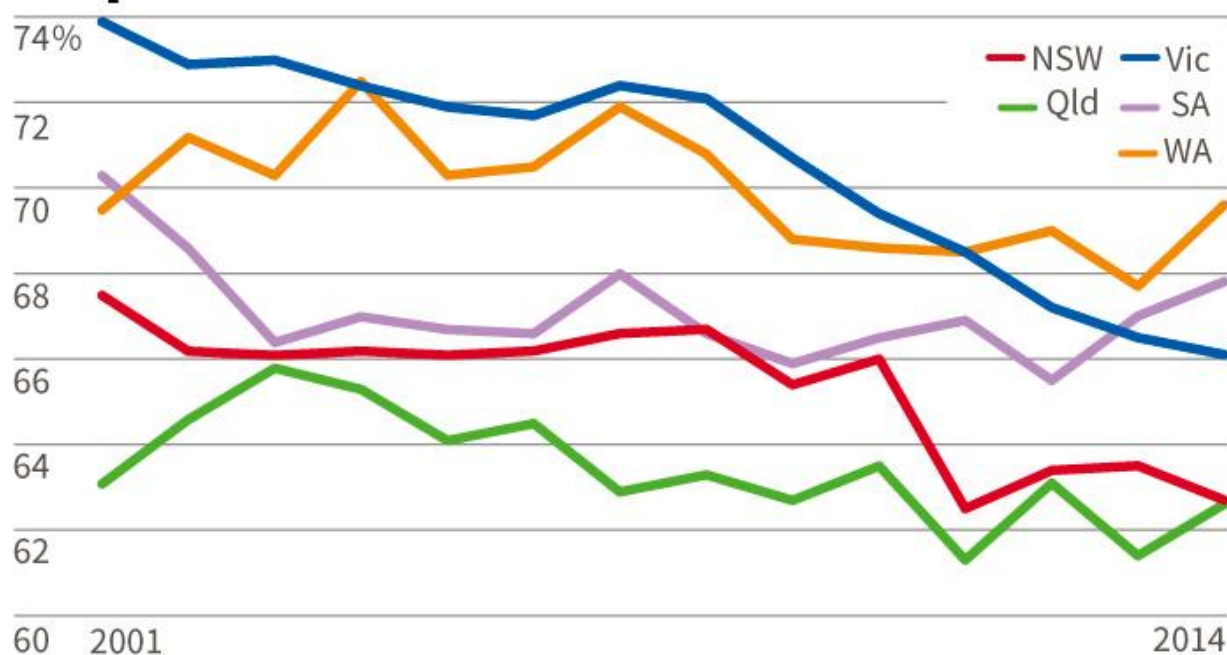
The great Australian dream is beyond reach for a generation of Australians. Photo: Glen McCurtayne

In 2001, Victoria was the home-ownership capital of Australia. But since then, the proportion of owner-occupied houses has plunged 7.8 percentage points – the largest drop in the nation.

Victoria's home ownership is now at a historic low, with just 66 per cent of households owner-occupied, compared to almost 74 per cent in 2001.

That places Victoria behind South Australia and Western Australia, but still ahead of NSW and Queensland, on the home ownership front.

Proportion of households that are home-owner



Source: HILDA Survey

Nationally, the decline has been so pronounced that barely half (51.7 per cent) of all adults are now classified as home owners, compared to 57 per cent in 2002.

Melbourne Institute professor Roger Wilkins said the trend was a concerning one, suggesting a whole generation of adults would never own a home.

“Given the way our private rental market works, declining home ownership is cause for concern,” Professor Wilkins said.

“In the Australian context, where renting is associated with a fairly low degree of security of tenure ... home ownership is very much conducive to being more invested in local communities and feeling like you have a stake in Australian society.”

The figures in the Household, Income and Labour Dynamics in Australia survey show that the decline in home ownership has been particularly pronounced among adults under the age of 45, suggesting an “inter-generational divide”.

After a long period of rising prices, growing numbers of aspiring home owners are being shut out of the market.

Figures from the Australian Bureau of Statistics show that in Victoria just 15.3 per cent of new loans in May 2016 were taken out by first home buyers, compared to 23.8 per cent in May 2001.

But the decline has been even more precipitous in NSW, where the proportion of loans taken out by first home buyers halved, falling from 20.4 per in 2001 to 10.4 per cent.

The figures come as the Andrews government prepares to unveil a major housing affordability package, probably in September.

In a pitch to aspiring home owners and renters ahead of the 2018 state election, the package is expected to focus on improving access to relatively lower cost housing in the city and the middle band of suburbs, as well as boosting the populations of regional cities.

The package is also understood to focus on providing greater security for renters, with European-style longer term leases being considered.

“The Andrews Labor government understands the challenges faced by many Victorians looking to break into the housing market, and we are working to improve housing affordability,” Treasurer Tim Pallas said.

“We are taking action, increasing supply where we can, and will continue to ensure first homebuyers are supported where appropriate.”

The government had previously examined the idea of scrapping a 50 per cent stamp duty concession for first home buyers purchasing properties worth up to \$600,000 – a saving of up to \$15,500.

That followed concern that the concession was merely fuelling prices, while failing to help greater numbers of aspiring home buyers into the market.

But according to senior sources, that option is now seen as less likely, although there could be minor adjustments.

The idea of lowering stamp duty – a form of taxation that is viewed by economists as highly inefficient – and potentially broadening the land tax base has also been ruled out, with the package expected to focus on supply.