

The death of the great Australian dream

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Owning a home, complete with barbecue and backyard, is out of reach for many millennials as prices soar



A garden complete with barbecue is out of reach for many young Australians

When people talk about the American Dream they mean the pursuit of happiness, a belief that anyone can make it in the United States. The “Australian Dream” means buying a house.

Since at least 1910, Australians have been more likely to own their home [than Britons or Americans](#). Freestanding houses on quarter-acre blocks, backyards, BBQs and [Hills Hoists](#): home ownership has its own hazy mythology, etched in the Australian imagination.

There have always been booms. But in the past two decades, housing prices have increased faster, for longer, than at any time since at least 1880, according to the Australian Bureau of Statistics.

For Australians under 35, the numbers are ugly. The size of the average loan taken out by a first-time buyer in New South Wales has swelled by more than 43% in the past four years (and 20% in the past year alone) to about A\$424,000 (£218,000). Wages in the same period increased 10%.

In Sydney, where the surge is strongest, it took [about four times the median household income](#) to buy a home in 1975. Today, with a median house price surpassing A\$1m, [that figure is 12 times](#). Property in the harbour city is pricier [than in New York](#) and even in the US's least affordable city, San Francisco.

It's a predicament UK millennials might recognise: only London can match Sydney's price-to-income gap. In north-east England, the cheapest region in England and Wales, the proportion of income spent on property has nearly doubled in two decades, [according to Guardian analysis](#). Nationally, since 2010, in terms of house prices outstripping incomes, the UK and Australia have been [neck and neck](#).

Australian millennials risk becoming the first generation in the country's recent history to be [poorer than their parents at the same age](#), the Grattan Institute has warned.

Buying in 2016 means heading to the outskirts. The most popular suburbs for first-home buyers in NSW last year were Liverpool (20 miles from Sydney), Werrington (30 miles) and Spring Farm (37 miles).

Kaitlyn Offer's house-hunting took her 2,200 miles across Australia, from Perth in Western Australia to Geelong, a port city one hour's drive from Melbourne.

"When my husband Chris knew he was going to start studying, we decided we needed stability, and renting wouldn't provide that," she says. "We needed a house we could afford, that had a bus or train line, job opportunities, access to universities. Geelong ticks all those boxes – and prices are half what they are in Perth."



Chris Heath and Kaitlyn Offer at their first home in Whittington, Geelong. Photograph: Paul Jeffers for the Guardian

The house needed lots of renovating and the hour-long commute "not necessarily ideal". But the 28-year-olds had to make a choice: carve out a new life somewhere regional, or buy in a city "and never go to the pub on a Friday night or a movie".

Alexander Allen, 25, took the other road. Three years ago he bought an apartment in Neutral Bay, a harbourside suburb on Sydney's lower north shore.

"I grew up with parents telling me property is the best thing you can do, the earlier you can invest and get a foothold in the market, the better off you'll be," he says.

He had every advantage: "I was living at home, rent free. I was pretty much working full time as a childcare assistant. I didn't have many expenses, wasn't going out drinking a lot."

Another hurdle, the deposit, Allen cleared with a A\$50,000 loan from his parents. "Without that, it wouldn't have been possible," he says.



Alexander Allen with his parents, Tony and Kelela. Photograph: Julian Chung for the Guardian

He delayed study and took on three jobs, include his own online business, to keep up with the repayments. "I had a job as a motorcycle postie, which I never saw as a career or anything. But suddenly I couldn't leave it," he says.

"I was basically a poor person. Even though I had this apartment, I was constantly living with the frustration of earning my fortnightly income and seeing the greater majority of it disappear a day or two later."

Holidays, nights out, festivals – they mostly passed him by. "It's something I get bitter about. Especially in your days on Facebook when you see every second mate on some amazing holiday and you're at home counting every cent," he says. "After a few months you do notice your social life shrinks. It sucked."

Allen says he probably made the right choice "in the long term". He just didn't realise how much he was sacrificing.

"I wasn't unhappy living my life. But I do regret not being out crafting experiences with my friends. Looking back on it now, the opportunities aren't boundless. Taking them while they're there is something I would have wanted."

What's galling is, it doesn't have to be this way. "This isn't about the invisible hand of the market," says Eamon Waterford, head of advocacy at the [Committee for Sydney](#), an urban affairs thinktank. "The government is consciously and actively taking the decision to support investors over first-home buyers."

Negative gearing – which allows investors to claim losses on a property, including interest or maintenance costs, against their taxable income – is one villain. Another is a capital-gains tax exemption for investors selling property. Both encourage buyers to stick their capital in a second or third home, pitting them at auctions against first-time buyers.

Millennial anxiety over housing, simmering for years, boiled over last year when the then treasurer, Joe Hockey, [seemed to dismiss the issue](#), suggesting homes were readily affordable – "if you've got a good job and it pays good money".

The backlash put housing affordability on the agenda, but little action has followed. The federal Labor opposition is cautiously considering limits on negative gearing. Efforts to make [renting more stable and secure](#) are being pushed in Victoria and New South Wales.

The search for solutions also saw property dovetail with another Australian passion: blaming Asians, with suggestions Chinese investment was driving up prices. "We don't really have enough detailed data to support this," housing analyst Eliza Owen says. "You hear lots of anecdotes about Chinese people showing up to auctions, but there's nothing to say they're not Australian citizens."

Like any issue affecting poorer or younger Australians, inaction comes down to a lack of political sway. "Low-income people have low access to decision makers," Waterford says.

"And this is of very little direct benefit to anybody but low-income people – except it benefits us all in the intangible, ephemeral way of improving the society we live in."

Tinkering with policies is only half the work. Millennials also need to get dreaming, imagining a new Australian ideal in line with economic reality.

"The idea of house prices being cheap again, we probably need to kill," Waterford says. So too "the idea of home-owning as the path to security and stability".

And last, the mother of them all: "The idea of owning a free-standing home on a quarter-acre block. It's just not feasible. The houses of the future will be about small homes, shared spaces, bigger lifestyles."