

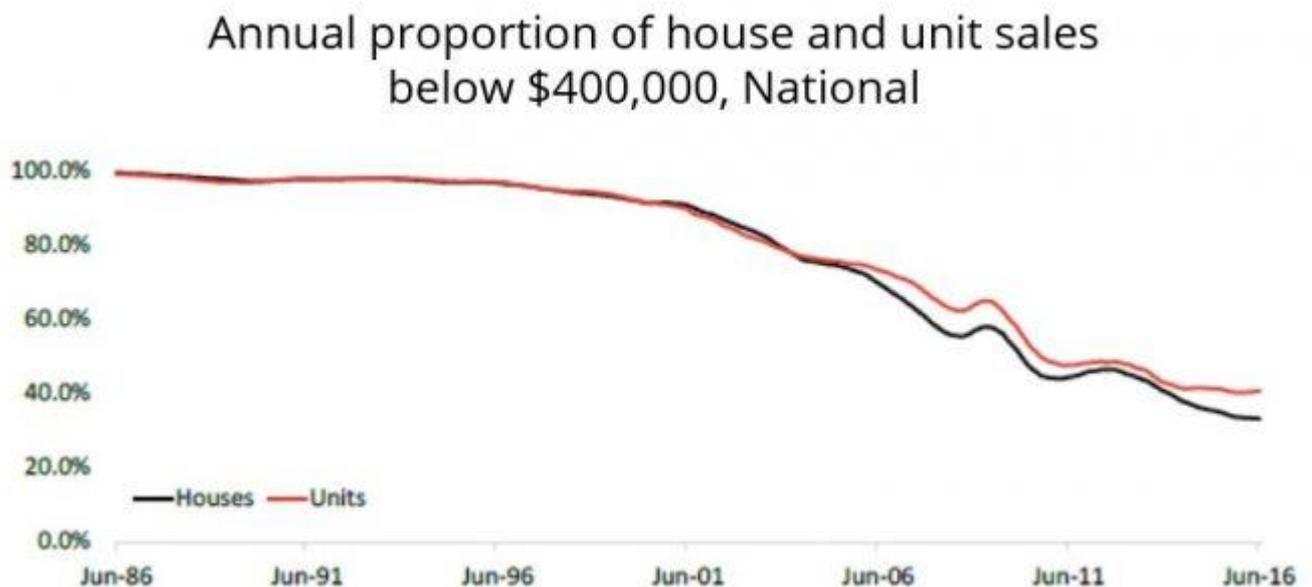
The shocking decline of affordable Australian housing

By Unconventional Economist in [Australian Property](#)
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By *Leith van Onselen*

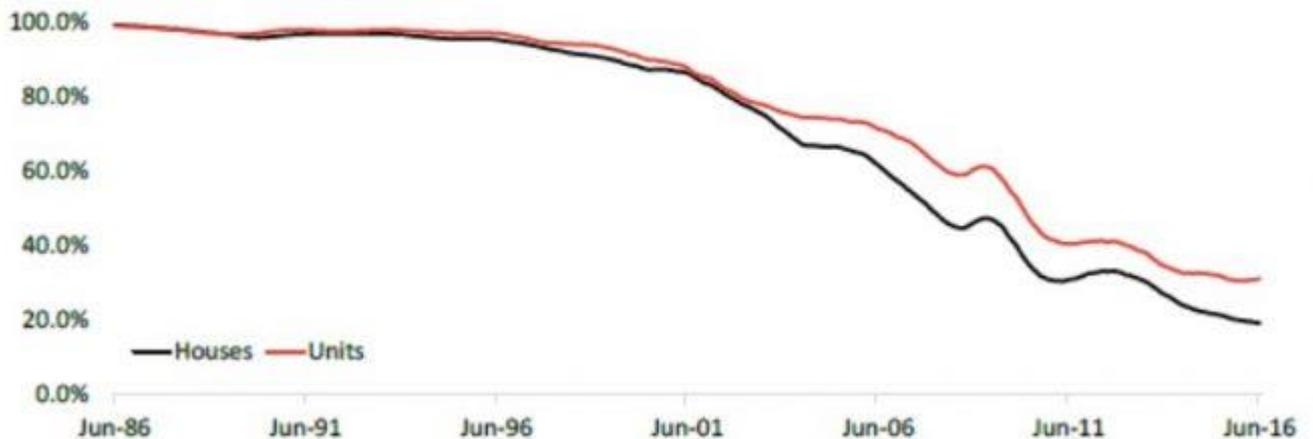
Core Logic has released a series of reports recently highlighting the shocking decline of affordable housing options across Australia.

Last week, Cameron Kusher released some research showing that just over one-third of homes nationally are selling below \$400,000, resulting in fewer housing options for those on lower incomes:



The result is even worse at the capital city level, where less than one-in-five (19.1%) of houses and less than one-in-three (31.0%) of units sold were priced below \$400,000:

Annual proportion of house and unit sales below \$400,000, combined capital cities



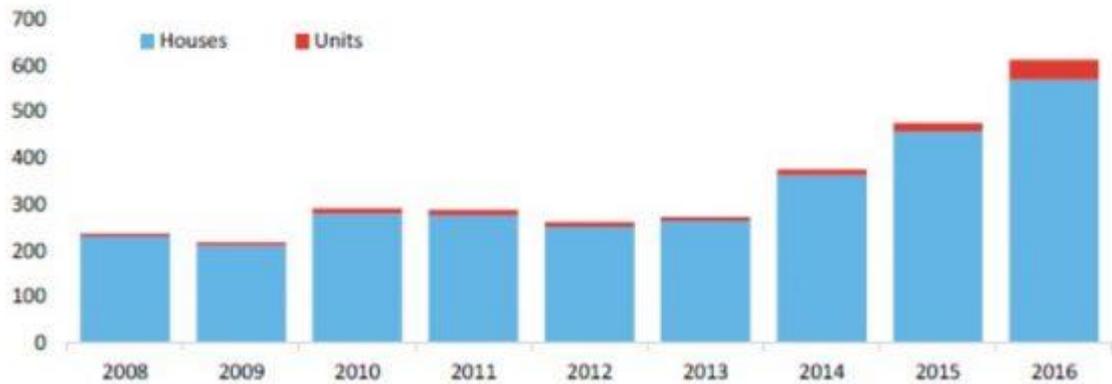
As expected, the situation is worst in Australia's two bubble markets – Sydney and Melbourne – with would-be buyers hardest pressed to find anything priced below \$400,000 in Sydney:

Annual proportion of house and unit sales below \$400,000, individual capital cities

Capital city	Jun-96		Jun-06		Jun-16	
	Houses	Units	Houses	Units	Houses	Units
Sydney	89.5%	94.9%	35.7%	55.9%	4.5%	10.2%
Melbourne	96.7%	97.6%	64.7%	76.9%	17.6%	32.6%
Brisbane	98.3%	96.4%	70.5%	79.3%	27.9%	48.9%
Adelaide	98.8%	99.6%	80.6%	89.4%	41.7%	63.5%
Perth	97.6%	98.7%	66.3%	75.9%	19.4%	43.1%
Hobart	99.3%	99.4%	83.8%	91.8%	59.6%	79.1%
Darwin	na	na	81.3%	91.3%	18.0%	33.3%
Canberra	98.3%	99.2%	55.3%	82.5%	5.0%	45.1%
Combined capitals	95.0%	96.8%	61.4%	71.2%	19.1%	31.0%

At the same time, a [separate report](#) from Core Logic shows that the number of suburbs with \$1 million median valued homes has more than doubled (+125%) over the past three years, driven by the two major cities:

Suburbs with a median value of at least \$1 million, as at June each year

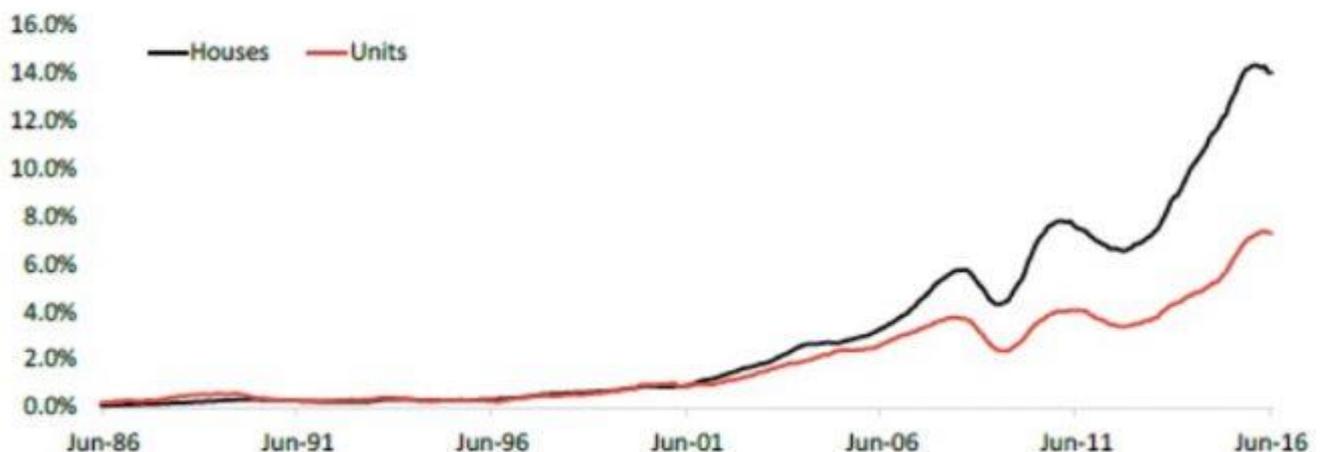


Suburbs with a median value of at least \$1 million in each state, as at June each year

Year	NSW		VIC		QLD		SA		WA		NT		ACT		National	
	Houses	Units	Houses	Units												
2008	138	3	32		21		4		32	2			4		231	5
2009	121	4	28	1	17		8		32	1			5		211	6
2010	158	7	44	2	22	2	11		35	1	3		6		279	12
2011	159	6	49		19	2	8		33	4	2		6		276	12
2012	153	5	41		8	1	9		32	3	2		7		252	9
2013	163	4	41		9		9		32	3	4		6	1	264	8
2014	237	9	53		11	1	12		40	1	4		6	1	363	12
2015	310	14	67	1	15		14		39	1	3		10	1	458	17
2016	379	39	102		18	1	15		42	2	3		11	1	570	43

In a similar vein, [another report](#) from Core Logic shows that the number of homes selling with a price tag of at least \$1 million has boomed over recent years, with more than one-in-five houses (20.9%) at the capital city level selling for over \$1 million:

Annual proportion of house and unit sales of at least \$1 million, National



Again, with Sydney and Melbourne dominating:

Annual proportion of house and unit sales of at least \$1 million, individual capital cities

Capital city	Jun-96		Jun-06		Jun-16	
	Houses	Units	Houses	Units	Houses	Units
Sydney	1.1%	0.5%	11.6%	4.0%	43.4%	16.6%
Melbourne	0.2%	0.2%	4.0%	1.9%	21.8%	6.7%
Brisbane	0.1%	0.3%	1.8%	2.0%	7.1%	2.6%
Adelaide	0.1%	0.0%	1.0%	0.7%	4.8%	1.6%
Perth	0.2%	0.1%	3.3%	1.9%	10.4%	5.1%
Hobart	0.0%	0.0%	0.8%	0.4%	1.7%	0.6%
Darwin	na	na	0.8%	0.1%	4.3%	1.9%
Canberra	0.2%	0.1%	1.8%	0.6%	8.9%	2.4%
Combined capitals	0.5%	0.3%	4.7%	2.5%	20.9%	8.9%

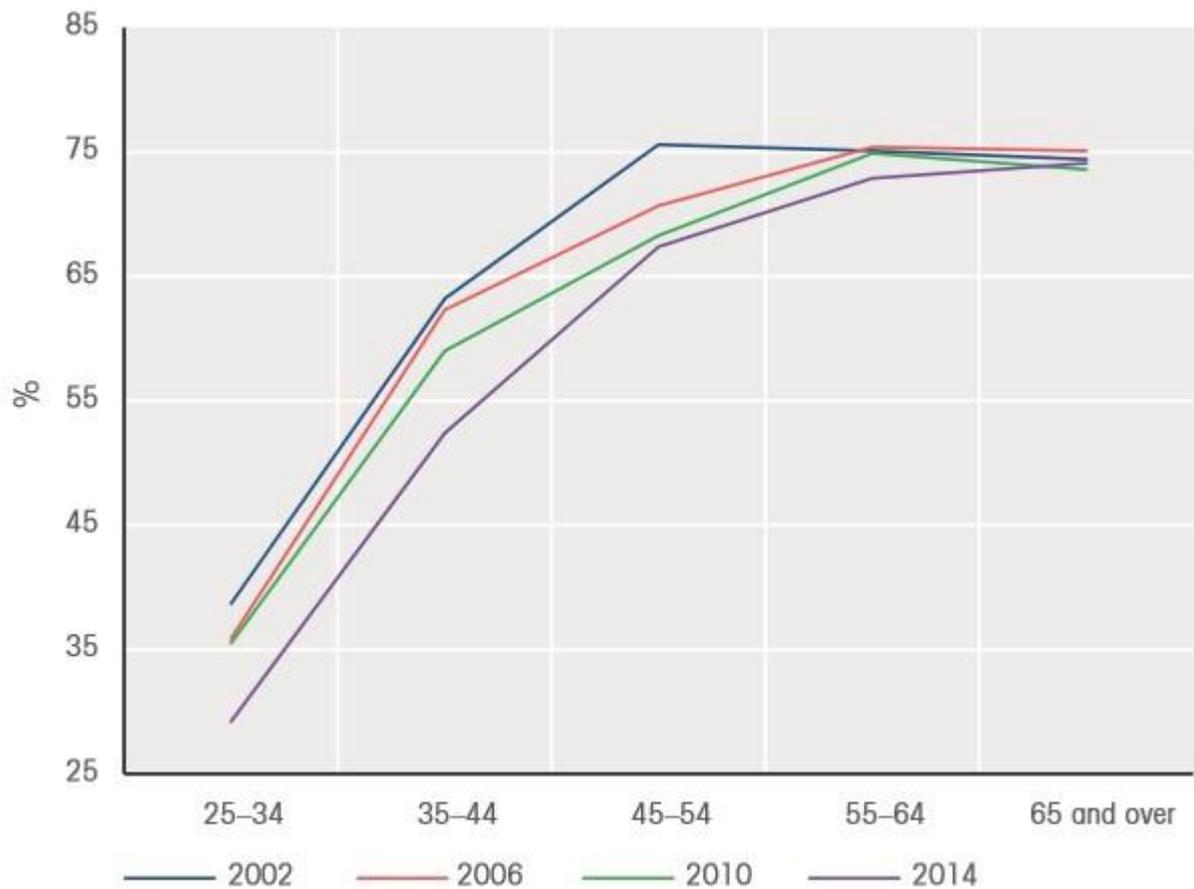
The 2016 *Household, Income and Labour Dynamics in Australia* (HILDA) survey, released last month, also revealed that entry level homes – i.e. those priced at the 10th percentile – skyrocketed in value between 2001 and 2014, rising by 108% over that period, compared to 47% growth for 90th percentile properties at the top end of the market:

Table 6.2: Distribution of home values among home-owner households, 2001 to 2014 (\$, December 2014 prices)

	Mean	10th percentile	Median	90th percentile
2001	374,027	134,847	283,888	681,332
2002	422,537	137,726	344,315	757,494
2003	486,097	174,754	403,279	833,443
2004	530,158	203,485	446,355	918,966
2005	545,031	229,522	446,292	892,584
2006	571,028	245,905	473,368	983,622
2007	596,308	264,397	480,722	961,443
2008	592,119	276,285	483,499	978,510
2009	608,912	283,209	509,777	1,019,554
2010	629,606	275,595	529,142	1,047,260
2011	610,704	277,715	512,705	1,014,729
2012	600,768	271,992	502,139	993,817
2013	595,046	275,690	510,536	1,021,073
2014	618,276	280,526	500,940	1,001,880
Change 2001–2014	244,249	145,679	217,052	320,548
Percentage change 2001–2014	65.3	108.0	76.5	47.0

The above data, combined with the collapse in home ownership among younger Australians (see below), paints a damning picture of Australia's housing market.

Figure 6.2: Home-ownership rates by age group



Like in New Zealand, housing affordability should be the centre of political focus and debate in Australia. But instead all parties are refusing to address the great housing elephant, let off the hook by an apathetic electorate that prefers to complain about Australia's low medal tally at the Olympics.

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