

# DEMOGRAPHIA

AUSTRALIA

## MEDIA RELEASE

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### ADELAIDE'S HOUSING AFFORDABILITY AT CRISIS LEVELS

- **Housing affordability in Adelaide worse than New York**
- **Adelaide now third most expensive city for cost of land per square metre**
- **International housing affordability think tank establishes Adelaide presence**

Homebuyers are confronted with a housing crisis as new research shows Adelaide is now one of the least affordable cities in the world in which to buy a house - with its housing affordability now worse than in New York.

The annual survey of global property markets by international housing affordability think tank Demographia – which is establishing its first Australian presence in Adelaide – shows the typical Adelaide house costs 6.4 times the median household income. By contrast, the typical house in New York is 5.9 times that mega-city's median household income.

Demographia considers a house price-to-household income ratio of 5.1 or greater is “severely unaffordable”.

The *12th Annual Demographia International Housing Affordability Survey: 2016* rates middle-income housing affordability in 367 metropolitan markets in nine countries (Australia, Canada, China, Ireland, Japan, New Zealand, Singapore, the United Kingdom and the United States). \*\*

The survey identifies Adelaide as one of the least affordable cities in the world in which to buy a house. On a scale of 367 cities assessed, Adelaide ranks near the bottom at number 321.

Demographia's survey shows the typical Adelaide house now costs \$430,000, which is 6.4 times what the middle-income household in the city earns in a year (\$66,700). Reserve Bank data shows in 1980 the affordability index in Adelaide was just 2.9, just inside Demographia's “affordable” rating.

Of equal concern is the rising cost of residential land in Adelaide – it is now the third most expensive city in Australia in which to buy land for housing.

Demographia Australia spokesman Wayne Matthew said housing affordability and its impact on middle-income households in South Australia was reaching crisis levels.

“How did we arrive at the point that living and working in Adelaide and trying to buy a house is a more expensive than living and working in a mega-city such as New York?” Mr Matthew said.

“Without urgent action, this generation of young South Australians is the first that can expect to live in poorer quality housing than the generation that precedes them.

“Housing is the single biggest expense in the household budget and we have house prices skyrocketing relative to incomes. Housing affordability in South Australia will continue to diminish if stricter land use policies, as proposed by the State Government, are included in the current Planning Bill before State Parliament.

“Reduced availability of new land and heavy State taxes and charges on purchasing a home are taking their toll on Adelaide’s housing affordability.

“For these things, successive State Governments are culpable. It is imperative that all of South Australia’s political parties develop policies that will improve housing affordability. It’s Demographia SA’s mission to work with all political parties to help this to occur.”

Long-time housing affordability advocate, SA Senator Bob Day, announced as patron of Demographia Australia, wrote the foreword to the 2016 Demographia survey.

“For more than 100 years the average Australian family was able to buy its first home on one wage,” Senator Day wrote.

“New home owners (now) pay a much higher percentage of their income on house payments than they should. Similarly, renters are paying increased rental costs reflective of the higher capital and financing costs in turn paid by landlords.

"It is important to remember that the 'scarcity' that drove up land prices is wholly contrived - it is a matter of political choice, not geographic reality.

"It is the product of restrictions imposed through planning regulation and zoning."

*\*\* Demographia’s rankings are calculated using the international standard of affordability, a measure called the “Median Multiple” and designed by the World Bank. The standard divides median dwelling prices by gross, annual median household income.*

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## **ABOUT DEMOGRAPHIA**

Demographia is an international housing affordability think tank, founded by American (St Louis) based academic and urban planner, Wendell Cox, as an urban development advocacy organisation.

Demographia advocates “pro-choice housing”: people should have the freedom to live and work, where and how they like.

Demographia’s New Zealand-based advocate is Hugh Pavletich, a Christchurch-based former property developer who is a fellow of the Urban Development Institute of Australia (FDIA) and a widely publicised New Zealand property commentator.

Mr Cox and Mr Pavletich are co-authors of the respected Annual Demographia International Housing Affordability Survey that has been published since 2005 and highlights the housing affordability consequences of inflationary distortions of our residential property markets.

Demographia, has established an Australian presence with the launch of the not-for-profit Demographia Australia, based in Adelaide.

The patron of Demographia Australia is Senator Bob Day AO, a prominent advocate for more than 20 years for the housing industry and of improved housing affordability, who has a long-term association with Demographia.

Demographia Australia’s spokesman is Wayne Matthew, a former South Australian Cabinet Minister, who has undertaken work for the housing and development industries and is an advocate of improved housing affordability.

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