



the voice of the industry

23 February 2016

MEDIA RELEASE

24 Million Reasons to Think Long Term on Housing Supply

The Housing Industry Association, the voice of Australia's residential building industry, today released the 2016 edition of *Housing Australia's Future*, a comprehensive analysis of residential building requirements out to 2050, both nationally and in each state.

"Modelling by the Australian Bureau of Statistics showed Australia's population broke through 24 million just after mid-night last Monday. After many years where new housing supply has fallen short of demographic demand, housing affordability has become a perennial problem in many parts of the country. With a population set to reach 25 million in just a few years, policy makers must make planning for the nation's future housing requirements a higher priority," commented HIA Economist, Geordan Murray.

"By the year 2050, it is highly likely that Australia's population will lie somewhere between 34 million and 42 million. This range implies a very wide array of possibilities, any of which will have a significant determining influence on the amount of residential building activity required in the intervening period."

Future housing needs depend mostly on population growth. However, housing requirements will also be affected by changes in our standard of living and the need to replace existing dwelling stock. The *Housing Australia's Future* report presents a discussion of new homebuilding requirements under three different population growth scenarios, and considers the impact of alternate income growth projections.

"Depending on the pace of population increase and improvements in living standards, as many as 250,000 new dwellings could be required annually. However, this would require an environment of sustained strong economic growth and commensurately high migration. The more likely mid-range growth scenario involves a required build around 188,000 new homes per year," explained Geordan Murray.

"Worryingly, we have only reached the annual level of output required under the mid-range growth scenario on three occasions over the past thirty years. In the absence of substantial policy reform, the risk is that a serious housing deficiency will remain the norm in most capital cities across the country."

"Ensuring that the housing stock and new housing supply match the needs of the community is a near certain way to ensure housing affordability improves. This will require the right number of homes and the right mix of dwelling types being built in the right places."

"While debate about housing supply has recently been caught up with speculation about possible changes to negative gearing rules, it is important to remember that there is a multitude of more important avenues for reform if policy makers are to ensure an appropriate supply of new housing."

"The burden of taxation on new home building is excessive, planning processes are too slow, land supply is inadequate, and we need to see more equitable funding models for the community infrastructure that supports residential development," concluded Geordan Murray.

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