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MEDIA RELEASE

More People Renting and More Apartments

“The symptoms of an under-supplied housing market continue to show-up in today’s census figures,” stated Tim Reardon, HIA’s Principal Economist.

“The number of people living in each dwelling has increased in Sydney and Melbourne to 2.7 people (2.6 nationally). Furthermore, the number of households with six or more people has increased by 20 per cent since 2011.

“There has been a significant increase in the share of the population that is living in a rental property (10 per cent) with a corresponding decline in the number of people that own their own house outright or with a mortgage.

“These figures show that the housing market, in these cities, continues to be under-supplied and inaccessible to new entrants.

“Households are increasingly forced from the owner-occupier market to the rental market.

“The demand for housing continues to exceed the supply of housing leading to high prices and more people per dwelling (e.g. multi-generational housing) as a consequence of the housing affordability squeeze.

“Home-owners have also been increasingly switching away from single dwellings to apartment living. The number of people living in medium and high density has housing increased by 32 per cent since the last census, largely as a consequence of the high cost of land.

“Any additional constraints on the supply of new housing will exacerbate this trend

“The census data also shows that the cost of servicing the average mortgage has fallen. This is largely due to declining interest rates and also the growth in the share of the market that is renting.

“Rental costs have increased by 24 per cent in Sydney and 17 per cent in Melbourne, which is in line with income growth.

“Rental cost increases have slowed in recent years, but are 25 per cent higher than in 2011 nationally. Rental prices were growing quickly at the time of the 2011 Census but that rate of growth has slowed in more recent years,” Mr Reardon concluded.

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