

Affordable Housing for all Australians

#FairHousingAus Fact Sheet

What are the median house prices in Australia?

Research undertaken by the Real Estate Institute of Australia (REIA) shows that the median house price in Australia for the December quarter 2015 was \$695,788, up by 7.4% on the December 2014 quarter.¹ The prices for capital cities are as follows:

Sydney	\$1,05,478	Melbourne	\$718,000
Hobart	\$392,000	Canberra	\$593,000
Brisbane	\$490,000	Darwin	\$608,750
Perth	\$535,000	Adelaide	\$430,000

How does this measure up in affordability terms?

The Annual Demographia Housing Affordability Survey uses a measure called the “median multiple” to determine affordability. This measure divides the median house price by the gross annual median household income. The Survey rates median multiples of 5.1 and over as severely unaffordable. Australia was ranked the worst country out of the nine surveyed with a major market median multiple of 6.4. In terms of the metropolitan markets, Sydney and Melbourne were ranked second and fourth respectively with median multiples of 12.2 and 9.7.²

To put this in perspective, the median gross household income in Australia in 2013-2014 was \$80,496.³ However, because this figure is a median it means that 50% of Australian households earned less than this amount whilst 50% earned more. So the income multiples for those below the median will be even higher than those outlined in the Demographia survey.

Who is buying houses?

Home ownership rates have been falling since 1981 for those aged 25 to 44 years with those in the 25 to 34 age group particularly affected: their rates dropped from 61% to 47% between 1981 and 2011.⁴ At the same time, investment in housing has risen significantly – the number of people negatively gearing residential property rose from 499,735 in 1994 to 1,257,301 in 2014.⁵

What impact upon renters?

As house prices have risen, there has been a corresponding rise in the proportion of households renting – from 918,250 in 1981 to 1,801,464 in 2011. More households are now long-term renters and 5.5% of these are in the bottom 40% of all household incomes. 62.6% of these households are also paying more than 30% of their income in rent.⁶

¹ REIA, Weighted average median house price for eight capital cities at December 2015 quarter.

<http://www.domain.com.au/news/median-house-price-falls-in-capital-cities-for-first-time-in-three-years-real-estate-institute-of-australia-20160311-gng4ug/>

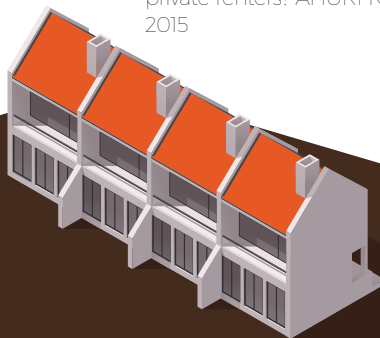
² Demographia, 12th Annual Demographia International Housing Affordability Survey: 2016, pp. 6-15. Available at: <http://www.demographia.com/dhi.pdf>

³ ABS, 6523.0 Household Income and Wealth, Australia, 2013-14. <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6523.02013-14?OpenDocument>

⁴ Yates, J. Trends in home ownership: causes, consequences and solutions. Submission to the Standing Committee on Economic Inquiry into Home Ownership. June 2015

⁵ Daley, J., Wood, D. And Parsonage, H. 2016, Hot property: negative gearing and capital gains tax reform. Grattan Institute. p.25.

⁶ Stone, w., Burke, T., Hulse, K., and Ralston L. How has the private rental sector changed in recent decades, particularly for long-term private renters? AHURI Research & Policy Bulletin Issue 185, February 2015



Affordable housing is everyone's right.

#FairHousingAus | To find out why, visit www.stkch.org.au

This message has been brought to you by St Kilda Community Housing, 102 St Kilda Road, St Kilda.

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