

MEDIA RELEASE

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Housing supply not matching population growth in some capital cities

New research from the Australian Housing and Urban Research Institute (AHURI) and the Bankwest Curtin Economics Centre (BCEC), reveals that increases in housing stock in Sydney and Perth have failed to match population growth in these capitals.

Housing supply responsiveness in Australia: distribution, drivers and institutional settings, led by Professor Rachel Ong, Deputy Director of BCEC, examines closely how well supply is keeping up with demand across Australia's regions and capital cities.

Professor Ong said while national growth in Australia's housing stock has kept pace with population growth over the last ten years, the picture is very different for some of our major capitals.

"Increases in Perth and Sydney's housing stock over the past ten years have been insufficient to match the increase in their growing populations, with supply-side barriers more acute in Sydney than Perth," Professor Ong said.

The report also finds that the issue of housing affordability is more nuanced than previously thought, with most new housing in the nation concentrated in mid-to-high price market segments.

"We'd normally expect to see a trickle-down effect, where building higher-value homes leads to the opening up of lower-value homes for those on lower incomes. Our research indicates this isn't the case, meaning an increase in housing supply is not leading to better housing affordability," Professor Ong said.

"This indicates that a broader policy response is needed to address the structural impediments that weaken the 'trickle down' impact on new housing supply. There is a real need for targeted government intervention, including measures that improve financial incentives for developers to build at the lower end of the housing market."

A positive finding from the report is that the supply of units is more likely to be concentrated in job-rich areas, with more than 50 per cent of new units built in the highest job density areas in Australia.

"A likely result of that will be shorter commuting time to work, which offers an important boost to productivity," Professor Ong said.

The report is available to download from the AHURI website at <http://www.ahuri.edu.au/research/final-reports/281>

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