

Final Report

The implications of changes in the labour market for the ownership aspirations, housing opportunities and characteristics of first home buyers

authored by

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TABLE OF CONTENTS

Acknowledgements	ii
Executive Summary	iv
1. Literature on Housing & Labour Markets	1
1.1 Introduction	1
1.2 Trends in Australian Labour Markets.....	1
1.3 Links between Housing & Labour Markets	2
1.4 Neoclassical analysis of Housing & Labour Markets.....	2
1.5 Social analysis of Housing & Labour Markets.....	3
1.6 The Changing Pattern of Home Ownership	4
1.7 Rational Renters	4
1.8 Overview of Literature & Rationale for the Project	4
2. Identifying First Home Buyers.....	6
2.1 Selection of Participants.....	6
2.2 Survey Instrument	6
2.3 Validation of Sample	6
3. Views of First Home Buyers	9
3.1 Household Composition	9
3.2 Employment Characteristics.....	11
3.3 Financial Circumstances	12
3.4 Job Security	15
3.5 The Decision to Buy	17
3.6 Impact of Job Security on the Decision to Buy.....	21
3.7 Housing Costs.....	23
3.8 Buying versus Renting a Home	26
3.9 Property Characteristics	28
3.10 Rational Renters.....	31
4. Summary & Discussion of Findings	32
5. Policy Implications.....	35
6. Conclusion	37
References.....	38
Appendix 1 Validation of Sample.....	40
Appendix 2 Survey Instrument	44

EXECUTIVE SUMMARY

Structure of the report

The report begins with an introduction to the project and the aims of the research within the context of labour market change in Australia. Next it provides a policy context for the study before reviewing some of the current literature on labour market change and the implications for housing markets. Finally the paper explains the methodology of the project, identifies the research findings and reviews the policy implications of the research.

Introduction

This study considered how experiences of labour market change, in particular the lack of job security resulting from more casual and contract employment, might be influencing the characteristics, attitudes to home ownership and housing opportunities of new purchasers. This is an important research issue given the evidence suggesting that the traditionally high proportion of homebuyers in Australia – as distinct from outright owners has fallen by about ten per cent over the last decade. While the implications of labour market change are presumed to be impacting on home ownership aspirations across all income groups there has been no attempt to specifically seek out, in a disaggregated form, the attitudes and coping mechanisms of first time buyers.

Policy Context

Australia's welfare and housing policies have been predicated for 50 years on the perceived merits of home ownership. Welfare benefits both during employment and on retirement have been based on household investment being extended over time through home ownership. Home ownership levels, particularly within younger age households, may be compromised if the risks of home purchase in a changing job market, are perceived as exceeding the long held tenets of capital gain, security of tenure, and inflation hedge. For an ageing population any change in purchaser behaviour particularly in the cohort who would traditionally have entered home ownership as early as possible, is significant.

The research focused on South Australia (SA) where the project team had immediate access to, and familiarity with the necessary data. As well significant findings are of immediate interest in a state which exhibits the fastest ageing population, the rapid sell off of what were considerable levels of public housing stock, the highest level of casual and part time employment in Australia and the highest mainland unemployment rate. The project included the Adelaide Statistical Division (ASD) Mt Gambier, Murray Bridge and Port Lincoln in order to identify whether labour market issues were different between metropolitan and non-metropolitan areas.

Research Aims

The project aimed to survey first time homebuyers who had bought in SA within the last two years (January 1999 through to December 2000). This period included the introduction of the Federal Governments Goods and Services Tax (GST) on the 1st July 2000 and the \$7000 First Home Owners Grant, a grant available to all purchasers who had not owned property before in Australia either individually or as a household.

The survey and its analysis aimed to

- determine first time buyer profiles in terms of employment, their expectations and attitudes to job security, if and how, this has influenced the timing, location, borrowing arrangements, or nature of their home purchase, their future commitments in terms of HECS and how well off they believe themselves to be.
- document purchasing of first time buyers explicitly within a two-year period and identify when, where, how and what they are buying by means of linkage to the SA Sales History Property File (Department of Administrative and Information Services (DAIS), SA)..

- explore their experience of renting and their attitude to both tenures in terms of their ability or willingness to relocate for job opportunities.
- identify those who have bought previously tenanted properties and explore their attitudes to purchase.
- explore future housing investment intentions in order to identify so-called “rational renters”.

Literature on Housing & Labour Markets

Introduction

The literature relating to the issue of labour market change and implications for first time buyers suggests that while work patterns in Australia are changing significantly, the indications for the housing market are less clear. This review provides a review of labour markets trends in Australia before discussing some of the literature that identifies links between housing and labour markets. It then examines the possible implications of labour market change for housing markets including levels of new home ownership.

Trends in Australian Labour Markets

Figures taken from the ABS publication *Australian Social Trends* (2001) indicate that two main trends in Australian labour markets between 1990 and 2000 were increasing concentrations of the workforce in the service sector, from 68 to 73 per cent of employees and increasing levels of part time employment, from 21 to 26 per cent of employees. . Another significant trend has been the increasing levels of casual employment particularly in the male work force. In the 10 years between 1988 and 1998, 69 per cent of net growth in the number of employees in Australia was in casual employment (ABS 1999). Over the same period there was a 115 per cent increase in the number of male casual employees from 415,000 to 894,000. Casual workers are not entitled to paid holiday or sick leave and have no expectation of ongoing employment. However they may receive higher rates of pay to compensate for the lack of job security and paid leave.

This rise in casual employment has been accompanied by increasing levels of labour turnover as a result of more casual employment. ABS findings (1998, 1998a, 1998b) indicate that in terms of job permanency some 14 per cent of the Australian workforce change their job or business, or the locality of their workplace approximately every 12 months and that of this group some 25 per cent are represented by those between the ages of 20 to 24 years. While about 38 percent of employed persons work for their current employer/business for over five years, 21 percent of employed persons work for their current employer/business for less than one year and a further 21 percent work for their current employer/business for only one to two years. The same findings show that the majority of self identified casual workers and other employed persons work for their current employer/business for two years or less. Thus security of employment beyond two years does not exist for over 40 percent of the Australian workforce.

In Australia between 1973 and 1993 part time jobs grew by 164 per cent while full time jobs grew by only four per cent (Kemp 1996). Of those working part time an increasing number are looking for more hours, from 18 per cent in 1990 to 24 per cent in 2000. Some 50.3 per cent of part time workers are working part time for “work related” reasons that is there is no other employment available (ABS 1998).

As well as changing employer or business, more Australians are changing occupation. Of the 1 million Australian who changed employer or business in 2000, 37.6 per cent also changed occupation (ABS 2001) while of the 27 per cent who left work involuntarily in 2000, almost two thirds had been retrenched (ABS 2001).

There has been an increased need for mobility in terms of job location and job type particularly for those under 30 years (Kemp 1996). School leavers into 2000 can expect to change their career, not just their job, three times in their working life (Kemp 1996). A graduate can expect to change jobs seven times and four of these will be involuntary (Kemp 1996).

Links between Housing & Labour Markets

The literature linking housing and labour markets is growing. Most writers seek to demonstrate the association qualitatively through sociological analysis such as Allen & Hamnett (1991), Paris (1993), Winter & Stone (1999), Malone (1996), Badcock & Beer (2000). Or quantitatively through models which attempt to identify points of equilibrium between the two markets Bover, Muelbauer & Murphy (1989), Blanchflower (1989), Meen (1997), Meen & Andrew (1998).

Neoclassical analysis of Housing & Labour Markets

Historically econometric studies have shown that housing prices have an important role in wage formation and hence employment levels (Bover, Muelbauer & Murphy 1989, Blanchflower & Oswald 1989). Other studies have examined how labour market developments have affected different sectors of the housing market with labour market experience predicting housing tenure (Wadsworth 1999). Research carried out along neoclassical lines has identified that the housing market may have important effects on the labour market in terms of restricting labour mobility (Hughes 1986) or in raising unemployment Minford, Peel & Ashton (1987). While this project will not be attempting to quantify this relationship at a macro level, it will be asking individual first time purchasers if they believe home ownership restricts mobility in terms of relocation in an existing job or the gaining of new employment.

Alternatively Meen (1998) has shown that labour markets have profound outcomes for housing demand. He discusses the influence of structural changes in labour markets on housing demand and demonstrates that the income elasticities of aggregate housing demand are lower as a result of changes in the labour market. In other words rising incomes are not being reflected in proportionally higher levels of housing demand as labour market restructuring is creating uncertainty and acting as a shock mechanism to discourage demand. This project will attempt at a household level only to determine the relationship between financial well being and levels of income and borrowing, repayment rates and prices paid for first homes given greater job insecurity. While elasticities are not measured some inferences could be drawn about income elasticities for first time buyers with respect to housing demand at least in terms of prices paid, if not in housing units sold.

Social analysis of Housing & Labour Markets

In Australia the housing market has been analysed in terms of social structures by Winter & Stone (1998) who review socio tenurial polarization and come to the conclusion that the housing market is a means of ameliorating inequalities arising from the labour market. This project aims to give some insights into the relationship between employment tenure, income levels, and actual house purchase in terms of prices paid, size of borrowings and repayment rates. This may allow for some comment on whether housing markets mirror or mask disparities in income and job security at least for first time buyers.

Watson (1991) discusses the role of gender in the shifting relationship between home and work and explores definitions of class from a feminist perspective. She discusses the increasing role of women in the part time and informal sectors of the labour market against a background of declining welfare provision and reduced public expenditure (Watson 1991). At the same time greater rates of participation in the labour force by women may be reflected in greater interest in the housing market and this project will consider whether the household composition of first time buyers is changing when compared to earlier ABS findings.

The Changing Pattern of Home Ownership

Home ownership levels in Australia have fallen over the last ten years especially in terms of new purchasers, have been documented (Yates 1999, Bourassa Greig & Troy 1995, Berry & Dalton 2000). Badcock and Beer (2000) have forecast a continuation of this decline and suggest that the current national level of 66 per cent will be down to 50 per cent and probably closer to 40 per cent in Sydney, Melbourne and Brisbane within the next 30 years. According to Badcock and Beer (2000) labour market changes are having one of the most dramatic effects in that changes in employment characteristics have

implications for people's housing options. Demands that the merging work force be more flexible and mobile may reduce opportunities for, but also inclinations towards, long term housing commitments. This is an important issue for first time buyers and this project will consider the issue of alternative investments and determine attitudes to buying and to renting across different employment categories and within the framework of greater job insecurity.

Mudd (1999) proposes the notion of "rational renters". He suggests that private renting is becoming the tenure of choice not only for those who cannot afford anything else but also for the job mobile who wish to invest elsewhere. These are households who may consider it more financially beneficial to invest in assets other than owner occupied housing. This he proposes may apply to people capable of achieving high rates of return in increasingly broad avenues of investment or where opportunities for home ownership are in areas of low appreciation. Alternatively they may have a deliberate strategy of renting themselves but also owning other property for others to rent

Overview of Literature & Rationale for the Project

In conclusion most writers are convinced of the relationship which exists between housing and labour markets and the impact of labour market change on home ownership as a tenure option is coming under examination. Analysis and application of the current literature offers an important conceptual and policy platform for this project. A project which sets out to document the housing aspirations of Australia's next generation of home owners, aspirations which are set against a backdrop of rising credit levels, contractual employment, single households and alternative investment paths. The implications of increased labour market change are presumed to be impacting on home ownership aspirations across all income groups. However there has been no attempt to specifically seek out, in a disaggregated form, the attitudes and coping mechanisms of first time buyers when faced with job insecurity, rising debt and casualisation of employment. This project will test whether attitudes to, and reasons for, first home purchase are different across employment categories and if different levels of job security are impacting on financial well being and on the decision to buy a first home.

Yates has documented the increasing propensity for younger aged cohorts to remain in the rental sector longer. Badcock and Beer (2000) have discussed how labour market changes may be reducing not just opportunities for, but also inclinations towards, long term housing commitments. However there has been little documentation of the attitudes of new home purchasers to the rental tenure as against ownership especially in light of job insecurity. Malone (1996) has suggested that the need for greater job mobility may be resulting in an increasing tendency for households to live in the rental market. This research will attempt to identify the strength of conviction about home ownership as a financial goal and whether it is viewed as any form of encumbrance to job mobility by first time buyers. Mudd (1999) proposes the notion of "rational renters" who have purchased homes but remain themselves in the rental market. This project will be innovative in attempting to identify these so called rational renters within first time buyers who have the potential to displace other households in greater need within the private rental market.

Therefore in light of the literature reviewed the research questions posed in this study are

- Do first time homebuyer expectations and attitudes to job security influence the nature of their housing purchase?
- How financially well off do first time buyers consider themselves to be and what is the level of their future financial commitments for instance to HECS?
- What, where, when and how are first time housing buyers purchasing housing?
- Do first time buyers believe home ownership to have any influence on their ability and willingness to relocate for employment opportunities?
- To what extent are "rational renters" part of the first time housing buyer market?
- Are the answers to these questions different between metropolitan and non-metropolitan areas?

Identifying First Home Buyers

The main research instrument was a postal survey of first time homebuyers who had made their purchase during the period 1st January 1999 to 31st December 2000. This period includes the introduction of the Federal Governments Goods and Services Tax (GST) on the 1st July 2000 and the \$7000 First Home Owners Grant, a grant available to all purchasers who had not owned property before in Australia either individually or as a household. The study area included the Greater Adelaide Metropolitan Area (GAMA) and the regional centres of Mount Gambier, Murray Bridge and Port Lincoln.

After one follow up letter, 1167 questionnaires were returned which equalled an overall response rate of 21%. This was made up of 508 households who were first time homebuyers which equals 3% of the estimated total first time buyer population in SA for 1999 & 2000. When broken down into 6 months periods there was an even spread of purchasers over the 2-year period of the survey though a slightly larger proportion of buyers, 27.5%, had bought in the final 6 months of the study. This period, between July and December 2000, saw the introduction of the Federal Governments \$7000 First Home Owners Grant.

Summary & Discussion of Findings

- First time buyers in less secure employment are not necessarily disadvantaged in terms of the level of household income - gross weekly household incomes for casual employees are comparable to those in permanent employment. However contract and self employed employees have, on average, lower household incomes than those in permanent employment.
- The majority of households across all employment categories are not concerned about job security especially in the next 12 months (64 per cent). However of those who are very concerned about job security, most are in casual employment (16.7 per cent). Regional households are particularly optimistic about their job security.
- For the majority of first time buyers in both metropolitan and regional households, the timing of purchase was influenced most by a saved deposit, low interest rates, affordable housing and flexible lending.
- For recipients of the Federal First Home Owner's Grant, the grant was the most important item in the timing of purchase.
- For those in permanent employment the birth of a child and future house price increases were also important in terms of timing. For those in less secure employment a new job, government grants and stamp duty exemption were important. For those with no full time work the problem in finding rental accommodation was an important factor.
- For regional buyers job relocation and stamp duty exemption were important items in the timing of their purchase.
- The majority of first time buyers (60 per cent) irrespective of location, employment category or year of purchase agreed that experience of job security had influenced their purchase. For many households it has resulted in a deliberate strategy of risk aversion whereby they looked in a lower price range (22 per cent), borrowed from a reputable though possibly more expensive lending institution (22 per cent), bought a cheaper home (18.7 per cent) or borrowed less (18 per cent). Those in permanent and casual employment had also delayed buying. Those in contract and self employment had bought sooner.
- Most households on weekly incomes of less than \$500 have taken out the maximum loan. Most households who are finding it difficult financially have taken out the maximum loan (59 per cent).
- Most of those households for whom job security is of greatest concern have taken out the maximum loan (65 per cent).
- Most first time buyers (52.5 per cent) believe that owning a home makes no difference to moving to a new job including 62 per cent of those in casual employment.

- Forty six per cent of households believe that owning a home does make relocation in an existing job more difficult.
- Across all employment categories first time buyers believe that buying gives you a place of your own and is a better long term investment than renting. Those in permanent employment feel more strongly that it is a good idea for families and young couples to own.
- In terms of purchase most households are conservative in their borrowing and are buying relatively cheap homes. There is more of a relationship between price and employment category than between price and household income.
- The majority of those who received first home owner grants have bought low priced homes on moderate to high incomes. Sixty per cent had not taken out the maximum loan offered to them
- The number of rational renters is very small (3.5 per cent), 90 per cent of these are in permanent employment. They are buying relatively cheap homes with substantial amounts of their own equity.

Lack of job security is creating changes in purchaser behaviour and in the ways in which housing markets are demarcated. For first time buyers, employment categories rather than income levels are more likely to determine housing choice. First time buyers as a result of their experience of job security, are adopting a deliberate strategy of lowering risk by borrowing less, buying cheaper homes and paying off the mortgage as quickly as possible. For those in less secure casual employment this is especially so when government subsidies and exemptions are immediately available. However for some households there is little choice but to borrow as much as possible and these are likely to be households who are finding it difficult financially, who are on lower incomes and in contract or self employment. For other households including those in permanent employment the propensity to buy more with higher income is not so apparent. As suggested in Meen's thesis (1998) job insecurity is impacting on propensities to purchase. Higher household incomes are not necessarily resulting in the purchase of more housing or in the case of this project, more expensive homes, even for those in permanent employment. These are households who do have choice about what and how much to buy and may be electing to invest elsewhere. At the same time a number of households on higher incomes are in casual employment, which explains their reluctance to borrow heavily or to buy an expensive home. Both of these factors could result in increased competition for cheaper homes which will disadvantage those seeking to buy on lower incomes but is entirely rational for first time buyers in less secure employment or for those wishing to reduce risk by diversifying their investments.

Implications for Housing Policy

Policy makers need to be aware of the changing dynamics in the first time buyer market as a result of greater labour market insecurity. Many risk averse first time buyers, including those in permanent employment are deliberately purchasing cheaper homes and for those who can, borrowing relatively less. Most wish to pay off their loans as quickly as possible and are therefore borrowing conservatively. This includes many recipients of the First Home Owner's Grant, a number of whom may be on above average incomes but are being assisted in the purchase of relatively cheap homes.

Those in less secure employment even on higher incomes are showing caution in their purchase. Thus security of employment rather than income is defining choice. There is a suggestion that income elasticities may be falling in that increased wealth may not necessarily result in a comparable increase in demand. In terms of this project those on higher incomes are not necessarily buying more expensive homes. These changes will increase competition at the lower end of the market and disadvantage those on lower incomes that wish to become home owners. This would suggest the need for ongoing targeted support for these families who may be facing greater job insecurity as well as increased competition for the least expensive homes.

This study shows that interest rates and housing affordability are the key triggers in the first time buyer decision to purchase and that with declining interest rate levels many first time buyers have taken out loans predicated on optimistic expectations of continued employment and belief in their future financial

well being. As such government supported financial counselling which is articulated appropriately and based on a sound understanding of the client base is proposed especially for first home buyers on lower or less secure incomes. This recommendation is supported by the research finding that many of those households who can only afford to buy the less expensive homes, take out the maximum loan available in order to do so. Also that many lower priced homes were being purchased by households where two incomes were necessary in order to meet the repayments.

While first home buyer grants, such as the \$7000 grant for established homes, are enticing, this study shows they are only as important as other factors such as stamp duty exemption and interest rates in facilitating first home ownership. Federal grants designed to boost general levels of consumption also fuel house prices and impact on housing affordability across the board. As reported by the ABS as of June 2001 house prices had risen by 8.2 percent across Australia, the fastest for a decade. In this environment first home buyers are at greatest risk as they are most exposed to interest rate increases, have the least equity and therefore least ability to cope with adverse circumstances. As this project indicates, grants and exemptions are an important factor in the timing of purchase by those in the least secure, casual employment. Also that a number of those households who have borrowed the maximum loan available to them, and these are generally on lower incomes, are finding it difficult financially.

Therefore it is recommended that such grants should be targeted, as this would better facilitate those on the margin of home purchase and impact less on general price levels. Also rising prices especially for homes within the range of first time buyers encourage profit taking by investors in the rental market which adds further pressure to the rental sector especially at the low cost end. Such targeting should be appropriate and judicious so as to ensure the long term viability of those buying for the first time on low incomes and could be placed within the context of existing programs such as Home Start in SA and KeyStart in Western Australia.

Introduction

This project considered the links between labour and housing markets by focusing on an assessment of the implications of labour market change for first time home buyers in South Australia (SA). It aimed to establish if access to home ownership has been, or is being affected, by recent changes in the Australian labour market, in particular the lack of job security resulting from more casual and contract employment. This is an important research question given the evidence suggesting that the traditionally high proportion of homebuyers in Australia – as distinct from outright owners within the population has fallen by about ten per cent over the last decade (Yates 1997, 1999).

The literature relating to the issue of labour market change suggests that while work patterns in Australia are changing significantly in terms of increasing part time and casual employment, the outcomes for the housing market are less clear. This study aimed by means of a survey of first time buyers to examine how experiences of labour market change may be influencing the characteristics, attitudes to ownership and housing opportunities of new purchasers. It explored to what degree new entrants into the housing market believe home ownership to be impacting on their employment opportunities. It also identified to what extent first time buyers view home ownership as a means of future income either through capital gain or through renting out their property to others. It was seen as an introductory project with a committed time line that establishes some base line research in the area.

The research focused on SA where the project team had immediate access to, and familiarity with the necessary data. As well significant findings are of immediate interest in a state which exhibits the fastest ageing population, the rapid sell off of what were considerable levels of public housing stock, the highest level of casual and part time employment in Australia and the highest mainland unemployment rate. The project included three towns outside the Adelaide Statistical Division (ASD) Mt Gambier, Murray Bridge and Port Lincoln in order to identify whether labour market issues were different between metropolitan and non-metropolitan areas.

Research Aims

The project aimed to survey first time homebuyers who had bought in SA within the last two years (January 1999 through to December 2000). This period included the introduction of the Federal Governments Goods and Services Tax (GST) on the 1st July 2000 and the \$7000 First Home Owners Grant, a grant available to all purchasers who had not owned property before in Australia either individually or as a household. The study area included the Greater Adelaide Metropolitan Area (GAMA) and the regional centres of Mount Gambier, Murray Bridge and Port Lincoln.

The survey aimed to

- Determine first time buyer profiles in terms of employment, their expectations and attitudes to job security, if and how, this has influenced the timing, location, borrowing arrangements, or nature of their home purchase, their future commitments in terms of HECS and how well off they believe themselves to be.
- Document purchasing of first time buyers explicitly within a two-year period and identify when, where, how and what they are buying by means of linkage to the SA Sales History Property File (Department of Administrative and Information Services (DAIS), SA).
- Explore their experience of renting and their attitude to both tenures in terms of their ability or willingness to relocate for job opportunities.
- Identify those who have bought previously tenanted properties and explore their attitudes to purchase.
- Explore future housing investment intentions in order to identify so-called “rational renters”.

Policy Context

Australia's welfare and housing policies have been predicated for fifty years on the perceived merits of home ownership. Welfare benefits both during employment and on retirement have been based on household investment being extended over time through home ownership. Retirement pension levels and retirement village ownership arrangements anticipate the majority of Australians entering retirement as outright homeowners. Tenure within retirement villages is offered in the form of a license or lease, the price of which normally reflects close to market prices for similar types of property. These licenses extend for the duration of time within a village and must be paid in full upon entry. There are no mortgages or loans offered and as such if they wish to enter a retirement village, most retirees must sell the family home in order to afford entry. For an ageing population any significant change in purchaser behaviour particularly in the cohort who would traditionally have entered home ownership as early as possible, merits review.

Historically most Australians have been able to secure a home through the market place although well subsidised via cheap sale of public housing and first home owners schemes. Home ownership levels have remained stable at approximately 70 per cent over the last 30 years (Yates 1999). However this is beginning to change and falling levels of home ownership in Australia have been documented by Bourassa (1995), Yates (1999), 2000) Berry (2000) and Winter and Stone (1999). If home ownership is declining then this will have an impact not only on those who would traditionally have entered this tenure but also upon the people whom they may displace in other housing tenures (Wulff & Evans 1998). Single income households find it increasingly difficult to purchase as housing prices and borrowing arrangements reflect the purchasing power of the dual income household. When home ownership becomes less attractive the demand on the private rental sector increases which usually triggers a rise in rental housing costs and a lowering of vacancy levels. This in turn displaces those at the lower end of the rental market, which increases pressure on public housing (National Shelter 2000).

For SA issues of employment, job mobility and security, and costs attached to career changes, retraining and the upgrading of tertiary qualifications, are particularly significant in a state which has struggled with economic restructuring compounded by public sector cutbacks, resulting in considerable job losses and discernible out migration (Badcock 1995). SA has one of the fastest ageing populations with some 28 per cent of its population over the age of 50. Declining propensities for home ownership are significant in a welfare system that has been premised on the notion that most people will enter old age owning their own home. A more sustainable private rental market may better match the needs of the emerging SA labour market and facilitate new job growth and interstate mobility (MacLennan 1996).

1. LITERATURE ON HOUSING & LABOUR MARKETS

1.1 Introduction

The literature relating to the issue of labour market change and implications for first time buyers suggests that while work patterns in Australia are changing significantly, the indications for the housing market are less clear. This review provides a review of labour markets trends in Australia before discussing some of the literature that identifies links between housing and labour markets. It then examines the possible implications of labour market change for housing markets including levels of new home ownership.

1.2 Trends in Australian Labour Markets

Figures taken from the ABS publication *Australian Social Trends* (2001) indicate that two main trends in Australian labour markets between 1990 and 2000 were increasing concentrations of the workforce in the service sector, from 68 to 73 per cent of employees and increasing levels of part time employment, from 21 to 26 per cent of employees. Another significant trend has been the increasing levels of casual employment particularly in the male work force. In the 10 years between 1988 and 1998, 69 per cent of net growth in the number of employees in Australia was in casual employment (ABS 1999). Over the same period there was a 115 per cent increase in the number of male casual employees from 415,000 to 894,000. Casual workers are not entitled to paid holiday or sick leave and have no expectation of ongoing employment. However they may receive higher rates of pay to compensate for the lack of job security and paid leave.

This rise in casual employment has been accompanied by increasing levels of labour turnover as a result of more casual employment. ABS findings (1998, 1998a, 1998b) indicate that in terms of job permanency some 14 per cent of the Australian workforce change their job or business, or the locality of their workplace approximately every 12 months and that of this group some 25 per cent are represented by those between the ages of 20 to 24 years. While about 38 percent of employed persons work for their current employer/business for over five years, 21 percent of employed persons work for their current employer/business for less than one year and a further 21 percent work for their current employer/business for only one to two years. The same findings show that the majority of self identified casual workers and other employed persons work for their current employer/business for two years or less. Thus security of employment beyond two years does not exist for over 40 percent of the Australian workforce.

In Australia between 1973 and 1993 part time jobs grew by 164 per cent while full time jobs grew by only four per cent (Kemp 1996). Of those working part time an increasing number are looking for more hours, from 18 per cent in 1990 to 24 per cent in 2000. Some 50.3 per cent of part time workers are working part time for "work related" reasons that is there is no other employment available (ABS 1998).

As well as changing employer or business, more Australian are changing occupation. Of the 1 million Australian who changed employer or business in 2000, 37.6 per cent also changed occupation (ABS 2001) while of the 27 per cent who left work involuntarily in 2000, almost two thirds had been retrenched (ABS 2001).

There has been an increased need for mobility in terms of job location and job type particularly for those under 30 years (Kemp 1996). School leavers into 2000 can expect to change their career, not just their job, three times in their working life (Kemp 1996). A graduate can expect to change jobs seven times and four of these will be involuntary (Kemp 1996).

There has been an increase both in the number of people unemployed, 494 200 to 634 500 and the unemployment rate, from 5.6 to 6.3. Between 1980 and 2000 the full time employment rate for young people aged 15-24 years decreased from 53 percent to 35 percent. Also although people are working longer hours, fewer are covered by entitlements. The number of workers employed without leave entitlements has increased from 19 percent in 1990 to over 27 percent in 2000 (ABS 2001).

Within SA some 29.5 percent of the workforce are employed part time, the highest national figure, with 27.5 percent of those who work part time wanting more hours, again the highest rate for Australia. John Spoehr (2001) comments that while Australia has a much higher density of casual employment than other nations SA stands out within the nation as being the most precarious labour market. He writes of how the decline in male dominated full time jobs is creating further job pressure with men now competing with women for part time and casual employment. SA experienced a net loss of 20,000 full time jobs in the decade 1990 to 2000 with part time and casual employment the main job growth area (ABS 1998). Ninety six per cent, that is 17,000 of the 18,000 jobs created in SA in the three years up to 2000, were part time while the median weekly earnings of a casual worker in SA are only 44 per cent that of a permanent employee.

Stephen Long (1998 p21) has described a bleak picture of the Australian labour market as being fractured by globalisation, which he considers, is dividing cities and regions into districts of success and failure. He writes of globalisation "splitting cities along fault lines of employment opportunity, dividing the wealth boroughs where knowledge workers reside from the marginalised industrial suburbs housing routine producers and the jobless." He confirms that Sydney is capturing most of the high status employment in the knowledge economy while regional cities such as Adelaide are "engaged in a bidding war for the mortgage processing centres and phone farms that house the knowledge economy's back office functionaries". Long writes (1998 p21) that we are no longer in "Robert Reich's Work of Nations same large boat lifted and propelled together". Instead only those who are able to compete in a global labour market will continue to float. The rest, Long suggests, will sink.

1.3 Links between Housing & Labour Markets

The literature linking housing and labour markets is growing. Most writers seek to demonstrate the association qualitatively through sociological analysis such as Allen & Hamnett (1991), Paris (1993), Winter & Stone (1999), Malone (1996), Badcock & Beer (2000). Or quantitatively through models which attempt to identify points of equilibrium between the two markets Bover, Muelbauer & Murphy (1989), Blanchflower (1989), Meen (1996), Meen & Andrew (1998). In both approaches housing outcomes are recognised as the consequence of interacting variables and relationships between people, dwellings and organizations. Housing is seen within a framework which recognises that housing provision, tenures and prices are part of a wider process of social and economic change (Paris 1993).

1.4 Neoclassical analysis of Housing & Labour Markets

Historically econometric studies have shown that housing prices have an important role in wage formation and hence employment levels (Bover, Muelbauer & Murphy 1989, Blanchflower & Oswald 1989). Other studies have examined how labour market developments have affected different sectors of the housing market with labour market experience predicting housing tenure (Wadsworth 1999). Research carried out along neoclassical lines has identified that the housing market may have important effects on the labour market in terms of restricting labour mobility (Hughes 1986) or in raising unemployment Minford, Peel & Ashton (1987). While this project will not be attempting to quantify this relationship at a macro level, it will be asking individual first time purchasers if they believe home ownership restricts mobility in terms of relocation in an existing job or the gaining of new employment. Responses to these questions will be analysed in terms of employment categories whether, permanent, contract, casual or self employed to see whether particular job tenures impact more on the ability of first home buyers to change employment.

Alternatively Meen (1998) has shown that labour markets have profound outcomes for housing demand. He suggests that "for the majority of families, the largest source of income and contribution to savings is derived from earnings and therefore the structure of the labour market and shocks to it are expected to have profound implications for household behaviour in the goods, credit and housing markets" (Meen 1998 p396). He discusses the influence of structural changes in labour markets on housing demand and

demonstrates that the income elasticities of aggregate housing demand are lower as a result of changes in the labour market. In other words rising incomes are not being reflected in proportionally higher levels of housing demand as labour market restructuring is creating uncertainty and acting as a shock mechanism to discourage demand. This project will attempt at a household level to determine the relationship between financial well being and levels of income and borrowing, repayment rates and prices paid for first homes given greater job insecurity. While elasticities are not measured some inferences could be drawn about income elasticities for first time buyers with respect to housing demand at least in terms of prices paid, if not in housing units sold.

Malone (1996) suggests that the need for greater job mobility may be resulting in an increasing tendency for households to live in the rental market. He writes that those moving out of home ownership could indicate a more permanent change associated with the need for greater mobility in a dynamic and more flexible labour market. This project will consider the issue of job mobility and flexibility in terms of home ownership and determine the attitudes of first time buyers from a variety of backgrounds and employment categories. It will also consider the advantages and disadvantages of each tenure for first time buyers including those who have suffered a decrease in income through loss of employment, as well as those who have received government grants as an incentive to purchase.

1.5 Social analysis of Housing & Labour Markets

Neoclassical discussion of the housing market alone may fail to recognize many of the inefficiencies and realities of the housing market in which consumption is constrained by capital markets and finance and where provision is often out of step with demand. Doogan (1996) suggests that most studies have emphasized the impact of the housing market on labour markets and that there have been few systematic attempts to establish the interrelationships between labour and housing markets. He picks up on criticisms of the neoclassical approach in which he suggests "...remarkable little effort is expended in ascertaining cause and effect in the mathematical relationships" (Doogan 1996 p202)). While no causal relationships will necessarily be inferred, this is an important issue for first time buyers and this study will ask them directly how they believe job insecurity has impacted on their home purchase.

In Australia the housing market has been analyzed in terms of social structures by Winter & Stone (1998) who review socio tenurial polarization and come to the conclusion that the housing market is a means of ameliorating inequalities arising from the labour market. "Our empirical findings lead us to conclude that the housing market appears to be acting to ameliorate rather than exacerbate those inequalities arising from the labour market" (Winter & Stone 1998 p17). This project aims to give some insights into the relationship between employment tenure, income levels, and actual house purchase in terms of prices paid, size of borrowings and repayment rates. This may allow for some comment on whether housing markets mirror or mask disparities in income and job security at least for first time buyers.

Watson (1991) discusses the role of gender in the shifting relationship between home and work and explores definitions of class from a feminist perspective. She discusses the increasing role of women in the part time and informal sectors of the labour market against a background of declining welfare provision and reduced public expenditure (Watson 1991). At the same time greater rates of participation in the labour force by women may be reflected in greater interest in the housing market and this project will consider show whether the household composition of first time buyers is changing when compared to earlier ABS findings.

Badcock (1995) highlights the relationship between the two markets by recognizing that the impact of the changing division of labour on the household will be quite selective according to whether or not and how many members are actively employed. He suggests this will continue to stratify household incomes in Australia and that a strong dichotomy is anticipated between those households with no wage earners and those with two and this dispersion of incomes will be translated into the housing market. Those households that have two wage earners are most likely to become home owners; those without a wage earner will find it increasingly difficult to find affordable accommodation in any tenure. For first time

buyers in particular this is an issue and this project will consider numbers who contribute to the mortgage and link this to borrowing levels, repayment rates and purchase price in an attempt to identify if there are households at special risk because of job insecurity.

Susan Smith (1989) argues also that the housing histories of individuals are strongly influenced by employment imperatives. However she considers the picture to be a complex one and suggests there is no single unidimensional relationship between income and access to properties of different price. In other words there is no single housing ladder. This project will attempt to identify how factors such as job relocation, pay rises, interest rates, and borrowing arrangements impact on the timing of first home purchase and whether it changes for different employment categories. It will also consider the nature of the relationship between income levels and prices paid by first time buyers.

1.6 The Changing Pattern of Home Ownership

Home ownership levels in Australia have fallen over the last ten years especially in terms of new purchasers, have been documented (Yates 1999, Bourassa Greig & Troy 1995, Berry & Dalton 2000). Badcock and Beer (2000) have forecast a continuation of this decline and suggest that the current national level of 66 per cent will be down to 50 per cent and probably closer to 40 per cent in Sydney, Melbourne and Brisbane within the next 30 years. According to Badcock and Beer (2000) labour market changes are having one of the most dramatic effects in that changes in employment characteristics have implications for people's housing options. Demands that the merging work force be more flexible and mobile may reduce opportunities for, but also inclinations towards, long term housing commitments. This is an important issue for first time buyers and this project will consider the issue of alternative investments and determine attitudes to buying and to renting across different employment categories and within the framework of greater job insecurity.

1.7 Rational Renters

Finally Mudd et al (1999) propose the notion of "rational renters". Private renting may be the tenure of choice not only for those who cannot afford anything else but also for the job mobile who wish to invest elsewhere. These are households who may consider it more financially beneficial to invest in assets other than owner occupied housing. This, they suggest, may apply to people capable of achieving high rates of return in increasingly broad avenues of investment or where opportunities for home ownership are in areas of low appreciation. Alternatively they may have a deliberate strategy of renting themselves but also owning other property for others to rent.

1.8 Overview of Literature & Rationale for the Project

In conclusion most writers are convinced of the relationship which exists between housing and labour markets and the impact of labour market change on home ownership as a tenure option is coming under examination. Analysis and application of the current literature offers an important conceptual and policy platform for this project. A project which sets out to document the housing aspirations of Australia's next generation of home owners, aspirations which are set against a backdrop of rising credit levels, contractual employment, single households and alternative investment paths. The implications of increased labour market change are presumed to be impacting on home ownership aspirations across all income groups. However there has been no attempt to specifically seek out, in a disaggregated form, the attitudes and coping mechanisms of first time buyers when faced with job insecurity, rising debt and casualisation of employment. This project will test whether attitudes to, and reasons for, first home purchase are different across employment categories and if different levels of job security are impacting on financial well being and on the decision to buy a first home.

Yates has documented the increasing propensity for younger aged cohorts to remain in the rental sector longer. Badcock and Beer (2000) have discussed how labour market changes may be reducing not just opportunities for, but also inclinations towards, long term housing commitments. However there has been little documentation of the attitudes of new home purchasers to the rental tenure as against ownership especially in light of job insecurity. Malone (1996) has suggested that the need for greater job mobility may be resulting in an increasing tendency for households to live in the rental market. This research will attempt to identify the strength of conviction about home ownership as a financial goal and whether it is viewed as any form of encumbrance to job mobility by first time buyers. Mudd (1999) proposes the notion of “rational renters” who have purchased homes but remain themselves in the rental market. This project will be innovative in attempting to identify these so called rational renters within first time buyers who have the potential to displace other households in greater need within the private rental market.

Therefore in light of the literature reviewed the research questions posed in this study are

- Do first time homebuyer expectations and attitudes to job security influence the nature of their housing purchase?
- How financially well off do first time buyers consider themselves to be and what is the level of their future financial commitments for instance to HECS?
- What, where, when and how are first time housing buyers purchasing housing?
- Do first time buyers believe home ownership to have any influence on their ability and willingness to relocate for employment opportunities?
- To what extent are “rational renters” part of the first time housing buyer market?
- Are the answers to these questions different between metropolitan and non-metropolitan areas?

2. IDENTIFYING FIRST HOME BUYERS

2.1 Selection of Participants

The main research instrument was a postal survey of first time homebuyers who had made their purchase during the period 1st January 1999 to 31st December 2000. The study area included the Greater Adelaide Metropolitan Area (GAMA) and the regional centres of Mount Gambier, Murray Bridge and Port Lincoln. An efficient process that identifies first time home purchasers has not been detailed in any of the literature reviewed. In South Australia the transfer of real estate is registered at a central government agency, The Lands Titles Office (LTO), of the Department of Administrative and Information Services (DAIS). During the study period 53239 transfers of residential property were recorded for the GAMA. The transfers comprised first time homebuyers who intended to occupy their home, first time homebuyers who intended to rent their home, and homebuyers who had previously or still owned other real estate. The sales were filtered to remove properties purchased in a company or government agency name and those properties where the purchaser had previously owned other real estate in SA. This resulted in a sales population of 30256 sales.

Approximately 60 per cent of these sales (18000) were estimated to be first time home buyers (DAIS 2000) with the balance comprising purchasers who had previously owned real estate under a different registered name or have previously owned real estate either interstate or overseas. To support this estimation the ABS (Housing Finance for Owner Occupation Cat 5609.0) identified that for 1999 and 2000, 15288 first home buyers received financing for home purchase in SA. As some 90 per cent of first time buyers require a mortgage this equates to an estimated population of 17000 households. The first home buyer population was then stratified by suburb (Figure 1) and a proportional random sample was drawn from each suburb (Figure 2). The survey was distributed to 4000 households within the GAMA and 1500 between the three regional centres.

2.2 Survey Instrument

The survey (Appendix 2) aimed to

- Determine first time buyer profiles in terms of employment, their expectations and attitudes to job security, if and how, this has influenced the timing, location, borrowing arrangements, or nature of their home purchase, their future commitments in terms of HECS and how well off they believe themselves to be.
- Document purchasing of first time buyers explicitly within a two-year period and identify when, where, how and what they are buying by means of linkage to the SA Sales History Property File (Department of Administrative and Information Services (DAIS), SA)..
- Explore their experience of renting and their attitude to both tenures in terms of their ability or willingness to relocate for job opportunities.
- Identify those who have bought previously tenanted properties and explore their attitudes to purchase.
- Explore future housing investment intentions in order to identify so-called "rational renters".

2.3 Validation of Sample

After one follow up letter 1167 questionnaires were returned which equalled an overall response rate of 21%. This was made up of 508 households who were first time homebuyers which equals 3% of the estimated total first time buyer population in SA for 1999 & 2000. Of these households 23% had purchased between January and June 1999, 27% had purchased between July and Dec 1999, 22% had purchased between January and June 2000 and 28% had purchased between July and December 2000.

To validate the sample responses and hence the attitudes and views of first time buyers, comparisons of household characteristics were made using the Confidential Unit Record Files of two previous ABS home owner surveys, the 1999 ABS Household Survey (ABS 2001) and the ABS 1998 Housing Occupancy & Cost Survey (2000). Tables 7 to 10 (Appendix 2) detail this comparison. For key items such as percentage of couple households, age of households, employment status and dwelling type, the SA survey shows similar values to the ABS survey. However one item, the number of single households, is higher than that represented in the ABS findings. This we believe to be the result of bias in the survey responses. A postal, rather than a face to face, survey as used by the ABS is likely to elicit a higher return from single households.

Tests for independence were also carried out to determine the degree of difference for these characteristics between the GAMA and the three regional centres. These tests (Appendix Table 11) indicated a level of association between location and household composition, dwelling structure, previous tenure and income level and these have been reported on separately for metropolitan and regional households. No measures of association were found in terms of the age category, income source, length of time in main job or job category of the reference person. For the purposes of this paper most of the results for Adelaide and the regional centres are combined as many of the attitudinal responses showed similar trends for metropolitan and non-metropolitan households. However, where appropriate, findings are reported separately for the Metropolitan and non-metropolitan households. Finally validation of the GAMA responses in terms of property characteristics was carried out by means of comparison with the residential sales history file identifying the total population of potential first time buyers in Metropolitan Adelaide (Appendix 1 Tables 30 to 35).

Figure 1 Estimate of First home buyers Adelaide Metropolitan Area, 1999-2000

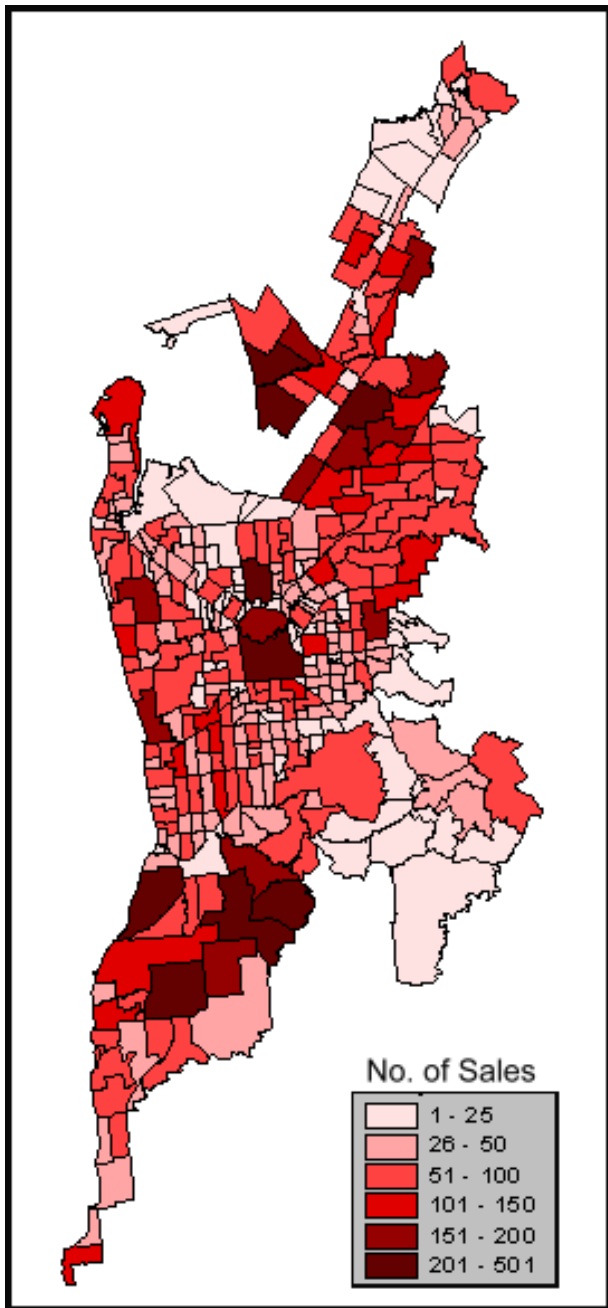
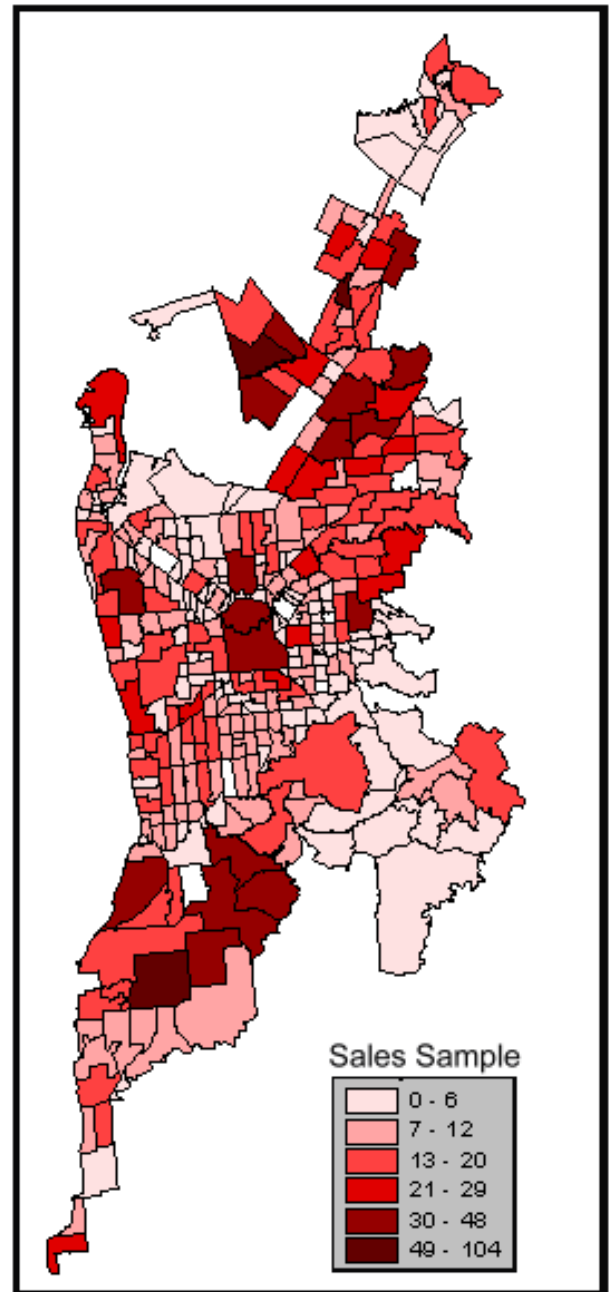


Figure 2 First home buyers sales sample: Adelaide Metropolitan Area, 1999-2000



3. VIEWS OF FIRST HOME BUYERS

The findings are presented in line with the project objectives of identifying first time buyer profiles including employment characteristics and experiences of the job market in terms of security, their financial circumstances, and attitudes to job security. Next there follows discussion of their decision to buy and how job security has influenced this decision. Housing costs are covered next and the implications of employment on these costs. Finally attitudes to buying over renting are covered characteristics of purchased properties discussed, with attitudes to property as an investment and the identification of “rational renters” explored.

3.1 Household Composition

The majority of the 508 survey respondents (56.1%) were aged between 25 to 34 years (Table 1). This compares to ABS profiles (ABS 2000a) which indicate that on average some 55 per cent of first time buyers are aged between 25 to 34 years and 10.7 percent are under 25 years. In this survey some 18.4 per cent of buyers were under 25 years with female purchasers (12.1 per cent) dominating the age group.

Table 1 First Home Owners - Gender by Age Category (n=508)

	Under 25 years	25 to 34 years	35 to 44 years	45 to 54 years	55 to 64 years	65+ years	Total
Female	12.1	27.3	8.3	2.2	0.8		50.6
Male	6.3	28.9	10.5	2.4	1.2	0.2	49.4
	18.4	56.1	18.8	4.5	2.0	0.2	100%

In line with ABS findings (2000a), which suggested that young couples were most likely to be first time buyers, this survey is dominated by couples (61.7 per cent) with childless couples representing 34.6 percent of households and couples with dependent children some 25.1 percent (Table 2). However in line with an earlier pilot survey, a significant proportion of first time buyers were single households (31.6 percent) with approximately half of this group being female purchasers. This figure is considerably higher than that reported in the ABS Australia Household Survey (ABS 2001) which reported that for metropolitan areas some 12.9 percent of households were single. The ABS survey of Income and Housing Costs (2000a) reported that single households represented some 17.3 per cent of first time buyers.

Table 2 First Home Owners - Gender by Household Composition (n= 508)

	Couple only	Couple with dependent children	Couple - other	One parent - one family	Lone person	Other	Total
Female	19.6	9.1	1.4	3.0	15.4	2.4	50.8
Male	15.0	16.0	0.6	0.2	16.2	1.2	49.2
Total	34.6	25.1	2.0	3.2	31.6	3.6	100%

The high number of single purchasers also distinguishes Adelaide buyers from those in regional SA where the majority of country purchasers continue to be couples (Figure 3).

Of the households who bought their first home after June 30th 2000, 101 had received the First Home Owner’s Grant and are characterised by young female purchasers. Of those who received the grant 17.8 per cent are young females under 25 years (Table 3), while almost one quarter of all recipients were lone female households (Table 4).

While single households are important over the whole survey period this percentage of single female purchasers represents a distinct shift in buyer profile over the earlier 18 month purchase period between January 1999 and June 2000, which was characterized by young couples.

Figure 3 Household Composition by Location

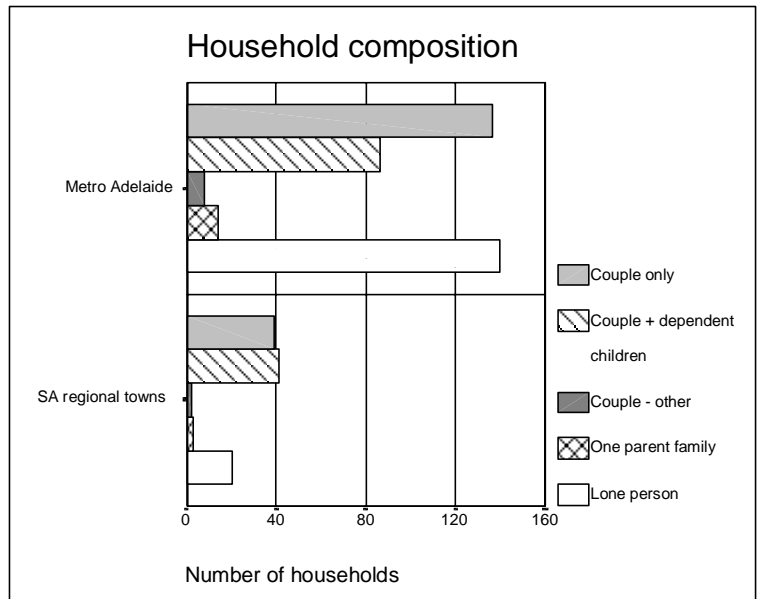


Table 3 Recipients of Federal First Home Grant - Gender by Age (n=101)

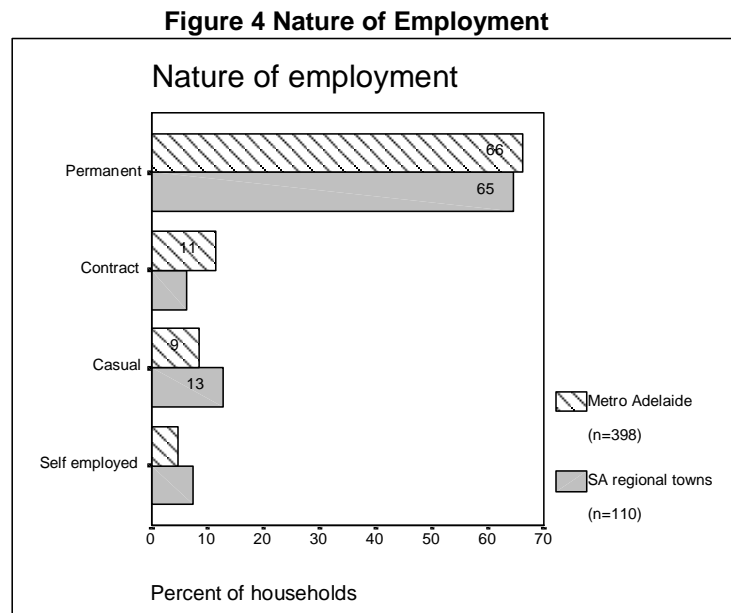
	Under 25 years	25 to 34 years	35 to 44 years	45 to 54 years	55 to 64 years	Total
Female	17.8	26.7	6.9	1.0	1.0	53.5
Male	5.9	27.7	10.9	1.0	1.0	46.5
Total	23.8	54.5	17.8	2.0	2.0	100%

Table 4 Recipients of Federal First Home Grant - Gender by Household Composition (n=101)

	Couple only	Couple with dependent children	Couple - other	One parent - one family	Lone person	Other	Total
Female	16.8	7.9	1.0	2.0	23.8	2.0	53.5
Male	16.8	14.9			12.9	2.0	46.5
Total	33.7	22.8	1.0	2.0	36.6	4.0	100%

3.2 Employment Characteristics

Over 95.0 percent of households had at least one member currently employed. Sixty five percent were in some form of permanent employment with 62.0 per cent in full time permanent employment. Some 10.0 per cent were employed under contract with nine per cent employed on a casual basis. Some five per cent of households were self employed. The number of households on contract employment was slightly higher for Adelaide (11.0 per cent) (Figure 4) while casual employment was higher in the regional centres (13.0 per cent). The majority of respondents (52.4 percent) were employed in an administration, managerial, professional or semi professional capacity. Over 32.7 per cent of households worked more than 40 hours per week, 10.0 per cent had a second job and almost 12 per cent put in at least 10 hours of over time every week.



In line with ABS estimates (ABS 2000) some 28.2 per cent of respondents had held their present job for no more than two years while 38.5 per cent had held their present job for longer than five years (Table 5). Almost 55 per cent of those in casual employment and 43.2 per cent of those under contract employment, had not held their present job for longer than two years. On the other hand 42.0 per cent of those currently in permanent employment had been in their present job for at least five years. This indicates that job tenure for first home buyers at present in casual or contract employment has historically been less secure than for those currently in permanent employment.

Table 5 Nature of Employment by Length of Time in Main Job (n=458)

	More than 10 years	5 to 10 years	2 to 4 years	1 to 2 years	Under 12 months	Total
Permanent	16.8	25.5	34.2	11.1	10.5	100
Contract	5.9	19.6	31.4	15.7	27.5	100
Casual	6.3	12.5	27.1	27.1	27.1	100
Self employed	26.9	23.1	15.4	19.2	15.4	100
Total	15.1	23.4	32.1	13.8	14.4	100%

Some 40.2 per cent of households had held at least two full time jobs in the past five years (Table 6). Of those in casual employment 42.9 per cent had not had any full time work in the last five years. A substantial number of those currently self employed (34.6 per cent) had not held a full time position in the last five years. Some 33.6 per cent of casual workers and 50 per cent of contract workers had successfully changed jobs at least twice in the last five years. Fifty four per cent of permanent employees had held one full time job for the same time period. In summary most first home buyers currently in permanent employment are likely to have been in full time work for at least two years while for those in casual employment now, the chances of continual full time employment would appear to be significantly reduced.

Table 6 Nature of Employment by Number of Full time Jobs in Past 5 Years (n=458)

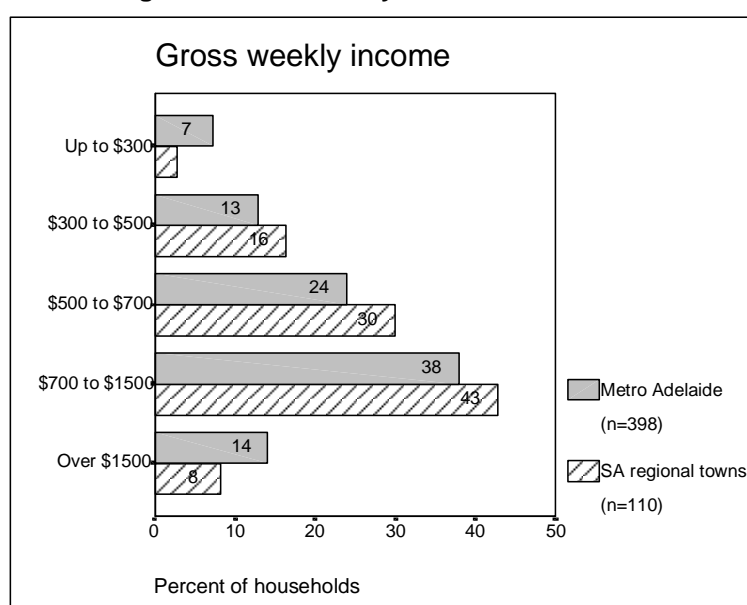
	Over 6	4 to 6	2 to 3	1	No full time job	Total
Permanent	1.5	4.5	36.0	54.1	3.9	100
Contract		7.7	42.3	38.5	7.7	100
Casual		4.3	29.8	23.4	42.6	100
Self employed			7.7	53.8	34.6	100
Total	1.1	4.6	34.5	49.1	10.0	100%

3.3 Financial Circumstances

Some 44.1 per cent of first time buyers were on gross weekly household incomes of up to \$700 with 13.5 per cent on weekly incomes of over \$1500. Most metropolitan (38.0 per cent) and regional households (43.0 per cent) were on incomes of \$700 to \$1500 a week (Figure 5). Some 14.0 per cent of metropolitan first time buyers were on weekly incomes of over \$1500. Compared to the regional centres incomes in city households showed greater spread in that a larger proportion of city households were either in the in the lowest or the highest income bracket.

For those in permanent or casual employment, household incomes were similar. The majority in each employment group were in the \$700 to \$1500 bracket with some 13.0 per cent within each group earning over \$1500 a week (Table 7).

Figure 1 Gross Weekly Household Income



The majority of casual employees (65.2 per cent) had a household income of over \$700 per week. However when compared with casual or permanent employees, more self employed (28 per cent) and contract households (27.5 per cent), were on weekly incomes of less than \$500. In summary permanent employees do not appear to be advantaged in terms of income levels when compared to casual employees. However fewer contract and self employed households were on household incomes of over \$500 when compared to permanent and especially casual employees.

Table 7 Nature of Employment by Income (n=458)

	Up to \$300	\$300 to \$500	\$500 to \$700	\$700 to \$1500	Over \$1500	Total
Permanent	5.6	13.0	27.3	40.4	13.7	100
Contract	5.9	21.6	13.7	45.1	13.7	100
Casual	4.3	8.7	21.7	52.2	13.0	100
Self employed	16.0	12.0	16.0	44.0	12.0	100
Total	6.1	13.5	24.5	42.3	13.5	100%

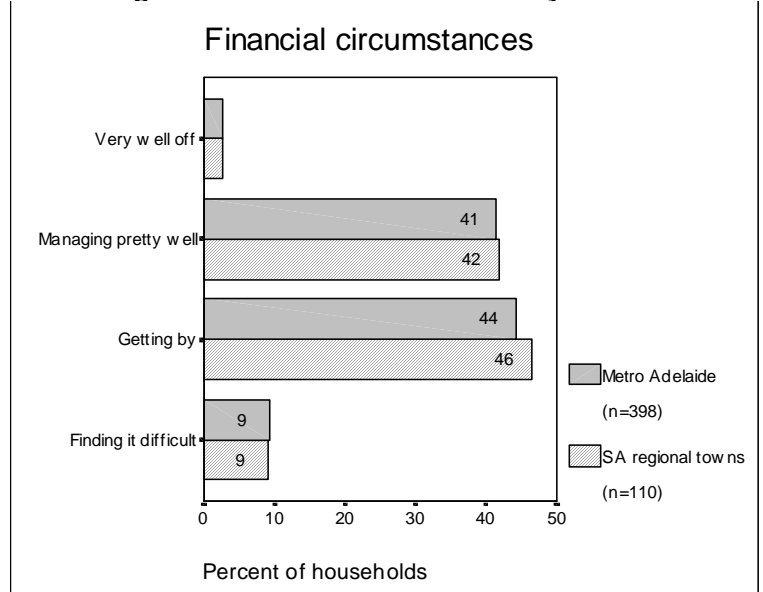
Twenty three per cent of respondents had experienced a decrease in their annual income over the last 12 months with 6.9 percent experiencing a decrease in working hours and almost 5 per cent loss of employment within the household (Table 8). On the other hand 46.2 per cent of households had enjoyed an increase in annual income over the last 12 months. When based on more than one response as an explanation for this increase, 42.4 per cent had received a pay rise, 14.2 percent had increased their working hours while 7.0 per cent had gained employment.

Table 8 Reasons for Income Increase or Income Decrease

Income increase	Rank	n	%	Income decrease	Rank	n	%
Pay rise	1	185	42.4	Decrease in working hours	1	28	6.9
Increase in working hours	2	58	14.2	Loss of employment	2	19	4.7
Gain in employment	3	28	7.0	Pay decrease	3	15	3.8
Gained 2 nd job	4	20	4.9	Loss of 2nd job	4	10	2.5
Drop in interest rates	5	14	3.5	Rise in interest rates	5	3	.8
Investment returns up	6	11	2.8	Investment returns down	6	1	.3
Started own business	7	10	2.5	Drop in pension	6	1	.3
Paid lump sum	8	5	1.3				
Rise in pension	8	5	1.3				

Most households, some 45 per cent, considered themselves to be “getting by” financially with 42 per cent “managing pretty well” (Figure 6). Nine percent were “finding it difficult” while four per cent considered themselves to be “very well off”. Such a result might be expected given that first up home purchase is normally predicated upon financial well being. Similar percentages for each category were shown for metropolitan and regional purchasers. Thirty two percent of households held a bachelor degree or higher while 19 percent of households had at least one member of the household still studying. As a result over 25 per cent of respondents did have an outstanding Higher Education Contribution commitment with 15 per cent of household owing over \$10,000.

Figure 6 Financial Circumstances by Location



Levels of financial well being appear to be strongly associated with income levels in that significantly fewer households on higher incomes were “finding it difficult” financially (). Over 100 households (19.6 per cent of total respondents) on incomes over \$700 were managing pretty well while eighteen households on no more than \$300 per week (1.9 per cent of total respondents) were “getting by” with a small number “finding it difficult” financially. No household on an income over \$1500 per week was finding it difficult while eight households (1.5 per cent of total respondents) considered themselves to be “very well off”.

Figure 7 Gross Weekly Household Income

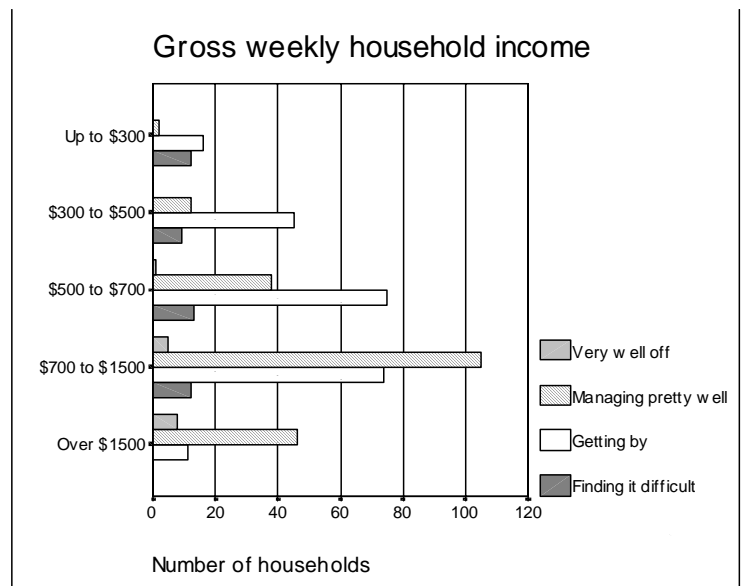
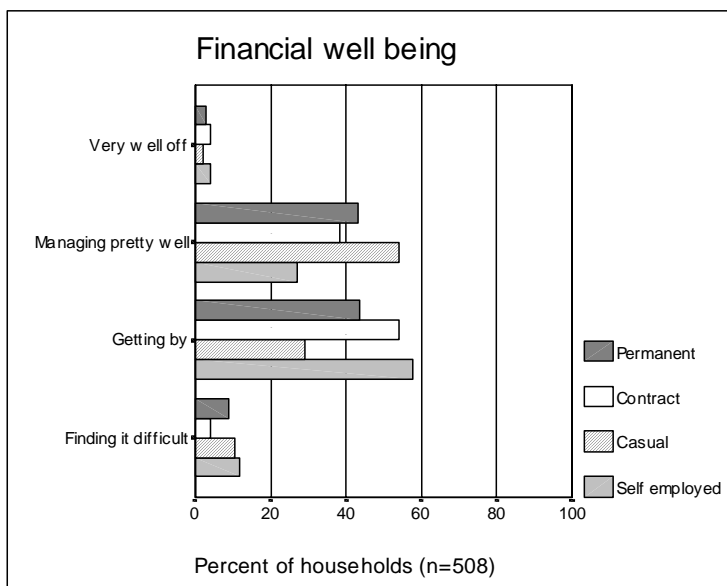


Figure 8 Financial Well Being



Statements of financial well being are also consistent with the earlier break down of income levels by employment category. The majority of contract (54.0 per cent) and self employed households (58.0 per cent) who are generally bringing in lower incomes considered themselves to be “getting by” while the majority of casual worker thought themselves to be “managing pretty well” (54.0 per cent). Given their high income levels overall this would seem appropriate (Figure 8).

In summary a household’s sense of financial well being appears to be closely aligned to income levels in that most household on higher incomes feel they are at least “managing pretty well” and some feel “very well off”. These sentiments are also in line with employment category, in that, most permanent and casual employees feel that financially they are at least “managing pretty well”. This is consistent with their higher level of household income. More of those in contract and self employment feel they are just “getting by” or “finding it difficult” financially and these are the job categories where incomes are generally lower

3.4 Job Security

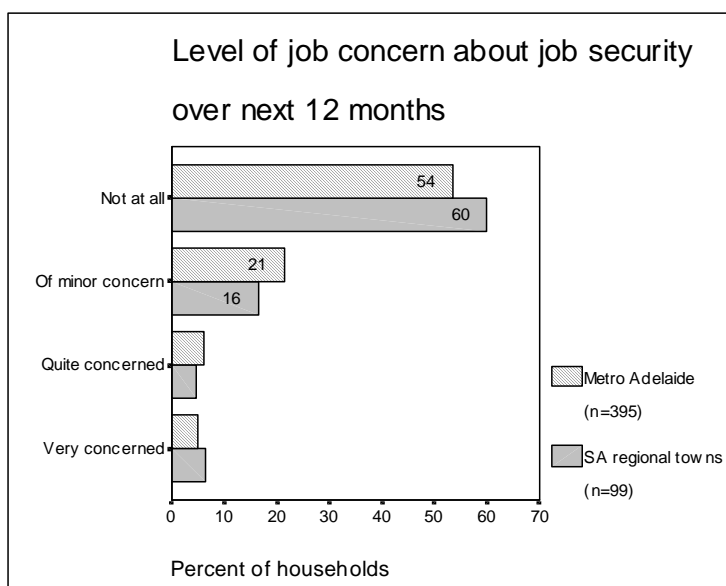
Some 64.4 per cent of respondents overall were “not at all” concerned about job security over the next 12 months while 22.9 per cent considered job security a minor concern in the short term. Overall the majority of households in every employment category were “not at all concerned “ about their job security. However the employment category of the main income earner, whether permanent, contract, casual or self-employed, did show some association with attitudes towards job security especially in the short term. Of those who were “very concerned” about their job security into the next 12 months most, 16.7 per cent were casual employees (Table 9), a figure which is three times higher than that recorded for households overall (5.7 per cent). In contrast only 4.5 per cent of permanent employees were “very concerned”. Most permanent employees, almost 70 percent were “not at all concerned” about their job security into the next 12 months.

Table 9 How Concerned about Job Security over next 12 months by Nature of Employment (n=419)

	Not at all concerned	Of minor concern	Quite concerned	Very concerned	Total
Permanent	69.0	22.0	4.5	4.5	100
Contract	52.2	21.7	19.6	6.5	100
Casual	45.2	26.2	11.9	16.7	100
Self employed	61.1	33.3	5.6		100
Total	64.4	22.9	6.9	5.7	100%

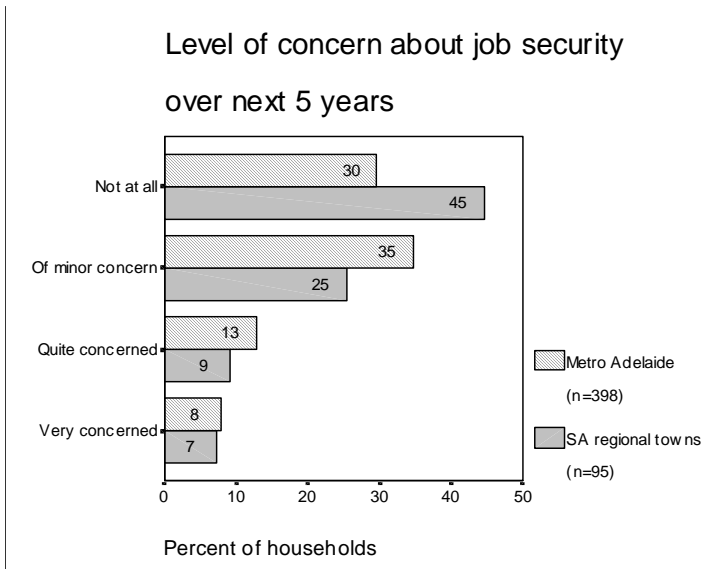
Levels of concern into the next 12 months were similar for metropolitan and non metropolitan households though more regional households were “not at all” concerned” about job security in the short term (Figure 9). Over all more pessimistic views are held of employment in the longer term with more households in both country and city being at least “quite concerned” about their job security into the next 5 years (Figure 10). However a number of regional households are very optimistic about their job prospects in the longer term with some 45 per cent “not at all” concerned about their job security. This could relate to the strong levels of economic and employment growth presently enjoyed by regional centres such as Mount Gambier, Murray Bridge and Port Lincoln as a result of expanding viticulture, fishery, tourism and local manufacturing.

Figure 9 Level of Concern about Job Security



There was no strong association in terms of income change and attitudes towards future job security in the short term. This held true as much for households where income had decreased (78 households) as for those where it had increased in the last 12 months (234 households). Both for households where there had been an increase and for those where there had been a decrease, there were similar percentages in each category. For those with a decrease 56.1 per cent were “not at all concerned”, while for those with an increase 65.7 per cent were “not at all concerned” about their job security over the next 12 months. Only 7.6 per cent of those with an income decrease were “very concerned” about their job security.

Figure 10 Level of Concern about Job Security



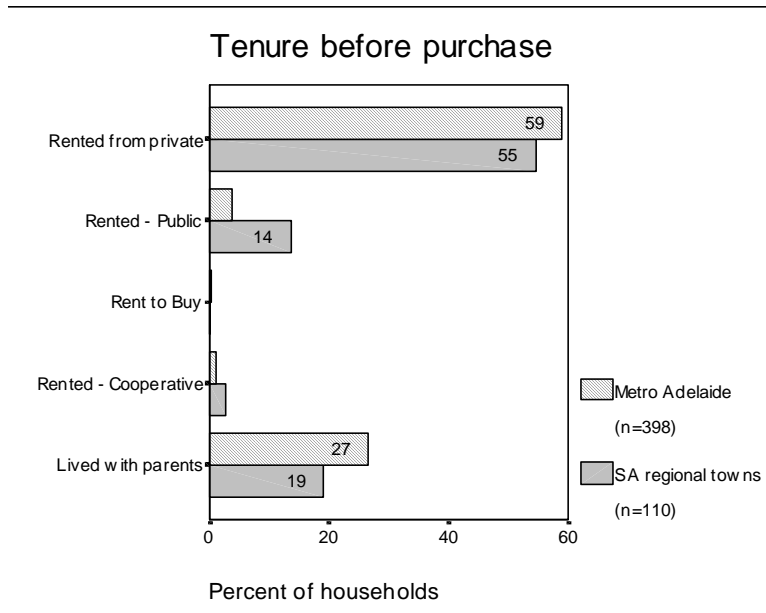
This overall lack of concern about job security especially in the short term could be understood given the relatively high income levels achieved particularly by permanent and casual employees. This is also reflected in their estimation of household financial circumstances as being one of “managing pretty well”. It might also be explained by the fact that survey respondents are, in the main, recent participants in the workforce who have not known anything else other than their present level of job security. So far in their working lives they have not had to adjust to a major change in their employment arrangements. This view is supported by the earlier discussion which suggested that most permanent employees have been in that form of employment for at least two years while most casual or contract employees have not known any real job security over a similar time period.

Some 33.6 per cent of casual workers and 50 per cent of contract workers had changed jobs at least twice in the last 5 years while 42.3 per cent of those currently in permanent employment have been in their present job for at least five years. In conclusion those households fortunate enough to be in permanent employment now have not experienced anything else and are exhibiting fairly high levels of security. On the other hand those in contract and casual employment have likewise only known short term employment arrangements and are not particularly worried about their future job security especially in the immediate future. There are households who are “very concerned” or at least “quite concerned” about their job security now and into the future but at the time of this survey, these were very much in the minority.

3.5 The Decision to Buy

Sixty-five per cent of households had rented their previous dwelling while 25.1 per cent of all respondents had formerly lived with their parents on a nominal or rent free basis. Previous tenure distinguishes Metropolitan from non Metropolitan buyers (Figure 11) in that a higher proportion of regional buyers had rented from the public sector before buying their first home (14.0 per cent) while more city purchasers had lived previously with their parents (27.0 per cent). The greater availability of public housing in regional centres and the higher costs of renting in the city probably account for these differences. Forty six households had bought a dwelling they had previously rented. Most of this group had bought from a private landlord (39.0 per cent) with some 30 per cent buying from friends or family. Many of these purchasers were significantly older than most first time buyers. Thirty per cent were in the 35 to 44 year of age bracket and a very large majority, 76.1 per cent, was in permanent employment.

Figure 11 Tenure before Purchase



Over the period of the survey there was an even spread in purchaser numbers though a slightly larger proportion of first home buyers, 28 per cent, had bought in the final 6 months between July and December 2000 (Table 10). The two year survey period covered both the announcement and the introduction of the Goods and Services Tax (GST) and the introduction of the Federal Governments \$7000 First Home Owners Grant, a grant available to all purchasers who had not owned property before in Australia either individually or as a household. The GST, which was anticipated to increase the price of new dwelling by about seven per cent, does not appear to be a significant factor in determining purchaser numbers, a finding reinforced by its ranking (Table 11). It would appear that in terms of purchaser numbers, the Federal First Home Owners Grant has been successful in compensating for any negative impact from the GST.

Table 10 Purchase Periods

Time period	% of survey respondents who purchased	Federal Government Policy
Jan to June '99	22.9%	6 months prior to announcement of a Federal Goods and Services Tax (GST)
July to Dec '99	26.9%	Announcement of a GST to be introduced 1 st July 2000 (effectively 7% increase on cost of new dwelling construction)
Jan to June '00	22.1%	Up to 12 months after announcement of GST
July to Dec '00	28.0%	Introduction of GST 1 st July & introduction of \$7000 Federal Government First Home Owner Grant (available for all dwellings)

For most first time buyers the timing of their decision to buy was influenced most by having saved a deposit, the existing financial climate of low interest rates, flexible lending arrangements and affordable house prices especially when linked to expected house prices increases (Table 11). However a new job or relocation in an existing job are ranked low as factors in the decision to buy. This may reflect Adelaide's size spatially, which allows for relatively easy access by public and private transport to most parts of the Metropolitan area. For those who had purchased after June 2000 the Federal First Home Owners Grant was the most important item in the timing of when to buy closely associated with the affordability of house prices at the time. Given SA's relatively low house prices when compared to other states (median price June 2000; Sydney \$383,700; Melbourne \$227,600, Adelaide \$168,000) the \$7000 grant appears to have acted as a substantial incentive to purchase. For many SA first time buyers this grant could represent the full deposit on a home, that is, up to 10 per cent of the purchase price.

For those households who had bought their previously rented dwelling they too suggested the most important factors in their decision to buy were affordable house prices (63 per cent), saved a deposit (52.1 per cent), and low interest rates (41.0 per cent). The availability of the Federal First Home Owner Grant was also considered a very important factor by 30.4 per cent.

When the items are broken down by employment category to distinguish permanent (334 households: 65.7 per cent of total respondents), contract (52 households; 10.2 per cent of total respondents), casual (48 households: 9.4 per cent of total respondents) and self employed households (26; 5.1 per cent of total respondents), the timing of purchase continues to be dominated by the gathering of a deposit and the affordability of house prices. At the other end of the scale relocation in an existing job, birth of a child, relationship change or a child starting a new school, are not important. This can be understood given that many purchasers are young, single and childless. However items such as a new job or relocation in an existing job were ranked higher by those with non permanent employment that is contract (13th and 14th), casual employment (equal 11th) or self employed (11th and 12th) when compared to those enjoying permanent employment (14th and 16th). This would indicate that while financial items may dominate overall in terms of timing, those households on less secure employment are taking some account of job security. And those in the least secure casual employment category are taking most account of items such as a new job or job relocation in terms of when to buy their first home.

Table 11 Factors Important in Timing of First Home Purchase

First Home Buyers	n	Mean*	Recipients of Federal Grant	n	Mean*
Saved a deposit	493	2.55	Federal First Home Owners Grant	101	2.60
Affordable house prices	499	2.53	Saved a deposit	100	2.47
Low interest rates	503	2.23	Affordable house prices	100	2.46
Flexible lending arrangements	495	2.13	Flexible lending arrangements	99	2.25
Expected house prices to rise in next 12 months	496	1.65	Low interest rates	101	2.13
Low inflation rate	494	1.59	Expected house prices to rise in next 12 months	100	1.58
Federal First Home Owners Grant	456	1.59	Low inflation rate	100	1.54
Expected interest rates to rise in next 12 months	496	1.56	Expected interest rates to rise in next 12 months	101	1.41
State stamp duty exemption	484	1.46	State stamp duty exemption	101	1.39
Pay rise	492	1.35	Pay rise	101	1.35
Introduction of GST	471	1.28	Introduction of GST	101	1.27
Expected rents to rise in next 12 months	491	1.21	Expected rents to rise in next 12 months	101	1.13
Getting hard to find rental accommodation	489	1.13	Getting hard to find rental accommodation	101	1.08
Birth of a new child	481	1.11	Birth of a new child	100	1.05
New job	484	1.11	New job	101	1.04
Relationship change	478	1.03	Relationship change	100	1.00
Relocation in existing job	480	1.01	Relocation in new job	100	1.00
Child starting a new school	479	0.96	Child starting a new school	100	0.92

*Based on a Likert Scale 1 Not important to 3 Very important

When the absolute differences in ranking across the four employment categories are estimated the same financial items of a saved deposit, affordable prices and a low inflation rate show the least difference (Table 12). The absolute differences in ranking are based on the sum of the differences in ranking for each factor between all possible pairs of groups. Households in every employment group have ranked these financial items in the same way. However there are considerable differences in the ranking of stamp duty exemption, which is ranked significantly higher by those in casual employment, and expected house price increase, which is ranked significantly lower again by those in casual employment. Those in casual employment also rank the Federal First Home Grant higher. It would appear that government subsidies and allowances that are available immediately might be critical factors in the timing of first home purchase by those in less secure employment. Alternatively house price rises some time into the future may not be an issue. Employment related items such as a new job or relocation in an existing job also show a difference as all these items are ranked significantly lower by those in permanent employment. The expectation of rising rents in

the next 12 months is ranked higher as a factor by those in permanent and contract employment which again may reflect a longer time horizon held by those in more secure employment.

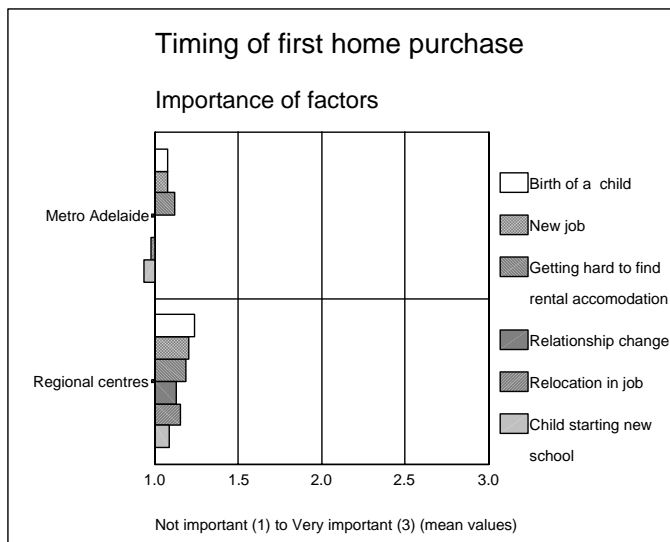
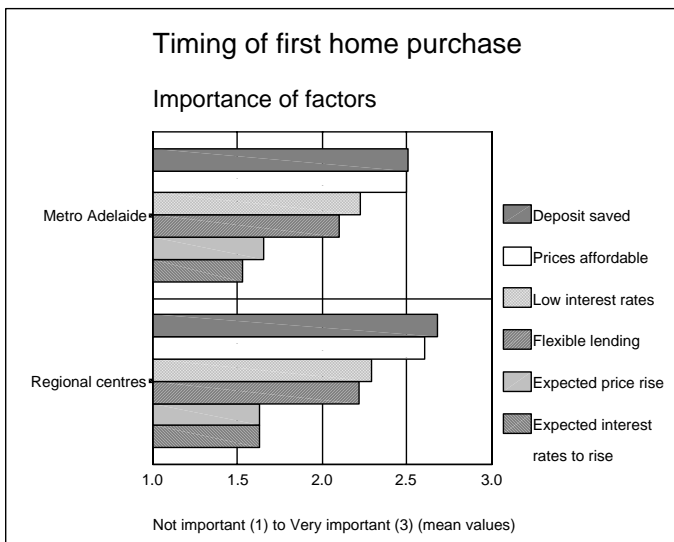
Table 12 Timing of Purchase of First Home by Nature of Employment

Timing of purchase of first home by nature of employment	Absolute difference in ranking
State stamp duty exemption	Greatest
Expected house prices to rise in next 12 months	↑ ↓
Expected rents to rise in next 12 months	
Birth of a new child	
New job	
Federal First Home Owners Grant	
Pay rise	
Relocation in new job	
Introduction of GST	
Getting hard to find rental accommodation	
Low interest rates	
Flexible lending arrangements	
Relationship change	
Saved a deposit	
Affordable house prices	
Low inflation rate	
Expected interest rates to rise in next 12 months	
Child starting a new school	Least

Overall findings are similar for metropolitan and non metropolitan households (Figure 12, Figure 13) with items such as affordable prices, the importance of a deposit, low interest rates and flexible lending arrangements being most important in the decision when to buy. Also when the ranking of items by metropolitan households (398 households: 78.3 per cent of total respondents) are compared to those in the three regional centres (110 households; 21.6 per cent of total respondents) and the absolute differences between them are calculated, items such as affordable house prices, saved a deposit, relationship change and expected interest rate rise show the least difference.

Figure 12 Timing of First Home Purchase

Figure 13 Timing of First Home Purchase



However items such as expected rents to rise, expected house prices to rise, relocation in new job, pay rise and stamp duty exemption show greater difference in terms of ranking. For Adelaide purchasers items such as expected price and rental rises are likely to have more significance in the decision to buy, as percentage increases are usually higher in the city than in the country. On the other hand job relocation is likely to have greater impact on first time buyers in more remote country areas. As well in terms of when to purchase stamp duty exemption is likely to be more important in country areas where lower house prices allow more households to be eligible for the concession than in the city.

The ranking by households containing couples where both parties have worked in the same full time job for over 5 years (79 households: 15.5 per cent of total respondents) was compared to those households where no member has had a full time job in over 5 years (12 households: 2.3 per cent of total respondents). Two factors were ranked significantly differently, the problem of finding rental accommodation and the gaining of a pay rise. The problem of finding rental accommodation is ranked significantly higher by those who have not had any full time work while the pay rise is ranked significantly higher by those in full time employment. Also the birth of a child is more important for those in secure employment. While security of dwelling tenure is likely to be important for all households it may be a particular issue given greater insecurity of employment. On the other hand couples that have enjoyed secure full time work over a number of years may be more likely to associate their first home purchase with the starting of a family.

Next the ranking by households who have experienced an income decrease (78 households: 15.3 of total respondents) in the last 12 months was compared to those who have enjoyed an income increase (234 households: 46.0 per cent of total respondents). For those who have enjoyed an income increase, a pay rise and the birth of a child are ranked significantly higher in the decision to buy a first home.

Again the difficulty in finding rental accommodation appears an important consideration for first home buyers who have experienced a recent pay decrease.

In summary there are important consistencies across employment groups and between city and country first time purchasers. Affordable house prices, saving a deposit and low interest rates are important factors for every household in the decision to buy. However there are issues which are peculiar to particular employment categories such as the attraction of government subsidies and diminishing tenure options which are important for those in less secure casual employment while permanent employees associate their first home purchase with starting a family and a pay rise. For country purchasers job relocation is an important factor in first home purchase while city purchasers are more aware of rising rents and house prices.

3.6 Impact of Job Security on the Decision to Buy

Most households (60.0 per cent) believed that their experience of job security had influenced their decision to buy a home. When based on more than one response, 22.1 per cent had looked in a lower price range, 20.0 per cent had delayed buying a home, over 18 per cent had bought a less expensive home, while 12.1 per cent had borrowed less (Table 13). For some their experience of job security had been positive and allowed them to borrow through a bank (22.0 per cent), buy a more expensive home (11.1 per cent) or for a small number of households, take out a larger loan (6.3 per cent). Few households had changed their borrowing arrangements with only a small number either extending or reducing the term of their loans.

Table 13 Influence of Job Security on Purchase

Influence of job security on purchase	n	%
Looked in lower price range	94	22.1
Obtained loan through Bank	92	22
Delayed buying a home	83	20
Bought less expensive home	78	18.7
Bought as soon as possible	67	16
Took out loan with no fixed interest	52	12.6
Took out a smaller loan	50	12.1
Bought more expensive home	45	11.1
Looked at more homes	43	10.5
Took out loan with fixed interest only	42	10.2

For purchasers in the three regional centres it meant also looking in a lower price range (24.5 per cent), buying a soon as possible (19.1 per cent), obtained a loan through a bank (18.2 per cent) and buying a less expensive home (18.2 per cent).

Those who had bought after June 2000 and had received the First Home Owner’s Grant held a similar view as to how their experience of job security might be influencing their first home purchase (Table 14). Based on multiple responses they too had looked in a lower price range (17.0 per cent), some had delayed buying (17.0 per cent) through others had bought as soon as possible (17.0 per cent) and a number had obtained their loan through a bank (16.8 per cent). When broken down by employment category, the majority of households in every category believed that their experience of job security had influenced their first home purchase (Figure 15). This was also true for households that had held only one or many full time jobs in the past 5 years (Figure 14).

Table 14 Recipients of First Home Grant - Influence of Job Security on Purchase -

Influence of job security on purchase	n	%
Looked in lower price range	88	17
Bought as soon as possible	88	17
Delayed buying	88	17
Obtained our loan through a bank	89	16.8
Looked at more homes	89	12

For those in permanent employment (275 households: 54.1 of total respondents) it had meant first obtaining a loan through the bank, (18.9 per cent), a delay in buying (18.6 percent), looking in a lower price range (16.8 per cent) and the purchase of a less expensive home (13.5 per cent). For those in contract employment (47 households: 9.2 per cent of total respondents) it had meant in particular looking in a lower price range, (19.2 per cent), buying a less expensive home (19.2 per cent), buying as soon as possible (17.3 per cent) and obtaining their loan through a bank (17.3). For those in casual employment (36 households) it had also resulted in looking in a lower price range (22.9 per cent), obtaining their loan through a bank, (18.8 per cent) buying a less expensive home (16.7 per cent) and a delay in buying their first home (14.6 per cent). Finally for those who are self employed (21 households: 4.1 per cent of total households), experience of job security had resulted in their obtaining their loan through a bank (26.9 per cent), looking in a lower price range (26.9 per cent), buying a less expensive home (19.2 per cent) and buying as soon as possible (19.2 per cent).

Figure 14 Has Job Security influenced Home Purchase by Number of Full time Jobs in 5 Years

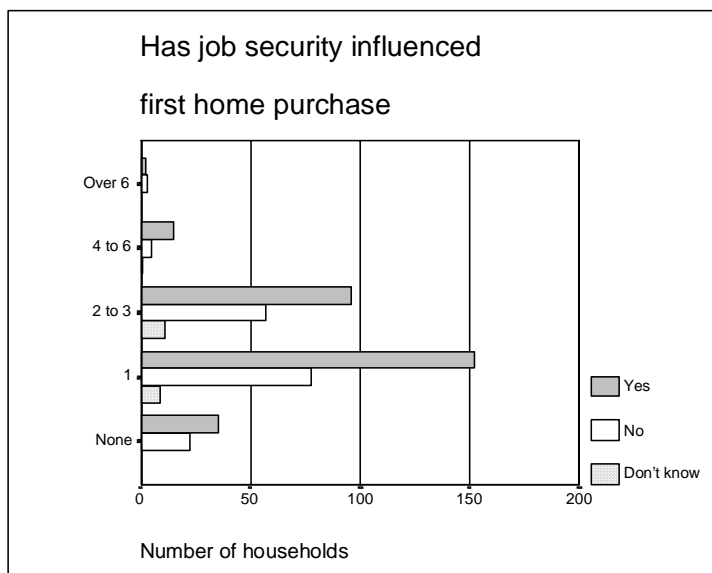
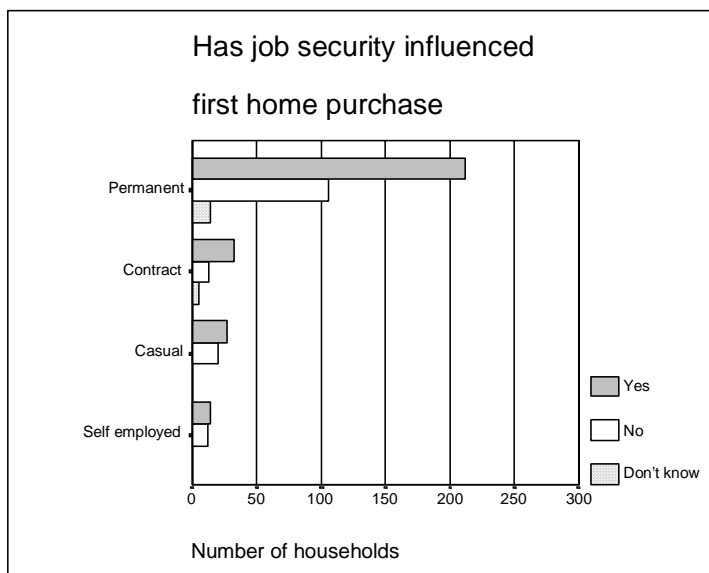


Figure 15 Has Job Security influenced Home Purchase by Nature of Employment



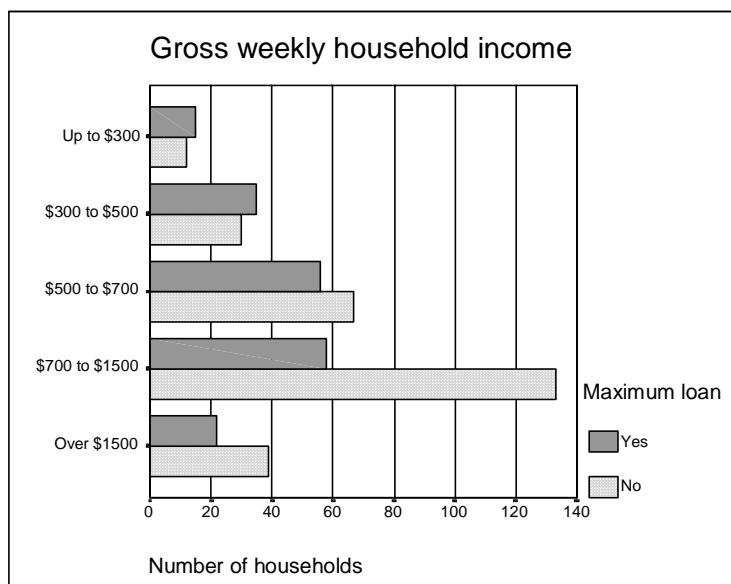
In summary for most households irrespective of location, job category or year of purchase their experience of job security has resulted in a deliberate strategy of risk aversion whereby they are looking in a lower house price range, buying a cheaper property and borrowing from a reputable though possibly more expensive lending institution. For those in contract and self employment, a number of whom are on lower incomes and in difficult financial circumstances, job insecurity has forced an earlier purchase. For those in permanent and casual employment, a number of whom are on higher incomes and managing pretty well financially, it has meant a delay in entering the housing market.

3.7 Housing Costs

Sixteen per cent of households were paying 40 per cent or more of after tax monthly income on mortgage repayments, with 49 per cent paying at least 30 percent. This is significantly higher than the ABS (2000a) estimate which suggests 21 per cent as the average proportion of housing costs to income for first time buyers. A number of households, 36.0 per cent, had taken out at least a 25 year mortgage though over 60.0 per cent of all households had not taken out the maximum loan offered to them by their lending authority.

A large majority of households on over \$700 per week had opted not to take out the maximum loan (Figure 16).

Figure 16 Gross Weekly Household Income by Maximum Loan



However for those households on lower weekly incomes there is less choice. Most households on less than \$600 per week had taken out the maximum loan. It can be noted that within the small number of households (47: 9.2 per cent of total respondents) who consider themselves to be “finding it difficult” financially most (59.1 percent) have taken out the maximum loan available to them. On the other hand the large majority (72.1 percent) of those who are managing pretty well (211 households: 41.5 per cent of total respondents) have opted not to take out the maximum loan available to them. Of the 20 households (3.9 per cent of total respondents) who considered themselves to be “very well off”, 75 per cent had not taken out the maximum loan available.

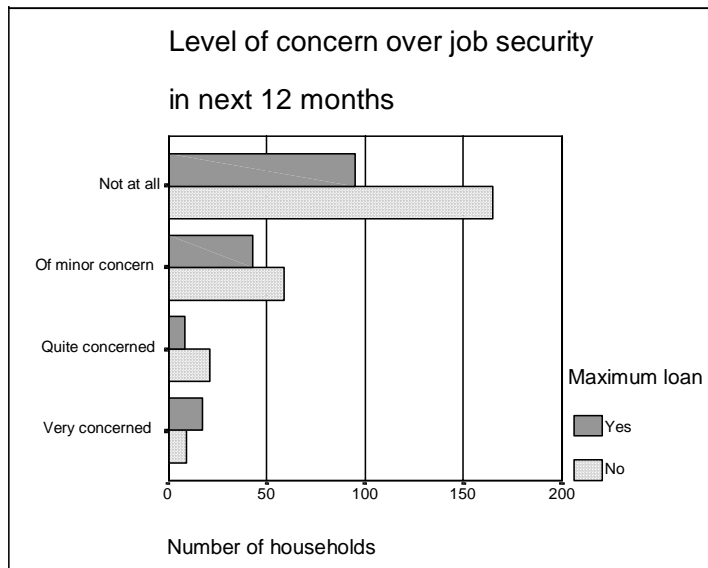
Table 15 Financial Circumstances by Maximum Loan (n=475)

	Yes	No	Total
Very well off	25.0	75.0	100
Managing pretty well	27.9	72.1	100
Getting by	47.0	53.0	100
Finding it difficult	59.1	40.9	100
Total	39.4	60.6	100%

Levels of concern over job security appear to relate to whether household has taken take out a maximum loan or not. The majority of those households who are “not at all” concerned about job security over the next 12 months have opted not to take out the maximum loan available. Of those households for whom job security is of greatest concern, the majority has taken out the maximum loan (Figure 17).

The pattern seems to be one of greatest choice for those on higher incomes, who have adopted a deliberate strategy of avoiding risk by deciding not to take out the maximum loan offered. However for those on lower incomes and probably less equity, there is little choice but to take out the maximum loan thereby increasing their exposure to risk which is likely to be accompanied by high levels of concern over job security.

Figure 17 Levels of Job Concern by Maximum Loan



Although fifty seven percent of respondents had only one member of the household contributing to the mortgage with over 77 per cent making weekly or fortnightly repayments. Forty two per cent of all households were attempting to pay their loans off in 10 years or less. This probably accounts for the high ratio of housing costs to income. Even households on incomes less than \$500 a week were making substantial efforts to pay off their loans as quickly as possible with 32.1 percent of those on incomes of \$300 to \$500 per week paying at least 40 percent of their after tax income on the mortgage (Table 16). Of those households on even less, \$300 per week gross, some 27.8 percent were attempting to pay at least 40 percent of their after tax income on their mortgage. Overall most households (43.9 percent) were paying between 20 and 30 percent of their weekly after tax income on the mortgage. The table below shows a significant association between level of household income and percent of after tax income devoted to the mortgage. On average those households on lower incomes are paying substantially higher proportions of after tax income on the mortgage. For households earning over \$700 per week and over \$1500 per week, the largest groups (50.8 and 47.5 per cent respectively), are paying only 20 to 30 per cent of their after tax income on their mortgage.

Table 16 Gross Weekly Household Income by % After Tax Income on Mortgage (n=435)

	40 and over	30 to 40	20 to 30	Up to 20	Total
Up to \$300	27.8	33.3	27.8	11.1	100
\$300 to \$500	32.1	30.4	30.4	7.1	100
\$500 to \$700	12.6	44.5	40.3	2.5	100
\$700 to \$1500	13.7	27.9	50.8	7.7	100
Over \$1500	18.6	20.3	47.5	13.6	100
Total	17.0	32.0	43.9	7.1	100%

Permanency of employment appears to be associated with the amount of after tax income assigned to pay the mortgage. Slightly more of those in permanent employment (17.9 percent, 34.9 per cent) are paying off their mortgage at the two highest rates (Table 17), than for households overall (17.6 per cent, 32.1 per cent). On the other hand the percent of those in casual employment (51.3) or self employed (54.2) who were paying at the lower 20 to 30 per cent rate, is higher than for all households (42.9 per cent).

Table 17 Nature of Employment by % After Tax Income on Mortgage (n= 408)

	40 and over	30 to 40	20 to 30	Up to 20	Total
Permanent	17.9	34.9	40.2	7.0	100
Contract	15.9	27.3	47.7	9.1	100
Casual	17.9	23.1	51.3	7.7	100
Self employed	16.7	20.8	54.2	8.3	100
Total	17.6	32.1	42.9	7.4	100%

Most households, over 56.4, per cent had borrowed through the major banks at variable interest rates effective either immediately or after 12 months. For most first time buyers their main sources of loan assistance (Table 18) had come through exemption from stamp duty (35.2 per cent) and the First Home Owner's Grant (35 per cent).

Table 18 Main Forms of Loan Assistance

Loan assistance	n	%
Stamp Duty Exemption	156	35.2
Federal First Home Owner's Grant	154	35
Loan from family	72	17.4
Home Start Loan	59	14.4
Lived with parents rent free	56	13.8
Gift	50	12.3
Inheritance	28	6.9
Other	22	5.4
Rent to Purchase	2	.5

For the majority of households, over 77.4 per cent, relocation in their present job had not required them to move house and over 81.7 percent did not anticipate having to move because of job relocation. Some 46.9 per cent did believe that owning a home made relocation in their present job more difficult and 25.7 per cent believed home ownership also made changing jobs more difficult. On the other hand a majority, some 52.5 per cent did not believe that home ownership made any difference to changing employment. When broken down into employment categories some 62 per cent of those in contract employment thought that owing a house made no difference to changing job while 55 per cent of those in permanent employment held the same opinion.

In summary most households even those on lower incomes are making substantial efforts to pay off their loans quickly. Many, especially those in higher income brackets, have opted not to take out the maximum loan available to them which is consistent with earlier observations that many households are risk adverse and are looking in lower price ranges and buying less expensive houses. There is some suggestion that those in less secure employment are not paying off their loan as quickly as those in permanent employment though a certain percentage of all employment categories are paying 40 per cent of their after tax income on the mortgage. For those on lower incomes the choices are fewer. Most have taken out the maximum loan and a number of households in that group describe themselves as "finding it difficult" financially. While most did not believe that owning a home made changing job more difficult, 46.0 per cent of households, including 50.0 per cent of those in permanent and 50.1 per cent in casual employment, felt that owning a home did make relocation in an existing job more difficult.

3.8 Buying versus Renting a Home

Households were asked to respond to a series of statements about the advantages and disadvantages of buying as against renting a home. It is recognised that in home purchase first time buyers are already identifying strongly with the advantages of the tenure. Fifty two per cent disagreed or strongly disagreed that owning a home “ties you down” though 40.7 per cent did agree or strongly agree that buying a home does “tie up your money” (Table 19). However almost 90 per cent of households agreed or strongly agreed that “buying a home is a better long-term investment” than renting and many (40.7 per cent) strongly disagreed or disagreed that “buying a home was a substantial risk”. This was endorsed also by the 68 per cent of respondents who agreed or strongly agreed that “owning a house made your future more financially secure”. However 42.3 per cent agreed or strongly agreed that “renting allows you to live where you can’t afford to buy”. This sentiment was supported by the 56.8 per cent who disagreed or strongly disagreed that “the only way to get a nice home was to buy one”. Over 37 per cent agreed or strongly agreed that “renting allowed you to invest your money in other ways”.

Table 19 Buying versus Renting a Home

Buying Versus Renting a Home	n	Mean*
Buying means you have a place to call your own	507	4.44
Buying is a better long term investment	507	4.42
Owning gives you more security of tenure	506	3.99
Owning makes you more financially secure	506	3.74
Buying is always cheaper over time	507	3.67
It’s hard to find what you want when you rent	507	3.28
It’s important for young couples to own	505	3.27
It’s important for families with young children to own	505	3.25
Renting allows you to live where you can’t afford to buy	504	3.15
It’s hard to find what you want when you buy	505	3.09

*Likert Scale 1 Strongly Disagree to 5 Strongly Agree

For those households who had bought the dwelling they had previously rented most also believed that buying meant you had a place to call your own (45.7 per cent), that buying was a better long term investment (47 per cent, that it offered security of tenure (23.9 per cent) and that buying was a cheaper option over time (21.7 per cent). Attitudes to purchase over renting were in the main similar across all employment categories and for those where households had had an increase or decrease in income (Table 20). The sentiments that first time buyers agreed with most strongly were that “buying means you have a place to call your own”, that “buying is a better long term investment” over renting and that “owning gives you more security of tenure”. Those households who had received the First Home Owners Grant also held similar views (Table 20).

Table 20 Households Income Decrease /Increase Last 12 Months & Recipients of First Home Grant - Buying versus Renting a Home

Buying versus Renting a Home	Decrease in income Mean Scale*	n	Increase in Income Mean Scale*	n	Recipients of Federal Grant Mean Scale*	n
Buying means you have a place to call your own	4.6	78	4.5	234	4.8	101
Buying is a better long term investment	4.5	78	4.5	233	4.4	101
Owning gives you more security of tenure	4.1	76	4.1	234	3.9	100
Buying is always cheaper over time	3.8	78	3.8	230	3.7	101
Owning makes you more financially secure	3.8	77	3.7	234	3.6	101

Likert Scale 1 Strongly Disagree to 5 Strongly Agree

When the absolute differences in ranking between items across employment categories are calculated the greatest differences in opinion were about items such as “buying ties up your money” and that “it is hard to find what you want when you rent”. Self employed households felt much more strongly than other employment groups that “buying ties up your money” and much less strongly that “it is hard to find what you want when you rent”. This might be expected from young households who are interested in setting up their own businesses and are aware of the need for equity. No employment category agreed that “owning ties you down” which is consistent with the earlier view that for most households owning a home does not make changing jobs more difficult.

When the same absolute differences are compared for households where there has been no full time employment in over 5 years to those who have enjoyed unbroken full time employment over that period, those with secure employment felt much more strongly that it was “important for young couples” and for “young families to own their own home”. This is consistent with the earlier discussion that for this group the birth of a child was an important factor in the purchase of a first home. Those who had not experienced full time employment in five years felt more strongly that “renting allows you to invest your money in other ways” which probably reflects their appreciation of a tenure which allows more flexibility and less long term financial commitment.

In summary most first time home owners see the advantages of buying as offering independence and tenure security in the present as well as financial security into the future. They are anxious to have a place of their own today but they also believe that home ownership offers future investment advantages and is a cheaper option in the long term. Overall the advantages of buying in terms of children, family life, choice in the market and location are not important. These are the views of purchasers who are in the main young, single or childless who are looking to secure their future at time when demands for job flexibility are high. Views expressed by employment groups are consistent with sentiments noted earlier in that many in long term, full time employment do consider home ownership important for families and the raising of children. On the other hand those in casual and self employment are more aware of the long term financial commitment required in buying a home.

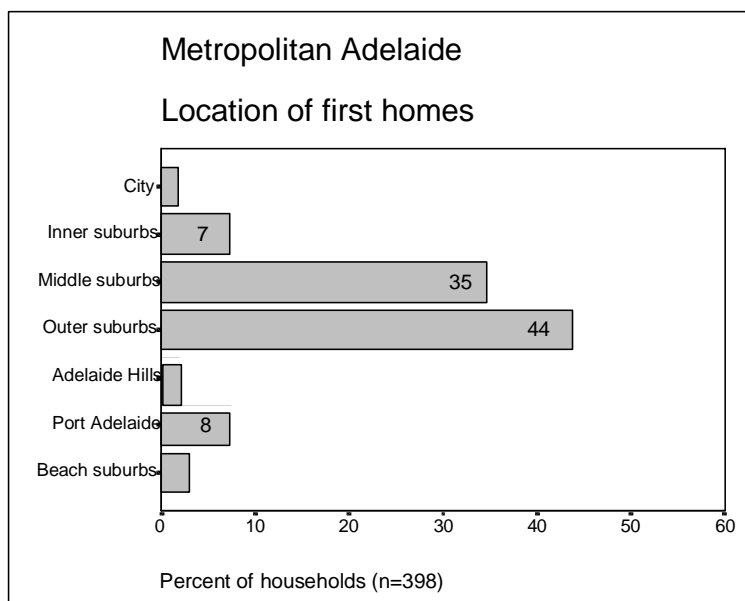
3.9 Property Characteristics

The majority of metropolitan buyers (44 per cent) had bought in the outer suburbs of Adelaide contained within the Local Government Areas (LGA) of Tea Tree Gully, Salisbury, Playford, and Onkaparinga, where the median price paid for a first home was \$93,250 (Figure 18). Some 35 percent had bought in the middle suburbs contained within the LGAs of Campbelltown, Marion, Charles Sturt, West Torrens and Mitcham where the median price paid was \$120,000. Some 7 per cent had bought in the inner suburbs of Adelaide for a median price of \$168,000 while eight per cent had bought in the increasingly popular Port Adelaide and Enfield LGA for \$95,000 (Table 21).

Table 21 First Homes - Location & Median Price

Location	Median Price
City	\$192,000
Inner suburbs	\$168,000
Middle suburbs	\$120,000
Outer suburbs	\$93,250
Adelaide Hills	\$134,750
Port Adelaide	\$95,000
Beach suburbs	\$145,000

Figure 18 Location of First Homes



A large majority of buyers had bought a detached dwelling (78.0 per cent) with 4.1 per cent buying a semi-detached dwelling and 15.0 per cent purchasing a flat or unit. Purchasers in regional centres could be distinguished from metropolitan buyers in that they had bought detached dwellings almost exclusively. Seventy percent of respondents felt that their most recent house purchase reflected exactly what they had been looking for. Overall there seem to be little evidence of compromise in the purchase. Of those that had changed in some aspect of their purchase most representing 12.0 per cent of all households had changed location and 10.7 per cent had bought a less expensive home.

Eighty per cent of first time buyers had paid no more than \$150,000 for their home, 49.9 per cent had bought for no more than \$100,000 including over 90 per cent of households on incomes of less than \$300 per week (Table 22). Almost 50 per cent households on incomes of over \$1500 per week had paid no more than \$150,000 for their first home. Most first time buyers are being conservative in their purchase which is consistent with the large number of households, including those on higher incomes, who did not take out the maximum loan available to them.

Table 22 Weekly Household Income by Purchase Price (n=490)

	Price Range	Up to \$100,000	\$100,001 to \$150,000	\$150,001 to \$200,000	\$200,001 to \$250,000	Over \$250,000	Total
Income	Up to \$300	90.6		9.4			100
	\$300 to \$500	69.1	26.5	1.5		2.9	100
	\$500 to \$700	64.1	28.1	4.7	0.8	2.3	100
	\$700 to \$1500	41.1	40.1	15.2	3.6		100
	Over \$1500	18.8	29.7	34.4	10.9	6.3	100
	Total	51.3	31.1	12.7	3.1	1.8	100%

If prices paid can be used to indicate demand this observation is consistent with the view that income elasticities are reduced with greater insecurity of employment. That is given the classic economic assumption that as housing is a “good” therefore as income rises more of the “good” will be consumed. The argument that insecurity of employment will lower this elasticity seems to be supported. It is also consistent with the views discussed earlier whereby for most households in every employment category and income range their experience of job insecurity had resulted in looking in a lower house price range and buying a less expensive home.

The median price paid for a detached dwelling was \$104,000. Of those who purchased a detached dwelling just over 80 per cent paid up to \$150,000. Some 14 per cent of those who purchased a detached dwelling paid between \$150,00 and \$200,000. Fifty percent had bought a home with 5 main rooms. The median price paid for a unit was \$89,000 with 61.8 per cent paying up to \$100,000. For Adelaide the percentage of unit and flat sales represented by this survey is considerably higher than that described by the ABS (1999; 2000). However this does correspond with the higher number of single households represented by this survey. A large majority of first time buyers in the three regional centres (75 per cent) had bought their first home for up to \$100,000 which reflects the lower prices demanded in regional SA although some 44 per cent of households in Adelaide had also purchased in the same price range.

The median price paid by households who had taken out the maximum housing loan available to them was \$93,500 compared to a median price of \$102,000 for those who had opted not to take out the maximum loan. The median price paid for a detached dwelling where there was only one contributor to the mortgage was \$96,000 compared to a median of \$120,000 where there was more than one contributor. The median price paid for a unit or flat where there was one contributor at \$86,500 was lower than where there was more than 1 contributor (\$130,000). Single households paid lower median property prices of \$93,750 compared to couples with no children (\$120,000). One parent families paid on average \$66,500 for their home. Thus on average having more than one contributor to the mortgage allows for a more expensive home to be purchased. On average the largest loans were also being paid off the most quickly, that is in less than 10 years.

There is a significant association between employment category and purchase price. A larger percentage of those in less secure employment are buying cheaper homes. No household in contract employment bought a home for over \$250,000 while no household in casual employment had paid more than \$200,000. A majority of those in casual employment (54 per cent) had bought for no more than \$100,000. For this group, stamp duty exemption was an important factor in purchasing their first home as it would be significant in reducing the price of their first home. Thus it is employment category rather than level of income which is characterizing the prices paid for first homes (Table 23).

Table 23 Nature of Employment by Purchase Price (n=458)

Nature of Employment	Dwelling Price					Total
	Up to \$100,000	\$100,001 to \$150,000	\$150,001 to \$200,000	\$200,001 to \$250,000	Over \$250,000	
Permanent	52.1	31.6	11.1	3.3	1.8	100
Contract	40.4	38.5	17.3	3.8		100
Casual	54.2	27.1	16.7			100
Self employed	38.5	23.1	26.9	7.7	3.8	100
Total	50.2	31.4	13.3	3.5	1.5	100%

Almost 80 per cent of the 101 households who had received the First Home Owner's Grant had bought their first home for under \$150,000. Some 52.8 per cent of those who had received the grant were on incomes of over \$700 per week. Of those household who had bought homes for less than \$100,000, 28 per cent were on incomes of more than \$500 per week and 16 percent were on weekly incomes of over \$700 (Table 24). Sixty per cent had not taken out the maximum loan available. Over all there appears to be a pattern of middle to higher income earners (Figure 19) being assisted in the purchase of lower priced properties (Figure 20).

Table 24 Recipients of Federal First Home Owners Grant - Price Range by Gross Weekly Household Income (n=101)

Price Range	Income Bracket					Total
	Up to \$300	\$300 to \$500	\$500 to \$700	\$700 to \$1500	Over \$1500	
Up to \$100,000	4.0	12.0	12.0	14.0	2.0	44
\$100,001 to \$150,000		5.0	7.9	19.0	3.0	35
\$150,001 to \$200,000			2.0	6.9	5.9	14.8
\$200,001 to \$250,000				1.0	1.0	2.0
Over \$250,000		1.0	1.0			2.0
Total	4.0	18.0	22.9	40.9	11.9	97.7%

Figure 19 Recipients of First Home Grant – Gross Weekly Incomes

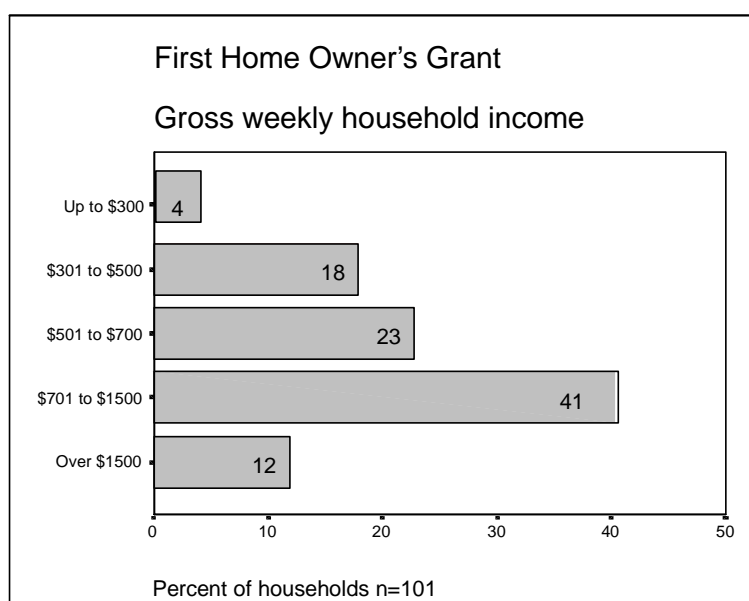
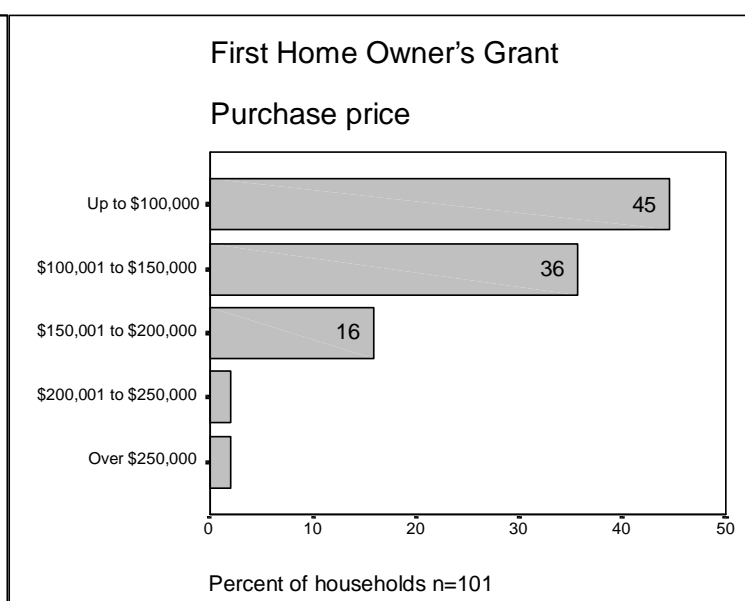


Figure 20 Recipients of First Home Grant – Purchase Price



3.10 Rational Renters

Almost 15 percent of households suggested they would consider renting out their first home an investment in the short term while 65.5 per cent of first time buyers considered it an option for the future. In the main those who would consider renting out now were between 25 to 34 years old and 70 per cent were in permanent employment. In terms of identifying so called “rational” renters 5.3 per cent of first time buyers were not living in the dwelling they had purchased recently. This represented 27 households. Some 3.5 per cent of first time buyers or 14 households were renting out their recently purchased dwelling in the long term and in order for this to happen 11 households were living with family or friends while three first time buyers were renting themselves. Within this group of “rational “ renters 90 per cent were in permanent employment, 64.0 per cent were working in a professional or managerial capacity and the majority were earning over \$700 a week. The majority had not taken out the maximum loan available to them and 72.0 per cent had bought houses for houses for under \$150,000 with most borrowing under \$100,000. Thirty per cent had a bachelor degree or higher but none were paying off a HECS debt.

4. SUMMARY & DISCUSSION OF FINDINGS

- First time buyers in less secure employment are not necessarily disadvantaged in terms of level of household income - gross weekly household incomes for casual employees are comparable to those in permanent employment. However contract and self employed employees have, on average, lower household incomes than those in permanent employment.
- First time buyers' sense of financial well being reflects their income level – on average casual and permanent households consider themselves to be financially better off than households containing contract and self employed workers.
- The majority of households across all employment categories are not concerned about job security especially in the next 12 months (64 per cent). However of those who are very concerned about job security, most are in casual employment (16.7 per cent). Regional households are particularly optimistic about their job security.
- For the majority of first time buyers in both metropolitan and regional households, the timing of purchase was influenced most by a saved deposit, low interest rates, affordable housing and flexible lending.
- For recipients of the Federal First Home Owner's Grant, the grant was the most important item in the timing of purchase.
- For those in permanent employment the birth of a child and future house price increases were also important in terms of timing. For those in less secure employment a new job, government grants and stamp duty exemption were important. For those with no full time work the problem in finding rental accommodation was an important factor.
- For regional buyers job relocation and stamp duty exemption were important items in the timing of their purchase.
- The majority of first time buyers (60 per cent) irrespective of location, employment category or year of purchase agreed that experience of job security had influenced their purchase. For many households it has resulted in a deliberate strategy of risk aversion whereby they looked in a lower price range (22 per cent), borrowed from a reputable though possibly more expensive lending institution (22 per cent), bought a cheaper home (18.7 per cent) or borrowed less (18 per cent). Those in permanent and casual employment had also delayed buying. Those in contract and self employment had bought sooner.
- Most households on incomes over \$500 per week have not taken out the maximum loan available to them, including most households on gross weekly incomes of over \$1500 (66 per cent).
- Most households on weekly incomes of less than \$500 have taken out the maximum loan. Most households who are finding it difficult financially have taken out the maximum loan (59 per cent).
- Most of those households for whom job security is of greatest concern have taken out the maximum loan (65 per cent).
- Most first time buyers (52.5 per cent) believe that owning a home makes no difference to moving to a new job including 62 per cent of those in casual employment.
- Forty six per cent of households believe that owning a home does make relocation in an existing job more difficult.
- Across all employment categories first time buyers believe that buying gives you a place of your own and is a better long term investment than renting. Those in permanent employment feel more strongly that it is a good idea for families and young couples to own.

- In terms of purchase most households are conservative in their borrowing and are buying relatively cheap homes. There is more of a relationship between price and employment category than between price and household income. Those in less secure employment are buying cheaper homes (54 per cent of those in casual employment bought homes for \$100,000 or less; no household in casual employment paid over \$200,000). Those on higher incomes are not necessarily buying more expensive homes (almost 50 per cent of households on weekly gross incomes of over \$1500 had bought homes for no more than \$150,000).
- The majority of those who received first home owner grants have bought low priced homes on moderate to high incomes. Sixty per cent had not taken out the maximum loan offered to them
- The number of rental renters is very small (3.5 per cent), 90 per cent of these are in permanent employment. They are buying relatively cheap homes with substantial amounts of their own equity.

This survey has shown that while couples continue to dominate the first time housing market single households, and especially single females, are becoming a significant group of buyers and units are an increasingly popular purchase. Despite greater job insecurity, this survey reveals another generation of new homebuyer with similar aspirations to the last in that many first time purchasers continue to see home ownership as an avenue for improved well being both for the individual and for the wider community.

However as revealed in this project lack of job security is creating changes in purchaser behaviour and in the ways in which housing markets are demarcated. For first time buyers, employment categories rather than income levels are more likely to determine housing choice. First time buyers as a result of their experience of job security, are adopting a deliberate strategy of lowering risk by borrowing less, buying cheaper homes and paying off the mortgage as quickly as possible. For those in less secure casual employment this is especially so when government subsidies and exemptions are immediately available. However for some households there is little choice but to borrow as much as possible and these are likely to be households who are finding it difficult financially, who are on lower incomes and in contract or self employment. For other households including those in permanent employment the propensity to buy more with higher income is not so apparent. As suggested in Meen's thesis (1998) job insecurity is impacting on propensities to purchase. Higher household incomes are not necessarily resulting in the purchase of more housing or in the case of this project, more expensive homes, even for those in permanent employment. These are households who do have choice about what and how much to buy and may be electing to invest elsewhere. At the same time a number of households on higher incomes are in casual employment, which explains their reluctance to borrow heavily or to buy an expensive home. Both of these factors could result in increased competition for cheaper homes which will disadvantage those seeking to buy on lower incomes but is entirely rational for first time buyers in less secure employment or for those wishing to reduce risk by diversifying their investments.

Most first time home owners see the advantages of buying as offering independence and tenure security in the present as well as financial security into the future. They are anxious to have a place of their own today but they also believe that home ownership offers future investment advantages and is a cheaper option in the long term. The advantages of buying in terms of children, family life, choice in the market and location are not so important. These are the views of purchasers who are in the main young, single or childless, who are looking to secure their future at time when demands for job flexibility are high.

These sentiments show some consistency with an earlier SA survey (Stevens 1991). In 1991 the main advantage of ownership for some 2000 Adelaide home owners was identified as being "security of ownership" by 48 per cent of respondents. The next ranked advantages were "having your privacy" and "freedom to do your own thing" considered important by about seven per cent of owners. Other advantages mentioned included "pride of ownership" (7.0 per cent), ownership gave you "an asset in old age" (5.7 per cent) and was "cheaper than renting the long run" (5.7 per cent). These were not just first time buyers and included the views of purchasers who had owned for some time, owned outright or been in the market before. The views of first time buyers some ten years later do agree with a number of these earlier sentiments. However the priorities have shifted with financial security and investment opportunities now just as important as security of tenure and having a place of your own. New purchasers are more aware of the opportunity cost of their decision to buy and the flexibility of renting is

still appreciated by many. At the same time the advantages of renting to other as an alternative investment strategy are recognised. For a small proportion of first time buyers their house purchase is being used as a means of income immediately while for a larger proportion home ownership may provide future rental income.

Many metropolitan and regional purchasers do not believe their job mobility to be compromised by home ownership. However this could be explained by the limited experience of job relocation within SA first time buyer households. Given the size of Adelaide and reasonable road access throughout the Metropolitan area changing job does not always mean moving house. Also the regional centres are currently experiencing a job boom with unemployment levels as low as three per cent. In these regional centres housing supply, rather job insecurity, is a greater issue for home purchasers. However as national levels of job mobility increase this will present a future risk for householders in a state with nationally low real house prices.

While the new home owners in this survey are not over concerned about job security in itself, the links between job security and housing decisions are apparent with regard to items such as debt levels, mortgage repayments, prices paid and timing of purchase. Labour market change has raised awareness of risk in the workforce generally and also for new home buyers who now borrow more conservatively, purchase less expensive homes than they might otherwise afford and pay back their loans as quickly as possible. At the same time the lack of concern about job security shown by many respondents to this survey may be a reflection of the high capital appreciation and low interest rate levels most new home owners have experienced in SA since they purchased in 1999 to 2000. In the year up to June 2001 house prices have increased in Adelaide by 26.1 per cent and by 30.5 per cent in the rest of the state. As a result a certain level of complacency might be reflected in the survey responses which were solicited in 2001. Given a downturn in prices and an increase in rates, higher levels of insecurity might be observed. For now the new home owners most at risk from job insecurity are those earning least, who in the main have borrowed relatively more and have least equity in their home. These are the purchasers for whom housing policy should be framed.

5. POLICY IMPLICATIONS

The results of this study show that young couples and a considerable number of young singles continue to show interest and confidence in the benefits of owning their own home despite greater job insecurity. These benefits are perceived as mainly financial but includes other factors such as the upbringing of a family, security of tenure and having a place to call your own. Given this level of support, home ownership should continue to be an important component of Australian housing policy especially when any significant decline in home ownership among younger cohorts will put further pressure on the private rental sector and impact on demand for public housing. As much as possible the benefits, financial and social, should be shared across all income groups and within this context the role of government schemes such as HomeStart in SA which assist low income earners to access home ownership should be maintained.

Policy makers need to be aware of the changing dynamics in the first time buyer market as a result of greater labour market insecurity. Many risk averse first time buyers, including those in permanent employment are deliberately purchasing cheaper homes and for those who can, borrowing relatively less. Most wish to pay off their loans as quickly as possible and are therefore borrowing conservatively. This includes many recipients of the First Home Owner's Grant, a number of whom may be on above average incomes but are being assisted in the purchase of relatively cheap homes.

Those in less secure employment even on higher incomes are showing caution in their purchase. Thus security of employment rather than income is defining choice. There is a suggestion that income elasticities may be falling in that increased wealth may not necessarily result in a comparable increase in demand. In terms of this project those on higher incomes are not necessarily buying more expensive homes. These changes will increase competition at the lower end of the market and disadvantage those on lower incomes that wish to become home owners. This would suggest the need for ongoing targeted support for these families who may be facing greater job insecurity as well as increased competition for the least expensive homes.

This study shows that interest rates and housing affordability are the key triggers in the first time buyer decision to purchase and that with declining interest rate levels many first time buyers have taken out loans predicated on optimistic expectations of continued employment and belief in their future financial well being. However, given that households in Australia now pay 7.5 per cent of their disposable income in interest, the highest level of debt servicing since 1991 when rates were around 14 per cent (National Australia Bank 2001), any rate increases which threaten existing levels of housing affordability must create significant imposts. As such government supported financial counselling which is articulated appropriately and based on a sound understanding of the client base is proposed especially for first home buyers on lower or less secure incomes. This recommendation is supported by the research finding that many of those households who can only afford to buy the less expensive homes, take out the maximum loan available in order to do so. Also that many lower priced homes were being purchased by households where two incomes were necessary in order to meet the repayments.

While first home buyer grants, such as the \$7000 grant for established homes, are enticing, this study shows they are only as important as other factors such as stamp duty exemption and interest rates in facilitating first home ownership. Federal grants designed to boost general levels of consumption also fuel house prices and impact on housing affordability across the board. As reported by the ABS as of June 2001 house prices had risen by 8.2 percent across Australia, the fastest for a decade. In this environment first home buyers are at greatest risk as they are most exposed to interest rate increases, have the least equity and therefore least ability to cope with adverse circumstances. As this project indicates, grants and exemptions are an important factor in the timing of purchase by those in the least secure, casual employment. Also that a number of those households who have borrowed the maximum loan available to them, and these are generally on lower incomes, are finding it difficult financially.

Therefore it is recommended that such grants should be targeted as this would better facilitate those on the margin of home purchase and impact less on general price levels. Also rising prices especially for homes within the range of first time buyers encourage profit taking by investors in the rental market which adds further pressure to the rental sector especially at the low cost end. Such targeting should be

appropriate and judicious so as to ensure the long term viability of those buying for the first time on low incomes and could be placed within the context of existing programs such as Home Start in SA and KeyStart in Western Australia. This study shows that stamp duty exemption which is targeted in that home bought below a certain price threshold are exempt, is important in assisting home purchase but without the pricing implications of more broadly based grants. This is especially so in states such as SA where the stamp duty exemption can be equivalent to the deposit on a first home in the lower end of the market.

This study would suggest that so called “rational renters” are not yet a significant group within the first home buyer market. However given existing tax incentives, reduced grants and increased job mobility this group of rental investors, many of whom are in permanent employment, may grow displacing those with less tenure choice. This adds further weight to the argument for targeted support of first time buyers either through direct grants or more generous stamp duty exemptions.

6. CONCLUSION

Buying your first home should be about choice. Choosing the time, the place and the price which offers households the best opportunity for well being both now and into the future. The results of this study suggest that despite increased job mobility, less security of income and longer working hours, new purchasers will trade off their time, their holidays and other investment opportunities in order to buy their first home. The support for this tenure in the face of greater uncertainty presents a strong case for the sharing of the dividends of home ownership through government policy. And not only to ensure economic growth but also to allow as many young people as possible a stake in their own housing future.

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APPENDIX 1 VALIDATION OF SAMPLE

Table 25

First Time Buyers Survey Household Composition (percent)	Metropolitan Adelaide n=398	Regional Centres n=110	ABS Australian Housing Survey 1999 Unit Record File City* n=417	ABS Australian Housing Survey 1999 Unit Record File Non metro** n=275	ABS Housing Occupancy & Costs Australia Cat 4130.0 n=457
Couple only	34.2	34.9	33.1	31.3	33.8
Couple with dependent children	21.6	37.7	26.6	38.9	29.3
Couple – other	2.1	1.8	9.1	3.6	4.3
Total Couples	57.9	74.4	68.6	73.8	67.4
One parent family	3.5	2.7	1.7	2.2	5.7
Lone person	35.2	18.3	12.9	10.9	17.3
Other	3.3	4.6	16.6	13.1	9.6
Total	100	100	100	100	100

*excludes NT & ACT

**includes NT & ACT

Table 26

First Time Buyers Survey Age Group Reference Person (percent)	Metropolitan Adelaide n= 398	Regional Centres n=110	ABS Australian Housing Survey 1999 Unit Record File City* n=417	ABS Australian Housing Survey 1999 Unit Record File Non metro** n=275	ABS Housing Occupancy & Costs Australia Cat 4130.0 n=457
Under 25 years	16.6	23.9	13.2	21.8	11
25 to 34 years	57.6	51.4	56.4	50.1	56.1
35 to 44 years	18.6	19.2	20.6	20.7	22
45 to 54 years	4.6	4.6	6.8	3.3	6.4
55 to 64 years	2.3	.9	2.2	3.6	2.3
65+ years	.3	0	.9	.4	2.2
Total	100	100	100	100	100

*excludes NT & ACT

**includes NT & ACT

Table 27

First Time Buyers Survey Source of Income (percent)	Metropolitan Adelaide n=398	Regional Centres n=110	ABS Australian Housing Survey 1999 Unit Record File City*n=417	ABS Australian Housing Survey 1999 Unit Record File Non metro**n=275	ABS Housing Occupancy & Costs Australia Cat 4130.0 n=457
Wage or salary	84.4	86.4	87.3	82.2	82.6
Own business	6.3	8.2	6.0	4.7	5.1
Government pension or allowance	7.3	3.6	5.3	7.3	9.6
Other income	1.5	1.8	1.4	5.4	2.2
Total	100	100	100	100	100

*excludes NT & ACT

**includes NT & ACT

Table 28

First Time Buyers Survey Dwelling Structure (percent)	Metropolitan Adelaide N=398	Regional Centres N=110	ABS Australian Housing Survey 1999 Unit Record File City* n=417	ABS Australian Housing Survey 1999 Unit Record File Non metro** n=275	ABS Housing Occupancy & Costs Cat 4130.0 N=457
Separate house	73.7	95.3	82.5	90.5	81.7
Semi detached	4.3	2.8	8.9	4.3	7.2
Flat/unit	18.6	1.8	8.6	3.4	9.8
Other	3.5	0	0	1.8	0
Total	100	100	100	100	100

*excludes NT & ACT **includes NT & ACT

Table 29

Test of Independence	N of Valid Cases	Pearson Chi Square	Asymp Sig	Cramer's V	Approx Sig*
Household Composition	491	17.007	.004	.186	.004
Dwelling Structure	492	20.929	.000	.206	.000
Previous Tenure	452	16.657	.000	.192	.000
Income Level	490	18.456	.010	.194	.010
Age Group	507	4.741	.448	.097	.448
Income Source	490	1.709	.635	.059	.635
Length of time in main job	465	3.378	.497	.085	.497
Job Category	452	2.856	.827	.079	.827

*indicates level at which the null hypothesis of independence between item and metro/non metro location may be rejected

Table 30

Descriptive Statistics	Population containing first home buyers									
	N	Minimum	Maximum	Sum	Mean	Std. Deviation	Skewness	Kurtosis		
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
CON	22750	1	9	167943	7.38211	0.964017	-1.33664	0.016239	2.267207	0.032476
HAREA	22616	3	2050	2922796	129.2358	47.99228	4.740944	0.016287	123.0902	0.032572
ROOMS	22587	1	906	124182	5.497941	8.754578	97.16143	0.016297	9911.245	0.032593
SDATE	22968	36161	36870	8.39E+08	36523.1	200.8309	-0.0637	0.016162	-1.20157	0.032322
SPRICE	22968	30146	2130000	3.19E+09	138861.4	84962.11	4.000062	0.016162	37.5423	0.032322
YBUILT	22968	0	2000	44834312	1952.034	170.9893	-11.0766	0.016162	123.4982	0.032322
Valid N (listwise)	22476									

Table 31

Descriptive Statistics	Sample									
	N	Minimum	Maximum	Sum	Mean	Std. Deviation	Skewness	Kurtosis		
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
CON	370	3	9	2723	7.359459	0.941647	-1.34131	0.126831	1.59337	0.252991
HAREA	369	51	285	43068	116.7154	34.67955	1.06304	0.127001	2.136031	0.25333
ROOMS	367	3	10	1898	5.171662	1.138239	0.989101	0.127344	2.21761	0.25401
SDATE	373	36162	36869	13625350	36529.09	205.347	-0.06772	0.126324	-1.25955	0.251985
SPRICE	373	32000	321000	45289717	121420.2	50128.27	1.106198	0.126324	1.780405	0.251985
YBUILT	370	1880	1999	727343	1965.792	25.39792	-1.31175	0.126831	1.284735	0.252991
Valid N (listwise)	367									

Table 32

Statistics	Population containing first home buyers	
LUC	Total	Percent
1100	17753	77.29%
1101	35	0.15%
1110	6	0.03%
1111	1	0.00%
1112	1	0.00%
1113	2	0.01%
1115	7	0.03%
1118	255	1.11%
1119	107	0.47%
1220	938	4.08%
1230	93	0.40%
1300	1	0.00%
1310	2281	9.93%
1315	155	0.67%
1320	268	1.17%
1321	231	1.01%
1322	63	0.27%
1323	16	0.07%
1324	15	0.07%
1325	3	0.01%
1326	8	0.03%
1327	1	0.00%
1330	583	2.54%
1335	11	0.05%
1400	3	0.01%
1410	26	0.11%
1411	1	0.00%
1412	2	0.01%
1413	1	0.00%
1420	5	0.02%
1430	1	0.00%
1432	1	0.00%
1500	1	0.00%
1600	1	0.00%
1825	6	0.03%
1912	59	0.26%
1992	22	0.10%
1993	4	0.02%
1997	1	0.00%
Total	22968	

Table 33

Statistics	Sample	
LUC	Total	Percent
1100	2876	77.52%
1101	7	0.19%
1110	1	0.03%
1111	0	0.00%
1112	0	0.00%
1113	0	0.00%
1115	2	0.05%
1118	40	1.08%
1119	14	0.38%
1220	156	4.20%
1230	9	0.24%
1300	0	0.00%
1310	371	10.00%
1315	26	0.70%
1320	41	1.11%
1321	43	1.16%
1322	9	0.24%
1323	0	0.00%
1324	0	0.00%
1325	0	0.00%
1326	1	0.03%
1327	0	0.00%
1330	90	2.43%
1335	2	0.05%
1400	0	0.00%
1410	5	0.13%
1411	0	0.00%
1412	0	0.00%
1413	0	0.00%
1420	1	0.03%
1430	0	0.00%
1432	0	0.00%
1500	1	0.03%
1600	1	0.03%
1825	0	0.00%
1912	10	0.27%
1992	0	0.00%
1993	4	0.11%
1997	0	0.00%
Total	3710	

Table 34

Statistics	Population	
STYLE		
AFRAME	9	0.04%
ARCTECT	246	1.09%
ART DECO	50	0.22%
AUSTERITY	551	2.44%
BACKENDER	5	0.02%
BOOMERANG	55	0.24%
BUNGALOW	1200	5.31%
BWIN/VILLA	169	0.75%
CAPE/COD	25	0.11%
COLN/COTGE	43	0.19%
COLONIAL	1360	6.02%
CONTEMP	1048	4.64%
CONVENL	11271	49.87%
COTG/TWNSE	84	0.37%
COTG/VILLA	455	2.01%
GENT/BUNGL	10	0.04%
GEORGIAN	51	0.23%
H/RISE UNT	44	0.19%
HOMESTEAD	48	0.21%
HQCONTEMP	28	0.12%
HQCONVENL	663	2.93%
HQRANCH	27	0.12%
KING/COTGE	3	0.01%
LVRV/VILLA	51	0.23%
MANSION	7	0.03%
MEDTERNEAN	138	0.61%
PCONVENL	242	1.07%
POLYGON	2	0.01%
QEAN/VILLA	20	0.09%
RANCH	750	3.32%
ROW/COTGE	44	0.19%
RVER/VILLA	145	0.64%
S.CONVENL	1914	8.47%
SB/BUNG	115	0.51%
SETT/COTGE	25	0.11%
SHACK	21	0.09%
SPAN/MISSN	31	0.14%
SPAN/STYLE	182	0.81%
SYMM/COTGE	415	1.84%
TERRCE/HSE	13	0.06%
TUDOR	163	0.72%
TUDOR/KENT	1	0.00%
VILLA	849	3.76%
WTFL/AUSTY	30	0.13%
Total	22603	

Table 35

Statistics	Sample	
STYLE		
AFRAME	1	0.03%
ARCTECT	31	0.85%
ART DECO	5	0.14%
AUSTERITY	82	2.25%
BACKENDER	1	0.03%
BOOMERANG	3	0.08%
BUNGALOW	196	5.37%
BWIN/VILLA	27	0.74%
CAPE/COD	5	0.14%
COLN/COTGE	8	0.22%
COLONIAL	221	6.05%
CONTEMP	173	4.74%
CONVENL	1800	49.30%
COTG/TWNSE	12	0.33%
COTG/VILLA	74	2.03%
GENT/BUNGL	2	0.05%
GEORGIAN	13	0.36%
H/RISE UNT	3	0.08%
HOMESTEAD	5	0.14%
HQCONTEMP	3	0.08%
HQCONVENL	113	3.10%
HQRANCH	5	0.14%
KING/COTGE	0	0.00%
LVRV/VILLA	10	0.27%
MANSION	1	0.03%
MEDTERNEAN	26	0.71%
PCONVENL	45	1.23%
POLYGON	0	0.00%
QEAN/VILLA	5	0.14%
RANCH	115	3.15%
ROW/COTGE	6	0.16%
RVER/VILLA	17	0.47%
S.CONVENL	309	8.46%
SB/BUNG	22	0.60%
SETT/COTGE	3	0.08%
SHACK	2	0.05%
SPAN/MISSN	9	0.25%
SPAN/STYLE	32	0.88%
SYMM/COTGE	68	1.86%
TERRCE/HSE	2	0.05%
TUDOR	41	1.12%
TUDOR/KENT	0	0.00%
VILLA	150	4.11%
WTFL/AUSTY	5	0.14%
Total	3651	

APPENDIX 2 SURVEY INSTRUMENT

University of South Australia

School of International Business

Survey of Home Buyers 2001

To answer the questions please tick ✓ the appropriate box. If you do not wish to answer a question please leave it blank and move on to the next. The survey should be filled in by (or on behalf of) the main or if joint, one of the main, income earners in your household. Only one person in your household needs to answer the survey.

Questions about yourself

Q 1. Gender

Female Male

Q 2. Which of the following ranges includes your age. (please tick ✓ one)

<input type="checkbox"/> under 25 years	<input type="checkbox"/> 40 to 44	<input type="checkbox"/> 60 to 64
<input type="checkbox"/> 25 to 29	<input type="checkbox"/> 45 to 49	<input type="checkbox"/> 65 to 69
<input type="checkbox"/> 30 to 34	<input type="checkbox"/> 50 to 54	<input type="checkbox"/> 70 to 74
<input type="checkbox"/> 35 to 39	<input type="checkbox"/> 55 to 59	<input type="checkbox"/> 75+ years

Q 3. How would you describe your household? (please tick ✓ one)

<input type="checkbox"/> Single	<input type="checkbox"/> Sole parent with dependent children 18 to 24 yrs
<input type="checkbox"/> Couple with no children	<input type="checkbox"/> Couple with dependent children under 18 yrs
<input type="checkbox"/> Couple retired	<input type="checkbox"/> Couple with dependent children 18 to 24 yrs
<input type="checkbox"/> Sole parent with dependent children under 18 yrs	<input type="checkbox"/> Couple with independent children
	<input type="checkbox"/> Other (please specify) _____

Q 4. Which best describes your level of education? (please tick ✓ one)

<input type="checkbox"/> Did not complete secondary	<input type="checkbox"/> Bachelor degree or higher
<input type="checkbox"/> Completed secondary	<input type="checkbox"/> Other (please specify) _____
<input type="checkbox"/> Trade or other certificate or diploma	

Q 5. Where were you born? (please tick ✓ one)

<input type="checkbox"/> Australia	<input type="checkbox"/> South East Asia
<input type="checkbox"/> United Kingdom	<input type="checkbox"/> North East Asia
<input type="checkbox"/> Europe	<input type="checkbox"/> Other (please specify) _____
<input type="checkbox"/> Middle East	

Q 6. Are you currently studying? (if a couple please include your partner)

You	Your partner
<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

If No please go to Q 7

If Yes is your study?

You	Your partner
<input type="checkbox"/> Part time <input type="checkbox"/> Full time	<input type="checkbox"/> Part-time <input type="checkbox"/> Full time

At what type of educational institution are you currently enrolled?

You

- School
- TAFE College
- Higher Education
- Other (please specify) _____

Your partner

- School
- TAFE College
- Higher Education
- Other (please specify) _____

Q 7. As a household what is your main source of income? (please tick ✓one)

- | | |
|--|--|
| <input type="checkbox"/> Salary | <input type="checkbox"/> Austudy |
| <input type="checkbox"/> Own business | <input type="checkbox"/> Newstart allowance/unemployment benefit |
| <input type="checkbox"/> Government pension or allowance | <input type="checkbox"/> Other (please specify) _____ |
| <input type="checkbox"/> Private pension or annuity | |

Q 8. Please give an indication of your gross weekly household income. (please tick ✓one)

- | | |
|--------------------------------------|--|
| <input type="checkbox"/> Nil income | <input type="checkbox"/> \$700-\$999 |
| <input type="checkbox"/> \$1-\$119 | <input type="checkbox"/> \$1,000-\$1,499 |
| <input type="checkbox"/> \$120-\$299 | <input type="checkbox"/> \$1,500-\$1,999 |
| <input type="checkbox"/> \$300-\$499 | <input type="checkbox"/> \$2,000 or more |
| <input type="checkbox"/> \$500-\$699 | |

Q 9. Do either you and/or your partner have a deferred Higher Education Contribution Scheme (HECS) debt to pay?

- Yes No

If **Yes** about how much is your HECS liability?

You

-
-
-
-
-
-

Your partner

- Less than \$5000
- \$5000 to \$10000
- \$10000 to \$15000
- \$15000 to \$20000
- \$20000 to \$25000
- over \$25000

Q 10. As a household has your annual income changed in the last 12 months?

- No change (**If No change please go to Q 12**)
- Decreased
- Increased

Q 11. As a household why has your total income changed? (please tick ✓any which apply)

- | | |
|---|--|
| <input type="checkbox"/> Pay rise | <input type="checkbox"/> Paid a lump sum |
| <input type="checkbox"/> Pay decrease | <input type="checkbox"/> Drop in pension |
| <input type="checkbox"/> Increased working hours | <input type="checkbox"/> Rise in pension |
| <input type="checkbox"/> Decreased working hours | <input type="checkbox"/> Loss of employment |
| <input type="checkbox"/> Started own business | <input type="checkbox"/> Gain in employment |
| <input type="checkbox"/> Closed own business | <input type="checkbox"/> Taken on second job/partner working |
| <input type="checkbox"/> Rise in interest rates | <input type="checkbox"/> Loss of second job/partner working |
| <input type="checkbox"/> Drop in interest rates | <input type="checkbox"/> Don't know |
| <input type="checkbox"/> Investment/dividends increased | <input type="checkbox"/> Other _____ |
| <input type="checkbox"/> Investment/dividends decreased | |

Q 12. As a household how would you describe your financial circumstances generally? *(please tick ✓ one)*

- Very well off
- Managing pretty well
- Getting by
- Finding it difficult
- Other _____

Questions about your recent dwelling purchase

Q 13. As a household is this the first dwelling you have bought?

- Yes No

If **No** in what year did you buy your first dwelling? _____

Q 14. In the past have either you or your partner owned or had a financial interest in a home, jointly, separately or with some other person?

- Yes No

Q 15. Would you ever consider renting out the property you have recently purchased as an investment for rental income?

- either now Yes No
or in the future? Yes No

Q 16. Are you living in the dwelling you recently purchased?

- Yes **(If yes please go to Q18)** No

Q 17. Are you *(please tick ✓ one)*

- Already living in a home you own
- Renting the home you are currently living in
- Living with family/friends
- Waiting to get married
- Other (please specify) _____

Is the dwelling? *(please tick ✓ one)*

- Being rented in the short term
- Being rented long term
- Vacant
- Other *(please specify)* _____

Q 18. What was your tenure before you purchased this dwelling? *(please tick ✓ one)*

- Owned outright
- Process of being bought with mortgage
- Rented from private landlord
- Rented from State Government/Defence Housing Authority
- Rent to Buy Scheme from State Government/Defence Housing Authority
- Rented from Housing Cooperative/Community or Church Group
- Lived with parents rent free/nominal rent
- Other (please specify) _____

Q 19. How long did you live in your previous dwelling?

- under 12 months
 - 1 to 2 years
 - 2 to 5 years
 - Over 5 years
-

Q 20. Did you rent **this dwelling** before you decided to buy it?

- Yes No (If No please go to Q 21)

If Yes from whom did you rent it? (please tick ✓one)

- Family/friends
- Private landlord
- State Government Housing Authority/ Defence Housing Authority
- Rented from Housing Cooperative/Community or Church Group
- Other (please specify) _____

Q 21. Did/Do your parents own their own home? (if a couple please include your partner)

You

- Yes No

Your partner

- Yes No

Q 22. Did you receive any of the following financial assistance towards purchasing this dwelling? (please tick ✓ any that apply)

- Gift
- Inheritance
- Loan from family
- Federal First Home Owners Grant
- State Government/Defence Housing Authority Rent to Purchase Loan
- Stamp Duty First Home Concession
- Homestart Home Loan
- Lived with parents rent free/nominal rent
- Other (please specify) _____

Q 23. About how long did you spend looking for the dwelling you recently purchased? (please tick ✓one)

- Less than 6 weeks
- Up to 3 months
- 3 to 6 months
- 6 to 12 months
- 1 to 2 years
- over 2 years

Q 24. About how many homes did you look at before buying?

- less than 5
- 5 to 10
- over 10

As a household how important were the following in terms of **when** you bought this dwelling?

	Not Important	Of some Importance	Very Important	Don't Know
Low interest rates	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Flexible lending arrangements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Low inflation rate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
House prices were affordable	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Had saved enough for a deposit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Federal First Home Owner's Grant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Introduction of GST	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
State stamp duty exemption on offer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Expected house prices to rise in next 12 months	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Expected interest rates to rise in next 12 months	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Expected rents to rise in next 12 months	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pay rise	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Getting hard to find rental accommodation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Birth of a child	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Child starting a new school	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
New job	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Relocation in present job	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Relationship change	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (please specify) _____				

Q 25. Did your house purchase reflect what you were originally looking for when you recently decided to buy?

Yes (**If Yes please go to Q 27**) No

If **No** what changed? (please tick ✓ any which apply)

- | | |
|--|--|
| <input type="checkbox"/> Purchased a unit/flat instead of detached house | <input type="checkbox"/> Purchased home was more expensive |
| <input type="checkbox"/> Purchased a detached house instead of unit/flat | <input type="checkbox"/> Purchased block size is smaller |
| <input type="checkbox"/> Purchased in a different location | <input type="checkbox"/> Purchased block size is larger |
| <input type="checkbox"/> Purchased a different internal design | <input type="checkbox"/> Purchased house/unit is older |
| <input type="checkbox"/> Purchased home was less expensive | <input type="checkbox"/> Purchased house/unit is more modern |
| | <input type="checkbox"/> Other (please specify) _____ |

Q 26. Did you obtain a housing loan in order to purchase your dwelling?

Yes No (**If No please go to Q 37**)

If **Yes** from where did you obtain your housing loan? (please tick ✓ one)

- | | |
|--|---|
| <input type="checkbox"/> Bank | <input type="checkbox"/> Insurance Company |
| <input type="checkbox"/> Building Society | <input type="checkbox"/> Friends/family |
| <input type="checkbox"/> Credit Union | <input type="checkbox"/> Other (please specify) _____ |
| <input type="checkbox"/> Mortgage Manager e.g. Aussie Home Loans | |

Q 27. What type of housing loan do you have? (please tick ✓ one)

- | | |
|--|---|
| <input type="checkbox"/> Fixed rate | <input type="checkbox"/> Other (please specify) _____ |
| <input type="checkbox"/> Fixed rate for 1 or 2 years then variable | |
| <input type="checkbox"/> Fixed rate for 3 to 5 years then variable | |
| <input type="checkbox"/> Variable rate | |
| <input type="checkbox"/> Line of credit loan | |

Q 28. How long did you take your loan out for? *(please tick ✓ one)*

- 30 years
- 25 years
- 20 years
- 15 years
- 10 years
- less than 10 years

Q 29. About what size is your housing loan? *(please tick ✓ one)*

- Less than \$50,000
- \$50,000 to \$75,000
- \$75,001 to \$100,000
- \$100,001 to \$125,000
- \$125,001 to \$150,000
- \$150,001 to \$175,000
- \$175,001 to \$200,000
- Over \$200,000

Q 30. Did you take out the maximum loan available to you?

- Yes
- No

If **No**, why not? _____

Q 31. Have you now paid out your mortgage? Yes **(If Yes please go to Q 37)** No

Q 32. About what percentage of your after tax household monthly income are your monthly mortgage repayments? *(please tick ✓ one)*

- more than 40%
- 40%
- 35%
- 30%
- 25%
- 20%
- 10%
- less than 10%

Q 33. How many members of your household contribute directly to the mortgage repayments? *(please tick ✓ one)*

- 1
- 2
- 3
- more than 3

Q 34. How frequently do you pay your housing loan? *(please tick ✓ one)*

- Weekly
- Fortnightly
- Monthly
- Other (please specify) _____

Q 35. How soon do you hope to pay off your housing loan? *(please tick ✓ one)*

- 30 years
- 25 years
- 20 years
- 15 years
- 10 years
- less than 10 years

Q 36. Based on your own experience would you tend to agree or disagree with any of the following statements on renting as against owning a home?

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
Owning a house ties you down	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Buying is a better long-term investment than renting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Buying a house ties up your money	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Buying a house means you have a place to call your own	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
It's important for young couples to own their own home	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Owning a house gives you more security of tenure	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Buying is always cheaper than renting over time	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Buying a house is a substantial risk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Owning a house makes your future more financially secure	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
It's hard to find what you want when you rent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
It's hard to find what you want when you buy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Renting allows you to live where you can't afford to buy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The only way to get a nice place is to buy one	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Renting allows you to invest your money in other ways	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
It's important for families with young children to own their own home	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Questions about your employment

Q 37. Are you **and/or** your partner currently employed?

Yes No

If **No** i.e. neither you nor your partner is currently employed **please go to Q 48**

If **Yes** please describe the nature of your main employment **and/or** your partner if employed (*please tick ✓ appropriate boxes*)

You	Your partner
<input type="checkbox"/>	<input type="checkbox"/> Full time permanent
<input type="checkbox"/>	<input type="checkbox"/> Full time contract
<input type="checkbox"/>	<input type="checkbox"/> Full time casual
<input type="checkbox"/>	<input type="checkbox"/> Part time permanent
<input type="checkbox"/>	<input type="checkbox"/> Part time contract
<input type="checkbox"/>	<input type="checkbox"/> Part time casual
<input type="checkbox"/>	<input type="checkbox"/> Self employed (Full time <input type="checkbox"/> or Part time <input type="checkbox"/>)

Q 38. In your main job do you work? (*please tick ✓*)

You	Your partner
<input type="checkbox"/> For an employer for wages or salary	<input type="checkbox"/> For an employer for wages or salary
<input type="checkbox"/> In your own business with employees	<input type="checkbox"/> In your own business with employees
<input type="checkbox"/> In your own business with no employees	<input type="checkbox"/> In your own business with no employees
<input type="checkbox"/> Without pay in a family business	<input type="checkbox"/> Without pay in a family business
<input type="checkbox"/> Other (please specify) _____	<input type="checkbox"/> Other (please specify) _____

Q 39. How long have you been in your main job? (*please tick ✓*)

You	Your partner
<input type="checkbox"/> More than 10 years	<input type="checkbox"/> More than 10 years
<input type="checkbox"/> 5 to 10 years	<input type="checkbox"/> 5 to 10 years
<input type="checkbox"/> 2 to 4 years	<input type="checkbox"/> 2 to 4 years
<input type="checkbox"/> 1 to 2 years	<input type="checkbox"/> 1 to 2 years
<input type="checkbox"/> Under 12 months	<input type="checkbox"/> Under 12 months

Q 40. In your main job how many hours a week do you work on average? *(please tick ✓)*

- | | |
|--|---|
| <p>You</p> <p><input type="checkbox"/> More than 40 hours</p> <p><input type="checkbox"/> 35 to 40 hours</p> <p><input type="checkbox"/> 30 to 34 hours</p> <p><input type="checkbox"/> 25 to 29 hours</p> <p><input type="checkbox"/> 20 to 24 hours</p> <p><input type="checkbox"/> Less than 20 hours</p> | <p>Your partner</p> <p><input type="checkbox"/> More than 40 hours</p> <p><input type="checkbox"/> 35 to 40 hours</p> <p><input type="checkbox"/> 30 to 34 hours</p> <p><input type="checkbox"/> 25 to 29 hours</p> <p><input type="checkbox"/> 20 to 24 hours</p> <p><input type="checkbox"/> Less than 20 hours</p> |
|--|---|

Q 41. Do either you or you partner have a second job?

- | | |
|--|---|
| <p>You</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> | <p>Your partner</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> |
|--|---|

Q 42. In your main job do either you and/or your partner work overtime? Yes No

If **Yes** on average how many hours per week? *(please tick ✓)*

- | | |
|--|--|
| <p>Yourself</p> <p><input type="checkbox"/> Over 20 hours overtime</p> <p><input type="checkbox"/> 15 to 20 hours</p> <p><input type="checkbox"/> 10 to 14 hours</p> <p><input type="checkbox"/> 5 to 9 hours</p> <p><input type="checkbox"/> Under 5 hours overtime</p> | <p>Your partner</p> <p><input type="checkbox"/> Over 20 hours overtime</p> <p><input type="checkbox"/> 15 to 20 hours</p> <p><input type="checkbox"/> 10 to 14 hours</p> <p><input type="checkbox"/> 5 to 9 hours</p> <p><input type="checkbox"/> Under 5 hours overtime</p> |
|--|--|

If **Yes** is it?

- | | |
|--|--|
| <p>Yourself</p> <p><input type="checkbox"/> Unpaid <input type="checkbox"/> Paid</p> | <p>Your partner</p> <p><input type="checkbox"/> Unpaid <input type="checkbox"/> Paid</p> |
|--|--|

Q 43. Which best describes your and/or your partner's main job category? *(please tick ✓)*

- | | | | |
|--|--|--|--|
| <p>You</p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> | <p>Your Partner</p> <p><input type="checkbox"/> Manager</p> <p><input type="checkbox"/> Administrator</p> <p><input type="checkbox"/> Professional</p> <p><input type="checkbox"/> Semi - Professional</p> <p><input type="checkbox"/> Tradesperson</p> <p><input type="checkbox"/> Clerical</p> | <p>You</p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> | <p>Your Partner</p> <p><input type="checkbox"/> Sales or Service</p> <p><input type="checkbox"/> Manufacturing</p> <p><input type="checkbox"/> Transport Worker</p> <p><input type="checkbox"/> Labourer</p> <p><input type="checkbox"/> Other <i>(please specify)</i></p> |
|--|--|--|--|
-

Q 44. Which best describes your and/or your partner's main area of employment? *(please tick ✓)*

- | | | | |
|--|--|--|--|
| <p>You</p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> | <p>Your Partner</p> <p><input type="checkbox"/> Agriculture, Forestry, Fishing</p> <p><input type="checkbox"/> Mining</p> <p><input type="checkbox"/> Manufacturing</p> <p><input type="checkbox"/> Electricity Gas or Water</p> <p><input type="checkbox"/> Construction</p> <p><input type="checkbox"/> Wholesale Trade</p> <p><input type="checkbox"/> Retail Trade</p> <p><input type="checkbox"/> Hospitality/Cafes etc.</p> <p><input type="checkbox"/> Transport & Storage</p> <p><input type="checkbox"/> Communication Services</p> | <p>You</p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> | <p>Your Partner</p> <p><input type="checkbox"/> Finance & Insurance</p> <p><input type="checkbox"/> Property & Business Services</p> <p><input type="checkbox"/> Government Admin & Defence</p> <p><input type="checkbox"/> Education</p> <p><input type="checkbox"/> Health and Community Services</p> <p><input type="checkbox"/> Cultural & Recreational Services</p> <p><input type="checkbox"/> Personal & other Services</p> <p><input type="checkbox"/> Other</p> |
|--|--|--|--|

Q 45. In which suburb is your place of main employment?

You _____ Your partner _____

Q 46. Do either you and/or your partner ever work from home with your actual place of employment sited elsewhere?

Yes No

If **Yes** how often do you work from home? *(please tick ✓ one)*

- 1 or 2 working days every week
- 1 or 2 working days every month
- Occasionally
- Rarely

Please go to Q 53.

Q 47. If **no one in your household is currently employed** are either you and/or your partner **looking for work**?

Yes No **(If No please go to Q 53)**

If **Yes** how long have you been **looking for work**? *(please tick ✓ one)*

Yourself

- less than 3 months
- 3 to 6 months
- 6 to 12 months
- over 12 months

Your partner

- less than 3 months
- 3 to 6 months
- 6 to 12 months
- over 12 months

Q 48. If you are currently **looking for work** which best describes the **job category** in which you are seeking work? *(please tick ✓ any which apply).*

You

- Manager
- Administrator
- Professional
- Semi - Professional
- Tradesperson
- Clerical

You

- Sales or Service
- Manufacturing
- Transport Worker
- Labourer
- Other *(please specify)* _____

Q 49. If you are currently **looking for work** which best describes the area of employment in which you are seeking work? *(please tick ✓ any which apply).*

You

- Agriculture, Forestry, Fishing
- Communication Services
- Manufacturing
- Electricity Gas or Water
- Mining
- Property and Business Services
- Government Admin & Defence
- Education
- Health and Community Services
- Cultural & Recreational Services

You

- Personal & Other Services
- Hospitality/Cafes etc
- Transport and Storage
- Finance and Insurance
- Wholesale Trade
- Retail Trade
- Construction
- Other *(please specify)* _____

Q 50. As a household do you anticipate having to move house in order to find work?

Yes

No

Q 51. If you are **looking for work** do you believe owning a home makes finding employment? *(please tick ✓ one)*

- More difficult
 - Less difficult
 - Makes no difference
 - Don't know
-

Q 52. How many full time jobs have you had in the past 5 years? *(please tick ✓)*

- | You | Your partner |
|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> Over 6 full time jobs |
| <input type="checkbox"/> | <input type="checkbox"/> 4 to 6 full time jobs |
| <input type="checkbox"/> | <input type="checkbox"/> 2 to 3 full time jobs |
| <input type="checkbox"/> | <input type="checkbox"/> one full time job |
| <input type="checkbox"/> | <input type="checkbox"/> no full time job |

Q 53. How many part time jobs have you had in the past 5 years? *(please tick ✓)*

- | You | Your partner |
|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> Over 6 part time jobs |
| <input type="checkbox"/> | <input type="checkbox"/> 4 to 6 part time jobs |
| <input type="checkbox"/> | <input type="checkbox"/> 2 to 3 part time jobs |
| <input type="checkbox"/> | <input type="checkbox"/> one part time job |
| <input type="checkbox"/> | <input type="checkbox"/> no part time job |

If you are currently not employed **please go to Q 62**

Q 54. Has relocation in your and/or your partner's main job required you to move house?

- Yes No

- If Yes**
- within the last 12 months
- within the last 2 years
- within the last 5 years

Q 55. Do you and/or your partner anticipate having to move house because of relocation in your present job?

- Yes No

- If Yes**
- within the next 12 months
- within the next 2 years
- within the next 5 years

Q 56. In the past 5 years have either you and/or your partner worked in another state/country?

- Yes No

If **Yes** which state/country? _____

Q 57. Do you believe owning a home makes relocation in a job *(please tick ✓ one)*

- Less difficult
- More difficult
- Makes no difference
- Don't know

Q 58. Do you believe owning a home makes changing job *(please tick ✓ one)*

- Less difficult
- More difficult
- Makes no difference
- Don't know

Q 59. As a household would you be willing to move house in order to find work?

- Yes
- No

If **Yes** what would you be most likely to do with your existing dwelling? *(please tick ✓ one)*

- Sell it
- Rent it out
- Let it out to relatives/friends at nominal rent/rent free
- Leave it vacant

Q 60. Into the future how concerned are you about your present job security? *(please tick ✓ one)*

	Not at all	Of minor concern	Quite concerned	Very concerned
Over the next 12 months	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Over the next 5 years	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If your partner is currently working how concerned is he/she about their present job security? *(please tick ✓ one)*

	Not at all	Of minor concern	Quite concerned	Very concerned
Over the next 12 months	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Over the next 5 years	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q 61. In the past how concerned have you been about your job security? *(please tick ✓ one)*

	Not at all	Of minor concern	Quite concerned	Very concerned
Over the past 12 months	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Over the past 5 years	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

In the past how concerned has your partner been about their job security? *(please tick ✓ one)*

	Not at all	Of minor concern	Quite concerned	Very concerned
Over the past 12 months	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Over the past 5 years	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q 62. Finally do you believe either your and/or your partner's **experience of job security** has had an influence on your decision to buy a home?

Yes had an influence No had no influence Don't know

If **Yes** please tick ✓ any of the following to indicate how your experience of job security has influenced your decision to buy a home

- | | | | |
|---|--------------------------|--|--------------------------|
| I/We delayed buying a home | <input type="checkbox"/> | I/We obtained our loan through a Building society/
mortgage manager | <input type="checkbox"/> |
| I/We bought a home as soon as possible | <input type="checkbox"/> | I/We reduced the term of our loan | <input type="checkbox"/> |
| I/We looked at more homes | <input type="checkbox"/> | I/We extended the term of our loan | <input type="checkbox"/> |
| I/We looked at fewer homes | <input type="checkbox"/> | I/We took out a smaller loan | <input type="checkbox"/> |
| I/We looked in a lower price range | <input type="checkbox"/> | I/We took out a larger loan | <input type="checkbox"/> |
| I/We looked in a higher price range | <input type="checkbox"/> | I/We took out a loan with a fixed interest component | <input type="checkbox"/> |
| I/We looked for a longer period than expected | <input type="checkbox"/> | <input type="checkbox"/> | |
| I/We looked for shorter period than expected | <input type="checkbox"/> | I/We took out a loan with no fixed interest component | <input type="checkbox"/> |
| I/We bought a less expensive home | <input type="checkbox"/> | | |
| I/We bought a more expensive home | <input type="checkbox"/> | | |
| I/We obtained our loan through a Bank | <input type="checkbox"/> | | |
| Other (please specify) _____ | | | |

If there are any general comments you would like to make about your experience of buying a house or any aspect of this survey please add them below.

Thank you very much for your help and time.

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