

# Housing Trends Towards 2040

Geordan Murray  
HIA Economist

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**economics**  
group

# “Futuro House”



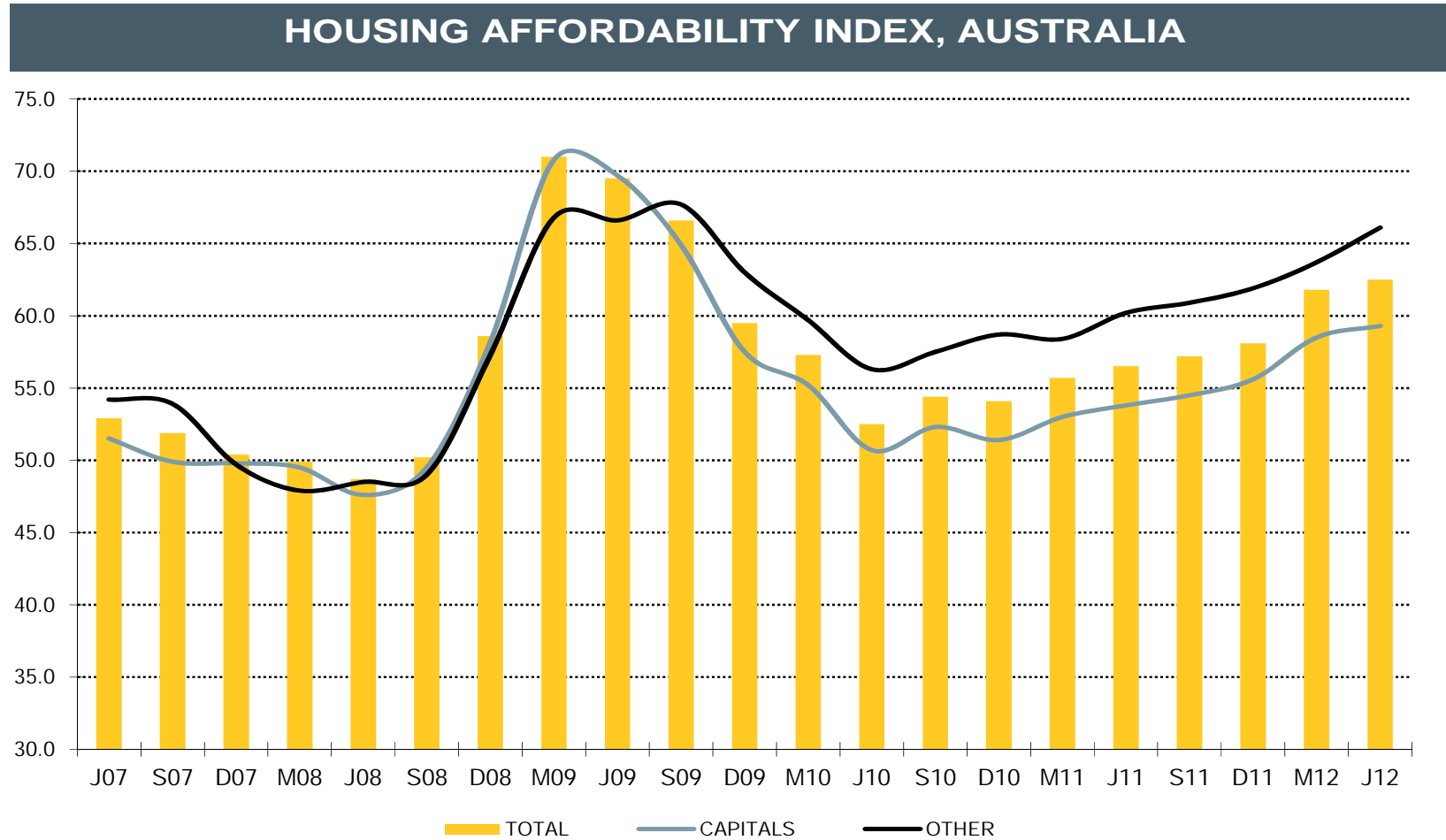
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# Introductory remarks

- We'll still be building a mix of detached, medium-density and high density dwellings through to 2040.
- Population growth ensures there will be a requirement for more housing.
- Key influences on housing to 2040:
  - Demography
  - Consumer preferences – housing affordability
  - The cost of production – supply
  - Government policy



# The housing affordability backdrop



# Consumers - Household formation

HOUSEHOLD COMPOSITION BY NUMBER OF PERSONS PRESENT ON CENSUS NIGHT 2011

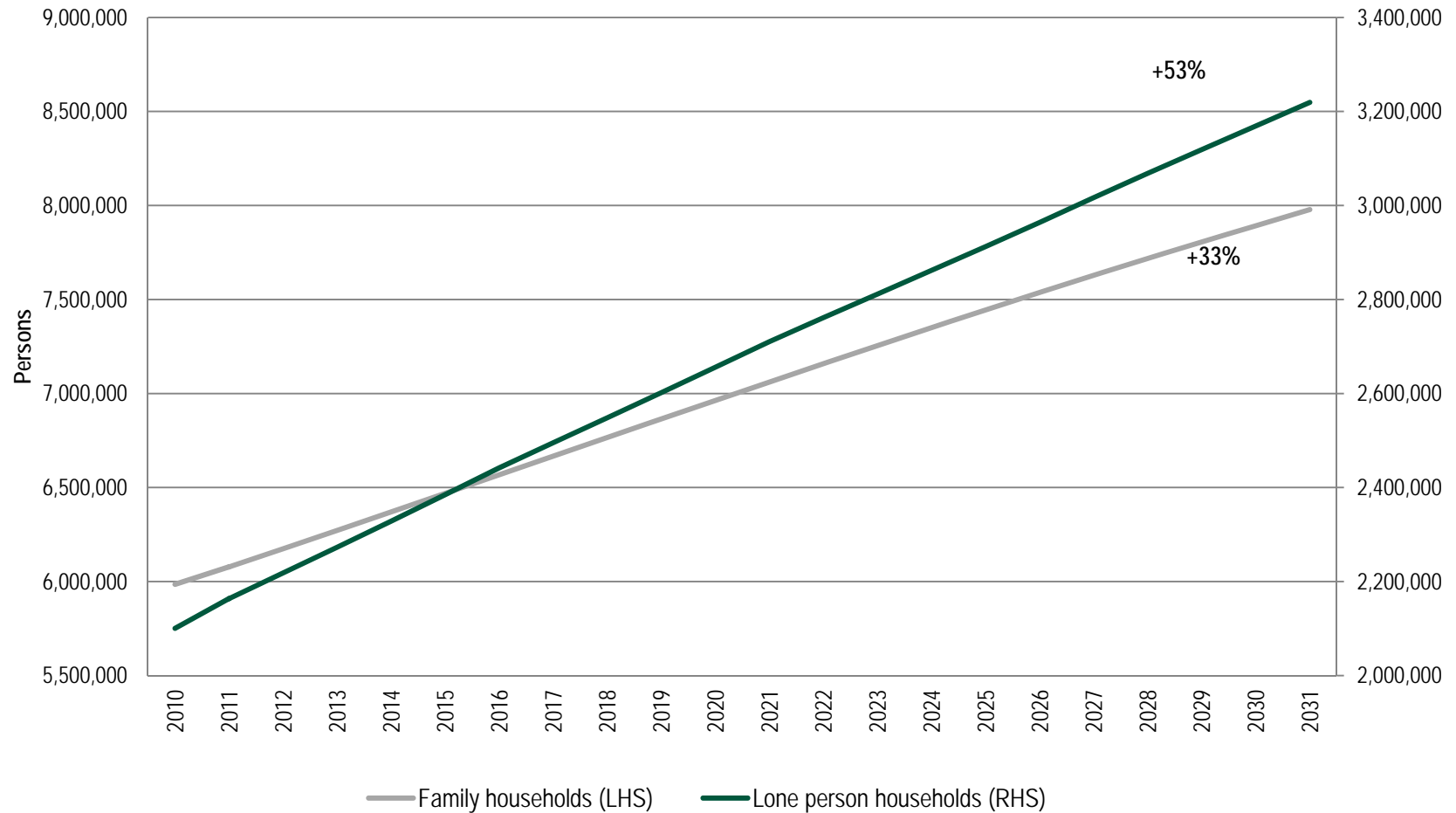
Household size	Total	Increase Since 2006
One	2,114,136	8.8%
Two	2,722,191	6.7%
Three	1,301,225	7.7%
Four	1,218,095	7.6%
Five	539,657	6.4%
Six or more	287,255	13.2%
<b>Total</b>	<b>8,182,565</b>	<b>7.7%</b>



# Consumers - Household types

## Household and family projections - Australia

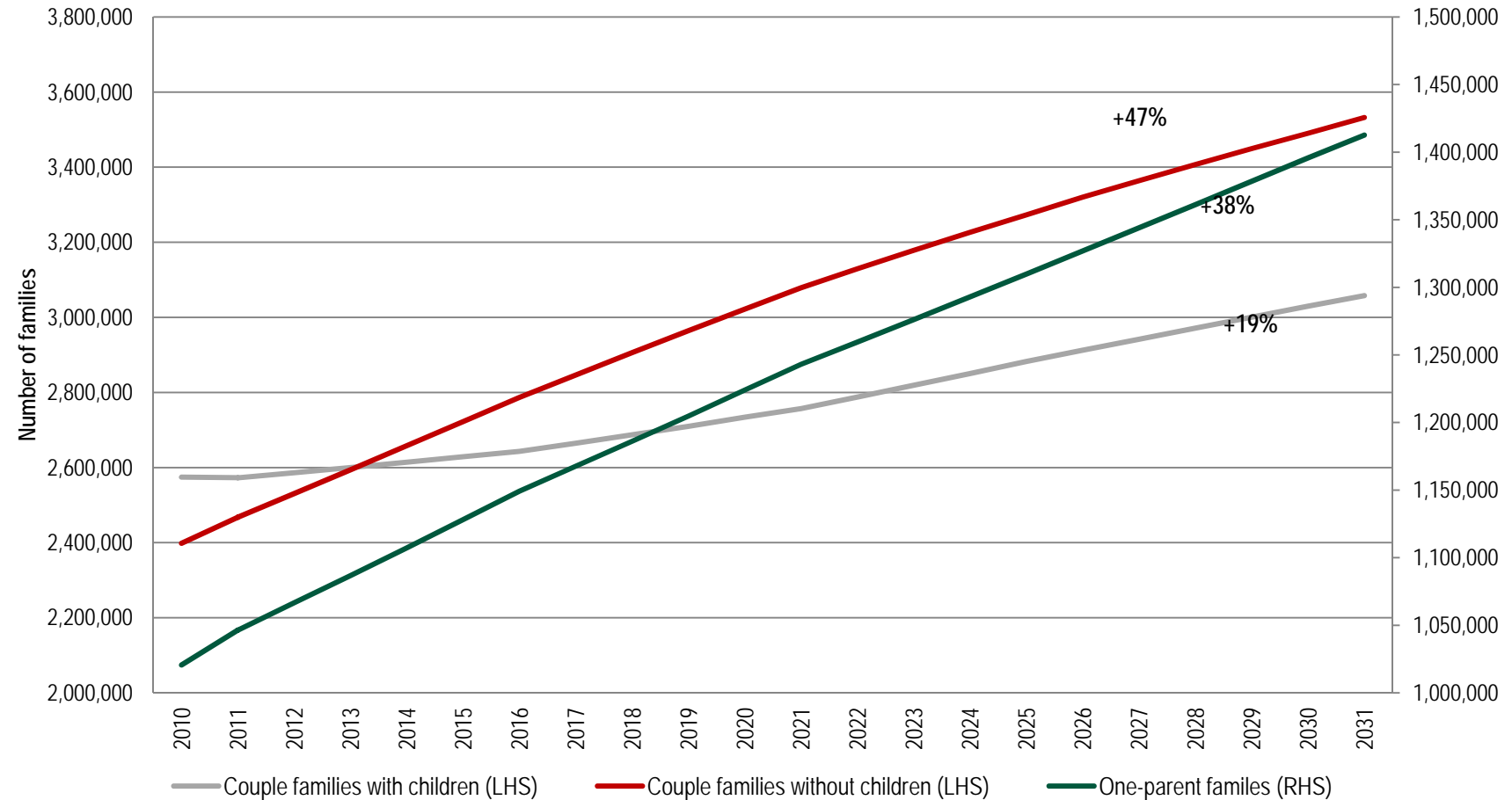
Source: ABS 3236.0



# Consumers - Family types

## Projected number of families, family type - Australia

Source: ABS 3236.0



# Consumers - Housing tenure

Tenure of households (in occupied private dwellings)	2006	2011	Change
Owned outright	2,478,266 32.6%	2,539,432 31.0%	61,166 -1.6%
Owned with a mortgage	2,448,209 32.2%	2,723,626 33.3%	275,417 1.1%
Rented	2,063,950 27.2%	2,349,338 28.7%	285,388 1.5%
Other tenure type	65,711 0.9%	74,843 0.9%	9,132 0.0%
Tenure type not stated	540,046 7.1%	495,322 6.1%	-44,724 -1.1%
<b>Total</b>	<b>7,596,182</b>	<b>8,182,565</b>	<b>586,383</b>





# Consumers – Changing housing careers

- Trade-up buyer
- First home buyer
- Downsizing buyer
- Investors and career renters

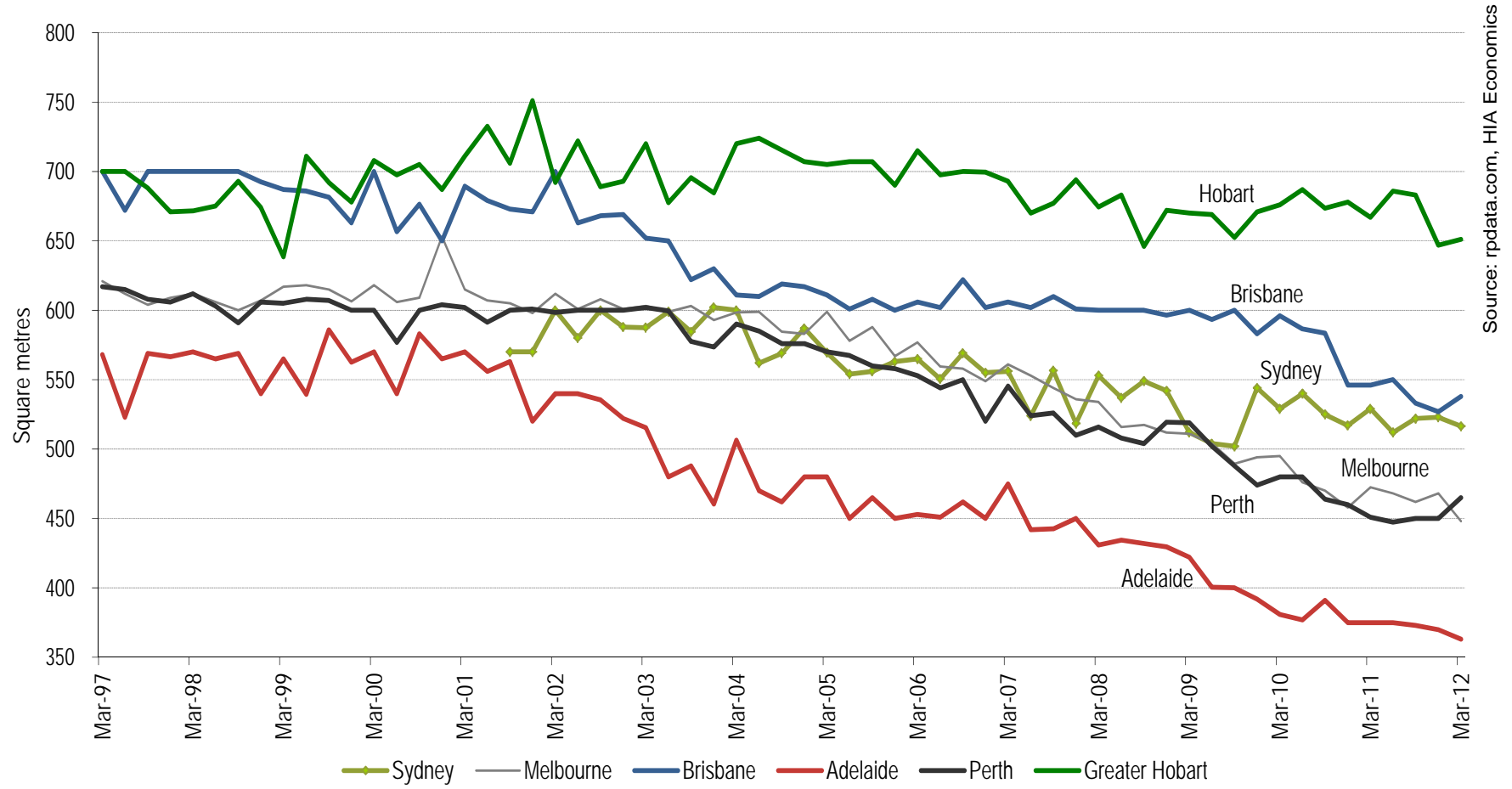


# Supply - New home affordability

- Raw land and development costs represent the largest component in both greenfield and infill development.
- Government taxes and charges as a share of final purchase price:
  - Sydney - 44 per cent for greenfield and 22 per cent for infill development.
  - Melbourne - 33 per cent for greenfield and 22 per cent for infill development.
  - Brisbane - 37 per cent for greenfield and 29 per cent for infill development.
- The costs incurred in the land preparation stages reduces is a significant drag on the competitiveness of new homes.

# Supply - Residential lot size

## MEDIAN LOT SIZES

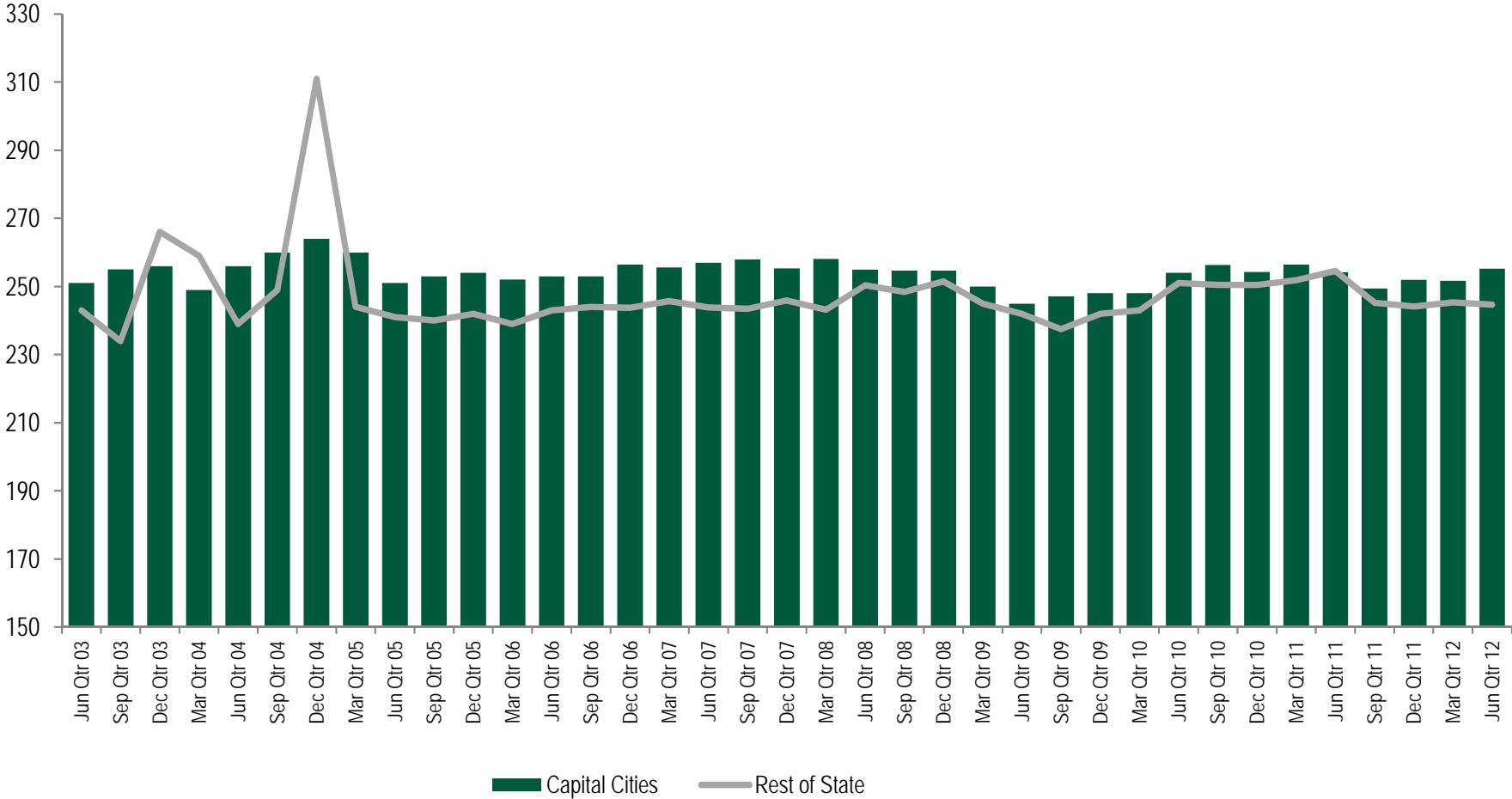


Source: rpdata.com, HIA Economics

# Supply – Dwelling sizes

Average Size by Outer Wall Material - Australia

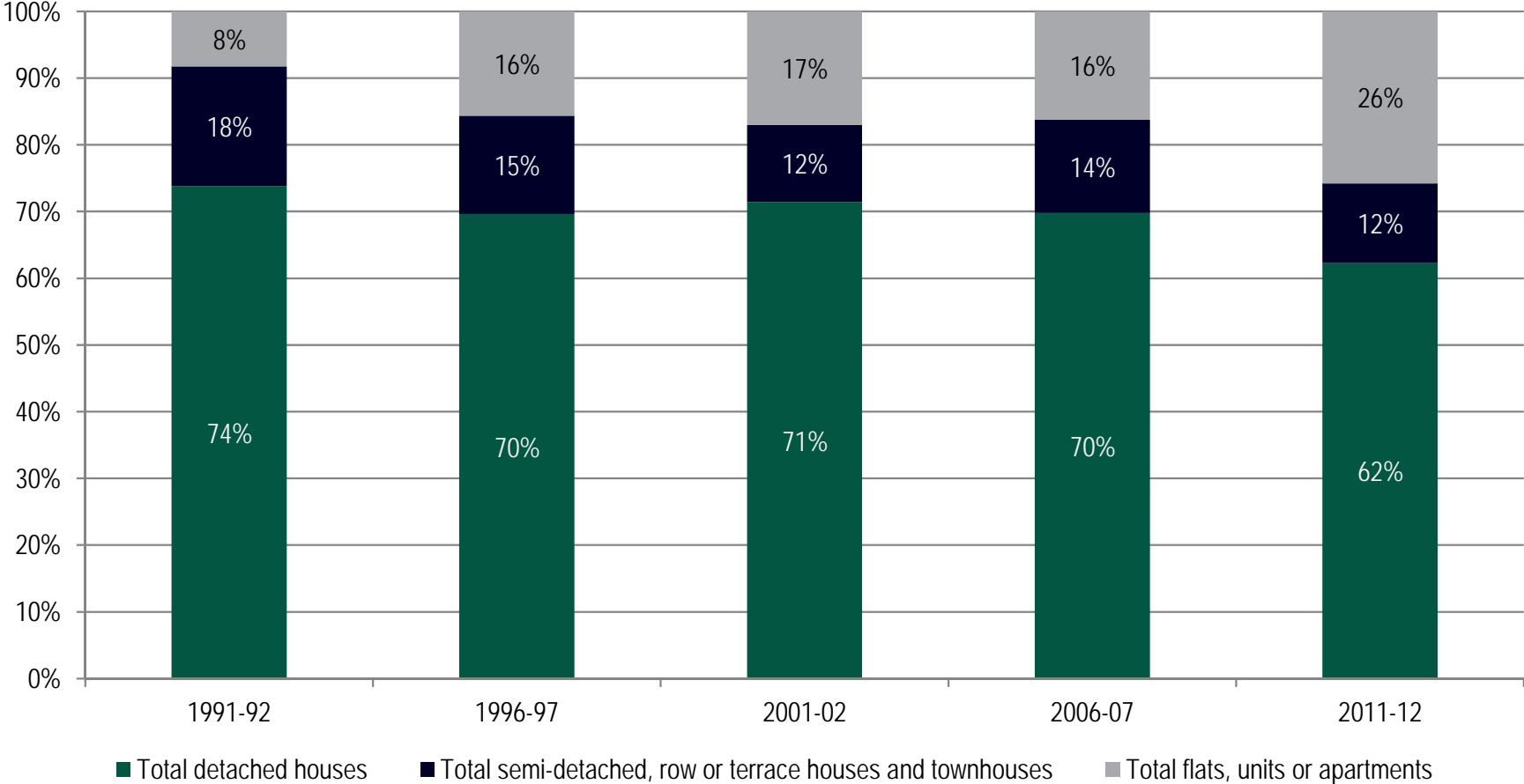
Source: ABS unpublished building approvals data



# Supply – Dwelling structures

## Composition of New Dwellings Approved

Source: ABS



# Supply – Building materials and methods

- Household preferences
- Consumer expectations
- Productivity and cost
- Global competition
- Product compliance
- Regulation

# Policy and regulation

- Building codes
- Occupation health and safety
- Environmental
- Taxes
- Land use planning
- Workforce
- Infrastructure investment
- International policy

# Summing up

- Australia's population will continue to grow and demographic change is inevitable.
- Housing preferences will change – some will be voluntary, some will be forced.
- A growing and changing population needs a diverse mix of housing types...but the mix is unlikely to be the same as the past.
- The housing industry will continue to adopt new technologies and new methods that improve productivity...timber can play a big role here.
- The policy agenda will be a moving target but all levels of government will have a role.





# THANK YOU FOR YOUR TIME

Geordan Murray  
HIA Economist

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