



ESA | The Economic Society  
of Australia

Nicholas Proud  
12 July 2022

[powerhousing.com.au](http://powerhousing.com.au)  
[nproud@powerhousing.com.au](mailto:nproud@powerhousing.com.au)



@nicholasproud



## Australian Homes are not efficient

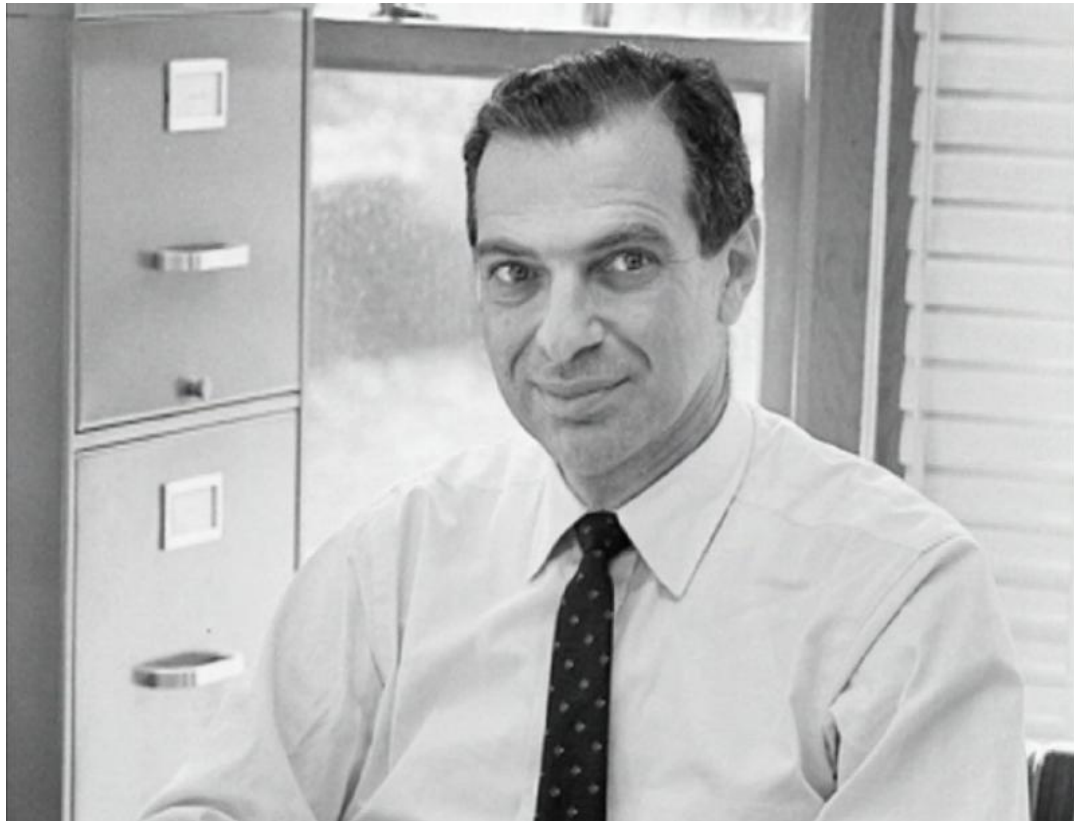
1969



2022



# Forecasting housing is like forecasting the weather



# What do we know about supply – ad hoc forecasts

	<b>Forecast</b>	<b>Actual</b>	<b>Variance</b>
<b>FY2011</b>	157,490	155,375	(2,115)
<b>FY2012</b>	142,100	153,583	11,483
<b>FY2013</b>	151,690	171,598	19,908
<b>FY2014</b>	148,330	203,838	55,508
<b>FY2015</b>	153,650	226,857	73,207
<b>FY2016</b>	163,820	233,559	69,739
<b>FY2017</b>	176,840	214,875	38,035
			<b>265,765</b>

Source: CIE Future Forecasts 2012 <https://bit.ly/3452FzJ> industry forecasts (internet archive) and ABS 8752.0 - Building Activity, Australia, Dec 2017

# COVID downturn housing forecasts

## Key forecasters provide low forecasts for new housing delivery

- HIA F2021      111,510 commencements<sup>vi</sup>
- MBA F2021      115,822 commencements<sup>vii</sup>
- UBS F2021      100-120,000 commencements<sup>viii</sup>

Source: PowerHousing Australia CoreLogic Standard House Escan June 2020

Actual commencements ...

Year	Commencements
FY2019	194,418
FY2020	170,522
FY2021	219,927



# Miscalculation of values and election 2022

Electorate	Winning Party	Incumbent Party	State	Change	2019 TF	2022 Dwelling Value					2022 Dwelling Rent				
						2022 Dwelling Value	2-year Dwelling Value Growth	2-year \$ Dwelling Change	1-year Dwelling Value Growth	1-year \$ Dwelling Change	2022 Dwelling Rent	2-year Dwelling Rent Growth	2-year \$ Dwelling Rent Change	1-year Dwelling Rent Growth	% Commonwealth Rent Assistance
Mackellar	IND	LIB	NSW	Y	63.22	\$2,390,324	39.50%	\$676,805	21.12%	\$416,886	\$1,034	11.35%	\$105	6.57%	2.33%
Bradfield	LIB	LIB	NSW	N	66.56	\$2,500,530	30.25%	\$580,768	20.48%	\$425,138	\$1,020	12.53%	\$114	9.92%	2.13%
Wentworth	IND	LIB	NSW	Y	51.31	\$1,983,578	31.33%	\$473,208	17.37%	\$293,534	\$881	8.34%	\$68	11.17%	2.31%
Warringah	IND	IND	NSW	N	57.24	\$2,147,155	27.96%	\$469,150	17.86%	\$325,442	\$932	8.38%	\$72	6.45%	2.47%
Mitchell	LIB	LIB	NSW	N	68.63	\$1,649,237	32.23%	\$402,017	21.91%	\$296,376	\$734	10.10%	\$67	8.47%	2.37%
Berowra	LIB	LIB	NSW	N	65.65	\$1,835,074	27.42%	\$394,845	20.19%	\$308,278	\$744	10.17%	\$69	8.61%	2.30%
McPherson	LNP	LNP	QLD	N	62.2	\$1,074,534	51.97%	\$367,463	33.13%	\$267,430	\$757	26.41%	\$158	15.26%	6.01%
Richmond	ALP	ALP	NSW	N	54.08	\$1,128,434	46.61%	\$358,724	26.30%	\$235,003	\$732	24.87%	\$146	9.18%	9.13%
Robertson	ALP	LIB	NSW	Y	54.24	\$1,125,031	45.66%	\$352,639	26.36%	\$234,682	\$652	26.66%	\$137	13.61%	6.96%
Bennelong	ALP	LIB	NSW	Y	56.91	\$1,449,880	32.11%	\$352,396	18.69%	\$228,302	\$616	6.20%	\$36	7.88%	4.10%
Flinders	LIB	LIB	VIC	N	55.64	\$1,140,147	41.02%	\$331,649	22.58%	\$210,004	\$629	23.88%	\$121	12.77%	5.23%
Gilmore	ALP	ALP	NSW	N	52.61	\$928,203	55.46%	\$331,128	33.56%	\$233,250	\$565	20.25%	\$95	10.96%	7.75%
Cook	LIB	LIB	NSW	N	69.02	\$1,476,069	28.41%	\$326,546	19.11%	\$236,829	\$680	10.03%	\$62	6.35%	3.11%
Fairfax	LNP	LNP	QLD	N	63.44	\$965,761	50.54%	\$324,244	32.24%	\$235,433	\$684	27.89%	\$149	12.77%	6.86%
Whitlam	ALP	ALP	NSW	N	60.91	\$990,082	46.32%	\$313,405	29.50%	\$225,539	\$634	18.23%	\$98	10.47%	5.75%
Fisher	LNP	LNP	QLD	N	62.7	\$955,214	48.30%	\$311,116	32.24%	\$232,901	\$661	24.57%	\$130	12.42%	6.87%
Shortland	ALP	ALP	NSW	N	54.45	\$903,570	52.41%	\$310,700	28.48%	\$200,291	\$590	18.26%	\$91	9.70%	7.00%
Ryan	GRN	LNP	QLD	Y	56.03	\$1,108,383	38.36%	\$307,309	28.29%	\$244,406	\$638	14.97%	\$83	9.55%	3.63%
North Sydney	IND	LIB	NSW	Y	59.27	\$1,474,297	25.54%	\$299,953	17.81%	\$222,909	\$729	7.11%	\$48	10.14%	2.70%
Cunningham	ALP	ALP	NSW	N	63.41	\$1,064,637	39.02%	\$298,843	21.32%	\$187,098	\$619	15.96%	\$85	8.51%	5.52%

Highest capital value increase voters focused on environment, cost of living and housing affordability

## Resetting the baseline data

- Preliminary census results highlight declining homeownership rate, falling household size, increasing number of renters, and increasing rents as placing enormous pressure on the housing system.
- Whilst there has been a decline in unoccupied housing, the Census showed that 10.12% of houses were unoccupied
- More than 1 million properties left vacant on census night.
- Inline with previous census results, Australia's homeownership rate continues to stall.
  - The homeownership rate in 2021 sat at 65.93%, which is higher than the 65.43% in 2016, but is still below the 66.22% in 2001.

- Declining household size is part of a broader trend as the Australian population ages and couples form families later in life.
- Household size has declined by 0.053 per household in the past 5-years, from 2.594 people per household in 2016 to 2.541 in 2021.
  - The decline in household size is enough to drive demand for just under 190,000 dwellings needed over the past 5-years to meet this dispersion.
- Australian housing construction also seems out of step with the reality of the needs of Australians.
  - The Census reveals that 3 person and larger households have declined as a proportion of households.
  - Single person households have notably increased, from 24.42% of households in 2016 to 25.56% of households in 2021.



- Whilst we need single, two person dwellings - the number of single bedroom dwellings increasing by only 77,429 over the past 5-years (411,252 in 2016 to 488,681 in 2021). This compares to the number of single person households increasing by 347,205 over the past 5-years (2,023,537 in 2016 to 2,370,742 in 2021).
- Against this trend, the proportion of houses with 4 or more bedrooms increased from 32.23% in 2016 to 34.76% in 2021.
- An increasing number of Australians are also now renters rather than homebuyers, sitting at 30.64% of the population or a total of 2.8 million people.
- The Australian housing market isn't geared to create affordable and secure rental housing supply.

## Census Data for Tasmania & Hobart

	2016	2021	% Change
<b>Population</b>			
Greater Hobart	222356	247086	11.12%
Rest of Tasmania	286627	309087	7.84%
Tasmania	508983	556173	9.27%
<b>Total Dwellings</b>			
Greater Hobart	94425	102498	8.55%
Rest of Tasmania	135283	145095	7.25%
Tasmania	229708	247593	7.79%
<b>Unoccupied Dwellings</b>			
Greater Hobart	8800	7522	-14.52%
Rest of Tasmania	23331	21659	-7.17%
Tasmania	32131	29181	-9.18%

# Need for additional social and affordable housing



## Key responses:

- national housing plan,
- national housing supply council
- Help to buy scheme (Shared Equity)
- As per the 2022 PowerHousing CoreLogic Standard House Escan and the Federal Election - 30,000 new social and affordable homes to be delivered
- Next steps:
  - 300,000 public housing dwellings Located on commuter routes, in proximity to retail, jobs, health care and services
  - These dwellings are expensive to heat and cool, they are 2 star or less in many cases
  - They are not universally designed
  - They should be replaces with 2-3 housing outcomes
  - social housing is a stable shock absorber
  - soaks up waiting lists and tackles increasing affordable housing demand
  - With every new home built, this creates 1.3 million trade engagements – a soft landing from recent unbalanced housing activity is needed

# Election 2022 – voters demand action

Electorate	Winning Party	Incumbent Party	State	Change	2019 TF	2022 Dwelling Value					2022 Dwelling Rent				
						2022 Dwelling Value	2-year Dwelling Value Growth	2-year \$ Dwelling Change	1-year Dwelling Value Growth	1-year \$ Dwelling Change	2022 Dwelling Rent	2-year Dwelling Rent Growth	2-year \$ Dwelling Rent Change	1-year Dwelling Rent Growth	% Commonwealth Rent Assistance
Mackellar	IND	LIB	NSW	Y	63.22	\$2,390,324	39.50%	\$676,805	21.12%	\$416,886	\$1,034	11.35%	\$105	6.57%	2.33%
Bradfield	LIB	LIB	NSW	N	66.56	\$2,500,530	30.25%	\$580,768	20.48%	\$425,138	\$1,020	12.53%	\$114	9.92%	2.13%
Wentworth	IND	LIB	NSW	Y	51.31	\$1,983,578	31.33%	\$473,208	17.37%	\$293,534	\$881	8.34%	\$68	11.17%	2.31%
Warringah	IND	IND	NSW	N	57.24	\$2,147,155	27.96%	\$469,150	17.86%	\$325,442	\$932	8.38%	\$72	6.45%	2.47%
Mitchell	LIB	LIB	NSW	N	68.63	\$1,649,237	32.23%	\$402,017	21.91%	\$296,376	\$734	10.10%	\$67	8.47%	2.37%
Berowra	LIB	LIB	NSW	N	65.65	\$1,835,074	27.42%	\$394,845	20.19%	\$308,278	\$744	10.17%	\$69	8.61%	2.30%
McPherson	LNP	LNP	QLD	N	62.2	\$1,074,534	51.97%	\$367,463	33.13%	\$267,430	\$757	26.41%	\$158	15.26%	6.01%
Richmond	ALP	ALP	NSW	N	54.08	\$1,128,434	46.61%	\$358,724	26.30%	\$235,003	\$732	24.87%	\$146	9.18%	9.13%
Robertson	ALP	LIB	NSW	Y	54.24	\$1,125,031	45.66%	\$352,639	26.36%	\$234,682	\$652	26.66%	\$137	13.61%	6.96%
Bennelong	ALP	LIB	NSW	Y	56.91	\$1,449,880	32.11%	\$352,396	18.69%	\$228,302	\$616	6.20%	\$36	7.88%	4.10%
Flinders	LIB	LIB	VIC	N	55.64	\$1,140,147	41.02%	\$331,649	22.58%	\$210,004	\$629	23.88%	\$121	12.77%	5.23%
Gilmore	ALP	ALP	NSW	N	52.61	\$928,203	55.46%	\$331,128	33.56%	\$233,250	\$565	20.25%	\$95	10.96%	7.75%
Cook	LIB	LIB	NSW	N	69.02	\$1,476,069	28.41%	\$326,546	19.11%	\$236,829	\$680	10.03%	\$62	6.35%	3.11%
Fairfax	LNP	LNP	QLD	N	63.44	\$965,761	50.54%	\$324,244	32.24%	\$235,433	\$684	27.89%	\$149	12.77%	6.86%
Whitlam	ALP	ALP	NSW	N	60.91	\$990,082	46.32%	\$313,405	29.50%	\$225,539	\$634	18.23%	\$98	10.47%	5.75%
Fisher	LNP	LNP	QLD	N	62.7	\$955,214	48.30%	\$311,116	32.24%	\$232,901	\$661	24.57%	\$130	12.42%	6.87%
Shortland	ALP	ALP	NSW	N	54.45	\$903,570	52.41%	\$310,700	28.48%	\$200,291	\$590	18.26%	\$91	9.70%	7.00%
Ryan	GRN	LNP	QLD	Y	56.03	\$1,108,383	38.36%	\$307,309	28.29%	\$244,406	\$638	14.97%	\$83	9.55%	3.63%
North Sydney	IND	LIB	NSW	Y	59.27	\$1,474,297	25.54%	\$299,953	17.81%	\$222,909	\$729	7.11%	\$48	10.14%	2.70%
Cunningham	ALP	ALP	NSW	N	63.41	\$1,064,637	39.02%	\$298,843	21.32%	\$187,098	\$619	15.96%	\$85	8.51%	5.52%

Highest capital value increase voters focused on environment, cost of living and housing affordability

## Further detail



# 2022 Standard House Report – Affordable Housing Environmental Scan series

[www.powerhousingaustralia.com.au/Resources](http://www.powerhousingaustralia.com.au/Resources)

