



Economics | May 26, 2022

Housing: Surprising facts and figures

Housing occupancy and costs

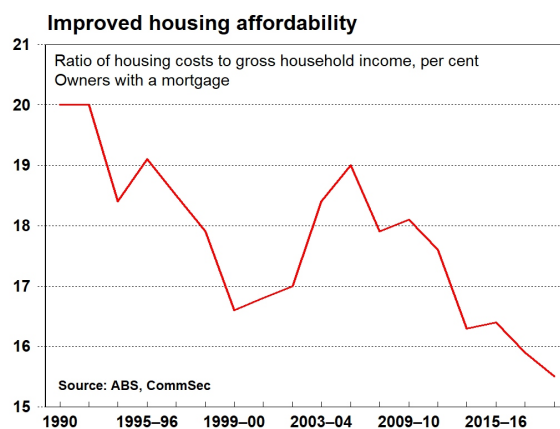
- The Australian Bureau of Statistics (ABS) has released the biennial *"Housing Occupancy and Costs"* publication for the 2019/20 financial year.
- Amongst the facts and figures, a measure of housing affordability for home owners paying off a mortgage has improved to its best level in almost 30 years.
- Just over 66 per cent of Aussie households are home owners, equalling the lowest share since 1994/95.

What does it mean?

- According to the ABS, the *"Survey of Income and Housing collects data from households to measure levels of housing occupancy and costs and how these change over time."* The data is useful for housing-focussed businesses, government planners as well as investors seeking to keep up with the changes in the broader environment.
- One of the key findings was that a measure of housing affordability for home owners with a mortgage, improved over the period from 2017/18 to 2019/20. In fact, the ratio of housing costs to income was the lowest in data stretching back to the start of the series in 1990. Since June 2020, however, interest rates have fallen, home prices have risen and household incomes have also risen so the jury is out on how this has translated to current affordability. Other surveys have shown weaker housing affordability over time, especially when considering the size of the deposit required.
- As expected, following the significant building in the past few years, the share of households living in apartments stands at a record 16.6 per cent. Interestingly in the following two Covid years, demand for free-standing houses has lifted. The question is whether the trend will continue in the 'living with Covid' environment.
- The share of people owning their home outright or paying off a mortgage remains historically low. Some Aussies may continue to struggle to save for a deposit to buy a home. Still, for others, home ownership may not hold the same allure as in the past. The issue deserves more detailed research as some findings are contrary to perceived wisdom.

Facts and figures: Housing Occupancy & Costs 2019/20

- **Housing tenure:** In 2019/20, 29.5 per cent of households owned their home outright; 36.8 per cent were home owners with a mortgage; and 31.4 per cent were renters. The 66.2 per cent of households that were home owners was unchanged on 2017/18, but home ownership equalled the lowest levels in the series back to 1994/95.
- Over the past two decades the ABS says the percentage of Australian households that own their own home: With or without a mortgage broadly decreased from 71 per cent to 66 per cent; without a mortgage decreased from 39 per cent to 30 per cent; with a mortgage increased from 32 per cent



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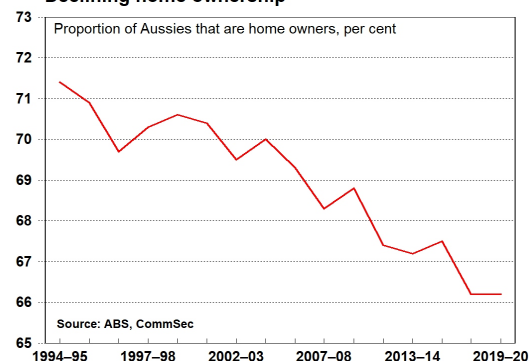
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to 37 per cent.

- **Household composition:** Overall there were 32.8 per cent of households with two employed persons – the highest proportion in the 25-year history of the data.
- There were 2.56 people on average in Australian households, the smallest result in 12 years. Broadly however, the number of people per household has held 2.5–2.6 persons for the past 20 years.
- Overall 25.2 per cent of households were lone person households – the highest result in 12 years. Also the 26.3 per cent of ‘couple’ only households was the highest in a decade.
- **Housing structure:** Overall, 69.1 per cent of households lived in a separate house – the smallest share in the series back to 1994/95. The proportion of households in a semi-detached, row or terrace house, townhouse (13.9 per cent) or an apartment (16.6 per cent) were the highest on record.
- Overall there were 3.1 bedrooms in the average home, down from 3.2 bedrooms in the previous survey in 2017/18.
- One in twenty-five (4 per cent) of households were in need of at least one more bedroom. More than three quarters (77 per cent) of households had at least one bedroom spare.
- **Housing costs:** In 2019/20 dollars (inflation-adjusted terms) average weekly housing costs decreased to \$493 for owners with a mortgage (down \$5 per week from \$498 in 2017/18) and no change was observed for owners without a mortgage (\$54). Housing costs for renters increased by \$2 between 2019/20 (\$379) and 2017/18 (\$377).
- **Affordability:** Housing costs as a proportion of gross household income for home owners with a mortgage fell from 15.9 per cent to 15.5 per cent – the lowest ratio in the series back to 1990. For renters, housing costs as a proportion of gross household income fell from 20.2 per cent to 19.9 per cent.
- Household spending of their gross weekly income on housing costs decreased from 13.9 per cent (2017/18) to 13.6 per cent in 2019/20.
- **Dollar estimates:** In 2019/20 dollars, the median value of a dwelling was \$600,000; the median amount of the mortgage outstanding was \$275,000; and the average gross household income per week was \$2,329.

Declining home ownership



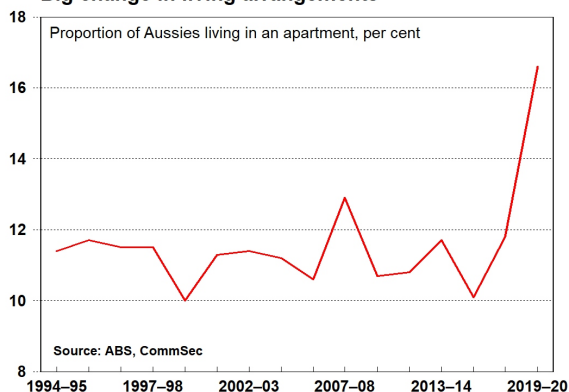
States & territories

- In 2019/20, Northern Territory had the smallest share of home ownership (58.5 per cent) behind Queensland (63.6 per cent) and NSW (64.3 per cent). South Australia and the ACT had the highest share of home ownership (69.3 per cent) just above Western Australia (69.2 per cent).
- Only 34 per cent of NSW households were home owners with a mortgage compared with 42.7 per cent in Western Australia.
- Only 61.8 per cent of NSW households lived in a separate house compared with 85 per cent of households in Tasmania.
- Only 12.2 per cent of homes in Tasmania had solar panels compared with 29.5 per cent in South Australia.

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Big change in living arrangements



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