



Housing to 2020

Australian Dwelling Requirements and Housing Shortage to 2020

- Federal Treasury projections show that Australia's population will increase to 36 million by 2050.
- HIA estimates that over the next 10 years alone, taking account of current population projections Australia will need to build 1.92 million dwellings, well ahead of the 1.5 million dwellings completed over the last 10 years.
- Current population trends imply underlying demand was over 200,000 dwellings for 2009 alone, well ahead of the anticipated 130,000 dwellings completed in 2009.
- Following a particularly weak half a decade for new home building, Australia's housing shortage currently stands at 109,200 dwellings.
- If current building trends were to persist, it is projected that Australia's cumulated housing shortage would reach 466,000 dwellings by 2020.

This report focuses on the current and future level of housing demand and expected dwelling requirements in Australia. From this analysis we can put the spotlight on the regions where the housing shortage can be expected to be greatest and pinpoint regions where the most work will be required to ensure a smooth release of affordable and reasonably located land.

Australia has experienced a boom in population growth thanks mainly to very strong immigration. Federal Treasury projects that Australia's population will reach 36 million by 2050, providing enormous challenges and opportunities. Key to the success or otherwise in adapting to such a large population will be the provision of adequate, affordable, and appropriate housing.

While Australia's population has been growing at a record rate in recent years, new home building has stalled in alarming fashion. The resulting imbalance in supply and demand has created a housing shortage, leaving many people either homeless or forced into inadequate housing in terms of size and/or location.

From an economic perspective, the housing shortage means that property prices remain out of reach for many first home buyers. Those locked out of the property market in the rental market face very low vacancy rates, skyrocketing rents, and often unsuitable housing options in terms of size and proximity to employment opportunities.

Population Growth

Australia is simply not keeping up with the housing demand generated by historically strong natural population growth and net overseas migration

Australia's housing shortage has partly been driven by a very large jump in overseas migration and by historically fast natural population growth. In June 2009, Australia's net overseas migration (285,000) was nearly two thirds of Australia's population growth. These migrants are generally skilled migrants and make a clear positive contribution to the economy. Indeed, historically high net overseas migration was a very important component of domestic demand during the Global Financial Crisis (GFC) and assisted Australia avert a recession.