

Housing Australia's Future

DEMOGRAPHIC ANALYSIS OF AUSTRALIA'S HOUSING REQUIREMENTS 2016

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AUSTRALIAN CONSTRUCTION INSIGHTS

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Foreword

Australia's population is estimated to have broken the 24 million threshold recently, and projections indicate that this could rise to over 40 million by the year 2050. In this context, housing Australia's current and future residents is a key challenge and the persistent and significant increases in the real cost of housing over time indicate that supply policies have not been fully adequate in delivering the requisite output of new housing stock over time. The purpose of Housing Australia's Future is to assess possible home building requirements over the years out to 2050, both nationally and in each state and territory.

During 2015, it is estimated that new home building reached a new all-time record level of 220,000 dwelling commencements, an increase of some 10.8 per cent on the previous year's already exceptional output. The high level of output came despite significant obstacles in the form of high taxation levels on new housing, planning delays, and inadequate mechanisms for the financing and delivery of housing infrastructure.

Ultimately, Australia's future housing requirements will be determined by the rate of population growth and the pace at which living standards improve. Depending on these scenarios, the annual home building requirement ranges between 134,237 and 253,239. Mid-range growth in population and real incomes would require 187,659 dwellings to be built each year over the coming decades.

The challenge of achieving this is underlined by the fact that this threshold has been reached only on three occasions over the past thirty years. Consistently delivering the requisite housing supply is likely to require significant reconfiguration of policy settings around infrastructure funding, excessive charges, planning, land supply and the imposition of inefficient taxes like stamp duty.

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