



2009 PATREC Research Forum 1 October 2009

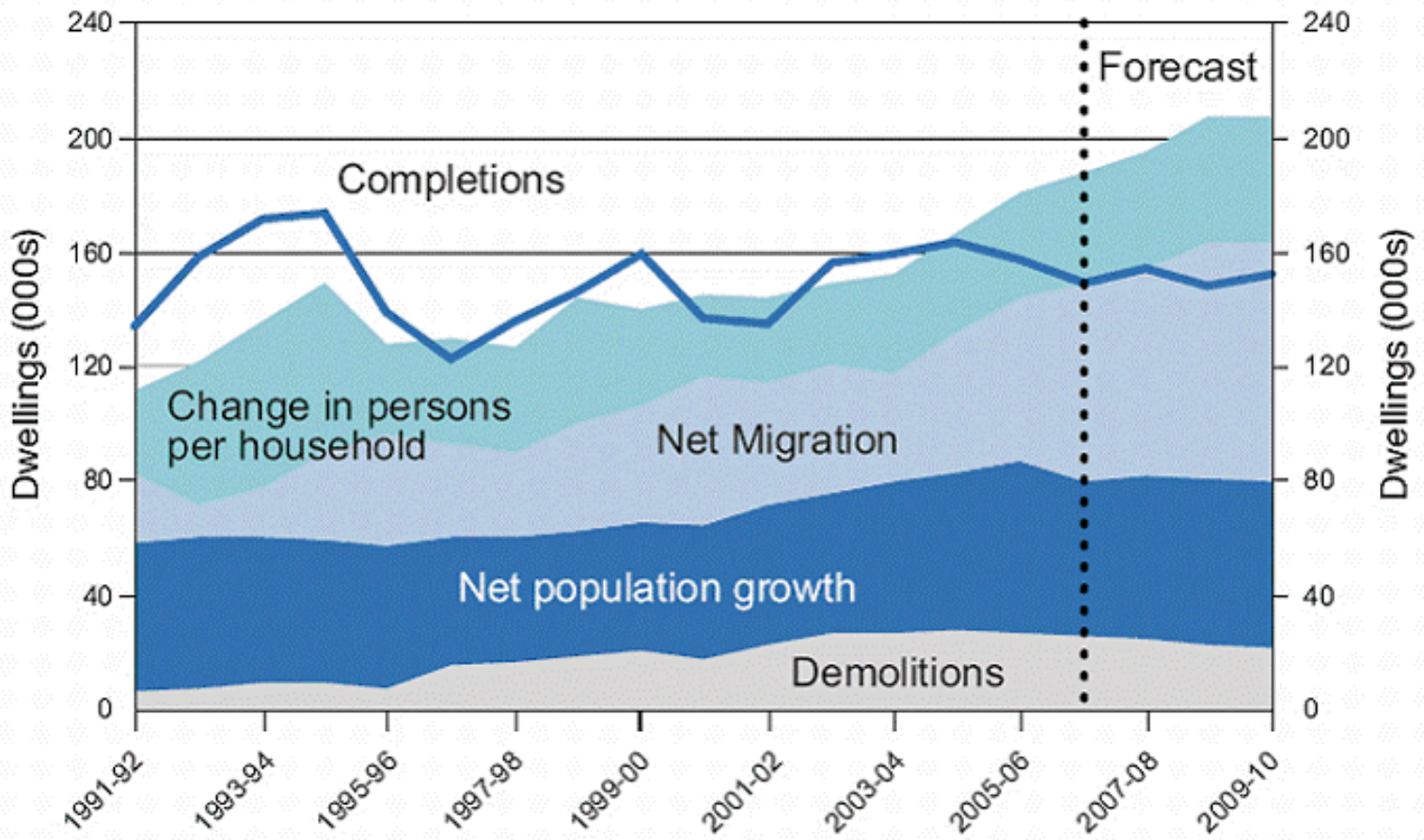
A Critical Examination of the National Housing Shortage Andrew Wilkinson



Structure

- Housing Economics
- Critical examination of the 2008 State of Supply Report
- Conclusions

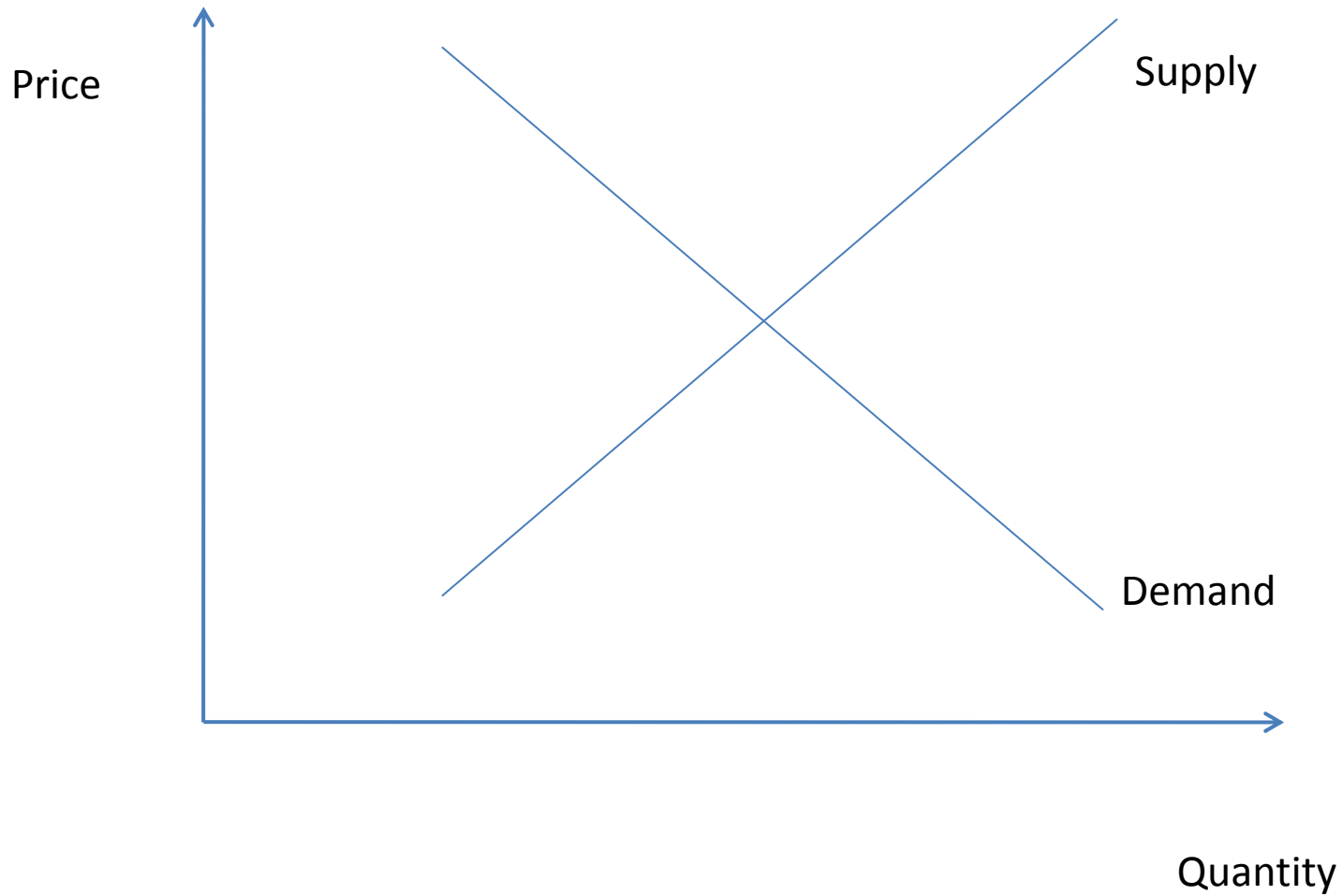
Figure 13: Underlying Demand and Supply of Dwellings



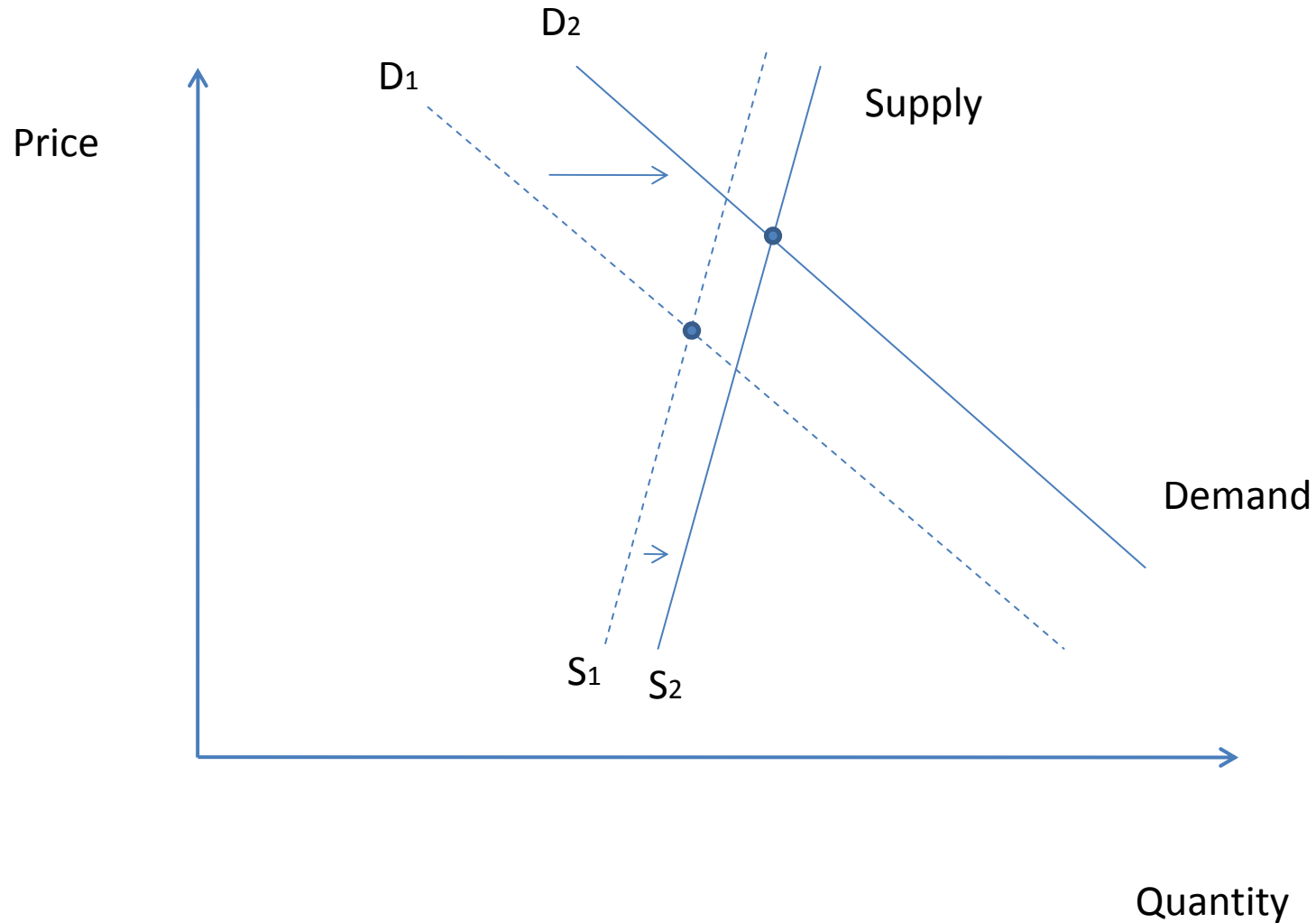
Housing Economics

- Underlying demand for housing is NOT real demand
- Underlying demand is based on population growth, real demand is dependent on price
- House prices have increased significantly in recent years
- The housing market is complex

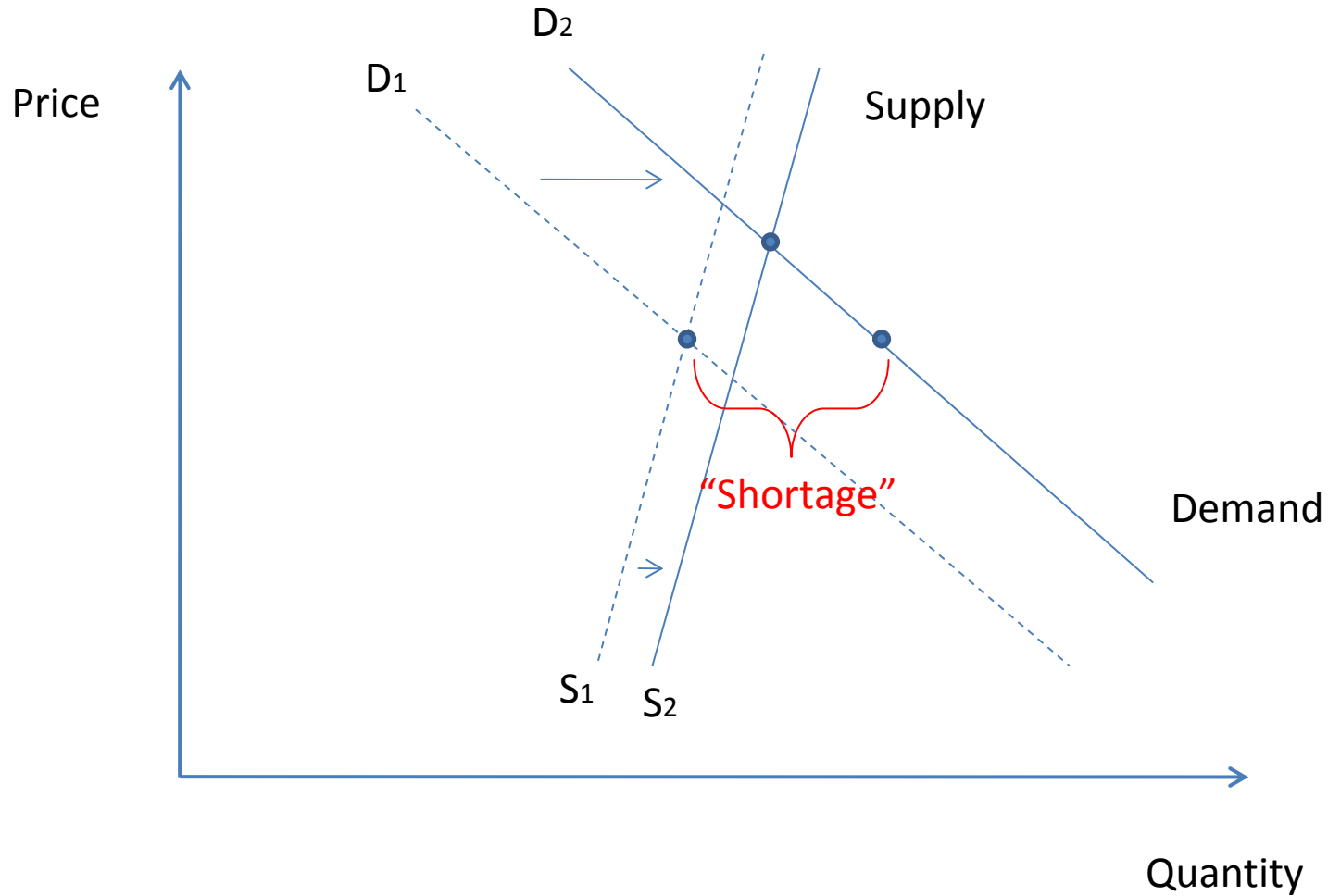
Housing Economics



Housing Economics



Housing Economics



2008 State of Supply Report

- The two key conclusions of the Report:
 1. There is a current (2008) national housing shortage of 85,000 dwellings
 2. This shortage will grow over time, to 431,000 dwellings by 2028 under medium growth scenarios
- These conclusions are highly contestable

2008 State of Supply Report

Current Housing Shortage

- Homelessness
- Low rental vacancy rates
- Social housing stock
- Dwelling size and average occupants

2008 State of Supply Report

Current Housing Shortage - Homeless

<i>Classification of homelessness in 2006 census</i>	<i>Category</i>	<i>2006 census persons / households</i>	<i>Included in estimation of current housing shortage in the Report</i>
Primary	Sleeping rough	16,400 / 9,400	Yes
Secondary	Residing temporarily with friends or relatives	46,900 / 35,300	Yes
Secondary	Supported Accommodation Assistance Program	19,800 / 9,900	No
Tertiary	Residing in boarding houses	21,600 / 20,200	No
Not counted as homeless	Marginal residents of caravan parks	17,500 / 12,400	Yes
<i>Sub total – homeless included in the Report</i>		80,800 / 57,100	
<i>Sub total – homeless not included in the Report</i>		41,400 / 30,100	

2008 State of Supply Report

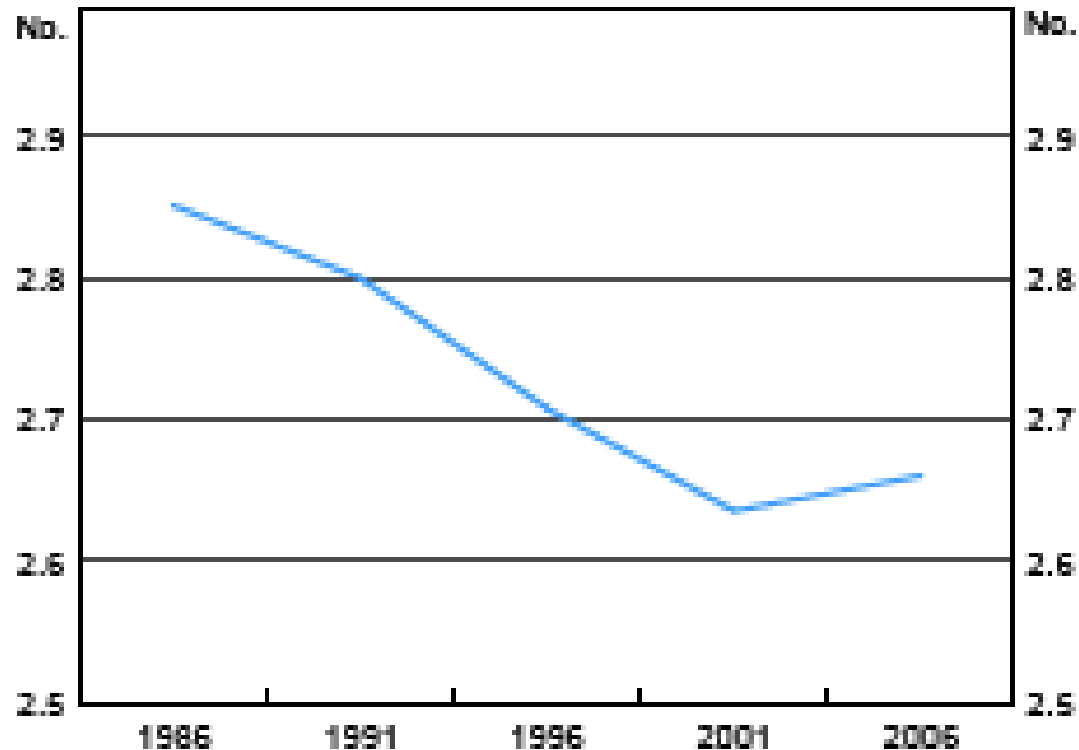
Current Housing Shortage

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2008 State of Supply Report

Current Housing Shortage

Graph 5
Average Household Size*
Persons per household, census years



* Series uses ABS data on Australia's resident population and the number of households as measured in the Census.

Source: ABS

2008 State of Supply Report

Future Worsening Housing Shortage

- Current total supply > total demand, indicating a surplus of dwellings
- Worsening housing shortage is based on projections of underlying demand.
- Key deficiency of Report's methodology is that it ignores the influence of market forces

2008 State of Supply Report

Future Worsening Housing Shortage

“in most conceivable circumstances, a large cumulative gap would cause compensating adjustments in price, and in levels of production and demand that would fully or partially mitigate that deficit.”

National Housing Supply Council 2009; *2008 State of Supply Report*; p64

2008 State of Supply Report

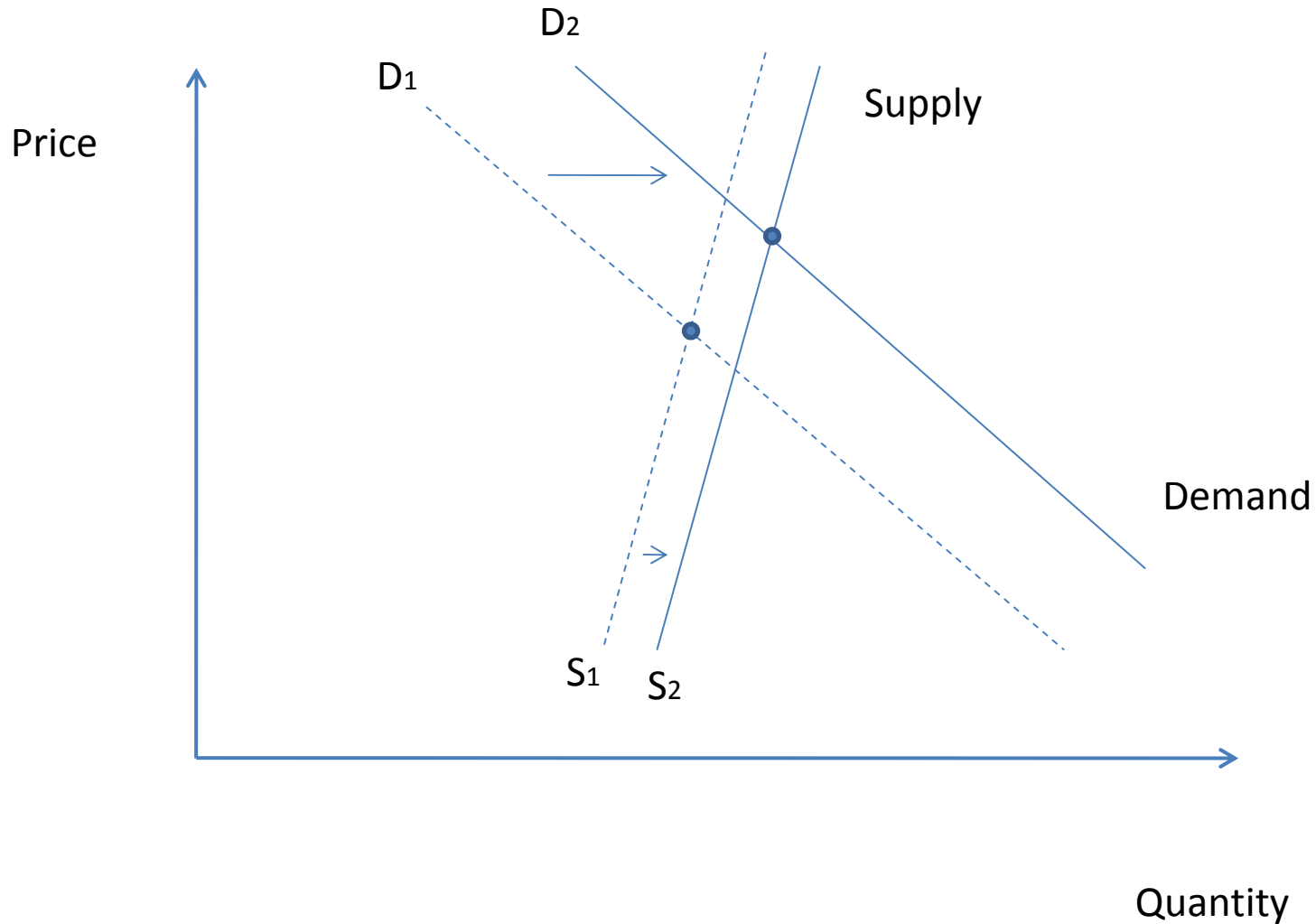
Future Worsening Housing Shortage

- Spare bedrooms
- Temporary residents
- Public dwellings and tourist accommodation

Conclusion #1

**There is no national
housing shortage!!**

Housing Economics



Conclusion #2

Increasing pressure on the national housing stock has emerged in recent years

Conclusion #3

What can we learn from
overseas?

Conclusion #3

RESEARCH BRIEF

Public
Policy
Institute of
California

MARCH 2004

ISSUE #82

How Critical Is California's Housing Shortage?

High housing prices, low vacancy rates, and low levels of new construction have convinced many observers that California is experiencing a critical housing shortage, especially in the state's largest metropolitan areas. Supporting this view is the fact that the number of persons per housing unit has increased in California even as it has declined in the rest of the nation. Other indicators, however, show that California's housing shortage is not so severe and may not even exist in many regions. For example, the real median

1980s to 1.1 million units in the 1990s. Already-low vacancy rates in many counties declined even further in the 1990s, especially for rental units; real prices increased in most counties in the 1990s; and households generally became more crowded. The authors note, however, that many of these trends—for example, housing price and rent increases—were less notable in the 1990s than in the 1980s.

With these general trends in mind, the authors examine