Affordable housing

What does the data tell us?

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Department of Planning and Environment

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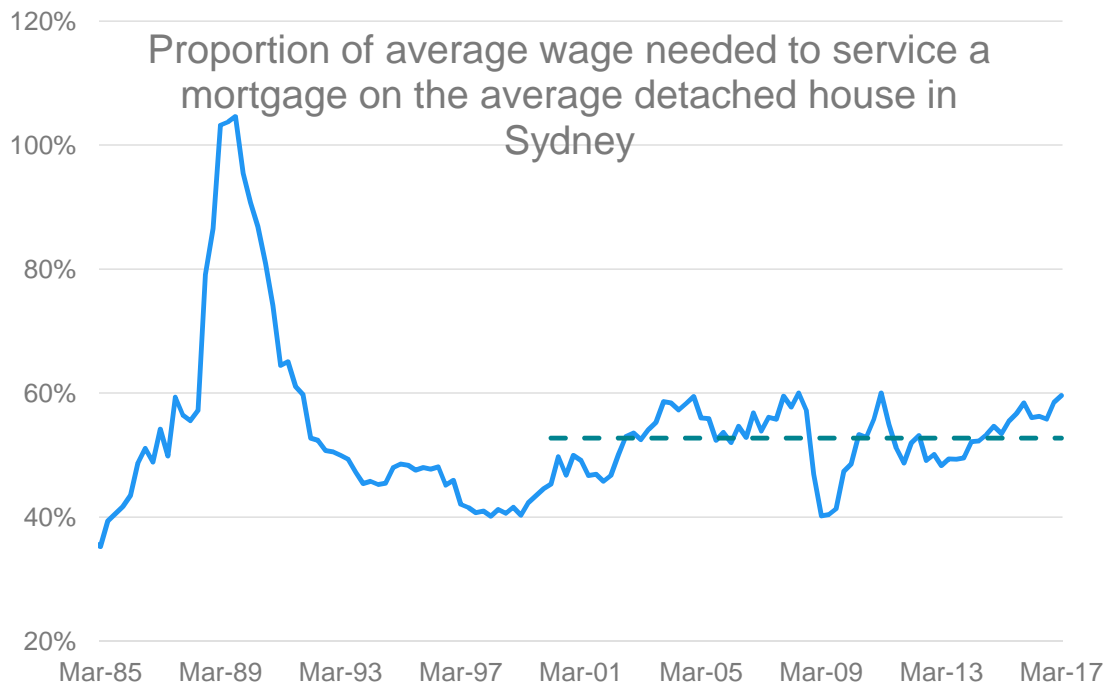
1. Is housing affordable?
2. Affordability and location
3. Are there enough homes?
4. The right types of homes in the right places

Is housing affordable?

Mortgage affordability

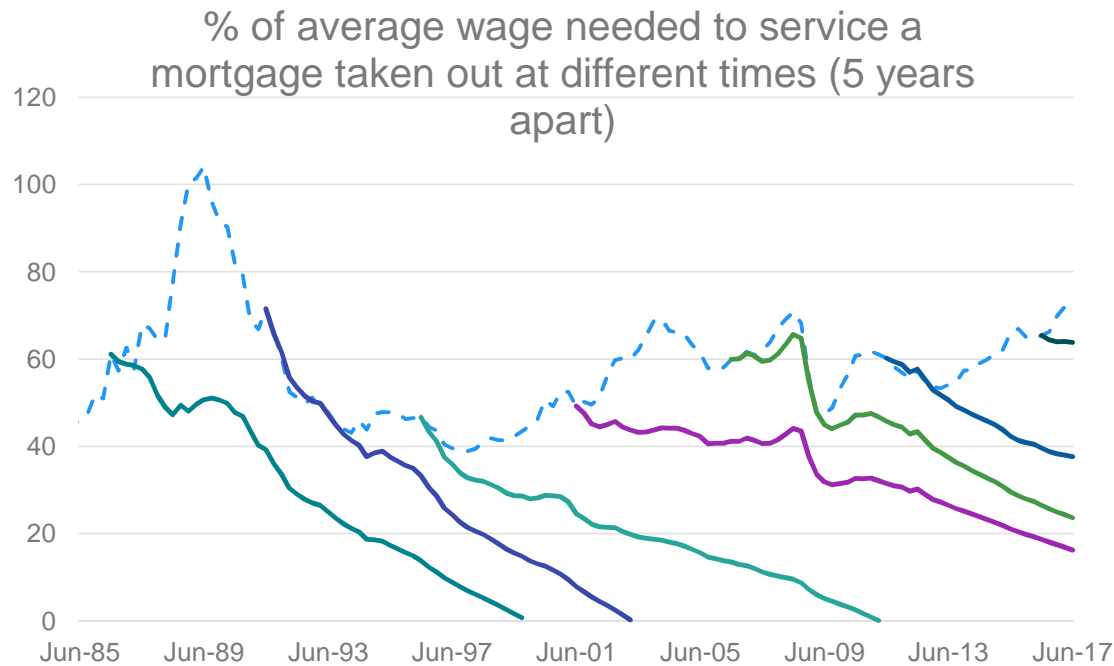Proportion of average wage needed to service a mortgage on the average detached house in Sydney

Late 1980s:
- *Rapidly rising house prices*
- *17% interest rates*

Since 2000:
- *Higher house prices largely offset by lower interest rates*

Source: ABS, RBA, REIA, DPE calculations

Affordability – owners with a mortgage

% of average wage needed to service a mortgage taken out at different times (5 years apart)

In the past, falling interest rates and rising wages made mortgages more affordable over time

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Saving a deposit

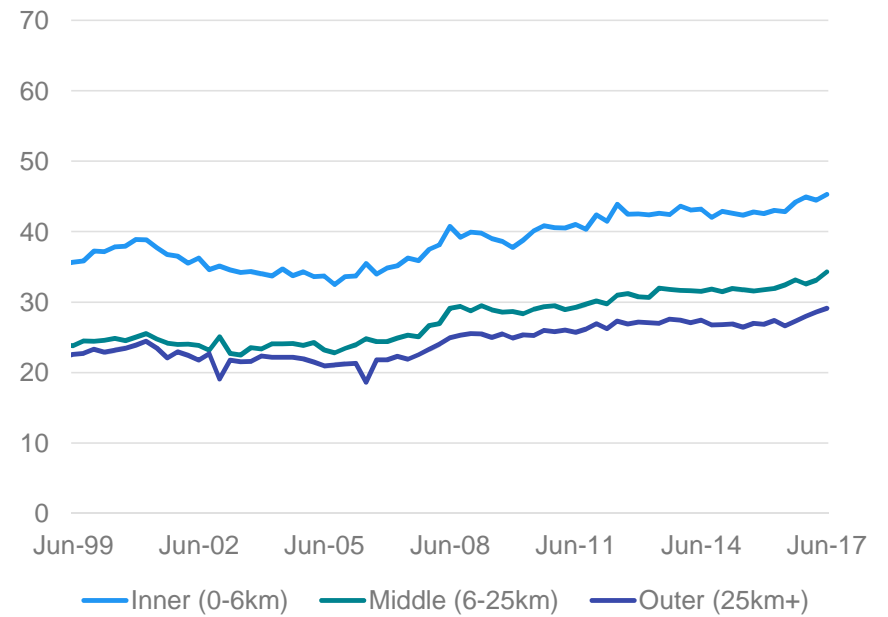Months of pre-tax average wage required to save a deposit for an average Sydney house

Stamp duty

20% deposit

42
36
30
24
18
12
6
0

Jun-1987   Jun-1992   Jun-1997   Jun-2002   Jun-2007   Jun-2012   Jun-2017

NSW GOVERNMENT

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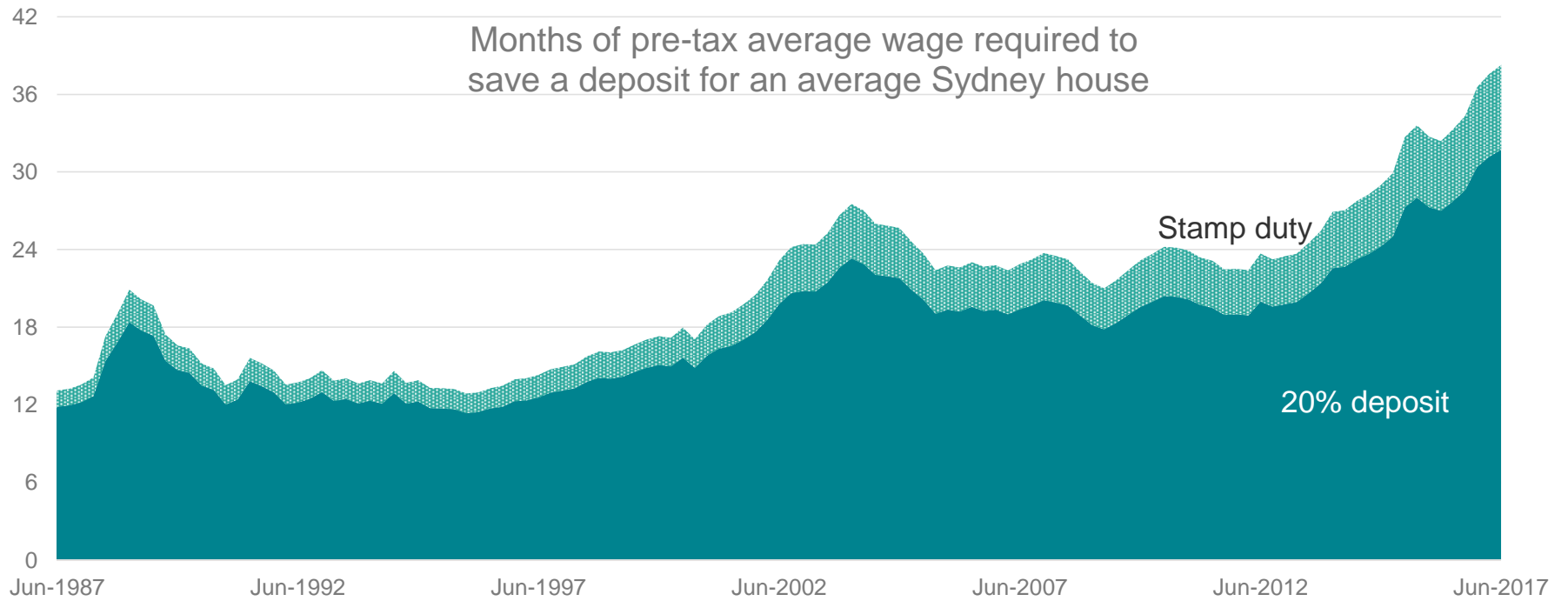
Affordability – renters

Sydney rents (% average weekly earnings)

3 bedroom house

Legend: Inner (0-6km) — Middle (6-25km) — Outer (25km+)
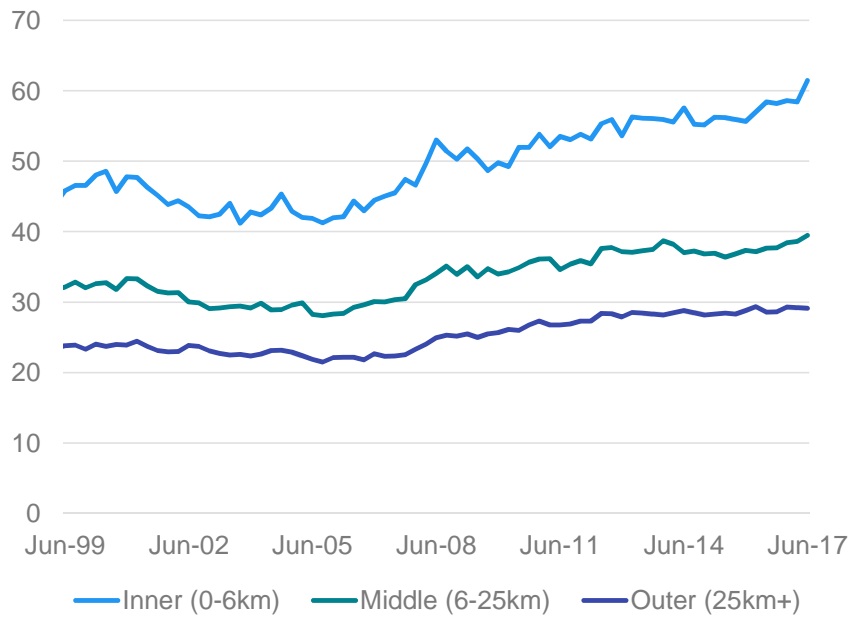
2 bedroom apartment/townhouse

Legend: Inner (0-6km) — Middle (6-25km) — Outer (25km+)

Affordability and location

NSW
GOVERNMENT

Land values and location across NSW

Median House Prices
(12 months to October 2016)

Byron Bay
$956,300

Lismore
$327,800

Coffs Harbour
$458,200

Tamworth
312,700

Port Macquarie
$500,900

Broken Hill
$101,200

Dubbo
$333,900

Newcastle
$506,250

Orange
$335,800

Gosford
$625,800

Sydney
$906,600

Wagga Wagga
$305,000

Goulburn
$344,500

Wollongong
$613,400

Albury
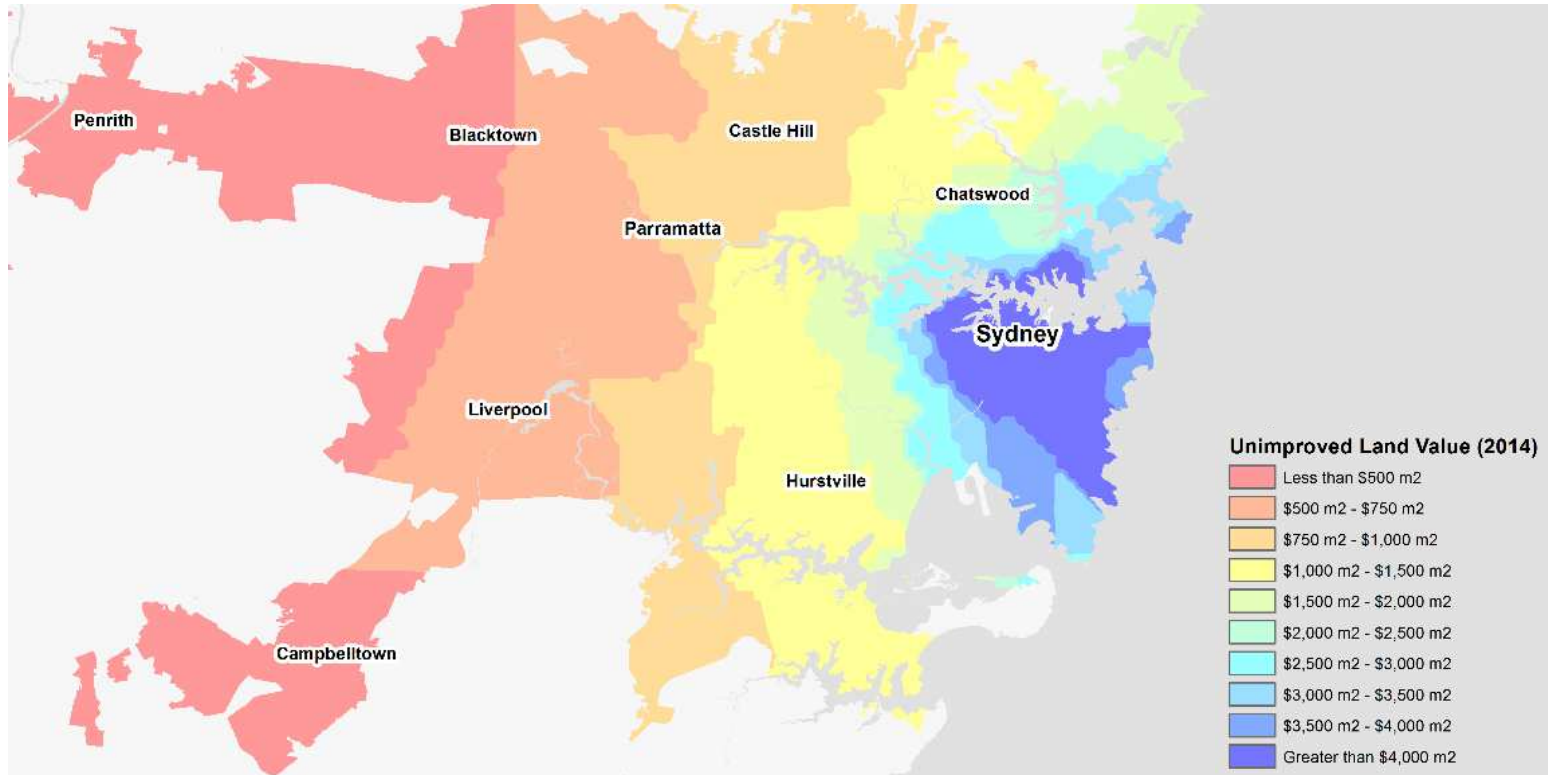$332,500

Batemans Bay
$382,200

NSW
GOVERNMENT
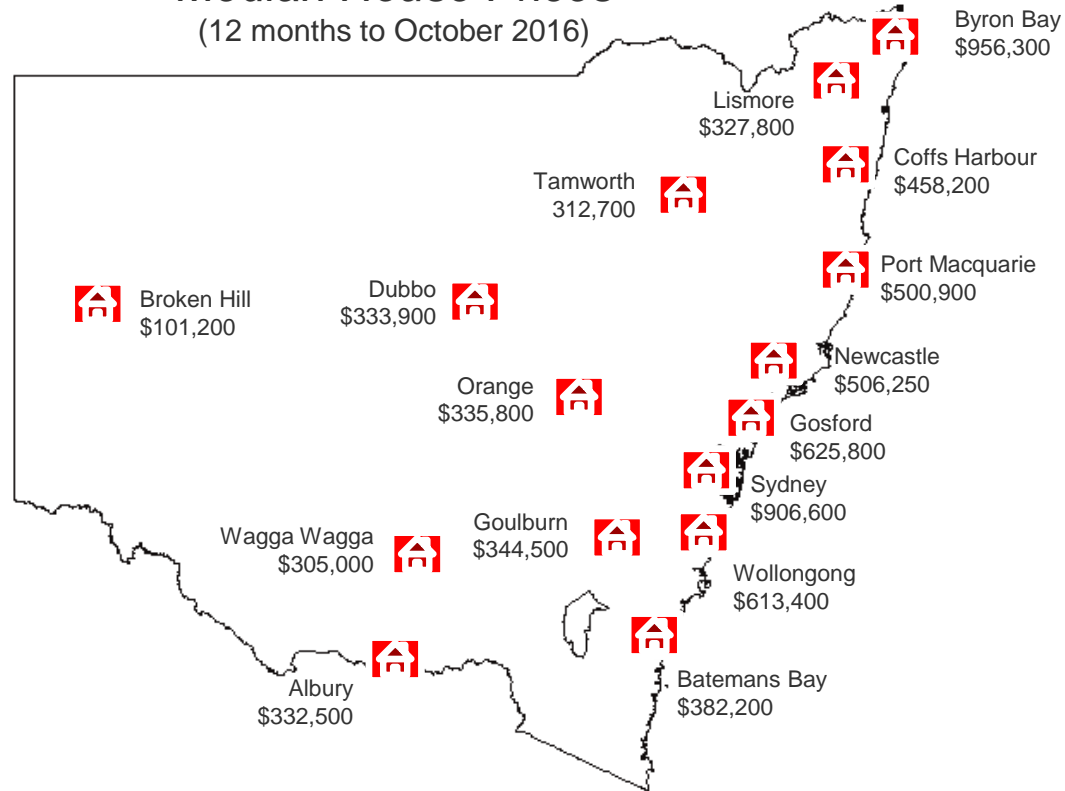
Land values are key to understanding affordability

Changes in Sydney's Median House Price
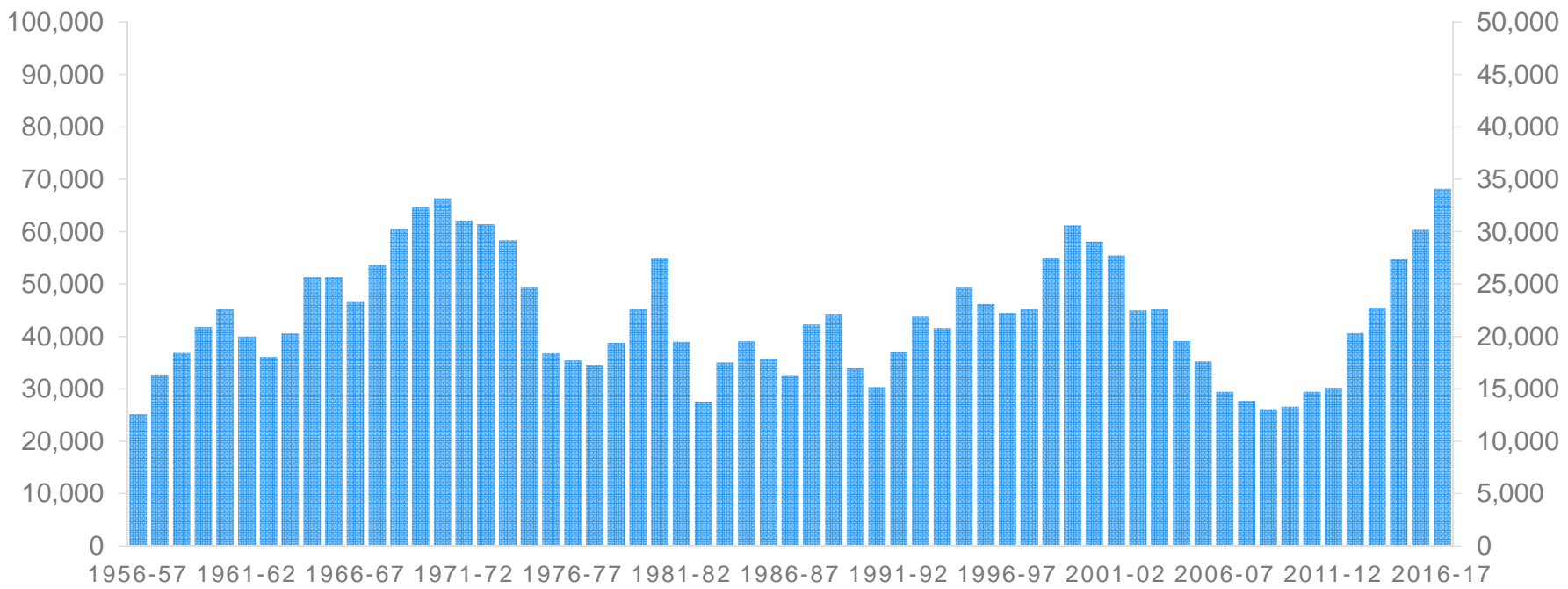(role of construction costs and land values)

Land values

Construction cost

300
250
200
150
100
50
0
-50

Jun-1987   Jun-1992   Jun-1997   Jun-2002   Jun-2007   Jun-2012   Jun-2017

Source: ABS, REIA, DPE calculations
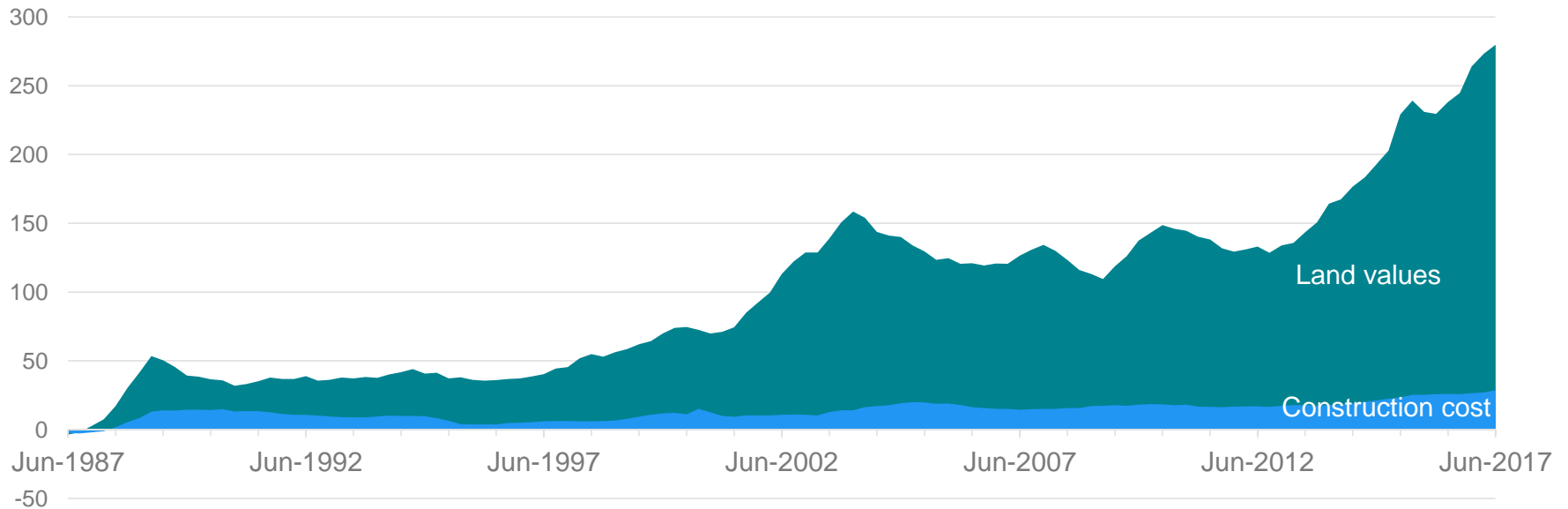
Land values and location in Sydney

Unimproved Land Value (2014)
- Less than $500 m2
- $500 m2 - $750 m2
- $750 m2 - $1,000 m2
- $1,000 m2 - $1,500 m2
- $1,500 m2 - $2,000 m2
- $2,000 m2 - $2,500 m2
- $2,500 m2 - $3,000 m2
- $3,000 m2 - $3,500 m2
- $3,500 m2 - $4,000 m2
- Greater than $4,000 m2

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Are there enough homes?

A record number of homes are being built across Sydney

Source: DPE

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Sydney has too few homes for its population
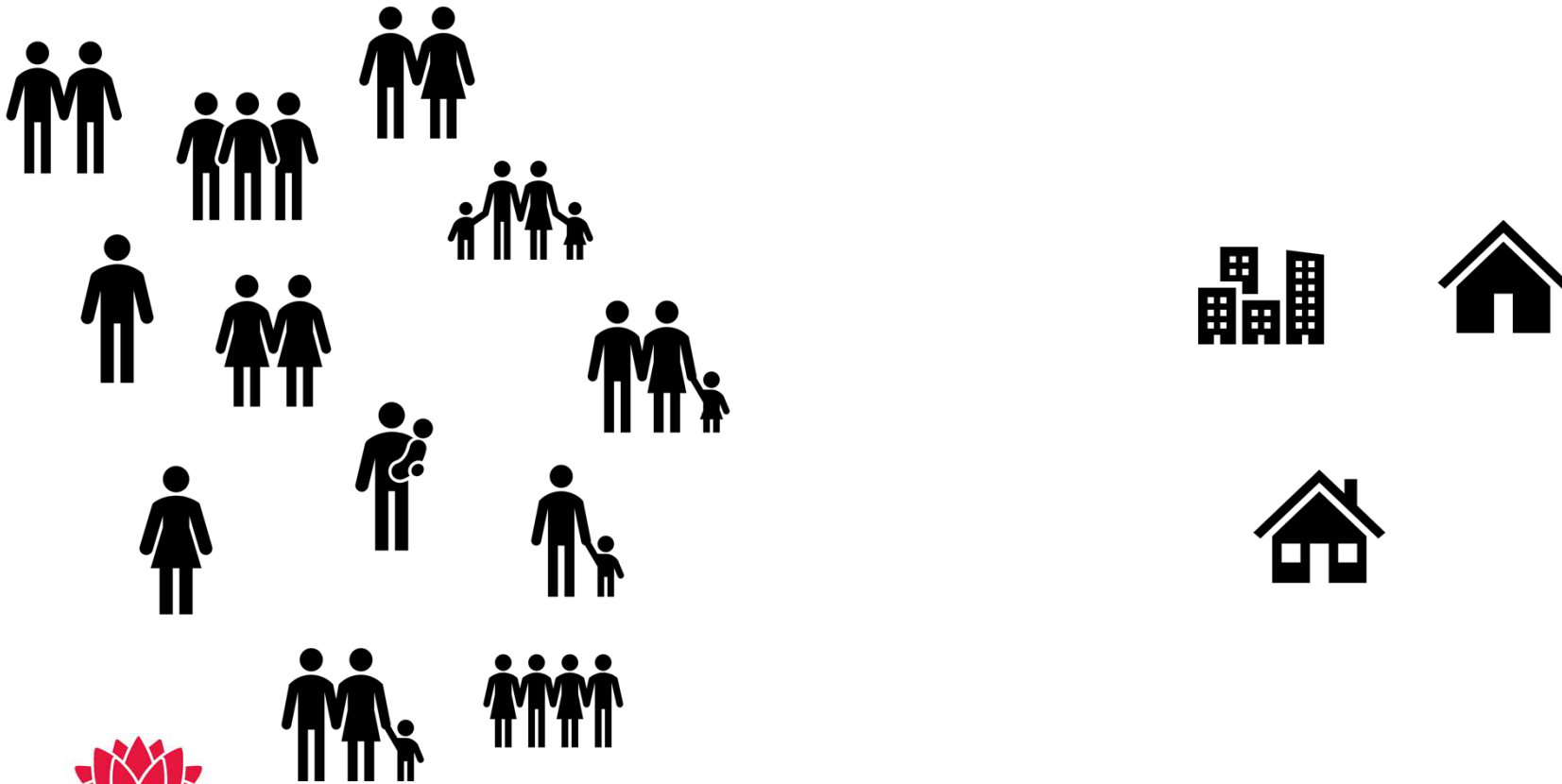

Legend: Completions (RHS), Population increase (LHS)
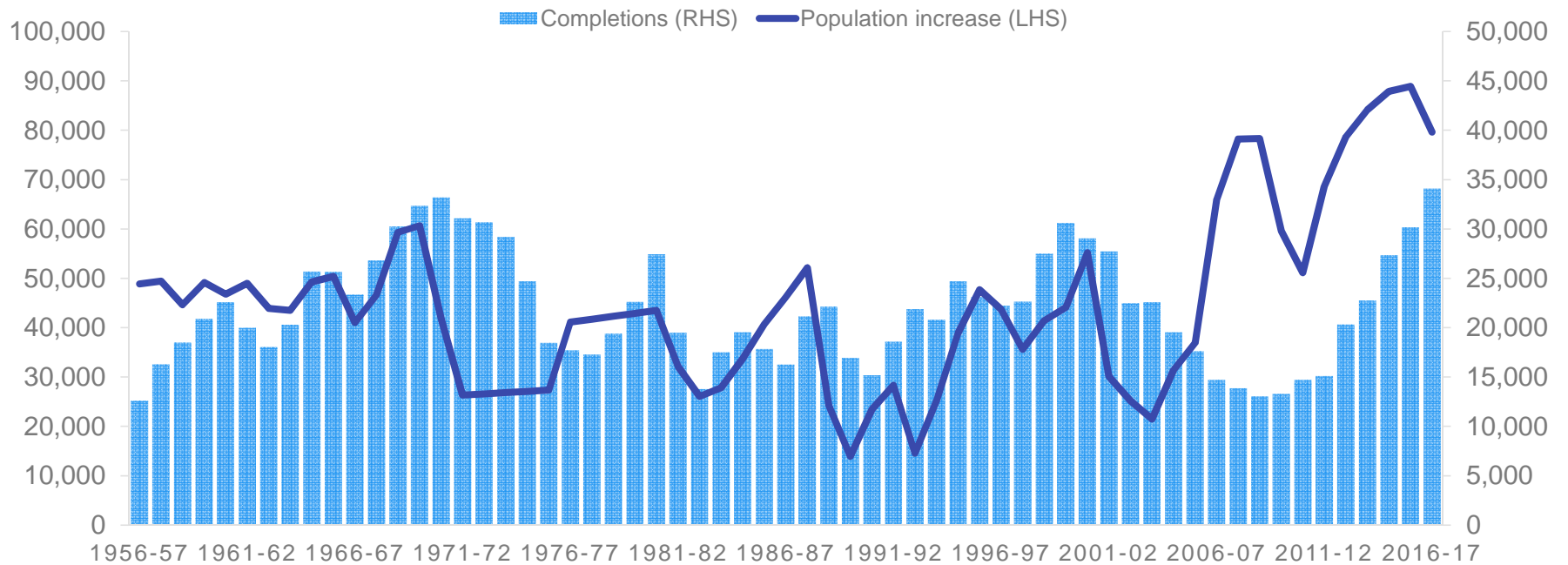
Source: DPE, ABS

Sydney has too few homes for its population

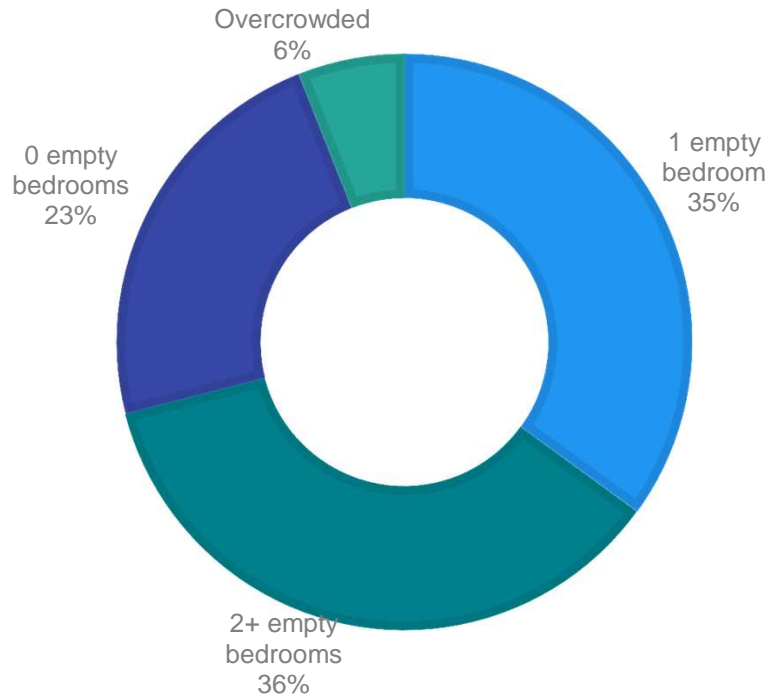Completions (RHS) — Population increase (LHS)

Undersupply
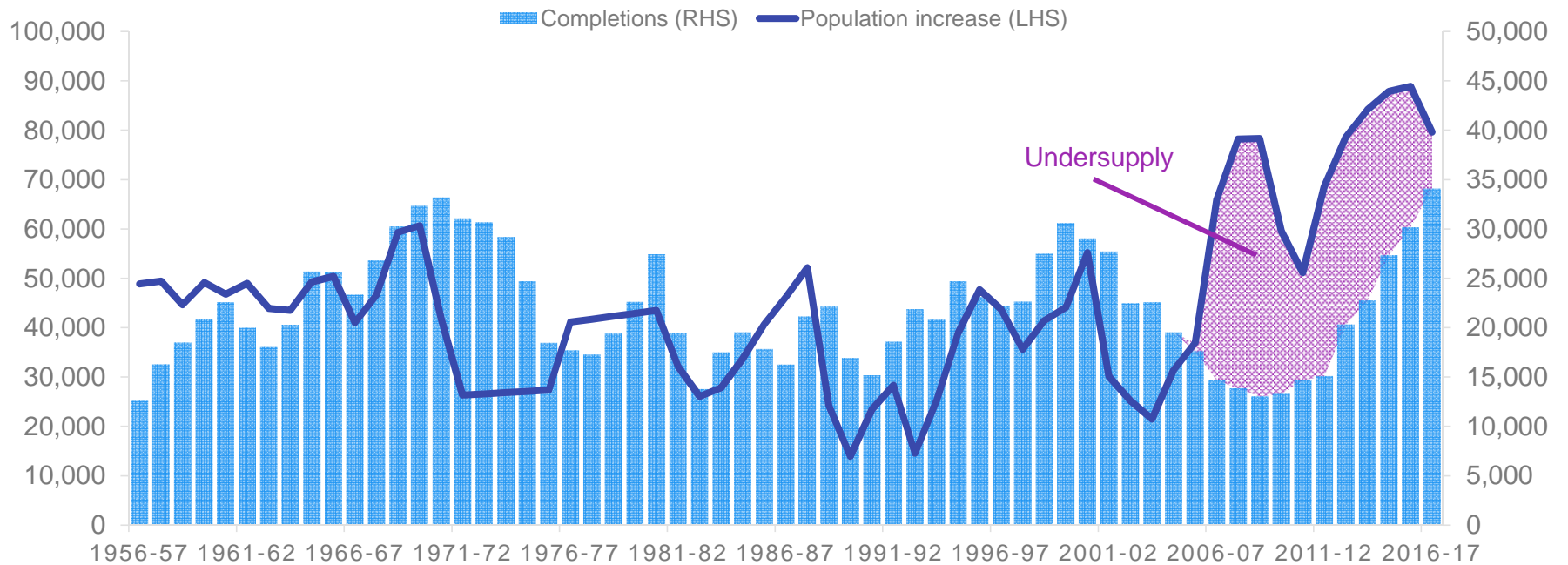
What happens if there aren't enough homes?

The right types of homes in the right places

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The right types and size of housing
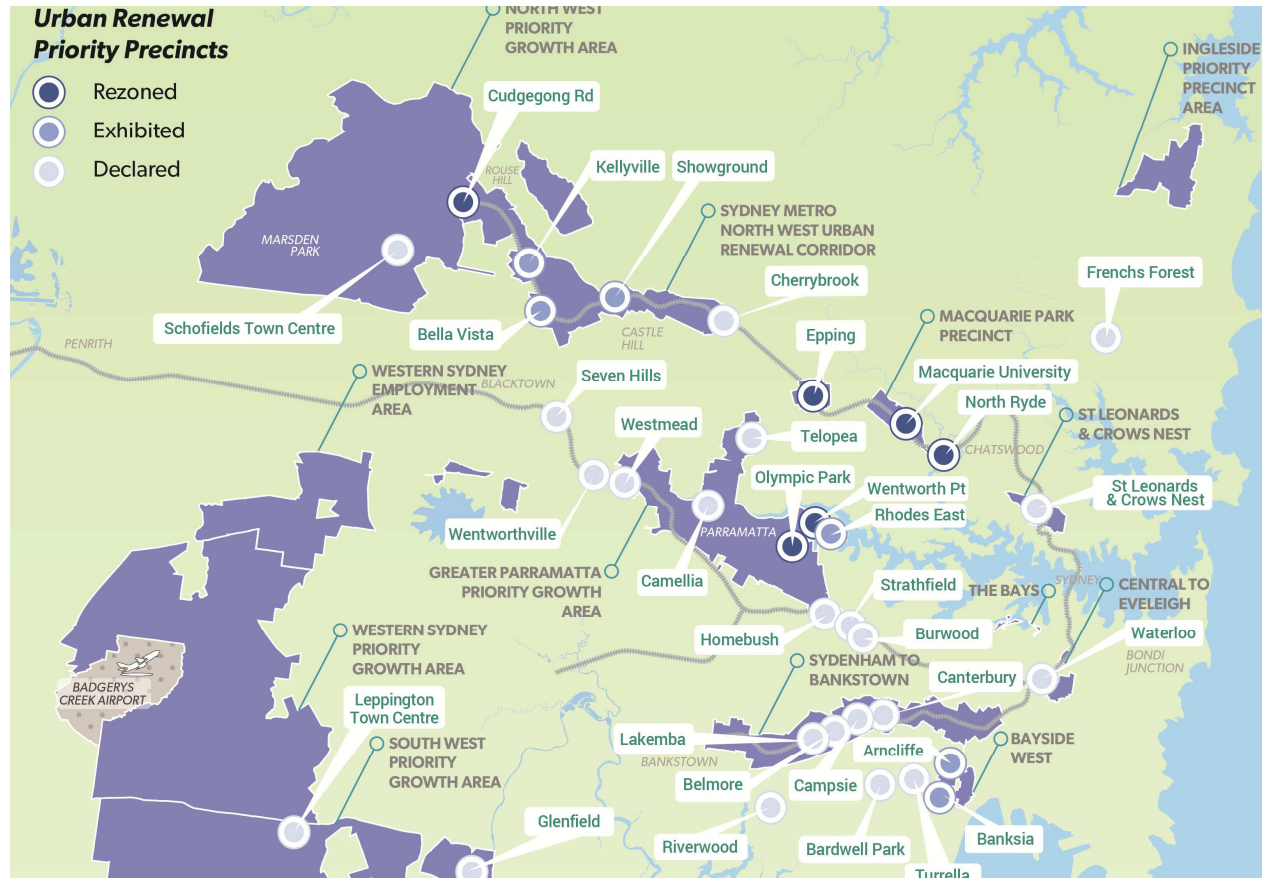
What exists today

Overcrowded
6%

0 empty bedrooms
23%

1 empty bedroom
35%

2+ empty bedrooms
36%

New apartments

4+ bedroom
1%

3 bedroom
16%

1 bedroom or studio
19%

2 bedroom
64%

18
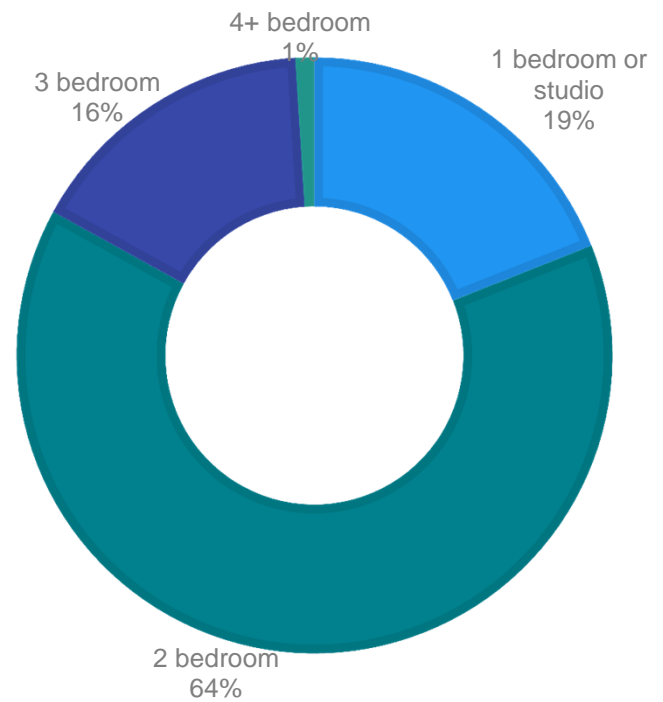
Housing where its needed

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Housing affordability varies by tenure type

NSW

33% — Own outright
34% — Own with mortgage
33% — Rent

Sydney

30% — Own outright
35% — Own with mortgage
35% — Rent
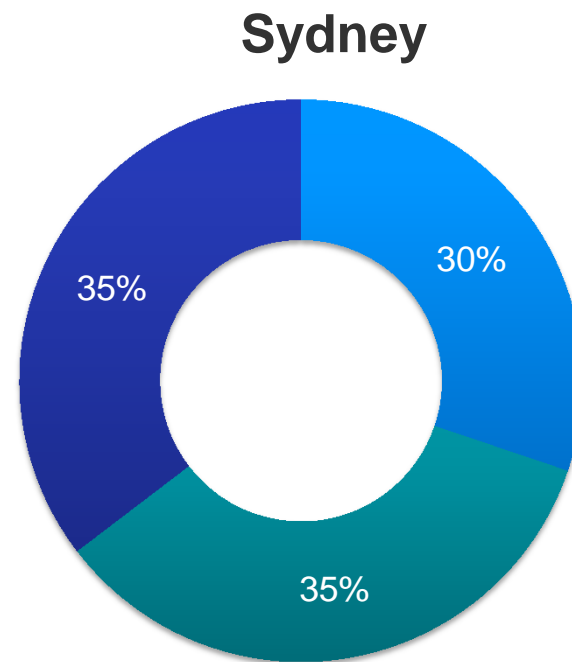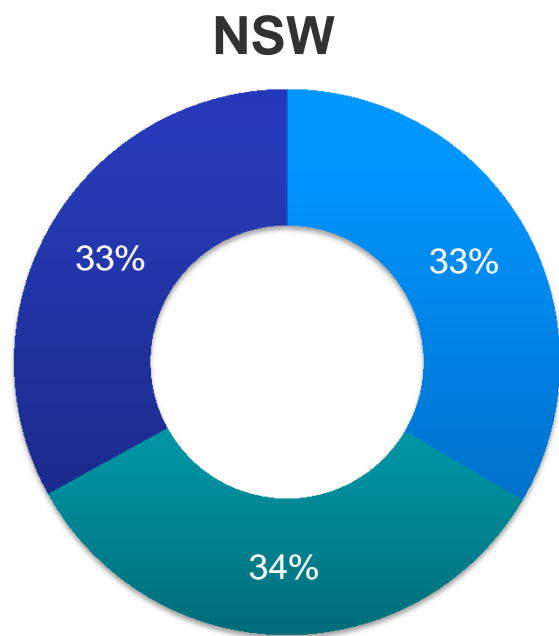
- Own outright
- Own with mortgage
- Rent

Source: ABS, 2016 Census

File size

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  - 'Tool's dropdown (next to the 'Save' button)
  - 'Compress Pictures'
  - Select the option you want. The lower the resolution the smaller the file.
  - 'OK'
  - 'Save'