

# **Housing in Western Australia: Unaffordable? Unavailable?**



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# Housing Un-Affordability in Western Australia



- Real estate values in Western Australia have steadily increased since the 1970s, but escalated over the last 5 years
- Real estate prices have lagged behind Sydney and competed with Brisbane and Melbourne
- In 2006-07, Perth prices on a par or even exceeded Sydney prices

Table 1  
Detached house sales, median price and growth

State/territory	Total sold in 2006	Median price in 2006	Change in \$ - 2001 to 2006
New South Wales	63,755	\$455,500	167%
Victoria	69,663	\$322,750	158%
Queensland	70,997	\$317,000	221%
South Australia	23,591	\$272,500	186%
Western Australia	40,498	\$415,500	258%
Australian Capital Territory	4,839	\$397,750	195%
<b>Australian total/average</b>	<b>273,343</b>	<b>\$363,000</b>	<b>194%</b>

Matusik Property Insights, RPData, Australian Tax Office & the Reserve Bank of Australia – June 2007.

# Housing Affordability in Perth

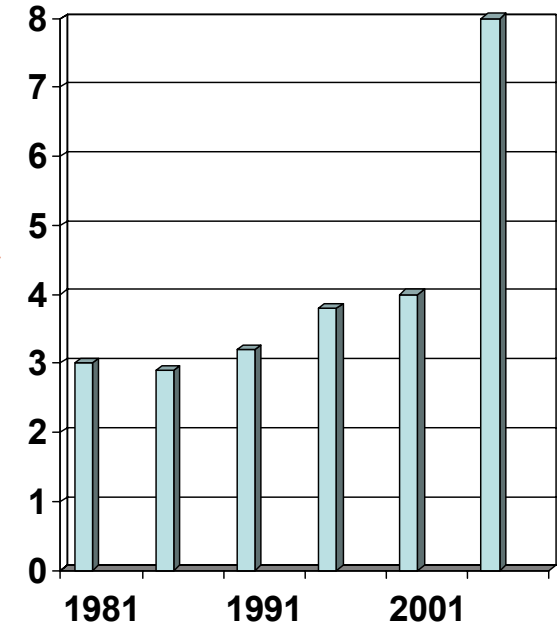


**In September 2006, the average Australian house cost 6.6 times the average Australian median income**

**In September 2006, the average house in Perth cost 8 x the average median income.**

**Perth was ranked at # 11 in housing UNaffordability of 157 centres worldwide in mid 2006**

**In 25 years, housing UNaffordability in Perth has increased from 3 x the average median income to 8 x the average median income.**



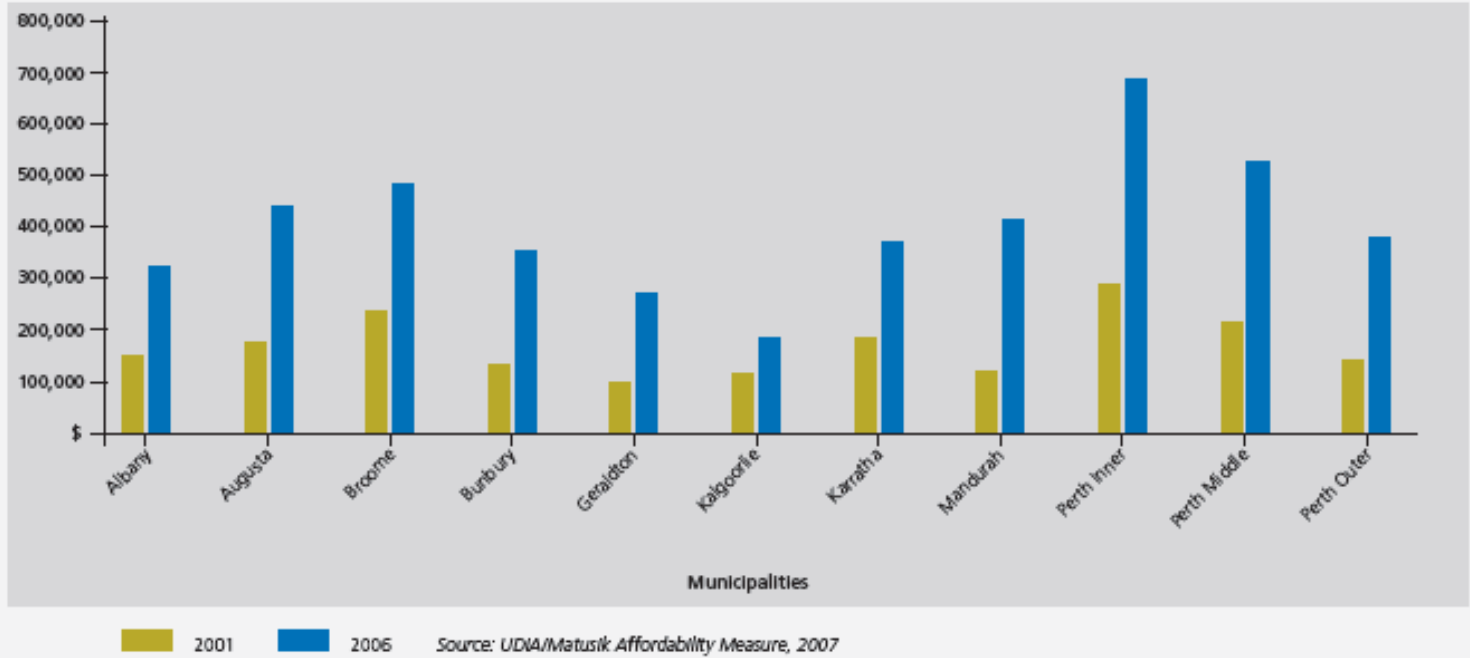
Source: Australian Bureau of Statistics (2006) *Social Trends and Demographia* (2006; 2007) *International Housing Affordability Survey*

# The Meaning of Affordable/Unaffordable

- **The 30/40 rule**
- **Those on average incomes can purchase more than half the houses for sale**



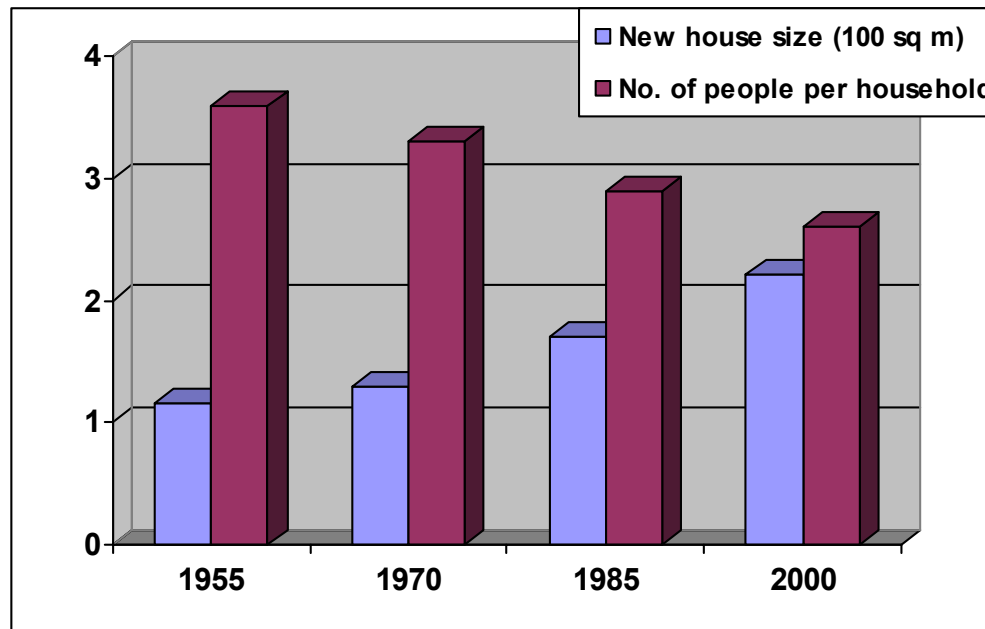
Western Australia Median Detached House Prices (\$)



# Mismatch between housing stock and household size

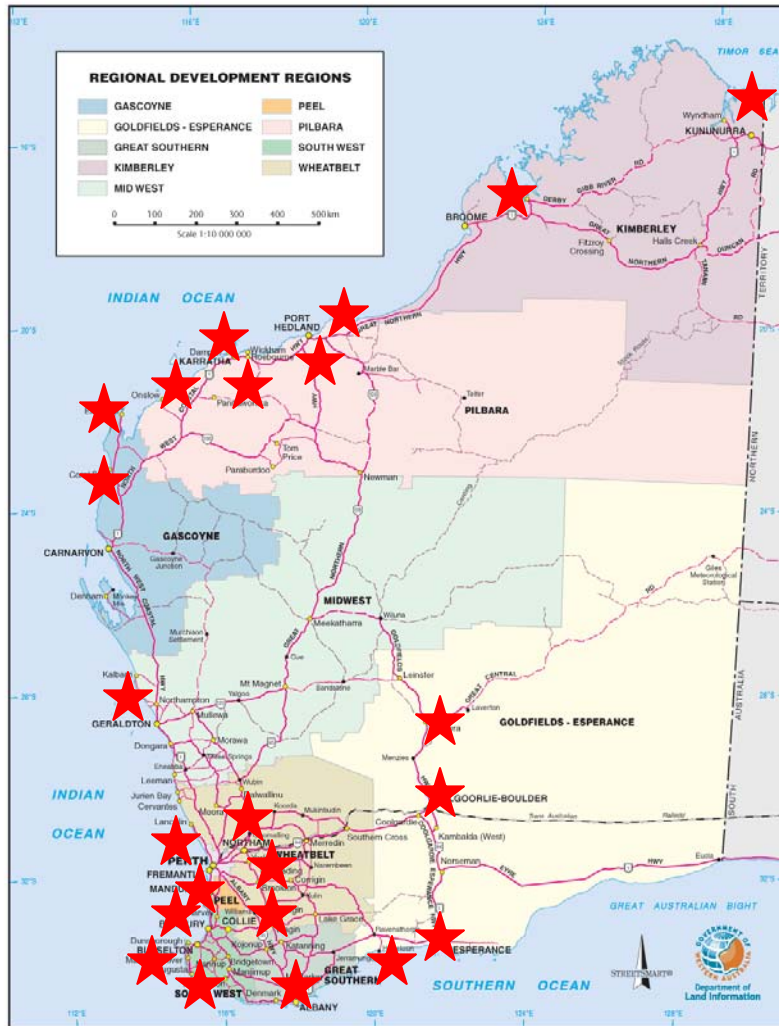


- Traditional resistance to housing density
- House and household sizes, Australia, 1995-2000



Dr Clive Hamilton, The Australia Institute presentation to Zero Waste WA, May 07

**REGIONAL DEVELOPMENT REGIONS  
OF WESTERN AUSTRALIA**



**Regional Housing Hot Spots**

- a remarkable turnaround in regional demand over the last decade
- 10 years ago, rural, regional and remote de-population issues were paramount
- infrastructure maintenance and provision have not kept pace with lumpy population movements
- neo-liberal government policy disconnect regarding provision of key infrastructure and services
  - housing and head works
  - medical services
  - education services
  - roads etc

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# Regional Housing Bottlenecks



- Hopetoun
- Broome
- Kalgoorlie
- Kununurra
- Toodyay .... etc etc
  - approvals processes are slow
  - NIMBY-ism and BANANAs
  - building services are at a premium (at least 30% loading in Western Australia compared to the East Coast)

## Housing Issues in Western Australian

- Difficult to break into the housing market
  - first home buyers
  - renters
  - single parents
  - retirees with poor superannuation history
- Who is counting those who are being pushed out? For example .... Who cares?
  - disabled
  - Indigenous
  - ageing



# Housing Issues in Western Australian cont-d



- Key workers – police, teachers, nurses, utility workers (GEHA not able to maintain quality or quantity of appropriate housing)
- Homelessness – increasingly a problem for people in work
  - the retail sector
  - the tourism industry
  - agricultural employees



# Housing and land competition in sea/tree change, resource oriented communities



## EXPENSIVE!!

- Broome - average house price \$600,000
- Wongan Hills – land \$60,000
- Eagle Bay - \$2m

## Wongan Hills Land Release Sells Out in 1 Hour!

50 keen bidders purchased all the available lots in the subdivision of 24 rural residential lots in the town of Wongan Hills, 100 km north of Perth CBD.

Offered by auction, the subdivision saw the final release of land proposed in the successful Gratton Heights estate totalling 45 one hectare 'lifestyle' lots.

The lots sold in less than an hour with over 150 people and spectators and purchasers in attendance.

Average price of \$60,000 per lot. The Shire Council with Shire of Wongan Hills hoped that the release was justified. It turns out, it was.



# Regional Housing

- Rural, regional and remote housing generally boring
- Is this a house or is it a home?



# The Link between Affordability and Innovation?



**High demand for housing regardless of quality, creativity or longevity**

**Developers, industry and governments demanding quick projects that meet bottom line targets**

**Limited consideration for environmental costs**



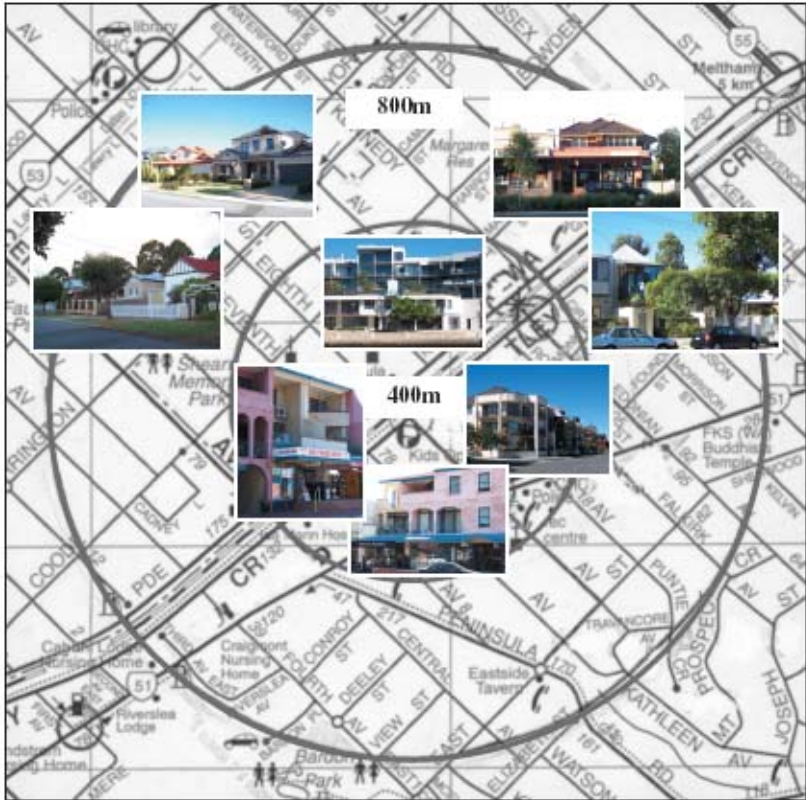
# Solutions?

**Greater flexibility in our town  
planning schemes**



**Increased responsiveness to market  
demands**

**Incentives for mixed use  
development and greater densities**



# Solutions?



- Shared equity schemes
- Mortgage Assistance Schemes
- Increase trade apprenticeships, provide incentives, not barriers
- Targeted tax reforms
- Whole of government co-ordinated housing and land approaches

•Where are the incentives?

•Where is the investment?

**Is this good enough for Western Australia?**



# Further Information?

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