

## Housing failing growth

**Gold Coast Bulletin | December 19th, 2009**

Housing supply in Australia will not be able to match the Federal Government's population projections, says Bill Morris, author of the Midwood Queensland Investment Report.

New research released by Treasury Secretary Ken Henry forecasts that Australia's population will grow by 325,000 people a year until 2049, which is 50 per cent faster than historical growth rates in our nation's history.

According to Mr Morris, this means that housing will also become less affordable as prices skyrocket under pressure of this unsatisfied demand.

"Are the banks listening, as they hold the key to this log jam?" said Mr Morris.

"It is likely that Treasury's population projections are unsustainable because of underlying housing supply issues. The major component of Australia's population increase is forecast to be in overseas migration, which totalled 285,347 in the year to June."

Mr Midwood said 11 years ago there were only 98,538 overseas immigrants.

"This is a phenomenal rise of 10.2 per cent per annum, without the equivalent increase in housing commencements," he said.

Overseas migration constitutes 64 per cent of annual Australian population growth; the remainder is natural increase (births).

In the year to June 2009, housing commencements in Australia totalled 131,500 and population growth was 443,100.

Mr Morris said the actual level of commencements only satisfied demand of 313,000 persons, with approximately 2.38 persons per household.

In other words, Australia really needed to build 186,000 new homes, or 55,000 more homes than it actually built.

"The estimated Australian population of 35 million by 2049 is up on previous Treasury estimates of 29 million," said Mr Morris.

"The impact on housing has not been thought through. The recent boom in demand for accommodation is completely at odds with the low supply of new homes."

At the 2006 Census rate of 2.38 people per dwelling, an extra 440,000 people will need 185,000 new dwellings annually.

The Housing Industry Association recently estimated only 142,000 dwellings would be built by mid-2010, rising to 166,000 in mid-2012.

