



Global Cities and Housing

The Sydney Case in its Australian
and International Context

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Context

Demography and urban settlement patterns

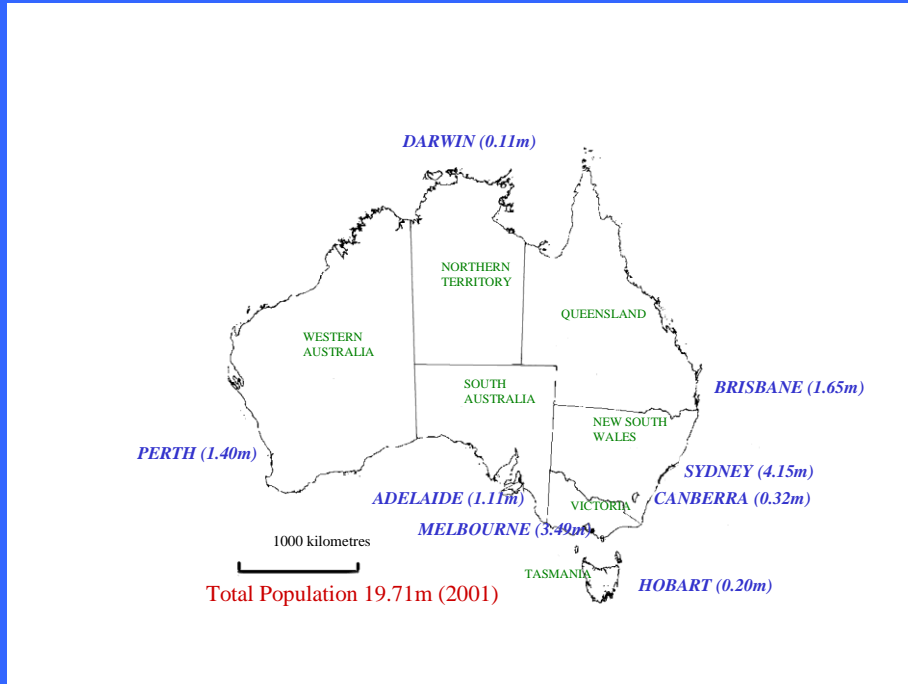
Economic conditions

Governance, policy and institutions for
planning and housing

UK/US comparators



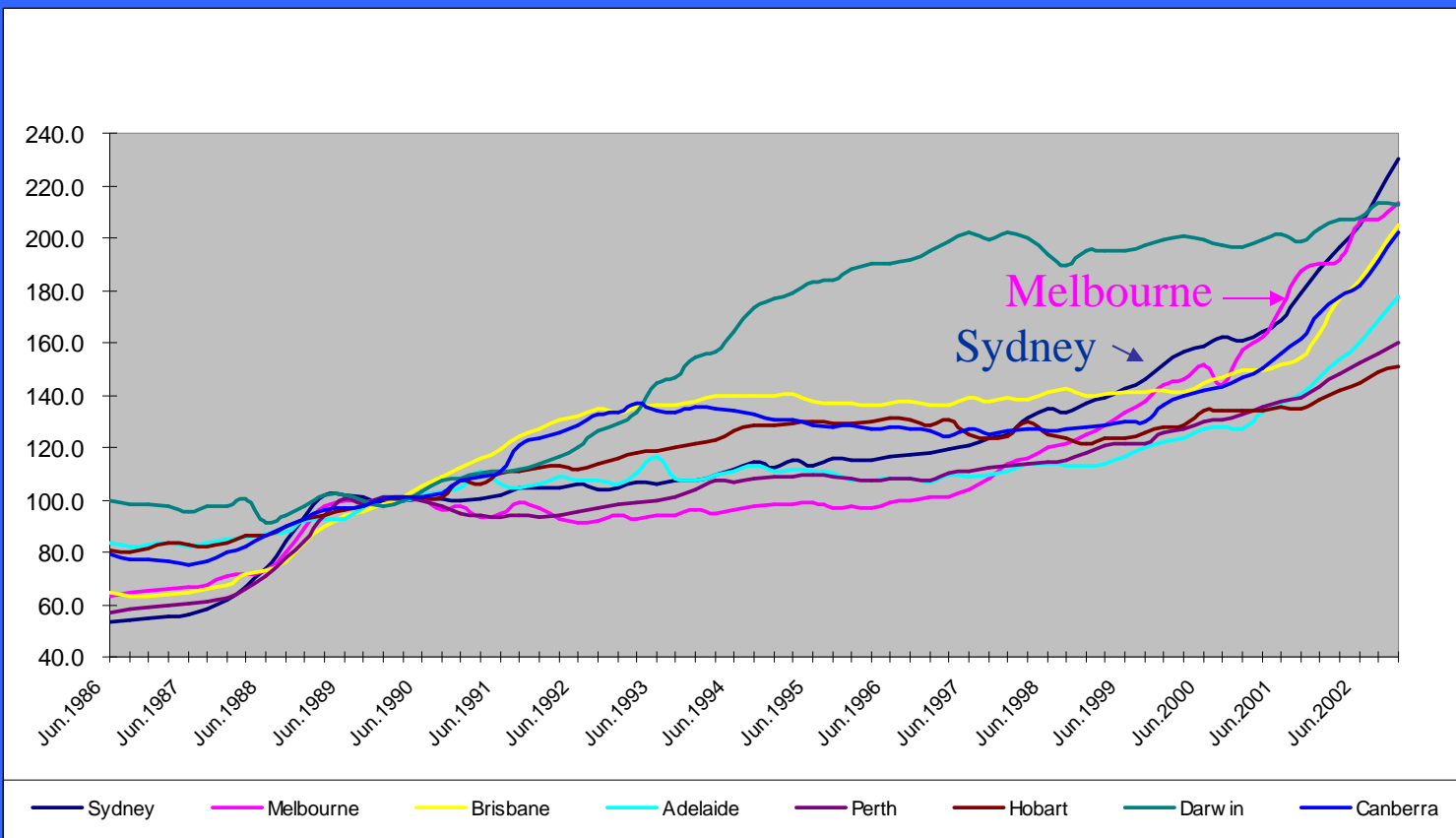
Demography and Urban Settlement Patterns



- Highly urbanised (91%) and concentrated
- 2 dominant cities (39%)
- Low density cities
- Large inter city house price differentials
- Large distances between major cities constrains internal migration
- Globalisation and immigration impacts – Sydney, Melbourne
- Ageing impacts - SE Queensland, Adelaide



House Price Index - Established Houses, Capital Cities





Economic Conditions

Strong and sustained economic growth since mid 1990s

→ 3.4% average annual GDP increase 1990- 2002 ('down wonder')

Consistent globalisation features

- shift to part time work, dominance of tertiary sector
- less severe 'tech wreck'

Favourable domestic lending conditions

- however, real interest rate high by international norms

Income equality and living standards

- social accord protected those on lowest incomes during 1980s restructuring
- wound back since 1996
- most adverse impact on middle 50 % of income distribution

Housing investment strong

- but mortgage indebtedness historically high
- strong take off in equity credit



Governance, Policy and Institutions

- Federated system with unclear and overlapping responsibilities
- Fragmented local government (45 LGAs in Sydney)
- Powerful land development industry and developer lobby
- Very small not for profit sector in housing/near monopoly public provider
- Urban policy city based (no national framework/programs)
- Weak city wide strategic planning framework
- Fiscal policies contributing to house price rises
- Housing policy narrow focus (also, public housing unsustainable under present policy settings)

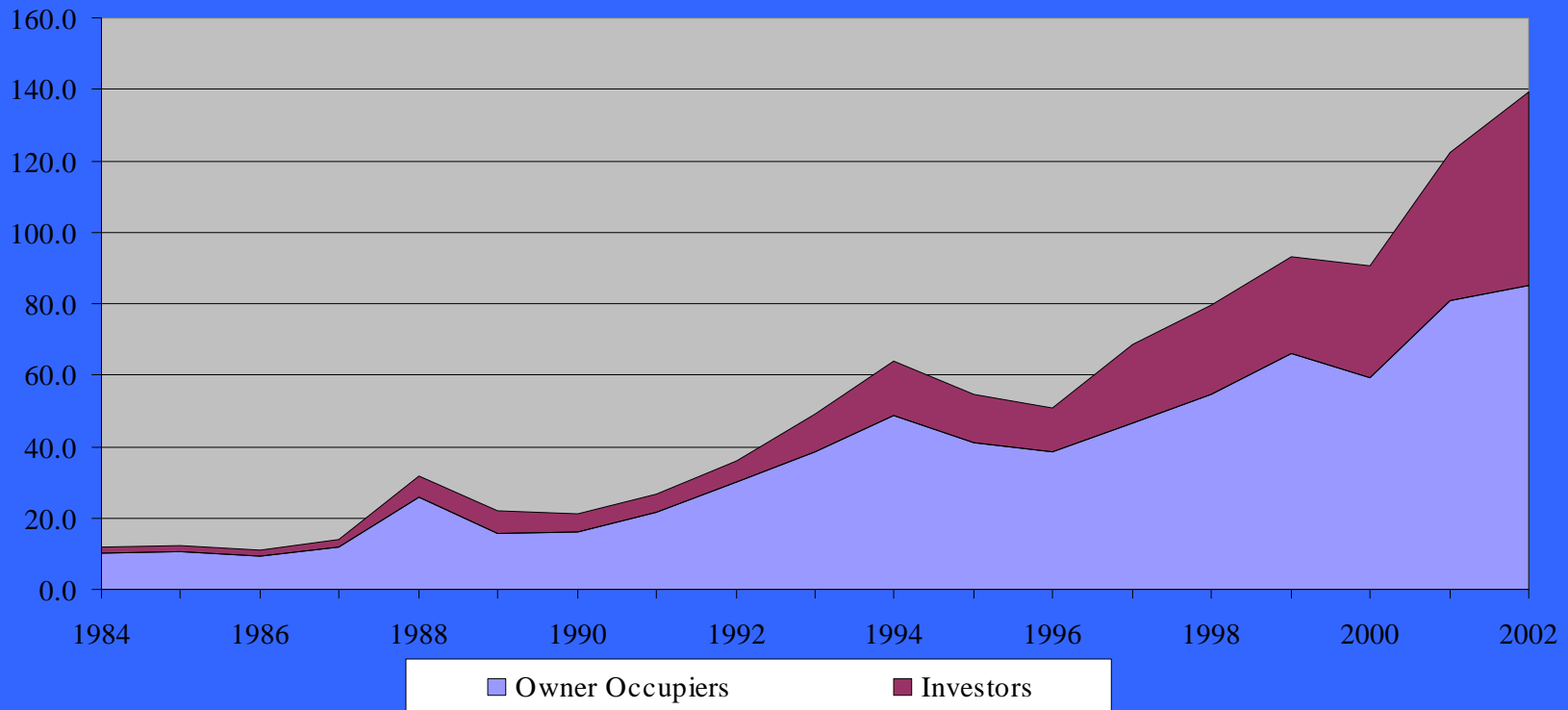


Some International Differences

- Domination of 2 large cities → growth of regional and transit cities slow
- High quality housing
- Relatively young stock
- Urban renewal privately driven → no subsidy framework
- High housing wealth → 64% wealth in housing
- Well developed service delivery system for the homeless
- More ethnically integrated than UK/US cities
- Cities do not have abandoned/‘no go’ areas
- Atypical rental sector
 - strong/growing investment, non institutional sources, low returns generally, decline at low rent end



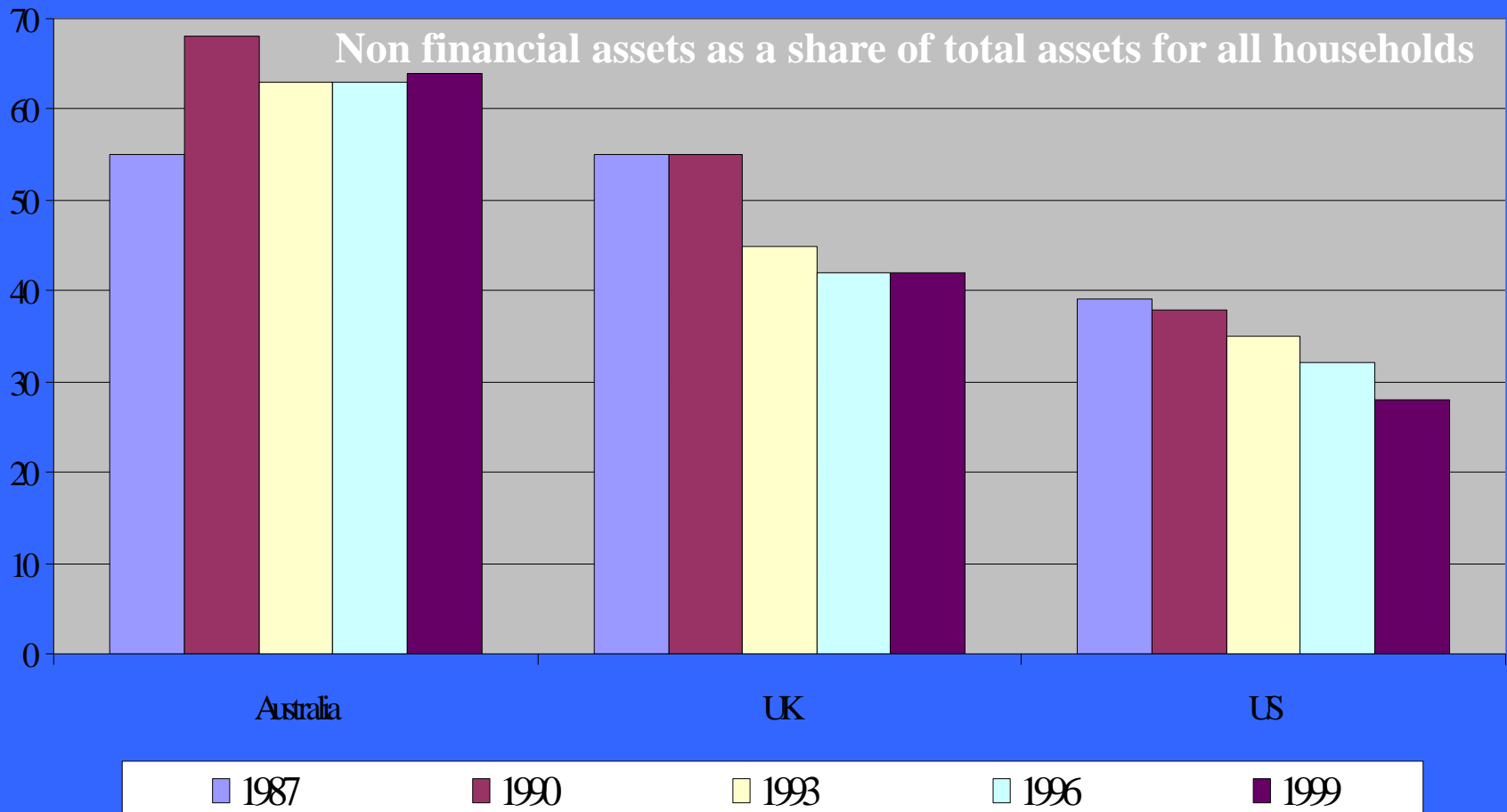
Finance Commitment for Housing (Real) A \$billion



Source: ABS, Cat. No. 5671.0



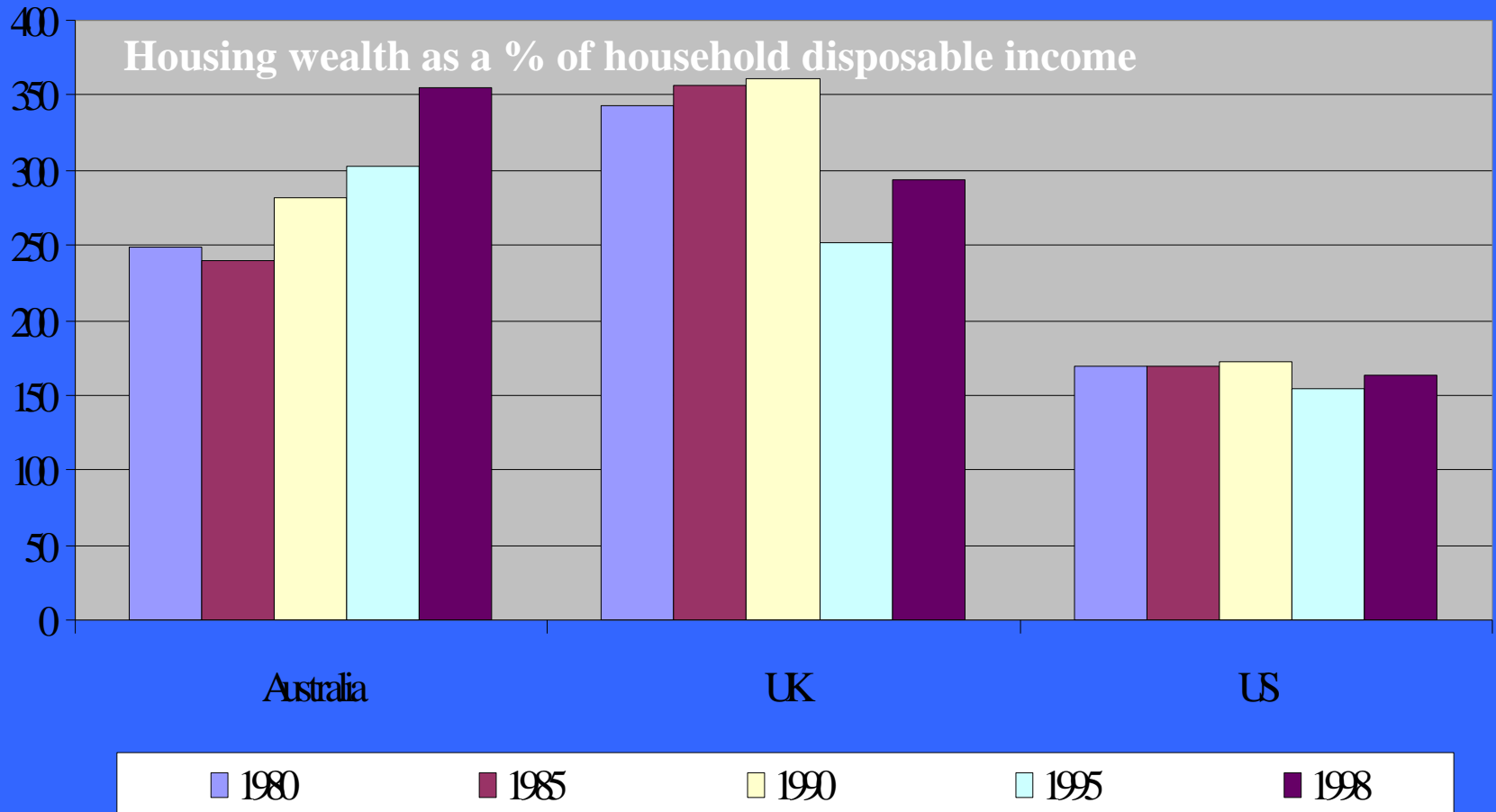
Housing Assets as a % Total Assets



Source: Ellis and Andrews (2001)



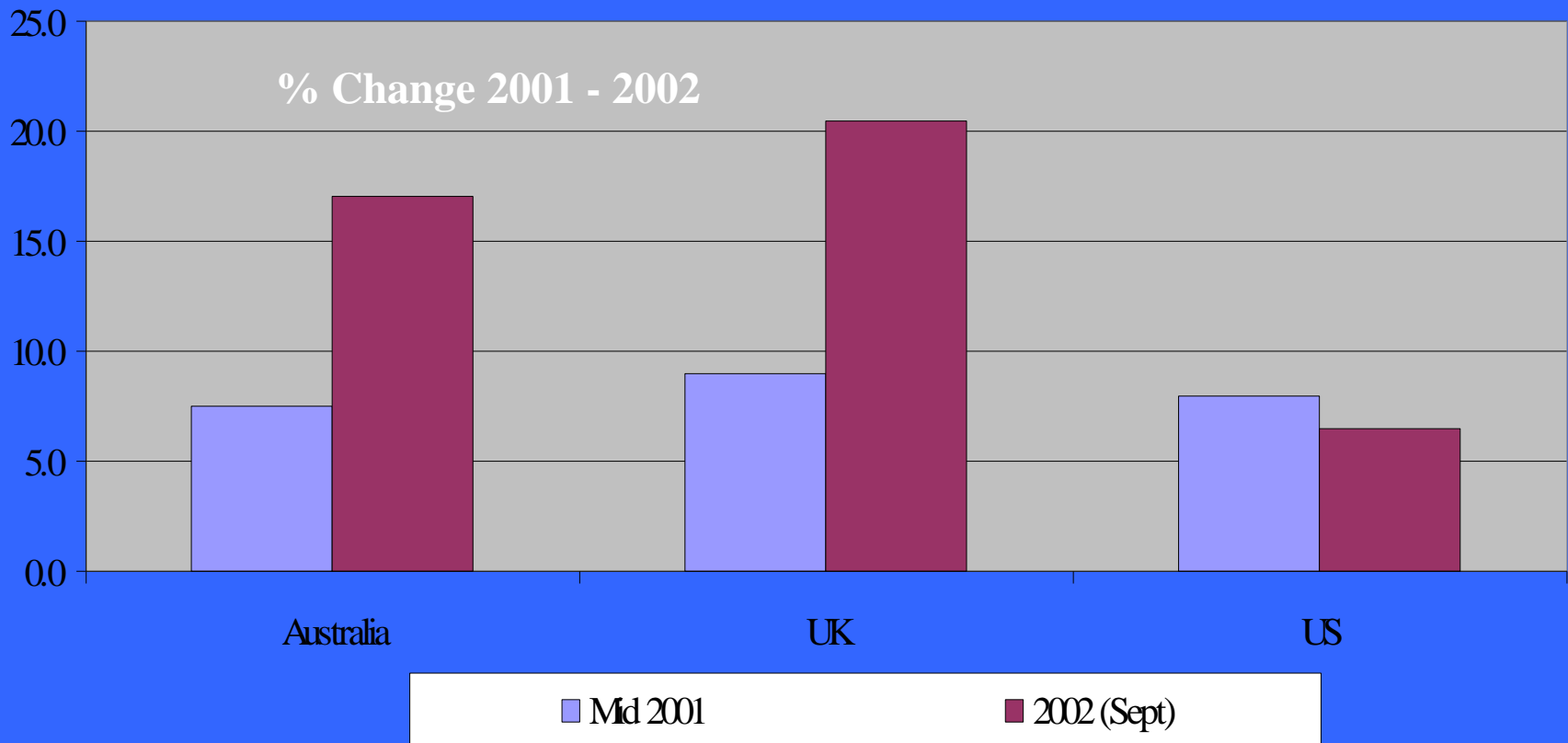
Housing Wealth/Income Ratio



Source: Ellis and Andrews (2001)



Recent House Price Changes

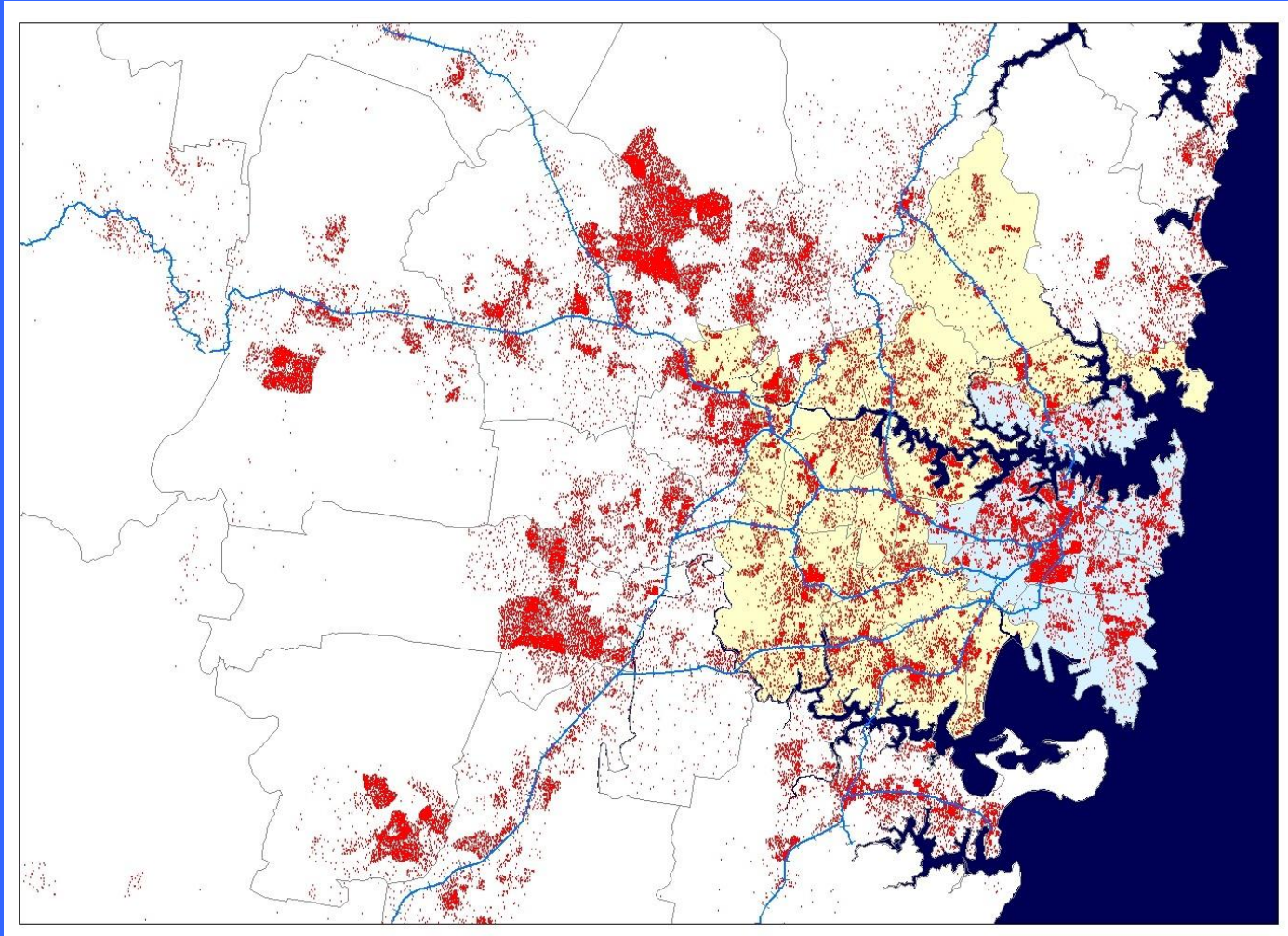


The Economist (2002)



Sydney's extent and growth

Each red dot is a new dwelling added 1998 - 2002





Sydney's Urban Growth

Sydney has grown faster than forecast

- 1995 - 2001- strongest growth since 1960s
- 1.4 % per annum
- 4.15m in 2001
- reach 4.5 million by 2010 not 2021

Why Sydney's growth?

- Dominant economic centre of the country
- Attracts a higher proportion of migrants

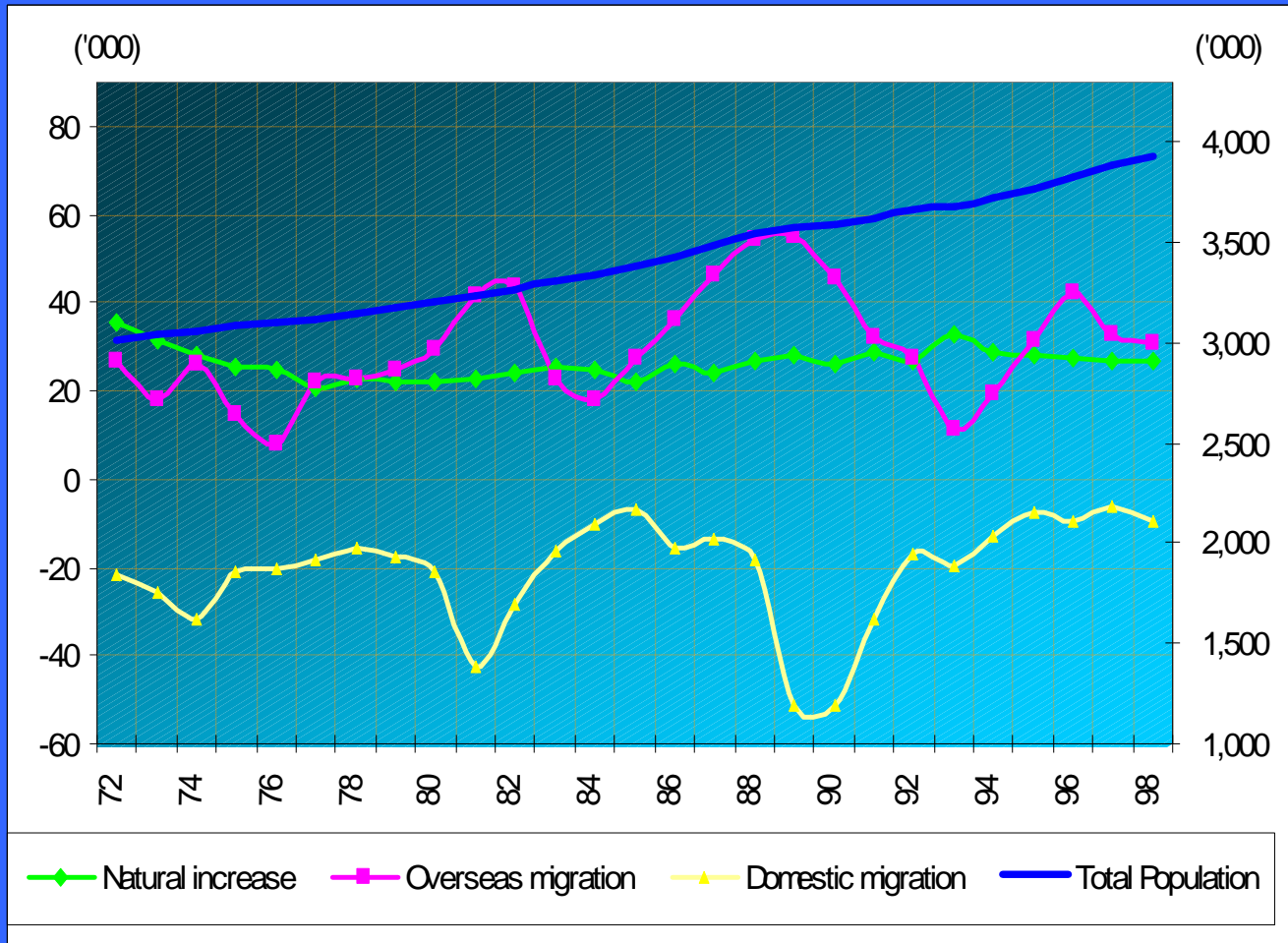
High levels of housing demand due to

- Shrinking households sizes
- Receives 40% of overseas migration

27,000 new dwellings needed per year



Components of Sydney's Growth





Sydney's Population Mix and Dynamics

Less older people (12 %) than rest of state/country

Largest group 25 – 44 year olds

Losing 'baby boomers' to coastal areas/interstate

Almost one quarter now single person households

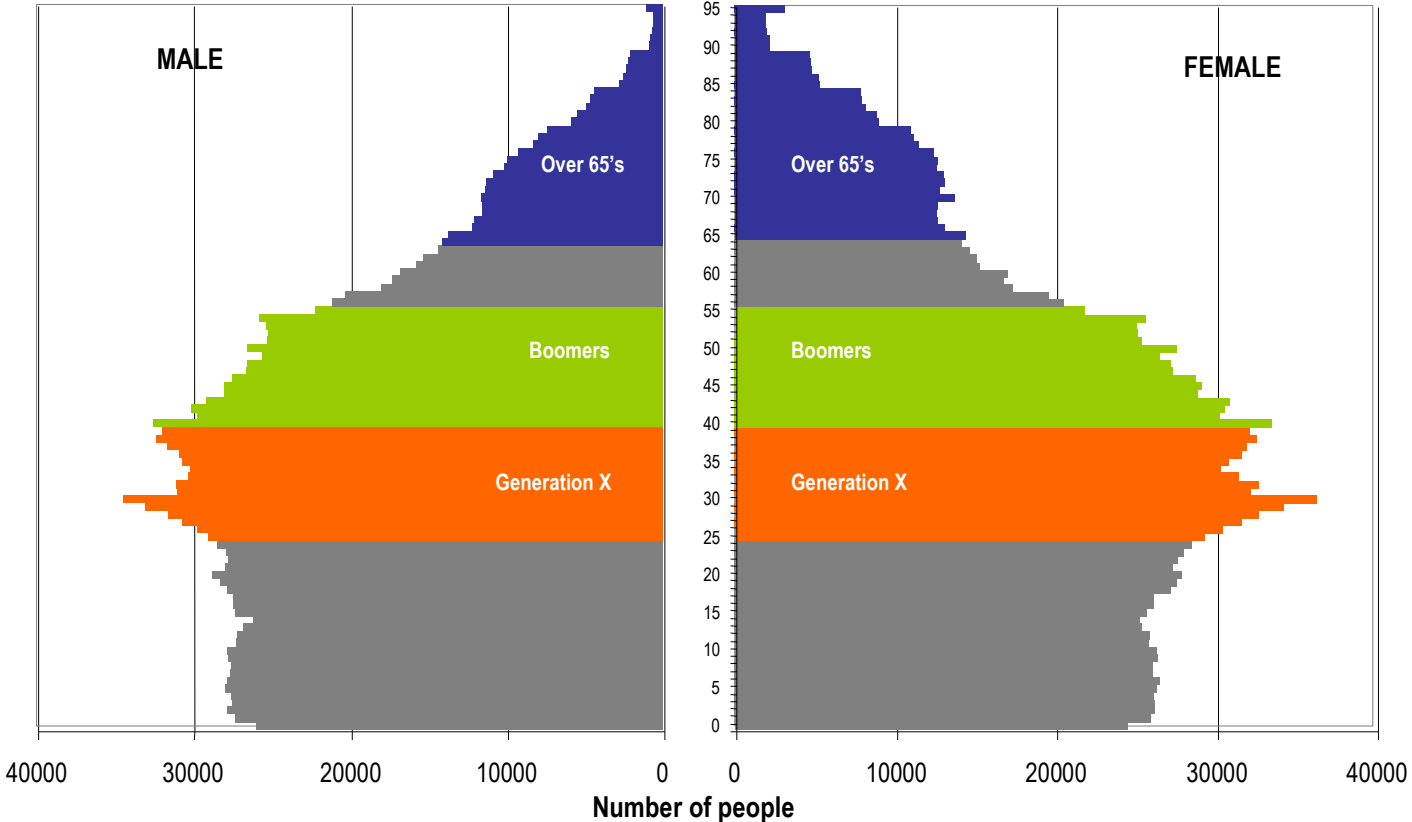
Falling household size (2.68 persons average)

One in three Sydneysiders overseas born

Broad mix of ethnic groups, regional sources increasing



Sydney Age Distribution, 2001





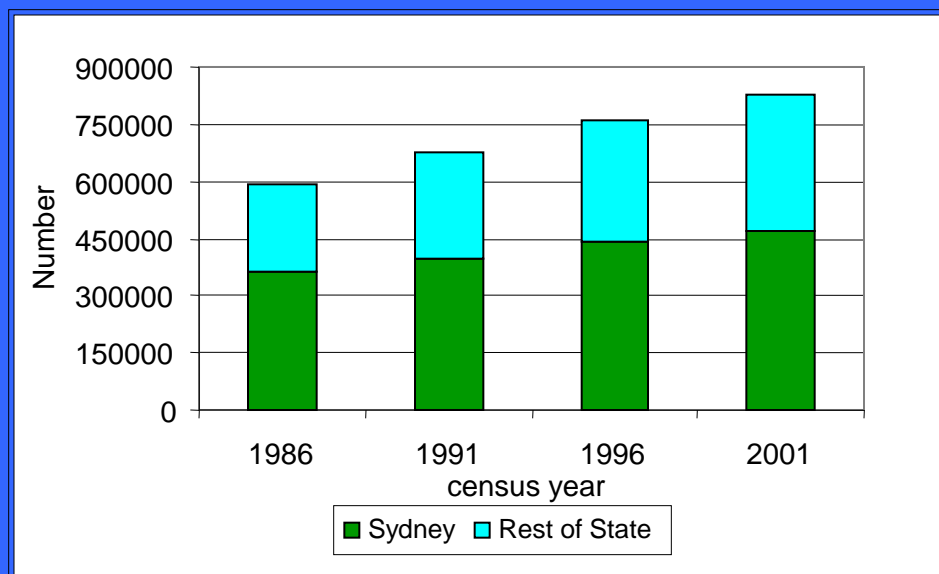
Older Persons (over 65)

22% increase in the decade since 1991

Population Over 65 (%)

Sydney	11.9
Rest of NSW	15.2
NSW	13.1

Population Aged 65 and Over 1986-2001





Overseas Migrants

1 in 3 Sydneysiders is overseas born

In the rest of the state 1 in 10 are overseas born

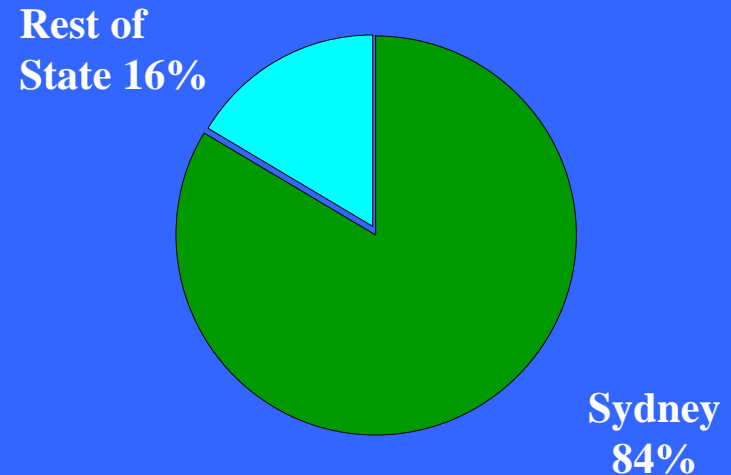
Largest overseas born groups

- United Kingdom
- New Zealand
- China
- Vietnam
- Italy

Anglo/Celtic decreasing (down to 19%)

Asian increasing (10% by 2030)

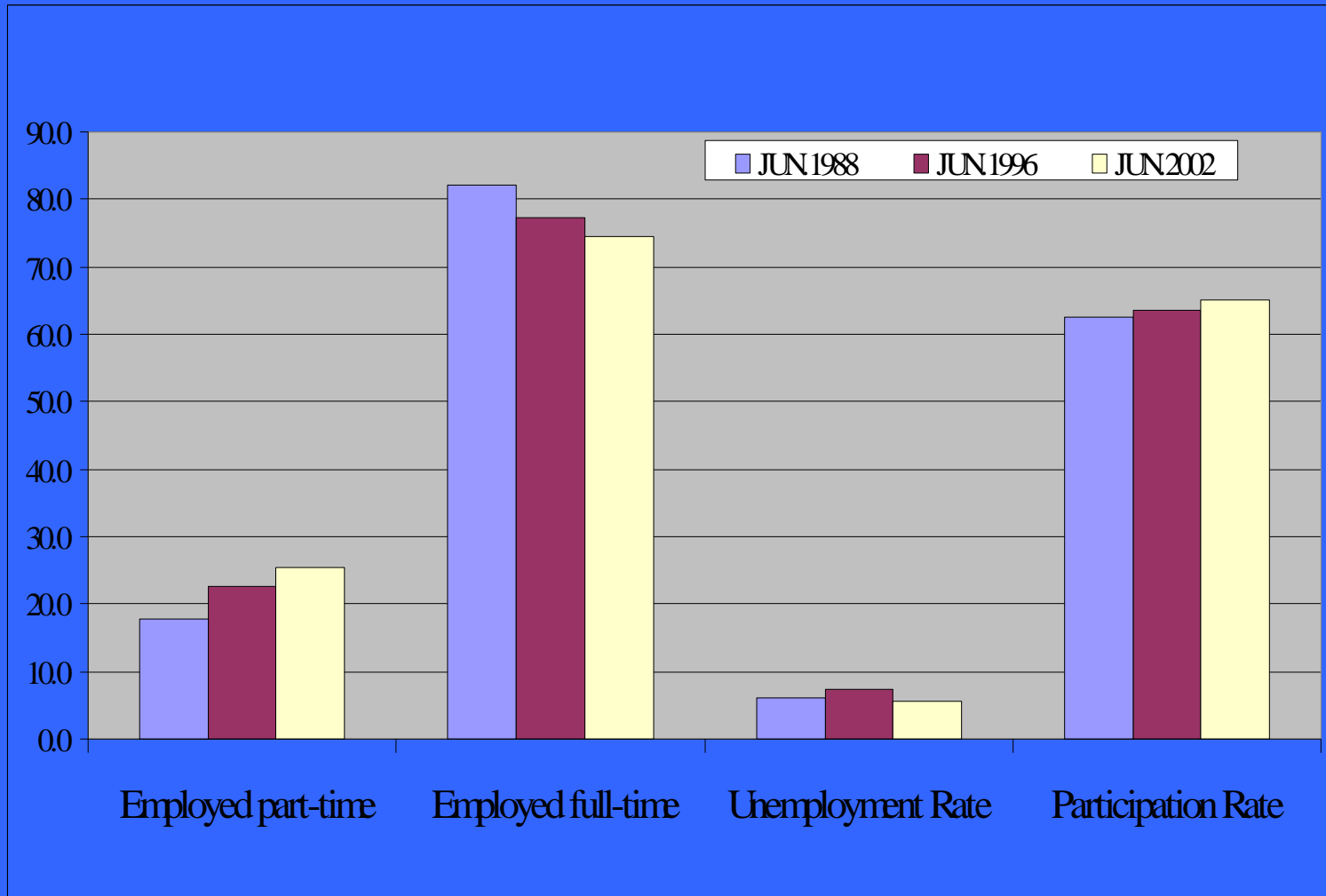
Distribution of overseas born, 2001



36,000 new arrivals
in Sydney each year



Employment Changes, Sydney



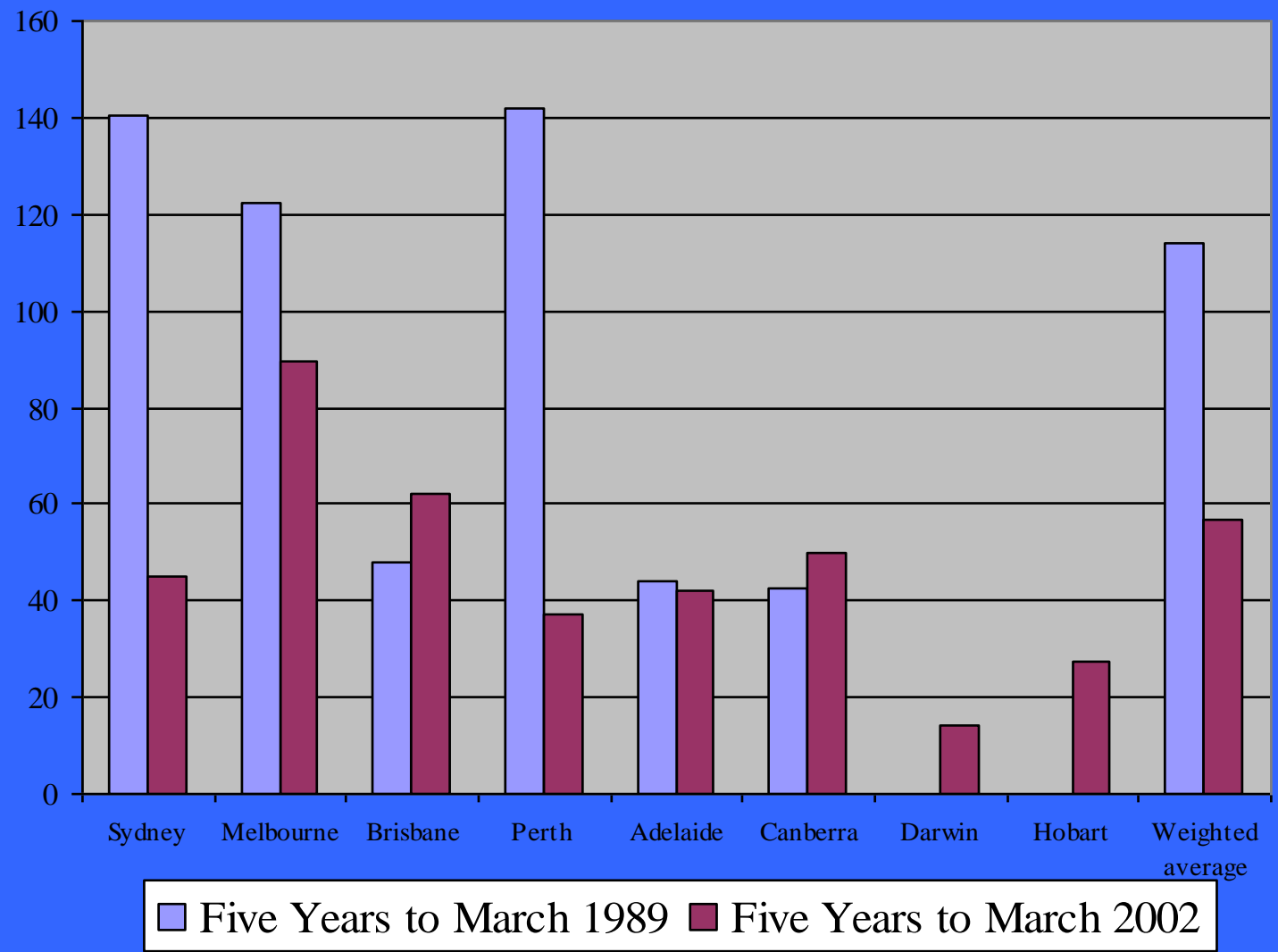


The Sydney Housing Market

- Volatile property cycle
- Physical and infrastructure constraints
 - forcing shift to medium and high density
 - 64% detached houses but growth is 66% multi unit
- Radial transport system from CBD. Sub regions undeveloped
- Strong north south (amenity) and east west (economic) differentiation
- Long term decline in affordability
 - slowing fringe growth and user pricing have impacted on affordability
 - Poor rental market affordability
- Prices/income at record high at present
- Tenure shifts
 - 7% fall in purchasers over 15 years
- Large houses (283 sq. m av. now) and long term rise in standards
- Stock mismatch
 - from ageing, smaller households

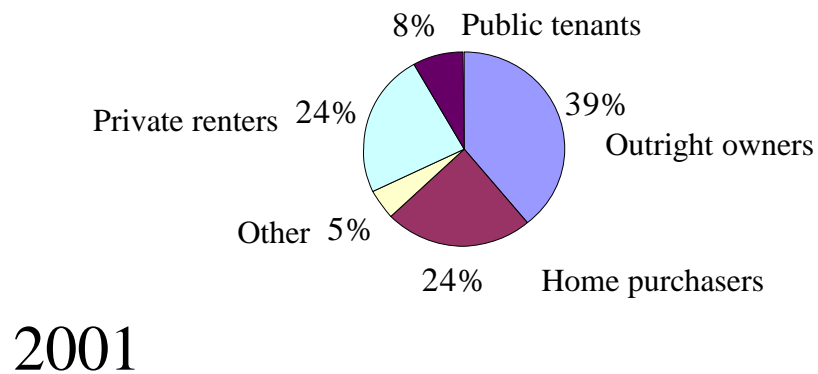
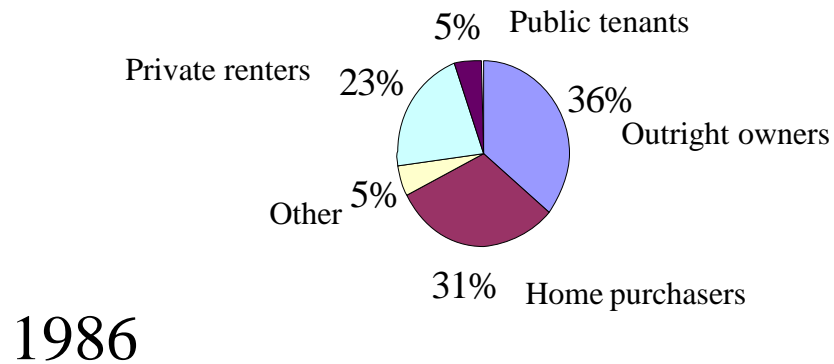


% Change in Capital City Established House Prices Over Five Years (Real)



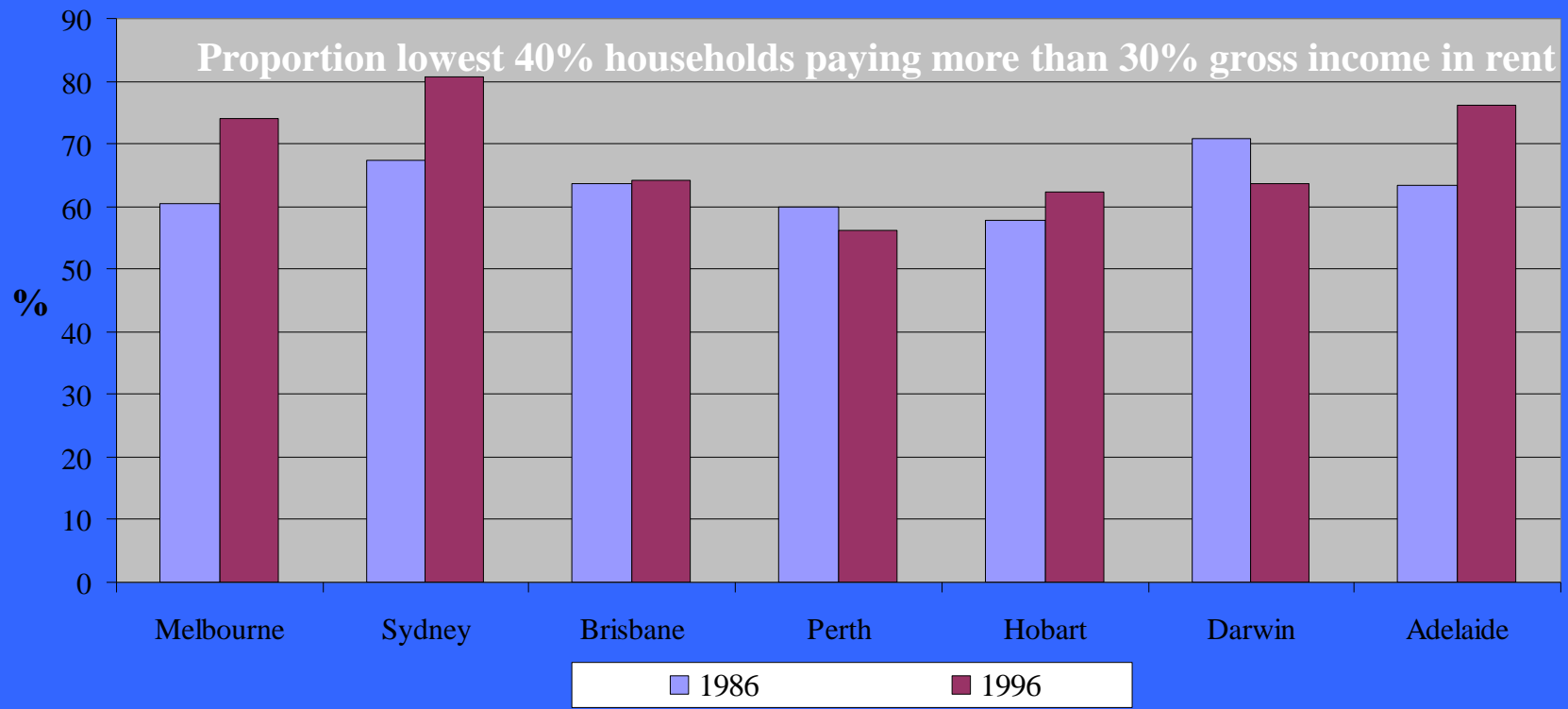


Tenure Change in Sydney





Housing Stress Among Low Income Private Tenants in Main Cities , 1986-1996



Berry and Hall (2001)



Meeting Housing Needs

Our Key Issues/Challenges

- Managing sustained growth in big cities
- Achieving any growth in affordable housing
- Tenure segmentation reinforcing economic and social divisions
- Lack of political leadership/strategic framework/subsidy
- Housing problems not agreed/bureaucratic resistance
- Weak constituency for action
- Community involvement/infrastructure under-developed



Sources

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