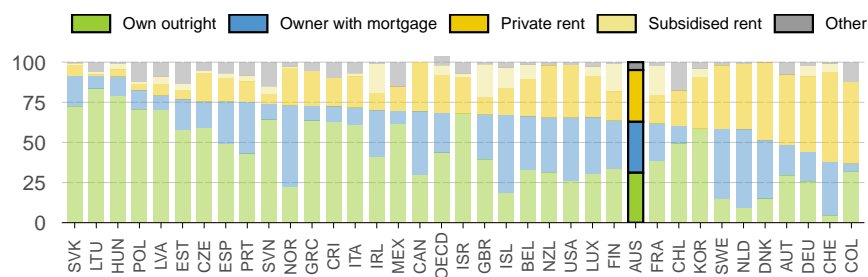


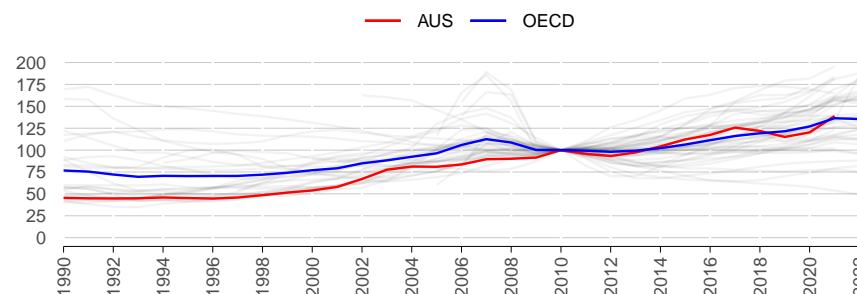
# AUSTRALIA

Housing policies affect wellbeing through a wide range of channels. This snapshot provides a cross-country perspective on Australia's housing-related indicators and policy settings. Households' tenure choices depend on demographics and/or socio-economic factors, as well as policies related to public promotion of housing, housing taxation and rental regulations. There are large differences in tenure structure across OECD and key partner countries: homeownership in Australia is close to the OECD average (31.1% own outright and 31.8% own with a mortgage, while 32.1% are private renters and only 4% are social renters in 2020) (Figure A). Real house prices have risen strongly in many countries since the 1990s, more than doubling in those countries experiencing the largest increases. In Australia, real house prices have grown by 38.8% since 2010 (Figure B), while real rent levels have decreased by 8.3% (not plotted). Additionally, Australia's housing investment rate is relatively high and stable by comparison with other countries (5.3% of GDP in 2022 compared with 4.8% in the OECD average) (Figure C). The ratio of households' outstanding mortgage claims to GDP in Australia is high by international comparison (115% in 2021 compared with 51.7% in the OECD average) (Figure D). An increasing household debt burden over the past decade has coincided with a decline in market interest rates.

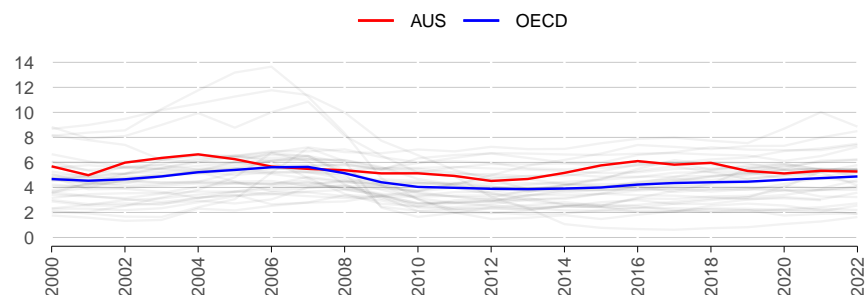
(a) Housing tenure distribution, 2020 or latest available



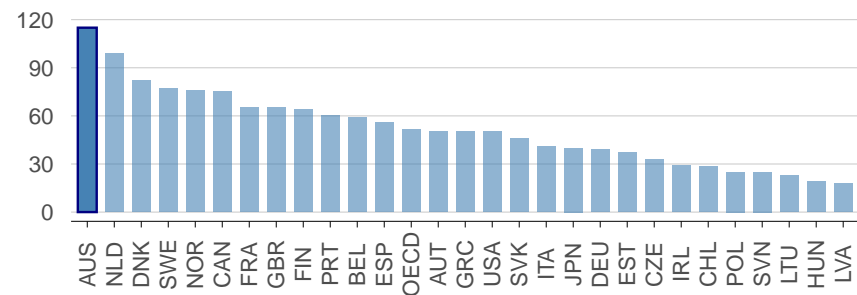
(b) Real house price index (2010=100)



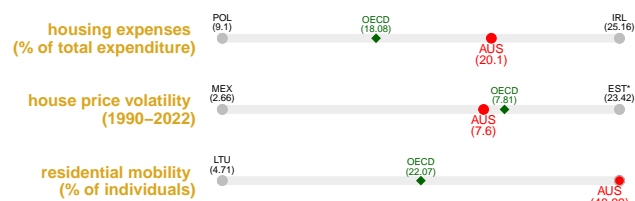
(c) Housing investment as share of GDP



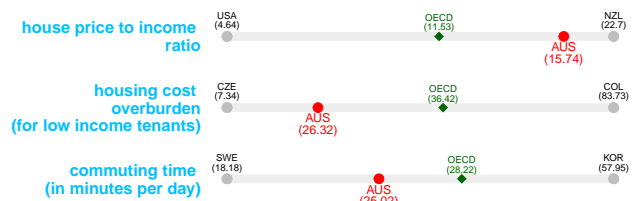
(d) Housing finance: mortgage claim as a share of GDP, 2021 or latest available



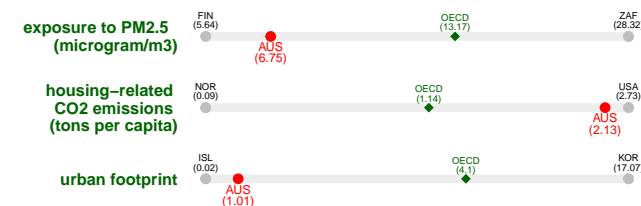
## Efficiency



## Inclusiveness



## Sustainability



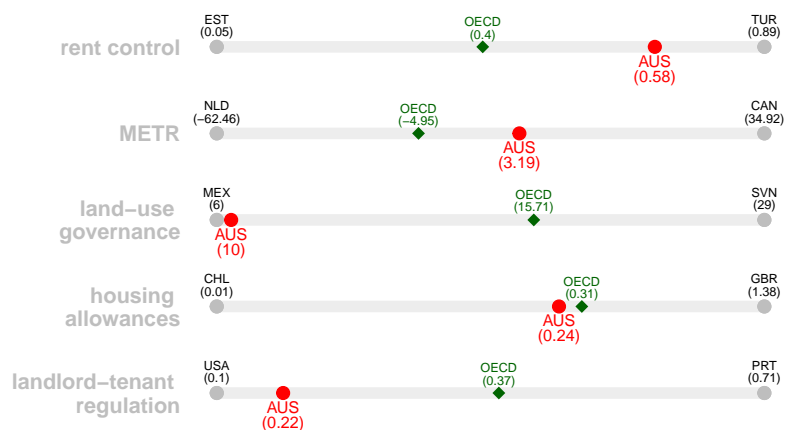
Efficiency measures the economy's capacity to align housing supply with demand, thereby limiting excessive price and rent increases, contributing to macroeconomic stability and facilitating residential mobility. In Australia, housing costs, comprising actual and imputed rents as well as costs for maintenance and repair of dwellings, make up a high share of overall household expenditure compared with the average OECD country. Additionally, house price volatility is moderate, inviting a careful assessment of possible vulnerabilities in the housing sector. House prices in Australia have indeed continued to rise steadily in recent years, in response to strong population growth that boosted housing demand and was not adequately met by new housing supply. Restrictive land-use governance criteria that depend on too many categories and excessive prescription on allowable activities have played a role in limiting housing supply. Over the past year, house prices have eased in Australia, reflecting weaker demand with the closure of international borders at the onset of the COVID-19 pandemic. In addition, changes in state-level taxes may have recently deterred some foreign demand. Finally, residential mobility, as measured by households' expectations to move over the next 12 months (in 2012), is very high by international comparison. This may partly be due to rent controls that are less intensive than other OECD countries and high loan-to-value ratios that boost the availability of mortgage credit to a wide range of households, which is empirically shown to increase residential mobility (Caldera Sánchez and Andrews, 2011).

Inclusiveness refers to the housing sector's capacity to deliver adequate and affordable homes across the income distribution while limiting residential segregation. Australia displays among the highest house price-to-income ratios across the OECD, measured as the number of years of disposable income equal to the price of a 100-square-metre dwelling. The increased demand from households who have accumulated substantial mortgage debt, partly owing to accommodative financial conditions in the last decade, has contributed to this outcome. Australia's housing loan market mainly comprises variable-rate mortgages, making the transmission from low monetary policy interest rates after the global financial crisis to the cost of housing credit more direct. Although housing cost overburden for low-income tenants is lower in Australia than the average OECD country, one-third of low-income tenants pay more than 40% of their income in rent. This is partly due to the country's relatively small social housing stock (less than 9% of the total dwelling stock), for which subsidised rents cannot be more than 30% of a tenant's gross income. Lastly, average commuting time is relatively low by international comparison, which suggests that most people can afford to live close enough to their workplace. Nevertheless, commuting times have been increasing recently, especially in large metropolitan areas, due to increased traffic congestion.

Sustainability assesses the housing sector's readiness for the transition to a low-carbon economy and its capacity to attenuate pressures on the ecosystem by preserving biodiversity and residents' health. Residential activities are responsible for 44 % of fine particulate matter (PM2.5) emissions on average across OECD countries, which is the air pollutant that poses the greatest risk to health globally. Although the countrywide average measure of exposure to PM2.5 is relatively low in Australia, it is very dispersed: less than 1 % of the population is exposed to dangerous levels of PM2.5 in the least polluted regions of the country, while the most polluted region represents virtually all of the population exposed. Housing-related energy intensity is relatively low in Australia. Recently, two-thirds of the electricity produced by solar panel installations has taken place in the residential sector, contributing to support renewable energy sources and reduce housing-related CO2 emissions. Finally, in Australia, the average access to public green space in urban areas, which is linked to a variety of health and wellbeing benefits, is lower than the OECD average.

## Policy Profile

Housing policies shape the efficiency, inclusiveness and sustainability of the housing sector. The chart below shows the principal indicators capturing the policy profile for Australia.



More stringent rent control, which reduces the profitability of housing investment, is empirically associated with a weaker response of housing supply to change in demand. Higher marginal effective tax rates (METR) on housing property help containing house price dynamics, thereby contributing to housing affordability over the long run. Higher values of the land-use governance indicators reflect more decentralisation to the municipalities and/or more overlap across government levels; they have been empirically linked to housing supply that is less responsive to changes in demand. More spending on housing allowances typically facilitates residential mobility in some countries, which is often a condition for labour mobility. Higher rent subsidies can however inflate rents and prices where supply fails to respond flexibly to demand. Overly stringent landlord-tenant regulations tend to reduce residential mobility which could impair the functioning of labour markets.

## Definitions\*

Structural indicators	
Share of owners outright	Share of owners outright, source: OECD Housing Affordable Database
Share owners with mortgages	Share owners with mortgages, source: OECD Housing Affordable Database
Share of private renters	share of private renters, source: OECD Housing Affordable Database
Share of subsidized renters	Share of subsidized renters, source: OECD Housing Affordable Database
Real house price index	Real house (hedonic) prices evolution (100=2010). Source: OECD House Price Analytical Database
Housing finance	Loans for house purchasing, in percent of GDP (in %). 2019 or latest year available. Source: OECD Resilience database, National Bank of Belgium, Central Bank of Chile, Central Bank of Ireland
Housing investment	Housing investment as share of GDP (%). 2019 or latest year available. Source: OECD National accounts data
Efficiency	
Housing expenses (% of total expenditure)	Housing consumption as a share of total household expenditure (in %). The indicator includes expenditure for actual and imputed rents, maintenance and repair of the dwelling. 2021 or latest year available. Source: OECD National accounts data
House price volatility (1990-2022)	Standard deviation of (de-trended) real house prices (1990-2022). Source: OECD calculations based on OECD Analytical House Price Database
Residential mobility (% of individuals)	Share of individuals that changed residence in 5 years (in %), 2012. Source: OECD Calculations based on 2012 EU SILC Data for EU countries, AHS 2013 for the United States, HILDA 2012 for Australia, Encuesta de Calidad de Vida Urbana (ECVU) 2018 for Chile
Inclusiveness	
House price to income ratio	Years of disposable income equal to the price of a 100 square meter dwelling. 2022 or latest year available. The concept of income used is per capita gross disposable income of households. Source: OECD Analytical Database and HouseLev Dataset of Price Level Estimates, 2019
Housing cost overburden (for low income tenants)	Share of tenants in the bottom quintile of the income distribution spending more than 40 percent of disposable income on private rent (in %). 2020 or latest year available. Source: OECD Affordable Housing Database
Commuting time (in minutes per day)	Average time spent travelling to and from work or study for all 15-to-64-year-olds (in minutes per day). Latest available year, ranging from 1999 (Portugal) to 2019 (USA). Source: OECD Family Database and Casen 2017 for Chile
Sustainability	
Exposure to PM2.5 (microgram/m3)	Mean annual outdoor PM2.5 concentration weighted by population living in the relevant area, that is, the concentration level, expressed in microgram/m3, to which a typical resident is exposed throughout a year. 2019. Source: OECD Environment database
Housing-related co2 emissions (tons per capita)	CO2 emissions from fuel combustion (including electricity and heat) in the residential sector (in tons per capita). 2018. Source: CO2 emissions from fuel combustion database, IEA 2020 edition
Urban footprint	Share of tree cover, grassland, wetland, shrubland and sparse vegetation converted into any other land cover type (in %) in the period 1992-2019. Source: OECD Environment database
Policy indicators	
Rent control	Indicator reflecting on the number of regulations that restrict rent levels and rent increases. The indicator ranges between 0 and 1, with a higher number indicating greater stringency. 2021. Source: OECD calculations based on OECD Questionnaire on Affordable and Social Housing (QuASH)
METR	The indicator combines information on property taxes and housing-related provisions of income taxes. It is computed as the difference between the pre and post-tax rates of return of a marginal investment divided by the pre-tax rate of return of that investment where post-tax real rate is the minimum rate of return necessary to make the investment worthwhile (in %). 2016. Source: Preliminary illustrative estimates pending the publication of the final estimates of the forthcoming OECD Tax Policy Studies
Land-use governance	Indicator of restrictiveness of the land use regulation. It comprises two components: decentralisation and overlap of government levels in land planning decisions. The indicator ranges between 2 and 30 with a higher number indicating greater stringency. 2021. Source: OECD calculations based on OECD Questionnaire on Affordable and Social Housing (QuASH, 2021)
Housing allowances	Public spending on means- and/or income-tested housing allowances and transfers to households (in % of GDP). 2019 or latest year available. Source: OECD Affordable Housing database
Landlord-tenant regulation	Indicator capturing the intensity of regulation related to tenants' protection from eviction, tenure security and deposit requirement. The indicator ranges between 0 and 1, with a higher number indicating greater stringency. 2021. Source: OECD calculations based on OECD Questionnaire on Affordable and Social Housing (QuASH, 2021)

\*The choice of indicators may vary by country depending on data availability.