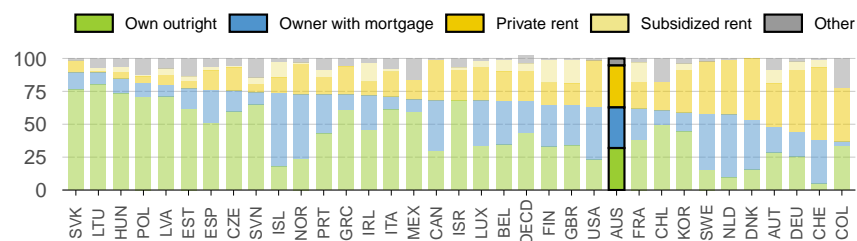


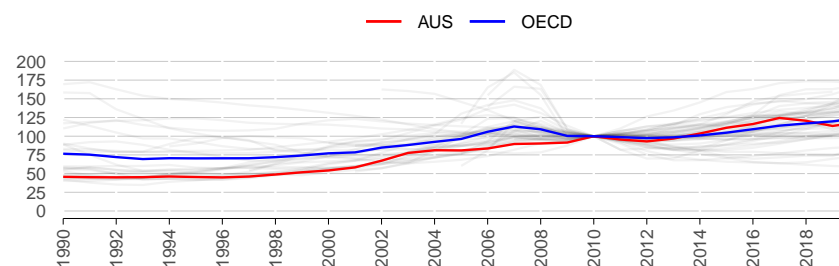
# AUSTRALIA

Housing policies affect well-being through a wide range of channels including access to decent shelter, environmental quality, efficient use of scarce resources, type and extent of commuting, as well as its contribution to strong and resilient economic growth. 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 OECD average (Figure a). Real house prices have risen strongly across the OECD since the 1990s, with increases reaching up to 100% in some countries. In Australia, real house prices have grown at a fast rate over the last three decades (Figure b). Additionally, Australia's housing investment rate is relatively high and stable by comparison with other countries (Figure c). Finally, mortgage markets play a crucial role in household finances since housing generally constitutes household's single largest financial asset. The ratio of outstanding household mortgage claims to GDP in Australia is relatively high by international comparison (Figure d). An increasing household debt burden over the past decade has coincided with a decline in market interest rates. Households with high loan-to-value ratios were also more likely to defer mortgage repayments relative to their outstanding balance during the COVID-19 crisis.

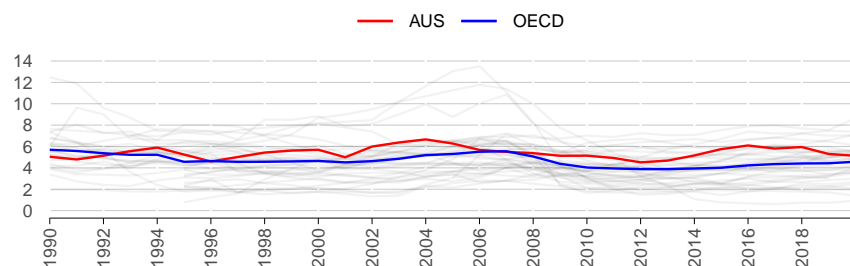
(a) Housing tenure distribution (percentage)



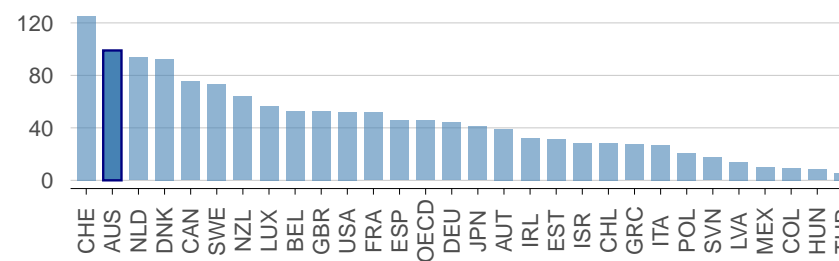
(b) Real house price index (2010=100)



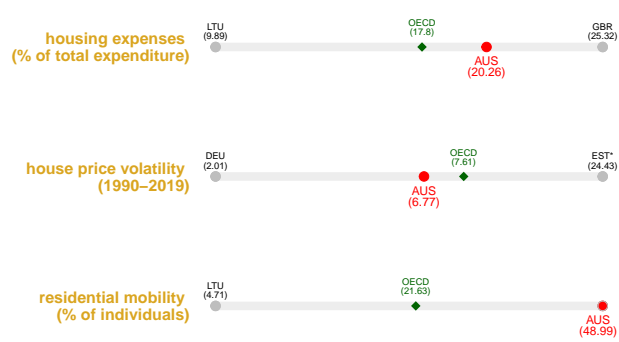
(c) Housing investment as share of GDP (percentage)



(d) Housing finance: mortgage claims as a share of GDP (percentage)



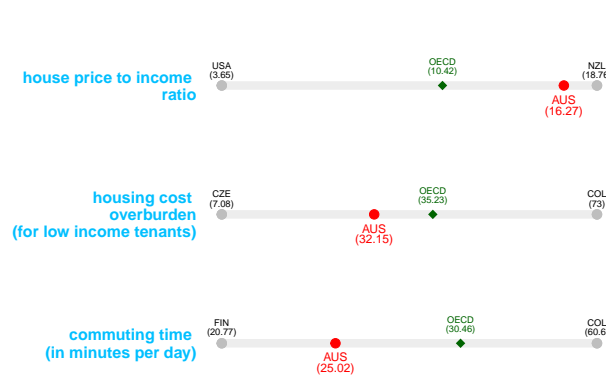
## Efficiency



\*House price volatility in Estonia refers to the 2005–2019 time period.

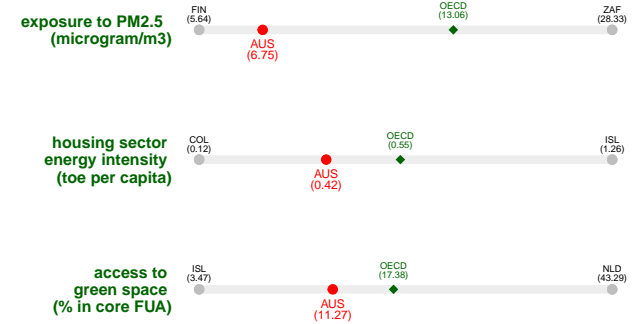
Efficiency measures the economy’s capacity to align housing supply with demand, thereby limiting excessive price and rent increases, contributing to macroeconomic stability and facilitating residential mobility. In Australia, housing costs, comprising actual and imputed rents as well as costs for maintenance and repair of dwellings, make up a high share of the overall household expenditure compared with the average OECD country. Additionally, house price volatility is moderate, inviting for a careful assignment 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 the households’ expectation 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



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 years of disposable income equal to the price of a 100 square metres dwelling. The increased demand from households who have accumulated substantial mortgage debt, partly owing to accommodative financial conditions in the last decade, contributed to this outcome. Australia’s housing loan market in fact 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 percent of their income in rent. This is partly due to the country’s relatively small social housing stock (less than 9 percent of the total dwelling stock), for which subsidised rents cannot be more than 30 percent 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.

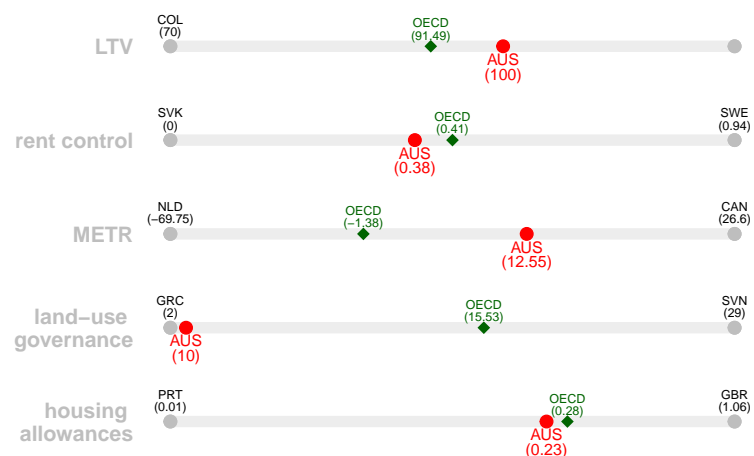
## Sustainability



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 of 44 percent 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 country-wide average measure of exposure to PM2.5 is relatively low in Australia, it is very dispersed: less than 1 percent of the population is exposed to dangerous levels of PM2.5 in the least polluted regions of the country, whilst 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 have 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 well-being benefits, is lower than 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.



Loan-To-Value (LTV) caps help to contain credit risk, limit the build-up of house price bubbles and thereby foster economic resilience. 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.

## Definitions\*

Structural indicators	
Housing tenure	Arrangement under which the household occupies all or part of a housing unit. 2018 or latest year available. Source: OECD Affordable Housing database and Adva Center (2017); Gran Encuesta Integrada de Hogares (DANE, 2020) for Colombia; *Public Housing Option: Adva Center's Response to the Housing Crisis in Israel" for Israel. Notice that tenants renting at subsidized rent are lumped together with tenants renting at private rent in Australia, Canada, Chile, Denmark, Mexico, the Netherlands and the United States, and are not capturing the full extent of coverage in Sweden due to data limitations. For Colombia, data on subsidized rents are missing, and the category "Other" includes usufruct, de facto occupancy and collective property. In the case of Israel over outright and owner with mortgage are displayed together.
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 %). 2020 or latest year available. Source: OECD Resilience database, National Bank of Belgium, Central Bank of Chile, DANE for Colombia, Central Bank of Ireland
Housing investment	Housing investment as share of GDP (%) (1990-2019). Source: OECD National accounts data, and Cuenta Nacionales Anuales (DANE) for Colombia
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. 2019 or latest year available. Source: OECD National accounts data
House price volatility (1990-2019)	Standard deviation of (de-trended) real house prices (1990-2019). 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, Censo Nacional de Población y Vivienda 2018 for Colombia
Inclusiveness	
House price to income ratio	Years of disposable income equal to the price of a 100 square meter dwelling. 2016 or latest year available. The concept of income used is per capita gross disposable income of households. Source: 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 %). 2018 or latest year available. Source: OECD Affordable Housing Database and Gran Encuesta Integrada de Hogares, DANE (2019) for Colombia
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; Casen 2017 for Chile and DANE (Encuesta Nacional de Calidad de Vida) 2019 for Colombia
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 sector energy intensity (toe per capita)	Residential energy consumption (in tonnes of oil equivalent per capita). 2019. Source: CO2 emissions from fuel combustion database, IEA (2020) and World energy balance, IEA (2020)
Access to green space (% in core fua)	Share of green space area in core functional urban areas (in %). 2020. (The indicator is computed at FUA level and aggregated using the weighted average by FUA population in 2015). Source: OpenStreetMap and OECD calculations
Policy indicators	
LTV	Maximum loan-to-value ratios applied to mortgage loans (in %). 2019. Source: IMF Integrated Macropprudential Policy (iMapp) Database, ESRB Macropprudential Database and OECD Questionnaire on Affordable and Social Housing (QuASH, 2019)
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. 2019. 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. 2019. Source: OECD calculations based on OECD Questionnaire on Affordable and Social Housing (QuASH, 2019)
Housing allowances	Public spending on means- and/or income-tested housing allowances and transfers to households (in % of GDP). 2018 or latest year available. Source: OECD Affordable Housing database

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