The Demand Equation:
What is the Consumer Imperative?

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Agenda

• Housing Change and Overall Demand
• Demographic Components of Demand
• Concluding Thoughts
Housing Change and Overall Demand

The New Drivers in Australia’s Housing Market

- Economic Change
- Labour Market Change
- Movements in Housing Markets
- Demographic Change
  - Changing Housing Careers and Housing Consumption
  - Changing Values, Means and Aspirations
- Change in Broad-Scale Social and Economic Policy
  - Housing Policy
  - Changed Roles in Society, eg Gender, Disability
Cumulative imbalance between underlying demand and supply since 2001 (‘000 dwellings)
Cumulative Shortfall in Demand and Supply by State

- NSW: Significant shortfall
- Vic: Minor shortfall
- Qld: Moderate shortfall
- SA: Minimal shortfall
- WA: Moderate shortfall
- NT: Minor shortfall
- ACT: Minimal or no shortfall
Household Growth Outstrips Population Growth

Index of change: 1961=100

Year


Households

Population
Demographic Components of Demand: Housing and the Life Course, 1970s Style

- Family formation
- Children leave home
- Retirement

Income: 
Expenditure: 

Renting  Home Purchase  Outright Ownership  Aged Care

Age

Industrial Australia
Demographic Components of Demand: Housing and the Life Course Now

![Graph showing the relationship between age, housing, income, and expenditure in Post Industrial Australia.](image-url)
# Population By Generation

## The Demography of Generations

### Population by Generation 2006

<table>
<thead>
<tr>
<th>Generation Label</th>
<th>Years of Birth</th>
<th>Age</th>
<th>Persons</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Depression Generation</td>
<td>Before 1931</td>
<td>75 plus</td>
<td>1,270,944</td>
<td>6.4</td>
</tr>
<tr>
<td>The Austerity Generation</td>
<td>1931-1948</td>
<td>55 to 74</td>
<td>2,827,764</td>
<td>14.2</td>
</tr>
<tr>
<td>The Baby Boomers</td>
<td>1949-1965</td>
<td>54 to 41</td>
<td>4,689,601</td>
<td>23.6</td>
</tr>
<tr>
<td>Generation Y</td>
<td>1981-1996</td>
<td>24 to 39</td>
<td>4,072,212</td>
<td>20.5</td>
</tr>
<tr>
<td>Generation I</td>
<td>1996 -</td>
<td>0 to 10</td>
<td>2,569,266</td>
<td>12.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>19,855,280</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
The Baby Boomers and Inner City Housing

• DINKS
  – Many asset rich
    • Housing wealth and some super
    • Some victims of divorce seeking cheaper housing
    • Significant lifestyle aspirations
      – The NHSC paradox
    • Inner city housing speaks to their travel and quality of life goals
Gen Y to Gen I

• 30,000 international students in Adelaide
  – Market reasonably robust

• For domestic Gen I and Gen Y:
  – ‘its the economy stupid’
    • But the 30 Year Plan will further concentrate economic opportunities into the CBD/inner city
      – SAHMRI, new RAH, rail electrification etc

  – A renter population?
Conclusion

- Underlying demand for housing in Australia and SA is strong
  - Largely independent of population growth rates
  - Market has taken a hit but....

- Boomers and the young are the key market segments for the inner city
  - A city without children?

- 30 Year Plan makes the inner housing market stronger