Housing crisis leading to fewer babies

Affordability

Ronald Mizen
Economics correspondent

Affordability for first home buyers continued to deteriorate last financial year, which demographers and social researchers believe is contributing to couples having smaller families and taking longer to start them.

Across Australia, 50 per cent of available houses are now affordable to just the top 20 per cent of first home buyers by income, while for the bottom 40 per cent fewer than one in five houses is affordable.

That's a marked deterioration from just 18 months ago, according to the latest affordability analysis from the National Housing Finance and Investment Corporation (NHFIC).

Social trends researcher Rebecca Huntley labelled the situation chronic unaffordability and said it was having broad ramifications.

"Certainly in my qualitative research, I get very much the conversations of, 'We either buy a house or have a child'," Dr Huntley said. "We have to make a decision between those two because we can't do both." In Sydney, 75 per cent of houses are affordable to just the top 20 per cent of first home buyers, while for the bottom 40 per cent of income earners, less than 10 per cent of homes are affordable.

Buyers in Melbourne fare slightly better, with 50 per cent of homes available to up to 80 per cent buyers, though the number of homes for the bottom 40 per cent of income earners is also less than 10 per cent.

The sharpest deterioration in affordability seen during the pandemic was in Hobart, where 90 per cent of the houses are affordable to just the top 20 per cent of income earners.

According to the *ANZ CoreLogic Housing Affordability* report released last month, another consequence of booming prices is the time it takes first home buyers to save a deposit.

The time it takes to save a house deposit for a household on average income has blown out to a record 10.8 years Australia-wide as prices increase at a rate 8.1 times faster than household income. Home buyers in Sydney are now taking 16.6 years to save a 20 per cent deposit to buy a house – also a record, following a 30.4 per cent rise in prices over the past 12 months.

University of Melbourne demography professor Peter McDonald said this was one factor leading to delays in couples having children, which was in turn leading to people have fewer children than in the past.

Australia registered 294,369 births in 2020 for a fertility rate of 1.58 babies per woman – a 3.7 per cent fall on the previous year, almost 50 per cent lower than 50 years ago and the lowest rate on record.

Daniel Senia, general manager of the First Place Building Company in Victoria which predominantly deals with first home buyers seeking housing packages, said the data reflected what he was seeing on the ground.

"We're seeing a lot of either singles or young couples married; very rarely with kids, maybe one; average age 35–36," Mr Senia said.

"They're trying to get into the market, and then they're starting the family."

According to the most recent Bureau of Statistics Housing Occupancy data from 2017-18, the average age of a first home buyer is 35, which is up 3 years on a decade earlier. While births data for 2020 released this week showed the median age for parents is now 31.6 for women and 33.6 for men.

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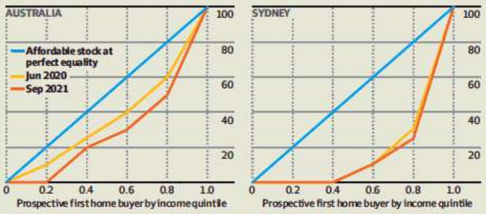
Slim pickings

Affordability for prospective first home buyer (cumulative stock by price, %)



SOURCE: NHFIC

In my research, I get the conversations of, 'We either buy a house or have a child'.
Rebecca Huntley, above

Sydney landlords are back in the box seat

Rental market Tenants are being priced out as travel resumes.

Michael Bleby
Property deputy editor

Sydney's rental market is tightening as borders reopen and demand for short-stay accommodation picks up.

That is catching out people such as Anna Bruter, who, with her husband and two children, moved into a Meriton serviced apartment in Bondi Junction in August while they renovated their family home nearby.

The family took out a 20-week lease on a two-bedroom apartment at $825 a week in the building, which is close to their childcare and primary school.

But the renovation dragged on – it suffered delays from building materials and labour shortages – and the builder said he would not be done before their apartment lease ended on January 14.

Ms Bruter wanted to ask Meriton if they could get an extension, but says she never got the chance. Before she could discuss it, the company confirmed the end of their lease.

It said any extension of stay would have to be at the short-stay rate via the company's booking portal, which she says shows a price of $10,931 for the extra month they need – well above the $3500-odd they are paying.

Unable to afford that much, they are trying to find new accommodation for the final month they need, a task made harder in the peak summer months.

"There's no leeway. There's no 'we're in this together'," Ms Bruter said.

"Families like us are just in the crunch of it."

The pandemic prompted many owners of short-stay accommodation to put their properties into the longer-term rental market.

But the reopening of domestic borders and a resumption in holiday and business travel is reversing that, and landlords – including serviced apartment owners – are responding.

Meriton owner and Financial Review Rich Lister Harry Triguboff said he dropped the rents on serviced apartments when the market of tourists and business travellers dried up and that he was under no obligation to keep offering a discounted rent.

"I didn't have people to take them, I dropped the price by 70 per cent," Mr Triguboff told *AFR Weekend*.

"What I'm asking from them now is only what I used to get.

"When I build a block of flats, I take into account what I can get, not what that poor woman wants."

Inner-city Sydney and Melbourne rental vacancy rates, which rocketed with the onset of the pandemic, have been falling over the past six months – despite nudging up again in the most recent lockdowns.

SQM Research managing director Louis Christopher said they would fall further next year.

"If international borders stay open and we're getting international students continuing to come through plus other migration, we'll see tightening in inner-city vacancy rates for 2022," Mr Christopher said.

Sydney-based Crown Group owns three Skye Suites-branded serviced apartment buildings in Parramatta, Green Square and central Sydney's Kent Street. During the pandemic, the company transferred 20 per cent of its Kent Street rooms to long stay, 40 per cent at Green Square and about 10 per cent in Parramatta.

Since restrictions were lifted in October, the company had halved the number of rooms in long-stay use at Kent Street and Parramatta, chief executive Iwan Sunito said. "The rest is filling up with holiday and corporate market bookings," Mr Sunito told *AFR Weekend*.

When the pandemic hit and short-stay demand reduced, serviced apartment franchiser Quest also allowed franchisees operating apartments – owned by third-party landlords – in its network to convert apartments into dwellings with 12-month-plus stays to give them the revenue to meet their franchise and rental fee obligations.

The company let about 15 of the 130 businesses – each with typically 80 apartments – on its books make that conversion, but over the past four months conditions had normalised, Quest managing director David Mansfield said.

Mr Mansfield said that, like any operator, Meriton was within its rights not to extend the lease, but "it doesn't pass the pub test".

"It's not in the spirit of serving that particular customer segment."

Anna Bruter and her children, Tom, 4, and Kinga, 7, at the Bondi Junction complex the family is living in. PHOTO: JAMES ALCOCK

I dropped the price by 70 per cent. What I'm asking from them now is only what I used to get.
Harry Triguboff, Meriton owner

'Hit job': SSO chief says she was harassed

Classical music

Michael Bailey

Outgoing Sydney Symphony Orchestra chief executive Emma Dunch has accused the NSW government of "a hit job" after she exited the role on Friday with two years to run on her contract.

Ms Dunch, who has run the orchestra since 2017, claimed "harassment" against her had increased as she pressed Create NSW, the state's arts ministry, to make good on a commitment to keep the orchestra solvent while away from its traditional home, the Sydney Opera House, as its concert hall was being refurbished.

Emma Dunch

Late last month, *Rear Window* published details of a confidential report, commissioned by Create NSW and federal arts funding body the Australia Council, raising concerns about Ms Dunch's leadership style.

NSW Arts Minister Don Harwin denied his office had been the source of the leak, saying he had been "entirely supportive" of the SSO.

In a personal statement alongside the announcement of her resignation, Ms Dunch said the six-month delay to the concert hall's refurbishment due to COVID-19 – which means it will remain at the Sydney Town Hall until July – would create "new multimillion-dollar losses" for the Orchestra in 2022.

"I call on the NSW government to come through and make good on the written assurance that its Minister of the Crown signed more than three years ago," she said.

Ms Dunch said there were personal vendettas against her from some "government workers" and that she would take action through anti-corruption channels. "This damaging behaviour by government workers must be called out and discredited," she said.

An SSO spokesperson said it disagreed with the way Ms Dunch's personal statement had characterised the issues facing the orchestra.

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