SOLVING AUSTRALIA'S MULTIPLE HOUSING CRISES

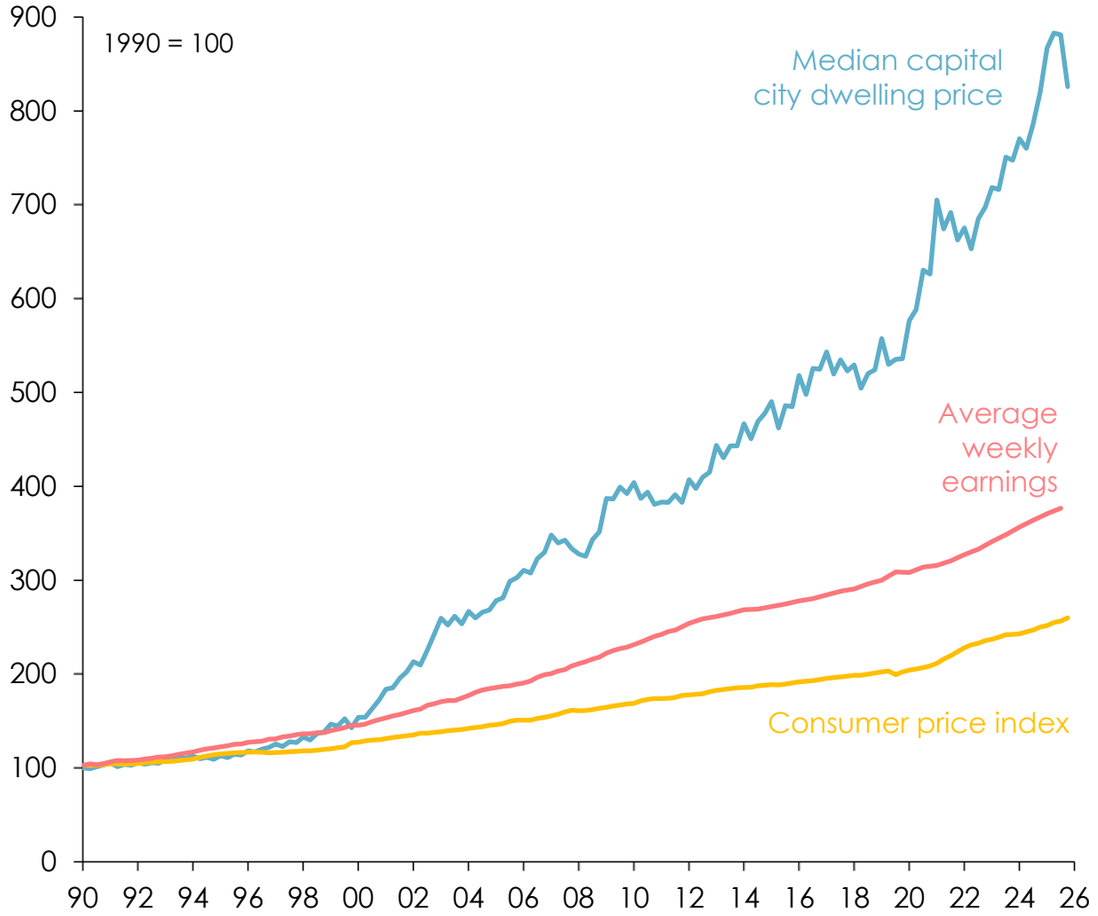
PRESENTATION TO Q SHELTER'S CEO & LEADERS FORUM

GRAND CHANCELLOR HOTEL, BRISBANE
11TH NOVEMBER 2026

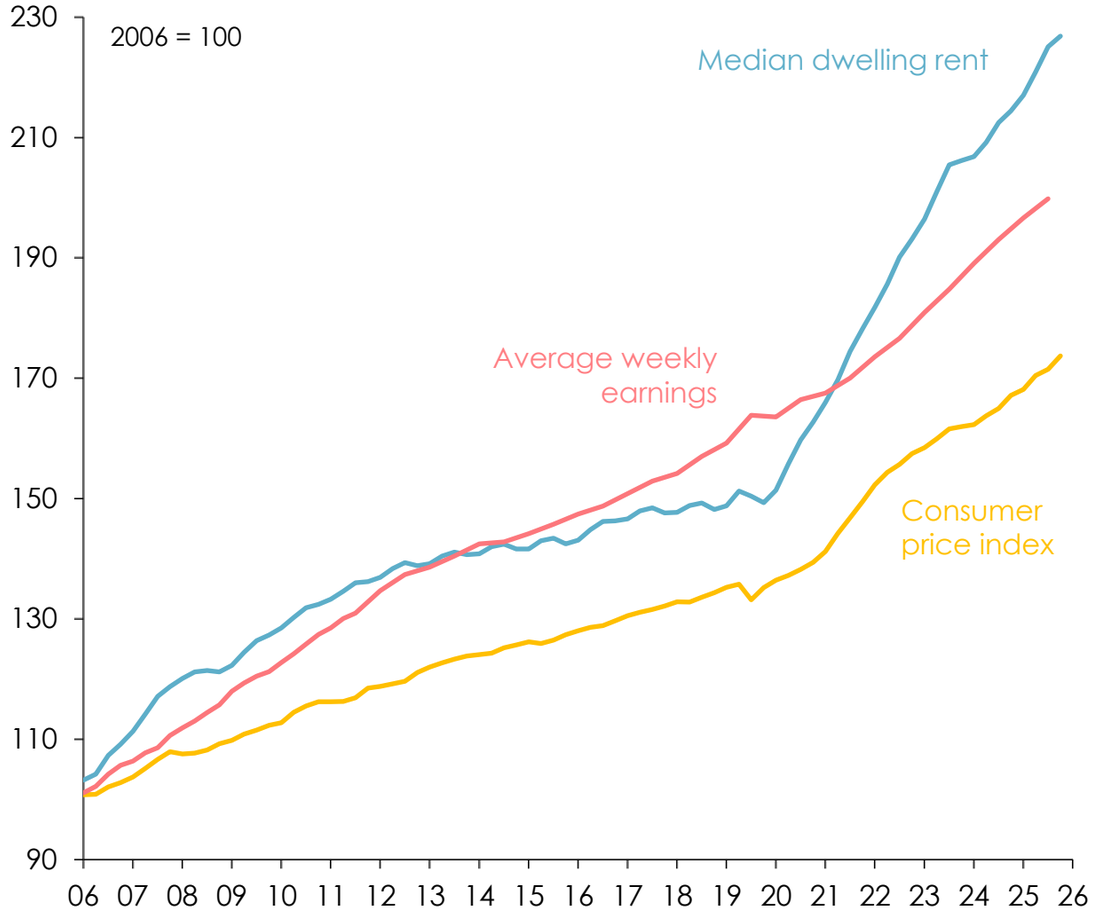
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The cost of housing, for both owners and renters, has risen substantially faster than incomes or prices over the past 20-35 years

Dwelling prices, consumer prices and average weekly earnings



Dwelling rents, consumer prices and average weekly earnings

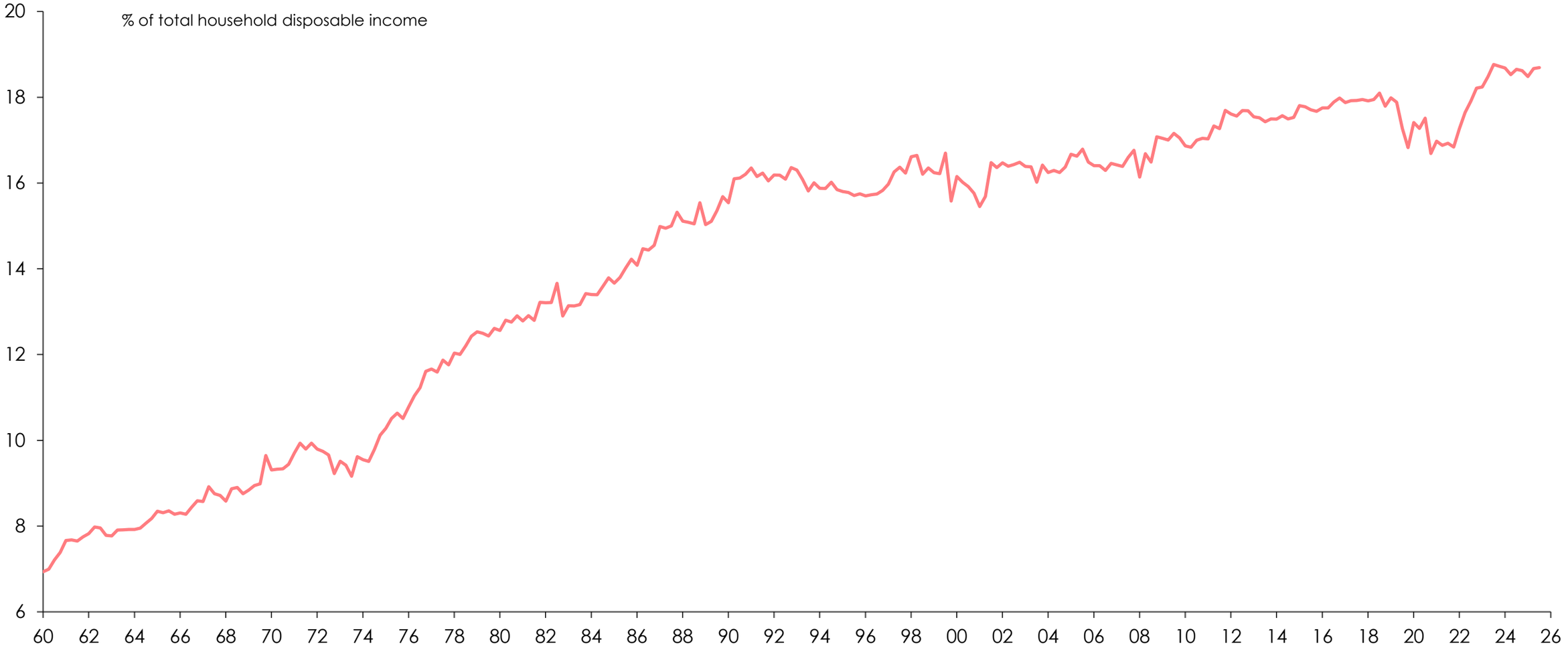


Note: 'dwellings' means weighted average of houses and apartments.
Sources: Cotality, *Monthly Housing Chart Pack*, October 2026; ABS, *Consumer Price Index*, September 2026, and *Average Weekly Earnings*, May 2026.

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Australian households are now spending almost 19% of their disposable income on housing, double the share in the 1960s and early 1970s

Spending on housing as a percentage of household disposable income

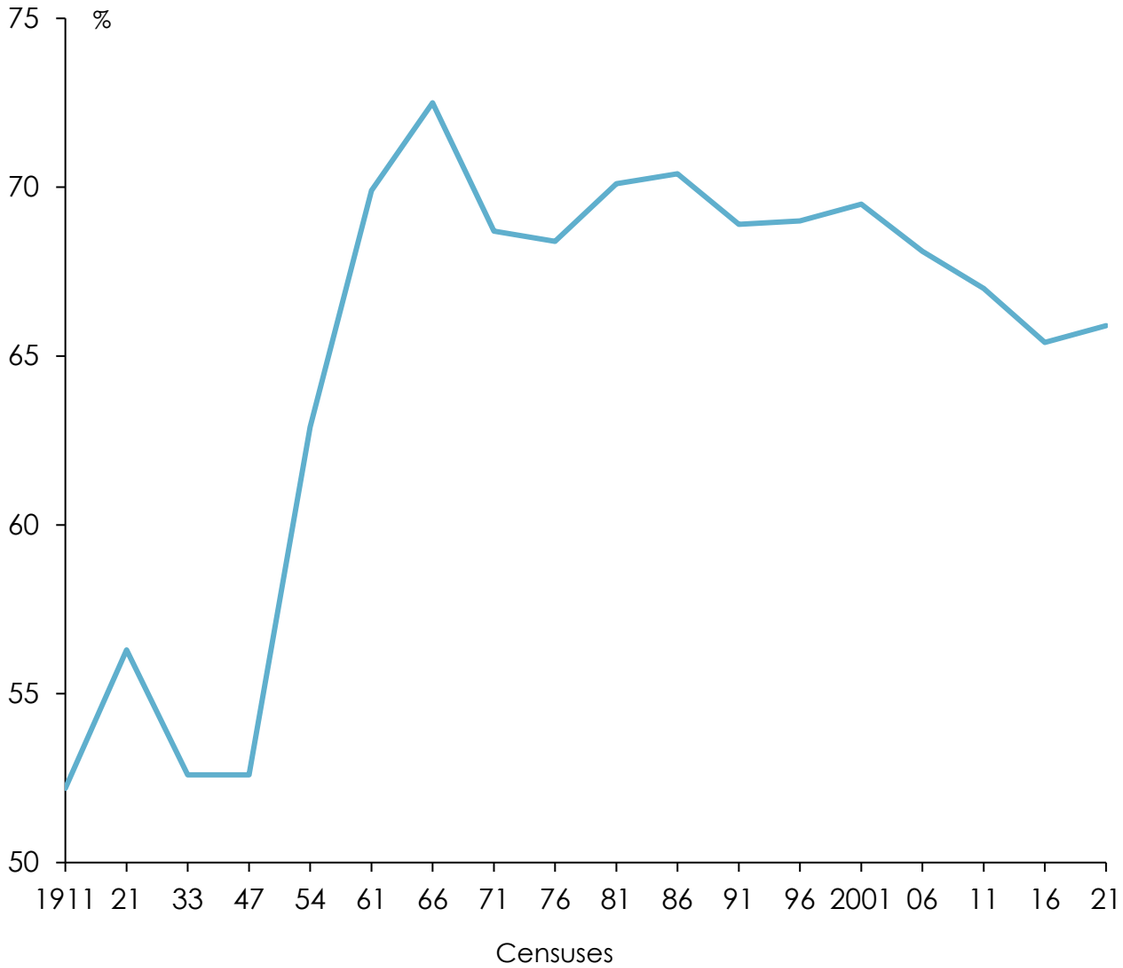


Source: ABS, *Australian National Accounts: National Income, Expenditure and Product*, June quarter 2026.

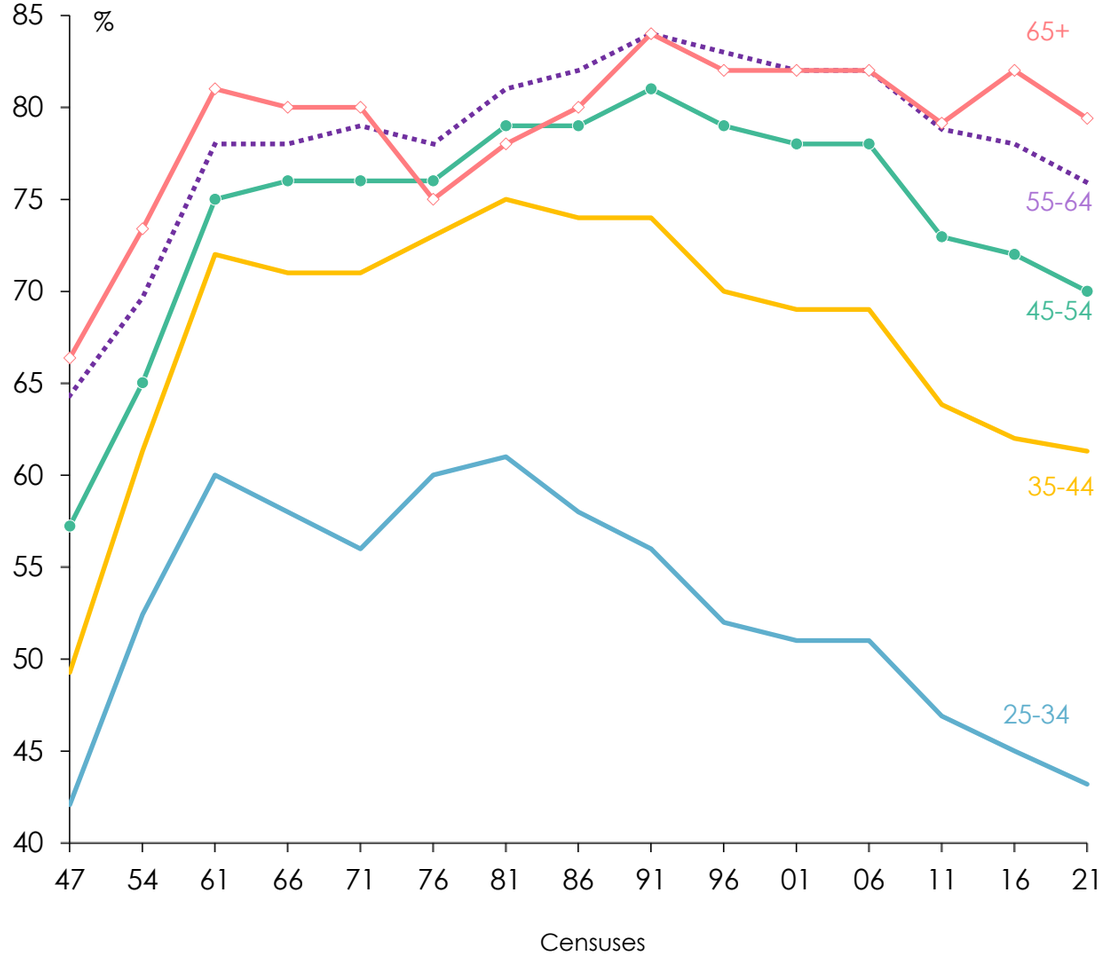
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Home ownership has been declining steadily since 1966 – especially, over the last thirty years, among people aged under 45

Overall home ownership rate, 1911-2021



Home ownership rates by age, 1947-2021



Sources: Advisory Council on Inter-Government Relations, *Australian Housing Policy and Inter-government Relations*, Discussion Paper No. 14 (1981); ABS, Housing: Census, 2021 and previous issues; Judy Yates, Submission to the Senate Economic References Committee on Affordable Housing, 2015; Rachel Clun, 'Mortgages in retirement triple, outright ownership halves for most age groups' The Age, 17th July 2022.

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One little-recognized consequence of the decline in home ownership among younger adults has been a sharp rise in inter-generational inequity

Shares of household net wealth, by age group, 2003-04 to 2019-20

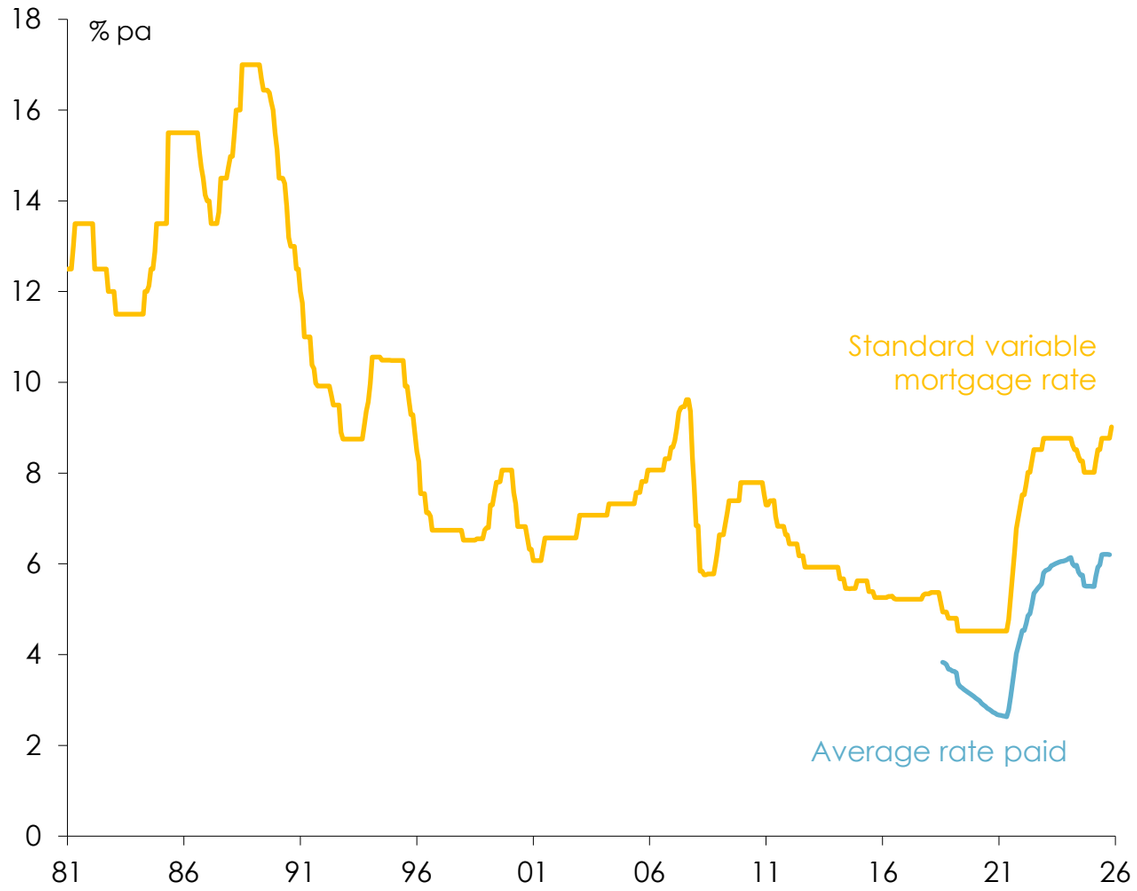


Sources: ABS, *Household Income and Wealth, Australia*, 2019-20 and previous issues (the survey which would have been undertaken in 2021-22 was abandoned because of restrictions imposed during the Covid-19 pandemic, and results from the survey undertaken in 2023-24 were withheld due to 'data collection issues'. Results from the 2025-26 Survey are scheduled to be published in mid-2027.

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Mortgage interest rates have declined a lot since the 1980s and early 1990s – but mortgage interest payments as a percentage of income haven't

Mortgage interest rates



Mortgage interest payments as a percentage of household disposable income



Sources: Reserve Bank of Australia, *Housing Lending Rates* and *Household Finances - Selected Ratios*.

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Market and policy failures in the home ownership and rental markets are 'connected'

- Declining home ownership rates among people aged 25-45 and on 'average' incomes – people who in previous generations would likely have become home-owners during this stage of their lives – has added to pressure on private rental market
  - they have, as a group, been 'outbid' by property investors – who then purport to 'supply' the increased 'demand' for rental accommodation
- These are people who, for the most part, can afford to rent in the private sector (even though they'd prefer not to)
- They are, in turn, 'squeezing' those (mostly) lower down the income scale who, in previous generations as well as current ones, would never have expected to become home-owners
- The supply of 'affordable' and 'social' housing hasn't expanded sufficiently to absorb this increased demand
  - property investors typically aren't interested in these market segments
- Policies which will arrest the decline in home ownership should also help alleviate pressures in rental housing markets
  - although they're not a substitute for, or alternative to, increases in the supply of affordable and social housing

Australia's housing crisis is, fundamentally, the result of a substantial shift in the way Australians think about housing

From this …

"Everyone has the right to a standard of living adequate for the health and well-being of himself and his *[sic]* family, including ... housing"

- Universal Declaration of Human Rights (10th December 1948), Article 25

"… the Parties *[of which Australia was one]* recognize the right of everyone to an adequate standard of living for himself and his *[sic]* family, including adequate … housing"

- International Covenant on Economic, Social and Cultural Rights (16th December 1966), Article 11

"One of the best instincts in us is that which induces us to have one little piece of earth with a house and a garden which is ours; to which we can withdraw, in which we can be among our friends, into which no stranger may come against our will"

- Robert Menzies, 'The Forgotten People' (22nd May 1942)

To this …

"I haven't found anybody in seven and a half years shake their fist at me and say, Howard I'm angry with you for letting the value of my house increase"

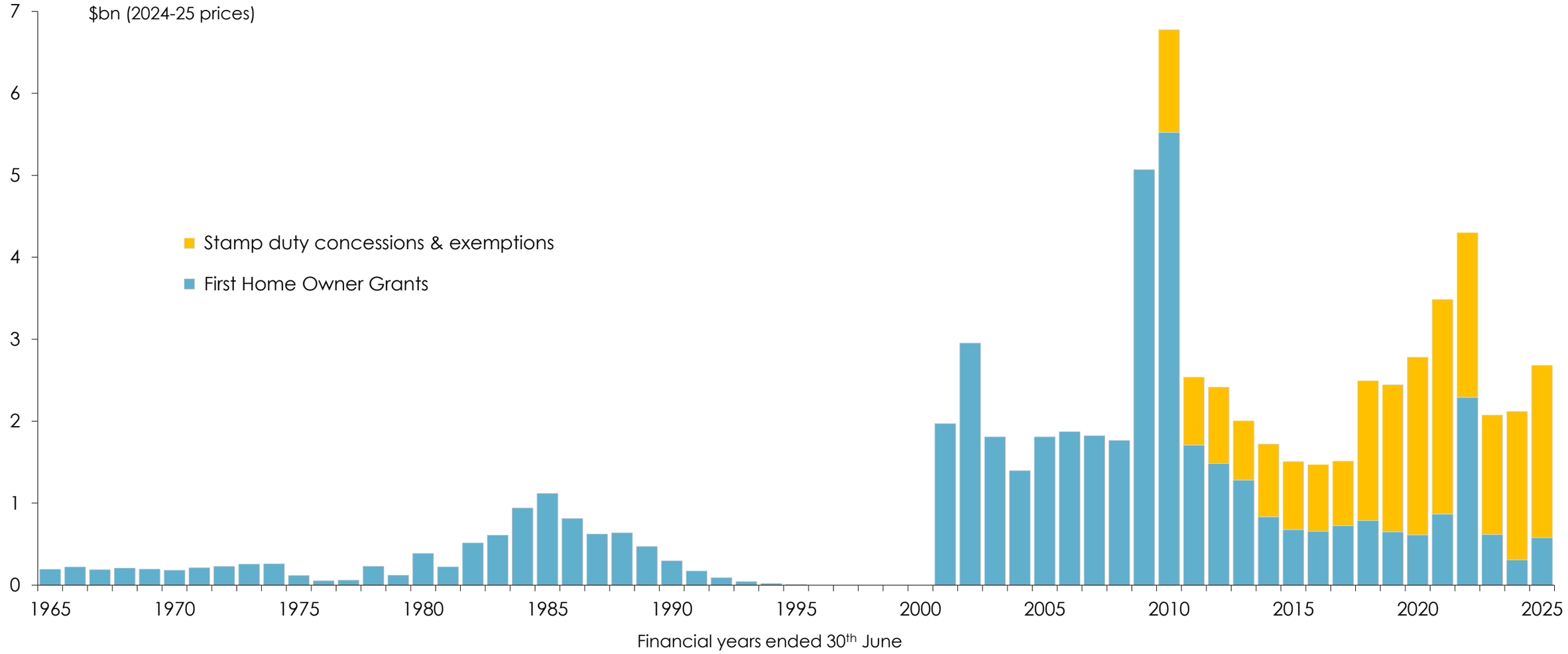
- John Howard, Interview with ABC Brisbane's Steve Austin (19th December 2003)

"For most middle-income people it [property investment] is the one chance they've got to build some wealth

- Scott Morrison, Interview with 2GB (15th February 2016)

It's not a co-incidence that the decline in home ownership started just after the introduction of the first First Home Owners' Grant scheme in 1964

Spending on grants to and stamp duty concessions for first home buyers, 1964-65 to 2024-25

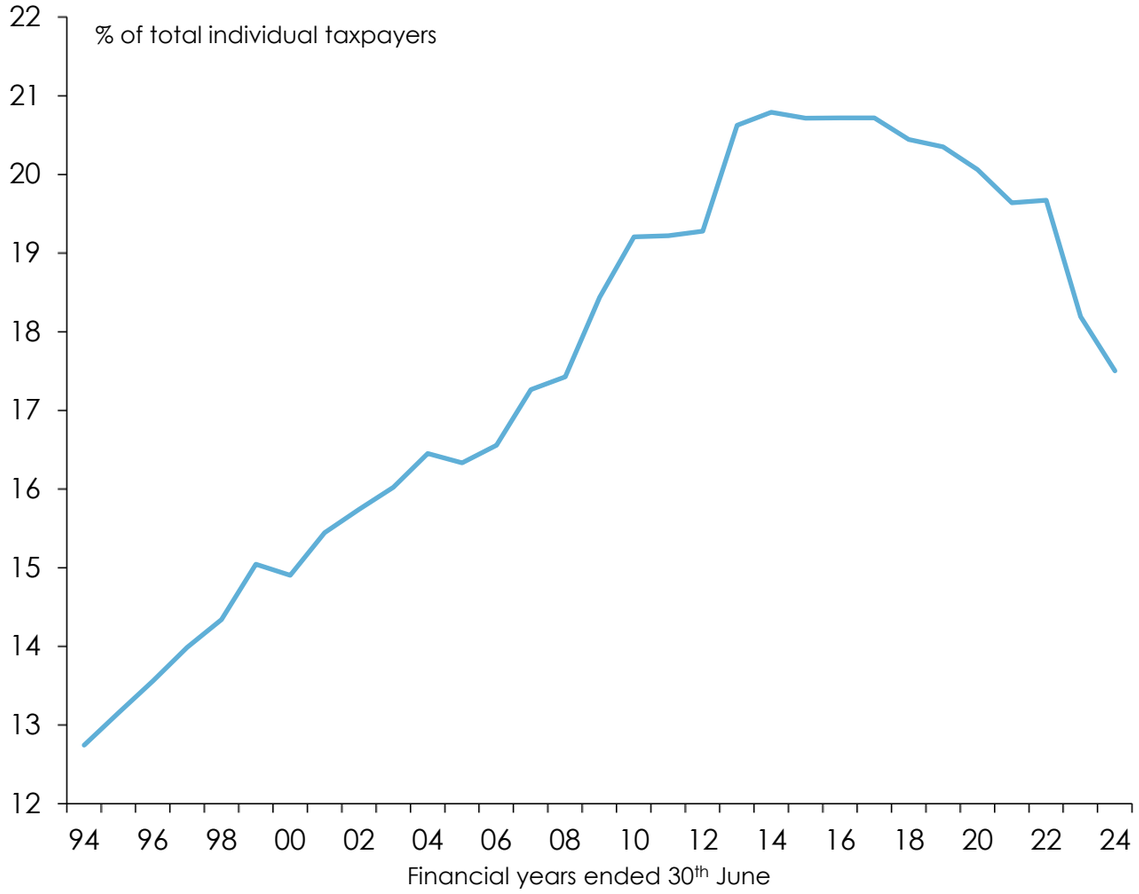


Source: Hal Pawson, Chris Martin, Julie Lawson, Stephen Whelan and Fatemeh Amanpour, *Assisting first homebuyers: an international policy review*, Final Report No. 381, Australian Housing and Urban Research Institute, Melbourne, 7th July 2022; state and territory government budget papers and annual financial reports.

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Nor is it any co-incidence that the decline in home ownership has accelerated since changes to the capital gains tax (CGT) regime in 1999

Proportion of income taxpayers reporting rental property income



Proportion of income taxpayers reporting net rental income losses

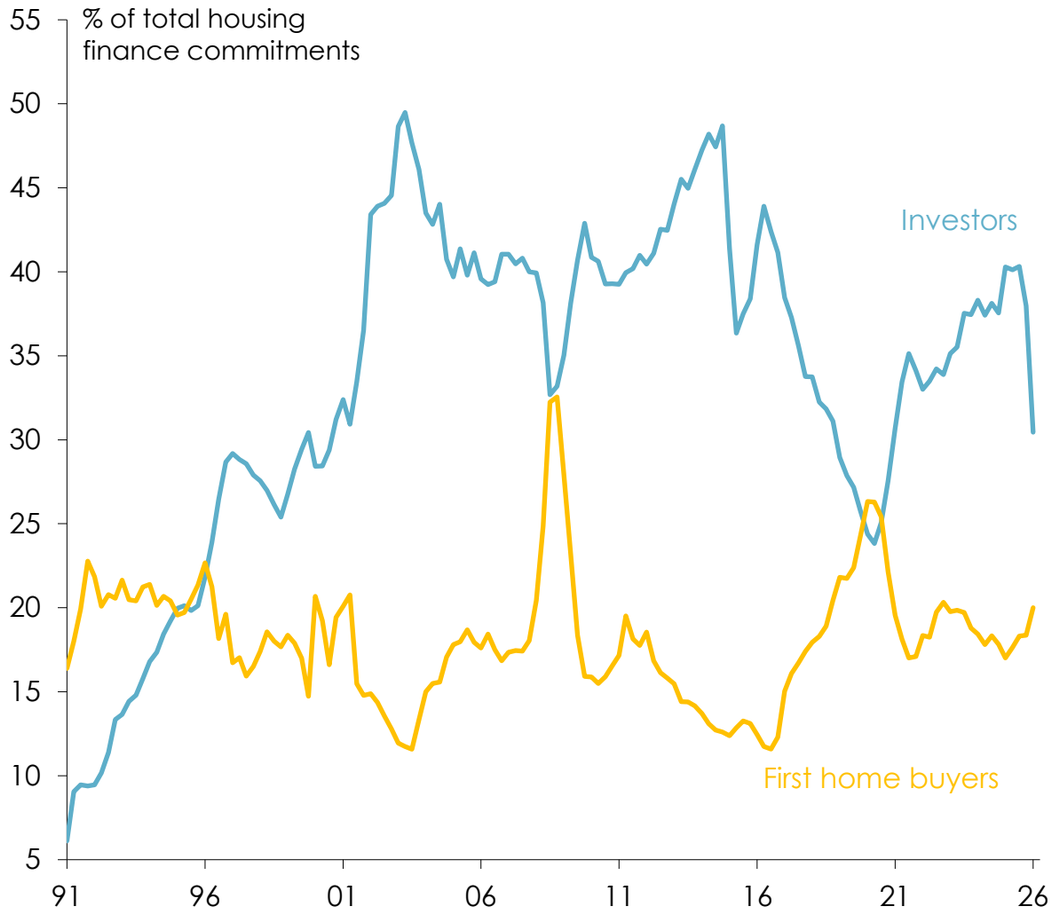


Source: Australian Taxation Office, *Taxation Statistics - Individuals: Table 1 - Selected items for income years 1978-79 to 2023-24*, June 2026.

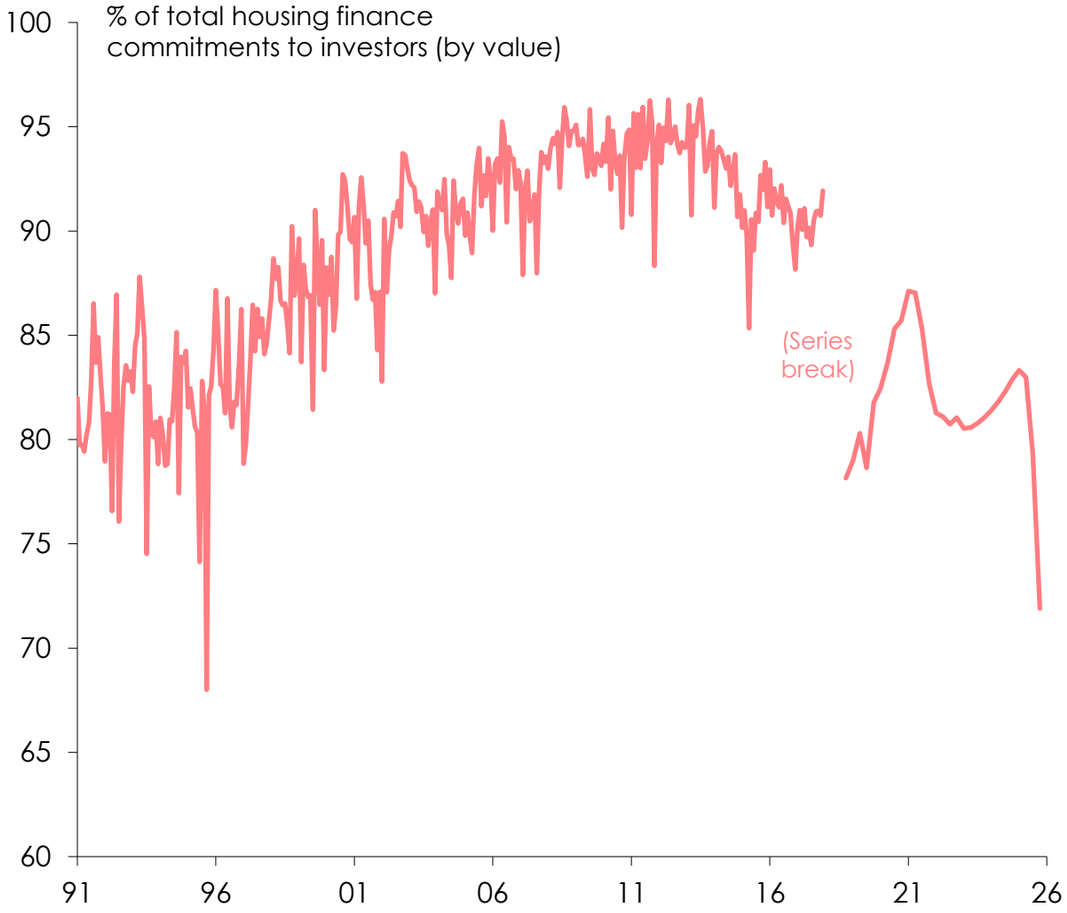
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Over 30% of housing finance in the 2000s has gone to investors, up from 12% in the early 1990s – and most of it has been for established housing

Investors vs first home buyers' share of total housing finance commitments



Loans to investors for purchase of established housing as a pc of total finance commitments to investors

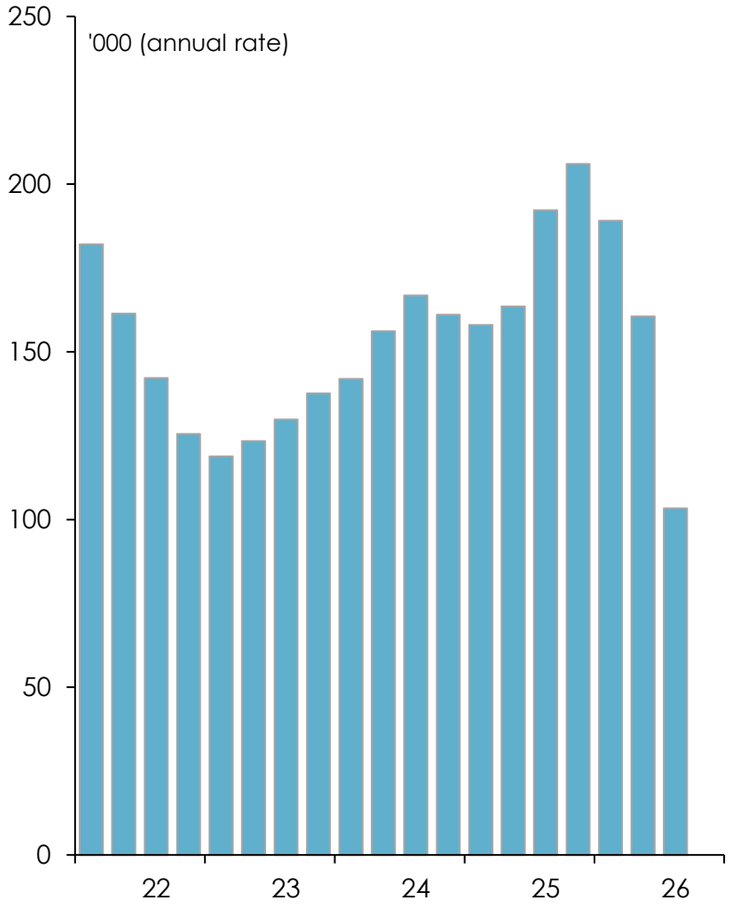


Sources: ABS, *Housing Finance*, November 2018, and *Lending indicators*, September quarter 2026.

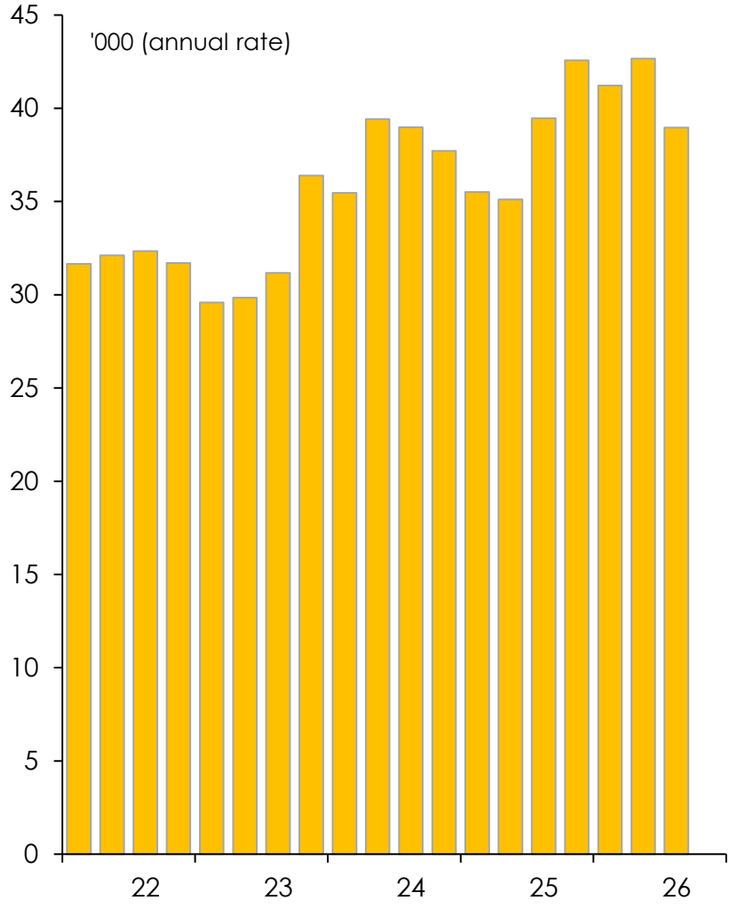
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Very early data tentatively suggests that the Budget tax changes are having their intended effect (although partly obscured by interest rates)

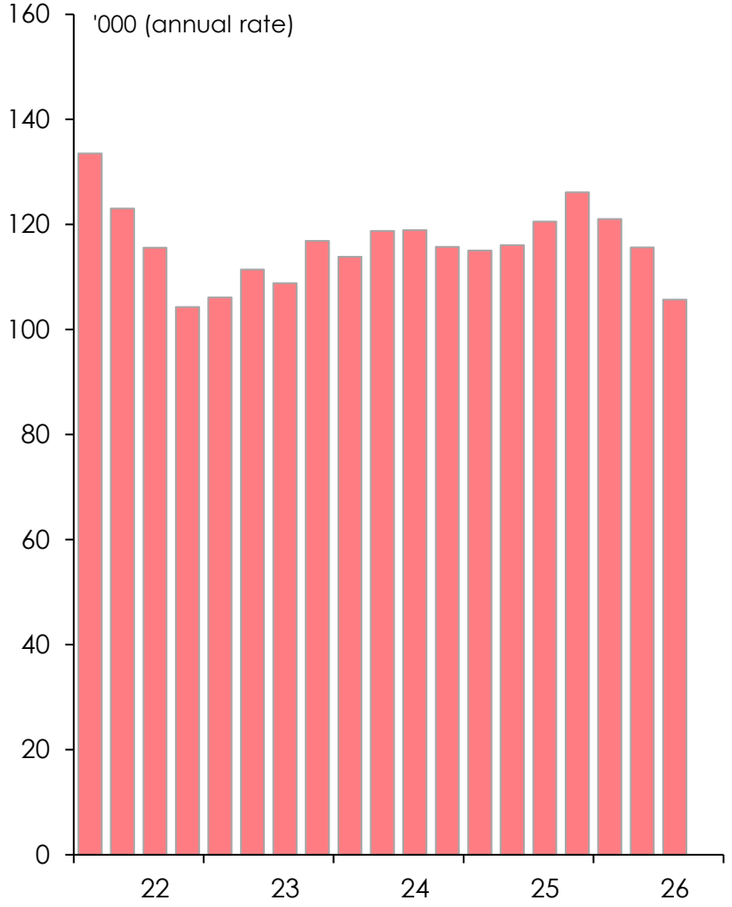
Finance commitments to investors for existing housing



Finance commitments to investors for new housing



Finance commitments to first home buyers

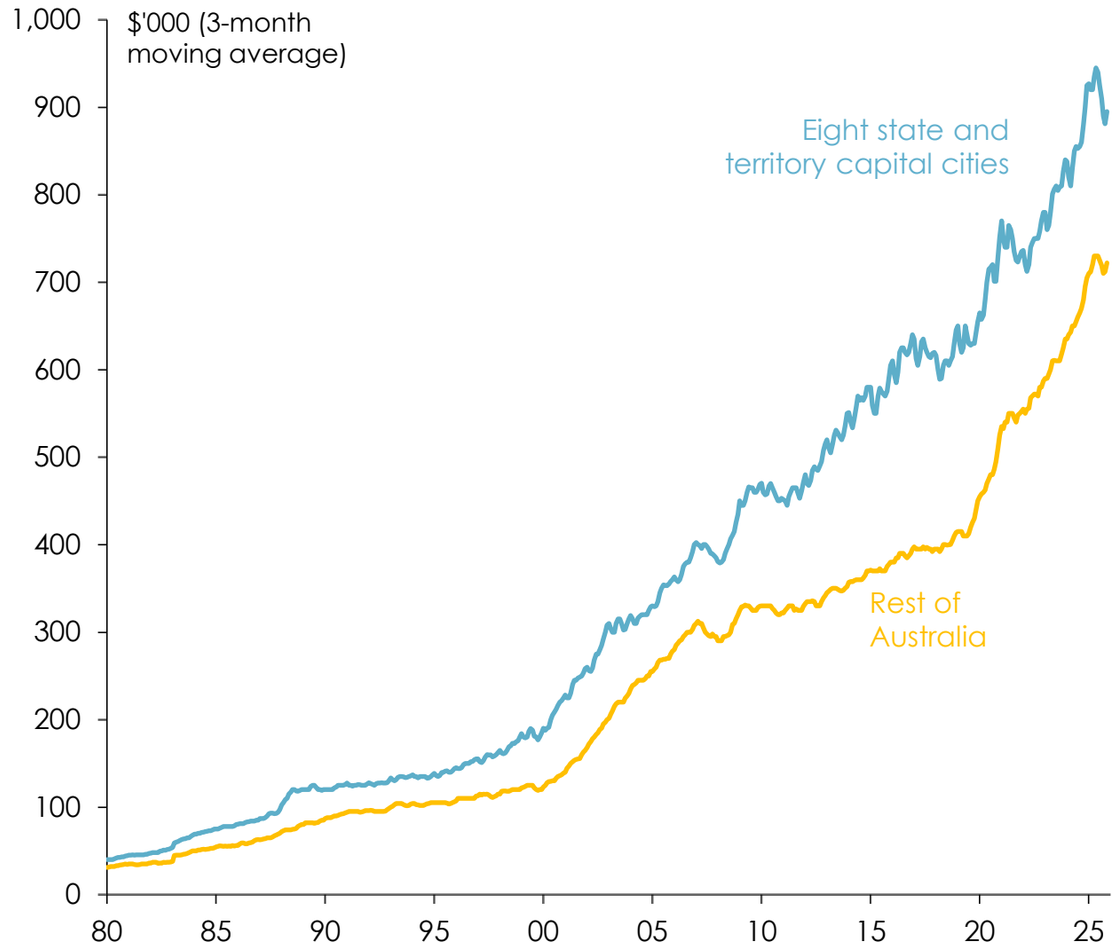


Source: ABS, *Lending indicators*, September quarter 2026. Data are for the number of finance commitments (not the value of them).

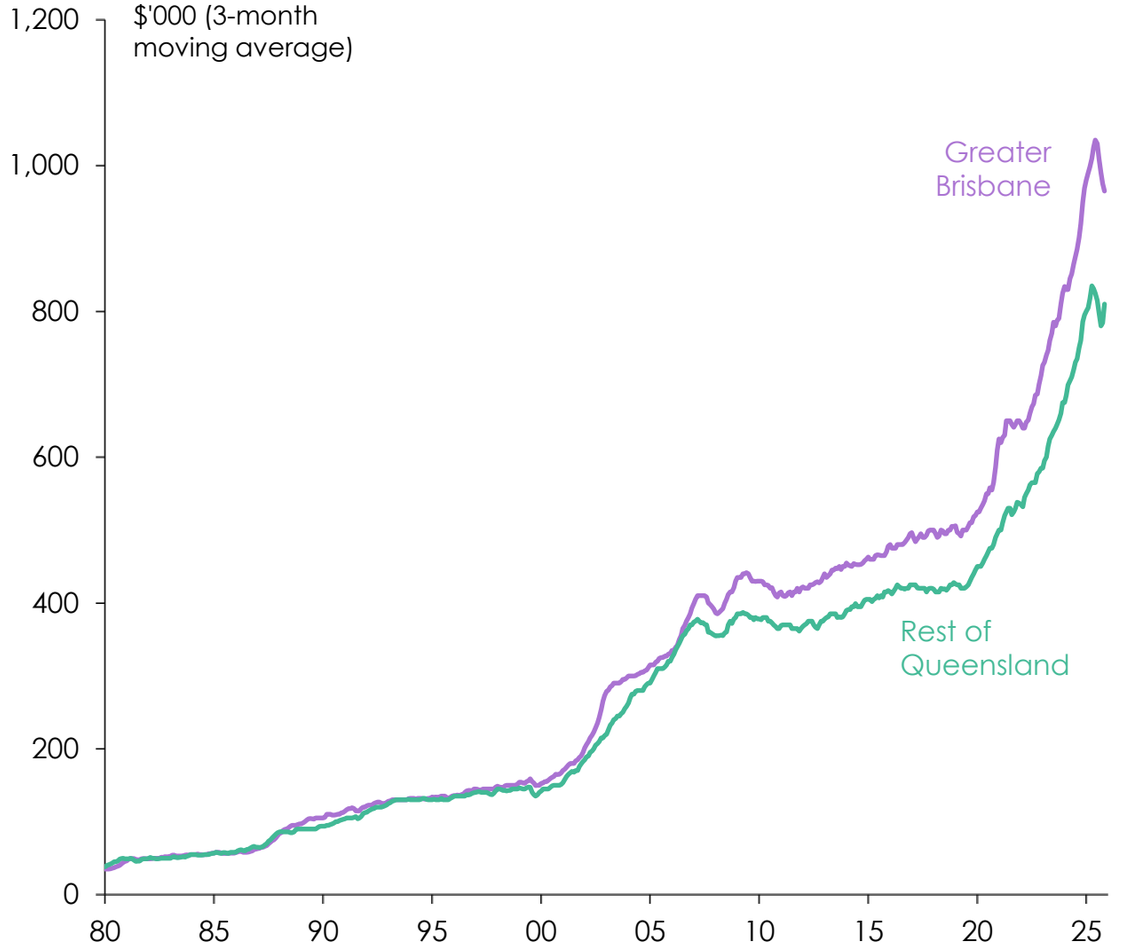
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Residential property prices are now falling across most of Australia – in other words, housing is getting cheaper – what's not to like?

Median dwelling prices - Australia



Median dwelling prices - Queensland

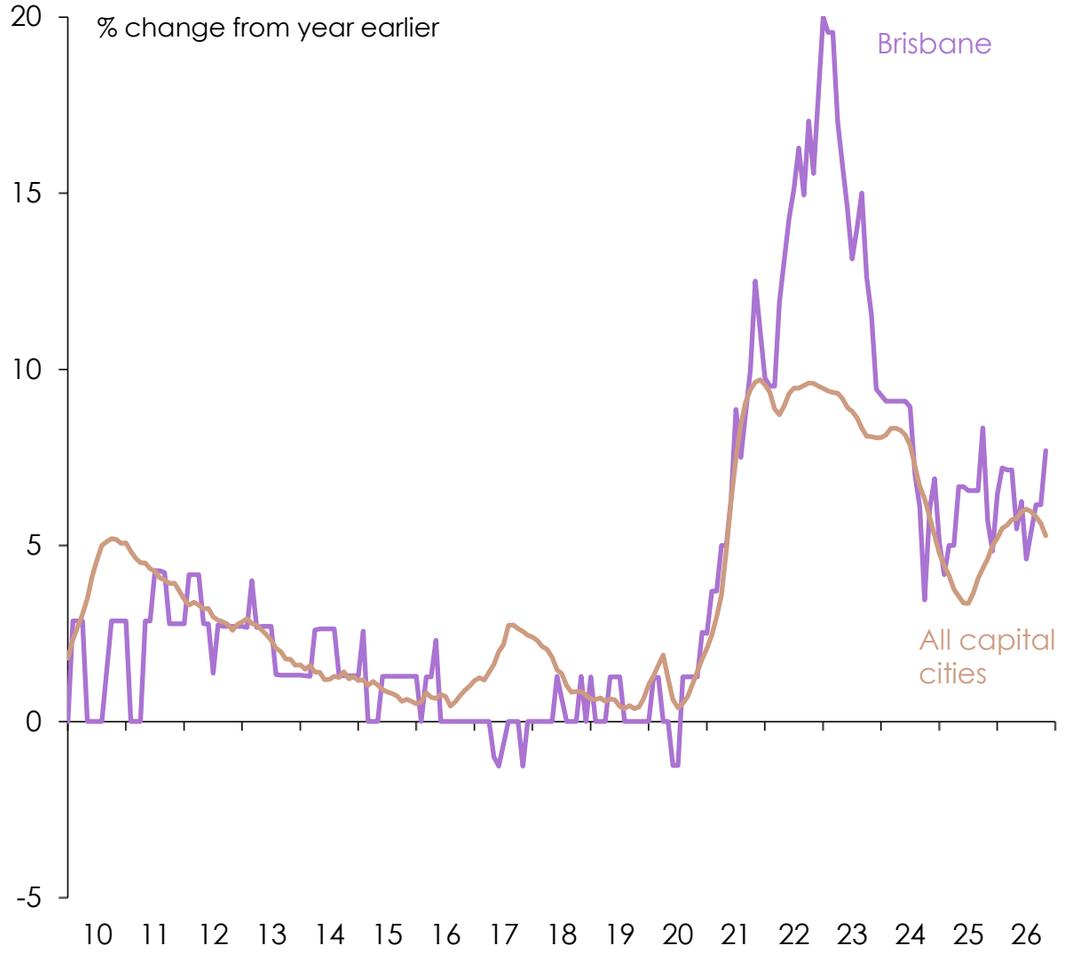


Sources: Cotality, *Monthly Housing Chart Pack*, October 2026.

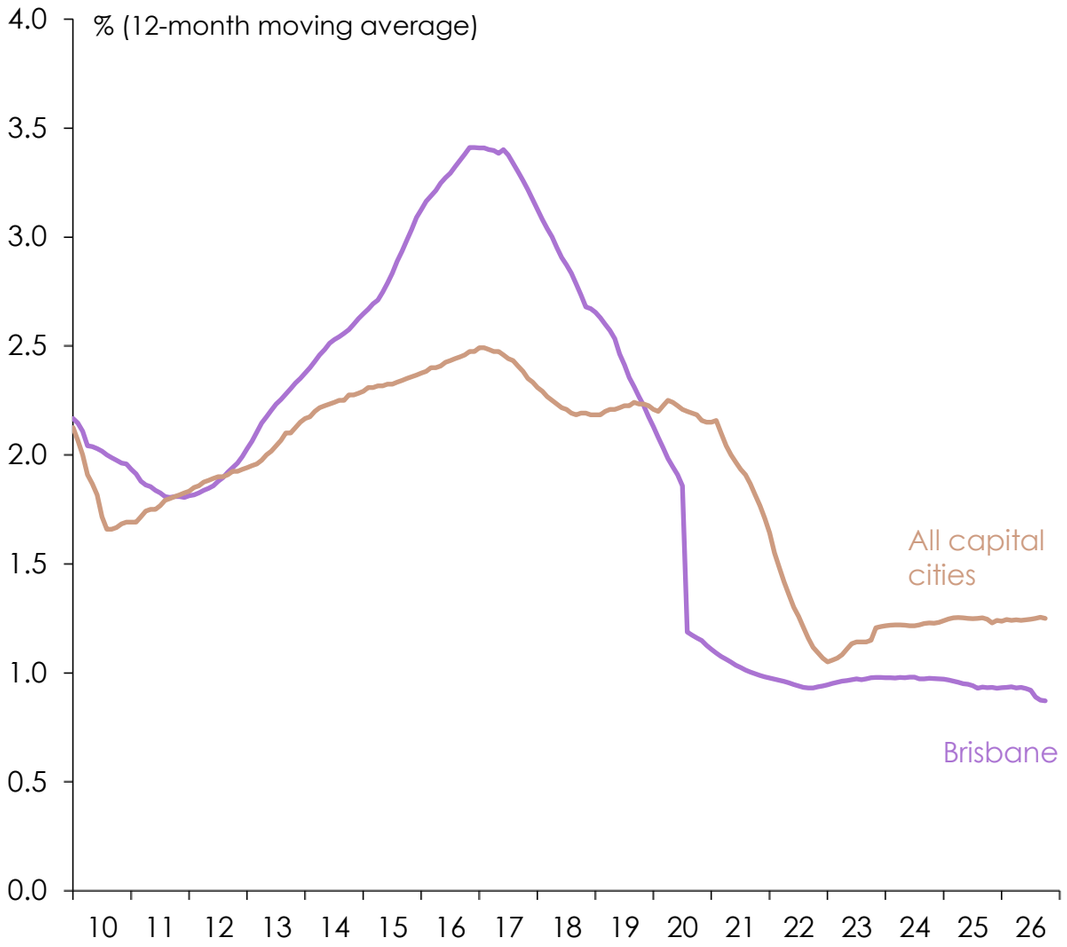
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And contrary to what property interests predicted, rent inflation is slowing (although not yet in Brisbane)

Rent inflation



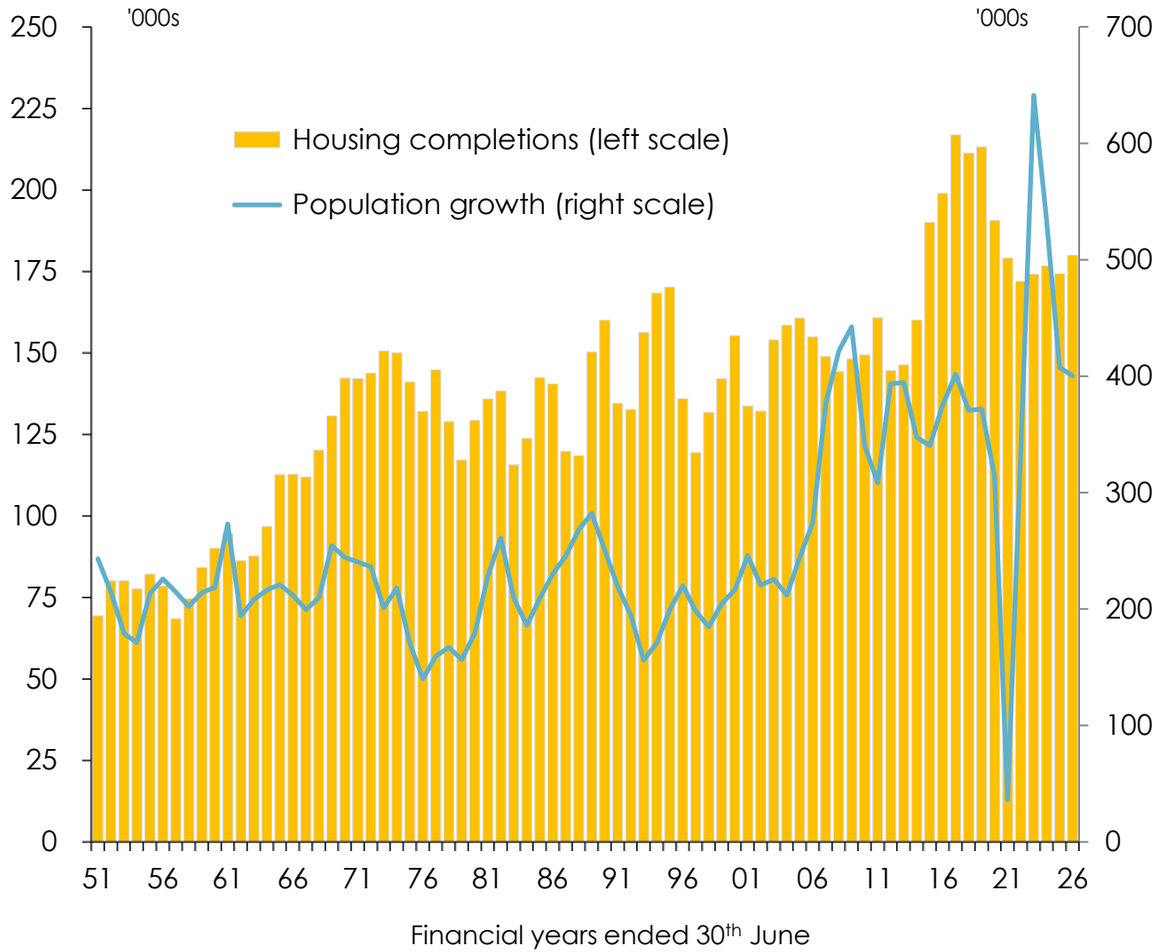
Rental vacancy rates



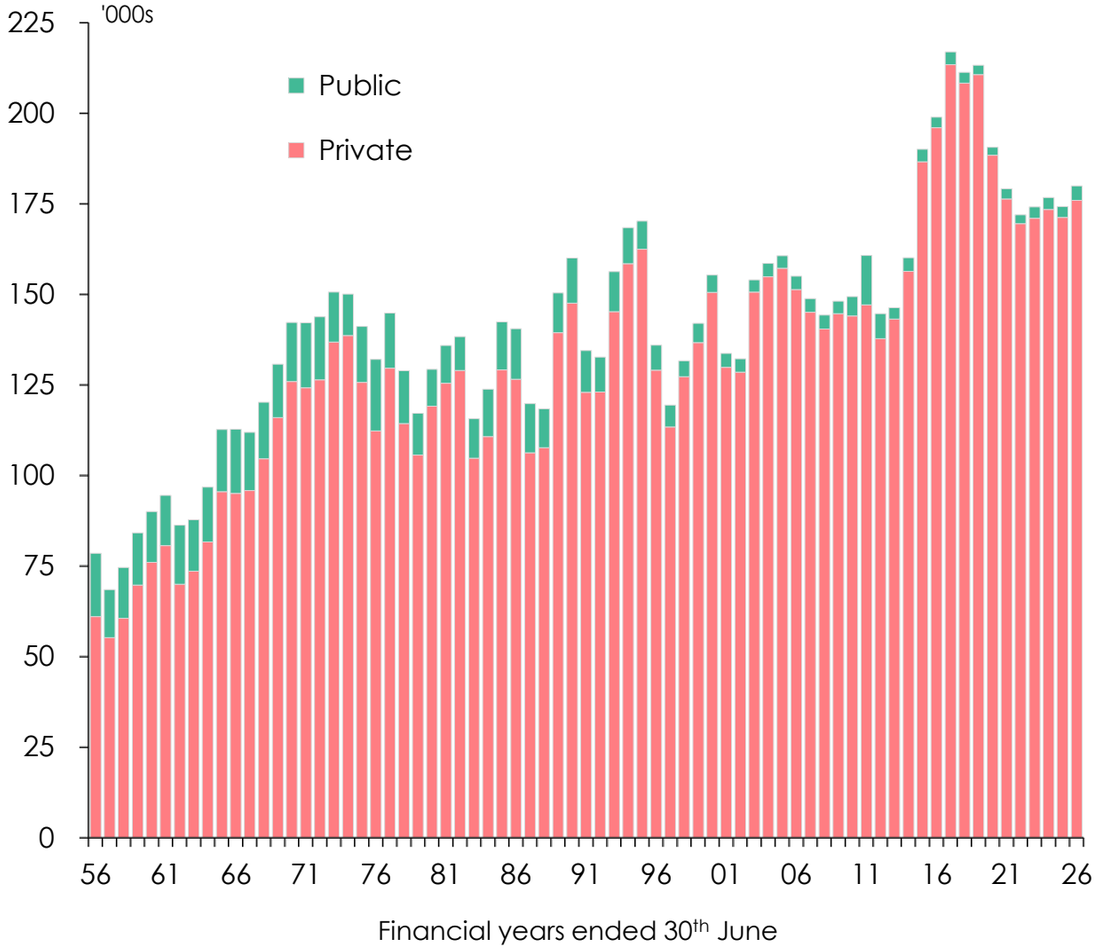
Sources: Cotality, *Monthly Housing Chart Pack*, October 2026; SQM Research, Vacancy Rates.

Housing completions haven't kept up with increases in population growth since the early 2000s – in part because of much lower public housing builds

Housing completions and population growth



Private and public sector housing completions

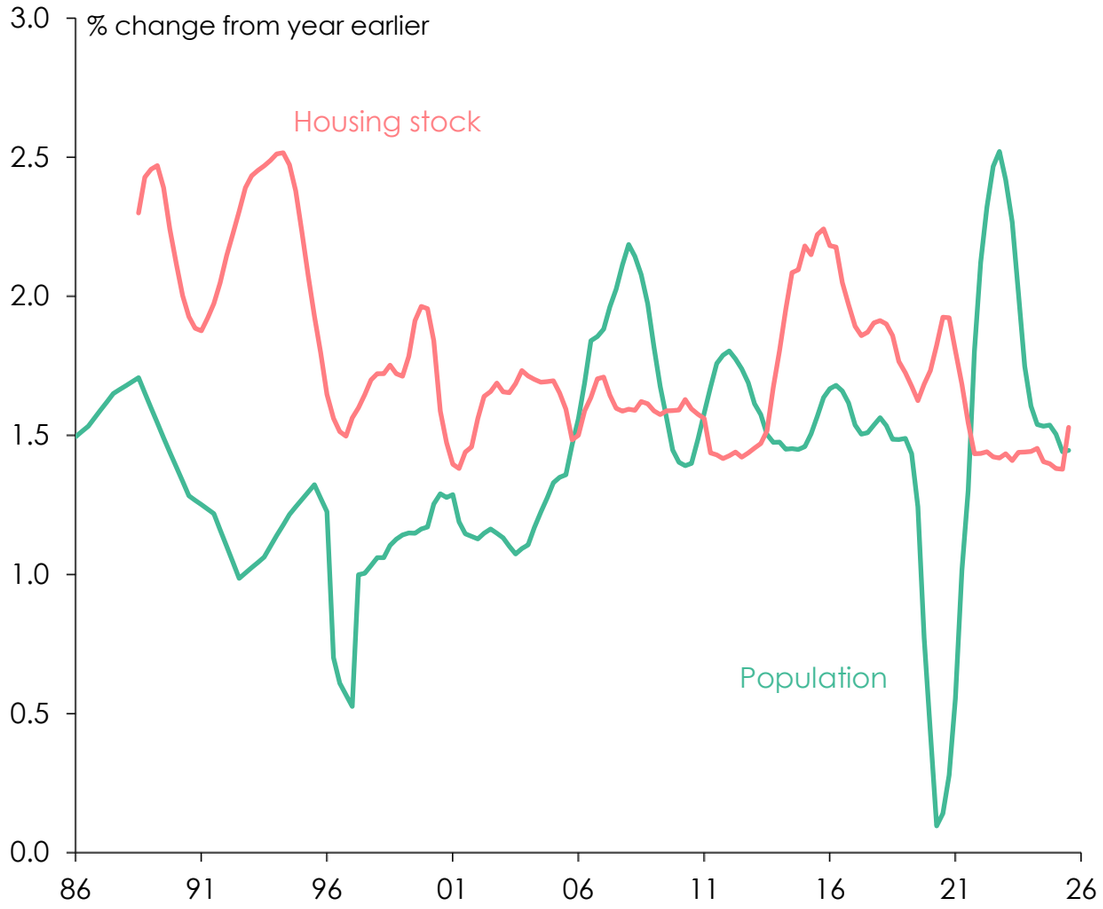


Source: ABS, *Building Activity*, June quarter 2026 and *National, state and territory population*, March 2026.

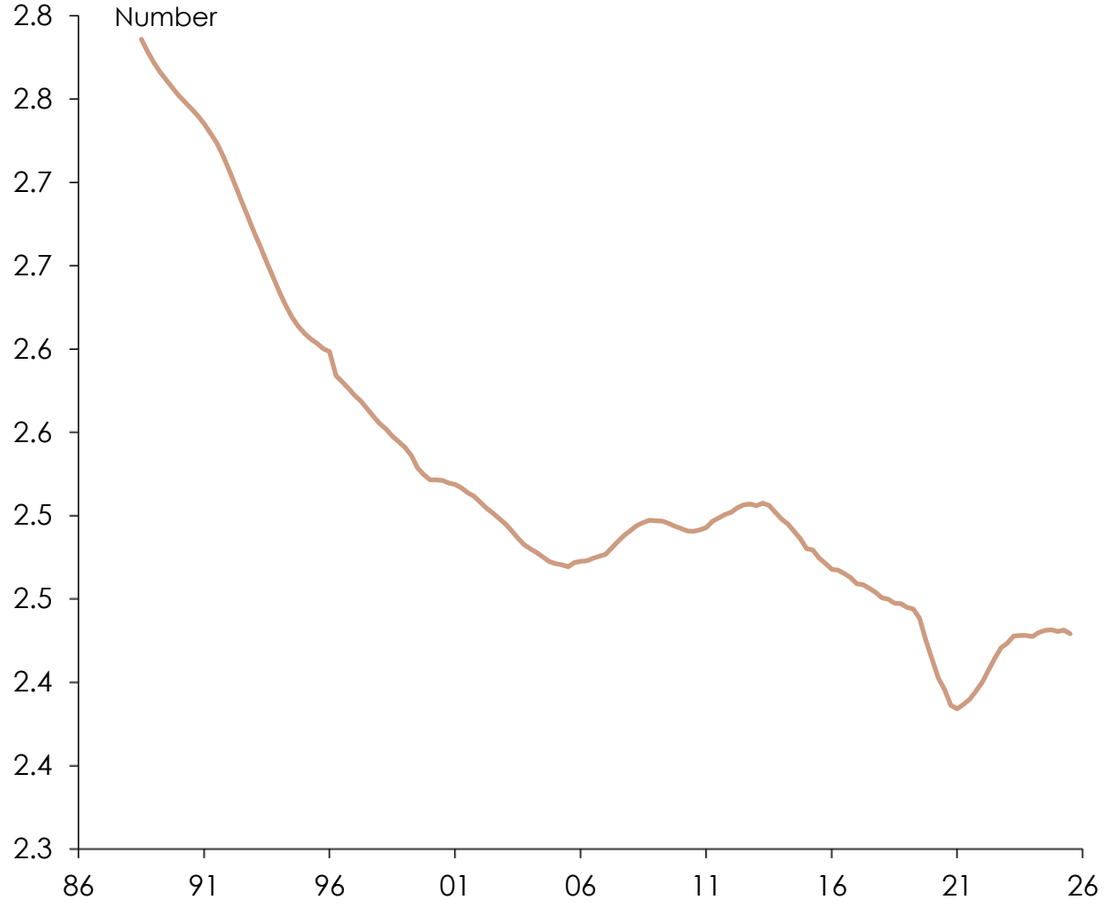
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Growth in demand for housing is outstripping growth in housing supply – especially after allowing for the ongoing decline in average household size

Growth in Australia's population and housing stock



Average number of people per dwelling

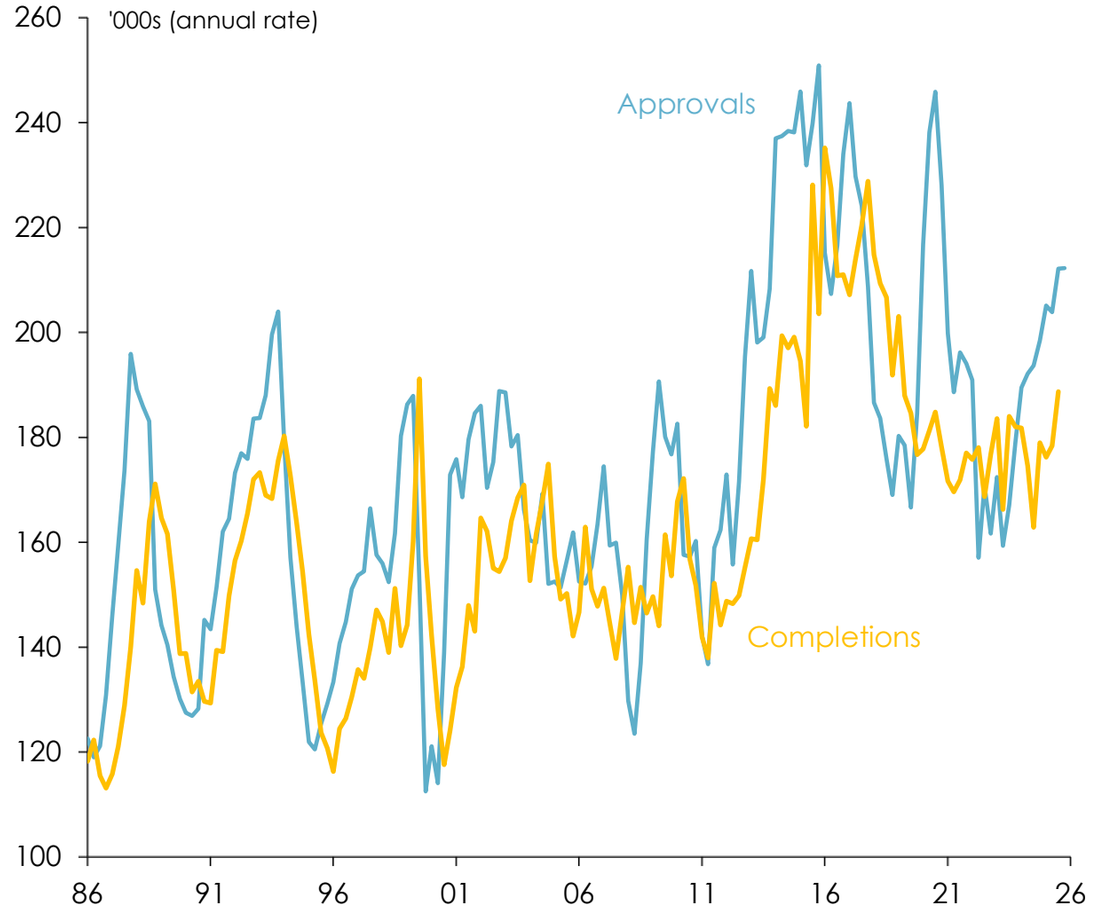


Sources: RBA, *Household and Business Balance Sheets*; ABS, *Australian National Accounts: National Income, Expenditure and Product*, June quarter 2026 and *Total value of dwellings*, June quarter 2026.

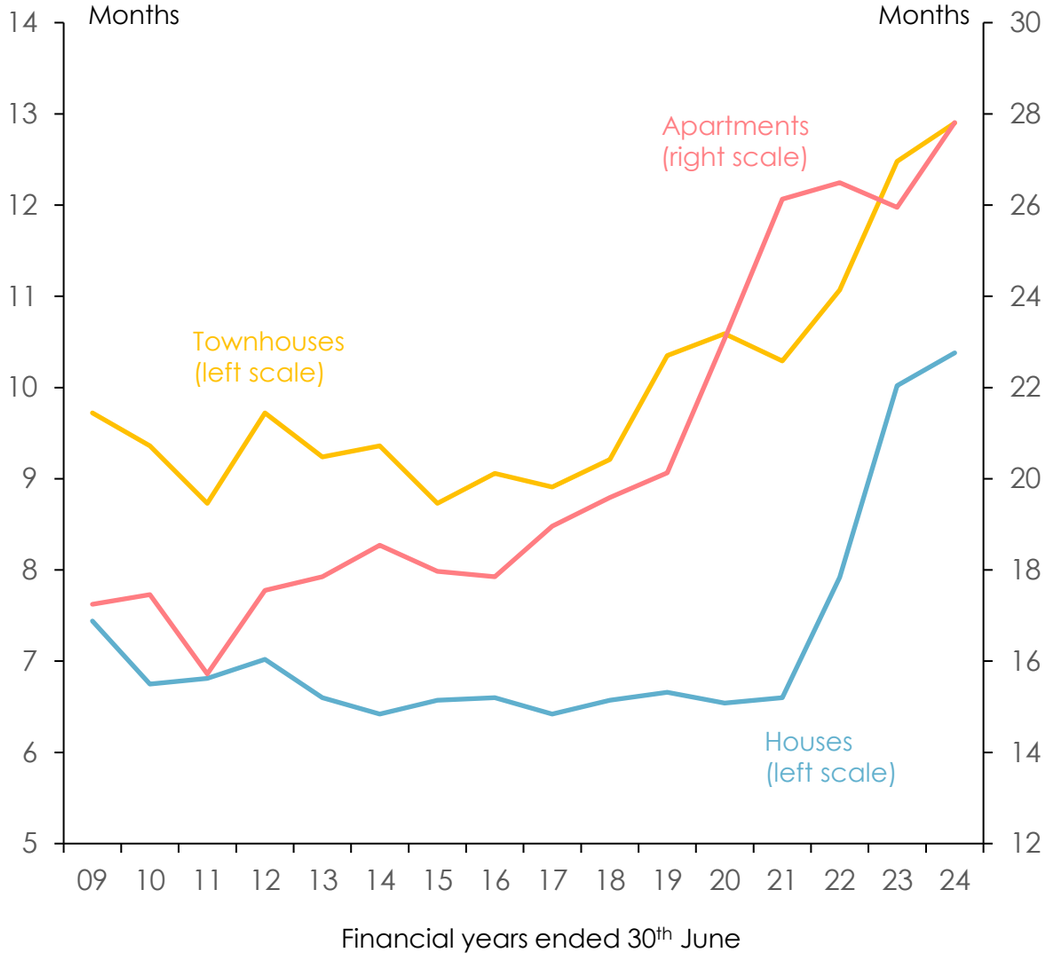
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Growth in housing supply looks likely to be constrained for some time

Residential building approvals and completions



Time taken to complete new dwellings

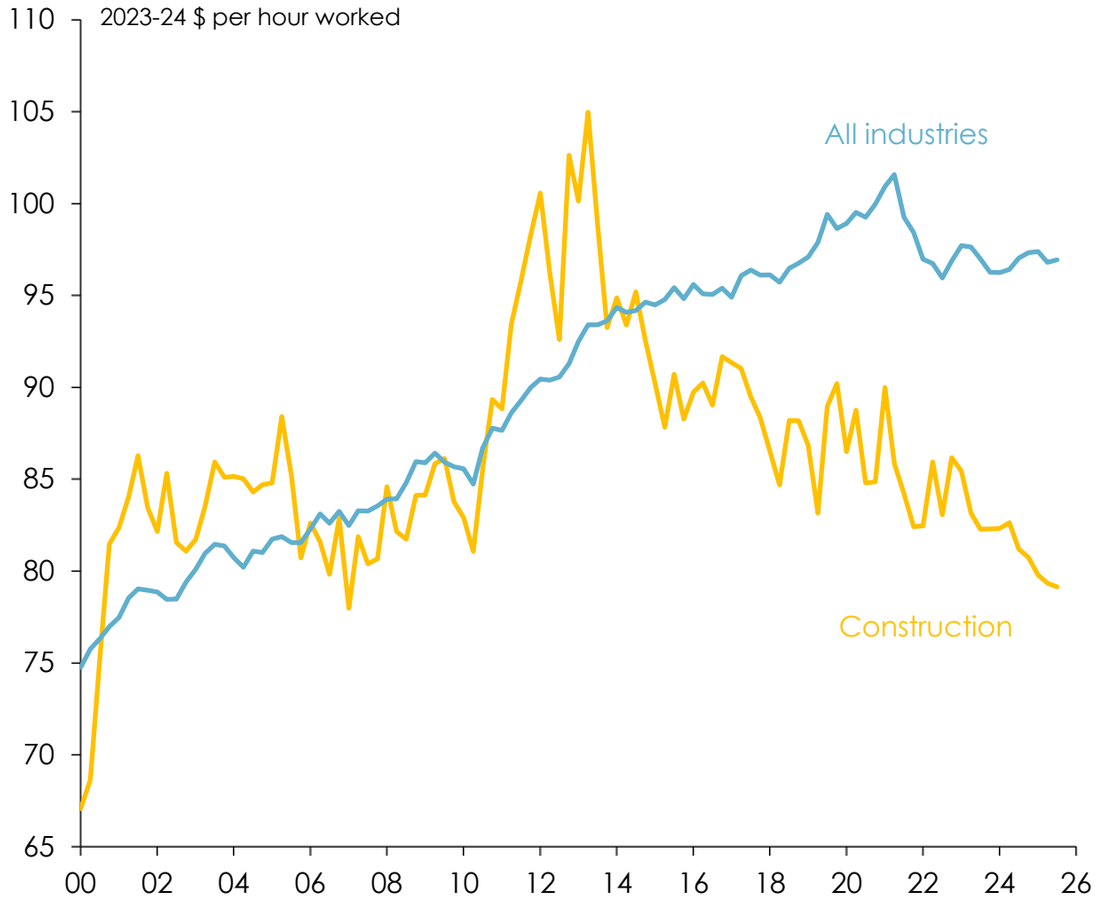


Sources: ABS, *Building Approvals*, September 2026 and *Building Activity*, June quarter 2026; Productivity Commission, *Housing construction productivity: can we fix it?*, Research Paper, February 2025.

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There's been effectively no increase in productivity in the construction industry over the past twenty years

Labour productivity in construction compared with all-industry average



Dwelling construction productivity – dwellings completed per hour worked

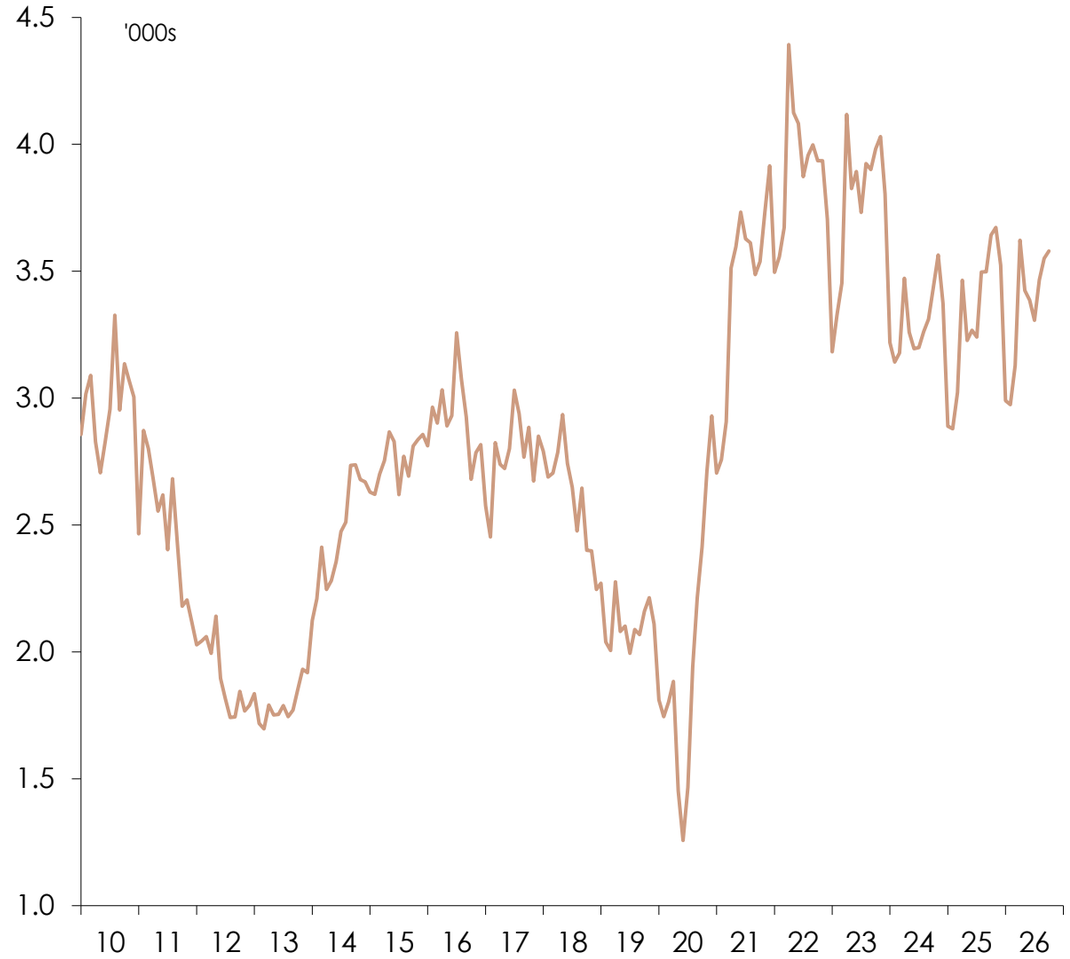


Sources: ABS, *Australian National Accounts: National Income, Expenditure and Product*, June quarter 2024, and *Labour Account*, June quarter 2024; Productivity Commission, *Housing construction productivity: can we fix it?*, Research Paper, February 2025.

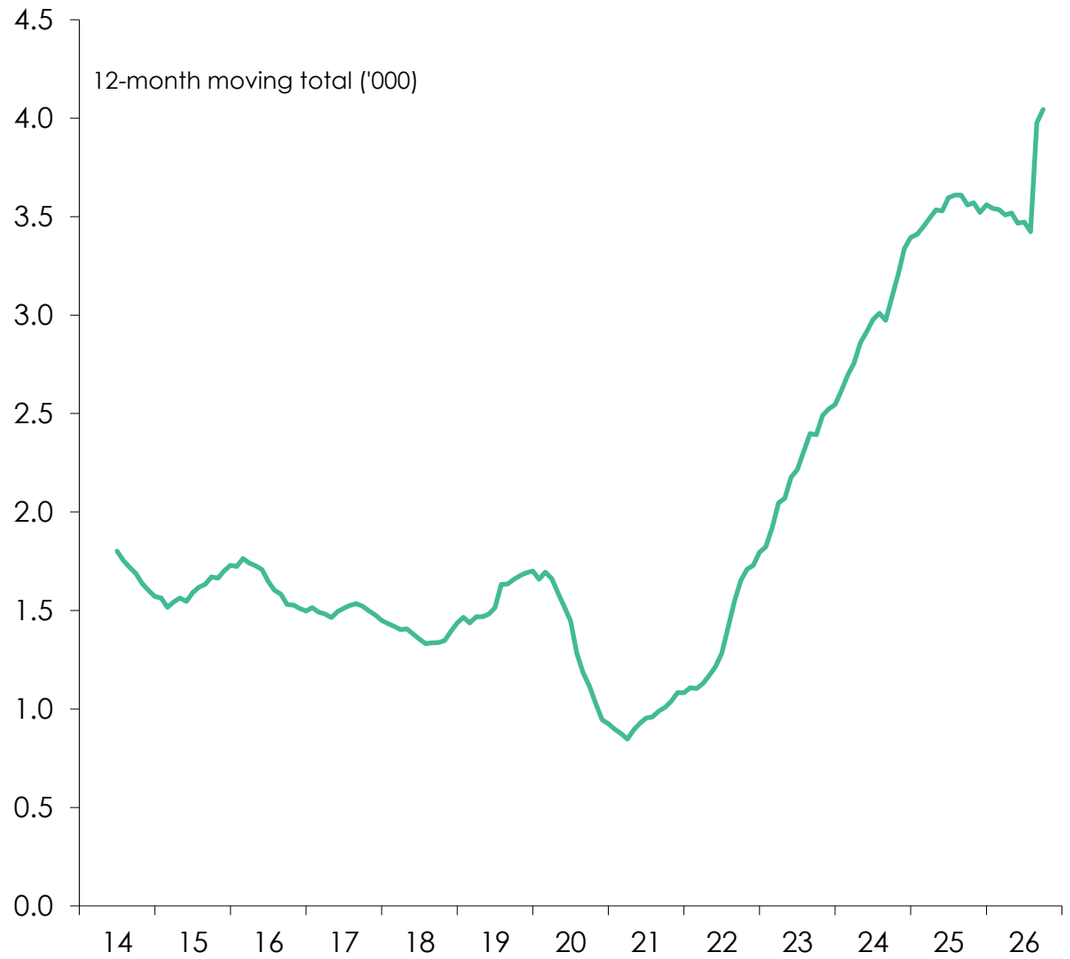
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Shortages of skilled construction trades people, and rising insolvencies among construction businesses, are also hampering housing supply

Construction trades job vacancies



Construction industry companies entering administration

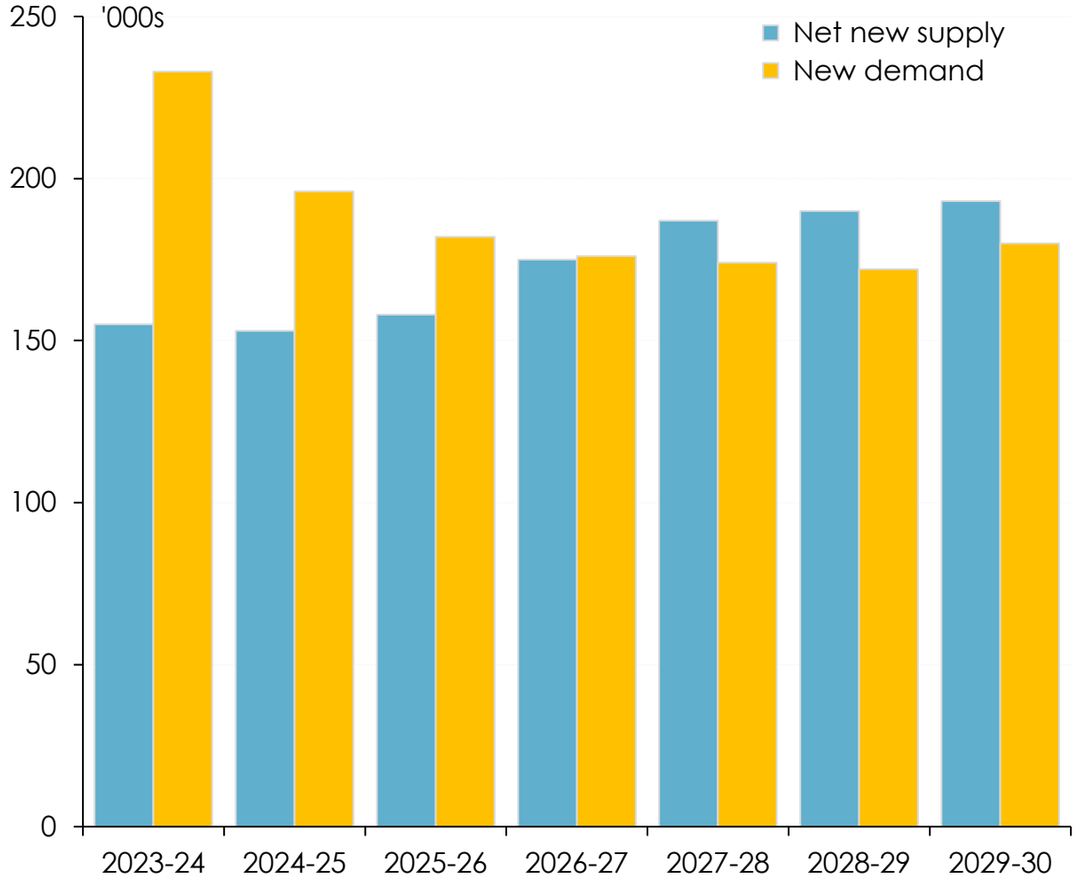


Sources: Jobs & Skills Australia, *Internet Vacancy Index*, September 2026; Australian Securities and Investments Commission (ASIC), *Insolvency statistics (current)*, September 2026.

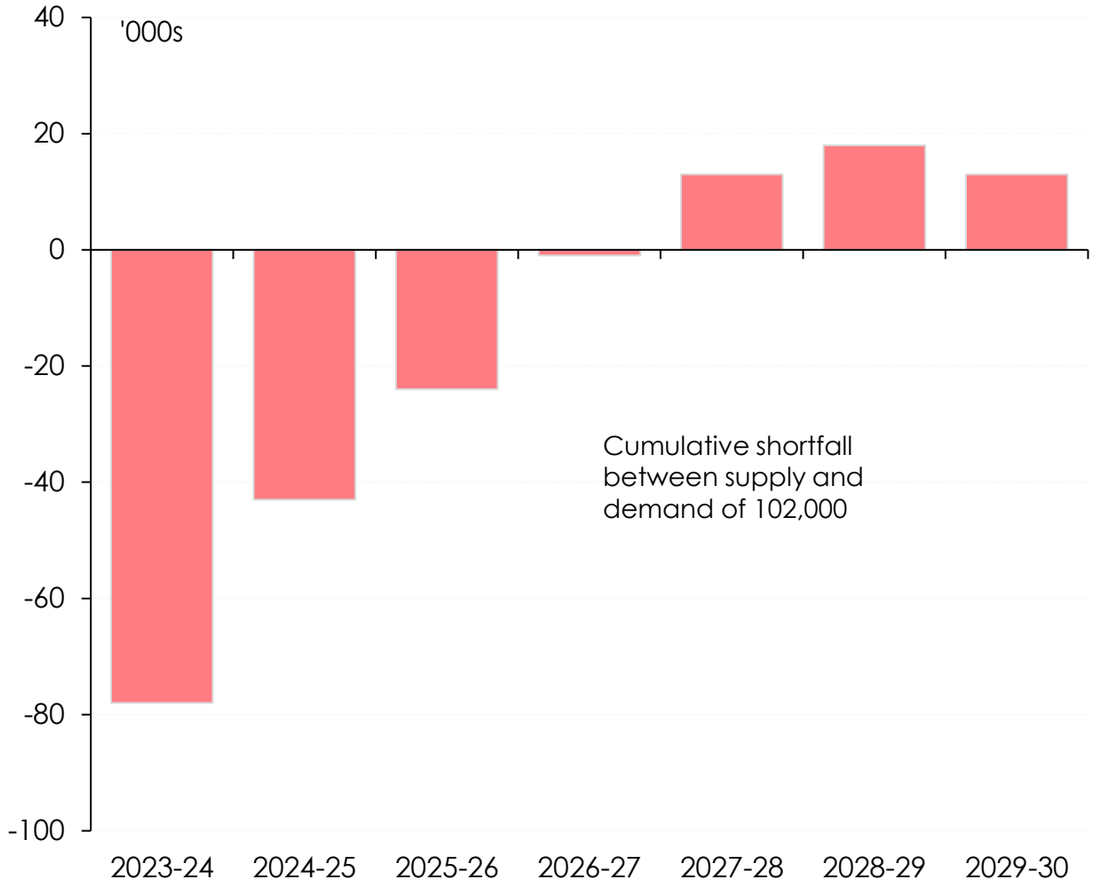
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The National Housing Supply & Affordability Council expects some progress will be made over the second half of this decade

NHSAC forecasts of housing supply and demand



Cumulative difference in housing supply and demand since 2023-24

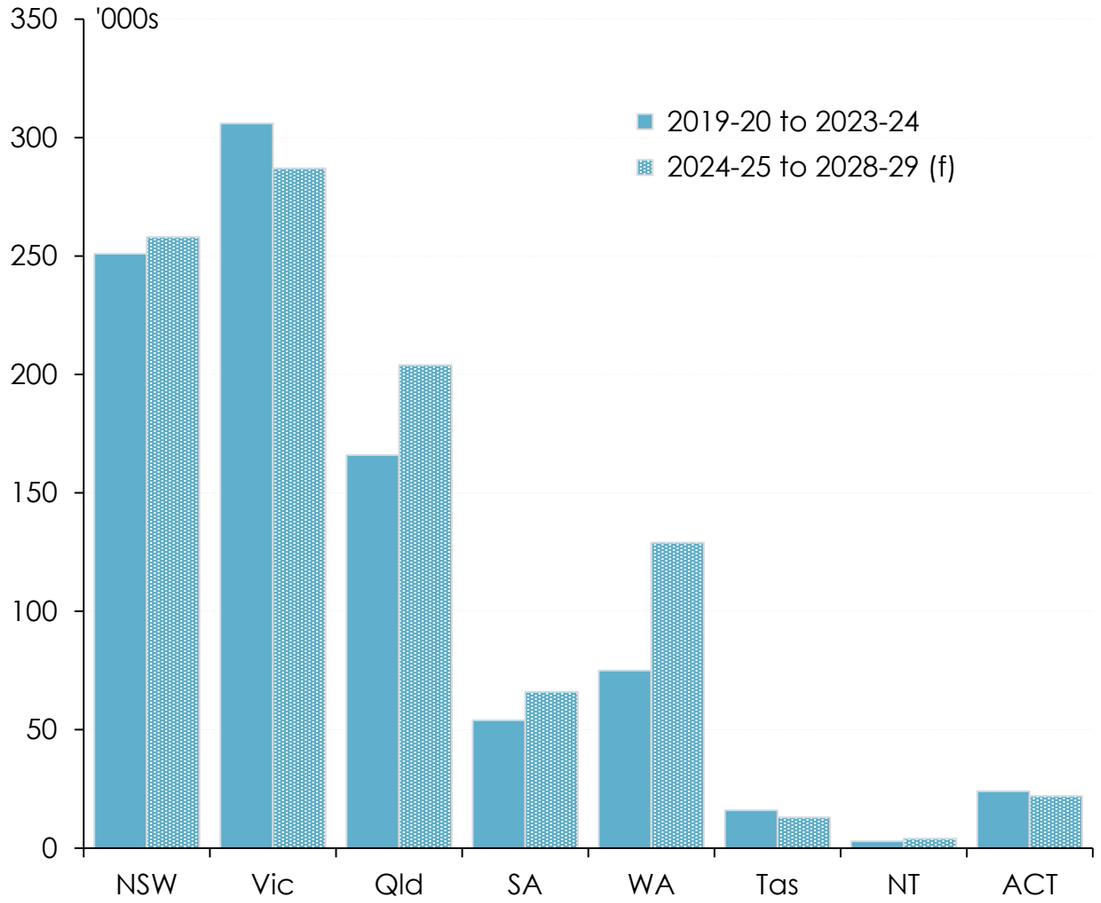


Source: National Housing Supply and Affordability Council, *State of the Housing System 2026*, April 2026.

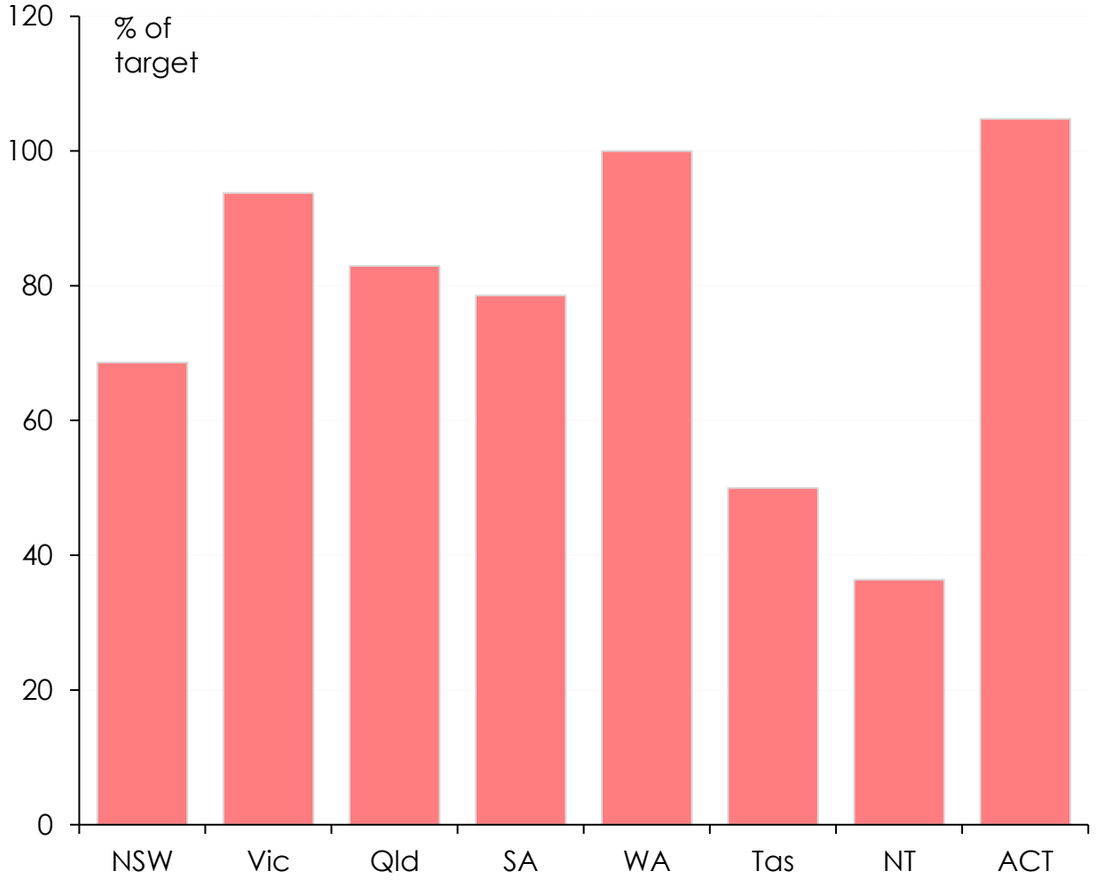
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The ACT and WA are the only jurisdictions forecast to meet their National Housing Agreement targets by 2029

Gross new housing supply, states and territories



Forecast growth in housing supply to 2028-29 as a percentage of Housing Accord target



Note: The Housing Accord target of 1.2 million new dwellings was set in August 2023, and has been apportioned (by the NHSAC) among the states and territories in accordance with their respective populations as at December 2022.
Source: National Housing Supply and Affordability Council, *State of the Housing System 2026*, April 2026.

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Sensible regulatory reform would result in more dwellings being built, more quickly and (potentially) at lower cost

Principles for 'best practice' housing regulation

An overarching objective ...

A well-functioning housing and planning regulatory system that enables enough housing to meet people's needs, in the places where it delivers the greatest net benefit to the Australian community. It balances economic, social, cultural and environmental outcomes, and gives weight to the interests of both current and future residents.

... underpinned by best practice principles



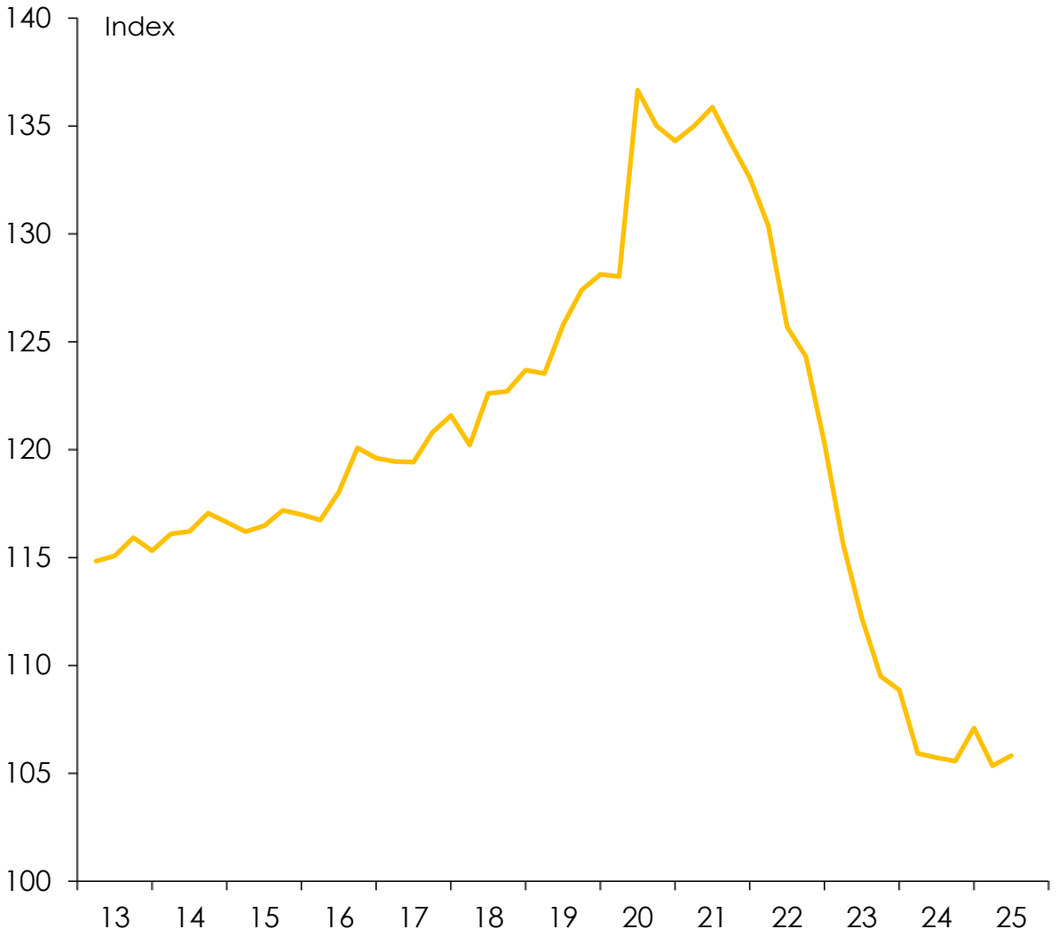
Some practical examples

- ❑ **Allow up to 3-storey developments across most residential land**
  - with exceptions made for areas with environmental protection, hazard-related overlays or heritage-listed buildings only where the benefits of exceptions outweigh the costs
- ❑ **Allow mid-rise (4-9 storeys) and/or high-rise apartments in high-demand areas**
- ❑ **Reduce or remove minimum lot-size requirements**
- ❑ **Allow residential development in commercial zones, unless there is a clear rationale for excluding it**
- ❑ **Review, reduce and remove land-use controls that reduce commercial feasibility and do not adhere to best practice principles**
  - remove or reduce off-street parking requirements where there are underused parking spaces & sufficient public transport connectivity
  - replace broad heritage protections with more targeted heritage listings with cost-benefit analysis and review processes
  - review and reduce neighbourhood character restrictions
- ❑ **Relax or remove built-form controls that limit flexibility and choice for households**
  - remove maximum floor-space ratios
  - remove restrictions on minimum dwelling sizes, minimum balcony sizes and storage requirements for apartments

Source: Productivity Commission, *Housing Supply Regulation: Interim Report*, July 2026, pp. 6-9.

Rental affordability has deteriorated sharply since the end of the Covid pandemic – and in Brisbane more than the all-capital-cities average

Rental affordability index – all capital cities



RAI – Brisbane vs all-capitals average

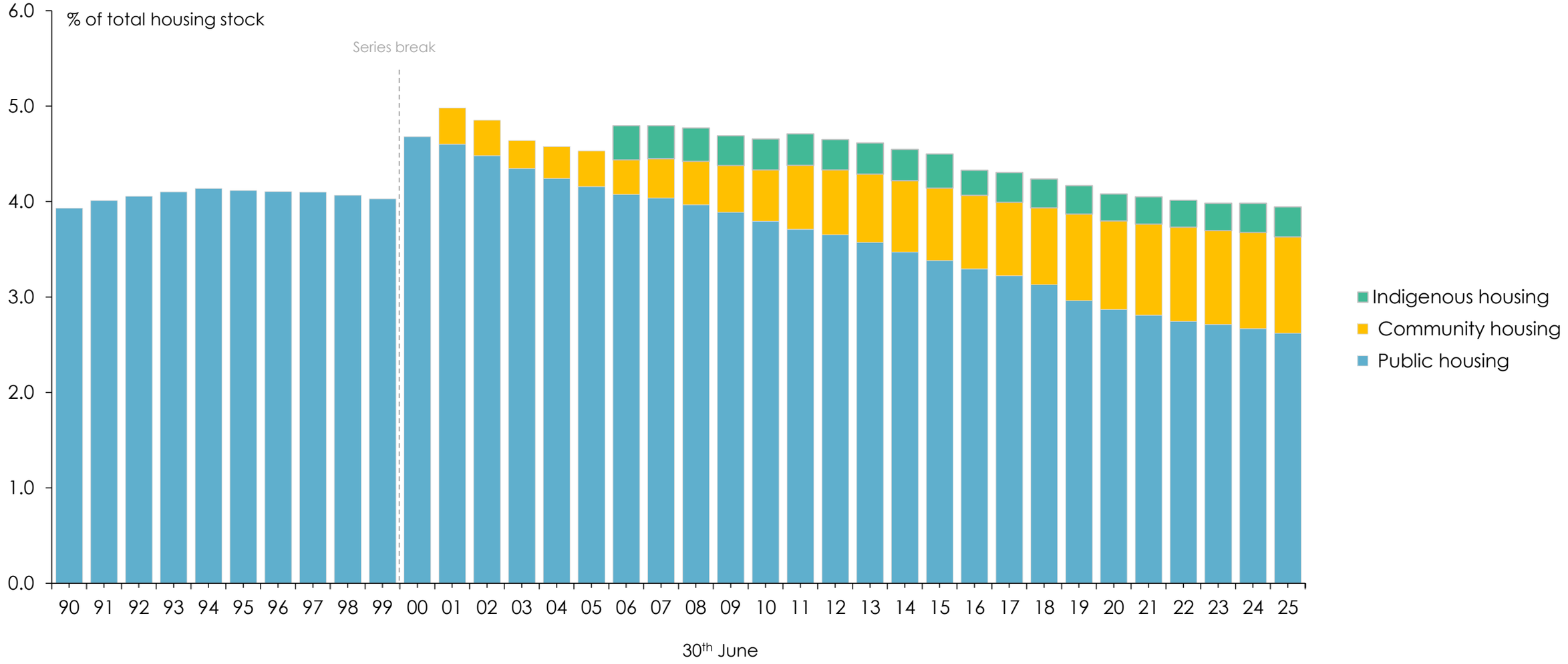


Note: The Rental Affordability Index is the ratio of the median gross income of rental households to the income at which rent exceeds 30% of gross income (the customary threshold for 'rental stress'). The lower the index, the less affordable rents are. An index in the range 81-100 is considered 'unaffordable', 101-120 is 'moderately unaffordable', one of 121-150 is 'acceptable'. *Source:* SGS Economics & Planning, National Shelter and Housing All Australians, *Rental Affordability Index*, November 2025.

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The stock of social housing has been declining as a percentage of the total dwelling stock, even as the need for it has been rising

Social housing as a percentage of the total housing stock

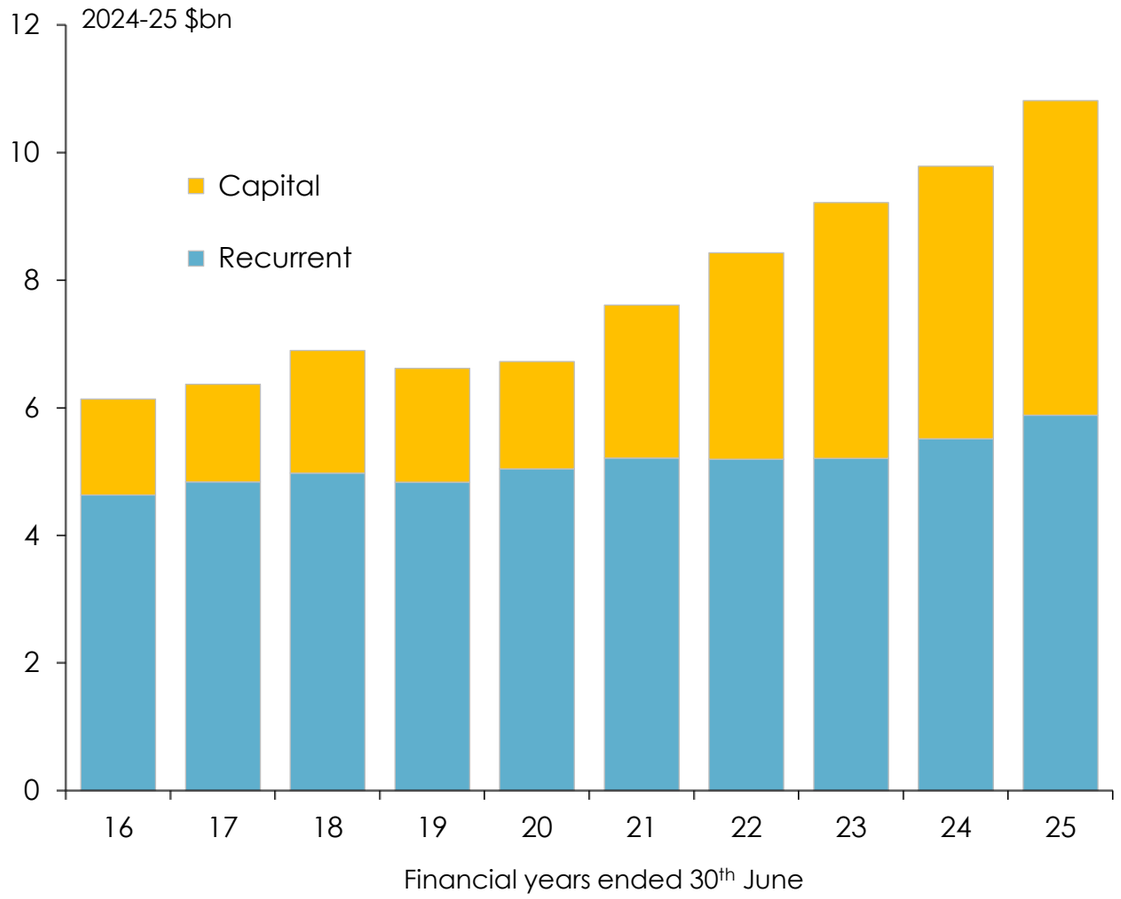


Sources: Productivity Commission, *Report on Government Services – Housing*, 2026 and previous issues; ABS, *Total value of dwellings, all series*, June quarter 2026.

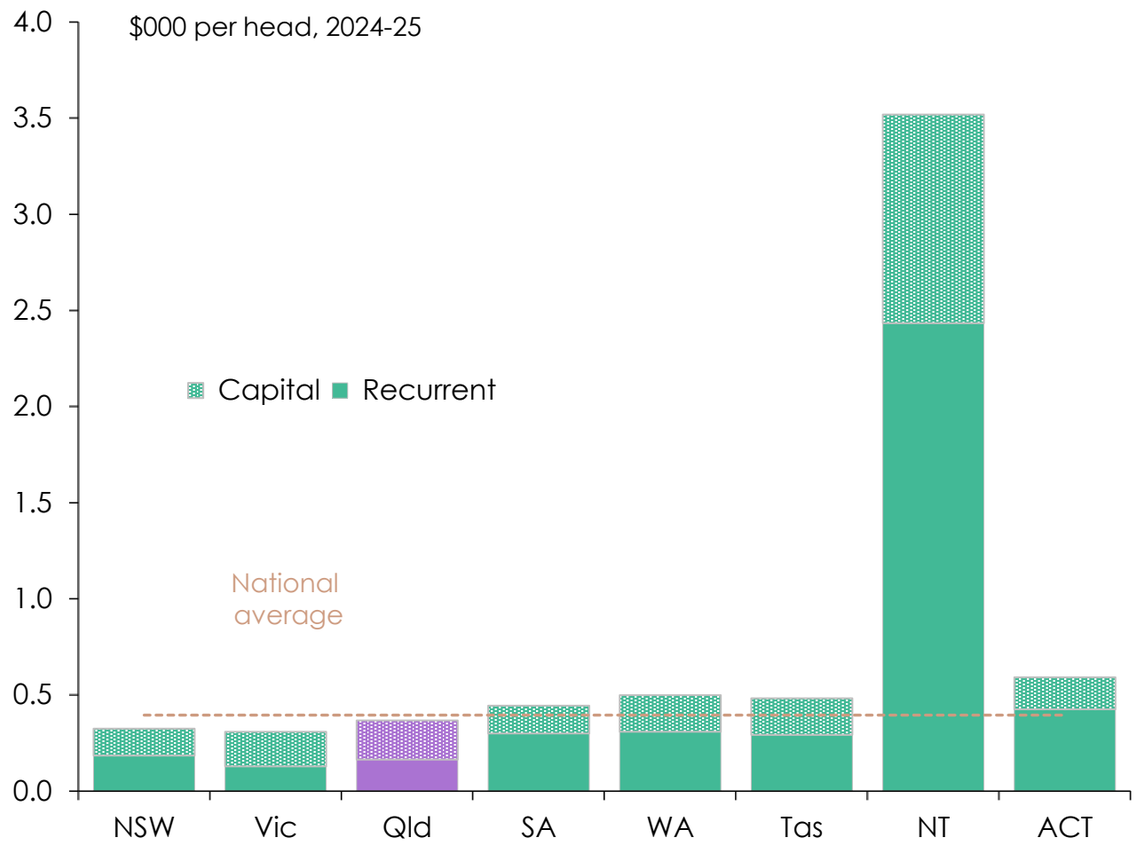
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Increased capital spending on social housing in recent and coming years will help – although Queensland is doing less than some others

State and territory government spending on social housing, in 2024-25 dollars



State and territory government spending on social housing per head of population, 2024-25



Sources: Productivity Commission, *Report on Government Services – Housing*, 2026 and 2021.

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Policies which might work

- **Wind back policies that unnecessarily inflate housing demand**
  - curtail negative gearing and reduce the capital gains tax discount (ok, done!)
  - eliminate first home owner grants and stamp duty concessions
  - include value of principal residence (above location-specific thresholds) in pension assets test
  - maintain strengthened prudential supervision of mortgage lending practices
- **Introduce or extend policies which encourage more housing supply**
  - reform state and local planning systems to make subdivision and higher-density development (especially in middle-distance suburbs)
  - replace stamp duty on land transfer with a more broadly-based land tax and 'value capture' measures
  - reform land tax structures to reduce disincentives to institutional investment in rental housing
- **Build more social housing**
  - funded directly from government budgets and/or via stock transfers that allow community housing providers to 'leverage up' to fund more additions to stock
  - make greater use of 'inclusionary zoning' requirements especially where sale or transfer of government-owned land is involved
- **Increase targeted rent assistance to low-income rental households**
- **Reform tenancy laws**
  - to provide greater security of tenure and scope for personalization by tenants

Important information

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