

Chapter 2

An update on Australians' housing and living arrangements

Overview

This chapter uses data from the 2001 and 2011 Censuses to provide a stocktake of housing and types of households and an indication of how Australians' living arrangements have changed over the past decade. Additional data on building activity are used to add a flow perspective to the cross-sectional Census data.

The chapter begins with a brief overview of how the Census measures the population stock of dwellings and households that live in these dwellings. As discussed further in Chapter 5, how Census data are collected and aggregated, and the quality of the data, is exceptionally important for how the Council and other users understand and interpret the state of housing supply relative to the population it accommodates.

Since 2001, detached houses declined as a proportion of all dwellings, while the share of medium- and higher-density dwellings increased. This is consistent with the focus of most capital cities' strategic plans on infill rather than greenfield development and with the impact of increased congestion and travel times on the relative attractiveness of smaller, more expensive dwellings in high-amenity locations. The higher rate of growth in the number of apartments vis-a-vis detached houses is confined to capital cities and most pronounced in Victoria and the Australian Capital Territory (ACT). Across Australia as a whole, detached houses will dominate housing supply for the foreseeable future.

Tenure patterns have changed significantly over the decade, with fewer younger and middle-aged people owning their own home and, across all age groups, many fewer owning outright. It is clear that the rate of home ownership in Australia — about 70 per cent of households living in private dwellings — is being sustained by the high rate of home ownership of the present generation of older people. As time progresses, it now seems certain that the aggregate rate of home ownership will drop.

With regard to living arrangements, it is evident that the demographically driven decline in household size has virtually stopped and that affordability pressures, among other things, are pushing in the opposite direction. There is clear evidence, for instance, of a marked shift in the propensity for Australian-born young adults to live in the parental home.

Strengths and limitations of Census data

The Australian Bureau of Statistics (ABS) conducts a Census of Population and Housing every five years to measure the number of people living in Australia and a variety of aspects of their living conditions and the dwellings in which they live.

Of obvious relevance to the Council's work is the array of information that the Census provides on Australia's dwelling stock and how the population utilises these dwellings.

Census undercount and Post Enumeration Survey

Among the various sources of data, the ABS's five-yearly Census provides the most complete enumeration of population and living arrangements in Australia. While there are a limited number of data items, the number of observations is close to the total population of dwellings. Moreover, the data may be analysed from high levels of aggregation down to small geographic units without unacceptable levels of sampling error, as well as at 'unit record' (individual respondent) level. No other data source on the 'stock' of people, households, families and dwellings comes close to the Census with regard to the completeness and accuracy of the count.

For many reasons, no estimate of the total population is likely to be completely accurate. Despite the ABS's best efforts, a small number of people will be missed in the Census count and some may be counted more than once. As more are missed than counted twice, the net effect is an undercount. As part of its effort to maximise the accuracy of Census data — and of estimates based on those data, such as Estimated Resident Population (ERP) — the ABS conducts a Post Enumeration Survey to measure the extent of under-coverage in the Census and to adjust the population counts based on 'place of usual residence' and 'place of enumeration'.¹ In 2011, the ABS found that the population undercount was equivalent to 1.7 per cent of the population, which is an extremely low rate relative to both previous Censuses and international standards.

The resulting post-Census estimate of Australia's resident population at 30 June 2011 was nearly 300,000 people lower than the ABS' pre-Census estimate. The latter was based on the 2006 Census adjusted, back to 30 June 2006, for under enumeration as estimated by the previous Post Enumeration Survey method and by estimates of subsequent births, deaths and migration. The 2011 post-Census revision of ERP and its impact on Council work are investigated in more detail in Chapter 5 and Appendix 2.

It is important to note that the undercount can bias some other Census statistics because the mix of characteristics of missed people is highly likely to differ from that of counted people.² The housing characteristics in particular of the people missed are likely to be different from those counted: those missed are more likely to be those living in marginal housing. For example, the Council believes that people living in unregulated boarding houses or students living in overcrowded accommodation are less likely to be counted. The sample size of the Post Enumeration Survey does not allow for all such matters to be taken into account

1 ABS 2011, *How Australia Takes a Census*, Information Paper, cat no. 2903.0.

2 *ibid*

when converting Census counts into estimates of the prevalence of various attributes of people, households or dwellings.

It is also important to understand the difference between the two bases on which data are collected and aggregated.

Place of enumeration — This is the place at which the person is counted — that is, where he/she spent Census night. This may not be where he/she usually lives. This count includes people away from their usual residence in another part of the country and overseas visitors. It does not include Australians temporarily overseas on Census night.

Place of usual residence — This is the place where a person usually lives. It may or may not be the place where the person was counted on Census night. Each person is also required to state his/her address of usual residence on the Census form. In effect, the ABS reallocates people who are away from home on Census night back to their usual area of residence. This count also excludes overseas visitors.³

Dwelling supply

Table 2.1 provides a broad overview of the total housing stock in 2001 and 2011. Note that all numbers in the table are Census night counts based on place of enumeration.

3 ABS 2011, *Op. cit.*

Table 2.1 Dwelling type by structure, Australia 2001–2011

Dwelling type	Dwellings '000			Private occupied dwellings (a) '000			People '000		
	2001	2011	Per cent change 2001–2011	2001	2011	Per cent change 2001–2011	2001	2011	Per cent change 2001–11
<i>Private dwellings</i>									
Separate house	5,826.0	6,731.9	15.5	5,189.7	5,864.6	13.0	14,971.5	16,688.2	11.5
Semi-detached, row, terrace, townhouse	699.6	905.7	29.5	603.9	766.0	26.8	1,278.3	1,713.6	34.1
<i>Flat, unit or apartment</i>									
Flat, unit or apartment up to three storeys	798.6	948.3	18.7	643.5	766.0	19.0	1,216.8	1,497.1	23.0
Flat, unit or apartment four storeys and over	228.8	374.1	63.5	162.3	281.2	73.3	364.1	606.8	66.7
Flat, unit or apartment attached to a house	21.4	11.6	-46.0	17.1	9.1	-46.9	31.2	18.1	-42.0
Total conventional private dwellings	7,574.5	8,971.6	18.4	6,616.5	7,686.8	16.2	17,861.8	20,523.8	14.9
<i>Other dwelling</i>									
Caravan, cabin, houseboat	101.7	98.9	-2.7	52.9	47.0	-11.3	162.5	159.0	-2.1
Improvised home, tent, sleepers-out	16.4	14.5	-11.7	6.9	3.8	-44.0	22.2	19.1	-14.2
House or flat attached to shop or office etc	30.6	21.1	-30.9	24.2	15.9	-34.4	61.8	39.2	-36.5
Total other private dwellings	148.7	134.5	-9.5	83.9	66.7	-20.6	246.5	217.4	-11.8
Total private dwellings (b)	7,790.1	9,117.0	17.0	6,744.8	7,760.3	15.1	18,229.9	20,762.3	13.9
Total non-private dwellings (c)	20.1	22.8	13.3				530.5	734.2	38.4
Total (d)	7,810.4	9,140.2	17.0				18,770.5	21,507.7	14.3

Source: 2001 and 2011 Censuses of Population and Housing.

Note: Dwelling counts are based on place of enumeration on Census night.

(a) Private occupied dwellings figures exclude visitor only and other non-classifiable households.

(b) Total private dwellings figures include dwelling structure not stated, so components do not add to total. Total private dwellings figures include dwellings occupied by visitor only and other non-classifiable households.

(c) Includes other non-private dwelling type not listed and non-private dwelling type not stated. Non-private dwellings are counted only when occupied.

(d) Total includes migratory, offshore and shipping dwellings, so components may not add to total.

Occupied and unoccupied dwellings

The 2011 Census counted 9.1 million private dwellings in Australia, of which 422,000 were occupied on Census night by visitor only or non-classifiable households. These dwellings are excluded from further detailed analysis presented in this report. Of the remaining 8.7 million dwellings, 89.3 per cent (7.8 million) were occupied and 10.7 per cent (934,000) were unoccupied. Close to three-quarters (74 per cent) of the dwelling supply were detached (separate) houses.

Compared with a decade previously, the dwelling stock increased by a total of 17.0 per cent (equivalent to a compound growth rate of 1.6 per cent per annum). The occupied stock grew by 15.1 per cent (1.4 per cent per annum) and the number of detached houses increased by 16 per cent (just over 1.5 per cent per annum).

Occupied and unoccupied dwelling counts relate to whether private dwellings were vacant or not on Census night based on place of enumeration rather than place of residence. Caution is advised when using the percentage of private dwellings that were vacant on Census night as a measure of dwellings that are vacant in the sense of 'spare' and available for occupancy — many of the dwellings classified as vacant are holiday homes or vacant because their usual occupants were temporarily absent on Census night. Conversely, holiday homes that were occupied on Census night may be vacant for much of the year. How the Council uses and interprets these data is explored in more detail in Chapter 5.

Table 2.2 shows changes in private dwelling supply across States and Territories. The largest increases in dwelling supply occurred in Western Australia (24 per cent) and Queensland (23 per cent), consistent with their higher rates of population growth. These were also the States with the highest rates of growth in the population living in private dwellings. Queensland experienced identical rates of increase in dwelling stock and population.

Table 2.2 Dwelling supply, Australian States and Territories, 2001–2011

	Occupied private dwellings (a) '000		Unoccupied dwellings '000		Total private dwellings (b) '000		Percentage change	Total population in private dwellings (b)		Percentage change
	2001	2011	2001	2011	2001	2011	2001–2011	2001	2011	2001–2011
NSW	2,232.8	2,471.3	227.9	265.3	2,571.5	2,864.5	11.4	6,139.6	6,691.2	9.0
Vic	1,667.7	1,944.7	182.9	246.7	1,914.2	2,278.0	19.0	4,501.6	5,166.3	14.8
Qld	1,275.4	1,547.3	127.3	177.9	1,482.9	1,826.4	23.2	3,468.3	4,207.4	21.3
SA	567.1	619.0	61.9	83.8	645.9	727.7	12.7	1,418.6	1,534.2	8.2
WA	659.7	794.2	77.1	109.3	772.8	960.7	24.3	1,772.4	2,141.0	20.8
Tas	175.9	192.8	26.9	32.5	208.0	232.4	11.7	442.5	472.2	6.7
NT	55.2	60.9	6.9	8.6	72.0	81.2	12.8	187.8	208.1	10.9
ACT	110.3	129.4	6.9	10.2	121.8	145.2	19.3	296.7	339.7	14.5
Australia (c)	6,744.8	7,760.3	717.9	934.5	7,790.1	9,117.0	17.0	18,229.9	20,762.3	13.9

Source: 2001 and 2011 Censuses of Population and Housing.

Note: Dwelling counts are place of enumeration on Census night.

(a) Occupied private dwellings figures exclude visitor only and other non-classifiable households.

(b) Total private dwellings figures include dwellings occupied by visitor only and other non-classifiable households.

(c) Australian total includes 'Other territories'.

Therefore, components do not add to total.

When looking at the types of dwelling being occupied, separate houses remain the most dominant type of accommodation, continuing to account for over three-quarters of the occupied private dwelling stock in 2011. However, the largest proportional increases since 2001 have been in semi-detached houses (27 per cent increase to 766,000 in 2011) and flats, units and apartments (28 per cent increase to 1,056,200 in 2011). In terms of overall numbers, the largest increase was in separate houses, but the proportional increase was relatively low at 13 per cent. This may be expected given the greater emphasis on infill development and a push to increase the supply of housing within existing urban area boundaries.

Table 2.3 Occupied private dwellings by type of structure (a), 2001–2011

Dwelling type	2001		2011		2001–2011
	'000	Per cent	'000	Per cent	Per cent change
Separate house	5,189.7	76.9	5,864.6	75.6	13.0
Semi-detached, row or terrace house	603.9	9.0	766.0	9.9	26.8
Flat, unit or apartment	822.9	12.2	1,056.2	13.6	28.4
Other dwelling	83.9	1.2	66.7	0.9	-20.6
Dwelling structure not stated	44.4	0.7	6.9	0.1	-84.5
Total private dwellings	6,744.8	100.0	7,760.3	100.0	15.1

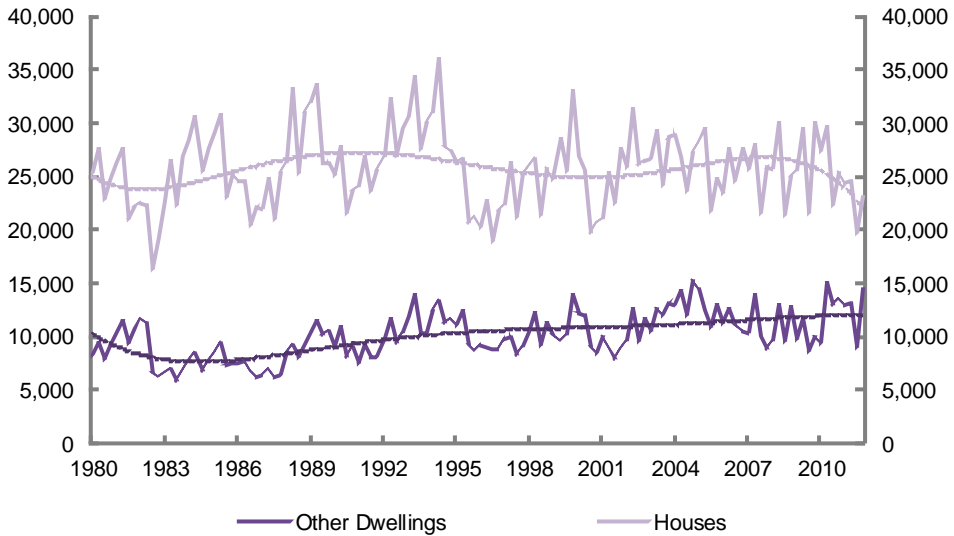
Source: 2001 and 2011 Censuses of Population and Housing.

Note: Dwelling counts are place of enumeration on Census night.

(a) 'Occupied private dwellings' excludes visitor only and other non-classifiable households.

It is clear that detached houses will dominate over other forms of housing stock for the foreseeable future in most States and Territories. The rates of growth in the various forms of dwelling (the flows) are simply insufficient to offset the substantial dominance of detached houses in composition of dwelling supply (the stock) for many years. Moreover, it is clear from Figures 2.1 to 2.9 that the dominance of detached houses in building activity, while dwindling, continues to be a feature of new building activity in most States and Territories. Only in the Northern Territory and ACT has the construction of higher-density forms of housing approached or exceeded the growth in detached housing over a sustained period.

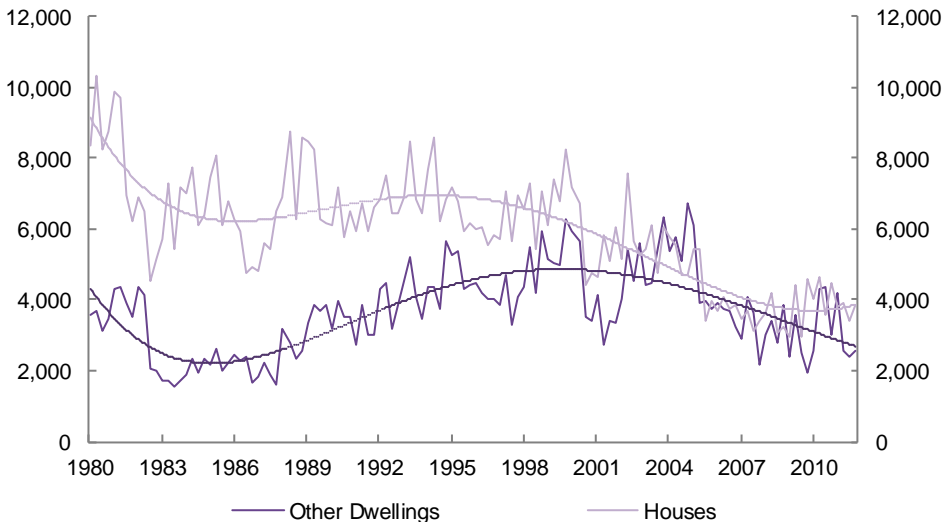
Figure 2.1 Quarterly dwelling completions, Australia: detached houses and higher-density dwellings



Source: ABS 2012, *Building Activity, Australia*, June quarter 2012, cat no. 8752.0.

Note: Solid lines are actual quarterly dwelling completions and are not adjusted for seasonality. Dotted lines are polynomial trendlines (order 5) based on unadjusted data.

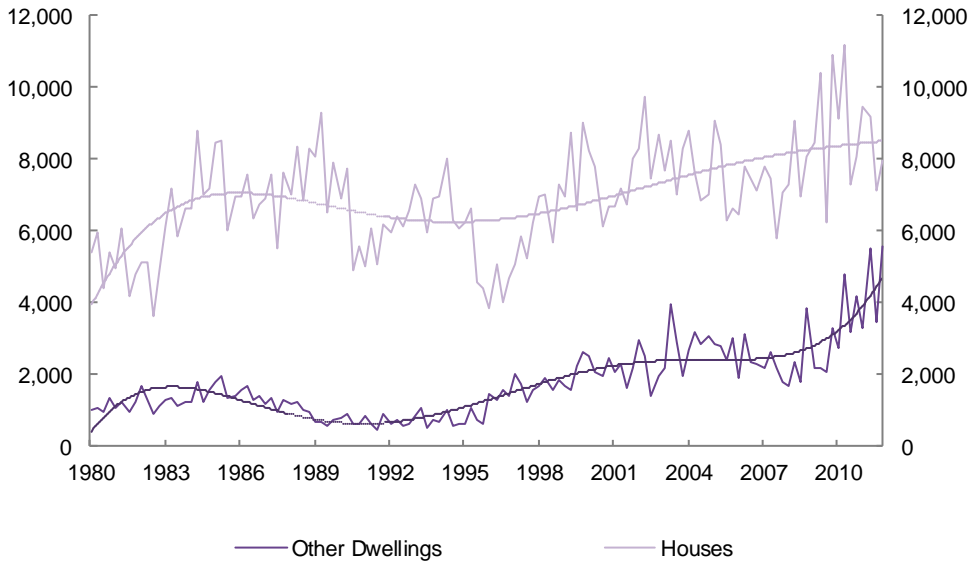
Figure 2.2 Quarterly dwelling completions, New South Wales: detached houses and higher-density dwellings



Source: ABS 2012, *Building Activity, New South Wales*, June quarter 2012, cat no. 8752.0.

Note: Solid lines are actual quarterly dwelling completions and are not adjusted for seasonality. Dotted lines are polynomial trendlines (order 5) based on unadjusted data.

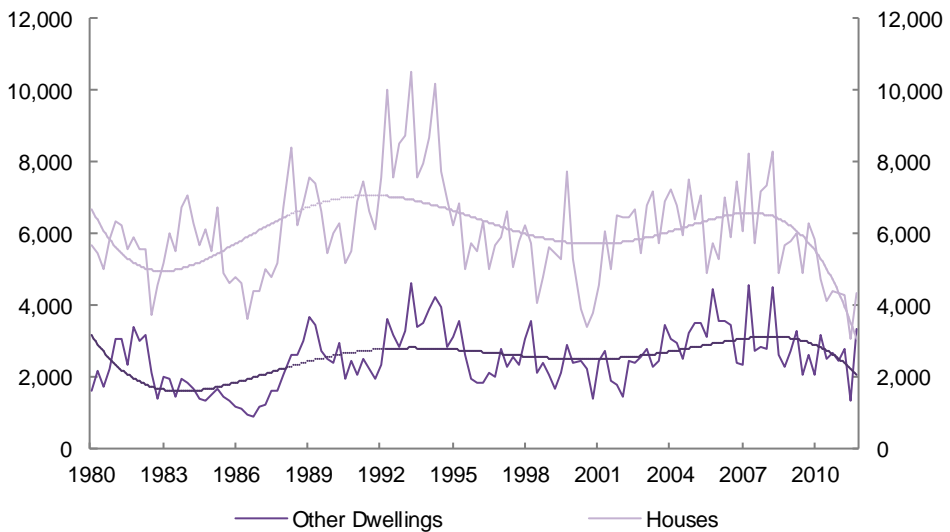
Figure 2.3 Quarterly dwelling completions, Victoria: detached houses and higher-density dwellings



Source: ABS 2012, *Building Activity, Victoria*, June quarter 2012, cat no. 8752.0.

Note: Solid lines are actual quarterly dwelling completions and are not adjusted for seasonality. Dotted lines are polynomial trendlines (order 5) based on unadjusted data.

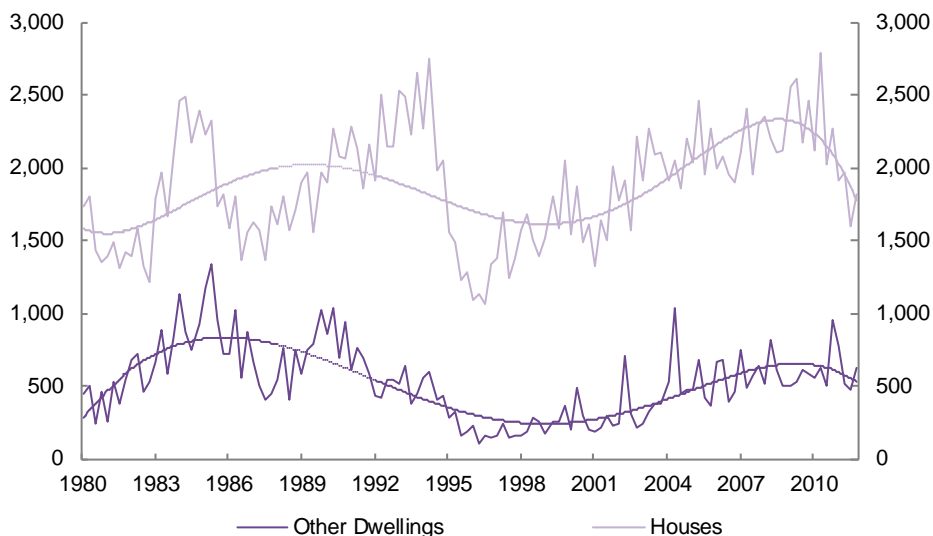
Figure 2.4 Quarterly dwelling completions, Queensland: detached houses and higher-density dwellings



Source: ABS 2012, *Building Activity, Queensland*, June quarter 2012, cat no. 8752.0.

Note: Solid lines are actual quarterly dwelling completions and are not adjusted for seasonality. Dotted lines are polynomial trendlines (order 5) based on unadjusted data.

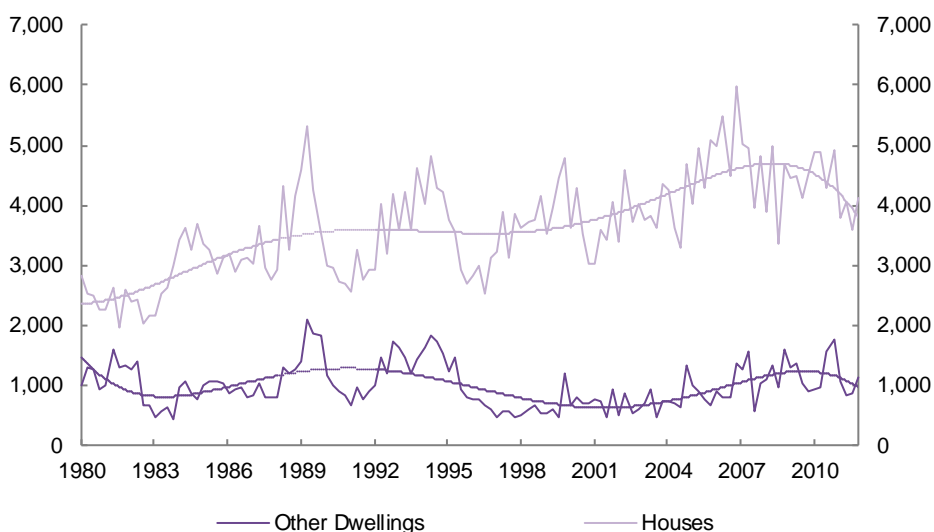
Figure 2.5 Quarterly dwelling completions, South Australia: detached houses and higher-density dwellings



Source: ABS 2012, *Building Activity, South Australia*, June quarter 2012, cat no. 8752.0.

Note: Solid lines are actual quarterly dwelling completions and are not adjusted for seasonality. Dotted lines are polynomial trendlines (order 5) based on unadjusted data.

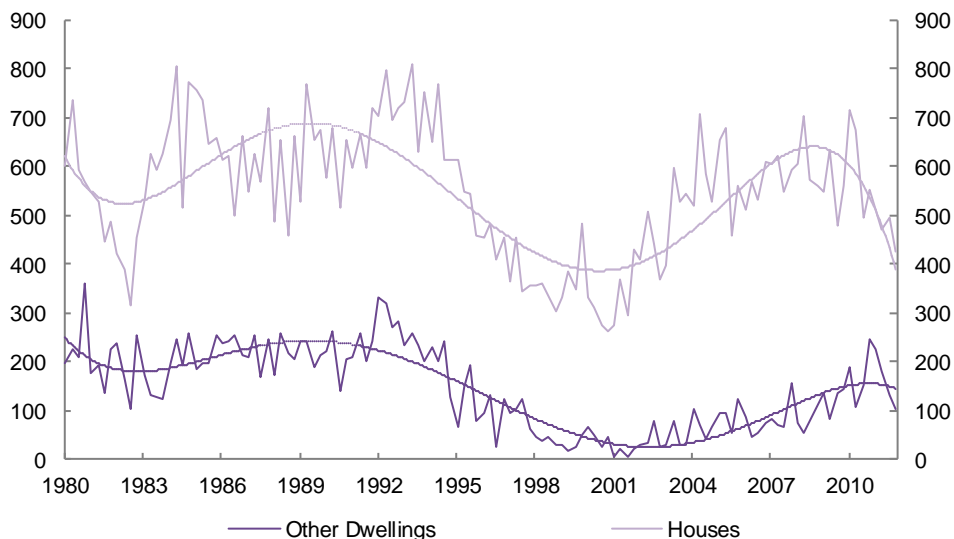
Figure 2.6 Quarterly dwelling completions, Western Australia: detached houses and higher-density dwellings



Source: ABS 2012, *Building Activity, Western Australia*, June quarter 2012, cat no. 8752.0.

Note: Solid lines are actual quarterly dwelling completions and are not adjusted for seasonality. Dotted lines are polynomial trendlines (order 5) based on unadjusted data.

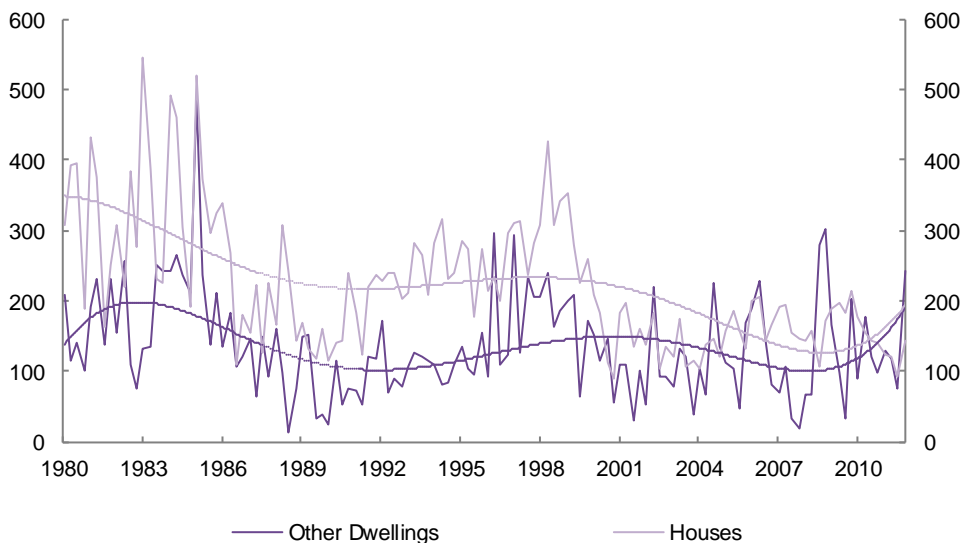
Figure 2.7 Quarterly dwelling completions, Tasmania: detached houses and higher-density dwellings



Source: ABS 2012, *Building Activity, Tasmania*, June quarter 2012, cat no. 8752.0.

Note: Solid lines are actual quarterly dwelling completions and are not adjusted for seasonality. Dotted lines are polynomial trendlines (order 5) based on unadjusted data.

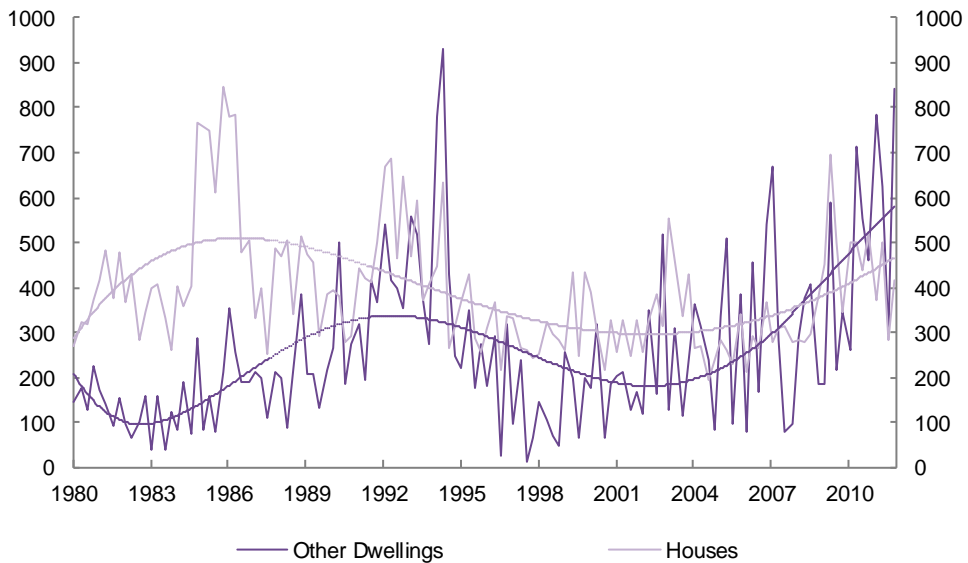
Figure 2.8 Quarterly dwelling completions, Northern Territory: detached houses and higher-density dwellings



Source: ABS 2012, *Building Activity, Northern Territory*, June quarter 2012, cat no. 8752.0.

Note: Solid lines are actual quarterly dwelling completions and are not adjusted for seasonality. Dotted lines are polynomial trendlines (order 5) based on unadjusted data.

Figure 2.9 Quarterly dwelling completions, Australian Capital Territory: detached houses and higher-density dwellings



Source: ABS 2012, *Building Activity, Australian Capital Territory*, June quarter 2012, cat no. 8752.0.

Note: Solid lines are actual quarterly dwelling completions and are not adjusted for seasonality. Dotted lines are polynomial trendlines (order 5) based on unadjusted data.

Table 2.4 breaks down the housing stock by type of structure and number of bedrooms. In 2011, the majority (76 per cent) of occupied private dwellings comprised three or four bedrooms. Unsurprisingly, most of these were separate houses, of which 89 per cent had three or four bedrooms. Most flats, units or apartments (82 per cent) have one or two bedrooms. Semi-detached dwellings tend to have two or three bedrooms (84 per cent).

The most significant change in detached housing since 2001 has been the increased proportion with four or more bedrooms: from 32 per cent in 2001 to 36 per cent in 2006 and 39 per cent in 2011. There is anecdotal evidence (see Chapter 3) of a trend in suburban redevelopment that sees larger homes replacing existing smaller houses – for example, knocking down a three bedroom home and building one with four bedrooms on the same block. Growth in the stock of larger homes may also reflect changes in the purchase price of land. High land prices in and around the larger capital cities lead to changes in the type of people that can afford to build in these situations and in the nature of the dwellings they want, and the extension of existing homes to enhance potential capital gains. This is reflected in the fact that lending for alterations and additions to existing housing is around three-quarters of the level of lending for new housing.⁴

⁴ ABS 2012, *Australian System of National Accounts*, cat no. 5204.0.

There are proportionally more semi-detached homes with three or more bedrooms than there were in 2001. In 2001, 42 per cent of semi-detached homes had three bedrooms and this proportion increased to 45 per cent in 2011. In 2001, 5 per cent of semi-detached homes had four bedrooms or more and this increased to 9 per cent in 2011.

The proportion of flats and apartments with three or more bedrooms increased between 2001 and 2011. This may be due to an increase in the prevalence of larger apartments in high-amenity locations. Despite this movement, over 80 per cent of flats and apartments have two or fewer bedrooms — the share did fall over the decade, but they still account for the vast majority of all flats and apartments. An increase in the number of smaller apartments may be expected in the future owing to widespread development of student apartments in inner-city locations. What these data do not show is any change over time in the overall size of dwellings with a particular number of bedrooms. Anecdotal evidence presented in Chapter 3 suggests that the average size of new one- and two-bedroom flats has reduced in recent years.

Table 2.4 Bedrooms in occupied private dwellings (a), 2001 and 2011

Dwelling structure	No. of bedrooms				
	0–1(b)	2	3	4 or more	Total
2001	Per cent				
Separate house	1.2	11.7	54.9	32.2	100.0
Semi-detached, row/terrace, townhouse	8.4	44.7	41.6	5.4	100.0
Flat, unit or apartment	25.7	60.7	12.5	1.1	100.0
Other dwelling	46.5	32.2	15.3	6.0	100.0
Total all dwellings (c) (d)	5.4	20.8	48.1	25.7	100.0
2011					
Separate house	1.3	9.9	49.6	39.2	100.0
Semi-detached, row/terrace, townhouse	7.5	38.3	45.5	8.7	100.0
Flat, unit or apartment	23.5	58.8	16.3	1.4	100.0
Other dwelling	50.1	32.3	14.1	3.4	100.0
Total all dwellings (c) (d)	5.3	19.4	44.4	30.9	100.0

Source: 2001 and 2011 Censuses of Population and Housing.

Note: Dwelling count underlying percentage calculations are based on place of enumeration on Census night.

- (a) 'Occupied private dwellings' excludes visitor only and other non-classifiable households.
- (b) Includes 'bedsitter' units and 'studio apartments'.
- (c) Total dwellings excludes 'dwelling structure not stated'.
- (d) Total excludes dwellings where number of bedroom not stated.

In summary, Australia's housing stock has grown by 1.6 per cent a year over the intercensal decade 2001 to 2011. The highest rates of growth have occurred in the so-called resource States (Western Australian and Queensland). While the numbers of apartments and semi-detached forms of housing have grown at

roughly twice the rate of detached houses, there is no sign that these denser forms of housing will dominate the supply of housing for Australians any time soon.

Housing consumption

The previous section of this chapter examined the characteristics of the dwelling stock. This section examines how the population utilises the dwelling stock.

Household formation patterns have changed over the decade to 2011, particularly among younger age groups. Figure 2.10 illustrates this by showing the proportion of people in each age group recorded as a 'household reference person' in the 2001, 2006 and 2011 Censuses.

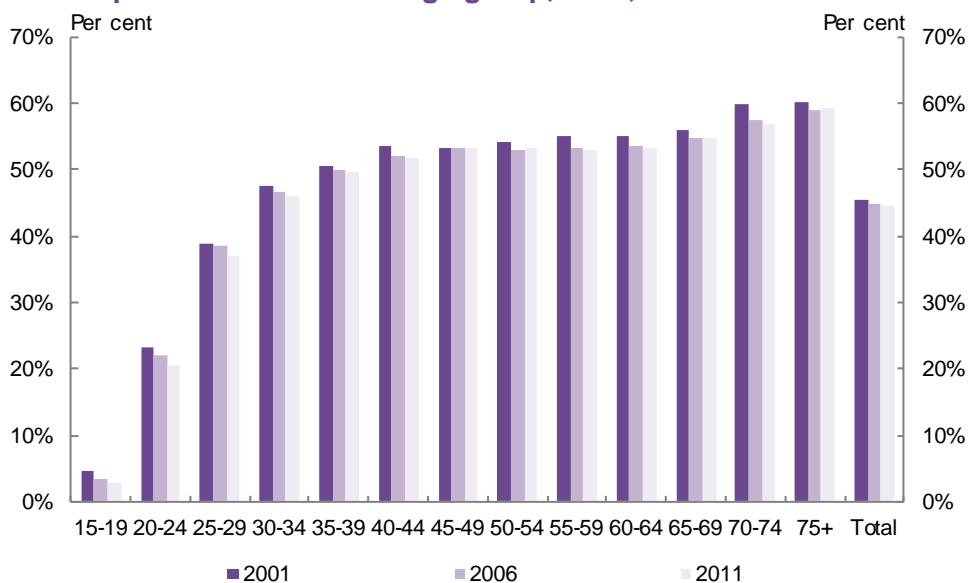
The household reference person is usually the person who fills out the Census form and is the household member used in Census coding as the starting point for identifying the relationships between usual residents of a household. Familial relationships are defined in terms of the relationship between the family reference person and all other family members. The reference person is typically listed as 'Person 1' on the Census form⁵ and must be a usual resident of the dwelling aged 15 or over.

While the ABS advises caution in using this method of categorising households,⁶ changes to the proportions of those in each age group recorded as household reference persons is a strong indicator of household formation patterns across age cohorts.

5 The household reference person will be Person 1 on the form if they meet the eligibility criteria (that is usual resident aged over 15 and present on Census night) and are the most appropriate person within the dwelling. This is determined via their age, marital status and relationships within the household and, in some circumstances, the reference person may end up being coded as someone other than Person 1 on the Census form.

6 The ABS notes that 'this variable is to be used with caution as it is not an indication that a person is any sense a head or leader of the household'.

Figure 2.10 Household reference person, by age, as a proportion of all persons in the same age group, 2001, 2006 and 2011



Source: 2001, 2006 and 2011 Censuses of Population and Housing.

Note: The household reference person is calculated according to place of usual residence. There is one household reference person per occupied dwelling. Household reference persons in second or third families in a household are not counted in this, but are included in the total resident population.

Figure 2.10 shows a decline in the proportion of household reference persons across all age groups except that aged 45–49 years. The downward pattern is especially evident between 2001 and 2006. The decline implies a reduction in the propensity to form new households across all but one of the age categories. There are no age categories with compensating upward adjustments in the proportion of household reference persons. Lower rates of household formation have been observed in younger age groups for some time. The emergence of declining household formation rates across all (or most) age groups would, however, indicate that household formation is declining overall. If so, household growth would slow relative to that of the population and the average number of persons per household would increase. The latter is not yet evident, but it is clear that the century-long downward trend in average household size has become less steep and perhaps flattened despite the continuation of demographic forces that, other things being equal, would continue to drive household size downwards.

The decline in the number of persons per household has slowed sharply since 2001 after many years of steady decline. Some of the technical issues associated with this change and its implications for household formation and demand-supply balance are explored in more detail in Chapter 5 and Appendix 2. A key question for the Council is which sections of the population these changes are most evident in.

Living arrangements

A number of key questions are associated with changes in household formation patterns. These include:

- How has the distribution of different household types changed?
- Are group houses more common?
- Are there more or fewer lone-person households and what age groups are they in?
- Are there more younger people living at home longer and for what periods?

While it is difficult to obtain conclusive answers to all of these questions, the following analysis looks at some key changes over the last decade.

Table 2.5 Private occupied dwellings (a) by household type, 2001–2011

Household type	2001		2011		2001–2011
	'000	Per cent	'000	Per cent	Per cent growth
Couple family with children	2,311.1	34.3	2,512.0	32.4	8.7
Couple family no children	1,722.9	25.5	2,072.9	26.7	20.3
One-parent family	743.2	11.0	868.0	11.2	16.8
Other family household	88.9	1.3	97.7	1.3	10.0
Lone-person household	1,616.2	24.0	1,888.7	24.3	16.9
Group household	262.6	3.9	321.0	4.1	22.3
Total — all household types	6,744.8	100.0	7,760.3	100.0	15.1

Source: 2001 and 2011 Censuses of Population and Housing.

Note: Dwelling counts underlying percentage calculations are place of enumeration on Census night. In 2011, a female was the household reference person in 82 per cent of one-parent family household types.

(a) 'Occupied private dwellings' excludes visitor only and other non-classifiable households.

Table 2.5 provides an overview of changes in the types of households in occupied private dwellings. Between 2001 and 2011, the proportion of dwellings occupied by couples with children declined from 34 per cent to 32 per cent. Conversely, the proportion of dwellings occupied by couples with no children increased from 26 per cent to 27 per cent.

Between 2001 and 2011, the number of occupied private dwellings increased by nearly 16 per cent. The number of dwellings occupied by couples without children increased by 20 per cent. In contrast, the number of couples with children

increased by only 9 per cent. The number of dwellings occupied by group households, while still a small minority, increased by 22 per cent to over 320,000.

The proportion of dwellings occupied by a single person changed little (by just 0.3 percentage points to 24.3 per cent of all households) between 2001 and 2011. However, as the Council noted in the 2011 State of Supply Report,⁷ the ageing of Australia's population (notably of the 'Baby Boomers') will result in, among other things, a substantial increase in the proportion of households comprising just one person. The Council's demographic projections indicate that the number of single-person households will increase by nearly 1.5 million (63 per cent) between 2011 and 2030, from about 26 per cent of all households to nearly 32 per cent. This is bound to affect the demand for particular types, styles and locations of housing and the nature of additions to Australia's housing stock in coming years.

Another notable socio-demographic trend has been the tendency for younger adults to stay longer in the parental home. Younger adults may be choosing to live at home longer for a variety of reasons. Greater participation in post-school education, better adaptation of family homes to accommodate adult children and changing attitudes across young people and their parents about privacy, sharing space and facilities and tolerating differences in lifestyle may all be causes or symptoms of this phenomenon. At least some young people will be influenced by a lack of affordable housing options outside of the family home and their parents' lack of resources to assist children to strike out on their own.

Table 2.6 shows the proportion of those aged 15–24 years and 25–34 years living in the parental home and how this has changed from 2001 to 2011. The table separates figures for those born in Australia and those born overseas to account for the substantial increase in the number of overseas students in Australia in 2011 compared with 2001.

7 NHSC 2011, *State of Supply Report 2011*, pp 26-27.

Table 2.6 Living arrangements of persons aged 15–24 years and 25–34 years, by country of birth, 2001-2011

Country of birth	Age group	Living arrangement	2001		2011	
			'000	Per cent	'000	Per cent
Australia	15–24 years	<i>Living in parental home</i>	1,249.7	62.3	1,450.2	65.7
		<i>Living elsewhere</i>	756.9	37.7	755.6	34.3
		Total	2,006.6	100.0	2,205.8	100.0
	25–34 years	<i>Living in parental home</i>	245.0	12.0	255.0	13.3
		<i>Living elsewhere</i>	1,802.1	88.0	1,657.0	86.7
		Total	2,047.1	100.0	1,912.0	100.0
Overseas	15–24 years	<i>Living in parental home</i>	208.7	53.5	241.5	36.6
		<i>Living elsewhere</i>	181.4	46.5	419.2	63.4
		Total	390.1	100.0	660.7	100.0
	25–34 years	<i>Living in parental home</i>	54.7	9.8	72.0	6.8
		<i>Living elsewhere</i>	503.3	90.2	983.1	93.2
		Total	558.0	100.0	1,055.0	100.0

Source: NHSC analysis of 2001 Census of Population and Housing 1 per cent sample file and 2011 Census of Population and Housing.

Note: Person counts are based on place of usual residence and exclude overseas visitors.

The number of 15–24-year-olds born overseas increased from 390,100 in 2001 to 660,700 in 2011 – an increase of almost 70 per cent – and the number of 25–34-year-olds increased from 558,000 to 1,055,000, or close to 90 per cent. Consistent with this, the number of overseas students in Australia increased from around 110,000 in 2001 to around 300,000 in 2011.⁸ Overseas-born young adults and in particular overseas students are less likely than their Australian-born counterparts to live in the parental home. The number of overseas-born young adults has increased as a proportion of the total in this age group over the decade. Overall, the share of all younger adults living in the parental home has actually fallen between 2001 and 2011.

However, the proportion of Australian-born 15–24-year-olds living at home increased from 62 per cent in 2001 to 66 per cent in 2011, with a more modest rise among 25–34-year-olds from 12 per cent to 13 per cent. These changes are significant but not especially marked, although the broad range of ages within each category could be masking some more notable changes.

It is also worth noting that among these younger age groups there is a higher prevalence of renting. This is irrespective of country of birth (see Table 2.11 for more detail).

⁸ Australian Education International, *International student data* <https://aei.gov.au/research/International-Student-Data/Pages/default.aspx> (accessed 01/02/2013).

The marked increase in the number of overseas students may have increased competition for available rental accommodation, potentially influencing housing formation propensities across either or both groups.

Another example of changing living arrangements is the proportion of dwellings occupied by just one person (Table 2.7). There was a 17 per cent increase in the proportion of private dwellings occupied by a lone person between 2001 and 2011, but the proportion of the population living alone remained stable at 11 per cent. Typically, the proportion of people living alone increases with age, and women are more likely to live alone than men. In 2011, over half (55 per cent) of those living alone were female and, among those aged 65 years and over who live alone, 69 per cent were female.

Older people who live alone usually do so following the death of a partner or because of divorce in mid/later life. However, between 2001 and 2011 there was a decrease in the proportion of those aged 65 years and over who live alone, from 26 per cent to 24 per cent. This may reflect the longer survival of older couples owing to longer life expectancy and an increasing likelihood of living into old age, meaning that spouses are widowed at an older age.⁹ Recent improvements in the life expectancy of men are especially important in explaining the longer survival of older couples.

Among younger age groups, the proportion living alone has remained steady among those aged 15–24 year (3 per cent) and declined slightly among those aged 25–34 (8 per cent in 2001 to 7 per cent in 2011).

Again, these changes have significance for service providers but are not dramatic from a housing demand perspective.

Table 2.7 Number and proportion of private dwellings occupied by a lone person, by age, 2001 and 2011

Age of reference person	2001		2011	
	'000	Per cent	'000	Per cent
15–24 years	88.0	3.4	79.4	2.8
25–34 years	221.0	8.1	217.2	7.3
35–44 years	230.4	8.0	231.6	7.6
45–54 years	241.3	9.4	287.8	9.8
55–64 years	229.7	13.1	353.5	14.1
65 years and over	608.9	25.7	719.3	23.9
Total — all ages	1,619.3	10.9	1,888.7	10.9

Source: NHSC analysis of 2001 Census sample file and 2011 Census of Population and Housing.

Note: Person counts are location on Census night.

9 ABS 2009, 'Couples in Australia', in *Australian Social Trends*, March 2009, cat no. 4102.0.

Types of households and dwellings

The Council is also interested in whether there are any significant changes in the mix of household types living in different types of dwelling. Table 2.8 provides data for this purpose.

There was a notable decline (of around 3 percentage points) between 2001 and 2011 in the proportion of couple families, both with and without children, living in separate houses, with a concomitant increase in the proportion living in semi-detached homes and apartments. Nevertheless, detached homes were clearly the dominant choice of accommodation for the 59 per cent of all households in private dwellings that comprise couples with or without children. In 2011, 89 per cent of the former and 78 per cent of the latter lived in separate houses.

Table 2.8 Occupied private dwellings (a) by household type and dwelling structure, 2001–2011

Household type	Year	Dwelling structure				Total (c)
		Separate house	Semi-detached or townhouse	Flat, unit or apartment	Other (b)	
		Per cent				
Couple family with children	2001	92.2	4.0	3.3	0.5	100.0
	2011	89.0	5.9	4.8	0.2	100.0
Couple family with no children	2001	81.2	8.3	9.4	1.2	100.0
	2011	78.2	8.9	12.1	0.8	100.0
One-parent family	2001	79.0	10.6	9.7	0.7	100.0
	2011	79.2	10.5	9.9	0.4	100.0
Lone-person household	2001	55.3	14.8	26.2	2.7	100.0
	2011	57.4	14.9	25.8	1.9	100.0
Group household	2001	55.4	15.8	27.3	1.4	100.0
	2011	55.0	15.4	28.6	0.9	100.0
Other family household	2001	66.1	12.2	20.8	1.0	100.0
	2011	66.3	12.1	21.0	0.6	100.0
Total — all household types	2001	77.5	9.0	12.3	1.3	100.0
	2011	76.9	9.0	12.2	1.2	100.0

Source: NHSC analysis of 2001 Census sample file and 2011 Census of Population and Housing.

Note: Dwelling counts underlying percentage calculations are place of enumeration on Census night.

- (a) 'Occupied private dwellings' excludes visitor only and other non-classifiable households.
- (b) 'Other' includes caravan, cabin or houseboat, improvised home, tent or sleepers-out, and house or flat attached to office or shop etc.
- (c) Total excludes dwelling structure not stated.

Housing utilisation

People's circumstances change over time. At any one point, there will be people living in homes they first purchased or rented when they were younger and their family situation was different. The home may continue to satisfy past and present needs in a variety of ways, but in some cases it might be a bit bigger than the household would purchase in their present circumstances.

Council members are often told that the supply of spare bedrooms in Australian dwellings could accommodate a substantial increase in population and that the policy challenge is to encourage people to move on from larger homes and to 'right-size' the homes they live in. Leaving aside questions about the desirability and logistics of such a policy challenge, has the spare bedroom phenomenon increased or reduced in magnitude over the past decade?

While having spare bedrooms indicates a capacity to accommodate more people in reasonable comfort, it does not necessarily mean that dwellings are not being fully utilised. Households may put these 'spare' rooms to various uses (for example, study, office, gymnasium, craft or hobby room, children's playroom, guest bedroom or storeroom). Some may provide each child with a separate bedroom regardless of their age or sex.¹⁰

Table 2.10 describes dwellings categorised by the number of bedrooms they contain and the number of usual residents they accommodate.

The most obvious phenomenon that emerges from the data in Table 2.9 is the substantial and growing prevalence of homes with more bedrooms than usual occupants. In 2011, 59 per cent of three-bedroom homes had fewer than three occupants compared with 55 per cent in 2001, 55 per cent of four-bedroom dwellings had fewer than four occupants (50 per cent in 2001) and 38 per cent of five-bedroom homes had fewer than five occupants (37 per cent in 2001).

This phenomenon is most likely associated with ageing of the population and the associated increased prevalence of 'empty nesters' and widowed spouses who stay on in their former homes until some other occurrence, often their own ill-health, compels them to change. A larger number of bedrooms than is required for usual residents' sleeping arrangements may well suit other aspects of such households' lifestyles, like accommodating visiting family and friends, having a study or library, for storage or for undertaking hobbies. This is supported by research on housing utilisation that found that over 90 per cent of older Australians regarded their home as suitable for their needs and that excess

10 ABS 2012, 'Housing Utilisation', in *Year Book, Australia*, cat no. 1301.0.

bedrooms are utilised to accommodate temporary residents and visitors and to pursue a range of retirement activities.¹¹

There has also been an increase in the number of people living in overcrowded dwellings between 2001 and 2011. More detail is presented in Table 2.12 and Table 2.13.

11 Judd, B, Olsberg, D, Quinn, J, Groenhart, L and Demirbilek, O 2010, *Dwelling, Land and Neighbourhood Use by Older Home Owners*, AHURI Final Report No. 144, AHURI UNSW-UWS Research Centre.

Table 2.9 Occupied private dwellings (a), proportion of total by number of persons usually resident and number of bedrooms, 2011 (per cent)

Number of persons usually resident	Number of bedrooms													
	0 (b)		1		2		3		4		5 or more		Total (c)	
	2001	2011	2001	2011	2001	2011	2001	2011	2001	2011	2001	2011	2001	2011
	Per cent													
One person	76.2	69.9	75.8	72.1	42.3	42.3	18.3	21.0	7.0	8.4	5.9	5.7	23.5	24.3
Two persons	16.4	18.7	20.9	23.9	41.4	40.6	36.7	38.0	24.9	28.1	16.9	17.8	33.4	34.0
Three persons	3.2	5.1	2.1	2.7	10.4	10.8	19.6	18.7	18.5	18.7	14.3	14.9	16.3	16.0
Four persons	2.4	3.4	0.8	0.9	4.5	4.8	17.6	15.7	26.9	26.1	22.0	23.1	16.1	15.7
Five persons or more	1.9	2.9	0.4	0.5	1.5	1.5	7.8	6.6	22.7	18.7	40.9	38.6	10.7	10.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: 2001 and 2011 Censuses of Population and Housing.

Note: Dwelling counts underlying percentage calculations are place of enumeration on Census night.

- (a) 'Occupied private dwellings' excludes visitor only and other non-classifiable households.
- (b) Includes 'bedsitter' units and 'studio apartments'.
- (c) Total excludes number of bedrooms not stated.

Tenure

Trends in tenure are of particular significance to the work of the Council because, among other reasons, owners and would-be owners dominate the Australian market for newly-built detached homes. Their demand is responsible for a very sizeable proportion of additional housing stock, and changes in home ownership rates could have implications for the rate of increase in housing supply. Concomitantly, changes in the proportion of households in the rental market could have implications for rates of return from investment in rental property, at least in the short term, and incentives to invest in additional rental stock. At present, additions to housing stock that are designed and built predominantly for rental are more likely to be apartments. Changes in the supply and price of rental housing also have implications for the adequacy of social housing supply and rental subsidy arrangements for lower-income people.

Home ownership rates matter for other reasons too. For instance, as noted way back in the 1970s Poverty Inquiry, home ownership means no rental expenses and no mortgage payments (or at least relatively low mortgage payments for the many who purchased some time ago), and can make the difference between being in or out of poverty for people totally or partly dependent on low wages or income support payments.¹² While rent assistance addresses part of this disadvantage for non-home-owners, it requires co-payments by the affected renters and maximum rent assistance payments are capped so that net rental expenses often make a large dent in net disposable income.¹³

Many Australians aspire to home ownership because of the security of residential tenure, because the home is a significant household asset and to minimise housing costs during retirement, when income tends to be lower.¹⁴ Security of tenure in the private rental market is likely to be lower. As home ownership conveys the right of continuous tenure, this may also affect households' stake in the ongoing condition of homes, gardens, neighbourhoods and communities.

Security of tenure is also important to individuals and families because it provides a greater sense of autonomy, certainty and sense of control, which reduces levels of stress and increases family stability. For families with children, security of tenure also means children attend fewer schools and have better educational performance and rates of school completion.¹⁵

12 Australian Commission of Inquiry into Poverty and Henderson, Ronald F, 1975, *Poverty in Australia: First Main Report*.

13 Australian Institute of Health and Welfare 2011, 'Housing Assistance Services', in *Australia's Welfare 2011*, Australia's Welfare series no. 10, cat no. AUS 142.

14 ABS 2008, 'First Home Buyers', in *Australian Social Trends*, cat no. 4102.0.

15 Australian Institute of Family Studies 2011, 'Housing Characteristics and Changes across Waves', in *The Longitudinal Study of Australian Children Annual Statistical Report 2011*.

Tables 2.10 and 2.11 examine changes in tenure rates¹⁶ between 2001 and 2011 across various household types and age groups.¹⁷ They show, first, a decline in the aggregate home ownership rate for all household types of a little over 1 percentage point (from nearly 70 per cent to under 69 per cent) and, second, a very big shift in the proportions of outright ownership (a decline of nearly 9 percentage points to just under 33 per cent) and ownership with a mortgage (an increase of over 7 percentage points to nearly 36 per cent).

The first, apparently less dramatic, change could mark the beginning of a more marked decline in home ownership as the post-WWII Baby Boomer generation (born between 1946 and 1964) passes into retirement and then passes on. When examined by age group (Table 2.11), home ownership has declined substantially across all but the older cohorts and it is evident that the aged and ageing are sustaining Australia's home ownership rate despite the decline in other age groups. However, this may take a few decades to work through, as the higher-than-average rates of home ownership where the household reference person was 45–64 years in 2011 continue to sustain the aggregate rate. But the proportion of renters among younger households with and without children point to an emerging change in the demand for housing, possibly driven by a mix of affordability (income and house price), lifestyle and mobility factors. It seems likely that the trend to lower rates of home ownership and higher rental rates will continue.

Further analysis to disaggregate tenure changes in each household reference age category by household income might help to establish whether marginal home buyers have been pushed into rental by a rising deposit gap or whether lifestyle factors are influencing a decline in home ownership and increase in rental across the income range. Analysis of the data by State and Territory might reveal whether forms of purchase assistance — like Keystart, Western Australia's assistance to obtain a first home loan — and shared equity schemes have a significant impact on rates of home ownership in younger age groups.

Very different factors are likely to be influencing the increased proportion of buyers with a mortgage and substantial decline in outright ownership. These are likely to have been driven by changes in mortgage finance arrangements. With many households significantly ahead on their mortgage repayments,¹⁸ this may also reflect greater use of 'redraw' facilities (home equity withdrawal). The increasingly widespread use of flexible mortgages with redraw facilities, and an increase in refinancing to borrow against increased equity brought about by rapid house price inflation, have enabled existing owners to both increase their recurrent expenditure

16 The Census captures information on occupancy on Census night. However, the ABS notes that it does not represent a comprehensive picture of home ownership and other tenure arrangements in Australia for a number of reasons. While the Census provides a strong indicator of tenure patterns, this caveat should be borne in mind when considering relevant commentary throughout this report.

17 Age groups are defined in this context by the age of the household reference person.

18 Reserve Bank of Australia 2012, *Financial Stability Review*, September 2012.

on things like holidays and extend their wealth by investing in improvements to their own homes, the purchase of rental investment dwellings or other property or shares. So mortgage debts have become bigger and last longer.

There is a wider prevalence of debt among people nearing retirement. In 2011, 7 per cent of households with the reference person aged 65 years and over still had mortgage debt, compared with 3 per cent in 2001. And there is evidence to suggest some households in this age group are using lump sum superannuation to pay down mortgage debt.¹⁹ However, mortgage debt among older households is not a matter for alarm among those whose superannuation and additional investments are sufficient to expunge the mortgage and provide for their continuing income. But it is evident that some will need to sell their home, move to lower-amenity homes in less costly locations and depend on the Age Pension to provide for all or most of their living expenses.²⁰

The data on changes by household type are more equivocal. While the decline in outright ownership is universal across household types and household reference age groups, changes in aggregate home ownership and rental rates are less evenly distributed. It is evident that home ownership has declined somewhat and rental rates have increased among couples with and without children, but the opposite has occurred among lone-parent families, single-person households and households comprising unrelated people (group households). Reasons for these differences may relate to changes in the age structure of the various groups, and to the socio-economic characteristics of permanent migrants and overseas students, but more analysis by age, income, country of birth and amount of time since arrival and settlement in Australia are needed to test these hypotheses. A possible explanation for the decline in home ownership among couples with children — that their ability to meet the higher cost of ownership in 2011 is compromised by child care responsibilities impinging on earnings from employment — is belied by the same decline in ownership among childless couples, although this too requires further analysis.

19 ABS 2011, *Retirement and Retirement Intentions, Australia*, cat no. 6238.0.

20 Yates, J and Bradbury, B, 2010, 'Home ownership as a (crumbling) fourth pillar of social insurance in Australia', *Journal of Housing and the Built Environment* 25: 193—211.

Table 2.10 Tenure type of occupied private dwellings (a), by household composition, 2001 and 2011

Household type	Year	Tenure type					Total (e)
		Owned outright	Owned with a mortgage (b)	Total home ownership (c)	Rented	Other tenure type (d)	
		Per cent					
Couple family with children	2001	36.0	44.6	81.0	17.3	2.0	100.0
	2011	21.7	56.6	78.3	20.5	1.2	100.0
Couple family no children	2001	56.7	23.2	79.8	17.9	2.3	100.0
	2011	47.6	29.9	77.5	20.6	1.9	100.0
One-parent family	2001	28.1	23.4	51.5	46.4	2.0	100.0
	2011	22.8	29.5	52.3	46.3	1.4	100.0
Lone-person household	2001	45.0	14.7	59.7	35.9	4.4	100.0
	2011	40.2	20.1	60.4	36.0	3.9	100.0
Group household	2001	15.0	15.3	30.3	67.3	2.4	100.0
	2011	12.7	19.3	32.0	66.3	2.2	100.0
Other family household	2001	37.6	14.8	52.4	44.1	3.5	100.0
	2011	29.1	23.2	52.3	45.1	2.7	100.0
Total – all household types	2001	41.8	28.2	69.9	27.4	2.7	100.0
	2011	32.9	35.8	68.7	29.3	2.2	100.0

Source: NHSC analysis of 2001 Census 1 per cent sample file and 2011 Census.

Note: Dwelling counts underlying percentage calculations are place of enumeration on Census night.

- (a) 'Occupied private dwellings' excludes visitor only and other non-classifiable households.
- (b) Dwellings being purchased under a rent/buy scheme are included in owned with a mortgage.
- (c) Total home ownership includes owned outright and owned with a mortgage.
- (d) Other tenure type includes being occupied rent-free, being occupied under a lifetime tenure scheme, and other tenure type not elsewhere described.
- (e) Total excludes tenure type not stated. Components may not add to total owing to rounding.

Table 2.11 Tenure type of occupied dwellings (a), proportion of total, by age of household reference person (b), 2001 and 2011

Age of household reference person	Year	Tenure type					Total (f)
		Owned outright	Owned with a mortgage (c)	Total home ownership (d)	Rented	Other (e)	
		Per cent					
15–24 years	2001	8.1	15.3	23.4	72.2	4.4	100.0
	2011	6.5	19.5	26.0	71.5	2.5	100.0
25–34 years	2001	11.3	40.0	51.3	45.2	3.5	100.0
	2011	5.1	42.9	48.0	50.2	1.9	100.0
35–44 years	2001	23.3	45.9	69.2	28.4	2.4	100.0
	2011	10.9	54.1	65.0	33.5	1.5	100.0
45–54 years	2001	42.3	35.7	77.9	20.2	1.8	100.0
	2011	24.4	49.7	74.1	24.5	1.4	100.0
55–64 years	2001	66.7	15.9	82.6	15.6	1.9	100.0
	2011	48.7	31.4	80.1	18.5	1.4	100.0
65 years and over	2001	78.5	3.5	82.0	14.4	3.6	100.0
	2011	74.8	7.2	82.0	14.5	3.5	100.0
Total – all age groups	2001	41.8	28.2	70.0	27.2	2.7	100.0
	2011	32.9	35.8	68.7	29.3	2.0	100.0

Source: NHSC analysis of 2001 Census 1 per cent sample file and 2011 Census.

Note: Dwelling counts underlying percentage calculations are place of enumeration on Census night.

- (a) 'Occupied private dwellings' excludes visitor only and other non-classifiable households.
- (b) Household reference person is used here a proxy for the head of the household; the household reference person is generally person 1 on the Census household form. Age of household reference person is used as a proxy to examine home ownership rates by age.
- (c) Owned with a mortgage includes dwellings being purchased under a rent/buy scheme.
- (d) Total home ownership includes owned outright and owned with a mortgage.
- (e) Other tenure type includes being occupied rent-free, being occupied under a lifetime tenure scheme, and other tenure type not elsewhere described.
- (f) Total excludes tenure type not stated. Components may not add to total owing to rounding.

Between 2001 and 2011, across most household reference age groups there was an increase in the proportion of dwellings that are rented (exceptions being where the household reference person was 15-24 years and 65 years and over).

There was a decrease in home ownership between 2001 and 2011 (that is, the proportion of dwellings owned outright and owned with a mortgage) across most age groups, with the exception of those with the reference person aged 15–24 years and those 65 years and over. Home ownership for those aged 15–24 years increased and it remained stable for those aged 65 years and over. However, it should be noted that the increase in home ownership for those aged 15–24 years was partly owing to a decreased propensity for household formation among this age group between 2001 and 2011. More specifically, there were significantly fewer households where the

reference person was of this age (as a share of the total number of people of that age cohort) compared to a decade earlier.

The fall in home ownership was most obvious for those with a reference person aged 25–34 years (51 per cent in 2001 to 48 per cent in 2011), 35–44 years (69 per cent to 65 per cent) and 45–54 years (77 per cent to 74 per cent). As may be expected, there was a corresponding increase in renting for these age groups.

Homelessness and marginal housing

While the majority of the population is able to access adequate housing, the Census provides data to show the number of people experiencing homelessness or living in marginal housing. Between 2001 and 2011, there was an increase in both the number of people who are homeless (Table 2.12) and the number of people living in other marginal housing (Table 2.13). While a myriad of social issues underlie homelessness and the use of marginal housing, the lack of available suitable low-cost housing contributes to people living in these circumstances.

Table 2.12 Homeless persons, 2001 and 2011

Homelessness category	2001	2011
Persons in improvised dwellings, tents or sleeping out	8,946	6,813
Persons in supported accommodation for the homeless	13,420	21,258
Persons staying temporarily with other households	17,880	17,369
Persons staying in boarding houses	21,300	17,721
Persons in other temporary lodging	338	686
Persons living in 'severely' overcrowded dwellings	33,430	41,390
Total homeless persons	95,314	105,237

Source: ABS 2011 Census of Population and Housing: Estimating Homelessness, cat no. 2049.0.

Between 2001 and 2011, there was a substantial increase in the number of people in marginal housing from 68,300 to 78,342. There was also an increase in the number of people living in severely overcrowded dwellings (from 33,340 to 41,390) where the usual residents of the dwelling would need four or more additional bedrooms to accommodate them adequately. This is a particularly stark example of people who cannot access adequate housing. This is investigated in more detail in Chapter 3.

Table 2.13 Persons in other marginal housing, 2001 and 2011

	2001	2011
Persons living in other crowded dwellings	43,665	60,875
Persons who are marginally housed in caravan parks	19,465	12,963
Persons in other improvised dwellings	5,000	4,504
Total persons in other marginal housing	68,300	78,342

Source: ABS 2011 *Census of Population and Housing: Estimating Homelessness*, cat no. 2049.0.

Future work

The analysis in this chapter is a starting point for further investigation by the Council. Future reports will look in more detail at the data and analyse subsequent information released by the ABS. Of particular interest is analysis to determine whether shifts in tenure, household formation and household size differ according to household income or location (categorising areas by housing cost). This will help the Council to identify whether housing supply and affordability are impacting on household formation and housing choices.

The Council may also investigate aspects of the population's mobility. This may involve analysing the characteristics of those who have moved between the last two Censuses, and of those that have moved in the last year. These data were not available in time for inclusion in this report.

There is also interest in more detailed work around where people live and work. This is partly related to infrastructure issues (notably with transport infrastructure) that have recently been included in the Council's expanded terms of reference. Analysis of the linkage between transport infrastructure, housing choices and communications infrastructure (for example, ability to work from home) may help to improve understanding of the housing choices people make.

The Council is also interested in the interaction between internal migration, housing costs, and housing preferences.

Conclusions

The evidence presented in this chapter points to a number of areas where there have been notable changes in the housing circumstances of the Australian population over the last decade. At the most extreme end of the spectrum, there has been an increase in the number of people living in 'severely' overcrowded conditions and other marginal housing. Tenure patterns have changed, with declines in rates of owner occupancy across the population. Couple families with children and couple families without children are the groups that have experienced the largest falls in home ownership. There has also been an increase in the share of those approaching retirement age that still have a mortgage. Many of these changes are likely to have been at least partly driven by the increase in house prices over the decade, making it

harder for people to get onto the housing ladder and having to take out proportionately larger mortgages when they do.

More generally, there has been a decline in the share of people recorded as household reference persons across all ages, implying lower rates of household formation than seen previously. This reduced tendency to form households is part of a marked change and has arrested the long-term decline in average household size at a time when the demographic drivers point to it continuing. There is strong evidence of the most commonly cited example of more young adults, at least among the Australian-born population, staying in the parental home until later in life than previous generations did.

In reality, the impact of housing shortages is likely to be felt most acutely by a relatively small proportion of households in more disadvantaged circumstances, such as with homelessness and overcrowding, lower income households in which reduced opportunities for home ownership and higher rental costs impact on household formation and dwellings choices. There has been an increase in the proportion of families living in smaller dwellings than the past. These do not necessarily represent households falling 'into the housing gap', but may be attributable to the tighter housing situation leading to different housing choices than previous generations made.

Taken in isolation, there are possible reasons for all these changes in the way the Australian population lives beyond a simple housing shortage or affordability issues. Clearly, these will not have been the only drivers of change in all cases. For example, younger people may choose to live at home longer because it is more comfortable to do so than in the past given larger homes and changing social attitudes. However, the Council believes that the evidence supports the existence and impact of a shortage of housing stock, especially lower-priced homes for purchase and rent. It is certainly clear that household formation has changed and that home ownership is declining significantly across all but the aged cohort. Evidence in the Council's *Housing Supply and Affordability — Key Indicators, 2012* also showed that high housing costs relative to income are impacting on a larger proportion of the population. The evidence that circumstances have changed is incontestable.

