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HOUSING AFFORDABILITY - HOW DOES YOUR CITY RATE?

[2010 6th Edition - Demographia International Housing Affordability Survey](#)

HOUSING STRESS UNNECESSARY – ACTION REQUIRED NOW

The current situation of housing stress on home owners caused by the unaffordability of housing is unnecessary, according to the authors of the 2010 international Demographia study.

The 2010 [6th Annual Demographia International Housing Affordability Survey](#) covers 272 major urban markets, comprising 23 for Australia; 28 Canada; 5 Ireland; 8 New Zealand; 33 United Kingdom and 175 for the United States.

Study authors Hugh Pavletich and Wendell Cox say urgent action is required to restore housing to affordable levels, so that households are not required to pay in excess of three times their annual income to purchase a house with a mortgage not exceeding approximately 2.5 times their annual household income.

According to this survey, the only affordable markets are in the United States (98) and Canada (5).

For housing to be deemed affordable, it must not exceed three times annual household income. Affordable markets are 3 times household annual income or under; moderately unaffordable 4 times and under; seriously unaffordable 5 times and under and severely unaffordable 5.1 times and above.

Demographia Housing Affordability Rating Categories	
Rating	Median Multiple
Severely Unaffordable	5.1 & Over
Seriously Unaffordable	4.1 to 5.0
Moderately Unaffordable	3.1 to 4.0
Affordable	3.0 or Less

There are no affordable housing markets in Australia, Ireland, New Zealand or the United Kingdom.

The Preface to this year's *Demographia Survey* has been contributed by Dr Tony Recsei, President of the New South Wales, Australia, community organization, [Save Our Suburbs \(SOS\)](#). Dr Recsei, an environmental consultant, explains the severity of the current housing crisis in Australia and corrects many of the "environmental myths" associated with urban housing markets.

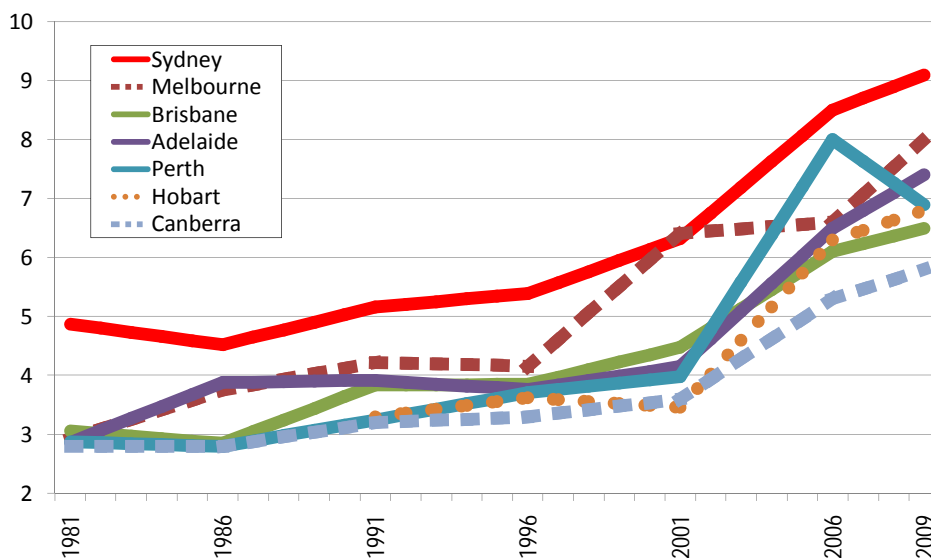
A particular focus of this year's *Demographia Survey* is to clearly illustrate the real mortgage stress – by comparing the affordable housing markets of Atlanta and Dallas Fort Worth in the United States, with the severely unaffordable urban markets of Sydney and Melbourne, Australia.

The differences are substantial. The *Demographia Survey* states –

“In Sydney, the monthly mortgage payment on a new median priced house would be nearly \$3,000 and more than \$2,500 in Melbourne. By comparison, in Dallas Fort Worth, the monthly mortgage payment on a new median priced house would be under \$800 and in Atlanta \$700.”

The situation for the major urban markets in Australia is illustrated below –

Housing Affordability Trend: Australia MARKETS: 1981-2009



The 2010 6th Edition *Demographia International Housing Affordability Survey* concludes by suggesting urgent action is required at the local level by –

- (1) establishing sound and simple performance measures
- (2) appropriately financing infrastructure, and
- (3) allowing sufficient inexpensive urban fringe land on which to construct affordable housing.

“The problems and solutions are obvious. It is now past time for real action,” Pavletich says. Australia, New Zealand and the United Kingdom have no moderately unaffordable major urban housing markets, while Canada has 13 and the United States 58.

There is only 1 seriously unaffordable market in Australia, 5 in Canada, 2 in Ireland, 3 in New Zealand, 14 in the United Kingdom and 8 within the United States.

Australia has the most severely unaffordable markets with 22, followed by the United Kingdom 19, the United States 11, New Zealand 5 and Canada 5. There are no severely unaffordable markets in Ireland.

The mid-point Median Multiple (house price divided by annual household income) for the 6 countries surveyed is the United States 2.9; Canada and Ireland 3.7; the United Kingdom 5.1; New Zealand 5.7 and Australia with the most stressed housing markets at 6.8 times annual household earnings.

Download a free copy of the [2010 6th Edition - Demographia International Housing Affordability Survey](#)

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