

## 2013 realestate.com.au Housing Affordability Sentiment Index findings

### NATIONAL HASI RESULTS

Research from Australia's No. 1 property site realestate.com.au<sup>1</sup> has found it's not all doom and gloom when it comes to Australia's outlook on housing affordability.

The annual realestate.com.au Housing Affordability Sentiment Index (HASI) has shown the perception of affordability has improved across the country with this year's HASI revealing all states and generations have experienced an increase in their sentiment towards the cost of housing. The increase in positivity has been driven by an easing of household expenses and debt combined with increasing household savings.

- At a national level, sentiment towards housing affordability had increased year-on-year with a HASI score of **4.5, up +0.1 from 2012**
- The national outlook was also positive, with Australians on average expecting their financial position to remain stable with a **mean rating of 5.0, up significantly +0.2 from 2012**
- On average, respondents' household incomes had remained stable with a **mean rating of 5.0**
- The cost of living continues to increase, but has eased since 2012 with **44 per cent** of respondents reporting a significant increase in household bills and expenses, **down 4 per cent from 2012**

Australians continue to aspire to property ownership:

- **71 per cent** of respondents owned a property
- Of those that owned a property with a mortgage, **55 per cent** allocated more than a fifth of their household income to pay it off
- **15 per cent** of respondents were in the market to buy a property and **4 per cent** were in the market to build
- Of those in the market to buy or build, **more than half** were willing to sacrifice or reduce spend on recreational vehicles (**66 per cent**), luxury items (**73 per cent**), car upgrades (**63 per cent**), overseas holidays, clothing and entertainment to attain their dream
- Of those in the market to buy or build, **46 per cent (up + 4 per cent)** were willing to increase their current level of debt by more than 10 per cent to attain their dream
- Very few (a third or less) were **willing to sacrifice property features**, with the exception of a pool
- **57 per cent (up +5 per cent)** were willing to buy/build **more than 10 kms outside of their ideal location**
- 23 per cent would consider buying with a **friend or family member**

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<sup>1</sup> Nielsen Online Ratings, Domestic Audience, June 2013. Nielsen Online, Market Intelligence, Total Traffic, June 2013.

## **GENERATION SUMMARY**

### **Gen Y (born 1981 to 1993)**

Gen Y is feeling increasingly optimistic about their financial future and foray into the property market:

- HASI of 4.8, up +0.2 from 2012
- On average more positive than the national position
- Almost half expected their financial position to improve in the six months following the survey (at 45 per cent, compared to a national result of 31 per cent)
- 29 per cent expected housing affordability to improve in the six months following the survey (up +7 per cent from 2012)
- 14 per cent owned both their own home and an investment property (up +6 per cent from 2012)
- 24 per cent of those in the property market reported the current economic conditions had increased their likelihood of buying/building (up +12 per cent from 2012)

### **Gen X (born 1966 to 1980)**

- Consistent with 2012, the HASI for Gen X was 4.6 – slightly higher than the national result
- On average, Gen X's household income and savings had notably declined compared to 2012
- Reductions in income and savings were counteracted by an easing of household expenses and debt
- 38 per cent believed their financial positions would improve in the next six months (up +3 per cent from the same time in 2012)

### **Baby Boomers (born 1946 to 1965)**

Baby Boomers showed an increase in confidence about their financial futures:

- The HASI for Baby Boomers was slightly higher than in 2012 at 4.4 (up +0.1)
- Over half reported that their financial position had either improved or stabilised in the six months prior to the survey (at 54 per cent, up +6 per cent from 2012) and 69 per cent believed this would continue in the following six months (up +4 per cent from 2012)
- Over a quarter reported an increase in their household income (at 28 per cent, up +4 per cent from 2012) and 21 per cent reported an increase in their savings (up +5 per cent)
- 77 per cent owned at least one residential property (up +4 per cent from 2012)

### **Silent Generation (born 1926 to 1945)**

- The HASI for the Silent Generation was 4.5 (up notably +0.3), and is now on par with the national result
- Around a third (30 per cent) believed housing affordability had improved and would continue to do so (up +4 per cent and +8 per cent from 2012)
- The Silent Generation's experiences and expectations of their financial position has notably improved since 2012, as had their outlook on housing affordability
- The improvement in the financial position of the Silent Generation was driven by a significant improvement in their household savings, and easing household expenses and debt (down -0.3)
- Six out of 10 members of the Silent Generation reported their household savings had improved or remained stable

## STATE SUMMARY

### ACT

- The HASI for the ACT is 4.6 (up +0.1 from 2012), marginally higher than the nation result
- ACT residents were notably more positive regarding their outlook for the next six months, with 41 per cent believing their financial position would improve (up +5 per cent from 2012)
- 55 per cent of ACT residents believed housing affordability would either improve or remain stable (up +8 per cent from 2012)

### NEW SOUTH WALES

- Overall the HASI for NSW was 4.4 (up +0.1 from 2012), marginally lower than the national result
- The positive shift in the NSW HASI was driven by an improvement in residents' outlooks regarding their own financial position and housing affordability
- Two out of three NSW residents believed their **financial position** would either improve or remain the same over the next six months (at 67 per cent, up +8 per cent from 2012)
- Around one in four (26 per cent) believed that **housing affordability** would improve (up +8 per cent)
- One in four NSW residents had experienced a decline in **household income** over the last six months (at 25 per cent, up +8 per cent from 2012)

### NORTHERN TERRITORY

- Those living in the Northern Territory had an overall HASI rating of 4.6, up significantly by +0.6 from 2012, putting the NT slightly above the national HASI average of 4.5
- Four out of ten NT residents reported that their **financial position** had improved over the last six months (at 43 per cent, up +11 per cent from 2012), 54 per cent believed it would continue to over the next six months (up +19 per cent)
- Around one in five believed housing affordability would also improve (at 22 per cent, up +10 per cent)
- Around four out of 10 NT residents had experienced an increase in their household income (at 42 per cent, up +8 per cent from 2012), 34 per cent had increased their savings (up +11 per cent) and 41 per cent had decreased their debt (up +24 per cent)

### QUEENSLAND

- Queenslanders are again the most positive in the country when it comes to housing affordability, with a HASI rating of 4.7 (consistent with the 2012 HASI results)
- The outlook of QLD residents had notably improved with 37 per cent believing their **financial position** would improve (up +6 per cent from 2012) and 28 per cent believing **housing affordability** would improve (up +7 per cent)

### SOUTH AUSTRALIA

- Overall the sentiment towards housing affordability in South Australia was in line with the national average at 4.5 on the HASI index (up +0.2 from 2012)
- SA residents' financial position had improved as a result of slight improvements in their household savings and debt positions, and the abating of rising household bills and expenses

- Around a quarter of SA residents reported that their **financial position** had improved over the last six months (at 26 per cent, up +7 per cent from 2012). Furthermore, they were significantly more likely to believe their position would stabilise over the next six months (at 44 per cent, up +10 per cent)
- More than half of the SA residents had improved or stabilised their **savings position** (at 55 per cent, up +6 per cent from 2012) and 65 per cent their **debt position** (up +10 per cent).

## TASMANIA

- The overall HASI in Tasmania is 4.5, stable in comparison with 2012
- Although the net financial position of TAS residents remained stable, their income had increased on average and the pressures of household bills and expenses slightly eased
- More than a quarter of Tasmanian households had experienced an increase in **income** (at 27 per cent, up +7 per cent)
- Consistent with 2012, around half of the TAS residents reported a deterioration in their **financial position** and **housing affordability** (at 52 per cent and 50 per cent respectively)

## VICTORIA

- Overall the HASI for Victoria was 4.5 (up +0.1 from 2012)
- On average, Victorian residents reported improvements across each area of their financial position, with a notable increase in household income and savings, easing pressure from bills and expenses, and a significant decrease in household debt
- Around one quarter of Victorian residents reported an improvement in their **financial position** (at 27 per cent, up +9 per cent from 2012) and 28 per cent expected this trend to continue (up +3 per cent)
- Around a third of Victorian households had experienced an increase in **income** (at 32 per cent, up +6 per cent from 2012), with both **expenses** and **debt** abating (with 81 per cent and 35 per cent reporting increases respectively, down -4 per cent and -10 per cent)

## WESTERN AUSTRALIA

- The HASI for Western Australia was 4.4 (up +0.1 from 2012), slightly lower than the national result
- On average, West Australians experiences of and outlook on their financial position both notably improved over the last year
- Their experiences of housing affordability remained stable, however there was a slight improvement in their outlook
- Around a quarter of WA residents reported an improvement in their **financial position** (at 27 per cent, up +3 per cent from 2012) with 32 per cent expecting this trend to continue (up +3 per cent)
- A quarter of WA households had experienced an increase in **savings** (at 25 per cent, up +5 per cent from 2012) and rising **bills and expenses** had slightly abated (at 79 per cent, down -7 per cent)

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**Notes to editors**

- HASI tests Australians' sentiment towards housing affordability by measuring four key areas which impacts attitudes towards the property market:
  - Experience of financial position
  - Experience of affordability
  - Outlook on financial position
  - Outlook on affordability

The mean (or average) ratings across these areas were used to calculate the index.

- The index is based on a national survey of 2,400 online panel members.
- A minimum quota of 300 participants in each state was enforced with the exception of the NT and throughout fieldwork the age and sex of respondents were monitored to ensure that a representative sample was achieved. Results were weighted by state to be representative of the Australian population.
- The Housing Affordability Sentiment Index (HASI) was conducted by independent research company, Research Ink, on behalf of realestate.com.au.
- Generation Y (born 1981 to 1987), Generation X (born 1966 to 1980), Baby Boomers (born 1946 to 1965), Silent Generation (born 1926 to 1945).

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