

MEDIA RELEASE



(For immediate release)

18 July 2007

Dallas Fort Worth / Sydney New Fringe Starter Housing Cost Comparison

“Land Supply is the Issue” - Demographia

The [3rd Annual Demographia International Housing Affordability Survey](#) released January of the 159 major urban markets of the United Kingdom, Ireland, Canada, United States, Australia and New Zealand, found that Sydney households require 8.5 times their annual household income to house themselves. The Dallas-Fort Worth households only require 2.7 times their annual household incomes.

Thus, a Sydney households pays more than three times as much for housing, relative to its income as a Dallas-Fort Worth resident. This equates to a total additional cost, including mortgage interest of more than \$800,000 for a Sydney household.

Demographia’s research illustrates that the reason some urban markets are experiencing housing stress, is because affordable housing is not being built on the fringes.

This is best illustrated in comparing the prices of new starter homes on the fringes of Sydney, NSW, Australia and Dallas Fort Worth, Texas, USA, where Demographia (see research below) has found that new detached starter house and land packages are affordable in Dallas Fort Worth, where land supply is not constrained.

New starter “house and land packages” are provided at less than \$A700 per square meter of living space on the fringes of Dallas Fort Worth according to a survey by Demographia. On the fringes of Sydney, house and land packages combined are likely to cost \$A2,500 per square meter. For a 200 square meter starter home in Dallas Fort Worth, the price is likely to be in the order of \$A160,000 (\$US140,000) – in Sydney \$A500,000.

House construction costs are similar between the two cities. The important differences are land costs, infrastructure fees and taxes.

“This clearly shows that the problems are ‘structural’ - in that all the problems stem from insufficient land supply’ said Hugh Pavletich, co author of the annual Demographia Survey and associated research. He added “If you get the land wrong – everything else is wrong”.

Insufficient supply inflates land prices unnecessarily, which in turn attracts excessive charges and taxes and degrades the pricing performance of the construction industry according to the findings of the Demographia research.

Wendell Cox, the Principal of Demographia said “Reputable international research is clear about what the causes of unnecessary housing inflation. Governments need to urgently open up new land supply”.

ENDS.

520 words approximately.

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Notes to Media and Researchers

(1) While this research is focused on Dallas Fort Worth and Sydney – the same comparisons can be made between house and land costs on the fringe of other urban markets to the prices being paid on the fringes of Dallas Fort Worth. The Dallas-Fort Worth Market Profile (which follows) includes a comparison between the large Australian capital cities and the Dallas-Fort Worth, showing both the actual costs and the costs if housing were as affordable as in Dallas-Fort Worth.

(2) Local officials and planners should be asked - what steps they are taking to restore housing affordability in the local area – so that fringe new detached starter housing costs, including land, are in the range of \$800 to \$900 per square meter.

(3) For information, a Demographia Economic and Transport comparison of Sydney and Dallas is also attached.

DALLAS-FORT WORTH MARKET PROFILE

URBAN FRINGE STARTER HOUSE & LAND PRICES

July 2007

EXAMPLES

Case #	Living Space Floor Area: Square Meters	Advertised Base Cost: House and Land: A\$	House & Land Price per Square Meter of Living Space: A\$	Exhibit Total Price in \$US
1	189	\$163,000	\$862	\$142,000
2	252	\$192,000	\$763	\$167,000
3	258	\$177,000	\$685	\$154,000
4	194	\$153,000	\$789	\$133,000
5	239	\$168,000	\$704	\$146,000
6	161	\$150,000	\$934	\$131,000
7	116	\$129,000	\$1,111	\$112,000
8	225	\$168,000	\$746	\$146,000
9	208	\$170,000	\$816	\$148,000
10	322	\$237,000	\$736	\$206,000
11	203	\$172,000	\$846	\$150,000
12	202	\$178,000	\$881	\$154,000
13	219	\$173,000	\$791	\$151,000
Average	214	\$172,000	\$802	\$149,000
Example	200	\$160,000	\$802	\$139,000

INTERNET LINKS TO EXAMPLES

Case #	Internet Link
1	http://www.antareshomes.com/plans.aspx?MediaType=Photo&CommunityID=15&HomePlanID=62&MediaID=781
2	http://www.antareshomes.com/plans.aspx?MediaType=Photo&CommunityID=15&HomePlanID=145&MediaID=886
3	http://www.antareshomes.com/plans.aspx?MediaType=Photo&CommunityID=2&HomePlanID=69&MediaID=808
4	http://www.centexhomes.com/Dallas/382159_Plan.html
5	http://www.centexhomes.com/Dallas/329870_Plan.html
6	http://www.antareshomes.com/plans.aspx?MediaType=Photo&CommunityID=11&HomePlanID=110&MediaID=686
7	http://www.antareshomes.com/plans.aspx?MediaType=Photo&CommunityID=15&HomePlanID=106&MediaID=751
8	http://www.antareshomes.com/plans.aspx?MediaType=Photo&CommunityID=2&HomePlanID=67&MediaID=790
9	http://www.antareshomes.com/plans.aspx?MediaType=Photo&CommunityID=15&HomePlanID=65&MediaID=787
10	http://www.antareshomes.com/plans.aspx?MediaType=Photo&CommunityID=18&HomePlanID=161&MediaID=864
11	http://www.colonnadehomesdfw.com/metros/fort-worth/ashwood-park/plans/2184aw-classique-series_1182535828/
12	http://www.morrisonhomes.com/Pages/FindingHome/Community.aspx?CommunityID=542 <CLICK Aleasha>
13	http://www.colonnadehomesdfw.com/metros/fort-worth/hunters-field/plans/2355hf_1182536720/

COMPARISON TO AUSTRALIA HOUSE PRICES (A\$)

City	Median House Price: 2006:3rd Quarter	Median House Price: If at Dallas Fort-Worth Median Multiple (2.7)	Difference	Difference Including Higher Mortgage Payments
Adelaide	\$285,000	\$118,000	\$167,000	\$382,000
Brisbane	\$330,000	\$146,000	\$184,000	\$422,000
Melbourne	\$377,000	\$154,000	\$223,000	\$511,000
Perth	\$430,000	\$145,000	\$285,000	\$653,000
Sydney	\$520,300	\$165,000	\$355,300	\$815,000

Median Multiple: Median House Price divided by Median Household Income

Mortgage assumption: 25 year amortization at 7.5%

3rd Annual Demographia International Housing Affordability Survey

<http://www.demographia.com/dhi-ix2005q3.pdf>

Demographia

<http://www.demographia.com/>

Demographic, Economic & Transport Comparison Sydney & Dallas-Fort Worth

Factor	Sydney	Dallas-Fort Worth	Dallas-Fort Worth Compared to Sydney
POPULATION & TRENDS			
Population: 2006	4,293,000	6,360,000	48%
Population: 2000	4,069,000	5,525,000	36%
Population: 1990	3,644,000	4,138,000	14%
Population: 1980	3,167,000	3,133,000	-1%
Growth From 2000	224,000	835,000	273%
Percentage Growth	5.5%	15.1%	175%
Growth from 1980	1,126,000	3,227,000	187%
Percentage Growth	35.6%	103.0%	190%
ECONOMY: US\$ 2002 Purchasing Power Parity Based			
GDP/Capita (OECD): US\$	\$35,000	\$50,100	43%
GDP/Capita (OECD): A\$	\$40,200	\$57,600	43%
Estimated Total (OECD Population Base): US\$	\$147,000,000,000	\$286,000,000,000	94%
Estimated Total: A\$	\$169,000,000,000	\$328,000,000,000	94%
HOUSING AFFORDABILITY: Exchange Rate Based (2006: 3rd Quarter)			
Median House Price	\$520,300	\$173,900	-67%
Median Household Income	\$61,200	\$64,600	6%
Median Multiple: Median House Price/Median Income	8.5	2.7	-68%
URBAN FORM			
Urban Agglomeration Land Area (Square KM)	1,700	4,000	135%
Urban Agglomeration Density (Population per Square KM)	2,100	1,100	-48%
CBD Employment	275,000	80,000	-71%
Share of Metropolitan Employment (2001/2000)	15%	3%	-79%
URBAN TRAVEL & CONGESTION			
Density of Traffic (Million KM/Square KM): Annual	20.4	18.3	-10%
Average Roadway Speed (KPH)	27	62	130%
Daily Travel Minutes per Capita	79	46	-42%
WORK TRIP TRAVEL TIME: AVERAGE ONE WAY (Minutes)			
Core	28.7	25.3	-12%
Inner Suburbs	33.5	26.1	-22%
Outer Suburbs	35.4	28.7	-19%
Metropolitan Area	32.2	26.5	-18%

NOTES

Population data from ABS & US Bureau of the Census

GDP/Capita from the Organization for Economic Cooperation and Development

Housing Affordability data from the 3rd Demographia International Housing Affordability Survey

Urban form information calculated from ABS & US Bureau of the Census data.

CBD employment estimated from NSW Dept. of Planning & US Bureau of the Census data.

Urban travel data calculated or estimated from NSW Dept of Planning, US Bureau of the Census & North Central Texas Council of Governments data.

<http://www.demographia.com/db-syd-dfw.pdf>

Demographia

<http://www.demographia.com>