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## MEDIA RELEASE

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### 10th ANNUAL DEMOGRAPHIA INTERNATIONAL HOUSING AFFORDABILITY SURVEY

HOW DOES YOUR CITY RATE ?

360 URBAN MARKETS  
OF  
AUSTRALIA \* CANADA  
HONG KONG-CHINA \* IRELAND  
JAPAN \* NEW ZEALAND  
SINGAPORE \* UNITED KINGDOM  
UNITED STATES

#### ***The 2014 10<sup>th</sup> Annual Edition ...***

The [2014 10th Annual Demographia International Housing Affordability Survey](#) covers the expanded 360 urban markets of Australia (39); Canada (35); China SAR Hong Kong (1); Ireland (5); Japan (2); New Zealand (8); Singapore (1); United Kingdom (33) and the United States (236).

The *Annual Demographia International Housing Affordability Survey* rates housing affordability , based on the Median Multiple – that is, the median house price divided by the gross annual median household income of specific urban markets, for the 3<sup>rd</sup> Quarter of the previous year.

The “median multiple” is a robust measure – essential for the basic understanding of the structural health (or otherwise) of a specific urban markets.

If housing exceeds 3.0 times annual household incomes (requiring mortgage loads of about 2.5 times), it illustrates that there are serious political impediments that need to be addressed, with respect to land supply and infrastructure planning, provisioning and financing.

The fringes of an urban market are the only effective and sufficiently responsive supply and inflation “vents”.

Normal healthy urban markets, where housing is at or below 3.0 times annual household incomes are rated “affordable”; 4.0 times and below “moderately unaffordable”; 5.0 times and below “seriously unaffordable” and above 5.0 “severely unaffordable”.

The results for all 360 urban markets covered within this year’s *Survey* are as follows ...

Table ES-3 Housing Affordability Ratings by Nation: All Markets						
Nation	Affordable (3.0 & Under)	Moderately Unaffordable (3.1-4.0)	Seriously Unaffordable (4.1-5.0)	Severely Unaffordable (5.1 & Over)	Total	Median Market
Australia	0	0	14	25	39	5.5
Canada	7	17	6	5	35	3.9
China SAR (Hong Kong)	0	0	0	1	1	14.9
Ireland	4	1	0	0	5	2.8
Japan	0	1	1	0	2	4.0
New Zealand	0	0	2	6	8	5.5
Singapore	0	0	0	1	1	5.1
United Kingdom	0	3	15	15	33	4.9
United States	84	100	29	23	236	3.4
<b>TOTAL</b>	<b>95</b>	<b>122</b>	<b>67</b>	<b>76</b>	<b>360</b>	<b>3.7</b>

The results of the 85 major urban markets (with populations in excess of 1,000,000) of the geographies covered are as follows ...

Table ES-2 Housing Affordability Ratings by Nation: Major Markets (Over 1,000,000 Population)						
Nation	Affordable (3.0 & Under)	Moderately Unaffordable (3.1-4.0)	Seriously Unaffordable (4.1-5.0)	Severely Unaffordable (5.1 & Over)	Total	Median Market
Australia	0	0	0	5	5	6.3
Canada	0	2	2	2	6	4.5
China SAR	0	0	0	1	1	14.9
Ireland	0	1	0	0	1	3.7
Japan	0	1	1	0	2	4.0
New Zealand	0	0	0	1	1	8.0
Singapore	0	0	0	1	1	5.1
United Kingdom	0	1	9	6	16	4.7
United States	14	24	6	8	52	3.5
<b>TOTAL</b>	<b>14</b>	<b>29</b>	<b>18</b>	<b>24</b>	<b>85</b>	<b>4.0</b>

The Survey Schedules provide detailed specific gross annual household incomes, median house prices – and from that the Median Multiples.

***Alain Bertaud, researcher and former Principal Planner – World Bank contributes the introduction ...***

The Introduction to this year's Survey is Alain Bertaud, Research Scholar, Stern School of Business, New York University and former Principal Urban Planner – World Bank. Mr. Bertaud has vast grounded experience internationally within the urban planning field.

Alain Bertaud makes it clear within this year's Survey, why urban planning needs to change ... excerpts ...

*“Are planners in the worst performing cities paying any attention?”*

*“And are they drawing any conclusions on how to improve the situation?”*

*“Or do local governments conclude that the best way to increase the supply of affordable housing is to impose new regulations that will mandate developers to build housing units at prices, standards, and in locations selected by the government?”*

*“The last approach, under the name of inclusionary zoning is unfortunately the most common response, as recently seen, for instance, in New York and Mexico City.”*

*“Urban planners have been inventing all sorts of abstractly worded objectives to justify their plans for our future cities – smart growth, livability, sustainability, are among the most recent fads.”*

*“There is nothing wrong, of course, for a city to try to be smart, liveable, or sustainable.”*

*“But for some reasons these vague and benign sounding objectives usually become a proxy for imposing planning regulations that severely limit the supply of buildable land and the number of housing units built, resulting in ever higher housing prices.”*

*“In the name of smart growth or sustainability, planners decide that densities should be lower in some places and higher in others.”*

*“Population densities are not a design parameter whose value depends on the whim of planners but are consumption indicators which are set by markets.”*

*“Even the Communist Party of China recently declared that resource allocation is best achieved through*

*markets; why can't urban planners in so-called market economies reach the same conclusions and let markets decide how much land and floor space households and firms will consume in different locations?”*

*“It is time for planners to abandon abstract objectives and to focus their efforts on two measurable outcomes that have always mattered since the growth of large cities during the 19th century’s industrial revolution: workers’ spatial mobility and housing affordability.”*

*“As a city develops, nothing is more important than maintaining mobility and housing affordability.”*

*“Mobility takes two forms: first, the ability to travel in less than an hour from one part of a city to another; and second, the ability to trade dwellings easily with low transactions costs.”*

*“Housing mobility allows households to move to the location that best maximize their welfare.”*

*“Affordability is the ability for any urban household to be able to rent a dwelling for less than a 25% of its monthly income, or to buy one for less than about three times its yearly income.”*

*“The mobility and affordability objectives are tightly related.”*

*“A residential location that only allows access to only a small segment of the job market in less than an hour commuting time has not much value to households, even if it is theoretically affordable.”*

### ***Highlights from earlier Survey Contributors ... and messages from the Survey Authors ...***

Within the Introductory Section of this year's *Survey* are important statements by the Contributors to earlier *Surveys* – New Zealand Deputy Prime Minister Bill English (9<sup>th</sup> Edition 2013); Dr Robert Bruegmann, University of Illinois at Chicago (8<sup>th</sup> Edition 2012); Joel Kotkin, Chapman University, California (7<sup>th</sup> Edition 2011); Dr Tony Recsei, Save Our Suburbs, Sydney, Australia (6<sup>th</sup> Edition 2010); Dr Shlomo, New York University (5<sup>th</sup> Edition 2009) and Dr Donald Brash, former Governor of the Reserve Bank of New Zealand (4<sup>th</sup> Edition 2008).

Access to the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> *Annual Surveys*, with the first *Survey* early 2005, are also included.

This 10<sup>th</sup> Edition is an important milestone in the evolution of the *Annual Demographia International Housing Affordability Survey*.

The authors, Wendell Cox of Demographia, St Louis, Missouri-Illinois, United States and Hugh Pavletich of Performance Urban Planning, Christchurch, New Zealand have incorporated short messages within the Introductory Section as well.

Hugh Pavletich and Wendell Cox express their sincere gratitude to the *Survey Contributors*, fellow researchers and advocates around the world – and most importantly - caring people in their local communities, actively working to restore housing affordability.

***For further information ...***

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