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## MEDIA RELEASE

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### 8th ANNUAL DEMOGRAPHIA INTERNATIONAL HOUSING AFFORDABILITY SURVEY

(access hyperlink above)

325 URBAN MARKETS  
OF  
UNITED STATES – UNITED KINGDOM  
CANADA – AUSTRALIA  
IRELAND – NEW ZEALAND  
HONG KONG (CHINA)

### HOW DOES YOUR CITY RATE?

#### ***The 2012 8<sup>th</sup> Annual Edition.....***

The [2012 8th Annual Demographia International Housing Affordability Survey](#) covers the 325 urban markets of the United States (211); United Kingdom (33); Canada (35); Australia (32); New Zealand (8); Ireland (5) and Hong Kong in China (1).

The *Annual Demographia International Housing Affordability Survey's* rate 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 market.

If housing prices exceeds 3.0 times annual household income (Median Multiple), it illustrates that there are serious political impediments that need to be addressed, to

the normal supply of new housing on the fringes of the specific distressed urban markets.

The fringes of an urban market are the only effectively responsive supply or inflation vent.

If normal supply is not allowed due to political interference, artificial scarcity pricing ensues, causing housing bubbles to erupt – and then collapse – creating unnecessary social and economic hardship and disruption.

In future years, the *Demographia International Housing Affordability Survey* will be expanded to other countries and urban markets, as more robust data becomes available.

Normal healthy urban markets, where housing is at or below 3.0 times 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”.

Within this year’s *Survey*, the ratings categories for the countries surveyed 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	National Median
Australia	0	0	7	25	32	5.6
Canada	9	19	1	6	35	3.5
China (Hong Kong)	0	0	0	1	1	12.6
Ireland	2	3	0	0	5	3.3
New Zealand	0	0	3	5	8	5.2
United Kingdom	0	1	12	20	33	5.1
United States	117	64	16	14	211	3.0
TOTAL	128	87	39	71	325	

And too, within this year’s *Survey*, there are 81 major urban markets (1,000,000 plus population) and their ratings 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	National Median
Australia	0	0	0	5	5	6.7
Canada	0	3	0	3	6	4.5
China (Hong Kong)	0	0	0	1	1	12.6
Ireland	0	1	0	0	1	3.4
New Zealand	0	0	0	1	1	6.4
United Kingdom	0	0	8	8	16	5.0
United States	24	16	5	6	51	3.1
TOTAL	24	20	13	24	81	

The *Survey Schedules* provide detail of specific urban markets gross annual median household income, median house prices – and from this, the important Median Multiples.

While Hong Kong is the most severely unaffordable housing at a staggering 12.6 Median Multiple (the highest ever recorded within the history of the *Surveys*) – Australia with its abundant land supply has the most pervasive housing affordability problem (5.6 MM); followed by New Zealand with a small population of just 4.4 million (5.2 MM); the United Kingdom (5.1 MM); Canada (3.5 MM); Ireland with its housing bubble collapsing (3.4 MM) while the United States overall is affordable (3.0 MM).

Large swathes of middle North America did not experience urban governance and planning failure and unnecessary housing bubbles through this past decade. They remained throughout, healthy and normal housing markets (other than some within the “rust belt”).

Normal healthy urban markets through the building cycle, should oscillate within the 2.0 to 3.0 Median Multiple range. Generally (unless there is serious over production of new stock, such as the open market of Atlanta), it indicates a distressed urban market experience severe economic adversity, if it falls below the 2.0 Median Multiple.

### ***Introduction 8<sup>th</sup> Edition: Professor Robert Bruegmann.....***

The Introduction to this year’s *Survey* is contributed by [Robert \(Bob\) Bruegmann PhD](#), Professor Emeritus of Art History, Architecture and Urban Planning, University of Illinois at Chicago and author of the widely acclaimed [Sprawl: A Compact History](#) and numerous other works.

Professor Bruegmann commences his Introduction.....

*Nothing in the world today affects citizens more directly than the home in which they live. And when it comes to housing no piece of recent research opens more interesting avenues of investigation than the Demographia International Housing Affordability Survey.*

Professor Bruegmann then explains the nature of the political and social tensions that impede the provision of affordable housing - further stating.....

*Given the fundamental importance of housing in all societies, it is remarkable how little we know about the results of housing policies in various parts of the world. In my own field of architectural and urban history, for example, even if you were to ask some of the greatest experts to compare what an average house or apartment unit in any two given cities looked like at some date in the past or even the present, what it would cost to buy and to operate and what regulations would affect them it is very unlikely the individual would have more than rudimentary hunches.*

*Historians can tell you in great detail about the palaces, townhouses and country estates of the powerful and wealthy, then and now, and at some of the efforts at reform housing by the government or charitable organisations, but at least until recently, the lack of information about how and where ordinary individual’s live has been remarkable.*

Professor Bruegmann explains why this has occurred – then suggests questions that need to be asked, adding.....

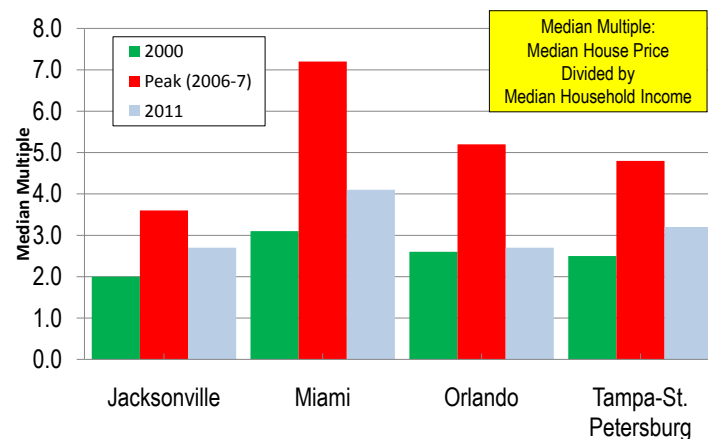
*It was against this backdrop that the appearance, for 2005, of the first international housing affordability survey by Wendell Cox and Hugh Pavletich (a Christchurch, New Zealand based retired commercial property developer and former industry leader who runs the [Performance Urban Planning](#) website – Editor) was such a revelation. It provided some of the most reliable information ever compiled for those who wished to compare nations around the world with quite different housing policies. Cox and Pavletich had their own point of view. It is fair to say that both of them tend to favour market solutions to many of the most difficult questions about housing, and how it is allocated and regulated, but their compilation of data, like the data found on Cox's [demographia.com](#) website generally, can stand on its own as one of the most impressive and reliable collections of comparative urban statistics to be found anywhere.*

Bruegmann continues - explaining how “Smart Growth” type policies triggering the recent housing bubbles, were the primary motivation by the authors in getting these *Annual Survey's* underway and that growing numbers of people agree with the *Survey* findings. And too - that the often “well meaning” policies that created these problems, need to be reconsidered.

### ***Florida leads the way.....***

During 2011, following the collapse of its massive housing bubble where prices inflated to double the norm, Florida [repealed its "growth management" law](#) . This has been an important initiative by [Florida Governor Rick Scott](#) . Florida has a [population in excess of 19,000,000](#) . Florida's population growth is now restored and it is currently the second highest of the States within the United States.

**Florida Housing Affordability: 2000-2011**  
MAJOR METROPOLITAN AREAS: MEDIAN MULTIPLE



## ***There is no mystery about affordable housing.....***

Based on the international evidence, *Demographia International Housing Affordability Survey* co-author [Hugh Pavletich](#) of [Performance Urban Planning](#) , provides the following definition of an affordable housing market –

*For metropolitan areas to rate as “affordable” and ensure that housing bubbles are not triggered, housing prices should not exceed 3.0 times gross annual household incomes. To allow this to occur, new starter housing of an acceptable quality to the purchaser’s, with associated commercial and industrial development, must be allowed to be provided on the urban fringes at 2.5 times the gross annual median household income of that urban market (refer Demographia Housing Survey Schedules for guidance on specific urban markets).*

*The fringes are the only sufficiently responsive supply or inflation vent.*

*The critically important Development Ratio’s for new fringe starter housing, should be 17 – 23% serviced lot / section cost- the balance the actual housing construction.*

## ***Christchurch earthquakes – the costs of poor governance.....***

Survey co author Hugh Pavletich resides in [Christchurch](#), a small urban market with a population of approximately 370,000 people on the South Island of New Zealand. Since the first earthquake event September 4, 2010 (near some 17 months ago), Christchurch has experienced [over 9,500 aftershocks](#).

As this year’s *Survey* illustrates, this small urban market is “severely unaffordable” at 6.3 Median Multiple (in contrast New Orleans where “[Hurricane Katrina](#)” struck August 2005, is 3.3 Median Multiple). Christchurch was already “on its knees” in development / construction terms at the time of the first earthquake event, due to a seriously dysfunctional Local Authority that in deliberately withholding fringe land supply, allowed a housing bubble to get underway in 2002.

Because Christchurch NZ land prices are artificially grossly inflated, the small urban market is still unable to get a recovery underway. Pavletich has written extensively on this serious issue – most recently [Christchurch Earthquake Recovery: The Political Circus](#).

The “sorry situation” of Christchurch, clearly illustrates the huge and unnecessary risks and costs urban markets have to endure, when urban governance and planning fails and housing becomes severely unaffordable. Citizens have tired of the bureaucratic “top down” approach and a dysfunctional Local Authority, where there is now [growing citizens concern](#) being expressed.

Policymakers, researchers and media internationally, need to research the Christchurch situation, with urgency, to ensure other urban markets going forward, have the resilience, flexibility and affordable housing, so that they better cope with adversity.

ENDS

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