

IPA MEDIA RELEASE

Institute of Public Affairs | Australia's leading free market think tank
Level 2, 410 Collins St. Melbourne ph: 03 9600 4744 ipa@ipa.org.au www.ipa.org.au

TUESDAY, 5 AUGUST 2008

SYDNEY NOW HAS WORLD'S MOST UNAFFORDABLE HOUSING - NEW RESEARCH

Sydney now has the world's most unaffordable housing.

According to new research by the free market think tank the Institute of Public Affairs (IPA), the fall of house prices in the United States has left Sydney with the most expensive housing in the world.

The IPA analysed data from the US-based consultancy Demographia, which examines house prices from 159 urban areas across the globe.

Melbourne, Perth, Brisbane and Adelaide are also all now in the top 10 most unaffordable cities in the world following the sub-prime crisis in the United States.

The average Sydney home costs over eight times the average household income in that city.

Dr Alan Moran, Director of the Deregulation Unit at the IPA, said that misguided government policies were the culprit of Australia's unaffordable housing market.

"The cost of Sydney homes is inflated by laws which restrict the availability of land, impose lengthy bureaucratic procedures, environmental requirements that increase the cost of building new homes, and charge high taxes masquerading as 'development levies'. These measures are preventing all but the most affluent young buyers from getting a toe-hold in the housing market.

"It is clear that regulatory restrictions are fuelling the high cost of building new homes. Areas like California, Britain and Australia, which have seen recent price collapses, are seeing fewer and fewer new homes built. By contrast, cities with few regulatory restrictions – such as Atlanta, Houston and Dallas – have seen stable prices in the housing market.

"Australia might not avoid the sort of price collapses and lower building rates being experienced in other housing markets where regulations have driven prices to unaffordable levels."

Dr Moran is the author of *The Tragedy of Planning: Losing the Great Australian Dream*.

For Further Information

Alan Moran

Institute of Public Affairs

0411 511 145