

DEMOGRAPHIA

MEDIA RELEASE

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2015

11th ANNUAL DEMOGRAPHIA INTERNATIONAL HOUSING AFFORDABILITY SURVEY

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HOW DOES YOUR CITY RATE?

378 URBAN MARKETS

OF

AUSTRALIA * CANADA

CHINA (HONG KONG) * IRELAND

JAPAN * NEW ZEALAND

SINGAPORE * UNITED KINGDOM

UNITED STATES

The 2015 11th Annual Edition ...

The 11th Annual Demographia International Housing Affordability Survey covers 378 metropolitan markets in nine countries (Australia, Canada, China, Ireland, Japan, New Zealand, Singapore, the United Kingdom and the United States). A total of 86 major metropolitan markets --- with more than 1,000,000 population --- are included, including five of the six largest metropolitan areas in the high income world (Tokyo-Yokohama, New York, Osaka-Kobe-Kyoto, Los Angeles, and London).

This year's edition includes a comparison with housing affordability indexes by *The Economist*, for the major metropolitan areas in China (excluding Hong Kong, which is rated in the *Demographia Survey*) and by Kookmin Bank for South Korea (the Republic of Korea).

Rating Housing Affordability ...

The Demographia International Housing Affordability Survey rates housing affordability using the "Median Multiple" in its analysis of Australia, Canada, Hong Kong, Ireland, New Zealand, Singapore, the United Kingdom and the United States. The Median Multiple is widely used for evaluating urban markets, and has been recommended by the World Bank and the United Nations and is used by the Joint Center for Housing Studies, Harvard University. The Median Multiple and other similar price-to-income multiples (housing affordability multiples) are used to compare housing affordability between markets by the Organization for Economic Cooperation and Development, the International Monetary Fund, The Economist, and other organizations.

Historically, the Median Multiple has been remarkably similar in Australia, Canada, Ireland, New Zealand, the United Kingdom and the United States, with median house prices from 2.0 to 3.0 times median household incomes. However, in recent decades, house prices have been decoupled from this relationship in a number of markets, such as Vancouver, Sydney, San Francisco, London, Auckland and others. Without exception, these markets have severe land use restrictions (typically "urban containment" policies) that have been associated with higher land prices and in consequence higher house prices (as basic economics would indicate, other things being equal).

Table ES-1 Demographia International Housing Affordability Survey Housing Affordability Rating Categories	
Rating	Median Multiple
Severely Unaffordable	5.1 & Over
Seriously Unaffordable	4.1 to 5.0
Moderately Unaffordable	3.1 to 4.0
Affordable	3.0 & Under

Housing Affordability in 2014 ...Major Markets (Population 1 million +)

The most affordable major metropolitan markets in 2014 were in the United States, which had a moderately unaffordable rating of 3.6. Canada and Ireland were rated "seriously unaffordable," with a Median Multiple of 4.3, along with Japan (4.4), the United Kingdom (4.7) and Singapore (5.0). Australia (6.4), New Zealand (8.2) and Hong Kong (17.0) were severely unaffordable (Table ES-2).

The most affordable major metropolitan markets (Figure ES-1) were in the United States (Figure ES-1), with 14 markets rated as "affordable." Hong Kong's Median Multiple of 17.0 was the highest recorded (least affordable) in the 11 years of the Demographia International Housing Affordability Survey. Again, Vancouver was second only to Hong Kong, with a Median Multiple of 10.6. Housing affordability in Sydney deteriorated to a Median Multiple of 9.8, which was followed by San Francisco and San Jose (each 9.2). Melbourne had a Median Multiple of 8.7 and London (Greater London Authority) 8.5. Three other markets had Median Multiples of 8.0 or above, including San Diego (8.3), Auckland (8.2) and Los Angeles (8.0).

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	6.4
Canada	0	2	2	2	6	4.3
China (Hong Kong)	0	0	0	1	1	17.0
Ireland	0	0	1	0	1	4.3
Japan	0	1	1	0	2	4.4
New Zealand	0	0	0	1	1	8.2
Singapore	0	0	1	0	1	5.0
United Kingdom	0	1	10	6	17	4.7
United States	14	23	6	9	52	3.6
TOTAL	14	27	21	24	86	4.2

Housing Affordability in 2014 ... All Markets ...

Among all 378 markets in the principal analysis, there were 98 affordable markets, 88 in the United States, five in Canada, three in Ireland and, for the first time, there were affordable markets in Australia (two). There were 119 moderately unaffordable markets, 97 in the United States, 16 in Canada, three in the United Kingdom and one each in Japan, Ireland and Australia. There were 76 seriously unaffordable markets and 85 severely unaffordable markets. Australia had 33 severely unaffordable markets, followed by the United States with 25 and the United Kingdom with 16. New Zealand and Canada each had five severely unaffordable markets, while China's one market (Hong Kong) was also severely unaffordable (Table ES-3).

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	2	1	15	33	51	5.5
Canada	5	16	9	5	35	3.9
China (Hong Kong)	0	0	0	1	1	17.0
Ireland	3	1	1	0	5	3.0
Japan	0	1	1	0	2	4.4
New Zealand	0	0	3	5	8	5.2
Singapore	0	0	1	0	1	5.0
United Kingdom	0	3	14	16	33	5.0
United States	88	97	32	25	242	3.4
TOTAL	98	119	76	85	378	3.8

Housing Affordability Surveys: China and South Korea ...

Other organizations publish surveys using housing affordability multiples similar to the Median Multiple, including China and South Korea.

The Economist produces the [China Index of Housing Affordability by City](#), which covers 40 cities of China. The overall housing affordability multiple was 8.6, which is more affordable than Hong Kong (17.0), but slightly less affordable than New Zealand's major metropolitan market, Auckland (8.2). Shenzhen, bordering Hong Kong, was the least affordable (19.6). Beijing was the second least affordable,

at 16.6. The lowest housing affordability multiple was in Hohhot, at 4.9. A number of the least affordable metropolitan markets in the *11th Annual Demographia International Housing Affordability Survey* have Median Multiples that would place them in the least affordable half among the major markets of China. These include Vancouver, Sydney, San Francisco, San Jose and Melbourne.

Kookmin Bank periodically publishes housing affordability multiples for Korea. The overall housing affordability multiple for 2013 was 3.7. The least affordable market was the Municipality of Seoul, at 7.7. There were two affordable markets, Ulsan and Gwanju, both at 2.9.

This Year's Introduction: Dr. Shlomo Angel of the New York University Urban Expansion Program

Dr Shlomo Angel, Senior Research Scholar and Adjunct Professor of Urban Planning of the Stern School of New York University, has kindly contributed the Introduction to this year's *Survey*.

Dr Angel, with his important and extensive contributions over many decades, is at the forefront in exploring workable solutions to urban planning issues. He leads the NYU Urban Expansion Program and outlines the practical progress getting underway internationally.

Last year's *Survey* Introduction was contributed by Dr Angel's colleague at the Stern School, NYU, Alain Bertaud, and a former Principal Urban Planner with the World Bank.

During mid - 2014, Mr. Bertaud with his wife Marie-Agnes, a fellow researcher at the Stern School, visited New Zealand for a major cities speaking tour ... meeting political leaders and others. This tour was hugely successful.

Going forward ... the New York University Stern School will lead in providing workable solutions to political leaders, urban planners and others, so that housing affordability is restored with poverty reduced significantly.

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For further information ...

Wendell Cox
[Demographia](http://www.demographia.com)
St Louis, Missouri - Illinois, USA
Email: demographia2@earthlink.net
Tel [+1.618.632.8507](tel:+1.618.632.8507) United States

Hugh Pavletich
[Performance Urban Planning](http://www.performanceurbanplanning.com)
Christchurch
Email: hugh.pavletich@xtra.co.nz
Tel [+64 3 343 9944](tel:+64.3.343.9944) New Zealand

Dr. Shlomo Angel
The NYU Stern Urbanization Project, Stern School of Business,
New York University
Email: sangel@stern.nyu.edu