

# 4<sup>th</sup> Annual Demographia International Housing Affordability Survey

## INTRODUCTION

By Dr. Donald Brash

Once again, the Demographia survey leads inevitably to one clear conclusion: the affordability of housing is overwhelmingly a function of just one thing, the extent to which governments place artificial restrictions on the supply of residential land.



**Dr. Donald Brash**

This is most strikingly shown by U.S. experience. In a country with considerable population mobility and common interest rates, there are cities such as Pittsburgh, Atlanta and Houston where housing is eminently affordable, with median house prices three times or less the median household income in those cities, and other cities such as New York and Los Angeles where the Median Multiple is from 7 to over 11.

And the one factor which clearly separates all of the urban areas with high Median Multiples from all those with low Median Multiples is the severity of the artificial restraints on the availability of land for residential building.

Australia is perhaps the least densely populated major country in the world, but state governments there have contrived to drive land prices in major urban areas to very high levels, with the result that in that country housing in major state capitals has become severely unaffordable, with

Median Multiples of eight in Sydney and seven in Melbourne.

Despite all the evidence, governments continue to pretend that they are powerless to make housing more affordable or, worse still, implement futile interventions which make the situation worse, as the New Zealand government is proposing for this year.

We all owe Wendell Cox and Hugh Pavletich a huge debt of gratitude for making the pathway to affordable housing abundantly clear: remove Metropolitan Urban Limits (urban growth boundaries) and other artificial restraints on the availability of residential land.

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