

## **MEDIA RELEASE**

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**2020**

### **16th ANNUAL DEMOGRAPHIA INTERNATIONAL HOUSING AFFORDABILITY SURVEY**

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### **HOW DOES YOUR CITY RATE ?**

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

***Introduction***

***Focus on Singapore***

***Special Coverage***

***Housing Affordability In Russia***

***The 2020 16<sup>th</sup> Annual Edition ...***

*...to encourage a property-owning democracy ... and to enable ...  
citizens in the lower middle income group to own their own homes*  
-Singapore Housing and Development Board 1964 Annual Report

The 16th Annual  
*Demographia  
International Housing*

*Affordability Survey* covers 309 metropolitan housing markets (metropolitan areas) in eight countries (Australia, Canada, China [Hong Kong Only], Ireland, New Zealand, Singapore, the United Kingdom and the United States) for the third quarter of 2019. Ninety-two major

metropolitan markets (housing markets) are evaluated, including three megacities, with more than 10 million residents, New York, London and Los Angeles.

### Middle-Income Housing Affordability

Table ES-1 <i>Demographia International Housing Affordability Survey</i> Housing Affordability Ratings	
Housing Affordability Rating	Median Multiple
Affordable	3.0 & Under
Moderately Unaffordable	3.1 to 4.0
Seriously Unaffordable	4.1 to 5.0
Severely Unaffordable	5.1 & Over
Median multiple: Median house price divided by median household income	

The *Demographia International Housing Affordability Survey* rates middle-income housing affordability (Section 1) using the “Median Multiple,” which is the median house price divided by the median household income. The Median Multiple is widely used for evaluating housing markets. It has been recommended by the World Bank and

the United Nations and has been used by the Joint Center for Housing Studies at Harvard University. The Median Multiple and other 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, liberally regulated markets have exhibited median house prices that are three times or less that of median household incomes (a Median Multiple of 3.0 or less). *Demographia* uses the housing affordability ratings in Table ES-1.

### Middle-Income Housing Affordability Drives the Need for Low-Income Housing

Because eligibility for housing subsidies is based on the inability to afford market rate housing, higher house prices increase the cost of subsidized housing programs and increase the number of households that are eligible. More often than not, at least in the nations surveyed, low-income housing subsidies have not been sufficient to meet the need as defined in law and policy. In fact, the most effective strategy for reducing the shortage of subsidized housing is to improve middle-income housing affordability. Lower house prices make market rate housing affordable to more low-income households (Section 1.4).

### Housing Affordability in 2019

Over the past year, there has been moderation of house price increases in some of the least affordable major markets. However, the trends were insufficient to materially improve housing affordability (Section 2).

Major market housing affordability is summarized by nation in Section 3. Schedule 1 includes Median Multiples for all 92 major markets.

Table ES-2 Housing Affordability Ratings by Nation: Major Housing 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	0	5	5	6.9
Canada	0	2	2	2	6	4.4
China: Hong Kong	0	0	0	1	1	20.8
Ireland	0	0	1	0	1	4.7
New Zealand	0	0	0	1	1	8.6
Singapore	0	0	1	0	1	4.6
United Kingdom	0	3	10	8	21	4.6
United States	10	23	9	14	56	3.9
TOTAL	10	28	23	31	92	4.3

The most affordable major housing markets are in the United States, with the median market having a moderately unaffordable Median Multiple of 3.9, followed by Canada's median market, at 4.4. Singapore and the United Kingdom at 4.6 and Ireland at 4.7. The median markets of Australia (6.9), New Zealand (8.6) and China (20.8) are severely unaffordable (Table ES-2).

This year, there are 10 affordable major housing markets, all in the United States. There are 31 severely unaffordable major housing markets, including all in Australia (5), New Zealand (1) and China (1). Fourteen of the major markets in the United States are severely unaffordable (out of 56), eight in the United Kingdom (out of 21) and two in Canada (out of six).

The affordable major housing markets include Rochester, with a Median Multiple of 2.5, followed by Oklahoma City and Cleveland (2.7), Buffalo, Cincinnati, Pittsburgh and St. Louis (2.8), Indianapolis and Hartford (2.9) and Tulsa (3.0).

Hong Kong is the least affordable, with a Median Multiple of 20.8, modestly improved from 20.9 last year. Vancouver is second least affordable major housing market, with a Median Multiple of 11.9. Sydney ranks third least affordable, at 11.0, followed by Melbourne, at 9.5 and Los Angeles, at 9.0. Toronto and Auckland are tied for sixth least affordable, at a Median Multiple of 8.6. San Jose has a Median Multiple of 8.5 and San Francisco 8.4. London (Greater London Authority) has a Median Multiple of 8.2 and is the 10<sup>th</sup> least affordable major market.

Table ES-3 summarizes housing affordability in all markets. Schedule 2 includes Median Multiples for all 309 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	1	3	5	14	23	5.9
Canada	8	18	6	18	50	3.9
China: Hong Kong	0	0	0	1	1	20.8
Ireland	1	1	3	0	5	4.1
New Zealand	0	0	0	8	8	7.0
Singapore	0	0	1	0	1	4.6
United Kingdom	0	7	16	10	33	4.5
United States	44	79	36	29	188	3.6
TOTAL	54	108	67	80	309	3.9

### Threat to the Middle-Class Standard of Living

One of the principal advances of the past two centuries has been the drastic reduction in poverty and the rise of a large middle-class, which is detailed by economists [Diedre McClosky](#) and [Robert Gordon](#). At the heart of this trend was increasing home ownership.

Yet there has been material deterioration of middle-income affluence in many metropolitan areas, some that are covered in the *Demographia International Housing Affordability Survey*. In short, the middle-class is under threat. This is the subject of the Organization for Economic Cooperation and Development (OECD) report, [Under Pressure: The Squeezed Middle-Class](#), which indicated that “there are now signs that this bedrock of our democracies and economic growth is not as stable as in the past.”

OECD emphasizes that the threats to the middle-class crisis are in large measure the result of costs of living that have risen at rates far greater than incomes. The OECD particularly notes that: “..., the cost of essential parts of the middle-class lifestyle have increased faster than inflation; house prices have been growing three times faster than household median income over the last two decades.” These higher housing costs are a threat to the *middle-income lifestyle*, because they reduce discretionary income and thus, the standard of living.

As a result, adult children can no longer depend on having higher incomes than their parents, at least in the United States, the United Kingdom, Canada, Australia, New Zealand, Ireland and elsewhere. It is not surprising that there is increasing concern about income inequality.

Facilitating broadly affluent living standards is a fundamental function of domestic public policy. This requires elimination of planning requirements that undermine prosperity, which has not been recognized in many nations. There are important exceptions, such as Singapore (See: Introduction: Focus on Singapore), which has had housing affordability as a core strategy for half a century and New Zealand, which is seeking to implement substantive proposals to restore housing affordability.

It took millennia to create the incomparably broad prosperity of the modern middle-class. It is worth both preserving and restoring.

### **Special Coverage: Housing Affordability in Russia**

Housing affordability in the major metropolitan areas of Russia is reported, using information from a report published by the Institute for Urban Economics in Moscow (IUE). Like the *Demographia Survey*, the IUE report uses a price-to-income ratio (Median Multiple) as the basis of its housing affordability evaluation. Among the 17 markets, two are seriously unaffordable, three are moderately unaffordable and 12 are affordable. The median market has an affordable Median Multiple of 2.6.

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