



Home ownership in Australia—data and trends

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Executive summary

- Around 70 per cent of Australian households own or are purchasing their home. The rate of home ownership has remained remarkably stable at this level for over four decades according to data collected by the Australian Bureau of Statistics in its Census of Population and Housing and its Survey of Income and Housing (SIH).
- The proportion of Australian households who own their home outright (that is, without a mortgage) has been far from stable. Based on data from the Census, the rate of outright home ownership fell from 45 per cent in 1947 to 32 per cent in 1976, rising to 43 per cent in 1996 before falling again to 35 per cent in 2006. Data from the SIH for the period 1995–96 to 2005–06 show a similar marked fall in the rate of outright home ownership, falling from 43 to 34 per cent.
- One of the main demographic influences on home ownership is age. Rates of home ownership increase progressively with age, reflecting the different life cycle stages. The relationship between age and home ownership has meant that Australia's ageing population has put upward pressure on the home ownership rate.
- Another demographic influence on home ownership is household composition. Rates of home ownership above the average for all households have been experienced by couple families while rates below the average have been experienced by one parent families and lone person households. Changes in the composition of Australian households from couple families to other family types have therefore acted to put downward pressure on the home ownership rate.
- In addition to demographic influences, the rate of home ownership in Australia has been influenced by a variety of other factors including housing affordability, the number of income earners in a household, and the availability of alternative investment opportunities (to housing) such as superannuation and shares.
- Given the wide variety of factors that influence home ownership, their net effect has been, surprisingly, to leave Australia's home ownership rate largely unchanged for more than 40 years.

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Introduction

The purpose of this paper is to examine whether any changes have occurred in Australia's rate of home ownership, defined as the proportion of households who own or are purchasing their homes. Two main data sources are considered—the Census of Population and Housing and the Survey of Income and Housing (SIH)—both the responsibility of the Australian Bureau of Statistics (ABS). The paper also looks at home ownership from the perspective of age and household composition and discusses how changes in population composition have affected the rate of home ownership.

The data

Care has to be taken when comparing data from the Census with data from the SIH due to the different methodologies used. Importantly, the SIH collects information from a sample of households and as such is subject to sampling variability. The estimates obtained from the SIH may, therefore, differ from the results that would have been obtained if information had been collected from all households. The Census, on the other hand, aims to enumerate the entire population.

Another important difference to consider is that SIH information is obtained from the occupants of dwellings by specially trained interviewers, whereas Census information is obtained from forms completed by each household, often by one household member. This dependence on self-enumeration rather than interview in the Census means that respondents' interpretation and completion of questions may be less accurate.¹

While differences between the two data sources are important, it should be noted that for those years when data are available from both sources, the home ownership rate is very similar, differing by less than two percentage points.

Trends

The longest time series on households by tenure type is that provided by the Census. Table 1 has data back to 1947 and its most striking feature is the stability of the home ownership rate over more than four decades. From a low of 53 per cent in 1947, the home ownership rate climbed to 63 per cent in 1954 and then to 70 per cent in 1961. In subsequent Census years the home ownership rate remained at or around 70 per cent. Indeed, small fluctuations in the home ownership rate from Census to Census may, in part, be explained by methodological differences between Censuses.²

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1. [ABS, 2001 Census of Population and Housing - Fact Sheet: Labour Force Status - Comparing Census and Survey Data, \(Cat. No. 2970.0.55.024\)](#), p. 2.
 2. [ABS, Housing Occupancy and Costs 2005–06, \(Cat. No. 4130.0.55.001\)](#), p. 13.

Table 1. Households^(a) by tenure type – ABS Census data^(b)

Year	Owner households			Renter	Other tenure type	Total ^(c)
	Owner without a mortgage	Owner with a mortgage	Total			
No. of dwellings ('000)						
1947	838	148	986	813	49	1847
1954	1122	353	1475	799	56	2330
1961	1322	624	1946	763	60	2768
1966(d)	na	na	2232	835	60	3127
1971(d)	na	na	2469	1001	119	3589
1976(e)	1306	1438	(f)2762	1045	232	4039
1981	1549	1543	(f)3179	1164	191	4534
1986	1982	1604	3586	1334	174	5095
1991(g)	2362	1561	3923	1561	210	5694
1996	2658	(h)1656	4314	1866	68	6248
2001	2811	(h)1872	4683	1953	101	6737
2006	2478	(h)2448	4926	2064	66	7056
Percentage of total occupied private dwellings						
1947	45.4	8.0	53.4	44.0	2.7	100.0
1954	48.2	15.2	63.3	34.3	2.4	100.0
1961	47.8	22.5	70.3	27.6	2.2	100.0
1966	na	na	71.4	26.7	1.9	100.0
1971	na	na	68.8	27.9	3.3	100.0
1976	32.3	35.6	68.4	25.9	5.7	100.0
1981	34.2	34.0	70.1	25.7	4.2	100.0
1986	38.9	31.5	70.4	26.2	3.4	100.0
1991	41.5	27.4	68.9	27.4	3.7	100.0
1996	42.5	26.5	69.0	29.9	1.1	100.0
2001	41.7	27.8	69.5	29.0	1.5	100.0
2006	35.1	34.7	69.8	29.3	0.9	100.0

na not available

(a) Tables on tenure type in the Census refer specifically to occupied private dwellings rather than households. However, for Census purposes, the number of households is equal to the total number of occupied private dwellings as a Census form is completed for each household from which dwelling information is obtained.

(b) Many of the figures in this table originally appeared in ABS, *Housing Occupancy and Costs, 2005–06*, (Cat. No. 4130.0.55.001), p. 13.

(c) Excludes 'not stated'.

(d) Separate figures for owners without a mortgage and owners with a mortgage were not available for these years.

(e) Census results processed as a 50 per cent sample due to budgetary restraints. The impact of this on the distribution of occupied private dwellings by tenure type is not known.

(f) Includes owner/purchaser undefined. In subsequent years only the specific categories of 'owner with a mortgage' and 'owner without a mortgage' were included on the Census forms. This may have resulted in some decline in measured ownership rates.

(g) From 1991, includes nature of occupancy for caravans, etc., in caravan parks.

(h) Includes dwellings 'being purchased under a rent/buy scheme'. In previous years this tenure category was not separately catered for on Census forms and it is not known how households with rent/buy tenure would have responded to the questions on tenure.

Unlike the home ownership rate, the trend in outright home ownership (homes owned without a mortgage) has been far from stable. After falling from 45 per cent in 1947 to 32 per cent in 1976, the proportion of all households who owned their home outright rose in subsequent Censuses, reaching 43 per cent in 1996. It was 42 per cent in 2001, after which it recorded its biggest intercensal fall to 35 per cent in 2006.

The SIH was run in most years from 1994–95 to 2003–04, and is now conducted biennially. Data from the SIH are shown below where it will be noted that, as with the Census, the home ownership rate has varied little from 70 per cent over the life of the survey. Moreover, as with the Census, the SIH has recorded a sharp fall in the rate of outright home ownership, from 43 per cent in 1995–96 to 34 per cent in 2005–06. Arguably, one of the factors contributing to the fall in outright home ownership was the substantial increase in established house prices over this period—up by 127 per cent.³

Table 2. Households by tenure type – ABS Survey of Income and Housing data

Year ^(a)	Owner households			Renter	Other tenure type	Total
	Owner without a mortgage	Owner with a mortgage	Total			
No. of households ('000)						
1994–95	2736	1938	4674	1682	190	6547
1995–96	2849	1871	4720	1791	146	6657
1996–97	2796	1916	4712	1889	169	6771
1997–98	2726	2133	4859	1877	166	6902
1999–00	2749	2286	5035	1937	150	7121
2000–01	2794	2348	5142	2004	168	7315
2002–03	2780	2528	5309	2154	176	7638
2003–04	2700	2715	5415	2135	186	7736
2005–06	2718	2772	5490	2261	175	7926
Percentage of total households						
1994–95	41.8	29.6	71.4	25.7	2.9	100.0
1995–96	42.8	28.1	70.9	26.9	2.2	100.0
1996–97	41.3	28.3	69.6	27.9	2.5	100.0
1997–98	39.5	30.9	70.4	27.2	2.4	100.0
1999–00	38.6	32.1	70.7	27.2	2.1	100.0
2000–01	38.2	32.1	70.3	27.4	2.3	100.0
2002–03	36.4	33.1	69.5	28.2	2.3	100.0
2003–04	34.9	35.1	70.0	27.6	2.4	100.0
2005–06	34.3	35.0	69.3	28.5	2.2	100.0

(a) Data unavailable for years 1998–99, 2001–02 and 2004–05.

Source: ABS, Housing Occupancy and Costs, 2005–06, (Cat. No. 4130.0.55.001)

3. Based on data published in [ABS, Home Price Indexes: Eight Capital Cities \(Cat. No. 6416.0\)](#).

Home ownership by demographic characteristics

One of the main demographic influences on home ownership is age. Not unexpectedly, the tenure of a household is strongly related to different life cycle stages, generally following a pattern of renting during the early years, moving to home purchase and mortgages during the stage of family formation, followed by outright home ownership in older age.⁴ Based on data from the SIH, the table below shows that in 2005–06 the rate of home ownership increased steadily from 22 per cent for households where the reference person was aged 15–24 years to 88 per cent for households where the reference person was aged 75 years and over. The rate of outright home ownership followed a similar pattern, while the proportion of households with a mortgage increased with each cohort to age 35–44 years, after which it then declined.

Table 3. Households by tenure and age of reference person, 2005–06

Age of reference person	Owner households			Renter	Other tenure type	Total	Number of households ('000)
	Owner without a mortgage	Owner with a mortgage	Total				
	Percentage of all households						
15–24	2.7	18.8	21.5	74.6	3.9	100.0	379
25–34	6.5	41.2	47.8	49.1	3.1	100.0	1386
35–44	12.4	53.8	66.2	32.0	1.8	100.0	1704
45–54	29.3	48.6	77.9	20.6	1.5	100.0	1608
55–64	53.7	27.5	81.2	17.3	1.5	100.0	1261
65–74	74.6	7.5	82.1	15.5	2.4	100.0	858
75 and over	84.7	2.8	87.5	9.6	2.9	100.0	730
All households	34.3	35.0	69.3	28.5	2.2	100.0	7926

Source: ABS, *Housing Occupancy and Costs, 2005–06*, (Cat. No. 4130.0.55.001)

Another demographic influence on home ownership is the composition of households. Table 4, also based on data from the SIH, shows that in 2005–06, above average rates of home ownership were experienced by households composed of couple only families (80 per cent) and couple families with dependent children (79 per cent), while rates below the average were experienced by group households (21 per cent), lone person households (59 per cent) and households composed of one parent families with dependent children (40 per cent). The pattern of outright home ownership, however, was very different. Rates of outright home ownership were well below the average for households composed of couple families with dependent children (17 per cent) but above the average for lone person households (40 per cent).

Given the close association between home ownership and the age and household composition of the population, it follows that changes in Australia's population structure will have important implications for the home ownership rate. Consider, for example, the ageing of Australia's population. Between 1971 and 2006, the median age of the population has

4. [ABS, *Australian Social Trends 2001*, \(Cat. No. 4102.0\)](#), p. 177.

increased from 27.5 to 36.6 years.⁵ Since home ownership increases with age, a consequence of Australia's ageing population has been to put upward pressure on the home ownership rate.⁶

Table 4. Households by tenure and family composition of households, 2005–06

	Owner households			Renter	Other tenure		Number of households ('000)
	Owner without a mortgage	Owner with a mortgage	Total		type	Total	
	Percentage of all households						
One family households							
Couple family with dependent children	17.0	61.8	78.8	19.7	1.5	100.0	2079
One parent family with dependent children	12.8	27.0	39.8	58.5	1.7	100.0	539
Couple only	50.3	30.0	80.3	18.4	1.3	100.0	2044
Other one family households	43.8	32.1	76.0	22.7	1.3	100.0	914
Multiple family households	34.5	40.7	75.2	23.7	1.1	100.0	83
Non-family households							
Lone person	40.3	18.2	58.5	37.2	4.3	100.0	2033
Group households	7.6	13.2	20.8	75.7	3.5	100.0	235
All households	34.3	35.0	69.3	28.5	2.2	100.0	7926

Source: ABS, *Housing Occupancy and Costs, 2005–06*, (Cat. No. 4130.0.55.001)

The composition of Australian households has also undergone change over time, though its impact on the home ownership rate has been quite different from that brought about by an ageing population. The main trend in household composition has been a gradual decline in the relative importance of couple family households as rates of family dissolution and the proportion of the population who have never married have increased.⁷ Based on data from the Census, the number of couple families as a proportion of all families has decreased by five percentage points between 1976 and 2006, from 88 to 83 per cent. At the same time, there has been an increase in the relative significance of one parent family households and lone person

5. [ABS, *Australian Historical Population Statistics, 2008*, \(Cat. No. 3105.0.65.001\).](#)

6. The former Department of Family and Community Services (FACS) investigated population composition effects on the overall rate of home ownership. The data source was a one per cent sample data set from the 1981, 1986, 1991 and 1996 Censuses. Based on data from this source, the overall rate of home ownership fell from 73.4 per cent in 1981 to 71.1 per cent in 1996. Decomposition analysis undertaken by FACS revealed that ageing of the population had made a positive contribution to the home ownership rate, increasing it by an estimated 1.20 percentage points over the 1981–1996 period. Household composition change, however, had acted in the opposite direction, reducing home ownership by 1.74 percentage points over the period. In other words, the net impact of age and household composition changes over the period had been to lower the home ownership rate by just over half a percentage point. For more information see [W. Mudd, H. Tesfaghiorghis and J. Rob Bray, 'Some issues in home ownership', *Policy Research Paper No. 17*, Department of Family and Community Services, 2001.](#)

7. [ABS, 'Lifetime marriage and divorce trends', *Australian Social Trends, 2007*, \(Cat. No. 4102.0\), p. 44.](#)

households.⁸ In other words, there has been a shift away from households with an above average rate of home ownership to those with a below average rate. These changes have put downward pressure on the home ownership rate.⁹

Other influences on home ownership

In addition to demographic influences, the rate of home ownership in Australia has also been influenced by a variety of other factors such as housing affordability, the number of income earners in a household and the availability of alternative investment opportunities to housing, such as superannuation and shares.

The link between housing affordability and home ownership is obvious, since housing affordability reflects the ability of households to enter the housing market. The most commonly used measure of housing affordability is that produced by the Real Estate Institute of Australia which expresses average home loan repayments on new loans as a proportion of median family income.¹⁰ Fluctuations in housing affordability would be expected to have the greatest impact on first home buyers and therefore on levels of home ownership in the younger age groups, which is one of the reasons why governments have introduced schemes to assist first home buyers.

Closely associated with housing affordability is the number of income earners in a household. The growing incidence of two-income families in Australia has increased the possibility of these families entering into home ownership. At the same time, however, it may be argued that this trend has increased the difficulty of single income households purchasing a home through the effect on house prices caused by an increased demand for housing.¹¹

The growth in superannuation and the changing investment environment has affected home ownership by affecting the way that people manage their assets. With an increased range of investment options open to them, some households have deliberately decided to rent rather than invest in their own home.¹²

Conclusion

Clearly, a variety of demographic and other factors have influenced Australia's rate of home ownership. While individual factors may have had a significant impact, their net effect has been to leave Australia with an overall rate of home ownership that has remained remarkably stable for over 40 years.

8. [David de Vaus, 'Diversity and change in Australian families: statistical profiles', *Australian Institute of Family Studies*, July 2004](#), pp. 43 and 100.

9. See [6] above.

10. Real Estate Institute of Australia and Deposit Power, *Housing Affordability Report*.

11. [W. Mudd, H. Tesfaghiorghis and J. Rob Bray, 'Some issues in home ownership', *Policy Research Paper No. 17*, Department of Family and Community Services, 2001](#), p. x.

12. *ibid.*

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