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# Housing affordability crisis leading to fewer babies

**Ronald Mizen** *Economics correspondent*



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Affordability for first home buyers continued to deteriorate last financial year, which demographers and social researchers believe is contributing to couples having smaller families and taking longer to start them.

Across Australia, 50 per cent of available houses are now affordable to just the top 20 per cent of first home buyers by income, while for the bottom 40 per cent fewer than one in five houses is affordable.



Saving for a house deposit takes on average 10.8 years for an Australian first home buyer. **Bloomberg**

That's a marked deterioration on just 18 months ago, according to the latest affordability analysis from the National Housing Finance and Investment Corporation (NHFIC).

Social trends researcher Rebecca Huntley labelled the situation chronic unaffordability and said it was having far broader ramifications than people may expect.

“Certainly in my qualitative research, I get very much the conversations of, ‘We either buy a house or have a child,’” Dr Huntley said. “We have to make a decision between those two because we can’t do both.”

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In Sydney, 75 per cent of houses are affordable to just the top 20 per cent of first home buyers, while for the bottom 40 per cent of income earners, less than 10 per cent of homes are affordable.

Buyers in Melbourne fare slightly better, with 50 per cent of homes available to up to 80 per cent buyers, though the number of homes for the bottom 40 per cent of income earners is also less than 10 per cent.

The sharpest deterioration in affordability seen during the pandemic was in Hobart, where 90 per cent of the houses are affordable to just the top 20 per cent of income earners.

[According to the ANZ CoreLogic Housing Affordability report released last month](#), another consequence of booming house prices is the length of time it takes first home buyers to save a deposit.

The time it takes to save a house deposit for a household on average income has blown out to a record 10.8 years Australia-wide as prices increase at a rate 8.1 times faster than household income.

Home buyers in Sydney are now taking 16.6 years to save a 20 per cent deposit to buy a house – also a record, following a 30.4 per cent rise in prices over the past 12 months.

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University of Melbourne demography professor Peter McDonald said this was one factor leading to delays in couples having children, which was in turn leading to people have fewer children than in the past.

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Australia registered 294,369 births in 2020 for a fertility rate of 1.58 babies per woman – a 3.7 per cent fall on the previous year, almost 50 per cent lower than 50 years ago and the lowest rate on record.

Daniel Senia, general manager of the First Place Building Company in Victoria which predominantly deals with first home buyers seeking housing packages, said the data reflected what he was seeing on the ground.

“We’re seeing a lot of either singles or young couples married; very rarely with kids, maybe one; average age 35–36,” Mr Senia said. “They’re trying to get into the market, and then they’re starting the family.”

According to the most recent Bureau of Statistics Housing Occupancy data from 2017-18, the average age of a first home buyer is 35, which is up 3 years on a decade earlier. [While births data for 2020 released this week showed the median age for parents is now 31.6 for women and 33.6 for men.](#)

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