

The Big Divide

There are many powerful influences on Australian housing trends. These influences have created a dynamic and complex marketplace that has become almost a national obsession. Television timeslots, newspaper pages and radio talkback discussing the ups and downs of home ownership in Australia is commonplace.

Home ownership plays an influential role in the mythology of the Australian Dream. The exact nature of this dream tends to reflect the needs and wants of the current crop of homebuyers. As observed ***elsewhere**, in the space of one generation attitudes have shifted significantly toward embracing higher-density living. This coupled with the growing number of established homeowners recognising the excess land they are fortunate enough to own is driving new inventive methods that capitalise on existing equity and minimise ever increasing debt levels.

The 'Big Divide' illustrates these forces at work. The middle suburbs of Australia's cities hold a gold mine of space. The 'Big Divide' describes subdividing substantial land parcels and building new high density housing in its place that capitalises on the space.

The Big Divide



1. Demand

Home ownership continues to have a powerful hold on the Australian population.



2. Supply

First home buyers are starved of available opportunities to own, yet the 'Australian dream' of owning a home lives on in the face of adversity.



3. Affordability

The middle suburbs across our capital cities hold a gold mine of space to subdivide and build new, affordable and desirable high density housing.

The dream of the large backyard is fading fast as young home buyers prioritise good location with easy access to public transport, jobs and services. The established middle suburbs provide the ideal opportunity to meet market demand and satisfy debt laden homeowners desire to reduce their financial burden.

The free-standing home on the quarter acre block is but a dream, and demand and supply pressures force the market to look for financially beneficial solutions. The subdivision of prime middle suburban land into higher density townhouse and apartment living provides a solution. First home buyers are starved of available opportunities to own, yet the 'Australian dream' of owning a home lives on in the face of adversity. While much of the rest of the world is comfortable with renting, the Australian ideal compels us to own. The sepia homebuyer's dream is not yet dead for many.

Put simply, the issue reveals an excess of demand compared to supply. Those in the home owners market, particularly first home buyers, are confronted by some powerful forces preventing them from buying a property:

- High demand and inflated prices
- Lack of available supply, particularly in desirable metropolitan locations

"Accounting for over 70% of newly developed properties, the apartment and townhouse is transforming Australia's residential landscape."

Building townhouses to replace established larger properties is happening at twice the rate that they are currently represented in Australian housing stock. Replacing the Australian Dream of the house on a quarter acre block with the new reality of the townhouse on a tenth of an acre, is a necessary reality for Australia's metropolitan centres.

Experian has identified two segments of the population that dominate the ownership of properties ripe for 'The Big Divide':

- **Journeyed Equity:** Elderly couples from multicultural backgrounds living in expensive properties in suburban areas of Sydney & Melbourne
- **Staying Put:** Older, retired couples, sometimes with adult children or carers, who are long-term residents

Located in enviable metropolitan locations, these areas are in high demand but consist of properties that are beyond most homebuyers. To satisfy demand and create a supply of accessible housing, these established neighbourhoods will undergo a high-density transformation. Governments will be forced to tackle the concerns of the current residents but accept that these must be overcome to successfully provide the housing the market demands.

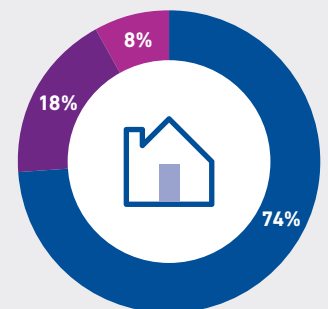
These present the ideal property locations for two specific home-buyer segments:

- **Determined Suburbans:** Professional couples and singles with high income, owning their first home in high growth inner suburbs.
- **Schools & Bills:** Millennial families with young children, sometimes single parents, commuting from outer-suburban areas with average incomes

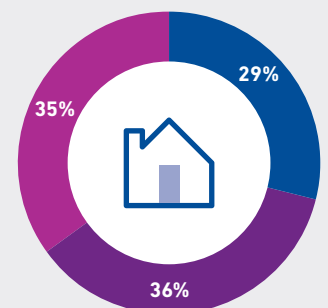
The neighbourhood street is changing

The housing landscape of Australia is changing. Analysis of the last two years of housing development shows apartment and townhouse developments exceeding new house builds.

The Current State



New Housing Since 2016



Houses
Apartments
Townhouses

This highlights a new mix of demographics across both older established home owners and younger new-property entrants. These opposing segments present brands with entirely different buying attitudes and behaviours. Under these circumstances, discriminating between one household to another is more important than ever.

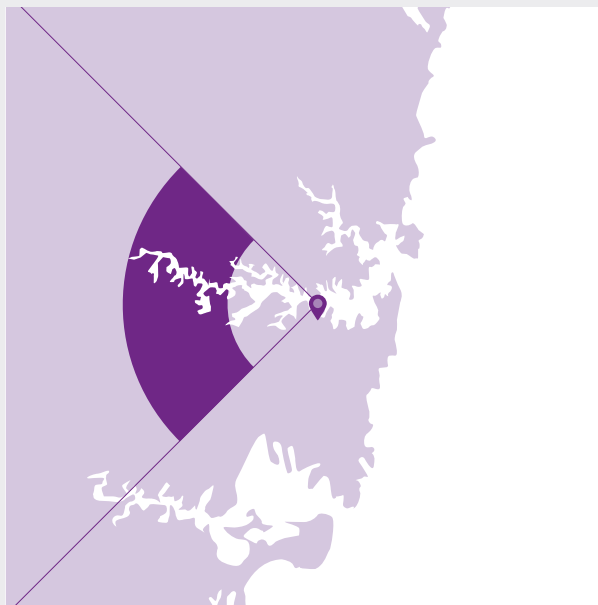
The 'middle rings' of our capital cities illustrate the growing new residential development fuelled by subdivision.

New Residential Developments since 2016:

Melbourne



Sydney



Area of opportunity (7-15km radius from city centre)

Understanding the forces of change and the unique mix of residents across Australia's metropolitan areas is an important factor in developing successful consumer insights. As consumers demand a more personalised experience they will expect businesses to have an accurate understanding of their needs and wants. Creating targeted and tailored messaging that appeals and understands, is an important contributor to more successful communications and remains as indispensable as ever in the development of an effective campaign.

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