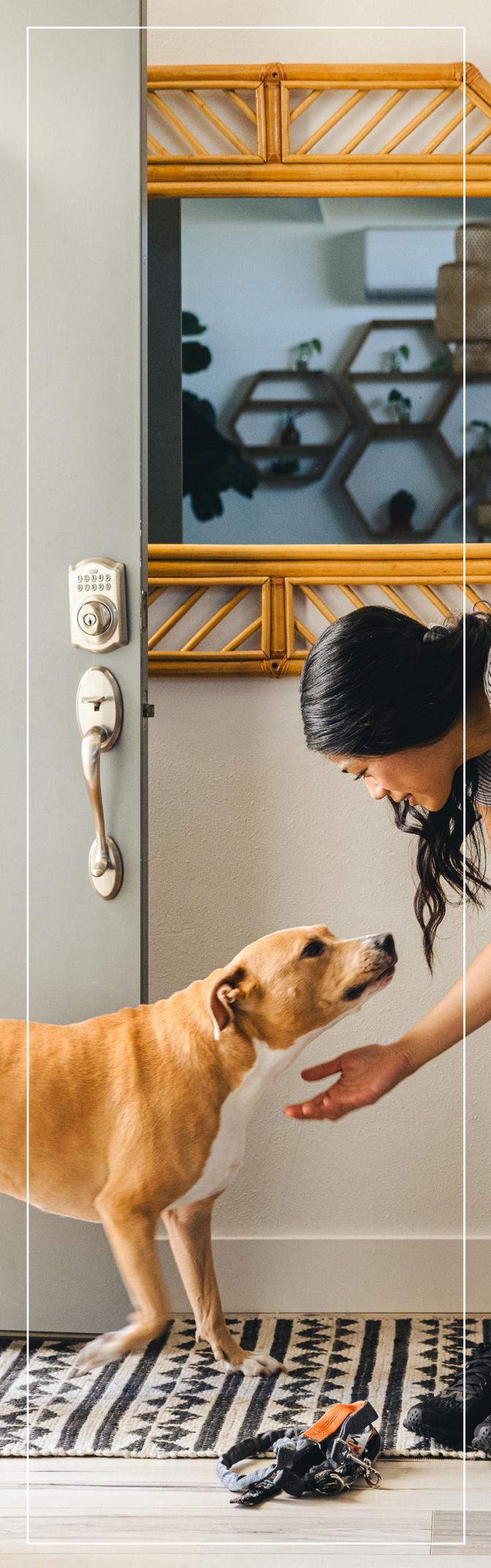


2026

REBALANCING AUSTRALIA'S HOUSING MISMATCH

Quantifying the investment case for people-focused housing development



INTRODUCTION

The Australian housing system has gradually, then suddenly, reached an inflection point. Population growth, changing demographics and rising housing stress are reshaping demand, and the supply response isn't keeping pace. The impacts of this dislocation will be felt differently across regions and market segments, and the resulting shortfall in certain housing types is creating compelling and necessary investment opportunities.

Put simply, although lone person households have been rising and family households' share of demand has been declining since 1981, the housing system has not kept up. It continues to prioritise larger format housing that is less affordable than what many people need.

The combination of more lone person households and higher levels of nationwide housing stress strengthens the investment case for higher density, affordable housing developments. Viewed through this lens, Australia needs a more human-centered approach to stimulating housing supply that better reflects how people live.

In this report, we draw from qualitative and quantitative market research undertaken in partnership with Haven Home Safe to explore the structural challenge and investment opportunity now emerging.

The research confirms that by sharpening the focus on housing security, suitability and attainability, capital can be better matched with existing and emerging demand for the benefit of millions of Australians.



ABOUT THE CUSHMAN & WAKEFIELD & HAVEN HOME SAFE FUTURE OF HOUSING RESEARCH

In partnership with Haven Home Safe, Cushman & Wakefield's Strategic Consulting team completed a market research program to examine the evolving housing system in Australia. The study comprised statistical analysis of official housing data and interviews with 12 organisations operating in the housing sector, including large-scale developers and investors.



THE FORCES SET TO RESHAPE AUSTRALIA'S HOUSING SYSTEM

To understand the extent and direction of the mismatch between existing supply and emerging demand, it is important to explore the underlying drivers influencing the evolution of housing fundamentals. This helps reveal the trends in needs-based demand across housing types.

The scale of the challenge and opportunity is illustrated by examining the size and value of the housing system today. Australia's residential property market is valued at an estimated AUD\$12.3 trillion, significantly larger than the combined market capitalisation of companies listed on the Australian Securities Exchange (ASX). In real terms, it is expected to grow by a further AUD\$6.3 trillion over the next 40 years.

Looking ahead, population growth forecasts and demographic modelling point to several clear trends.



EVOLVING HOUSEHOLD COMPOSITION

The average household size is falling, with smaller households such as couples without children and lone person households growing fast. Lone person households are expected to increase by 1.3 million to reach 3.7 million over the next 40 years¹, yet only 900,000 new apartments are expected to be delivered in that time, totalling 2.7 million.² Without change, there may be a significant shortfall in suitable, affordable housing for the fastest growing household type in Australia.

3.7m lone households
+2.4m (2025-2065)

2.7m apartments
+900k (2025-2065)

These include rising demand for additional dwellings in metropolitan areas, an increasing number of households experiencing housing stress, continued growth in the low-income renter cohort and a significant number of Australians living in locations with low climate and disaster resilience.

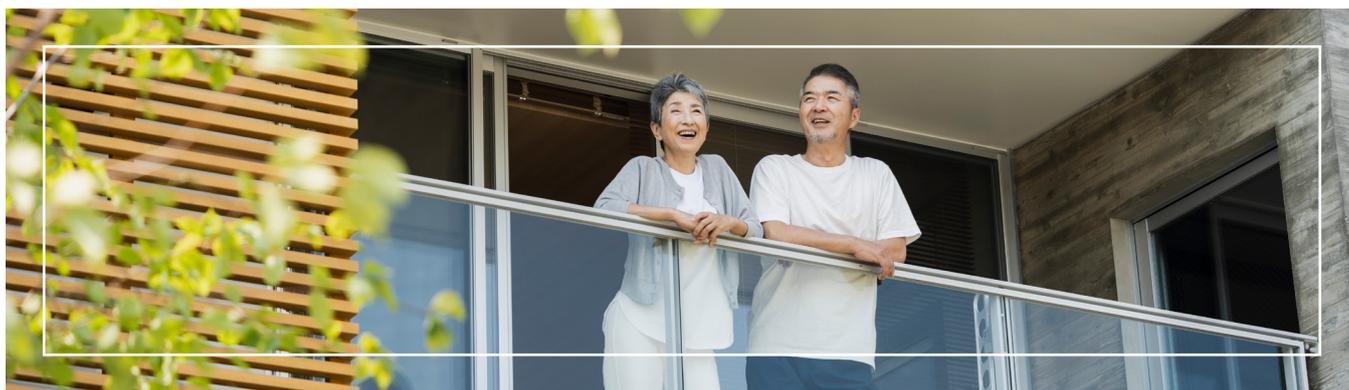
Together, these drivers highlight the future constraints and opportunities across Australia's housing system, and include:



THE RISE OF LIFELONG RENTERS

Australia has an ageing population, and the proportion of people aged over 70 is expected to rise from 12% to 18% by 2064.³ Around 7% of older Australians in this cohort are private renters, and over 40% are experiencing housing stress today.⁴ AHURI estimated that by 2031, the number of renters aged 65+ will increase by 95%.⁵ This trend is expected to intensify over the long term, with younger people who are unable to purchase homes earlier in life being more likely to enter retirement as renters.

By 2031 the number of 65+ renters to increase by **95%**



1. ABS data (2024) with projections are based on the rates of population growth from the Australian Intergenerational Report with all other assumptions remaining stable (e.g. no change in proportions of housing tenure, composition, etc.). 2. ibid. 3. ibid. 4. AHURI, Mapping Australia's older low-income renters 2023. 5. ibid.



UNMET DEMAND FOR SOCIAL AND AFFORDABLE HOUSING

Meeting social housing needs by 2041 requires approximately \$183 billion in investment and 640,000 new dwellings.⁶ However, there is evidence of stagnation in Australia's social housing supply. Public housing stock has steadily declined from 343,000 dwellings in 2005 to 297,000 today.⁷ While community housing stock has increased from 23,000 to 108,000 over the same period, this represents only a minor net increase in overall supply.⁸

\$183b

investment and 640,000 new dwellings needed to meet social housing demand



DIVERSE HOUSING DEMAND ACROSS REGIONAL AREAS

Population changes across Australia's regions will vary significantly, with some growing strongly and others declining. Certain regional areas, especially those with ageing populations, are expected to experience significant growth. The number of low-income renters aged 50+ is predicted to nearly double in many regional and peri-urban areas.¹¹

~2x predicted growth in low-income renters aged 50+ in regional and peri-urban areas



A SHIFT TOWARDS HIGHER DENSITY LIVING

Over the next decade, 1.8 million new households are expected to emerge across Australia, reshaping the built-form environment.⁹ Demand is changing, with interest in semi-attached homes and apartments rising faster than for detached dwellings. A shortage of apartments and medium-density dwellings is anticipated, with net additions projected at 57,000 per year until 2027, approximately 40% lower than levels seen in the late 2010s.¹⁰

1.8m

new households in next 10 yrs but only 57k/year apartments to 2027, 40% below late 2010s



ELEVATED TAILORED HOUSING NEEDS FOR VULNERABLE AUSTRALIANS

There is growing recognition of the benefit of providing housing support tailored to specific groups, including those requiring mental health and disability support, young Australians, women experiencing homelessness, First Nations peoples and victims of family violence. Our data sources indicate increasing housing demand among all these cohorts.¹²

Housing demand rising among all **6** identified community cohorts

6. CHIA, National Unmet Housing Need Report 2022. 7. AIHW (Australian Institute of Health and Welfare) (2024) 'National Social Housing Survey 2023', AIHW, Australian Government. 8. ibid. 9. Housing Australia, State of the Nations Housing Report 2022-23. 10. ibid. 11. AHURI, Mapping Australia's older low-income renters 2023. 12. Note - enquire with C&W for data sources.



HAVEN HOME SAFE



SEIZING OPPORTUNITIES IN A CHANGING HOUSING MARKET

Our work with Haven Home Safe, a community housing provider founded in regional Victoria, began with a strategic question: What opportunities exist to diversify Haven Home Safe’s business to meet the future housing needs of Australians?

This forward-thinking question sparked an analysis into how the housing environment may evolve over the next 40 years. Through this work, we identified specific cohorts and examined both their housing needs and how they will likely change over this time horizon.

This process highlighted the need for the housing market and its key players to adapt and prepare to meet the future needs of Australians. As we’ve already established, this may require pivoting or diversifying business operations towards evidence-based market segment opportunities. We also believe that housing businesses can create greater impact by prioritising housing products built for people’s needs, measured by:

- 1 Housing security:** Is the person confident that they will be in stable housing in twelve months?
- 2 Housing suitability:** Does the built form and amenity meet the needs of the person and the community?
- 3 Housing attainability:** Is the right home readily available and affordable?

This people-focused approach considers the housing products required for diverse cohorts to achieve long-term housing stability and assurance, supported by principles of housing security, suitability and attainability.

By visualising this people-focused continuum (see below), Haven Home Safe could identify where its existing capabilities overlap with current market gaps and where opportunities exist to create lasting impact.

This process was completed in alignment with Haven Home Safe’s existing strategic plans, including Strategy2040, which states that Haven Home Safe “believe the community and affordable housing sector needs to operate differently to have greater impact.”

Moving forward, Haven Home Safe has a clear mandate to diversify its housing activities:

- Identifying evidence-based market segment opportunities
- Expanding operations into areas that better meet people’s needs
- Developing a people-focused housing strategy that is ongoing rather than a ‘point in time’ decision



Figure 1: A People Continuum on a scale of housing security



THE OPPORTUNITY IN SUMMARY

There is a growing risk that the ongoing supply of market-led housing products will become increasingly disconnected from what Australia's expanding and vulnerable cohorts actually need.

Continued funding for the housing sector, driven by a second-term Labour government's focus on accelerating delivery, will deliver the most significant public investment in housing in Australian history. However, as the pace of development rises, so too does the risk that many communities remain underserved.

Housing businesses that consider evidence-based market segments, or partner with organisations that understand or support specific cohorts, could be better placed to scale supply in alignment with emerging demand. Housing that meets the current and future needs of all Australians will always provide stronger investment outcomes and far greater social utility and value.

Want to learn more?

To explore the research findings and what they mean for your organisation, contact George Housakos or Josh Drake.

Our Strategic Consulting team partners with private, government and non-profit clients to unlock housing investment opportunities that deliver strong financial returns alongside positive social impact.



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