

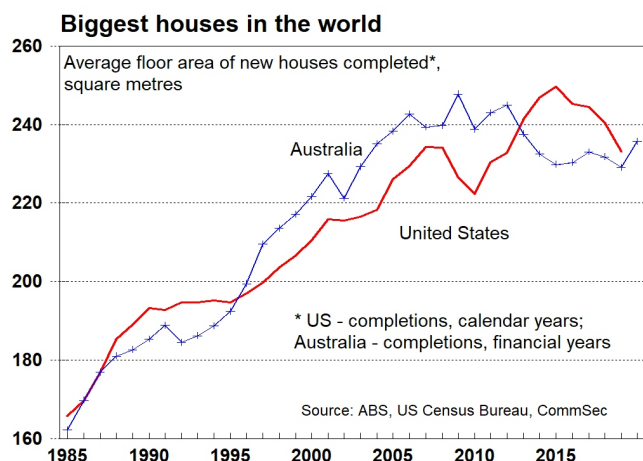
Australian houses are again the world's biggest CommSec Home Size Trends Report

- Australia is again building the biggest houses in the world. Data commissioned by CommSec from the Australian Bureau of Statistics, shows the average new house built in 2019/20 was 235.8 square metres, up 2.9 per cent on the year and the biggest increase in 11 years. US houses built over 2019 (latest data) fell for the fourth year, down 3 per cent to 2,509 square feet (the equivalent of 233.1 square metres).
- Not only have Australian houses grown over the past year, so has the size of the average Australian apartment. The size of the average new apartment lifted 6 percent over the past year, hitting a decade high of 136.8 square metres.
- Overall, the average new home (houses and apartments) built in 2019/20 was 195.8 square metres, up by 3 per cent over the year to a 6-year high.
- While Australia is again building the biggest houses in the world, US homes (houses and apartments) are slightly bigger than in Australia: 197.4 square metres versus 195.8 square metres in Australia.
- The ACT built the biggest houses in Australia in 2019/20, ahead of Victoria, NSW and Western Australia. Despite lifting 6 per cent last year, the average house in NSW is 6 per cent smaller than Victoria.

The estimates of home size have implications for home builders, building material producers and home appliance retailers as well as developers, government department and local councils.

What does it all mean?

- Eleven years ago Aussies were building the biggest detached (free-standing) houses that they had ever built. And these houses were – not surprisingly – the biggest in world. But Australia seceded the title of builder of the world's biggest houses a few years later in 2013.
- Over the past seven years, Aussie home buyers had been building progressively smaller houses on average. Aussies had embraced apartments as well as smaller houses on smaller lot sizes. In fact the size of the average house built last year (2018/19) was the smallest in 17 years.
- Apartments have also been generally getting smaller over the past decade. So much so that the size of the average home (houses and apartments) hit a 22-year low in 2017/18 before a slight increase in home size in 2018/19.
- After hitting record highs back in 2015, the average new US house has also been getting smaller, falling around seven per cent. Australia and US are still building the biggest houses in the world, but both are down from all-time highs.
- The size of the average house in both Australia and the US has been falling for various reasons: the increased focus on sustainability; desire for low-maintenance homes; smaller lot sizes; fewer people per home; affordability; a desire for proximity to inner cities; and energy costs. But



Craig James, Chief Economist; Twitter: @CommSec
Ryan Felsman, Senior Economist; Twitter: @CommSec

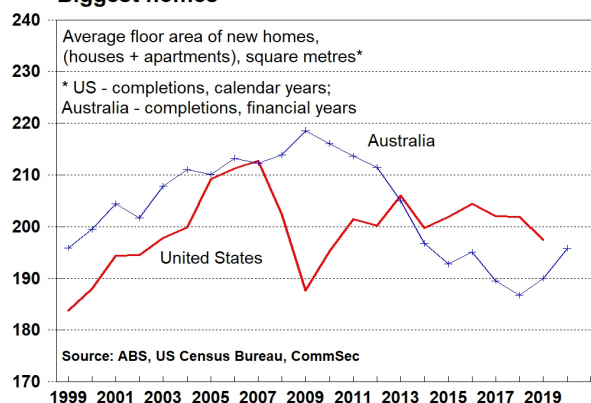
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over the past year there appears to have been a perception that homes had shrunk a little too much. The recent experience with COVID-19 has certainly caused more families to look for bigger homes and caused others to add extra rooms to existing homes. The recent trends to butler's pantries, mud rooms (storage for boots, coats and wet clothing) and home theatres have given more families justification to build bigger homes.

- It's important to note that houses built in Australia over the past year are still far bigger than those built in the 1980s and 1990s. In fact houses are around 6 per cent bigger than 20 years ago and 27 per cent bigger than 30 years ago.
- There have been shifting trends in the sizes and styles of homes over the past decade and COVID-19 is throwing another element into the mix. More Aussies could embrace working from home in a bigger way, opting to move away from apartments in, or near the CBD, in preference for a larger home in a regional or suburban 'lifestyle' area.
- It is clear that a raft of government agencies and businesses, especially those that are reliant upon, or housing-focussed, will need to be agile in monitoring the new housing trends.

Biggest homes



The average Australian new dwelling or home

- The Australian Bureau of Statistics (ABS) compiles the data on the average size of a new dwelling.
- The ABS defines the average floor area of a new dwelling as:

"The floor area of a building is defined as the quantity of useable space within the dwelling (including attachments) at its completion. This figure is measured in meters squared (m^2) as reported by the respondent at the final stage of construction. The boundary of the recorded floor area of a dwelling is delineated by the external perimeter of the dwelling's exterior walls. This excludes non-enclosed structures attached outside the floor area boundary such as verandahs and carports. The floor area of apartments is the total floor area of the building (including common areas and hallways) divided by the number of dwellings contained within the building."

- The ABS provided data on houses and "other dwellings"

"Houses – defined as detached buildings used for long term residential purposes, consisting of only one dwelling unit and are not a result of alterations or additions to a pre-existing building."

'Other dwellings' include townhouses and flats, units and apartments.

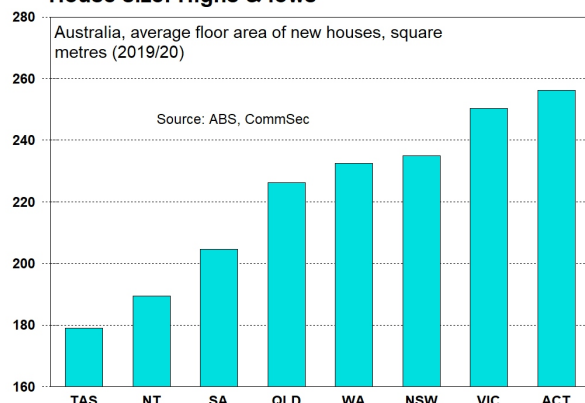
'Townhouses' - defined as semi-detached row or terrace houses attached in some structural way to one or more dwellings, with their own private grounds and no separate dwelling above or below.

'Flats, units or apartments' - defined as blocks of dwellings that don't have their own private grounds and usually share a common entrance, foyer or stairwell.

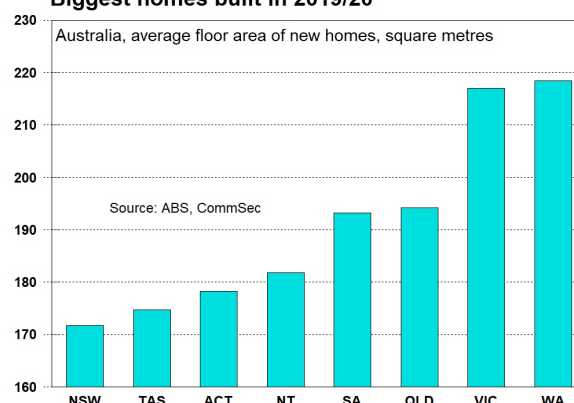
International comparisons

- While global statistics on home size are difficult to come by, latest data indicates that Australian houses are the biggest in the world ahead of the US. In terms of all homes (houses and apartments) the US still build slightly bigger new dwellings than Australia, although the difference in size is minimal.
- Apart from Australia and the US, Statistics New Zealand regularly calculates the average floor area of a new

House size: Highs & lows



Biggest homes built in 2019/20



dwelling. The Canadian Home Builders Association has also advised data on home size (based on Ontario and 2016 Census data).

- The size of the average new house in both Australia and the US is around 235m². And the average new home in Australia and the US is around 195m². In June 2020, the average new home in New Zealand was 157.4m². In Canada the average size of a new house (detached dwelling) was 221.1m² and the average new home was 141.2m².
- In 2012, Eurostat compiled data on the "Average size of dwelling by income quintile and tenure status". The data ranged from 43.9m² in Romania to 141.2 m² in Cyprus.
- The UK Office of National Statistics and United Nations indicate that the average floor area of new homes built in the US, Australia and New Zealand were far larger than in European economies.

What do the figures show?

Australia & US home completions

- CommSec commissioned the Australian Bureau of Statistics to calculate data on the average size of new homes built in Australia.
- The data supplied relates to the average size of new homes built – houses, apartments and the average size of all homes. The ABS also indicates the proportion of homes built at the stated "average floor area".
- The United States Census Bureau provides both median and average estimates of new homes built and also supplies similar floor area data on new homes sold.
- **In 2019/20, the average size of a new house built in Australia was 235.8 square metres (m²), up 2.9 per cent from 229.0m² in 2018/19 and the biggest result in 7 years (since 237.5m² in 2012/13).**
- **In the US, the average size of a new single-family house built in 2019 (latest estimate) was 2,509 square feet or 233.1m², down from 240.4m² in 2018 and below the record 249.6m² in 2015.**
- **In 2019/20, the average size of a new home (houses and apartments) built in Australia was 195.8 square metres (m²), up 3.0 per cent from 190m² in 2018/19 and the biggest result in 6 years (since 196.8m² in 2013/14).**
- **The average US home (houses and apartments) was 197.4m² in 2019, down from 201.8m² in 2019.**
- **In 2019/20 the average floor area of a new apartment in Australia (unit, townhouse, villa etc.) was 136.8m², up 6 per cent from 129m² in 2018/19 but 5 per cent below the high of 143.4m² in 2004/05.**

States & territories highlights

- **The ACT continues to build the biggest houses in Australia.** In 2019/20 the average floor area of a house built in the ACT was 256.3m²; ahead of Victoria (250.3m²); NSW (235m²); and Western Australia (232.5m²)
- **The smallest new houses** built were in Tasmania (179m²).
- **In terms of "other dwellings"** such as townhouses and apartments, the biggest dwellings can be found in Victoria (155m²) followed by Western Australia

All new homes built in 2019/20

Share of total completions, %

State/Territory	Houses	Other
NSW	42.4	56.7
Victoria	57.6	41.8
Queensland	57.1	42.5
South Australia	74.2	25.4
Western Australia	73.1	26.5
Tasmania	89.0	9.1
Northern Territory	77.5	18.6
ACT	22.9	77.0
AUSTRALIA	54.3	45.0

Does not add to 100% Dwellings excluding new

Source: ABS, CommSec

Houses built in 2019/20

Average floor area

State/Territory	Square metres	% change on year
NSW	235.0	6.0
Victoria	250.3	1.7
Queensland	226.3	1.2
South Australia	204.5	3.3
Western Australia	232.5	3.1
Tasmania	179.0	0.3
Northern Territory	189.5	-5.4
ACT	256.3	2.2
AUSTRALIA	235.8	2.9

Source: ABS, CommSec

Apartments built in 2019/20

Average floor area

State/Territory	Square metres	% change on year
NSW	121.3	5.4
Victoria	155.0	4.7
Queensland	137.8	5.4
South Australia	149.8	7.5
Western Australia	150.5	-3.4
Tasmania	132.5	-18.1
Northern Territory	145.3	4.7
ACT	143.0	40.2
AUSTRALIA	136.8	6.0

Source: ABS, CommSec

All new homes built in 2019/20

Average floor area

State/Territory	Square metres	% change on year
NSW	171.8	4.4
Victoria	217.0	1.6
Queensland	194.3	1.8
South Australia	193.3	7.5
Western Australia	218.5	2.9
Tasmania	174.8	-0.1
Northern Territory	181.8	3.1
ACT	178.3	12.5
AUSTRALIA	195.8	3.0

Source: ABS, CommSec

(150.5m²). The next biggest apartments were built in South Australia (149.8m²) and Northern Territory (145.3m²)

- **The smallest 'other dwellings'** can be found in NSW (121.3m²) and Tasmania (132.5m²).
- **Of all homes built in 2019/20**, the average floor area was biggest in Western Australia (218.5m²) from Victoria (217m²).
- In Tasmania, 89 per cent of homes built were free-standing houses, with houses also accounting for around three-quarters of homes built in Western Australia, Northern Territory and South Australia. By comparison, only around 23 per cent of homes built in the ACT were free-standing or detached houses in 2019/20 and only 42 per cent of NSW homes were detached (separate) houses.

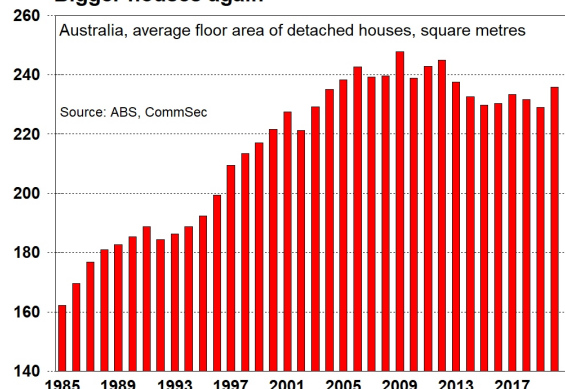
What is the importance of the economic data?

- **The Australian Bureau of Statistics (ABS)** collects data on new home completions. Where the data is made available, estimates of the average floor area of houses and apartments by state/territory can be calculated. Changes in the size of homes has implications for builders, developers and retailers of home appliances. If bigger homes are built, this may result in fewer homes being built to absorb increases in population.

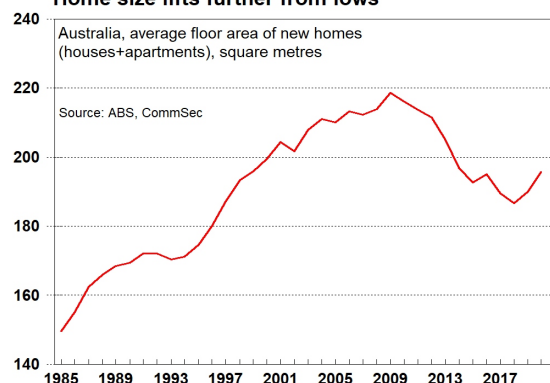
What are the implications for investors?

- There have been major moves in home size over the past year. Across all states and territories except Northern Territory the average house built in 2019/20 was bigger than the previous year. In fact the size of the average NSW house lifted by 6 per cent. Across Australia the average house size lifted by 2.9 per cent last financial year.
- The big question is whether the decade-long downtrend in home size has ended. As the data shows, even before COVID-19, Australian home builders were indicating their preference for slightly bigger homes. Apartment size has now lifted for the past two years. However house size lifted in 2019/20 but after falling the previous year to 17-year lows.
- The US has similarly experienced a re-assessment of housing needs. The size of the average US house hit record highs in 2016 at 2,687 square metres or 249.6 square metres. House size has fallen for the past four years.
- As noted above, the size of the average Australian house hit 17-year lows in 2018/19 before rising to 235.8 square metres, exceeding the size of the average US house.
- Government-imposed lockdowns in response to the COVID-19 virus have prompted more Aussies to re-assess their housing needs. With more time spent at home for both leisure and work, some Aussies are looking for bigger homes. Others are coming to the belief that the layout of their home needs changing.
- While on average there are still only around 2.5 people in the average home, homebuilders regularly include 4 bedrooms on the architects plans, together with master ensuite, walk-in-robe, butler's pantry, home theatre room, formal study and/or study nook, mud room and alfresco dining.
- Other questions posed by COVID-19 is whether it will lead to greater cohabitation such as children returning to the family

Bigger houses again



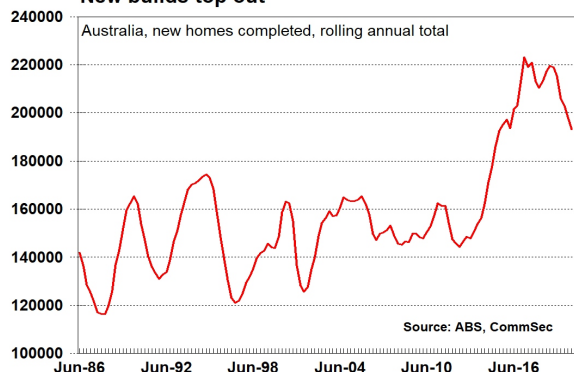
Home size lifts further from lows



Aussies want more space



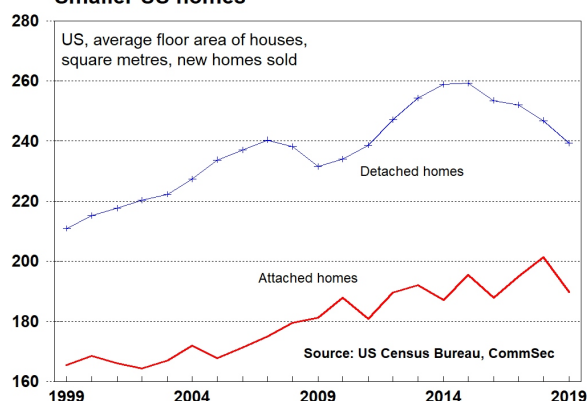
New builds top out



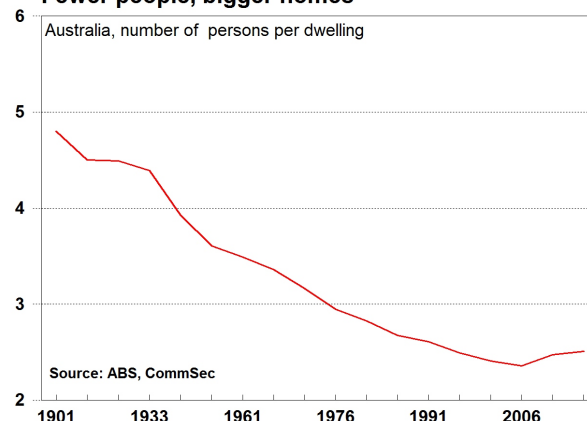
home and/or with parents living with their parents – three generations, children, parents and grandparents.

- While local councils have become lenient with the amount of greenspace on the generally smaller blocks, homeowners may still need to assess whether their needs may be better met by moving further out to the suburbs or even rural and regional areas.
- While the COVID-19 virus has forced many to work and live differently, this has proved both positive and negative. Many workers may have concluded that working 9-5, 5-days a week was never going to change. But better use of technology, employer flexibility, restrictions on travel and fears about use of mass transportation means that many can – and want to – work more from home.
- The trends from COVID-19 are still emerging. If a vaccine were to be found in coming days and weeks, then there may be a return to pre-virus 'normalcy'. However it certainly does appear that many so-called norms have been challenged and are, or are being, re-assessed.
- If more Aussies decide to work from home, this has implications for central business districts (CBDs) of capital cities including office and retail space usage, cafes and restaurants, services such as hairdressers and public transport services.
- If more Aussies opt for sea-change/tree-change or green-change, this has implications for home prices, home supply and social and economic infrastructure demands (roads, schools, hospitals) in outer-suburbs and regional areas.
- Demand for bigger or better homes also has implications for home builders, trades, building materials, homeware stores, electrical stores and housing fit-out including kitchen and bathroom fixtures and fittings.

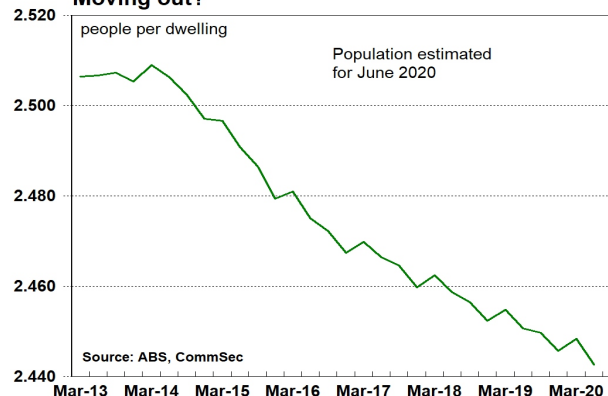
Smaller US homes



Fewer people, bigger homes



Moving out?



Craig James, Chief Economist, CommSec
Twitter: @CommSec

Ryan Felsman, Senior Economist, CommSec
Twitter: @CommSec

