

How the Aussie dream is making the housing crisis worse

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Khurram Saeed can speak from experience about one of the big challenges facing governments trying to ease the housing crisis by encouraging higher-density living: the great Aussie dream includes a backyard.

For many people, he says, the idea of owning a home goes hand in glove with having the land that the residence sits upon. That especially includes migrants who have moved from countries where millions of people live in teeming cities, such as India, China or his home country of Pakistan.



Resi Ventures co-founder Khurram Saeed next to the housing commission flat he grew up in.

“They want a backyard because where they have come from, owning land is like winning the lottery,” Mr Saeed told *The Australian Financial Review*.

The developer grew up in a housing commission flat in Melbourne’s Carlton after migrating with his family in 1989 when he was 11. He now lives in a four-bedroom home in Point Cook, about half an hour south-west of Melbourne’s CBD, and his two teenage sons play at the local Sanctuary Lakes cricket club.

His business, Resi Ventures, focuses on developing greenfield sites on the city’s fringe for new houses, which he says migrants are more likely to buy than apartments closer to the city.

Mr Saeed and some industry economists warn that Labor’s focus on higher density in existing areas rather than more new suburbs will lead to ambitious new home targets being missed, because the demand will not be there.

The Victorian government wants to direct 70 per cent of housing growth to established areas and most of Premier Jacinta Allan’s blitz of housing announcements last month were aimed at “building up”, rather than out.

Similarly, the Minns government in NSW wants to make it easier to get approvals [<https://www.afr.com/politics/six-sydney-suburbs-haven-t-built-a-major-project-in-years-20240305-p5f9y5>] for higher density residential buildings in zones it has identified near key railway stations in Sydney, to help ease the housing crunch.

In Melbourne, Labor wants to boost density in affluent suburbs such as Toorak and Brighton by making it easier to subdivide land [<https://www.afr.com/politics/allan-makes-townhouse-pitch-to-woo-millennial-voters-20241024-p5kkzi>] and by cutting stamp duty for off-the-plan apartments [<https://www.afr.com/politics/stamp-duty-cuts-in-victoria-will-apply-for-foreign-buyers-20241021-p5kjqwq>].

Developers and the property industry support the changes but warn the government will struggle to meet its target of building 80,000 new homes a year if



Victoria's housing tsar Jeroen Weimar told a UDIA breakfast last week that the state government is not 'mandating' apartment living.

it relies on apartments because it is not feasible to build and sell them at scale.

Jeroen Weimar, the senior state bureaucrat assigned to tackle the housing crisis, last week rejected the suggestion of mandating a shift to higher-density living by encouraging apartments.

He said migrants and younger people “absolutely” preferred detached homes, and that the most affordable options were in greenfield areas. But the government’s vision was to enable middle-ring development.

“What we’re trying to do is get the planning system out of the way and give very clear guidance [that] these are places we can put more density, given the infrastructure and the services in place,” Mr Weimar told an industry event last week.

“We’re not going to have government-mandated building commissions saying, ‘you must build this here’. The planning system will enable it, if the demand is there it will get built, if the demand isn’t there, it won’t get built.

“What we don’t see is a world where we rip up the open growth boundary and just keep squelching out to the hills. We don’t think that’s a viable way of running a city. The government is not mandating what Victoria looks like.”

Mr Weimar told the *Financial Review* he rents a three-bedroom townhouse in Williamstown, but has never lived in an apartment during his 10 years in Melbourne. He said the “market would decide” where future development takes place.

Andrew Perkins, property research director at one of Australia’s leading private credit managers Wingate, said the state had pulled a handbrake on the amount of land it released for greenfield development.

The government, he said, had approved about 185,000 greenfield lots between 2014 and 2018, but only 46,500 lots since then.

“There’s a mismatch between demand and the release of greenfield land in those corridors – that’s what worries me,” Mr Perkins. “We are heading toward million-dollar greenfield packages in Melbourne within five years.”

“We don’t have enough structure plans in the pipeline to keep up with demand, and this could create an affordability issue in Victoria.”

KPMG urban economist Terry Rawnsley said greenfield developments were Victoria’s “best chance” to keep supply rolling in the short term, but warned the state government should be mindful of “overstretching” itself.

Mr Saeed said it’s possible to buy a four-bedroom detached home with two bathrooms and a garage in growth corridor suburbs like Tarneit or Plumpton in Melbourne for about \$750,000 – about the same price as a one-bedroom apartment in somewhere such as Kew.

He said he suspects the government had focused on boosting density because it can’t afford to build the infrastructure needed to service new suburbs.

“My cynical view is that unfortunately Victoria as a state is bankrupt,” he said. “They’re telling us they want to build up and out, but they really just want to build up.”

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