# Challenges of Migration, Housing, and Off-Plan Sales in Australia and England: A Dual Perspective



### Migration and Housing Challenges in Australia: A Complex Issue

**Housing and Migration Context**

Australia faces a housing crisis, prompting the government and opposition to consider migration cuts as a potential solution. Labor has suggested capping student numbers, while the Coalition proposes a 25% reduction in permanent migration and restrictions on foreign property purchases.

**Migration Data**

Net Overseas Migration (NOM) has surged to 518,000, recovering from pandemic lows. This increase is partly a temporary "catch-up," as migration numbers fell drastically during COVID-19.

**Impact on Housing**

Challenges in housing construction have exacerbated the crisis. Despite a historical balance between dwelling construction and migration, the pandemic disrupted this trend. Rising costs in labor and materials, alongside higher interest rates, have further stalled housing projects.

**Expert Opinions**

Experts argue that reducing permanent migration will offer minimal short-term relief and disrupt economic benefits. Many permanent migrants are already in Australia on temporary visas. Skilled migration, particularly in healthcare and education, is essential for addressing workforce shortages.

**Temporary Migration**

The influx of temporary migrants, particularly students, affects the rental market more than home ownership. International students constitute around 6.8% to 7.2% of the rental market, not the previously reported 4%.

**Purpose-Built Accommodation**

Most students live in private rentals, not purpose-built student housing, indicating a demand-supply gap in specialized accommodation.

**Policy Considerations**

Both parties have proposed measures to cap student numbers, which might slightly ease rental pressures. However, increasing overall housing supply, including student accommodation, is deemed crucial for long-term solutions.

### Decline in Off-Plan New Home Sales in England and Wales

**Current Trends**

The proportion of new homes sold before completion has fallen to a decade-low, with fewer than a third sold off-plan in 2023. This marks the lowest level since 2013.

**Factors Influencing Sales**

Higher mortgage rates deter buyers from off-plan purchases, causing a decline in demand. Additionally, an increased stock of available homes has reduced the urgency to buy off-plan.

**Shift in Buyer Demographics**

First-time buyers now constitute the majority of off-plan purchases, a reversal from six years ago when investors dominated. Higher mortgage rates have led to more cautious buying behavior.

**Impact on Housebuilders**

A decline in off-plan sales impacts housebuilders, leading them to delay projects and slow construction rates. Lower off-plan sales extend borrowing periods and increase interest costs for developers.

**Market Dynamics**

Higher mortgage rates have reversed pandemic trends, with larger homes seeing the sharpest decline in off-plan sales. Flats, however, have seen a relative increase in off-plan sales driven by first-time buyers.

**Future Outlook**

While housebuilders face challenges, experts are divided on the outlook. Some suggest a good market for new builds if more sites are opened, pending systemic changes in planning.

**Conclusion**

Both Australia's migration policies and England and Wales' housing market changes highlight the complexities of addressing housing shortages and affordability. Structural changes, careful policy implementation, and increased supply are critical for long-term solutions.