SUPER MEMBERS COUNCIL

The housing market effects of using super for housing

Fact Sheet March 2025

What did this study analyse?

- Homeownership is becoming increasingly hard to achieve in Australia. In response, new proposals are being put forward as a potential solution, including allowing early withdrawal of super for house deposits.
- Professor Chris Leishman, a highly respected housing policy expert from the University of South Australia, has released new research examining the housing market effects of using up to 40% or a maximum of $50,000 of super for house deposits.
- While the housing market is large, only a comparatively small fraction is being bought and sold at one time. This 'flow' of sales is what determines prices - not the overall stock of housing.
- Given first home buyers are about a third of the buying market, the research tested how boosting demand for this cohort would affect house prices.
- Professor Leishman first undertook a literature review of existing housing market models. He identified two common approaches from influential housing market studies:
  1) dynamic ordinary least squares time series (DOLS) approach employed by Adams and Füss 2010, and
  2) structural vector autoregression (SVAR) approach used by Fry et al 2010.
- Professor Leishman then used both approaches to estimate the likely price effects.
- **His analysis found a likely price increase of between 7.4% and 10.3% because of a super for housing policy over a two-year period**.

About housing market model 1 - DOLS

- Dynamic ordinary least squares time series (Adams and Füss, 2010). This approach measures house price changes associated with changes to specific economic variables over time (GDP, industrial production, money supply, employment, interest rates, construction costs, and bank lending).
- The model found while people would access their super immediately - price increases from this demand shock would peak 18 months later.

About housing market model 2 - SVAR

- Structural vector autoregression (Fry et al, 2010). This approach treats each economic variable within the model as affecting the others simultaneously over time in an interconnected system, rather than following simple cause-and-effect relationships.
- The same variables are used as in DOLS.
- This approach also found that while people would access their super immediately - prices increases from this demand shock would peak 18 months later.

Expected demand and price increases

- A microsimulation model based on the Household, Income and Labour Dynamics in Australia (HILDA) survey was used to estimate the number of people who would take up the 'super for a house' policy based on a proposed Coalition policy, and an increase in bank lending drawing on anticipated house purchase prices.
- Under market model 1 (DOLS approach), an increase in house prices of between 7.4% and 8.1% is estimated over a two-year period.
- Under market model 2 (SVAR approach), an increase in house prices of between 10.0% and 10.3% is estimated.

How would it affect median house prices?

	Median after price hike	Rise in median house prices	Rise in fortnightly mortgage
Sydney	$1,316,100	$122,900 more	$345 extra/fn
Melbourne	$851,800	$79,500 more	$223 extra/fn
Brisbane	$985,600	$92,000 more	$259 extra/fn
Adelaide	$903,800	$84,400 more	$237 extra/fn
Perth	$893,300	$83,400 more	$234 extra/fn
Hobart	$726,000	$67,800 more	$191 extra/fn
Darwin	$554,400	$51,800 more	$146 extra/fn
Canberra	$938,100	$87,600 more	$246 extra/fn
All capitals	**$990,100**	**$92,500 more**	**$260 extra/fn**

References:

- Adams, Z., Füss, R., 2010. Macroeconomic determinants of international housing markets. J. Hous. Econ. 19, 38-50. https://doi.org/10.1016/j.jhe.2009.10.005
- Fry, R., Martin, V., Voukelatos, N., 2010. Overvaluation in Australian housing and equity markets: wealth effects or monetary policy? Econ. Rec. 86, 465-485. https://doi.org/10.1111/j.1475-4932.2010.00639.x