INFLUENCES ON DWELLING SIZE IN AUSTRALIA

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ABSTRACT

Problem/Purpose: “I’d much rather have a caravan in the hills, than a mansion in the slums” is the chorus line from the Crowded House song ‘Mansion in the Slums’ (Finn 1988): but is that the truth for most Australians? The reality is we buy, build and expand to have big houses as close as practical to the city. While a lot of research looks at the urban, suburban and rural debate, the size of our houses and apartments across Australian have been increasing.

Originality/value: Often in literature on housing, size is a factor in the variables but it is rarely the focus. This research focuses on the factors that determine dwelling size and the influences behind those choices.

Findings: A home does not just provide shelter for our family; it is storage for our possessions, it expresses our desired social status and offers a sense of financial security. These aspects of life are changing and our houses are increasing to accommodate them.

Design/methodology/approach: An examination of the literature on role of the home to identify how changes to that role is impacting the size dimension.

Social Implications: The social implications are that the continued increase of dwelling size is not sustainable. A balance needs to be found between a comfortable lifestyle and one that is affordable long term.

Research limitations/implications: This research focuses on Australia’s dominant dwelling form – the owner-occupied detached house. By looking at the perceived preferred model it is anticipated that learnt lessons can then be applied to other forms.

Keywords: dwelling size, housing motivation

Theme of this paper: Residential sector

INTRODUCTION

To quote a Crowded House song lyric (Finn 1988):

I’d much rather have a caravan in the hills,
than a mansion in the slums.

But this is not the case, in fact the song goes on to say:

I’d much rather have a mansion in the hills
Than a mansion in the slums
Yeah I’d much rather, What I mean is, would you mind if I had it all?

The song implies we all want a mansion irrespective of where it is. The literature generally agrees that the Australian dream is to own a large detached house (Bessant & Johnson 2013; Forster 2006; Yates 2001). Research into housing choices by Hefferan, Wardner and Mannix (2011) and others (Wulff, Healy & Reynolds 2004) show there is a willingness to compromise on some aspects including the location be it closer or further from a CBD) but not the size and the amenities that size offers.

Australians prefer big houses and the size of the average home has been swiftly increasing this generation (Welsh & Wadley 2014). New houses are being built are bigger than ever before. In the three decades from 1984 to 2013 the average floor area of new houses across Australia increased by 49% (ABS 2005, 2013b). Existing houses that a generation ago housed a family of 6 “need” to be expanded to house a family of 4. New houses twenty years ago had one living area while new houses today often have several: a lounge room, a family room, media room plus external living rooms.
We live in the largest residential dwellings in the world (James, C 2009; Wiesel, Pinnegar & Freestone 2013). When this data is combined with the small household size, the floor area per occupant is increasing even faster (Harrington & Foster 2008). The current domestic space per person of 83m² (average new dwelling size 211.5m² (ABS 2013b) divided by average household size of 2.55 (ABS 2013a)) is luxuriant by world standards even compared to wealthier countries - for example the United Kingdom has 43m², Germany 40m² and Japan 37m² floor space per person (Caton 2014).

Does the average Australian household feel they are living in luxury or would most people say they still need more room?

This research examines the literature on the role of domestic space. A home provides shelter for our family but also it is storage for our possessions, it expresses our desired social status and offers a sense of financial security (Anker-Nilssen 2003; Buys et al. 2005; Miller & Buys 2013). This paper offers a separate examination of each of these aspects of the home’s roles and how it is influencing the ongoing increase in dwelling size.

SHELTER – A PLACE TO LIVE

A home at the most primitive level is a shelter from the elements shared with our close nuclear group, be that a family or a household of friends. Nearly all existing Australian dwellings and 78% of new dwellings are a detached suburban house with 3 or more bedrooms (ABS 2013a). This form is principally designed to suit a nuclear family of two parents with 2-3 children (Kelly, Weidmann & Walsh 2011). This does reflect that most people decide to re-home to coincide with major life course changes of getting married and having children (Clark & Huang 2003; Kulu & Steele 2013; Öst 2012; Rossi 1980). The Australian suburbs have developed a one-size-fits-all dwelling stock (Welsh & Wadley 2014; Wulff, Champion & Lobo 2010). Family household forms are not one typical size with single person, sole parent, and childless couple households becoming progressively dominant (Perkins & Thorns 1999).

The generation now in the family stage of life is commonly referred to as Gen X. Population-wise they are the smallest demographic group. Born between 1965 and 1984, they are in their 30s and 40s. Unlike previous generations there is higher prevalence of divorce, single parent families and dual working parents which all altered the way home and family life operates. When parents separate or divorce co-parenting arrangements may result in the household size varying from week to week (Feijten & van Ham 2010; Wulff, Healy & Reynolds 2004). Part-time families, combined re-partnered families and multi-generational families have additional relationship pressures that personal space requirements are called on to resolve (Dovey 1992; Perkins & Thorns 1999). These family changes have an effect on the domestic dwelling form.

The largest population group is the baby boomer generation which typically, as empty nesters, are a one to two person household; however they tend to occupy “family” 3 or more bedroom dwellings (ABS 2013a). Retired or nearing retirement, they now have more time to spend in their homes, making use of the space (Judd 2013). This is a time of life when the built up value in the home could be utilised as an income source but it is usually not (Johnson, Worthington & Brimble 2015). The primary residence is exempt from the federal government asset test for the age pension so there a strong incentive for many retired households to hold on to larger homes. This age group is often reluctant to move (Judd, B. et al. 2014) and when they do, it will be for improved lifestyle reasons that could actually include upsizing (Wulff, Champion & Lobo 2010).

Another consideration for this older age group is the tendency for their adult children to stay or return to the safety net of the parental home (Otters & Hollander 2015), giving their offspring the label Boomerang generation (Shaputis 2003). This millennial generation in their 20s face economic difficulties particularly in entering the inflated housing market (Aalbers 2015; McKee 2012). The high market prices coupled with high transfer costs sway any of this generation able to get a foot in the door to seek a long-term housing solution in the traditional family model (Kelly et al. 2013). The mismatch of small households living in large (or even medium) sized dwellings led to much discourse in the 1990s (Batten 1999). And while there is no simple relationship between the size of dwelling and bedroom numbers (Perkins & Thorns 1999, p.131), bedroom utilization is the standard for measuring occupancy rates. Utilisation is a statistical measure based on the Canadian National Occupancy Standard which used by many countries around the world. It takes into account not just the size of the household but its composition (ABS 2013a). House utilisation figures are based on assumed normal bedroom sharing arrangements:

- there should be no more than two persons per bedroom
• children under 5 years of age regardless of sexes may share a bedroom
• children (under 18 years of age) of the same sex may share a bedroom
• a single adult a parent or couple should have a separate bedroom
• a lone person household may reasonably occupy a bed sitter.

Bedroom sharing arrangements vary considerably between families and cultural groups (Ronald 2011) and what is acceptable in one situation might not be so for another. While widely applied, this standard does not necessarily match-up to contemporary Australian expectations. Initially these standards and similar ones in other countries were developed in the 1960s as a measure for overcrowding as part of overcoming housing deprivation (Goodyear & Fabian 2012). This was a welfare issue addressing the meeting of fundamental human “need” for safe and adequate shelter (Ytrehus 2000). Currently the standard is used as a measure of underutilisation with the assumption that overcrowding and underutilisation are opposites of the same continuum (Batten 1999).

By these standards more than three quarters (78%) of Australian households are underutilising their homes (ABS 2013a). Households without children whether a couple only (97%) or a lone person (85%) are more likely to have surplus bedrooms (one or more) (Welsh & Wadley 2014).

The ‘spare’ room is obviously a feature in a majority of current dwellings but they are not empty spaces. They are utilized in many ways and allow for future flexibility (Wulff, Healy & Reynolds 2004). Wiesel, Pinnegar and Freestone (2013) found that residents justified extra space for: guest accommodation; flexible multigenerational use; and dedicated home office space.

Economic changes over the 1980s and into the 1990s have increased the numbers of self-employed people who have established small home-based businesses (Perkins & Thorns 1999) that include sub-contracting practices, or short term assignments. Work styles have become increasingly malleable with demands for flexible days as well as work from home practices (Gurstein 1991). Technology changes with the interconnectivity of computers and telecommunications have made the home office a reality of current life (Hardill & Green 2003). The home office is not just for business as more households require a dedicated area for study, shopping from home on the computer and keeping the family records straight.

STORAGE – THE EFFECT OF OUR POSSESSIONS

One common use of the spare room is as a store room for the accumulation of belongings that are not needed regularly. An Aussie expression is to refer to this store room as Clancy’s room in reference to Banjo Paterson’s (1889) famous Australian poem ‘Clancy of the Overflow’. This overflow of belongings is an increasing problem as western households have more material possessions than ever before (Leonard, 2010). The ever-increasing pursuit of more consumables in lifestyle expectations known as affluenza is prevalent in Australia (Hamilton 2009). Affluenza is a new term defined as the socially contagious insistent pursuit of more, with symptoms of debt, anxiety and waste (De Graaf, Wann & Naylor 2005). It is epidemic throughout the developed world and rapidly spreading to the developing nations (James 2007).

With the increased possessions come an escalation in what we consider acceptable social norms (Shove 2003) which contribute further to the demand for consumables. Items that were once considered extravagance are now considered normal as well as the practices that go along with those items. These extra material possessions are changing our actions and habits, and our houses are expanding to accommodate them (Hand, Shove & Southerton 2007).

For example figure 1 is the typical space for making a cup of coffee and how it has changed over the decades. In the 1950s a kettle was boiled on the multipurpose stove top. By the 1970s the electric kettle became a standard appliance as we expected to be able to make our instant coffee instantly. This product was only used for making hot beverages and required an extra electricity outlet. Later in the 2000s the average consumer started to demand a higher quality of coffee experience at home and the on-bench coffee machine became a normal household item. Note the stove top and kettle are still present but in addition there are extra power points, extra equipment and increased waste.
Figure 1: Plan of a kitchen bench showing the space required to make a cup of coffee.

The kitchen space requirements have doubled for this one activity. There are numerous other gadgets that were not in the 1950s Australian home that are now typical in the kitchens, laundries, bathrooms, living rooms and bedrooms. These now necessary appliances were once considered luxury items (Hamilton 2009) and today's newer items of ‘luxury’ will become essential as we become accustomed to them. These extra affluenza gadgets often come with unconsidered lifestyle consequences, plus the space required to use and store them.

**STATUS – OUR SOCIAL EXPECTATIONS**

The technology for making a cup of coffee has improved but so have our expectations and daily practices. The acquiring of new possessions expands our spatial needs and our typical experiences and inversely we desire particular experiences and to be competent at them we need the right equipment (Warde 2005).

One experience that most people particularly want to be competent in is a high quality of family life and our home is a vital part of that equipment. Dowling & Power (2012) connected house size and form with perceptions of good parenting and there are many examples of this. So that children can grow as individuals, each child is provided their own room (+’ min. 6m² per child). Monitoring children’s television or computer viewing requires these devises to be used outside of the bedroom (Holloway & Green 2008) so an additional living room (+12m²) and study nook (+2m²) are incorporated into the family home. The extra bathroom (+4m²) is provided to reduce family aggravation (Hand, Shove & Southerton 2007). Multiple televisions appease viewing preferences without the need to negotiate (Hamilton 2009). Additional space by allowing segregation is used to reduce stress and resolve family tensions (Dovey 1992; Morgan & Cruickshank 2014).

Pressures of living together have always existed however there has been a shift from creating privacy through social cue mechanisms to reliance on physical barriers (Witte 2003). There is also a cultural change from family privacy to separate privacy that is requiring extra rooms so individuals can express their self-identity (Jarvis 2011; Ozaki 2002).

One school of thought is that people buy *starter castles* (De Graaf, Wann & Naylor 2005) as an outward display of social status, however there is greater evidence that they are an expression of our self-identity and own life expectations (Clarke 2001). Our self-identification, which was once linked to occupation and class is now more closely linked to our home (Clarke 2001). The homeliness, cleanliness and priorities that we identify with are displayed in our dwellings and possessions (Smith 2004). Often homes have a lounge room that is always kept good away from the rest of the mess, for entertaining the rare visitor but also so the owners can relax and pretend there is no more ‘work’ to be done (Dowling & Power 2012). We display these framed lifestyles for others but also for ourselves.
The lifestyle expressed is not necessarily the current reality but also our anticipated life (Sullivan & Gershuny 2004). Most people are familiar with aspirational purchases, buying things with the anticipation of making large or small life style changes – nearly every family has a stored monopoly board waiting for a quiet day when the whole family is home long enough to share a game, or the treadmill bought with the intension to exercise more. These ambitious future plans do not just effect possessions but also relate directly to dwelling size decisions. A sad example is the couple purchasing a large 5 bedroom home in the anticipation of lots of children that fate determined them unable to have. While a more common story is the large entertaining area perfect for parties that are too hard to organise or too rarely held.

A families’ own lifestyle and set of household practices are unique to them but they are influenced by the wider culture through social interactions. It is a long recognised pattern for individuals to emulate social groups that they identify with, known widely in English speaking areas as *keeping up with the Jones*. “The Jones” are not neighbours, more often images on television and other media (De Graaf, Wann & Naylor 2005).

> Because television shows are so heavily skewed to the “lifestyles of the rich and upper middle class,” they inflate the viewer’s perceptions of what others have, and by extension what is worth acquiring. (Schor 2000, page 3)

The mass media influence means that individuals and households are drawing comparisons with households of considerable more wealth than their own. Dramas that try to depict working class also provide misleading images, for instance the famous living room in the television show ‘Friends’ (1994-2004) is not a typical New York apartment that people in their 20’s could afford. It is an inspirational 3 walled drama set custom built with extra space to accommodate cameras and crew. Similarly images in lifestyle magazines convey an unintended impression of spaciousness as they are deliberately empty of people and personal items to focus the viewer on the featured items – styled for photography not for living within (Leonard, Perkins & Thorns 2004).

Media images of housing focus on an aspirational stereotypical family unit and any alternative, minority or special needs housing is excluded from the imagery (Kriese & Scholz 2012). Real Estate agents concentrate on stereotyped groups that have the highest sales potential and create evocative lifestyle interest in their advertising to attract those customers (Perkins, Thorns & Newton 2008) thus promoting executive features to a working class audience. The features in these media images of homes have a large effect on the type of dwelling to which buyers aspire.

Media images are not neutral, rather they convey messages often without general society realising (Gamson et al. 1992). For example, the television program ‘Keeping Up with the Kardashians’ (2007- ) labelled *reality TV shows a lifestyle that very few viewers could afford and is largely sponsored endorsements of the places they go and the products they use* (Feinman 2011). Such media images are forms of advertising, both overt and covert. trying to sell us something in order to grow the advertiser’s businesses (Sullivan & Gershuny 2004). Homeware, hardware DIY and furnishing are big business investing in infotainment home-oriented lifestyle media (Allon 2008).

This entertainment form expanded several fold in 1990s in the UK (Clarke 2001) and similarly in Australia with shows such as: Better Homes Gardens; The Living Room; The Block; House Rules; Hot Property; Gardening Australia. These prime-time television shows portray home renovation as a leisure pursuit and a profit making exercise (Rosenberg 2008). The companies sponsoring this medium highlight what we lack and what we should aspire to by buying into their product (Hamilton 2009); fuelling housing consumers to dream of that which is bigger and better than their current home.

**SECURITY – FINANCIAL**

More than just a place to live, for most Australians, buying or building their own home is the biggest financial commitment they will make in their lives (Dietz & Haurin 2003). It is often the only form of savings (Wood & Parkinson 2009) and a safeguard against poverty in old age (Yates & Bradbury 2010). Long term economic considerations are an important factor in the decision to buy and what dwelling to buy. They include: resale value with capital gain; level of debt commitment; current and future expense of relocation; and asset level impact on other income sources.
Australians’ belief that home ownership equals financial security is based on the confidence that the value of land and house always increase (Allon 2008). This is based on the experience that since 1950, real estate prices have consistently risen above general inflation with even more marked increases through the 1990s to mid-2000s (Stapledon 2010). Home owners are banking on the value of their home increasing when the time comes to sell.

Housing consumers give a high priority to features they think will contribute favourably to resale value; choosing size and location not necessarily to suit their own needs but with the anticipation of increasing value. Building to the maximum allowable footprint is seen as maximising financial potential even when surplus to current needs (MacKenzie 2012). Motives for renovation and extensions go beyond future lifestyle improvement to include anticipated resale value (Allon 2008). Many households avoid adding colour and personal features to their home to maximise buyer appeal even if they have no intention of selling in the foreseeable future. Financial resale value was found to be a main reason why households replace an existing dwelling with a supersized modern version (Wiesel, Pinnegar & Freestone 2013). However for infill large dwellings, evidence shows that resale of houses bigger than the suburban norm take longer and sell at less than expected values (Asabere & Huffman 2013; Leguizamon 2010; Turnbull, Dombrow & Sirmans 2006).

Coupled with the conviction that property prices will always rise, is the myth that it will always cost more in the future to purchase, build or renovate a house. The slight difference in price now compared to future need is also a factor driving dwelling size decisions for the home owner (Wiesel, Pinnegar & Freestone 2013). It is cheaper per square metre to build the additional bedroom and other spaces as part of a new build then to expand in 5 years when it might be needed. Similarly the transaction costs of moving are financially prohibitive to many, with Australia having some of the highest property transfer duty, known as stamp duty, in the world (Kelly 2013). Many home buyers will get a larger house than they currently need in anticipation of future requirements, in order to avoid selling and buying.

Anticipated long term financial gain associated with resale are further supported through Capital Gains Tax exemptions on a primary residence and discounts on investment properties (Brown et al. 2011; Kelly et al. 2013). Capital Gains Tax is payable when an asset is sold for more than it was purchased for, it is charged as part of regular annual income tax. The exemption on personal residence makes it favourable to ‘invest’ extra money in the home rather than diversify investments.

Many homeowners use these principles of future benefit to go further into debt beyond what would be considered affordable (Abelson 2009; Stone, Burke & Ralston 2011). The additional upfront costs are incorporated into a larger loan. The affordability of monthly repayments are a bigger consideration than the overall total debt as living through credit is a normalized way of life (De Graaf, Wann & Naylor 2005; Hamilton 2009) with the mortgage often being one of many debts (Wood & Parkinson 2009). Levels of mortgage debt, personal loans and credit card debt have climbed sharply in the last thirty years as in figure 2, Australians are seemingly comfortable with high debts as household debt levels are the highest in 25 years at around 1.8 times gross disposable income levels (ABS 2014).

**Figure 2: Australia’s total household debt compared to income (ABS 2014, p.2)**

**Figure 3: International House Price to Income Ratios. (Richards 2008, graph 7)**
Most house purchasers get a mortgage to the limit that the financial lender will allow. For some this is necessary to get into the property market although many do so to get a bigger/better house than necessary (James, O 2007). Financial institutions in many ways encourage this as they compete for business with low interest rates and flexible mortgage options (Holt 2009; Wood & Parkinson 2009). Since deregulation of the finance sector in the 1980s, lenders are primarily profit driven businesses and the housing loan market in Australia is a growing industry (Calza, Monacelli & Stracca 2013). There are [hopefully] economic benefits to competition in this market but there is also the incentive for banks to up-sell to consumers encouraging greater debt levels (Blight, Field & Henriquez 2012; Wood & Ong 2015). This can also be seen in the decreasing number of owner households paying off mortgages dropping from 61% (1996) to 48% (2010) (ABS 2013c). These owners are opting to refinance and renovate or up-size their homes.

To secure a home, households are on average prepared to devote over a quarter of their disposable income (decade average 26%) (RBA 2015) with 7% of Australians paying more than half their income (ABS 2013c). Australian dwelling size and lifestyle have risen but so have mortgage debt levels with Australia one of the highest levels of housing debt in the world (ABS 2014; Richards 2008) as indicated in figure 3. While there have been corresponding increases in income, this has been surpassed by repayments so that the overall the average household is worse off than twenty years ago (Allon 2008; Colebatch 2010; Kahn 2011; Kulish, Richards & Gillitzer 2012).

SUMMARY
The motivation for wanting a home has not changed; what is changing is the way those factors are accommodated. The financial security of purchasing a home is counter-balanced against increased mortgage commitments. The home is an expression of social status and an aspired-to self-image, how we represent these images in space form is influenced increasingly by distorted images. The home is a store for possessions that make our life easier but the possessions are changing along with our expectations of life. Family structures have changed and the shelter of the home is changing to accommodate those family relationship expectations. The literature identifies that it is changes in expectations that are increasing our dwelling size. Contemporary life expectations change over time and those changes have the physical effect of increasing dwelling size. Australia’s large homes have practical sustainability implications in terms of energy to run them, materials to build them, land buried beneath them and the urban footprint they create. Australian households do not realise they live in mansions in the “slums” of sprawling suburbs. Recognising how the expanding home size is a problem is a part of the research agenda, as well as exploring how comfortable modern-day lifestyles can still be achieved in a dwelling form that is affordable and sustainable long term.

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