A comprehensive analysis of housing markets is often assisted by insights provided by demographic trends. In comparison to other statistics included in a property and real estate analysis, demographics are a unique set of reliable data with a high level of certainty and also minimal assumptions. With the exception of unforseen or extraordinary circumstances, there is a relatively small error rate when predicting population trends in the short to medium term. When considering the linkages between housing, employment and the broader economy, a sound understanding of population trends provides an excellent overview.

The discussion focuses on population trends which will have direct implications for the housing markets. It commences with examining population trends in China, selected West African countries and the UK. This research encourages further analysis from a housing market perspective, but the contrast between these countries is striking. It is accepted that housing market research is directly inter-related with other factors including the maturity of individual countries, the level of development of their economy, the underlying wealth of the residents and the aggregate number of residents.

The analysis commenced with an examination of the long-term population of China between 1950 and 2013 as shown in Figure 1. In 1950, there were 551,960,000 residents, although by 1990, this had doubled to 1,143,330,000 residents. By 2013, the total had risen to 1,360,720,000 residents; however, since 2000, the proportionate growth has slowed. There were two enhanced growth periods which can be observed between 1965 and 1975, and then between 1985 and 1990.

The next step was to examine the location of residents in China who live either in rural or urban environments (Figure 2). In 1950, most residents in China (90 per cent) lived in a rural location with only 10 per cent living in a town or city, ensuring China had a very low level of urbanisation. Since then, this relationship has gradually changed, and China has become more urbanized, and more residents have moved from rural to urban locations. In 2010, the balance was approximately equal; however, by 2013, there were more residents living in urban locations than in rural locations in China. This trend of increased urbanisation aligns with the rapid growth of the Chinese economy internationally and the transition away from a rural-based economy. It clearly necessitated the current use of high density accommodation in Chinese cities to house both the increased overall population and residents who have relocated from a rural location.

Another important demographic indicator is the fertility rate (i.e. children per female over her lifetime) for each country which transfers into the future population level. While
many developed countries currently have a fertility rate of 2.0 per female or less, the scenario is substantially different for undeveloped countries. With reference to Figure 3, the fertility rates for seven West African countries are listed based on criteria from their last census. The fertility rate for Ghana (4.0) is comparatively high; however, this is the lowest fertility rate listed. The range of fertility rates increases sharply to a high of 7.6 in Niger. The implications for housing needs from higher fertility rates are clear. Although a family may be able to house an increased density for the children, when adulthood is reached and separate independent families are created, there will be an increased
and dramatic demand for separate housing. The level of demand is relatively straightforward to estimate; however, it will require substantial expenditure on infrastructure, education and employment creation.

The median age in the UK is shown in Figure 4 which was 33.9 years in 1974 and increased to 40 years by 2014. The ageing of the UK population is due to a decreased fertility rate and increased longevity. The lower fertility rate is linked to females delaying childbirth, the changing perception in society towards smaller families or deciding not to have children. Longevity is associated with substantial advances in medical science and the ability of UK residents to access resources in society, including housing, which provides shelter and a higher quality of living.

This analysis was carefully designed to inspire further research into housing markets using demographics. The countries in this discussion were selected due to the

Figure 4.
Median age – UK

direct contrasts and the ability of population statistics to provide meaningful insights into the future housing market needs and trends. The data provided here were limited to population data only, and further investigations are needed to accurately determine the future trends affecting each housing market.

References

Corresponding author
Richard Reed can be contacted at: ijhma@ijhma.com