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INTERNATIONAL HOUSING DATA

Urban economic trends in Sri Lanka, Malaysia, Chile and South Africa

Richard Reed
Faculty of Business and Law, Deakin University, Melbourne, Australia

This discussion examines housing-related data for Sri Lanka, Malaysia, South Africa and Chile. The objective is to provide an insight into long-term trends which will assist to undertake valid comparisons between a diverse range of both developed and developing countries. A further objective is to encourage research into these countries which are not always at the forefront of housing research agendas.

Housing approvals in Greater Colombo, Sri Lanka, between 1995 and 2010 are presented in Figure 1, where the emphasis is placed on:

- houses with smaller areas (<10,000 ft^2 or 92.9 m^2); or
- houses with larger areas (>20,000 ft^2 or 185.8 m^2).

It can be observed in 1995 that approvals for smaller houses (3,462) exceeded approvals for larger houses (3,101) by approximately 10 per cent, representing a ratio of approximately 0.9:1 In direct contrast by 2010, this scenario had reversed with smaller house approvals decreasing to 1,297 and larger house approvals increasing to 4,427. This represents a ratio of approximately 1:3.5 for smaller houses to larger houses.

Attention should also be placed on the level of volatility between 1995 and 2010, especially with larger homes in the immediate years preceding 2006, where the number of approvals nearly doubled between 2004 and 2006. This was then followed a decrease in the years between 2006 and 2009. A similar trend can be observed for smaller homes, although with a larger decrease in approvals between 2004 and 2009, equating to a decrease exceeding 400 per cent. From a broad perspective, it can be hypothesised that the downturn in both housing types can be attributed to the global financial crisis in 2007. As a result, the level of housing affordability lessened, and households delayed the decision to build a new home until the economy recovered after 2009.

The emphasis on Figure 2 is placed on the relationship between Malaysia's projected trends in population growth rate and the total population. It is anticipated that Malaysia's population growth rate will decrease from 1.8 per cent per annum (2010) to 0.6 per cent (2040). The sharpest decline over this period should occur over the first five years (2010-2015), where the annual growth rate declines from 1.8 to 1.5 per cent. The effect on the Malaysia's total population level between 2010 and 2050 is a moderate increase from 28,600,000 residents (2010) to 38,600,000 residents (2050). In this diagram, the decline in population growth is still decreasing in 2050, and this will have direct

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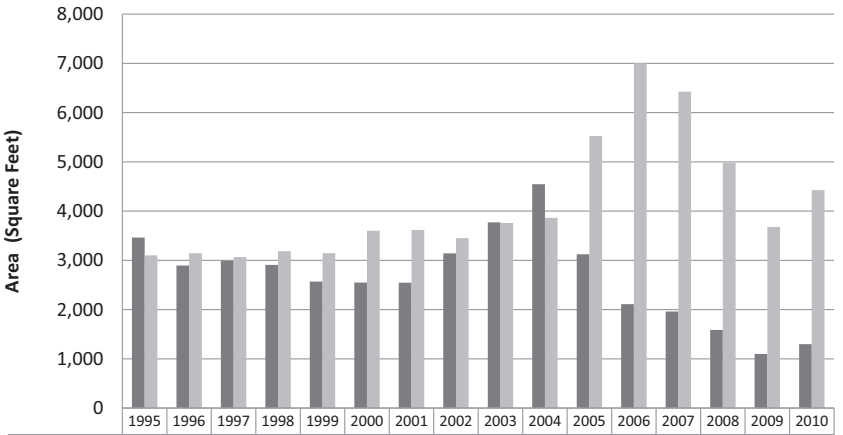
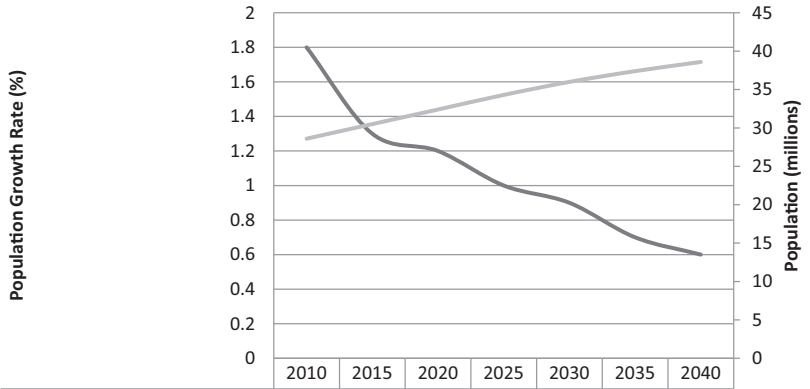


	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
< 1,000 sq. ft.	3,462	2,895	2,986	2,908	2,568	2,548	2,546	3,142	3,772	4,546	3,124	2,111	1,961	1,587	1,100	1,297
> 2,000 sq. ft.	3,101	3,144	3,066	3,186	3,147	3,602	3,616	3,450	3,758	3,863	5,525	7,001	6,427	4,979	3,678	4,427

Source: Central Bank of Sri Lanka (2014)

Figure 1.
Housing approvals in Greater Colombo, Sri Lanka, 1995-2010



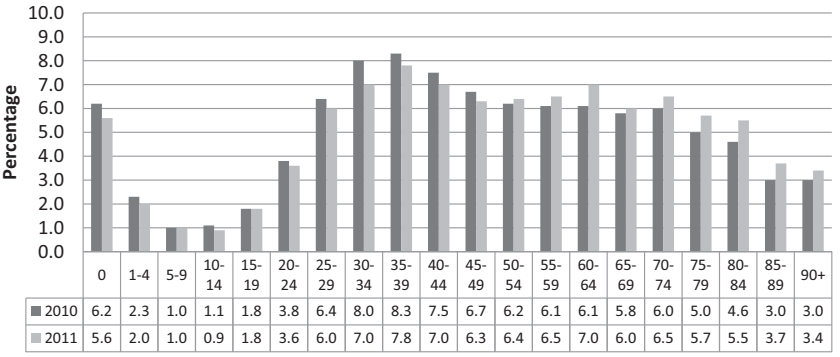
	2010	2015	2020	2025	2030	2035	2040
Population growth rate (%)	1.8	1.3	1.2	1	0.9	0.7	0.6
Population (millions)	28.6	30.5	32.4	34.3	36	37.4	38.6

Source: Malaysian Government (2014)

Figure 2.
Population vs annual population growth rate – Malaysia

implications for housing markets. For example, there will be a higher proportion of older residents with associated housing needs, perhaps smaller housing products or senior accommodation. In addition, there will be potentially less need for larger houses with additional bedrooms for larger families, including older family residents.

The trends in mortality for South Africa between 2010 and 2011 are highlighted in Figure 3. Even though these data cover two corresponding years, there are observed shifts. Commencing with the new born residents (<1 year of age), there was a downward trend from 6.2 (2010) to 5.6 per cent (2011), which was potentially due to increase in the living conditions of residents, increased availability of medical services and other



	0	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90+
2010	6.2	2.3	1.0	1.1	1.8	3.8	6.4	8.0	8.3	7.5	6.7	6.2	6.1	6.1	5.8	6.0	5.0	4.6	3.0	3.0
2011	5.6	2.0	1.0	0.9	1.8	3.6	6.0	7.0	7.8	7.0	6.3	6.4	6.5	7.0	6.0	6.5	5.7	5.5	3.7	3.4

Figure 3.
Registered deaths by age and year of death in South Africa, 2010-2011

Source: Government of South Africa (2014)

factors. At the opposite end of the scale commencing with residents aged 50 years and over, there was a higher proportion in 2011 than in 2010. This could be primarily due to the aging of the population with some effect from the "baby boom" population, as observed in other countries.

Overall, the distribution of mortality rates for South Africa differs between most developed countries because of different aspects. For example, the mortality rate for children under 1 year of age is extremely high, being approximately six times higher than for children aged 5-9 years. Another point of difference is the cohort with the highest mortality rate, i.e. residents aged from 30 to 34 years, which is relatively early. A second peak can be observed for the 60-64 age group, which is atypical of a population distribution with "baby boom" characteristics.

The data in Figure 4 highlight the uptake of drinking water and sewerage in Chile between 1963 and 1999. This information is relevant for housing markets with reference to the quality of accommodation and living standards accessible for the residents. In the twenty-first century, the availability of these services is commonly accepted throughout Western civilisations; however, this is not the scenario for all countries. In 1963, the level of access to sewerage and water was very low, being approximately 20 and 42 per cent, respectively. Poor access to sewerage has clear implications for lower health standards and accompanying diseases, even though sewerage was accessible to less than 50 per cent of homes with water. Over the entire time period, this gap narrowed, especially

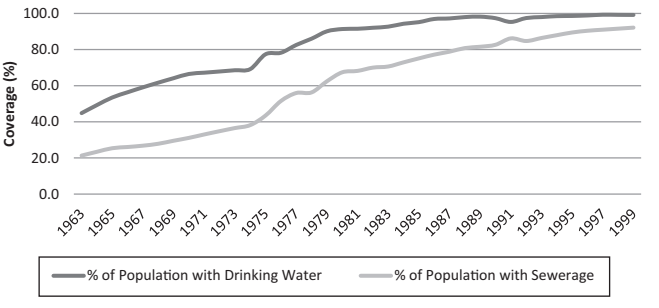


Figure 4.
Persons in Chile with drinking water and sewerage, 1963-1999

in later years when approaching the twenty-first century. By the end of the data series, practically all residents had access to drinking water, with approximately 90 per cent of residents having access to sewerage. This represents substantial improvements over this 45-year period, and it can be hypothesised that the locations without sewerage are mainly located in rural locations.

The four countries examined were selected for their diverse population and housing characteristics. One of the largest challenges, if not the single largest barrier, is accessibility to reliable data over an extended time period. The data presented here are representative of these challenges. Although the information relating to the housing market and housing approvals in Sri Lanka is insightful and detailed, this information was not readily available for the housing markets in South Africa or Chile. The population forecasts presented for Malaysia contribute to our understanding of the level of future housing demand where inferences are required. When conducting an analysis of international housing markets, this absence of readily available data for many countries often reduces the level of research which can be conducted. In contrast, these countries with limited data availability are where most changes are occurring, and, therefore, they require an equal amount of attention as placed on developed countries.

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Further reading

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Corresponding author

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