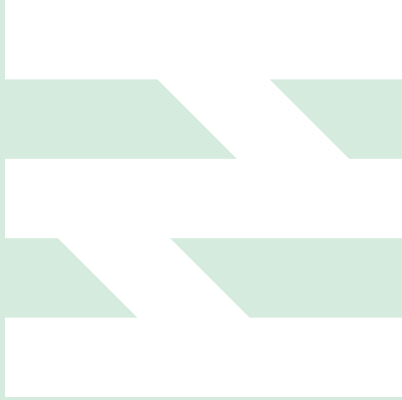


Beyond Reach

The essential worker housing crisis in New South Wales

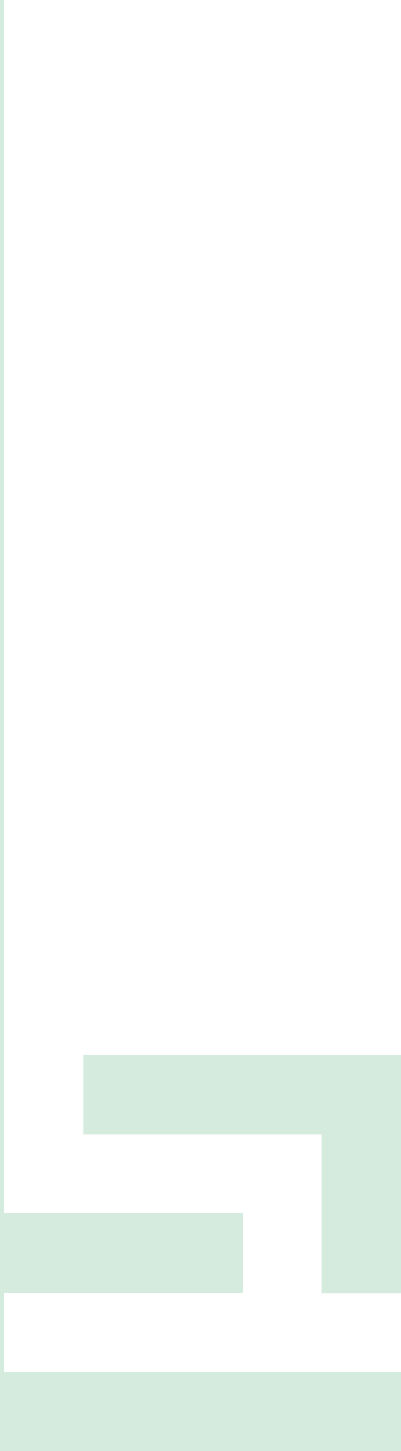
Property Council of Australia
New South Wales Division
November 2024





Contents

Message from the Executive Director	01
Report highlights	04
1. Introduction	07
2. Methodology	08
3. Will lower interest rates and higher wages fix the problem?	10
4. A new crisis just like the last crisis?	12
Section one: The affordability picture state-wide	14
Section two: Household groupings	40
New housing supply	54
Conclusions and recommendations	56
Methodology	63
Income methodologies	64



Message from the Executive Director

As NSW's population continues to grow and the housing crisis deepens, it is critical that every policy lever is pulled to make sure everyone in the state has access to safe and affordable housing.

This research highlights how the affordability and supply crisis has worsened across key areas in NSW since 2007. Not only is the dream of owning a home or a unit in many parts of our state beyond reach, it is also beyond hope.

For many essential workers, detached housing and units are unaffordable across the Greater Sydney, Hunter and Central Coast and Illawarra regions. For many, renting is becoming the only option (sometimes barely) – if you can find a suitable property to rent.

"Affordable" housing for the purpose of this report is where housing costs are 30 per cent or less of household income. This has almost ceased to exist across NSW. Sadly, in some areas, housing affordability is beyond hope for some of our essential workers.

As we seek to boost desperately needed housing supply to market, it is important to note that government has far more control over the cost of new housing compared to existing dwellings.



A handwritten signature in black ink, appearing to read 'K Stevenson'.

Katie Stevenson

NSW Executive Director
Property Council of Australia



There are several levers that need to be pulled to unlock more supply and drive down the cost of new housing:

- 01 Improve development assessment and post-consent approvals**
Remove blockages and fast-track applications that deliver more homes faster. There is considerable scope for reform in NSW to improve agency capacity during the development assessment and post-consent approval phases.
- 02 Coordinated delivery of suitably zoned and serviced land**
Failure to plan for and deliver key infrastructure has been one of the greatest challenges in supporting growth across NSW. A transparent commitment to infrastructure delivery gives industry confidence to invest and gives the community confidence that infrastructure will be delivered. Zoning should be flexible to support transport-oriented development.
- 03 Holistic review of taxation settings that drive up costs and drive out investment**
Government taxes and charges account for nearly one-third of the cost of new housing in NSW.
- 04 Partnering better with the private and public sectors**
Greater collaboration between the private and public sectors presents a valuable opportunity to develop more housing for essential workers.

The urgency for bold and transformative change is growing. By addressing these key issues, we can begin to recalibrate our housing ecosystem – putting the dream of affordable and secure housing back within reach for NSW families.





Report highlights

This report underscores that a fundamental shift in how we approach housing from both regulatory and taxation perspectives is imperative.

Addressing only the symptomatic issues without tackling the root causes— the systemic problems—will leave us facing an even graver situation in the future.

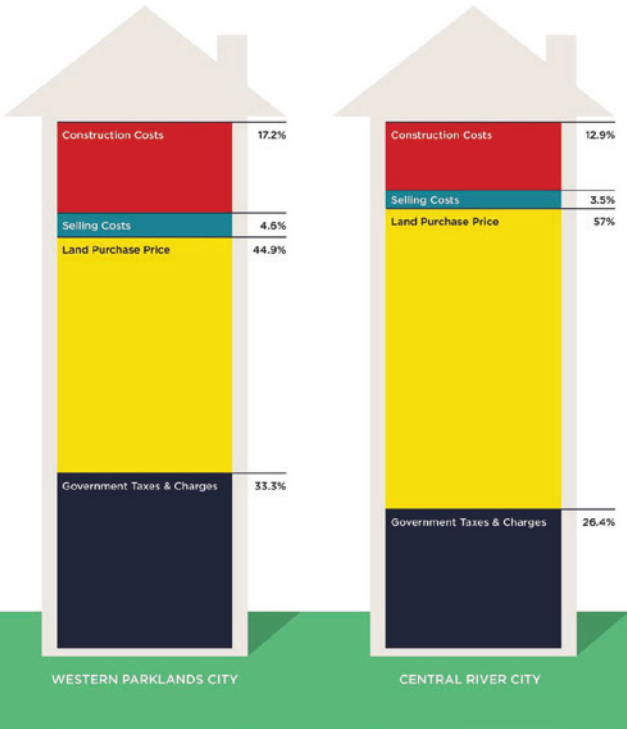
There have been several welcome initiatives in the planning reform agenda to drive accelerated housing development. However, taxation settings have not been reviewed despite the impact they have not only on home ownership, but also the institutional investment required to deliver the extraordinary number of homes required to meet the unparalleled demand.

Our findings indicate that home ownership is increasingly unattainable for many in NSW, signalling a clear call to action for policymakers. The reliance on property-related fees and charges, which constituted almost half of the NSW Government’s \$45.8 billion tax and royalty revenue in 2022-23, highlights the deep-seated dependency on property to fund the state’s budget.¹

Now is the time for change, to make sure that we can deliver on improved housing affordability outcomes across the state.

Rental vacancy across Sydney remains at critical lows

1.6%



NSW is in the grips of a housing affordability crisis. A key reason why homes aren’t affordable is the increasing burden of taxes and regulatory costs of new houses and apartments.

Taxes on new homes are a double whammy – they increase costs (and therefore sale price) of new builds, in turn increasing the costs of buying or renting established homes.

The Release the Pressure research series from the Property Council and global real estate firm Savills estimates that at least 25% of housing costs are taxes and charges.

Figure: NSW Government taxes and charges as a proportion of housing costs in the Central River and Western Parklands City

¹ Source: ABS (2024). Taxation Revenue, Australia, 2022-23. Cat. No. 5506.0, Australian Bureau of Statistics, Canberra; New South Wales Government (2024). Report on State Finances 2022-23. New South Wales Government.

House prices have out-grown household incomes² in NSW since 2007.

Example: Parramatta	2007	2024	2024
Household incomes	\$63,622	\$119,283	87%
Median prices			
House	\$522,000	\$1,815,000	248%
Unit	\$353,000	\$682,000	93%
Weekly rents			
House	\$340	\$750	121%
Unit	\$300	\$650	117%

² Average of six profiled households.

Changes to house prices and household incomes since 2007 means housing affordability in inner Sydney has worsened.

	Single income households (average gross income = \$100,000)*	Dual income households (average gross income = \$160,000)*
Buying a house is...	Beyond hope	Beyond hope
Buying a unit is...	Beyond hope	Unaffordable
Renting a house is...	Unaffordable	Unaffordable
Renting a unit is...	Unaffordable	Affordable

* Figures derived from the ABS average weekly ordinary time earnings May 2024 release.



1. Introduction

The NSW Division of the Property Council of Australia's report, *Beyond Reach: Sydney's Essential Worker Housing Crisis*, shines a light on the growing affordability crisis confronting essential workers. These are the individuals who provide essential services that keep our communities functioning—teachers, nurses, police officers, childcare workers, and public servants. Despite their critical roles, many of these workers are unable to afford homes in the communities they serve. This report presents the findings of in-depth research that captures the real-life housing challenges faced by essential worker households across 12 local government areas (LGAs) in the Greater Sydney, Hunter and Central Coast and Illawarra Shoalhaven regions.

Housing affordability is often discussed in broad terms, but its impact is felt most acutely by those whose incomes have failed to keep pace with the soaring cost of housing. Using data from six essential worker household types, this report analyses the affordability of both home ownership and rental accommodation. It paints a stark picture of how far the dream of home ownership has slipped from the grasp of our essential workers. In some cases, even renting is becoming increasingly difficult.

The aim of this report is to provide data-driven insights into the housing affordability challenges facing essential workers and to recommend actionable solutions. By focusing on real-world examples, we hope to inspire policymakers to take urgent action to address these challenges, ensuring that essential workers can live close to where they work and enjoy a reasonable quality of life.

The report intends to inform a wide range of stakeholders, including government officials, policymakers, developers, and the broader public. It builds on similar Property Council of Australia research conducted in Queensland, allowing for comparisons and insights across state lines while focusing on the unique challenges Sydney faces.



Despite their critical roles, many of these workers are unable to afford homes in the communities they serve.

2. Methodology

This report's findings are grounded in a comprehensive methodology that benchmarks the housing affordability challenges faced by essential workers across the Greater Sydney, Hunter and Central Coast and Illawarra regions. Six stereotypical household groups have been selected to represent a cross-section of essential worker demographics. These groups include individuals and couples employed in essential services, such as education, healthcare, law enforcement, and childcare.

The household types modelled in the report are:

- Full-time primary school teacher and full-time administrative assistant
- Full-time police officer (single income household)
- Full-time ambulance officer and full-time nurse
- Full-time public servant (single income household)
- Full-time electrician and part-time retail shop assistant
- Full-time childcare worker (single income household)

These household groups were chosen to reflect typical essential worker households, allowing for better comparisons across various housing markets. This methodology builds on parallel research conducted by the Property Council's Queensland Division in 2007 and 2024 and facilitates a broader national conversation about the housing challenges faced by essential workers.

Income assumptions:

Incomes for each household group are based on award rates or prevailing market rates for employees in their late 20s. According to the Australian Bureau of Statistics, the median weekly household income in NSW is \$1,829, which amounts to an annual income of \$95,108.

Gross pre-tax incomes are used for the purposes of calculation, and no allowances are made for family benefits, regional allowances, or other government income support mechanisms. This ensures the focus remains on housing costs relative to wages earned through primary employment.



Housing price and rental data:

The report uses median house and unit prices based on the latest data from Pricefinder for LGAs and CoreLogic for suburbs. The data for Box Hill in 2007 is less reflective of the market compared to 2024, as it was an emerging new housing area at the time.

To ensure accuracy, the data focuses on properties being offered for lease or sale, reflecting the realities faced by new entrants into the housing market. Property prices were sourced with the aim of benchmarking typical new homes—a three-bedroom, two-bathroom house and a two-bedroom, one-bathroom unit.

Affordability benchmarks:

The report adopts the global convention that housing costs should not exceed 30% of household income.

For mortgage assessments, the report assumes an interest rate of 6.5% for a principal-plus-interest loan over 25 years with 95% leverage (5% deposit). While interest rates today are lower than the 8% used in the 2007 housing affordability crisis, the overall affordability situation has worsened.

Why 2007 is a key comparison point:

2007 was chosen as a valid comparison point, as it marked the last significant housing affordability crisis before interest rates fell due to the Global Financial Crisis (GFC). Despite lower interest rates in 2024, housing affordability has worsened for essential workers, underscoring the structural issues that have persisted and grown over the past two decades.



3. Will lower interest rates and higher wages fix the problem?

The question of whether lower interest rates and higher wages can solve the housing affordability crisis is a common one. However, as this report demonstrates, while these factors might improve cash flow for some households already in mortgage stress, they will do little to alleviate the broader problem of housing affordability for essential workers.

The impact of lower interest rates:

Lower interest rates tend to ease monthly repayments for those with existing mortgages, but they don't necessarily make housing more affordable for new entrants into the market. Even if mortgage interest rates were to fall to 5%—a substantial reduction from the current average of 6.5%—many essential workers would still be locked out of the housing market. A hypothetical household earning \$200,000 per annum (a figure much higher than most essential worker households) would still find it challenging to purchase a median-priced home in many parts of Sydney.

The stark reality is that housing prices in Sydney have soared to such an extent that even relatively affluent households struggle to afford homes in desirable areas. For example, a household earning \$400,000 per annum would still find it difficult to purchase a home in high-demand suburbs such as Manly, Randwick, or inner Sydney. While units have become marginally more affordable than houses, the overall affordability landscape remains bleak.

Wage growth alone isn't enough:

Higher wages are often touted as a solution to housing affordability, but this approach oversimplifies the issue. For wage increases to have a meaningful impact, they would need to be both substantial and sustained over time. However, the kind of wage growth required to match the steep rise in housing prices over the past decade is unlikely.

Moreover, even if essential worker household incomes rose significantly, say to \$200,000 per annum, most would still find the dream of home ownership out of reach. Sydney's escalating property prices are so high that even with higher wages, the gap between income and housing costs remains too wide to bridge in many regions. Units might offer a more viable option, but even they are out of reach for many workers.

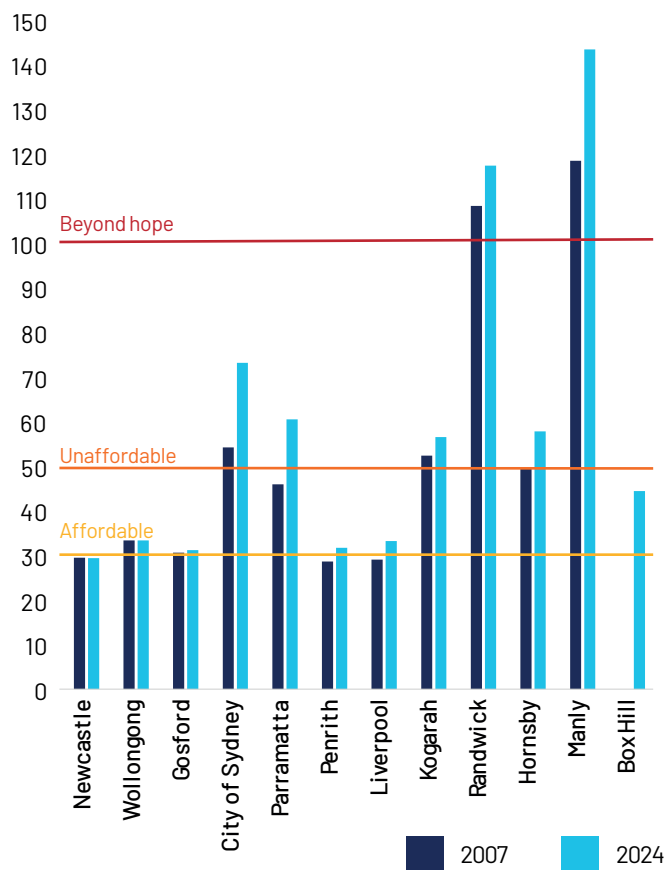
Affordability across Sydney's suburbs:

The report reinforces that even under more favourable economic conditions—such as lower interest rates or increased wages—most essential workers would still be priced out of the housing market. Sydney's housing crisis is not just a matter of high mortgage rates or stagnant wages; it is a structural issue deeply rooted in the cost of housing itself.

Without major reforms to reduce the underlying cost of housing—whether through tax cuts, better infrastructure funding, or relaxed zoning regulations—essential workers will continue to find themselves locked out of the housing market. Simply put, the crisis is far too complex to be solved by changes in interest rates or wage adjustments alone.

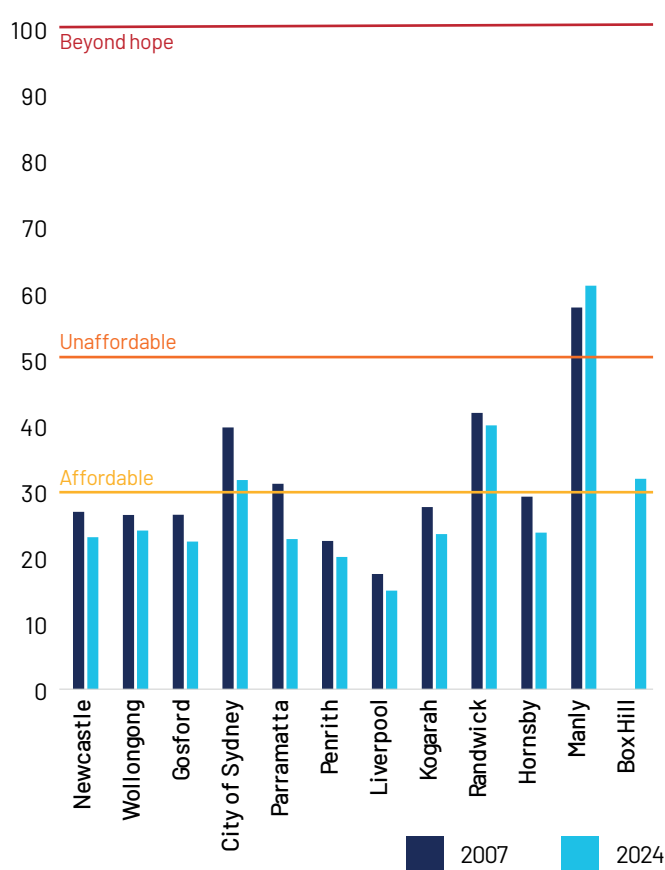
Buying a median priced house

% income when household incomes reach \$200,000 and interest rates fall to 5%



Buying a median priced unit

% income when household incomes reach \$200,000 and interest rates fall to 5%



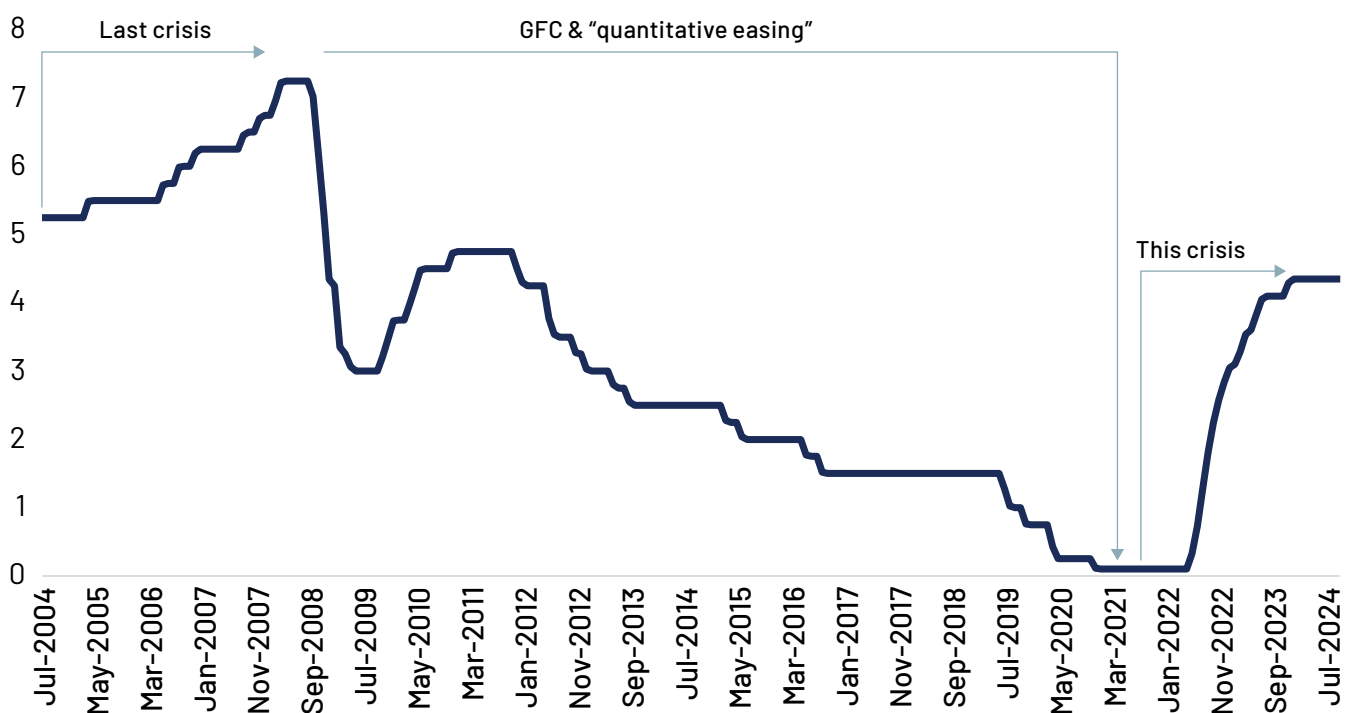
4. A new crisis just like the last crisis?

The housing affordability crisis of 2024 is strikingly similar to the crisis of 2007, but with one critical difference: it's worse. In 2007, the Reserve Bank of Australia (RBA) cash rate soared to over 7%, and mortgage rates exceeded 8%. At that time, housing affordability was at the forefront of national discourse. However, the GFC soon followed, leading to a decade of historically low interest rates. These low rates temporarily relieved pressure on homeowners, but they did not address the root causes of the affordability crisis.

The GFC and quantitative easing:

After the GFC, interest rates fell dramatically, with central banks worldwide implementing "quantitative easing" to stimulate their economies. In Australia, this resulted in a steady reduction of mortgage rates, bringing them to near-zero levels. While this eased the immediate financial strain on households, it also created a new problem: house prices continued to rise unchecked. As interest rates dropped, the cost of borrowing decreased, enabling buyers to pay more for homes, which in turn inflated property prices.

Though interest rates were low, the underlying cost of housing—driven by taxes, charges, and the rising demand for limited supply—continued to climb. This created a situation where, despite generationally low interest rates, housing became even less affordable for new buyers.



The return of high rates in 2022:

In 2022, interest rates began to rise rapidly from record lows as global economic conditions shifted. The RBA's cash rate started climbing once more, and mortgage rates followed suit. While the current cash rate of 4.35% is still lower than the 7.25% peak in 2007, the housing affordability crisis has reached unprecedented levels.

The magnitude of this current crisis is far greater than that of 2007 because housing prices have increased exponentially over the past 15 years, far outpacing wage growth. Incomes have not risen enough to keep up with the higher mortgage repayments that come with rising interest rates, nor with the increased price of housing itself. As a result, essential workers—who are vital to the functioning of our society—are finding themselves priced out of the housing market entirely.

The structural problem:

While interest rates and mortgage repayments are important factors, they are not the only issues contributing to the housing crisis. The underlying cost of housing—driven by rising land prices, government taxes and charges, and compliance costs—has made it virtually impossible for many essential workers to enter the housing market, regardless of interest rates. The Property Council's Release the Pressure series highlights the impact of government taxes and charges on housing supply and affordability across the six cities region in NSW. In some areas, nearly 40% of development costs are made up of taxes and charges.

This new crisis is not merely a repeat of the 2007 crisis; it is a deeper, more entrenched issue that will require bold and innovative solutions. Without addressing the fundamental cost drivers of housing, essential workers in Sydney will continue to struggle to find affordable homes, forcing them into longer commutes or into rental markets that are equally stretched.

The current crisis is a wake-up call. The lessons from 2007 show that holding out hope for lower interest rates offers no solution. Instead, comprehensive reform is needed to tackle the structural issues that have led to housing becoming beyond reach for so many essential workers.

Section one: The affordability picture state-wide

Hypothetical family

Household income

\$120,000

Deposit*

5%

Interest rate

6.5%

*(this will be higher priced areas, as it is calculated on the median price and not their savings capacity)

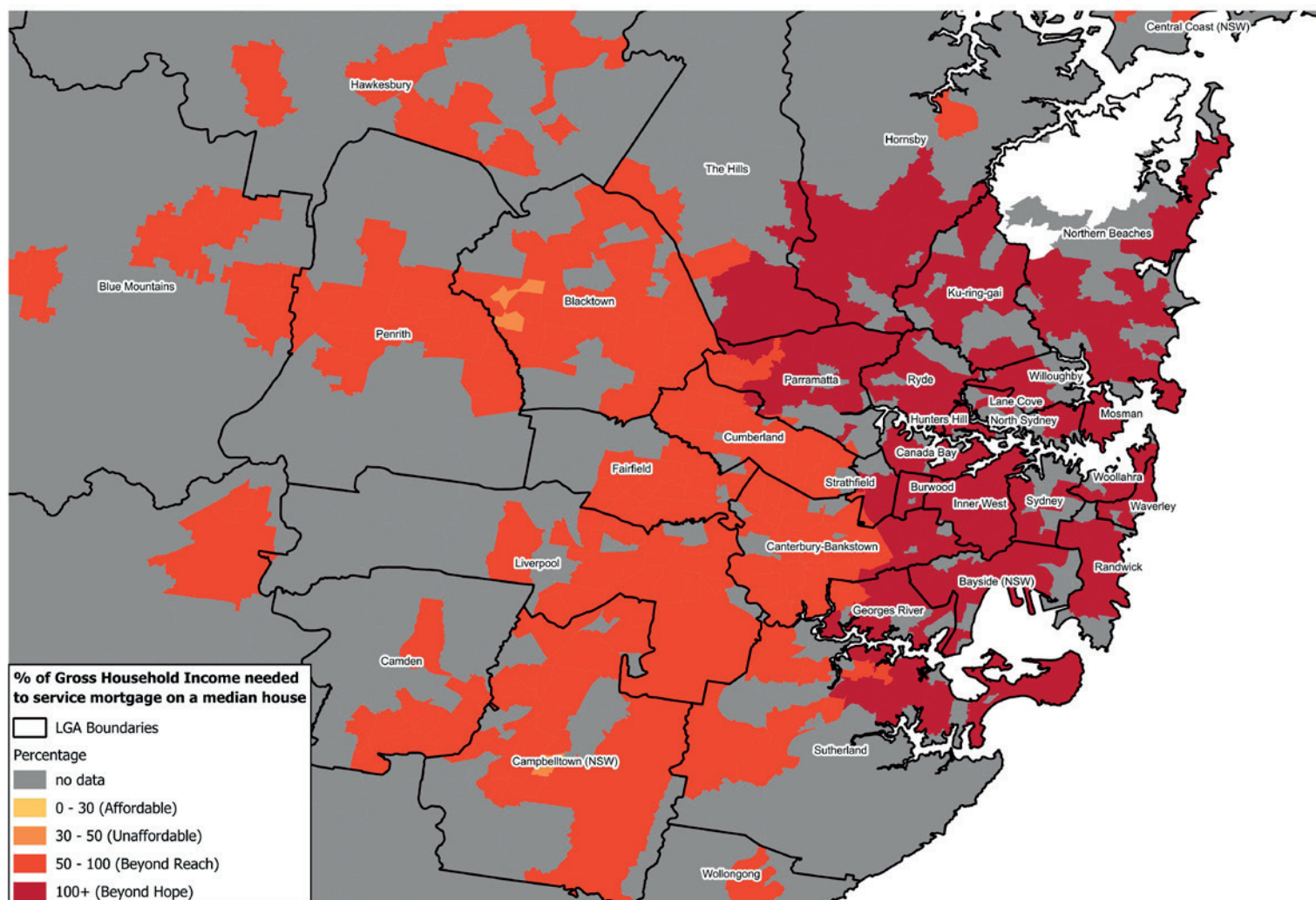




Greater Sydney – Buying a median priced house

Key workers are essentially locked out of the housing market in Greater Sydney, with a median priced house in most suburbs theoretically consuming either more than 50% (red) or 100% (deep red) of this family's income. Some suburbs in the Blacktown and Campbelltown local government areas would still be unaffordable, consuming between 30 and 50% of this family's income.





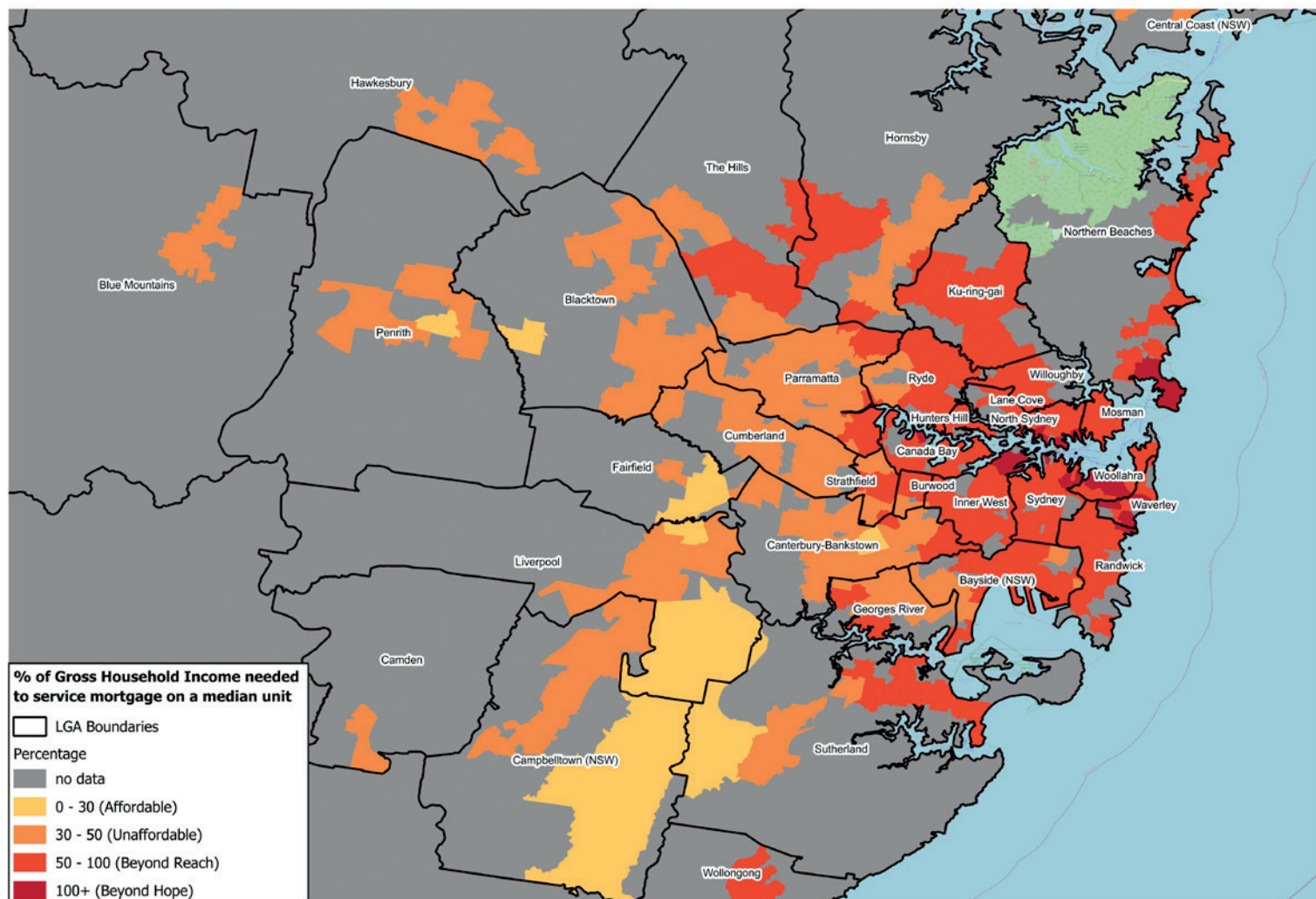


Greater Sydney – Buying a median priced unit

The only remaining suburbs in Greater Sydney where the median priced unit is affordable for a household on \$120,000 per annum are in isolated pockets of Western Sydney and the Sutherland Shire.

There are multiple suburbs in the inner, northern and western suburbs of Sydney where buying a unit would theoretically consume more than 50% of this family's income (red). Areas coloured deep red would consume more than 100% of this family's income – this is an impossibility.



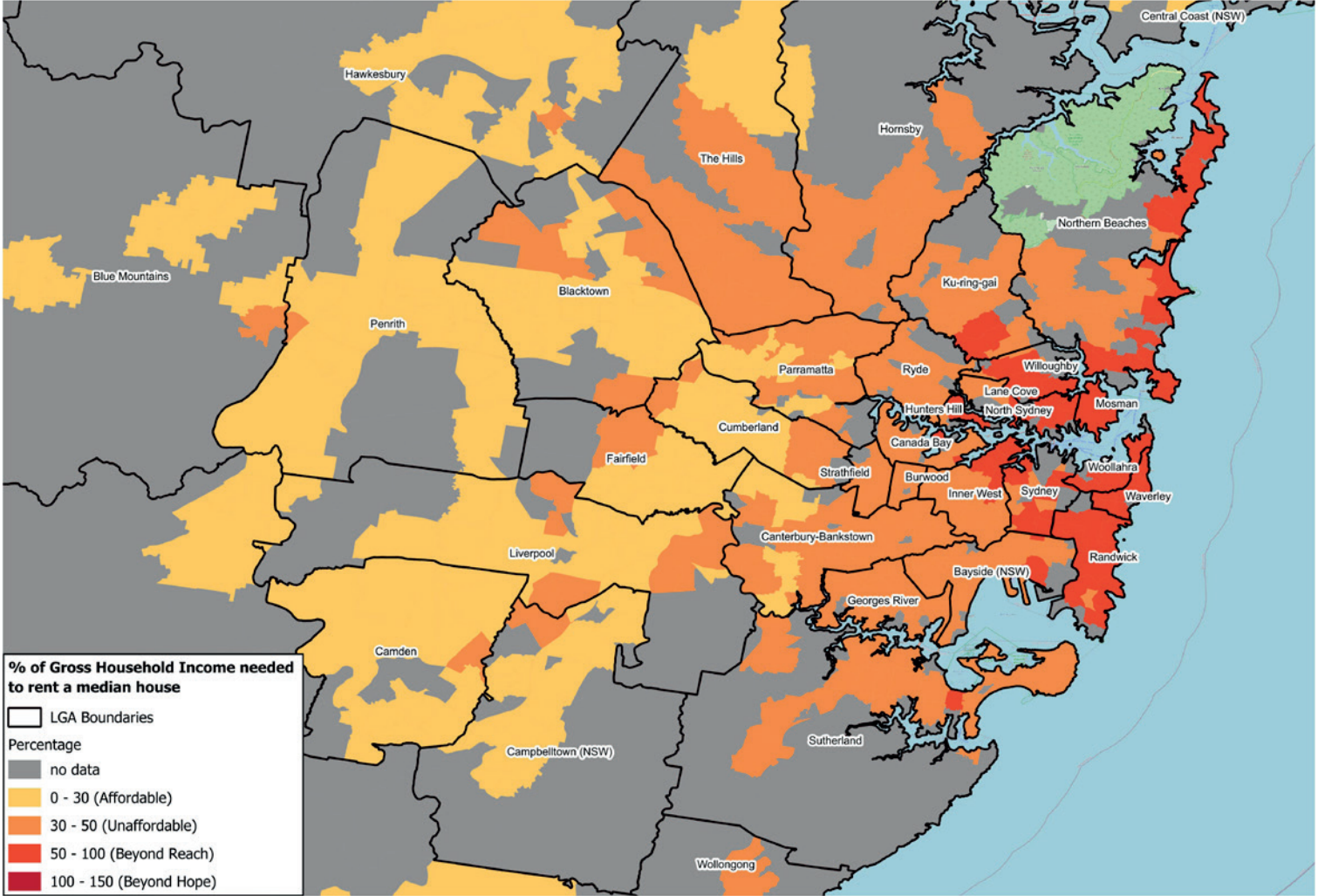




Greater Sydney – Renting a median priced house

Renting a house becomes more affordable on a household income of \$120,000 as families move to the outskirts of Sydney. Affordability worsens in the middle-ring suburbs and would consume more than 50% of this family's income in coastal areas (coloured red).



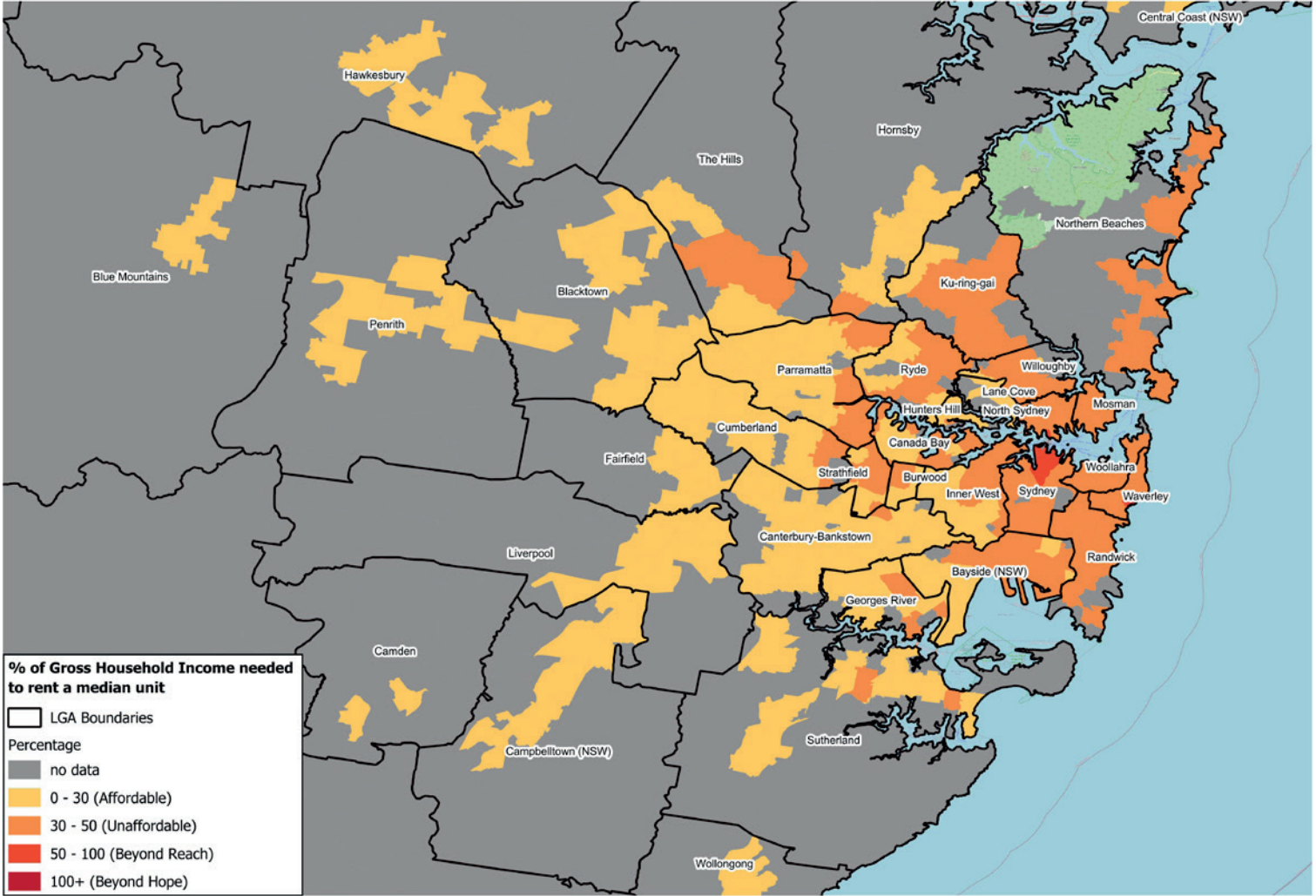




Greater Sydney – Renting a median priced unit

Median prices to rent a unit in Greater Sydney become more affordable for families as they move further away from the Sydney CBD. The inner suburbs are generally unaffordable and would consume up to 50% of this family's annual income (coloured orange).



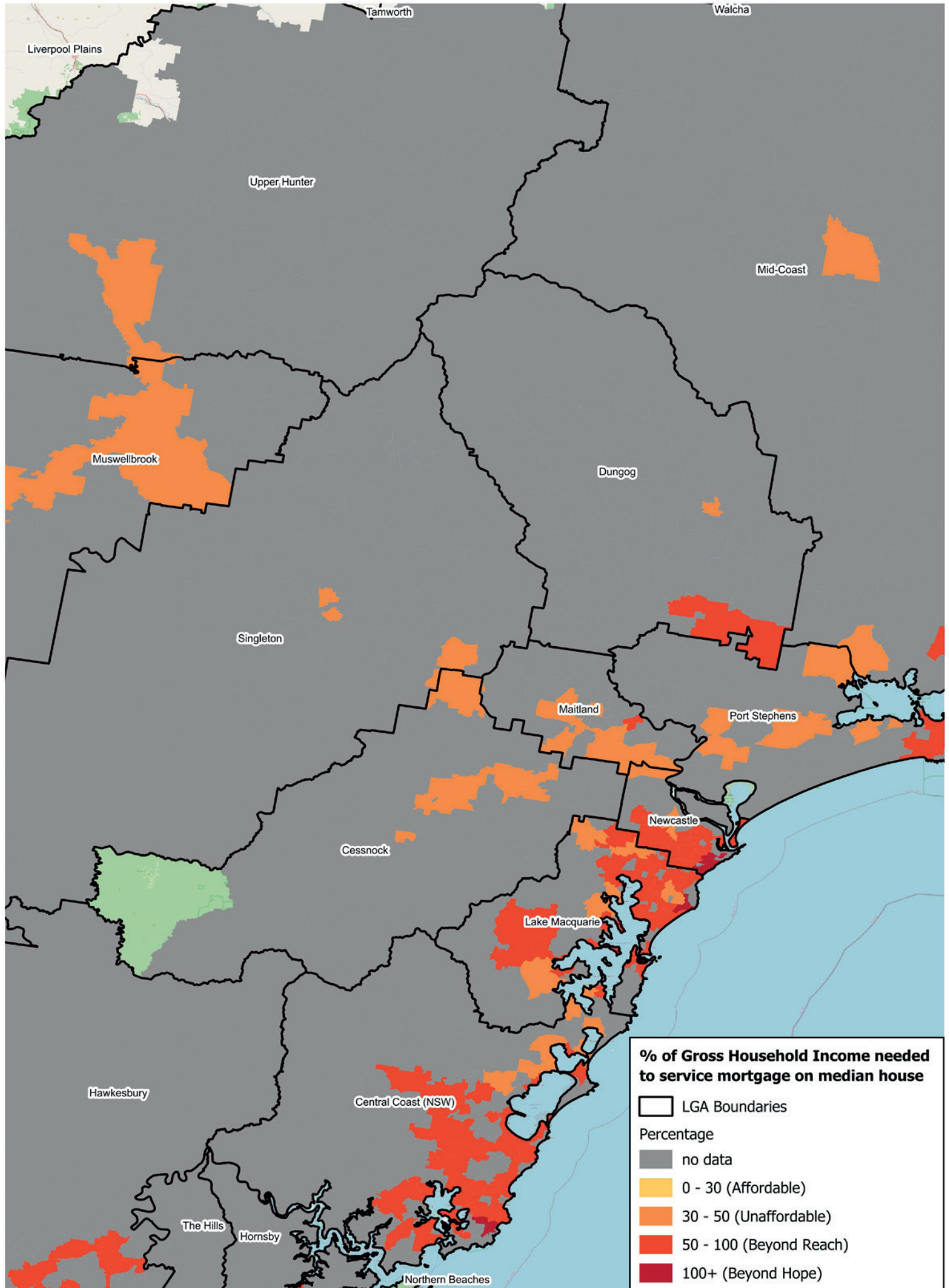




Hunter and Central Coast – Buying a median priced house

Median house affordability is largely non-existent in the Hunter and Central Coast regions for a family with an annual household income of \$120,000.





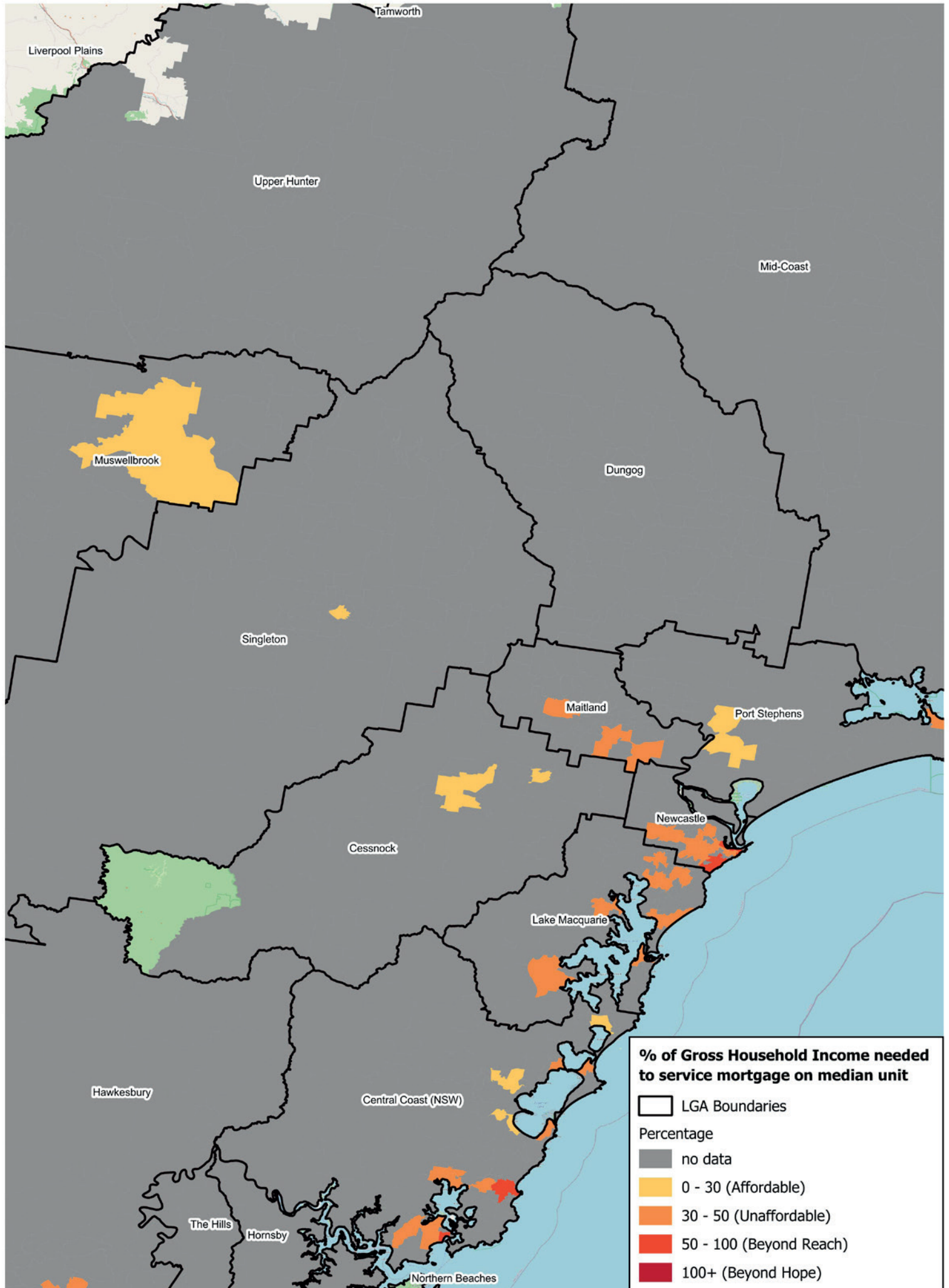


Hunter and Central Coast – Buying a median priced unit

Median priced units are generally not affordable in the Hunter and Central Coast regions for a household on \$120,000 per annum.

There are more affordable units in outlying regions further away from the cities of Gosford and Newcastle (coloured yellow).



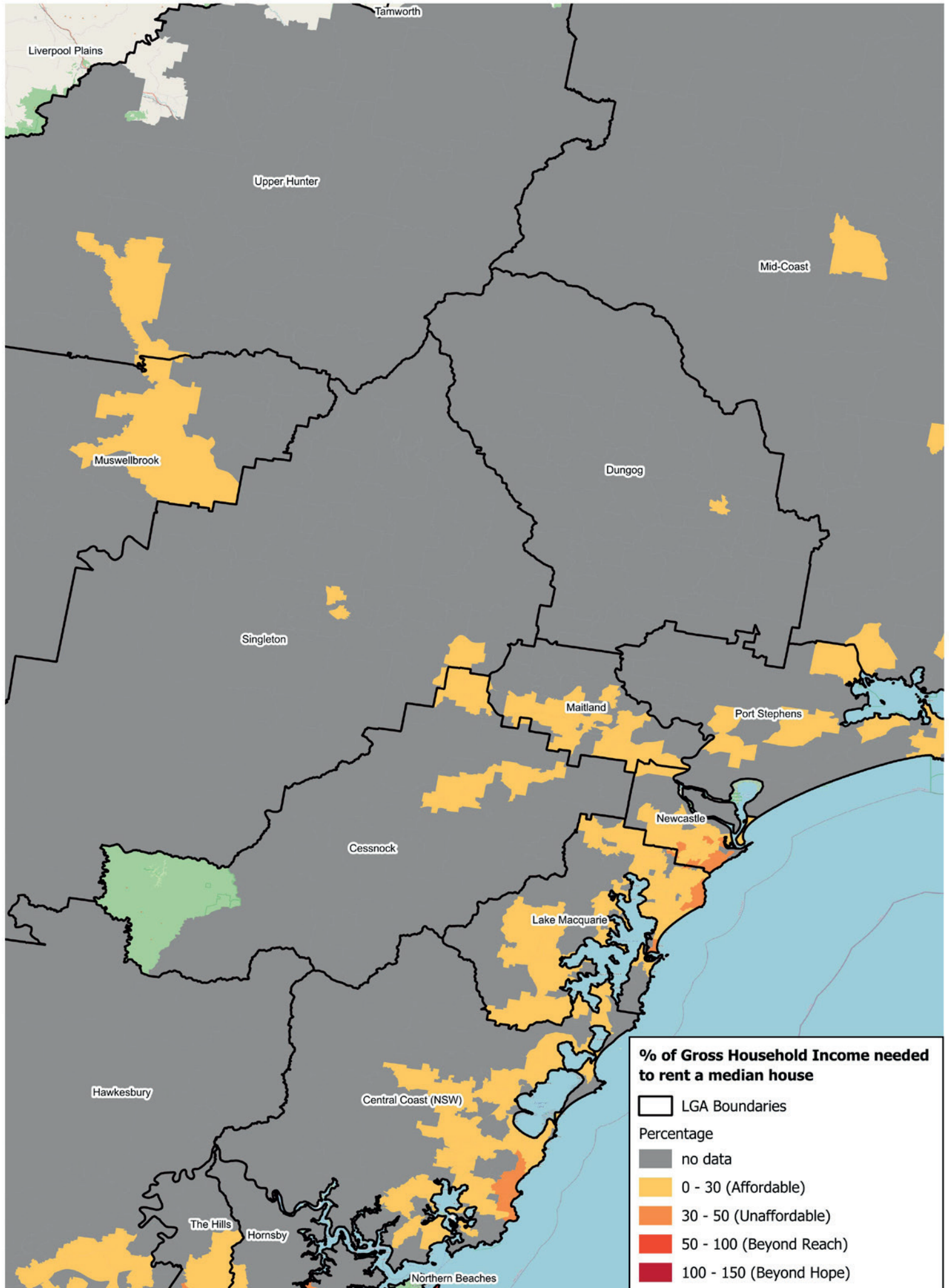




Hunter and Central Coast – Renting a median priced house

For a family with an annual household income of \$120,000, renting a median priced house in the Hunter and Central Coast regions is generally affordable. There are some suburbs along the coast where affordability is worse but would theoretically consume less than 50% of this family's income (coloured orange).



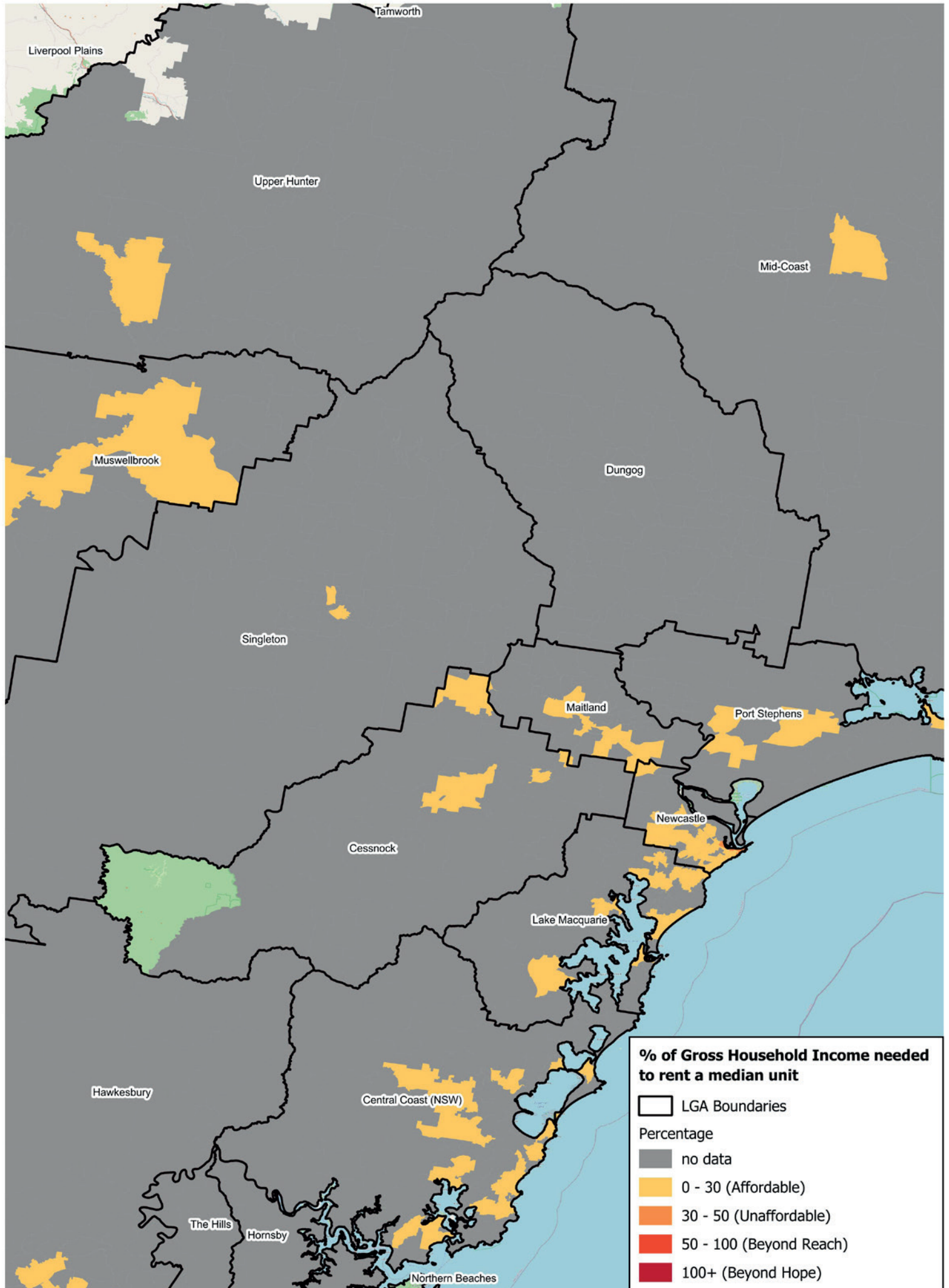




Hunter and Central Coast – Renting a median priced unit

Rental units are not as widely available across the Hunter and Central Coast regions, but where there is stock, it is generally affordable.



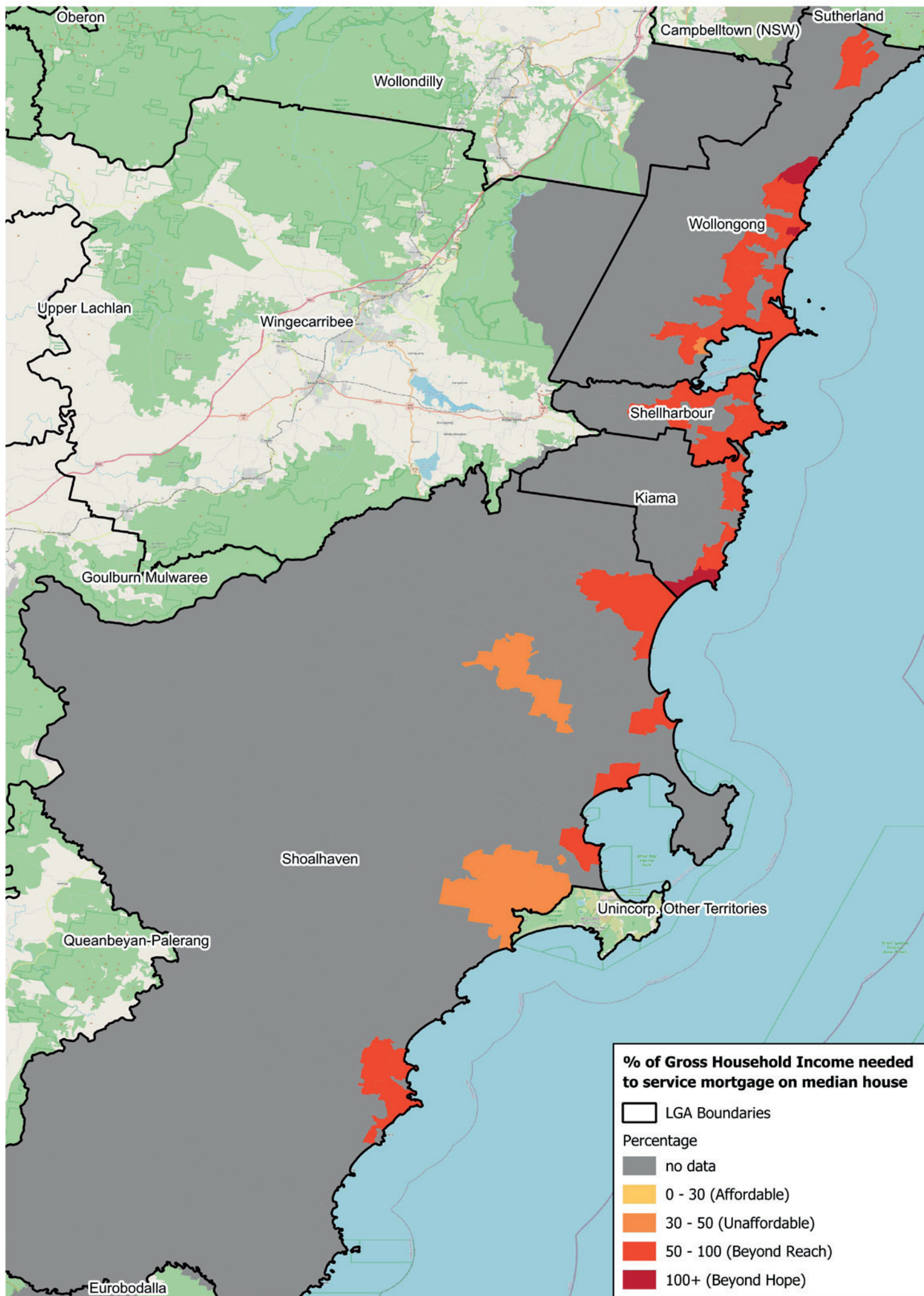




Illawarra Shoalhaven – Buying a median priced house

Median house affordability is largely non-existent in the Illawarra Shoalhaven region for a family with an annual household income of \$120,000.



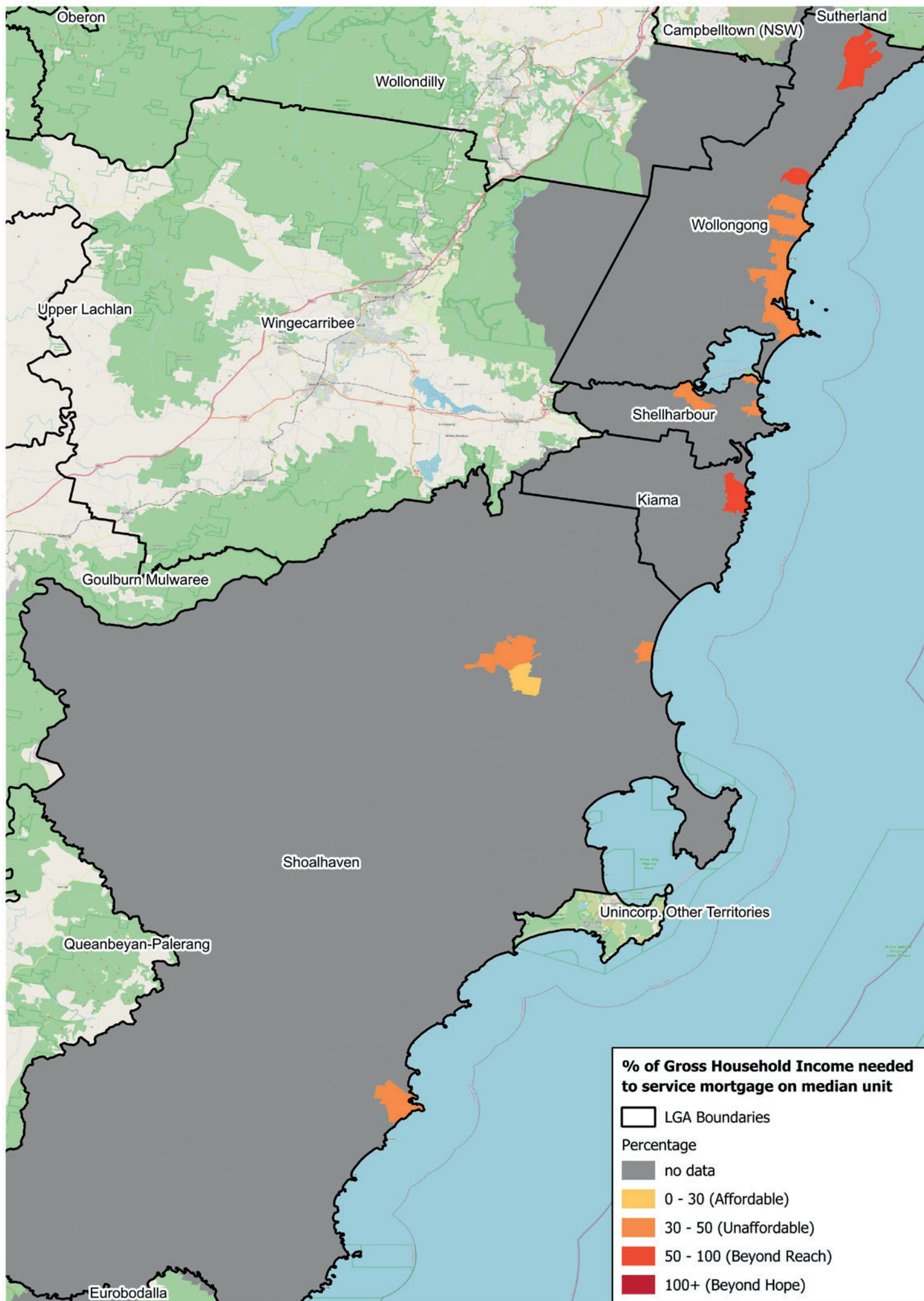




Illawarra Shoalhaven – Buying a median priced unit

Units are not as widely available in the Illawarra Shoalhaven region, but where there is stock, it remains largely unaffordable for a household earning \$120,000 per annum.



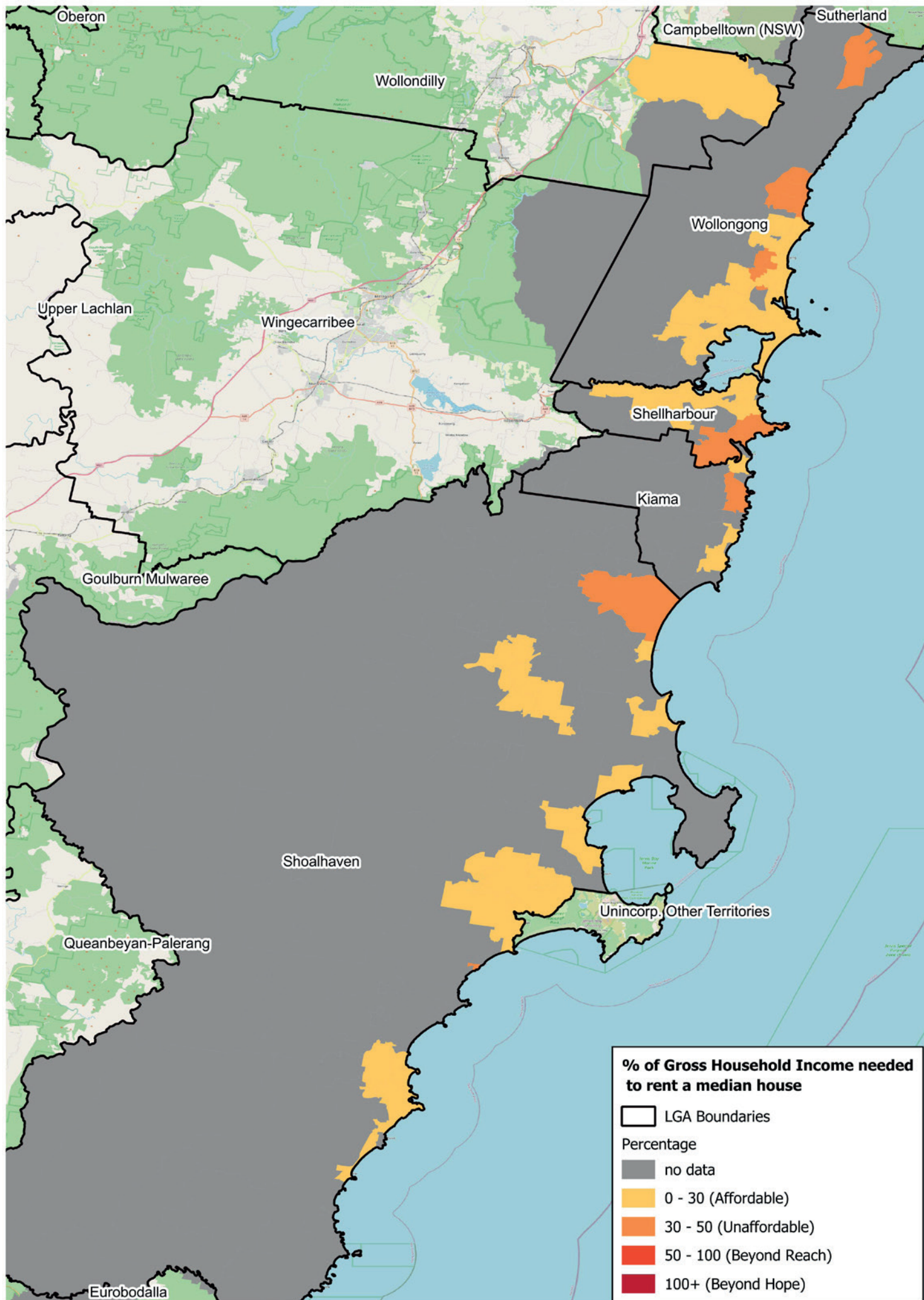




Illawarra Shoalhaven – Renting a median priced house

For a family with an annual household income of \$120,000, renting a median priced house in the Illawarra Shoalhaven region is generally affordable. There are some suburbs where affordability is worse but would theoretically consume less than 50% of this family's income (coloured orange).



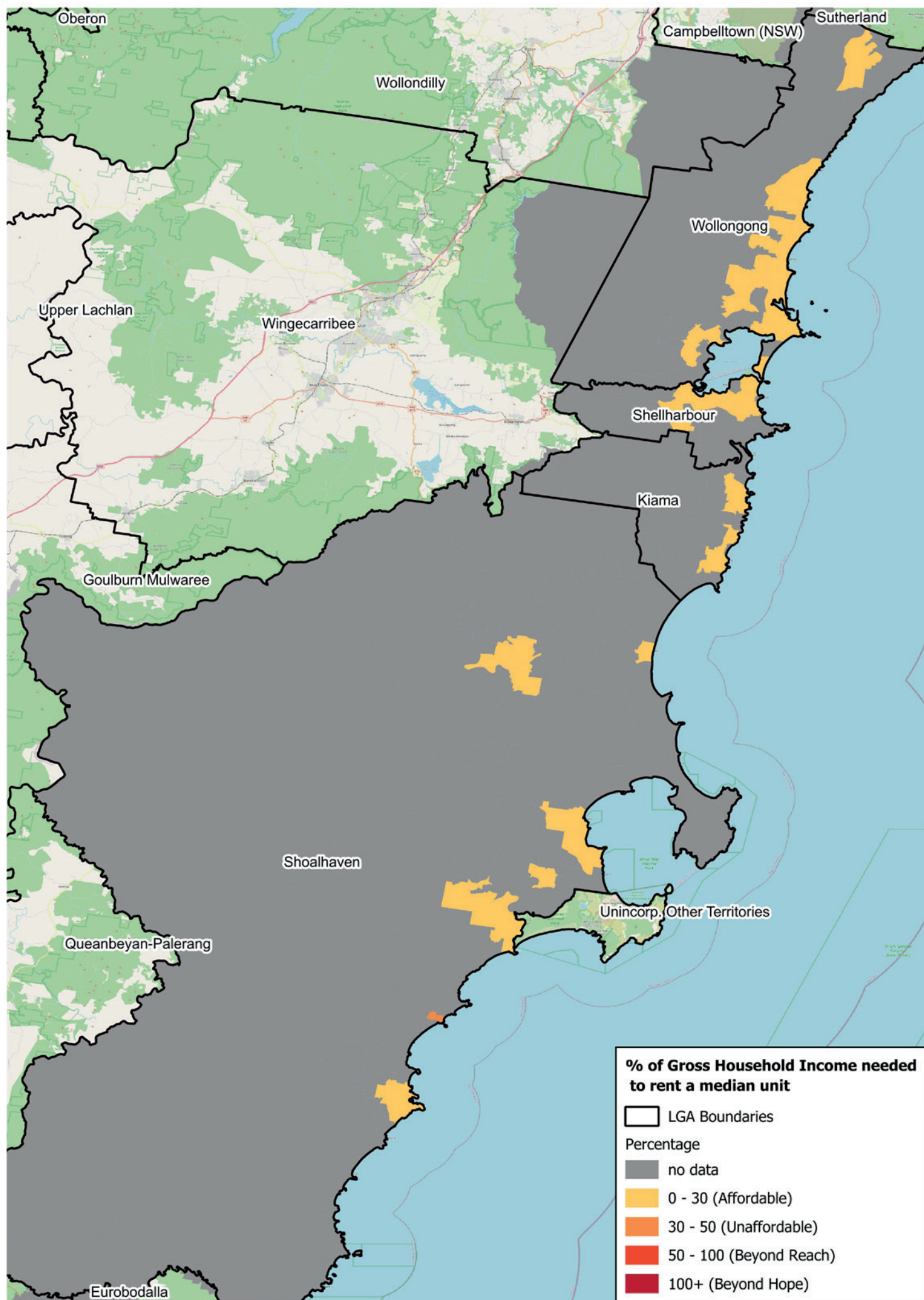




Illawarra Shoalhaven – Renting a median priced unit

Rental units are not as widely available across the Illawarra Shoalhaven region, but where there is stock, it is generally affordable.





Section two: Household groupings



Household One	2007	2024
Primary school teacher FT	\$49,010	\$99,220
Administrative assistant FT	\$40,857	\$64,396
Total Household Income	\$89,867	\$163,616



Household Two	2007	2024
Police officer FT	\$49,863	\$92,281
Total Household Income	\$49,863	\$92,281



Household Three	2007	2024
Ambulance officer FT	\$46,779	\$86,926
Nurse FT	\$42,739	\$68,364
Total Household Income	\$89,518	\$155,291



Household Four	2007	2024
Public servant FT	\$72,702	\$99,380
Total Household Income	\$72,702	\$99,380



Household Five	2007	2024
Electrician FT	\$30,784	\$105,000
Shop assistant PT	\$18,457	\$41,263
Total Household Income	\$49,241	\$146,263



Household Six	2007	2024
Child care worker FT	\$30,540	\$58,869
Total Household Income	\$30,540	\$58,869

Household one:

Full-time primary school teacher and full-time administrative assistant



Total combined
income per annum

\$163,616

Since 2007, the affordability of buying or renting a house or unit has worsened across all surveyed locations for this household.

Home ownership:

For this household, purchasing a median-priced house is unaffordable in all surveyed LGAs, despite a combined income significantly higher than the NSW average.

Buying a median-price house is beyond reach in most suburbs across Sydney, but is generally unaffordable in the Hunter, Central Coast and Illawarra regions.

When looking at units, only two locations—Penrith and Liverpool—offer median-priced units that are affordable within the 30% income threshold. Buying a unit in Randwick or Manly is beyond reach for this household.

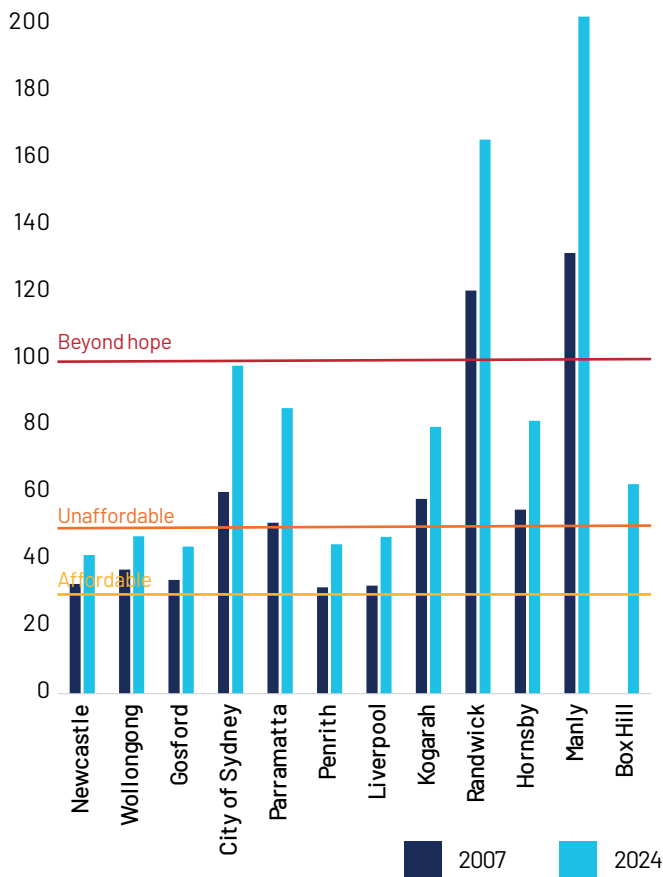
Rental affordability:

While renting a house remains possible in most locations, high-demand areas such as Randwick and Manly are out of reach for this household.

Renting a unit is more achievable, with most areas remaining within the 30% affordability limit. However, this still leaves little room for savings or other essential expenses, placing financial strain on the household.

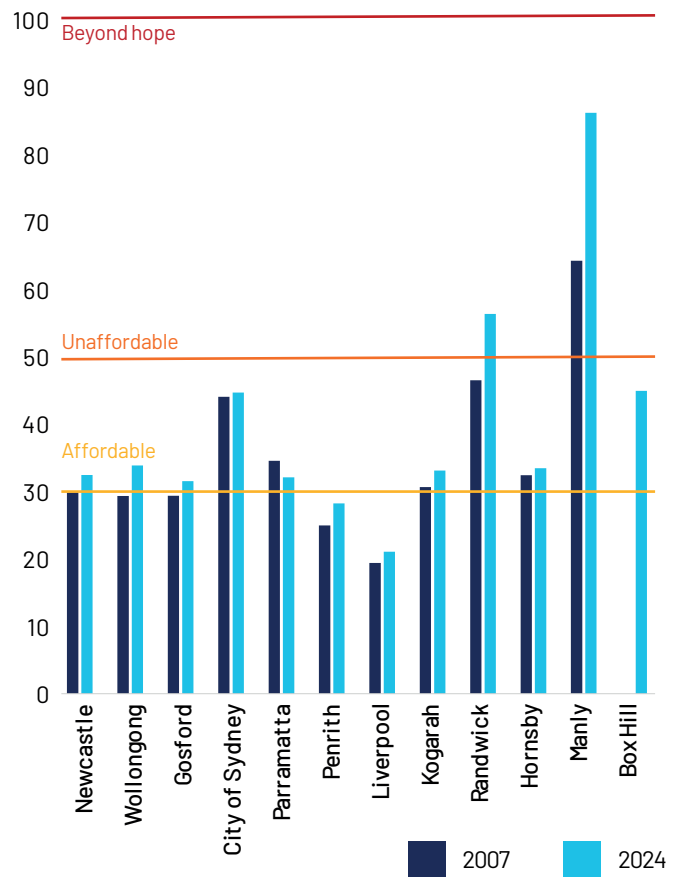
Buying

% household income to service mortgage on median priced house



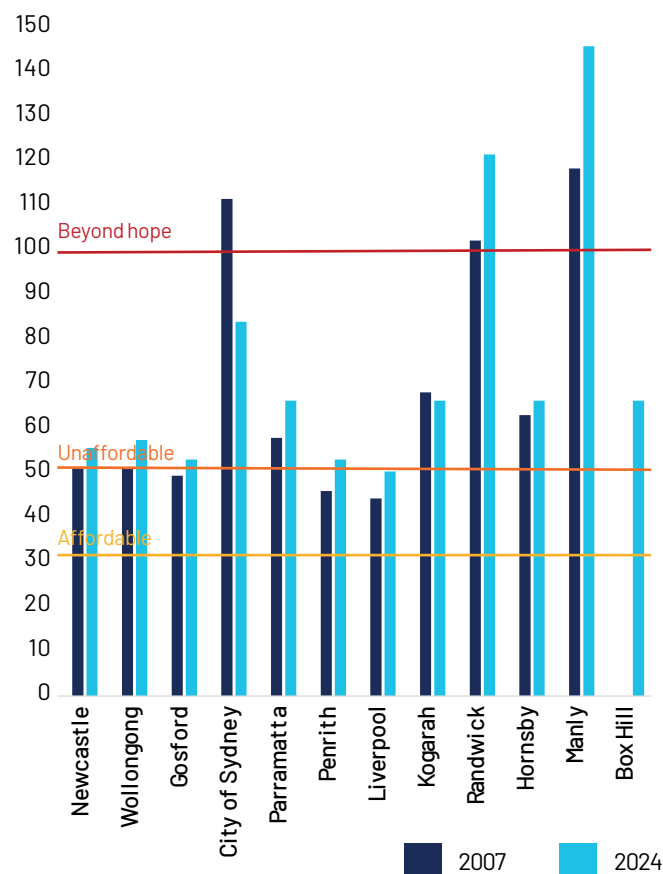
Buying

% household income to service mortgage on median priced unit



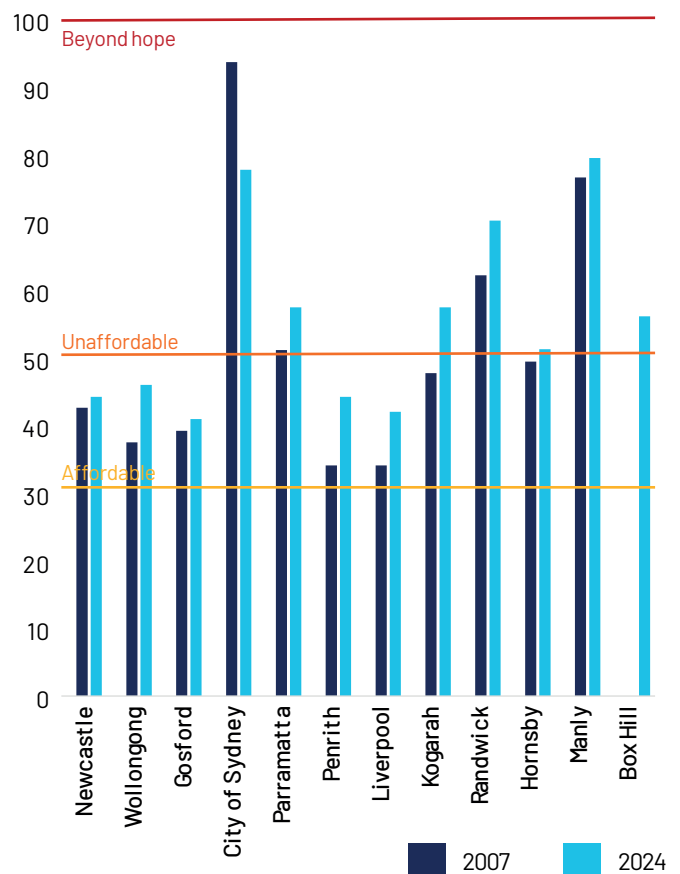
Renting

% household income to rent median priced house



Renting

% household income to rent median priced unit



Household two:

Full-time police officer (single-income household)



Total income per annum

\$92,281

Since 2007, the affordability of buying or renting a house or unit has worsened across all surveyed locations for this household, except for buying a unit in Parramatta.

Home ownership:

With a salary of just over \$90,000, buying either a house or a unit is beyond reach in every region surveyed, except for a unit in Liverpool.

The situation is dire for single income essential workers like this, who are unable to break into the housing market without significant financial assistance or shared ownership schemes.

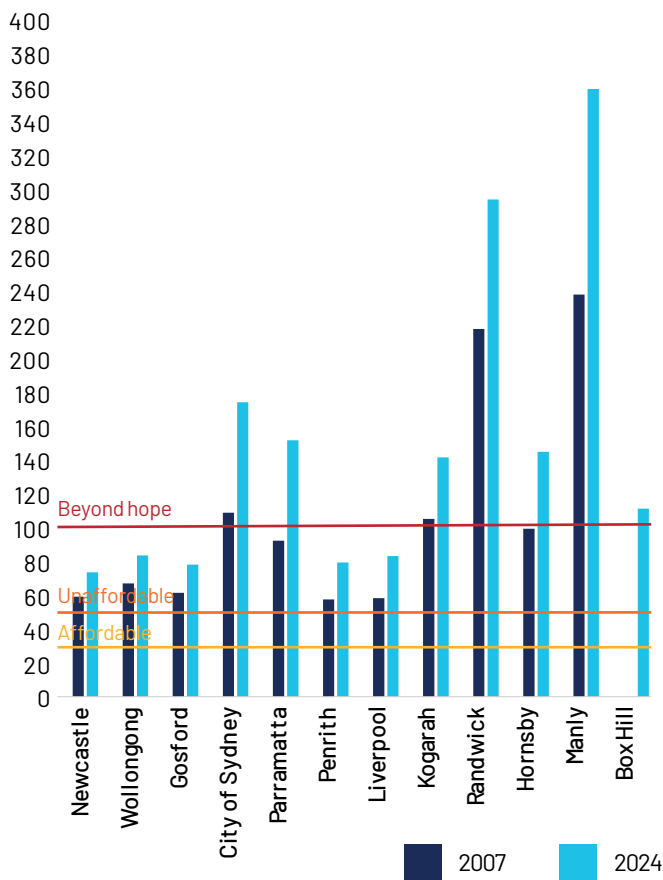
Rental affordability:

While renting a house is unaffordable in all locations, renting a two-bedroom unit remains viable in half of the twelve areas surveyed.

This limited affordability reflects the serious imbalance between wages and housing costs, leaving this household with minimal choices and likely forcing them to seek housing in outer, less accessible suburbs.

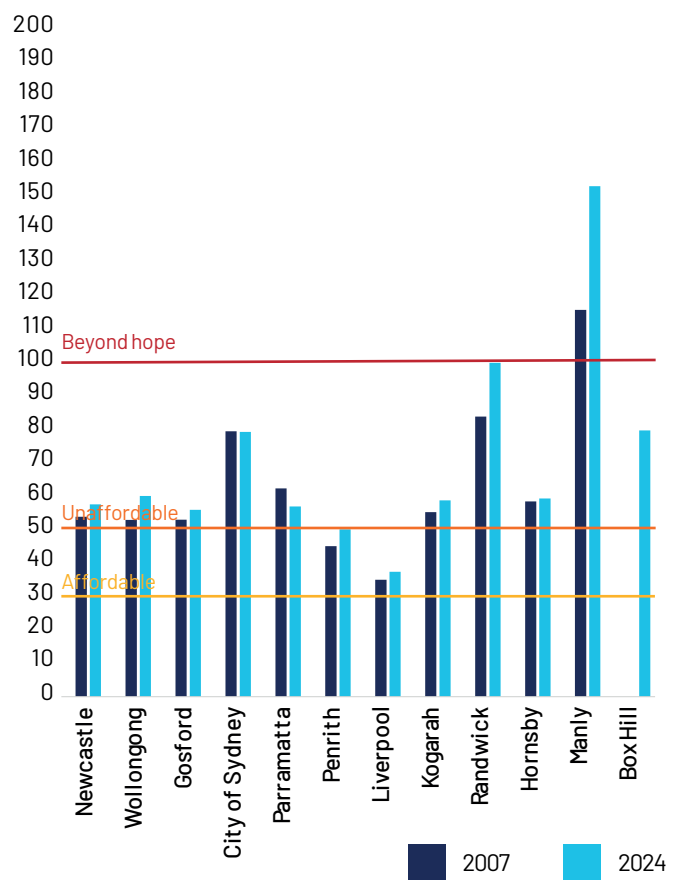
Buying

% household income to service mortgage on median priced house



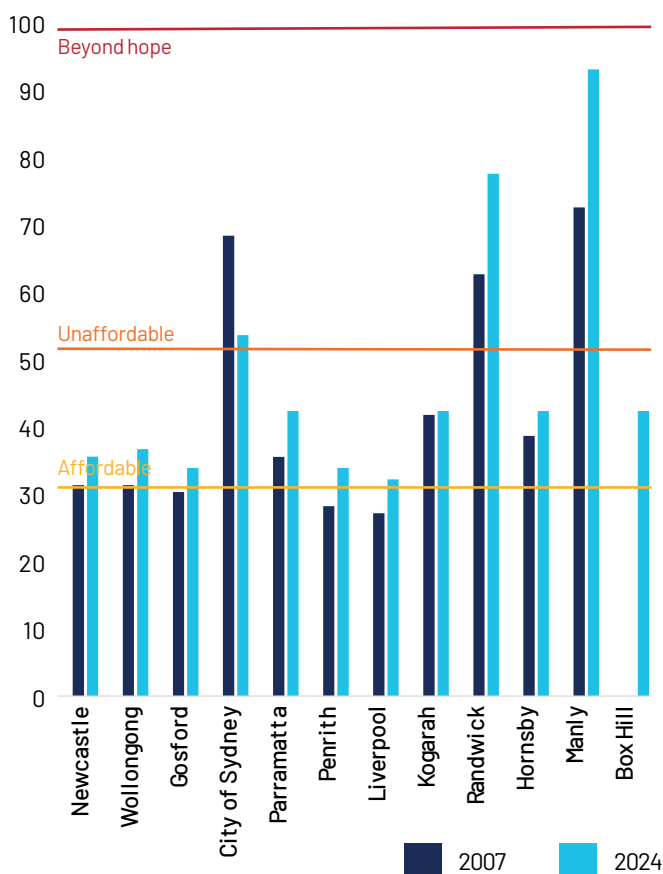
Buying

% household income to service mortgage on median priced unit



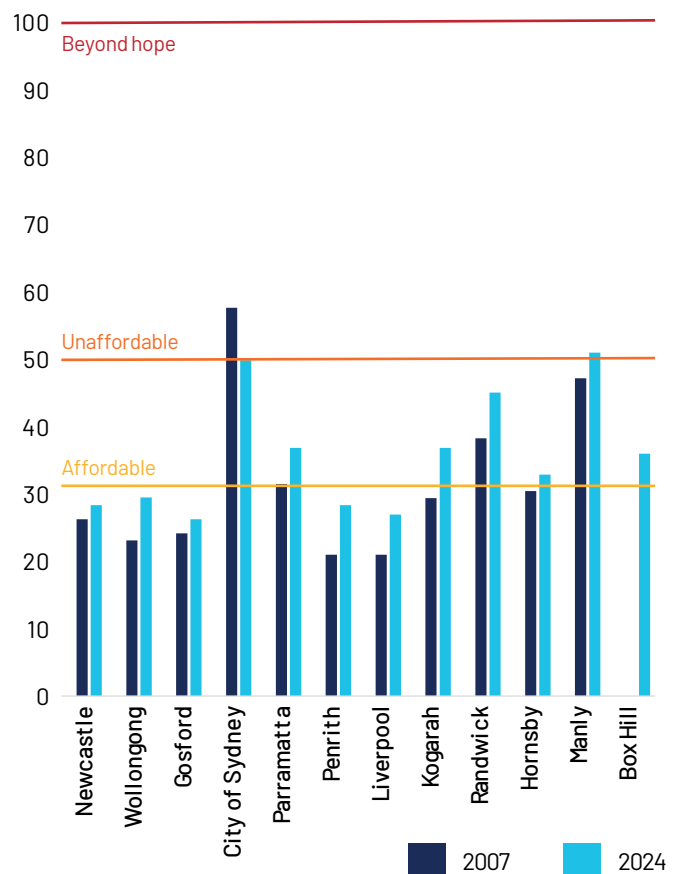
Renting

% household income to rent median priced house



Renting

% household income to rent median priced unit



Household three:

Full-time ambulance officer and full-time nurse



Total combined
income per annum

\$158,512

Since 2007, the affordability of buying or renting a house or unit has worsened across all surveyed locations for this household, except for buying a unit in Parramatta and renting in Inner Sydney.

Home ownership:

Despite both partners earning a combined income of over \$150,000, a median-priced house is unaffordable in any of the surveyed regions.

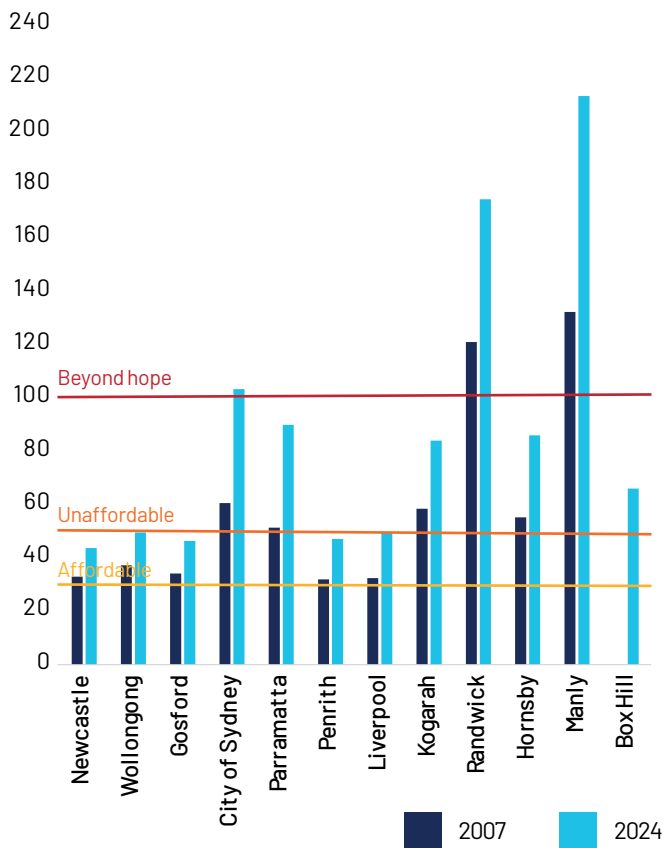
Buying a two-bedroom unit is still generally unaffordable in most locations, but it is affordable in Liverpool.

Rental affordability:

Renting a house is within reach in most regions, except for the more expensive suburbs of Randwick and Manly. For this household, renting a unit is the most affordable option, but it still leaves them financially constrained, as a large portion of their income would be dedicated to rent.

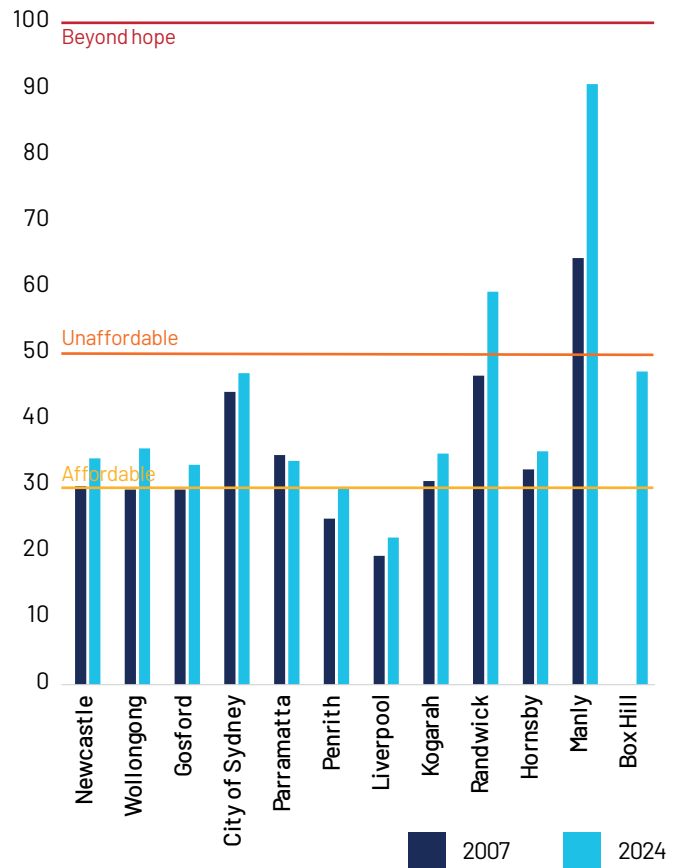
Buying

% household income to service mortgage on median priced house



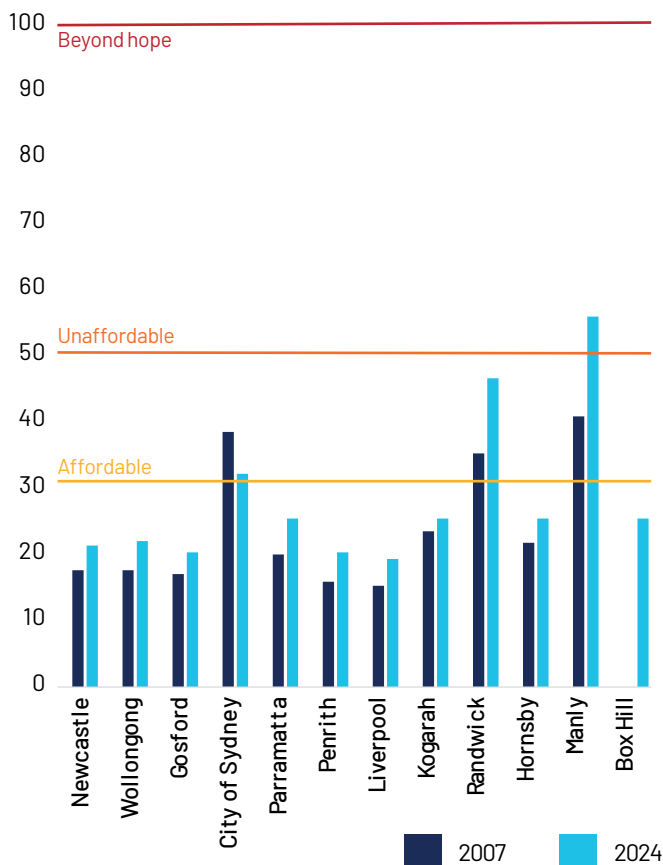
Buying

% household income to service mortgage on median priced unit



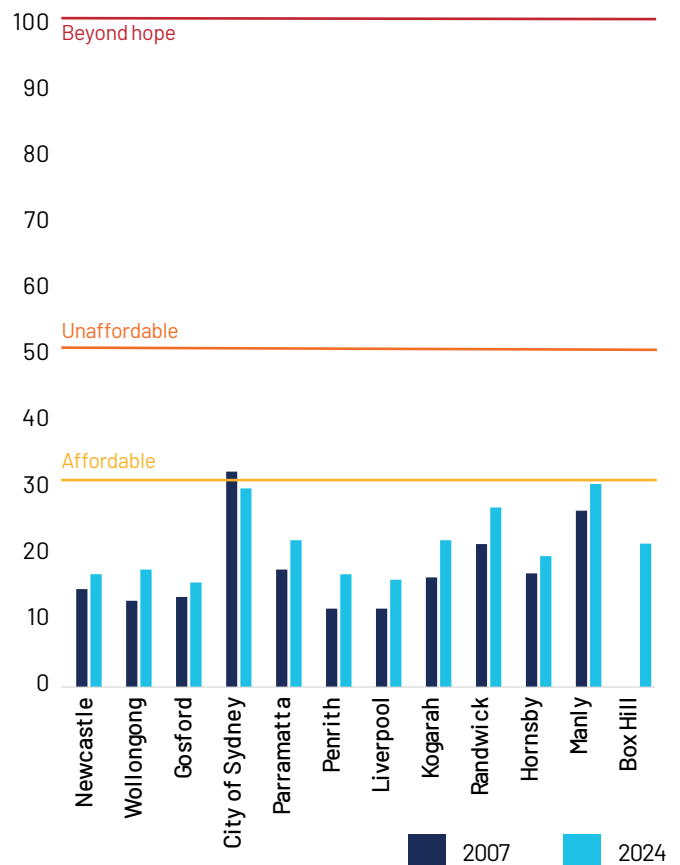
Renting

% household income to rent median priced house



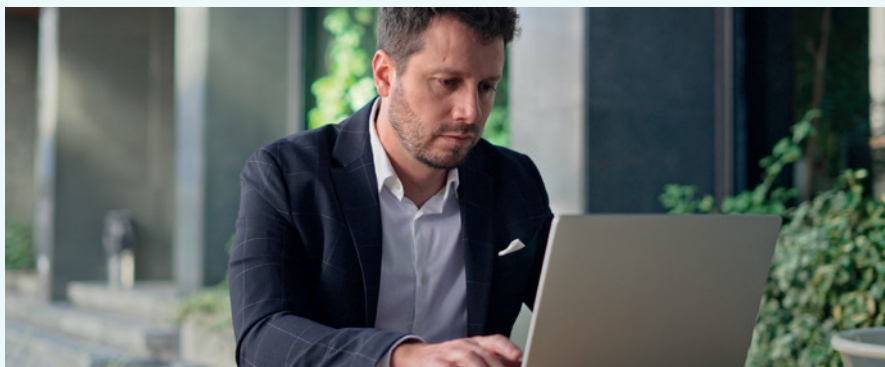
Renting

% household income to rent median priced unit



Household four:

Full-time public servant



Total income per annum

\$99,380

Since 2007, the affordability of buying or renting a house or unit has worsened across all surveyed locations for this household.

Home ownership:

With an income just under \$100,000, this household faces the same challenges as the others: buying a median-priced house is beyond reach anywhere in the areas surveyed. Half of the locations surveyed need over 100% of this household's annual income to afford mortgage repayments alone.

Even purchasing a median-priced unit is beyond reach for all areas except Penrith and Liverpool, underscoring how significant the affordability crisis is for single-income essential workers.

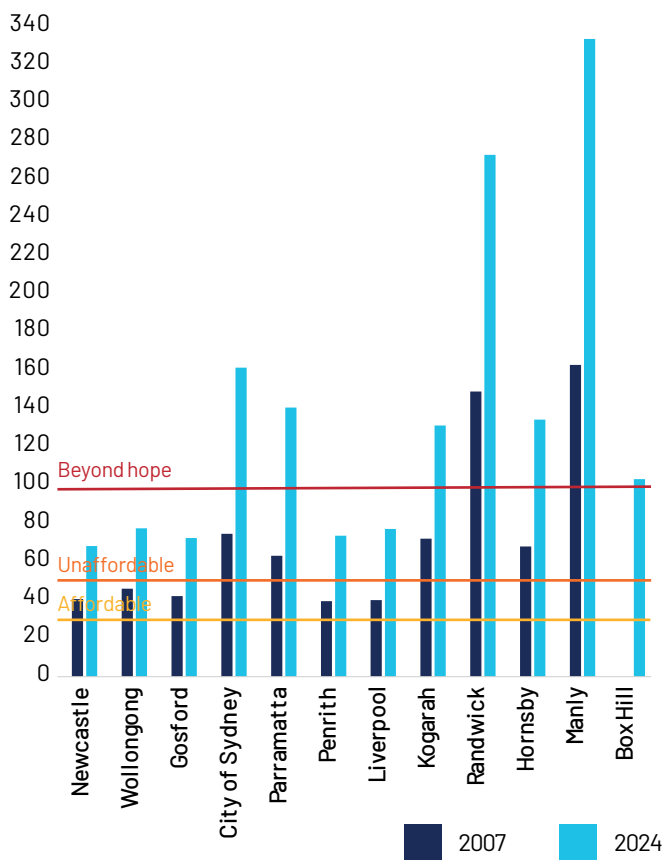
Rental affordability:

While renting a house is unaffordable in nearly all locations, it remains marginally affordable in some areas.

Renting a two-bedroom unit is possible in about half of the surveyed locations, but this still leaves the household with little flexibility in their budget, making it difficult to save or manage unforeseen expenses.

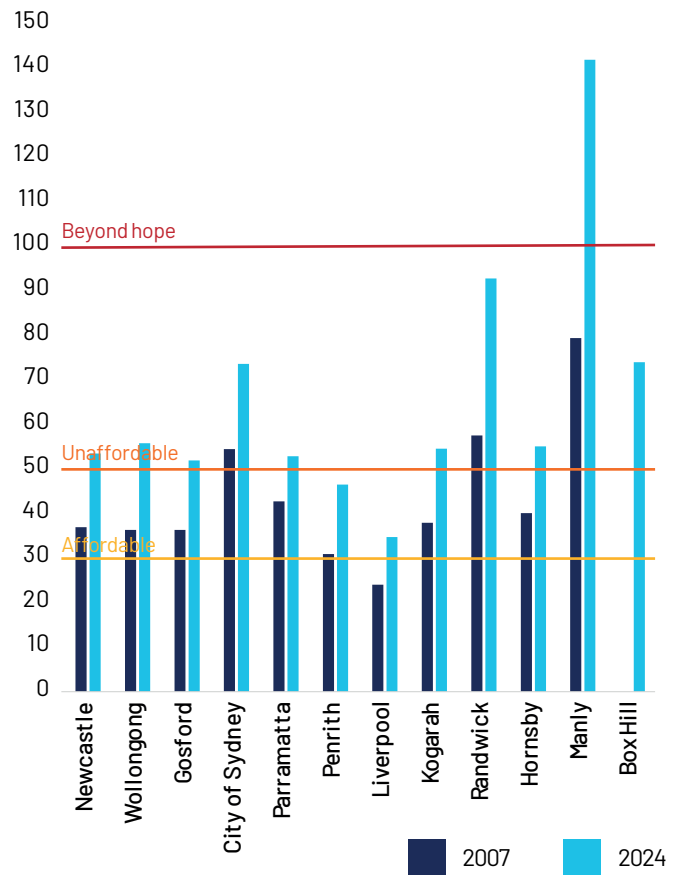
Buying

% household income to service mortgage on median priced house



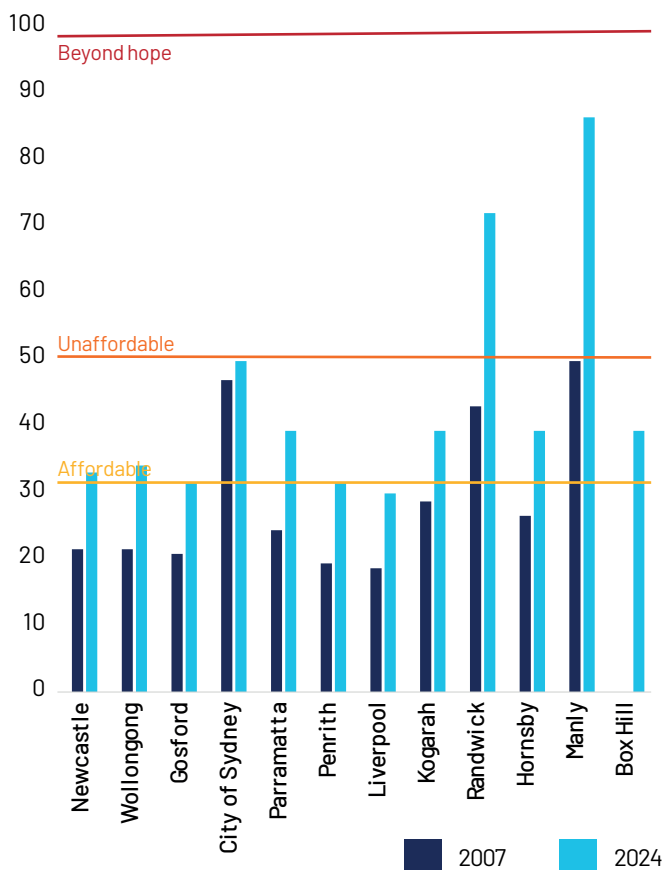
Buying

% household income to service mortgage on median priced unit



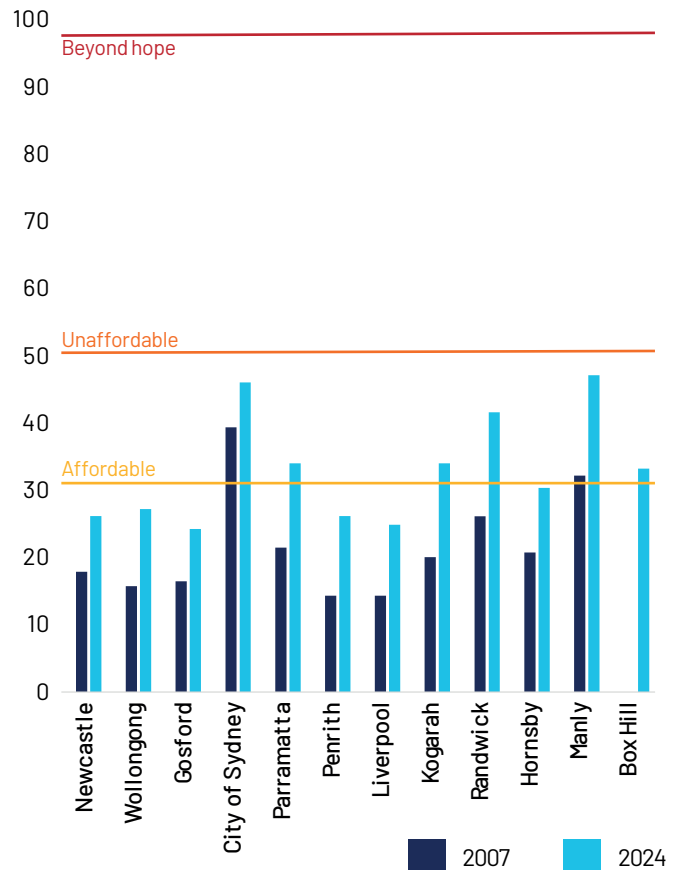
Renting

% household income to rent median priced house



Renting

% household income to rent median priced unit



Household five:

Full-time electrician and part-time retail shop assistant



Total combined
income per annum

\$146,263

Since 2007, the affordability of buying a house or unit has improved for some locations for this household, but most locations remain unaffordable.

Since 2007, the affordability of renting a house or a unit has improved for all locations for this household. However, in Inner Sydney, Randwick and Manly, more than 30% of this household's income is needed to afford weekly rents.

Increased affordability for this household is largely due to the substantial increase in the electrician's base income.

Home ownership:

With an income just under \$100,000, this household faces the same challenges as the others: buying a median-priced house is beyond reach anywhere in the areas surveyed. Half of the locations surveyed need over 100% of this household's annual income to afford mortgage repayments alone.

Even purchasing a median-priced unit is beyond reach for all areas except Penrith and Liverpool, underscoring how significant the affordability crisis is for single-income essential workers.

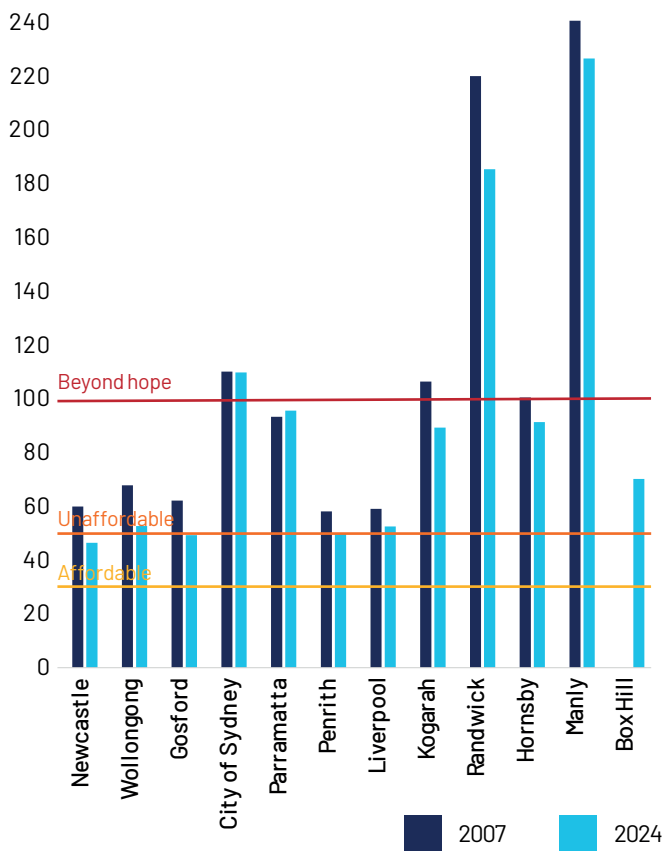
Rental affordability:

While renting a house is unaffordable in nearly all locations, it remains marginally affordable in some areas.

Renting a two-bedroom unit is possible in about half of the surveyed locations, but this still leaves the household with little flexibility in their budget, making it difficult to save or manage unforeseen expenses.

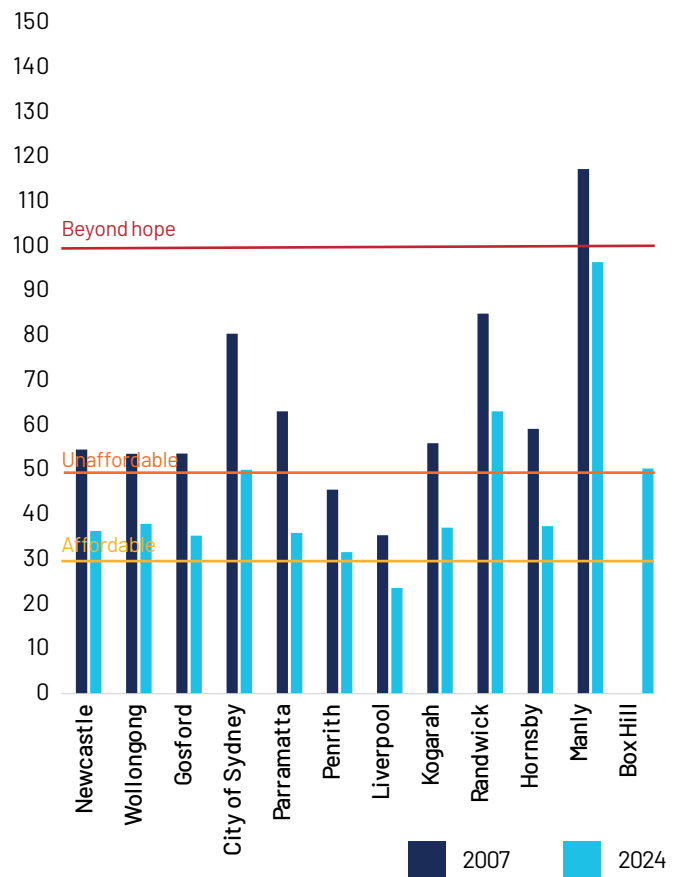
Buying

% household income to service mortgage on median priced house



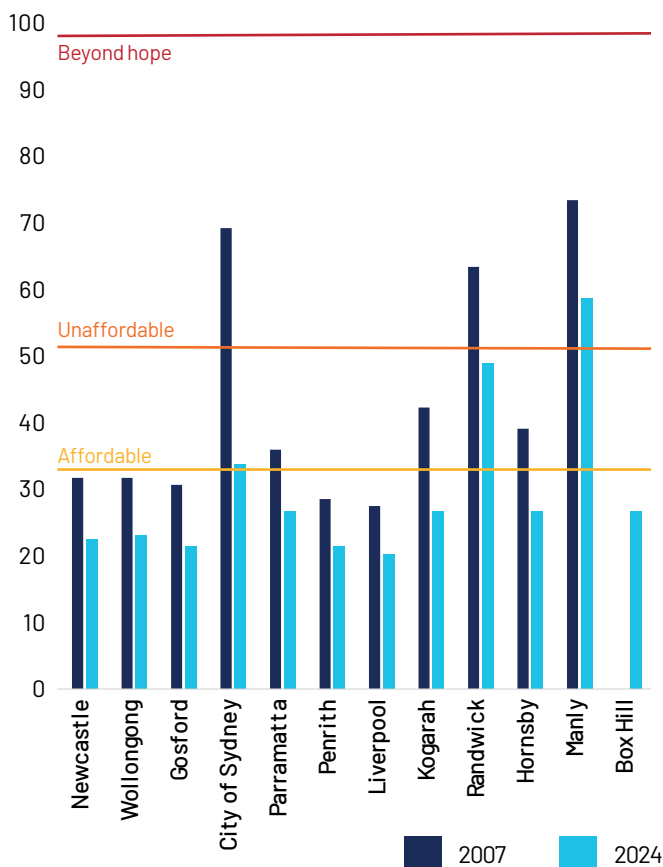
Buying

% household income to service mortgage on median priced unit



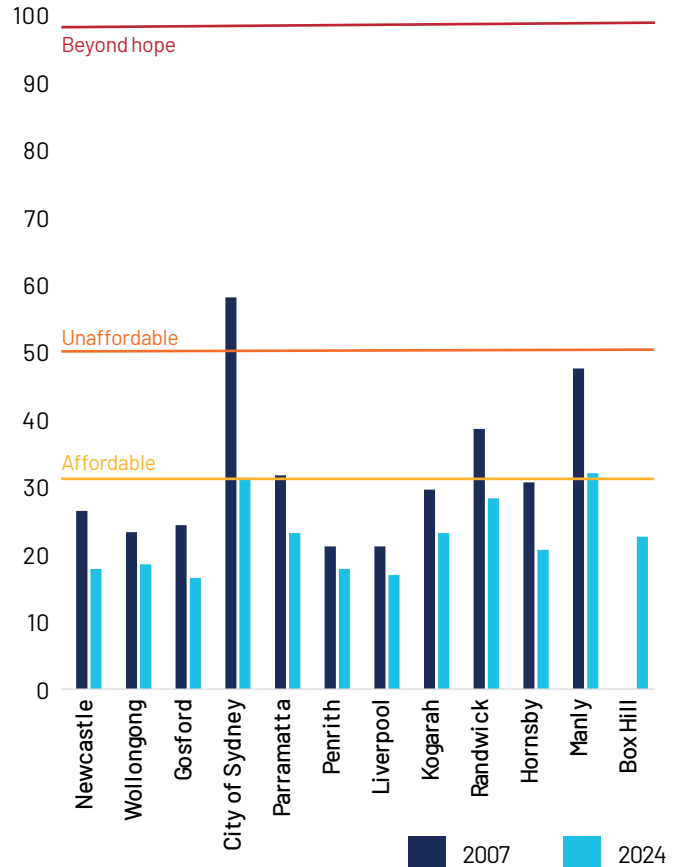
Renting

% household income to rent median priced house



Renting

% household income to rent median priced unit



Household six:

Full-time childcare worker (single-income household)



Total income per annum

\$58,869

Since 2007, the affordability of buying or renting a house or unit has worsened across all surveyed locations for this household, except for buying a unit in Hornsby.

Home ownership:

For this household, the housing market is entirely inaccessible. This reflects a devastating gap between the wages earned by essential workers and the cost of housing.

With an income of under \$60,000, median-priced units are beyond reach in any location.

The affordability of buying a median-priced house is beyond hope, with all locations surveyed needing over 100% of this household's income for mortgage repayments alone.

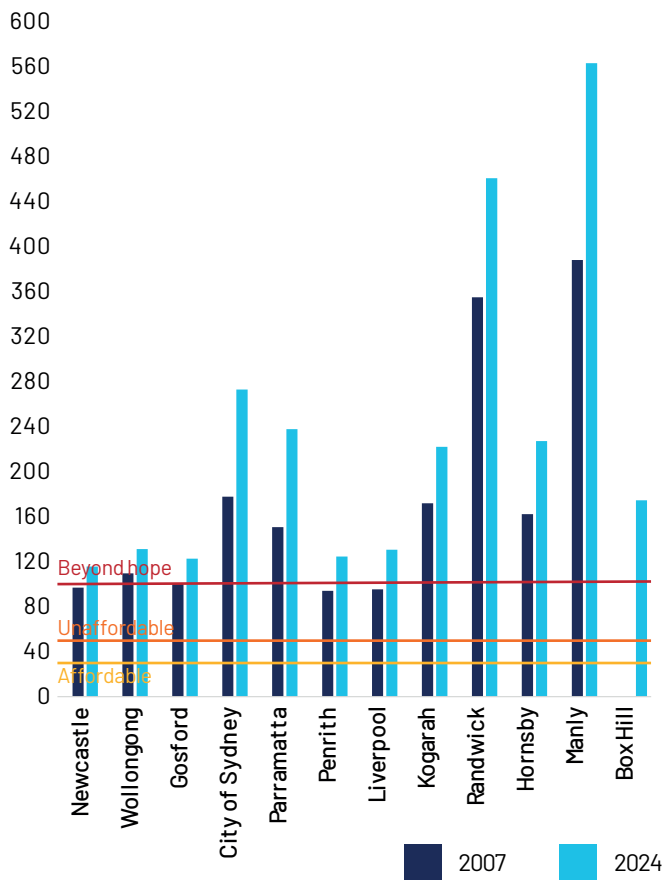
Rental affordability:

Renting is equally difficult, with both houses and units unaffordable in all surveyed regions.

This household is left with very few options and will likely face housing insecurity, forcing them into longer commutes or less secure rental arrangements, further exacerbating their financial stress.

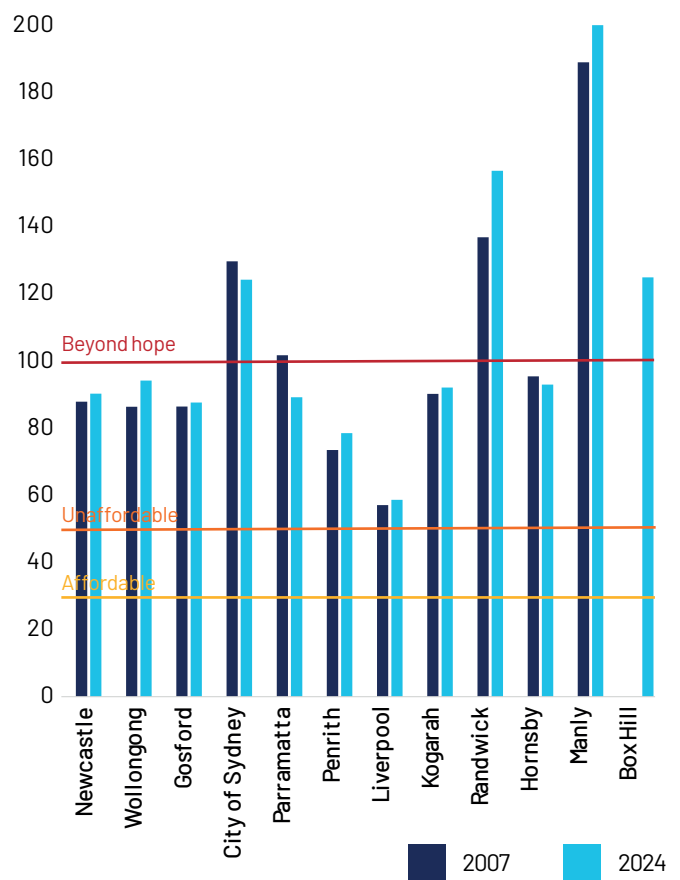
Buying

% household income to service mortgage on median priced house



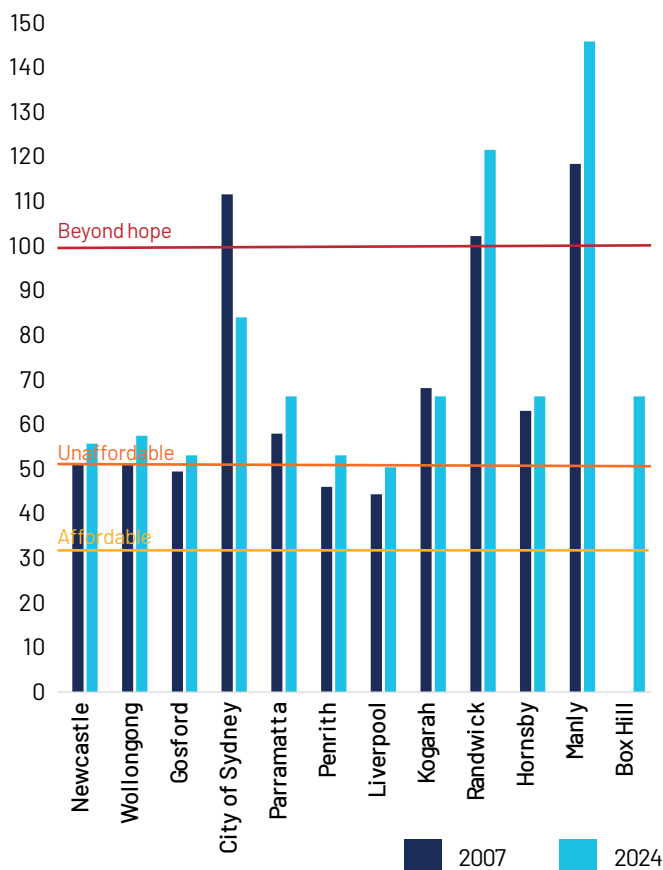
Buying

% household income to service mortgage on median priced unit



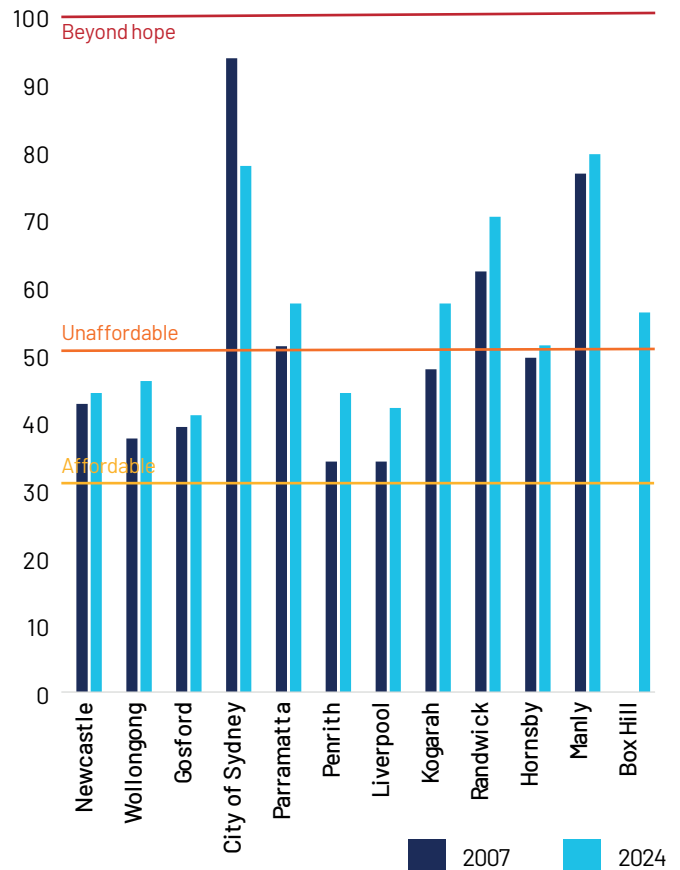
Renting

% household income to rent median priced house



Renting

% household income to rent median priced unit



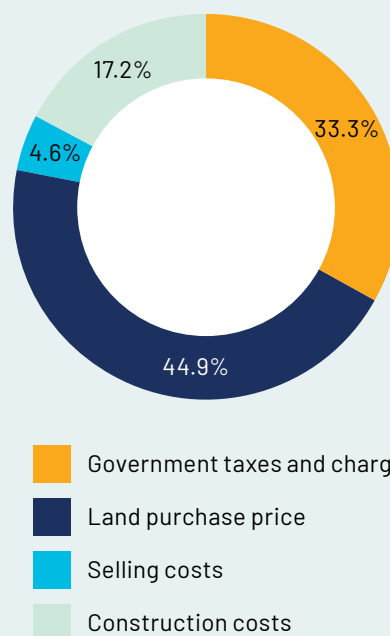
New housing supply

One of the primary solutions to the housing affordability crisis is increasing the supply of new housing, particularly homes that are accessible to essential workers. However, as this report reveals, even the cost of new entry-level homes is far beyond the reach of most essential worker households. This section of the report highlights the structural and policy challenges that make it difficult for new housing supply to keep pace with demand.



The Cost of New Housing:

Studies conducted by the Property Council of Australia and other industry groups show that nearly one-third of the cost of new dwellings—whether houses or units—can be attributed to taxes, charges, and compliance costs. These costs include land taxes, stamp duties, infrastructure levies, and other government-imposed fees that significantly inflate the price of new homes. According to the Property Council's Release the Pressure research conducted in 2024, the cost of a greenfield residential development in Western Sydney comprises of:



For essential worker households, this additional burden makes home ownership an impossible dream. Even for entry-level homes—those designed to be affordable for first-time buyers—taxes and levies are pushing prices well beyond what these essential workers can afford. The affordability crisis is not only driven by market forces but is exacerbated by public policy settings that have remained unchanged for years, despite ongoing warnings from industry experts.

The Need for Tax and Regulatory Reform:

The report makes it clear that reducing the cost of new housing requires a root-and-branch reform of taxes and regulatory costs. These changes would lower the upfront cost of new dwellings and stimulate competition among developers, leading to increased supply and lower prices. By removing or significantly reducing taxes and compliance costs, new housing could become more affordable for essential workers, allowing them to purchase homes closer to where they work and reducing the stress of long commutes.

The Property Council has been advocating for these reforms for many years, yet progress has been slow. The result is that Australia is now ranked among the least affordable nations for home ownership. Without urgent policy changes, the crisis will continue to deepen, and future generations will find themselves even further removed from the prospect of owning a home. Industry and government need to work together on a holistic review of taxation measures in NSW given the critical cost impost on the delivery of new homes.

The Long-Term Consequences of Inaction:

If the current policy settings remain in place, housing costs will continue to rise, placing even more pressure on essential worker households. As housing becomes increasingly unaffordable, more Australians will be forced to rely on rental housing, which will also face upward pressure on prices. This shift could lead to a future where home ownership is an option only for an elite group of wealthy Australians, while the rest of the population is consigned to the rental market.

As developers strive to manage rising costs, the industry remains committed to providing quality and affordable housing. Essential workers, who are already challenged by the high cost of decent housing should not be placed in a position to trade-off between housing affordability and housing quality.

The Path Forward:

To address these challenges, the Property Council is calling for a comprehensive review of public policy settings that directly impact the cost of new housing. Reducing taxes and compliance costs on new developments will improve affordability and encourage developers to build more homes, particularly in areas where essential workers need them most.

Only through bold and innovative reforms can the housing affordability crisis be alleviated, allowing essential workers to live closer to their jobs and improving overall economic and social outcomes.

Conclusions and recommendations

The Beyond Reach report offers a sobering assessment of the housing affordability crisis that essential workers in the Greater Sydney, Hunter and Central Coast and Illawarra Shoalhaven regions are facing. The evidence is clear: for most essential worker households, home ownership is out of reach, and even renting is becoming increasingly unaffordable. Without meaningful intervention, this situation will only worsen, placing further strain on essential workers and the communities they serve.

Housing affordability worse than 2007:

Despite lower interest rates in 2024 compared to the 2007 housing crisis, housing has become significantly less affordable for essential workers. Incomes have not kept pace with the rising cost of housing, and even with more favourable mortgage rates, the price of a home is beyond the financial means of many essential worker households. This reality points to a structural issue in the housing market, one that cannot be solved by economic levers alone.

Key findings:

Home ownership beyond reach:

For the majority of essential workers, home ownership—whether a house or a unit—is simply unaffordable. Across the 12 locations surveyed, median-priced homes are unattainable for essential worker households under the current market conditions.

Rental housing increasingly unaffordable:

While renting a two-bedroom unit is the only feasible option for many essential worker households, even this is beyond reach for single-income households like police officers or childcare workers. For others, renting a house is unaffordable in most regions, with only limited areas offering marginally affordable options.

Severe impact on single-income households:

Single-income households, especially those of essential workers, are facing the most acute challenges. With the cost of housing rising much faster than wages, these households are left with very few options for affordable housing, forcing them to make difficult choices, such as enduring long commutes or accepting substandard living conditions.



The urgent need for policy reform:

The report makes it clear that the housing affordability crisis requires immediate and comprehensive policy reform. This includes not only tackling the cost of housing itself but also addressing the broader regulatory, tax, and compliance structures that are inflating housing prices across the state.

Tax and regulatory reform:

One-third of the cost of new housing is attributable to taxes, charges, and compliance costs. Reducing these financial burdens would make housing more affordable for essential workers and encourage the development of new housing stock, especially in areas where it is most needed. Without such reforms, the cost of housing will continue to spiral out of control, leaving future generations locked out of home ownership.

Support for essential workers:

As the backbone of our society, essential workers deserve to live close to their places of work without sacrificing a reasonable quality of life. Policymakers must explore targeted solutions, such as shared ownership schemes, affordable housing developments, and rental assistance, to ensure that essential workers can access housing in the areas they serve.

Increase in housing supply:

A key component of improving affordability is increasing the supply of new homes. However, this must be done in a way that maintains building quality. Cutting environmental or design standards to reduce costs is not the answer; instead, smarter regulations that lower costs while preserving quality are essential. Developers need incentives and support to build affordable homes that are both liveable and sustainable.

Long-term vision:

The Property Council calls for bold leadership from the NSW Government to address this crisis head-on. The housing affordability crisis is not just an economic issue but a social one. If essential workers—such as police officers, teachers, nurses, and childcare workers—are priced out of the housing market, the ripple effects will be felt across the state’s economy and public services.

The Property Council’s recommendations aim to build a more equitable and sustainable housing system, one that ensures essential workers can afford to live and thrive. This vision includes:

Comprehensive tax and regulatory reforms

A targeted increase in housing supply

Affordable housing initiatives tailored for essential workers

Maintaining building quality and sustainability in new developments



Recommendations

Increase zoning flexibility

Boost supply through rezoning: Expand zoning flexibility in high-demand areas, particularly in Sydney and regional centres, to support Transport-Oriented Development (TOD). This will allow for increased density and mixed-use developments near key transport infrastructure, creating vibrant, connected communities. Prioritising rezoning for essential worker and affordable housing near transport hubs will increase housing supply, reduce commute times and improve access to employment.

Holistic review of taxation settings

Tax reforms to reduce housing costs: A holistic review of the taxation settings that impact housing affordability, including development fees and charges, will demonstrate the case for easing financial burdens on new developments. The housing crisis requires a crisis response – that includes a moratorium on new taxes and charges during the Housing Accord period. By reducing tax-related costs, housing projects will be more feasible and affordable, helping to boost supply and address the housing affordability crisis in key growth areas.

Create long-term strategic infrastructure plans

Link infrastructure investment with housing targets: Develop long-term strategic plans that align infrastructure investment with housing growth areas. Ensuring that essential services such as transport, schools, and healthcare are prioritised in these zones will attract investment and create sustainable, liveable communities. This approach links infrastructure planning to housing targets, which supports economic growth, increases housing supply, and reduces development costs by providing greater certainty for developers and investors.

Incentivise essential worker housing

Provide targeted incentives: State and federal governments should offer financial incentives to create housing specifically for essential workers. This aligns with the Property Council's position on tackling housing affordability by reducing development costs for projects aimed at essential workers, who are critical to sustaining essential services in both urban and regional areas. Incentives like waiving development levies can improve the feasibility of these projects, ensuring that essential workers have access to affordable rental or purchase options near their places of employment.

Streamline planning approval processes

Reduce approval times: Simplify and accelerate planning processes to cut approval times by at least six months. This will directly reduce development delays and lower holding costs, both of which are critical to improving development feasibility. Faster approvals make housing projects more viable by minimising financial strain on developers and ensuring timely project initiation. By streamlining the system, more developments can move forward, driving down the cost of housing and increasing affordability.

Release government-owned land

Leverage underutilised public land: Accelerate the release of surplus or underutilised government-owned land for residential development. By ensuring that a portion of this land is reserved for affordable housing projects aimed at essential workers, this approach can help to address housing affordability while also promoting development feasibility. Releasing public land for strategic residential use will increase supply, lower development costs, and provide much-needed housing for essential workers, contributing to the creation of liveable, connected communities.

Reduce infrastructure charges

Moratorium on new fees: Introduce a moratorium on new development charges, such as the Development Servicing Plan (DSP) and Housing and Productivity Contribution (HPC) fees, to reduce the financial burden on developers. This aligns with the Property Council's objective of lowering development costs, which is crucial to improving housing affordability. Reducing these charges will make housing projects more feasible, helping to increase supply and lower prices. By pausing infrastructure fees, the Property Council supports a policy that encourages more development, making it easier to deliver affordable homes in areas of high demand, while ensuring that developers can operate more efficiently.

Opportunities that promote collaboration and innovation

Public-private partnerships: Public-private partnerships present a valuable opportunity to develop more housing for essential workers by allowing for more flexible and innovative financing solutions, which can reduce costs and expedite project timelines. These partnerships can help deliver high-quality affordable housing that meets the specific needs of essential workers and is integrated with other community facilities.

Build-to-rent: There is an opportunity to encourage more build-to-rent (BTR) developments to create housing stock to meet the unique needs of essential workers. These facilities are purpose-built and often come with long-term management and maintenance plans, ensuring that properties are maintained as long-term rental stock. Opening opportunities for the BTR market to supply housing for this market would be the easiest starting point and require the least government input. However, BTR rents are often higher than the private rental market and are not suitable for the provision of accommodation for low to moderate income households. To alleviate these barriers, BTR operators should be able to access the same level of concessions as community housing providers, and there should be consideration given to the need for additional rental subsidies.

Final thoughts

The **Beyond Reach** report offers a clear and urgent call to action. The affordability crisis is real, and its impact is felt most acutely by those who provide the essential services that keep Sydney running. Without immediate reform, essential workers will continue to be locked out of the housing market, further straining public services and exacerbating social inequality. The time for action is now.





Income methodologies



Primary school teacher and admin assistant

- Household salary 2007 = \$89,867 / 2024 = \$163,616
- The Teacher's wage in 2007 is based on the Teachers (Independent Schools) (State) Award 2007 at Year 4
- The Teacher's wage in 2024 is based on the Crown Employees (Teachers in Schools and Related Employees) Salaries at Year 4, Step 4
- The Admin Assistant's wage in both years were based on the Crown Employees (Administrative and Clerical Officers - Salaries) Award at the common salary point of 32.



Police officer

- Household salary 2007 = \$49,863 / 2024 = \$92,281
- The police officer's wage in 2007 is based on Crown Employees (NSW Police Special Constables) (Police Band) Award for a Constable in their 6th year of service or thereafter
- The police officer's wage in 2024 is based on the NSW Police Force salary at Constable Level 5.



Nurse and ambulance officer

- Household salary 2007 = \$89,518 / 2024 = \$155,291
- The ambulance officer's wage in 2007 is based on the Operational Ambulance Officers (State) Award at Grade 2, Year 4
- The ambulance officer's wage in 2024 is based on the NSW Ambulance Paramedics (State) Award 2023 at Clinical Level 1, Band 1, Increment 5
- The nurse's wage in 2007 is based on the Public Health System Nurses' and Midwives' (State) Award 2023 being an Enrolled Nurse, 5th Year and thereafter
- The nurse's wage in 2024 is based on the Healthscope Group and New South Wales Nurses' Association Nurses' and Midwives (State) Enterprise Agreement 2006-2008 being an Enrolled Nurse, thereafter.



Public servant

- Household salary 2007 = \$72,702 / 2024 = \$99,380
- The public servant's wage in 2007 is derived from the Crown Employees (Public Sector – Salaries) Award 2007 based on Grade 5, thereafter
- The public servant's wage in 2024 is derived from the Crown Employees (Public Sector – Salaries) Award 2022 based on Grade 5, thereafter.



Childcare worker

- Household salary 2007 = \$30,540 / 2024 = \$58,869
- The childcare worker's wage in 2007 is based on a Step 4 childcare worker in an Enterprise Centre for a NSW childcare centre, as award wage information for this year was not found
- The childcare worker's wage in 2024 is based on employee level 4A.3 after 2 years of the Children's Services Award 2020.



Electrician and shop assistant

- Household salary 2007 = \$49,241 / 2024 = \$146,263
- The electrician's wage in 2007 is based on the monetary rates for an electrical mechanic under the Electricians, &c. (State) Award 2008
- The electrician's wage in 2024 is based on average industry salary
- The shop assistant's wage in 2007 is based on working 22.5 hours per week at an hourly rate of \$17.09 per hour, for a total of 48 weeks in a year under the Shop Employees (State) Award 2012
- The shop assistant's wage is based on working 22.5 hours per week (3 x 7.5 hours) at an hourly rate of \$38.20 per hour, for a total of 48 weeks in a year.

Housing price and rental data

The report uses median house and unit prices based on the latest data from Pricefinder for LGAs and CoreLogic for suburbs. The data for Box Hill in 2007 is less reflective of the market compared to 2024, as it was an emerging new housing area at the time.

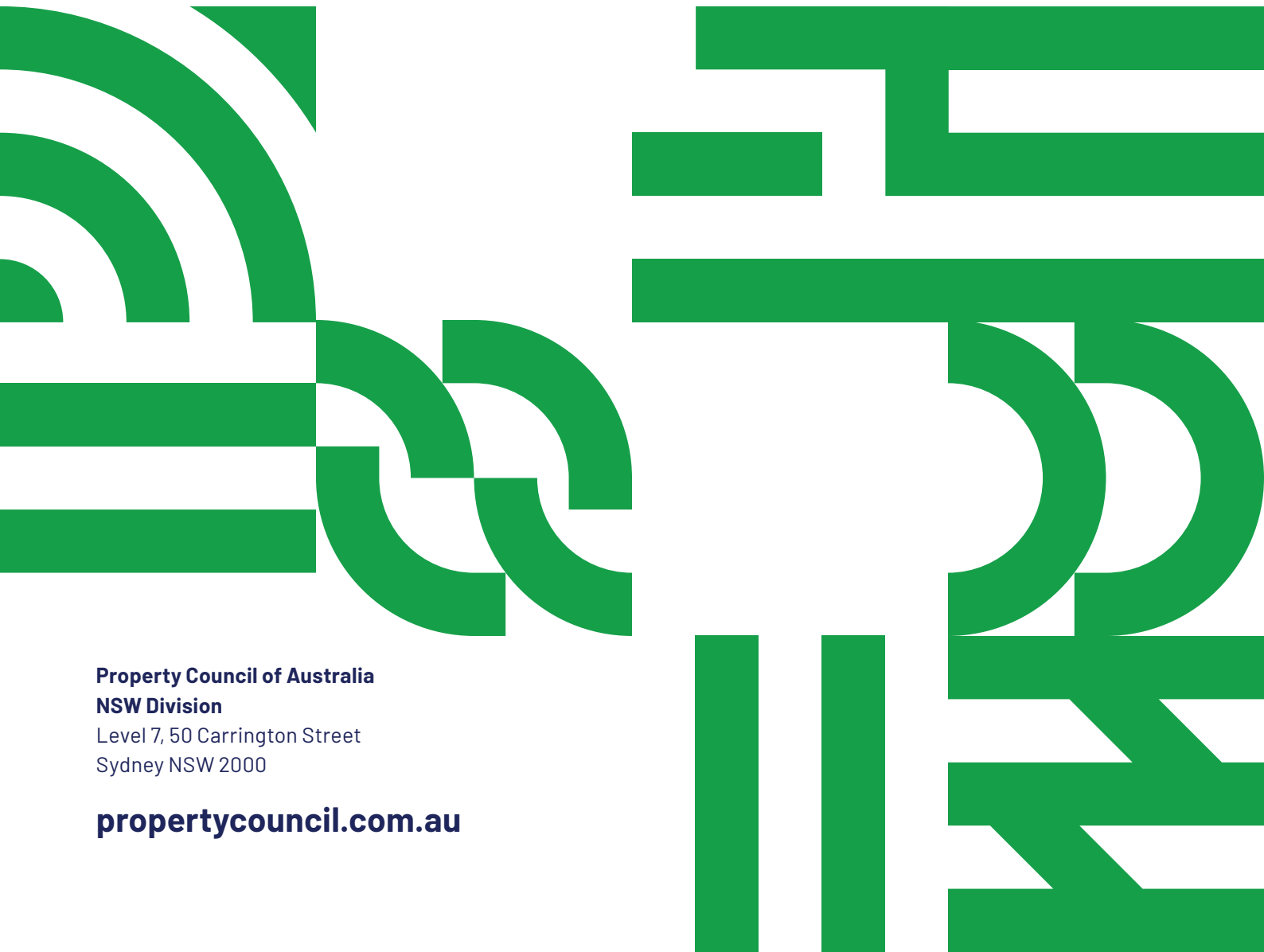
To ensure accuracy, the data focuses on properties being offered for lease or sale, reflecting the realities faced by new entrants into the housing market. Property prices were sourced with the aim of benchmarking typical new homes—a three-bedroom, two-bathroom house and a two-bedroom, one-bathroom unit.

2007 Prices

Location	Median house price	Median unit price	House rent	Unit rent
Newcastle	\$335,000	\$305,000	\$300	\$250
Wollongong	\$379,000	\$299,750	\$300	\$220
Gosford	\$347,500	\$300,000	\$290	\$230
Inner Sydney	\$616,000	\$450,000	\$655	\$550
Parramatta	\$522,000	\$353,000	\$340	\$300
Penrith	\$325,000	\$255,000	\$270	\$200
Liverpool	\$330,000	\$198,000	\$260	\$200
Kogarah	\$595,000	\$313,000	\$400	\$280
Randwick	\$1,231,000	\$475,000	\$600	\$365
Hornsby	\$562,000	\$331,000	\$370	\$290
Manly	\$1,346,000	\$656,000	\$695	\$450
Box Hill	-	-	-	-

2024 Prices

Location	Median house price	Median unit price	House rent	Unit rent
Newcastle	\$881,000	\$690,000	\$630	\$500
Wollongong	\$1,000,000	\$720,000	\$650	\$520
Gosford	\$935,000	\$670,000	\$600	\$463
Inner Sydney	\$2,085,000	\$950,000	\$950	\$880
Parramatta	\$1,815,000	\$682,000	\$750	\$650
Penrith	\$950,000	\$600,000	\$600	\$500
Liverpool	\$996,000	\$448,000	\$570	\$475
Kogarah	\$1,695,000	\$704,000	\$750	\$650
Randwick	\$3,522,000	\$1,198,000	\$1,375	\$795
Hornsby	\$1,734,000	\$711,000	\$750	\$580
Manly	\$4,304,000	\$1,832,000	\$1,650	\$900
Box Hill	\$1,332,000	\$955,000	\$750	\$635



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