

# Beyond Reach

## The key worker housing crisis in South Australia

Property Council of Australia  
South Australian Division  
March 2025





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# Message from the Executive Director

As South Australia embarks on a generational, economic defining transformation, the state will not only stumble but completely miss its opportunity if it fails to materially increase the supply, diversity and choice of housing. With welcomed population growth, without which our quality of life would deteriorate, leaving the state's ambitions in tatters – we must not shy away from the intensifying housing crisis. A commensurate crisis response akin to a war footing is required if we are to seriously address the issue of housing affordability.

It is imperative that all policy measures available are utilised to ensure South Australians have access to a housing market that is both efficient and affordable.

This research underscores the worsening affordability and supply crisis across a range of suburbs for key worker cohorts in Adelaide since 2007.

The aspiration of owning a home or a unit in many parts of our state are slipping beyond reach and, for many, beyond hope. Key workers will often find that detached housing and units are unaffordable across Greater Metropolitan Adelaide, leaving renting as the only—often barely viable—option.

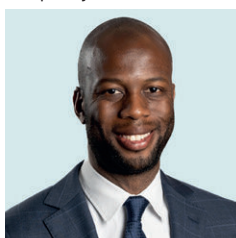
As we strive to increase much-needed housing supply, it is crucial to recognise that the state government wields significant influence over the costs of new housing developments compared to existing properties, and this is the key to improving housing affordability in Greater metropolitan Adelaide.

For this report, “affordable” housing is defined as housing costs comprising 30 per cent or less of household income. Such affordability has vanished across the state.



**Bruce Djite**

SA Executive Director  
Property Council of Australia



**Failure to act now will lead to an increase in homelessness, mortgage stress, rental shortages and ultimately the tearing of the social fabric as intergenerational equity is ignored, and housing becomes a generational asset class.**

# Key findings



01

Key workers in Adelaide find much of the city's housing beyond reach as it can take significantly more than 30% of their household income to service a mortgage. This is even where combined household incomes are \$150,000. The Adelaide median household income is \$78,800.



02

The path to more affordable housing options lies with the cost of new housing, which is directly impacted by various planning, regulatory and tax measures. New housing is more expensive than it needs to be – and changing this is within reach of governments.



03

For most of the household groups studied in the 12 locations surveyed, the median multiple (house price as a ratio of incomes) is over five times incomes. The global Demographia study nominates this as “severely unaffordable.” Many suburbs are also above nine times incomes, which Demographia measures as “impossibly unaffordable.”



04

Single income households – for example a young police officer in their late twenties – are effectively priced out of ownership options. Even renting a house can be prohibitive, with unit rentals the most affordable housing option.







## 05

The worst affected are occupations like child-care workers, for whom neither buying or renting is within reach in any of the suburbs studied.



## 06

The renting situation, while generally more affordable for many of the household groups, is challenging because of extremely tight rental vacancy rates. In December 2024, the rental vacancy rate was only 0.8% which equates to around only 1,200 properties across the city. This creates a housing *availability* challenge, in addition to an affordability challenge.



## 07

Generally the housing affordability situation has worsened significantly since 2007, because despite higher interest rates back then, housing prices have risen much faster than incomes for most household groups.



## 08

A fall in interest rates will have little impact on affordability. Even assuming a \$100,000 p.a. household income and a full 100 basis points reduction in interest rates has minimal impact on affordability. Even with an increase in household income to \$150,000 p.a. plus a 100 basis points fall in interest rates, this only puts a small number of suburbs within reach.



# Report highlights

**Adelaide has long been considered one of Australia's most affordable housing markets.**

This report largely debunks that myth.

In fact, Adelaide now only trails Sydney as Australia's most expensive housing market on a relative basis as measured by median house prices to median household incomes. On this measure Adelaide is more expensive than Brisbane, Perth, Melbourne and Canberra.

This report demonstrates that for many key worker households in our community, housing in Adelaide is 'Beyond Reach'.

Moreover, the percentage of household income required to service a mortgage for a new entry level house in Adelaide could rise by more than 10% by 2030.

The report selected 12 suburbs across Adelaide, both inner and outer ring, to test affordability for a number of key worker household cohorts with varying income levels.

It also compared affordability in 2024 to 2007, the last time the country faced a major housing crisis. Unfortunately, affordability has only deteriorated since then.

The suburbs selected for this report were Munno Para, Salisbury, Christies Beach, Seaton, Tea Tree Gully, Hallett Cove, Mount Barker, Prospect, Port Adelaide, Magill, Unley and the CBD.

Adelaide suburbs are in most instances priced well above the 'affordable' 30% threshold of household income required to service a mortgage for these households.

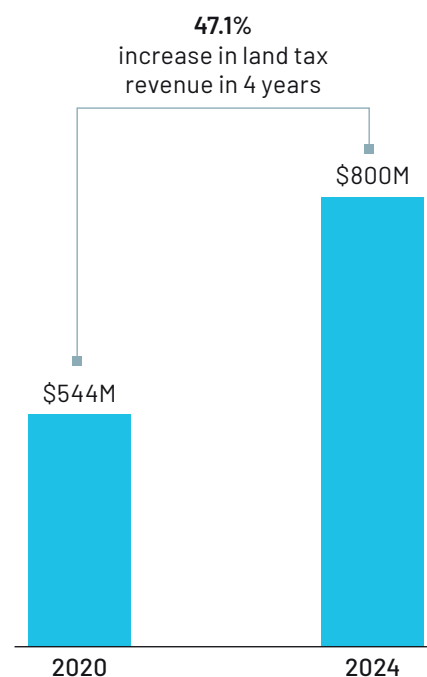
Accessing home ownership in suburbs across Adelaide often requires five to nine times the average key worker household income, according to samples studied in the report.

The report finds that only a household income of \$150,000 per year or more can provide access to new, entry level housing across the suburbs surveyed.



**Land tax revenue in 2020 was \$554m, growing to \$800m in 2024. This represents a \$256m increase and a 47.1% growth in land tax revenue in 4 years.**

**Land tax revenue growth**



## What are policymakers to do?

The housing crisis is a crisis of supply. This report calls on the state government to focus intently on reducing the statutory costs of housing supply by slashing taxes and charges associated with new development.

In consulting with members, these charges can add up to 30% of the cost of new houses.

Development charges that ultimately get passed onto homebuyers include:



**In order to mitigate project risk, increase development appetite and housing supply the Property Council recommends that the state government and councils reduce these costs.**

**30%**

**of the cost of a new home is made up of government taxes, fees and charges.**

**Developer land tax**

**Development approval fees**

**Stamp duty for developers**

**Council rates**

**Utility charges including water, sewerage, stormwater augmentation fees**

**Code Amendment fees**

**Infrastructure contributions**

**Open Space contributions**

**Construction Industry Training Board fees**

**Land Titles Office lodgement fees**

# Methodology in brief

**Six stereotypical household groups** were used to benchmark “real life” housing affordability challenges for key workers in the economy:



**A full-time primary school teacher and a full-time administrative assistant**



**A full-time police officer (partner not employed)**



**A full-time ambulance officer and full-time nurse**



**A full-time public servant**



**A full-time electrician and part-time retail shop assistant**



**A full-time childcare worker**

There was no scientific basis to the selection of these household groups. They reflect similar household groups in parallel studies by the Property Council in both Queensland and NSW in 2024.

**Household incomes** were based on published awards or the prevailing market for employees typically around 27 years of age in the South Australian economy. Incomes quoted are gross, pre-tax incomes. No allowance has been made for family or child-care allowances, regional allowances or other income benefits.

**The 2007 benchmark year** was selected as this was the year of the last ‘housing crisis’ when interest rates peaked at 8% or more. It was also the year of a prior study by the Property Council and offers further comparative advantage for this study in South Australia.

**Median house and unit prices** are sourced from CoreLogic (RP Data). 2024 data refers to medians for the 6-months ending December 2024. 2007 data refers to the median sale price over a 12-month period. Median rentals are also sourced from CoreLogic (RP Data). Rentals quoted relate to properties being offered for lease: they do not average out across all rental properties. The intention is to reflect conditions for new entrants.

Prices for **new entry-level house and land packages** have been based on Property Council research of advertised estates and corroborated with our members. A typical three-bedroom, two-bathroom house (or as close as possible) is the intended benchmark for houses. Prices for new stock are based on entry level (lower end of price) product.

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

**For mortgage calculation purposes**, we assumed an interest rate of 6.5% principal plus interest loan on a 25-year term, with 95% leverage (5% deposit). The interest rate of 6.5% in 2024 compares with 8% used for the 2007 data.

The **suburbs were chosen** by the Property Council to represent a cross section of established and emerging areas. Some suburbs contain insufficient data for valid analysis of the unit market (of which Adelaide has comparably little) or new housing or new unit projects (which are available only in some areas).







# The households



Household one	2007	2024
Primary school teacher FT	\$55,343	\$92,481
Administrative assistant FT	\$35,568	\$59,540
Total Household Income	\$90,911	\$152,021



Household two	2007	2024
Police officer FT	\$51,827	\$86,545
Total Household Income	\$51,827	\$86,545



Household three	2007	2024
Ambulance officer FT	\$59,000	\$97,613
Nurse FT	\$43,617	\$59,298
Total Household Income	\$102,617	\$156,911



Household four	2007	2024
Public servant FT	\$55,569	\$72,668
Total Household Income	\$55,569	\$72,668



Household five	2007	2024
Electrician FT	\$32,760	\$95,000
Shop assistant PT	\$22,695	\$38,034
Total Household Income	\$55,455	\$133,034



Household six	2007	2024
Child care worker FT	\$41,470	\$58,869
Total Household Income	\$41,470	\$58,869

## Household one:

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



Household one	2007	2024
Primary school teacher FT	\$55,343	\$92,481
Administrative assistant FT	\$35,568	\$59,540
Total Household Income	\$90,911	\$152,021

## Buying

Affordability for this household deteriorated since 2007 as prices rose faster than incomes. For median priced houses, two areas are affordable, a number moderately unaffordable and four are severely so. Most units across the suburbs are affordable for this household in 2024.

## Renting

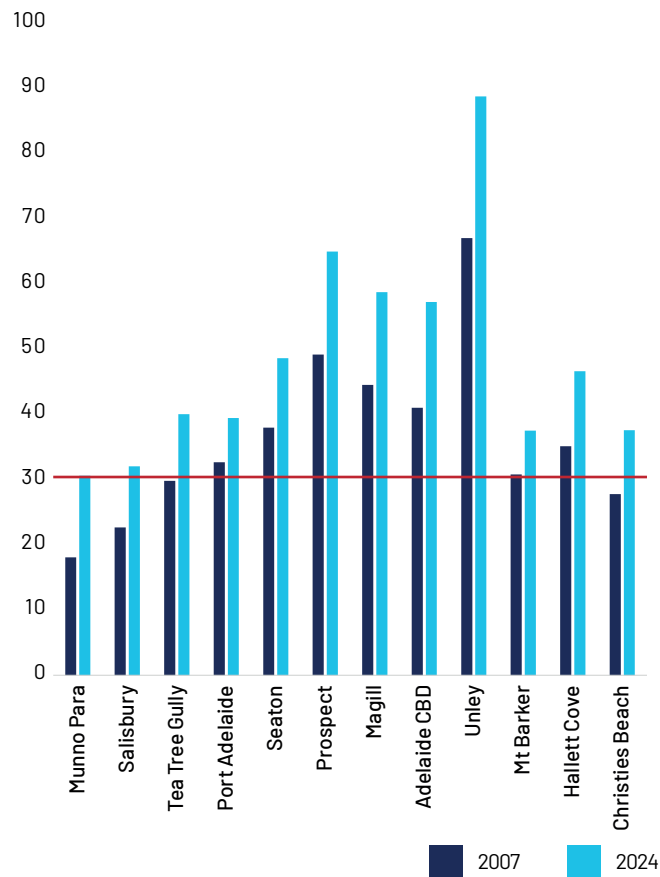
All locations are affordable for both houses and units for this household.





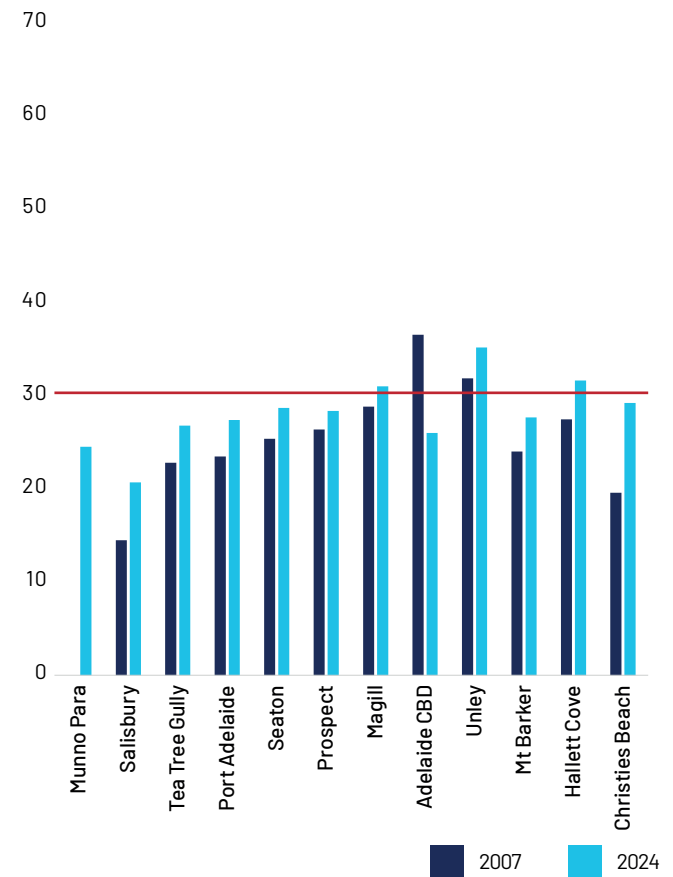
### Buying a house

% household income required to service mortgage on median priced house



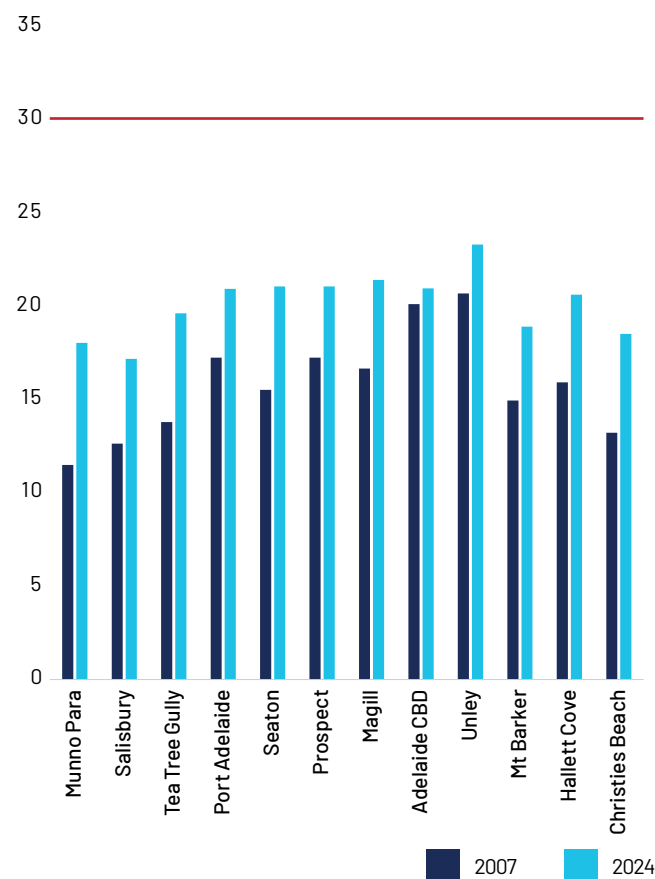
### Buying a unit

% household income to service mortgage on median priced unit



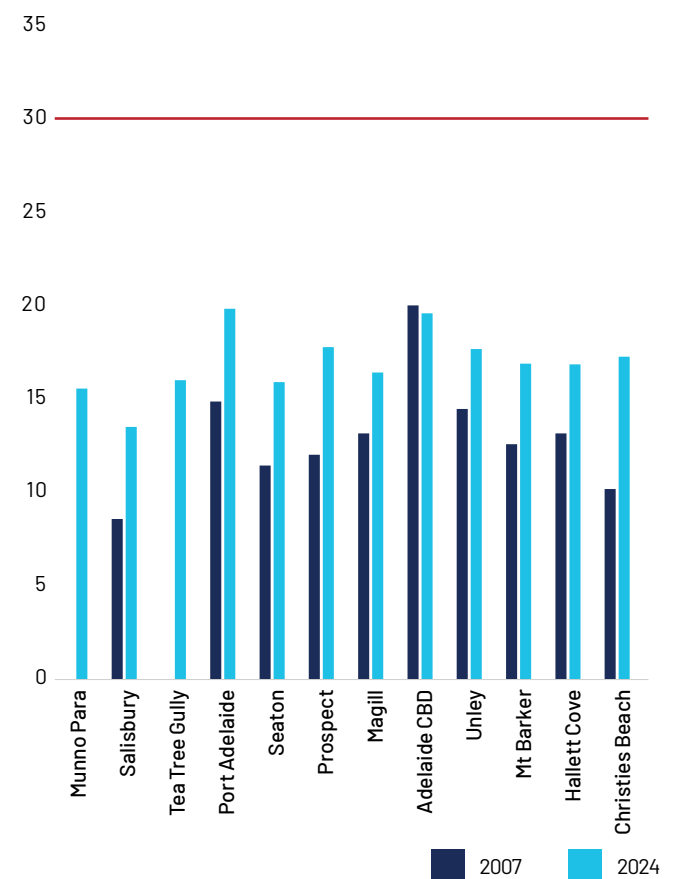
### Renting a house

% household income to rent median priced house



### Renting a unit

% household income to rent median priced unit



## Household two:

# Full-time police officer (single-income household)



Household two	2007	2024
Police officer FT	\$51,827	\$86,545
Total Household Income	\$51,827	\$86,545

## Buying

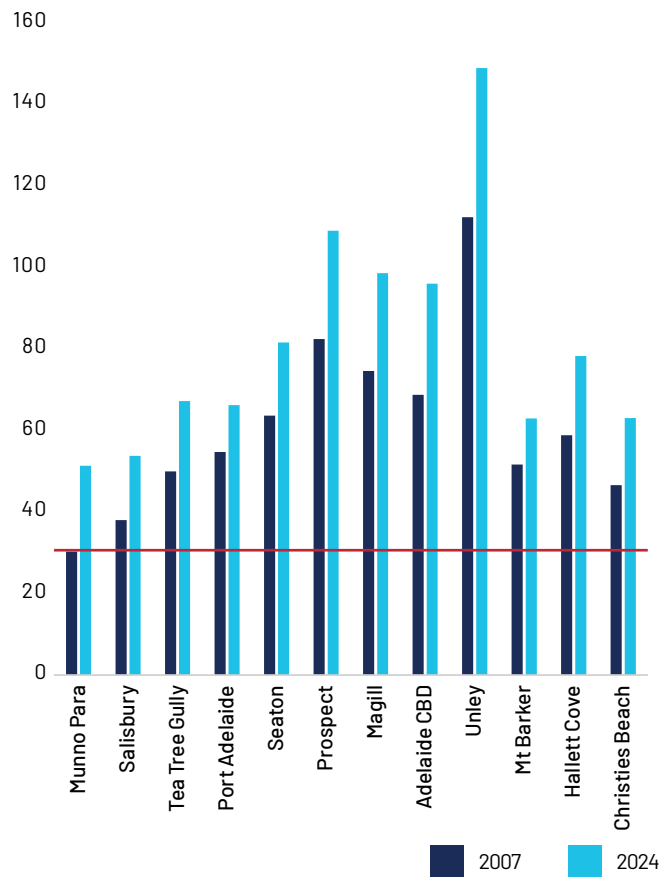
A police officer single income household on \$86,545 is effectively locked out of buying a median house price in all locations surveyed. The same applies for buying a unit in any location surveyed. The situation has worsened significantly since 2007.

## Renting

Renting a house is moderately unaffordable in most locations and renting a two-bedroom unit is generally affordable in most locations surveyed.

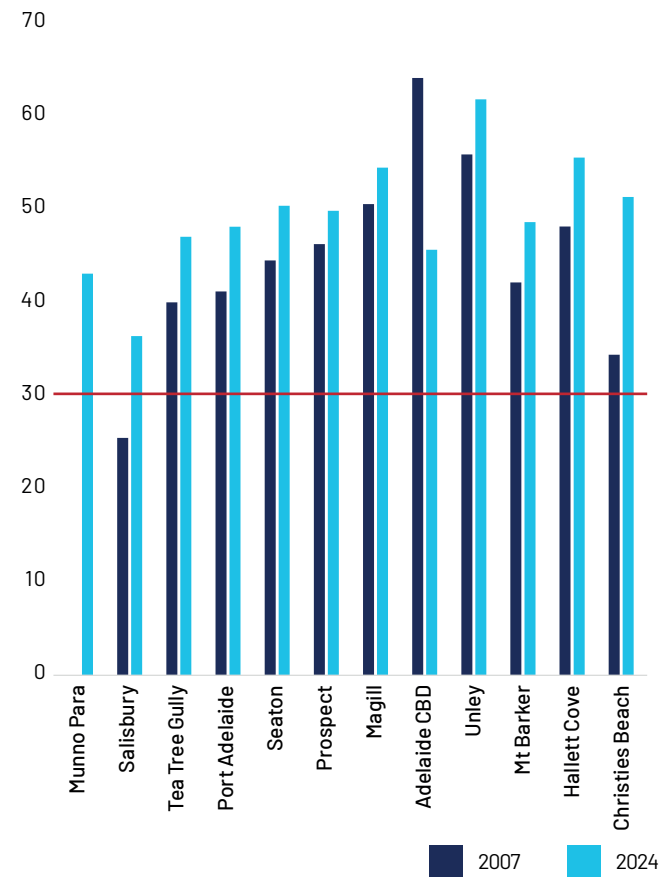
### Buying a house

% household income required to service mortgage on median priced house



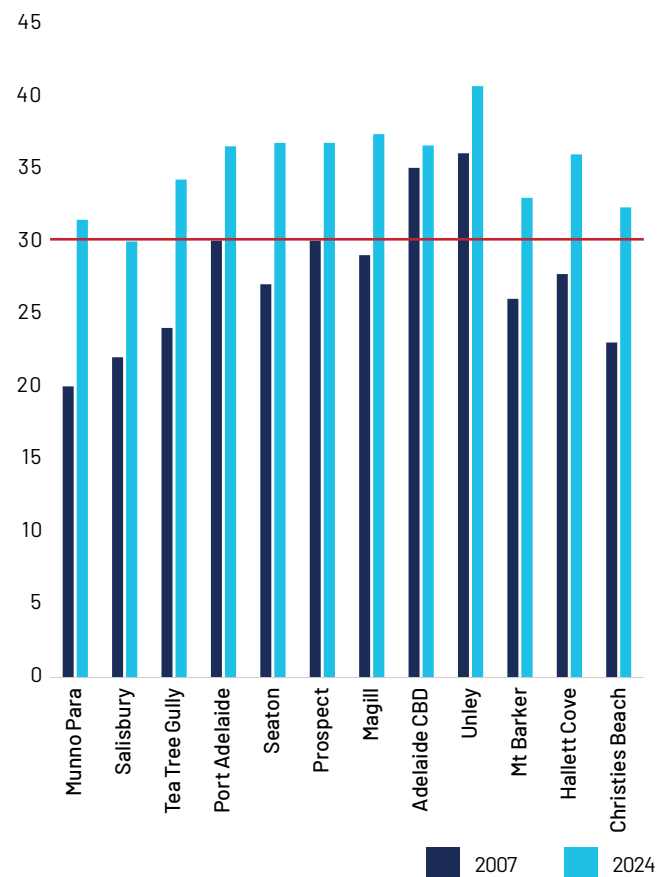
### Buying a unit

% household income to service mortgage on median priced unit



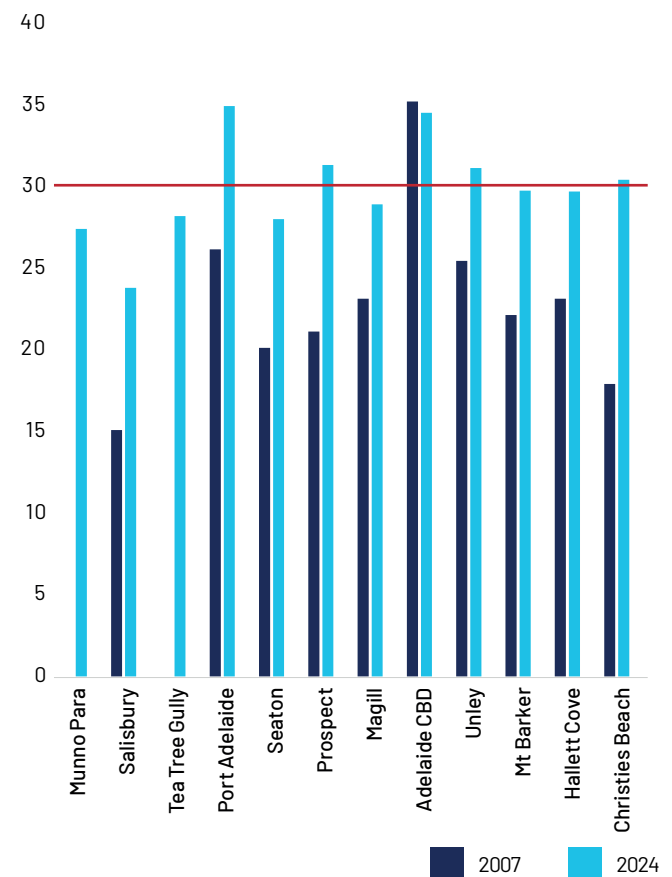
### Renting a house

% household income to rent median priced house



### Renting a unit

% household income to rent median priced unit



### Household three:

## Full-time ambulance officer and full-time nurse



Household three	2007	2024
Ambulance officer FT	\$59,000	\$97,613
Nurse FT	\$43,617	\$59,298
Total Household Income	\$102,617	\$156,911

### Buying

The combined household income of nearly \$157,000 puts a number of suburbs within reach while Unley, Prospect, Magill and Adelaide City Centre medians remain well beyond reach. Purchasing a unit however is generally affordable across most of the Adelaide suburbs surveyed.

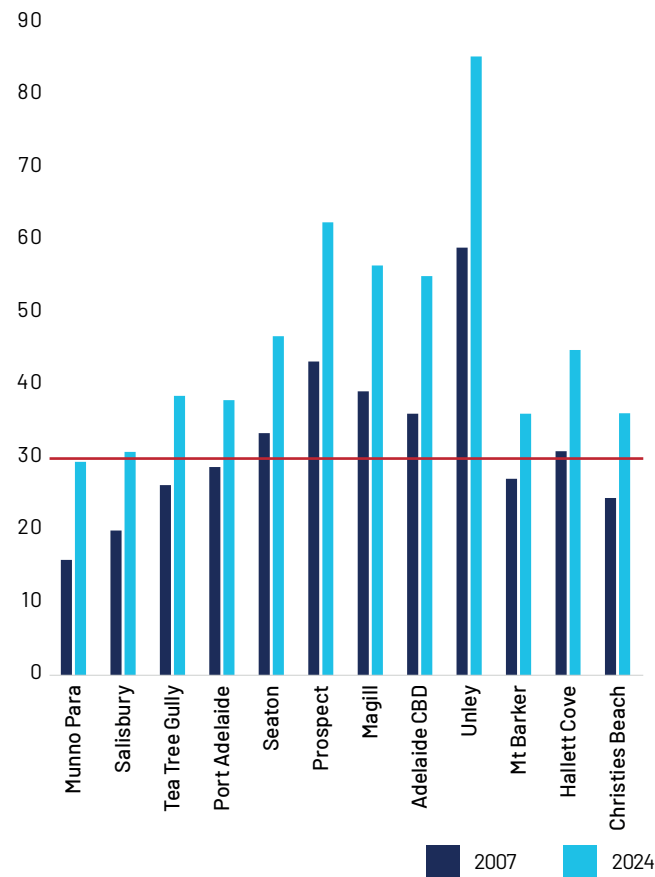
### Renting

Renting either a house or home unit is affordable at this level of household income, which should allow for reasonable savings to accrue over time should a large deposit be the objective.



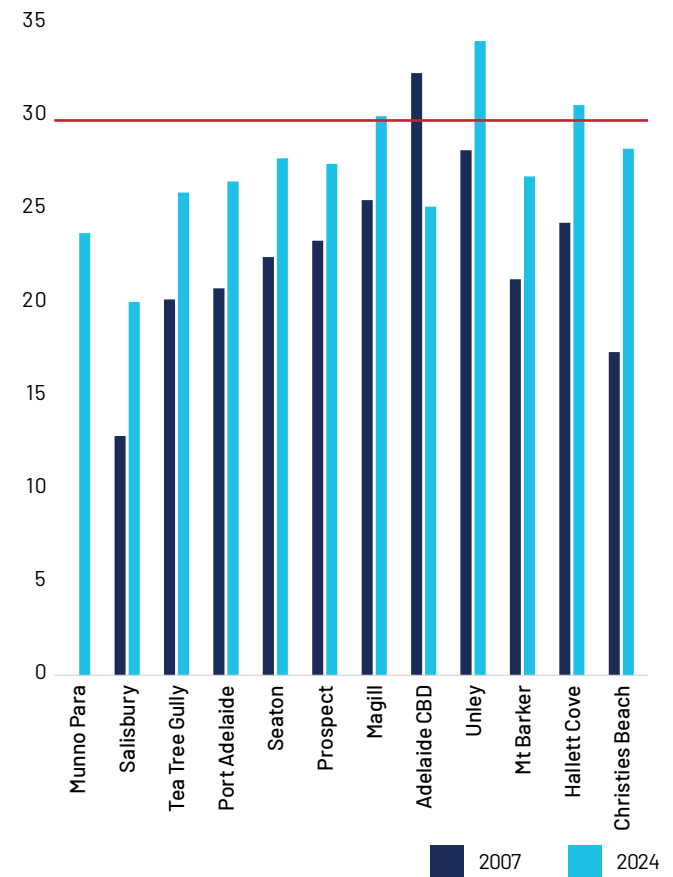
### Buying a house

% household income required to service mortgage on median priced house



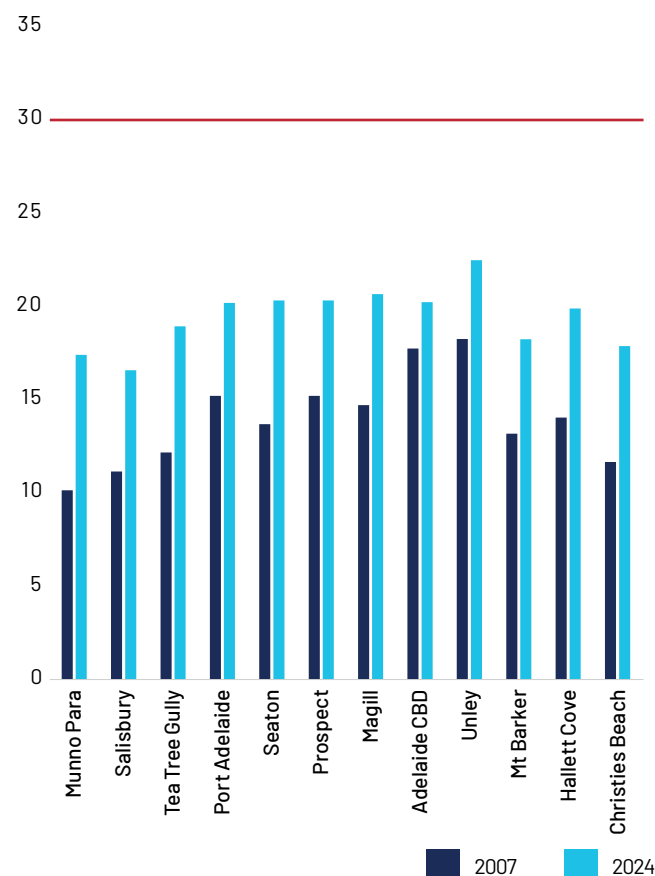
### Buying a unit

% household income to service mortgage on median priced unit



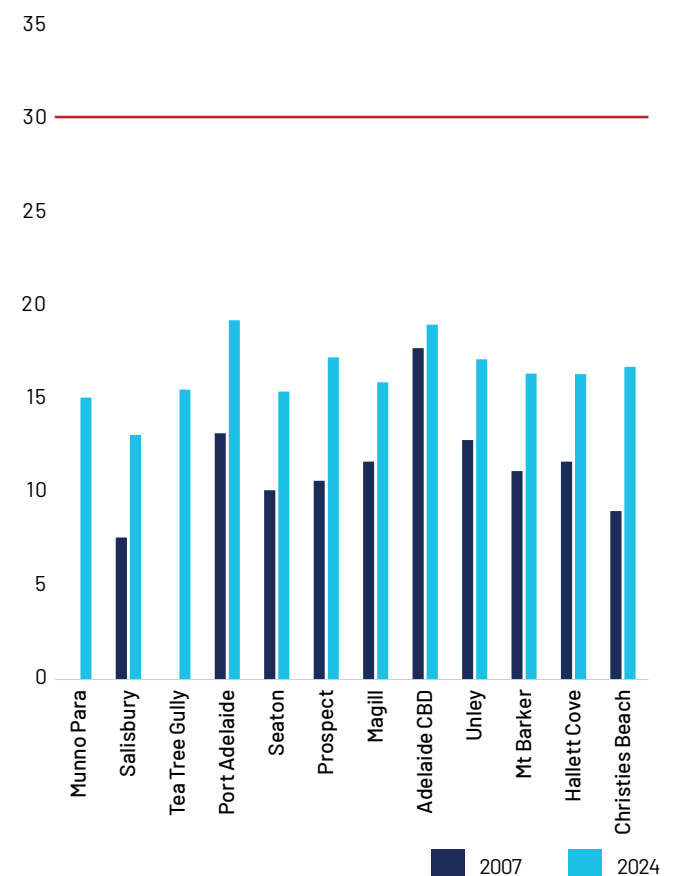
### Renting a house

% household income to rent median priced house



### Renting a unit

% household income to rent median priced unit



Household four:

Full-time public servant



Household four	2007	2024
Public servant FT	\$55,569	\$72,668
Total Household Income	\$55,569	\$72,668

Buying

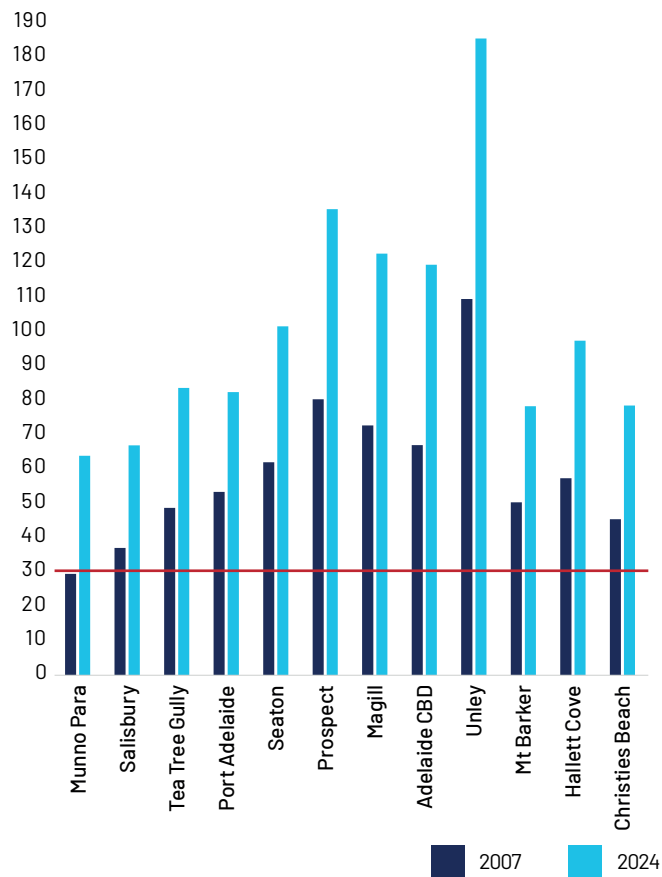
A single income household on a public servant’s income of \$72,668 is unable to afford either a house or unit in any of the suburbs surveyed. Nearly all areas would require more than half the annual pre-tax income for repayments which is clearly beyond reach.

Renting

Renting a house is also beyond reach in all locations. Renting a two-bedroom unit is marginally unaffordable in most of the locations surveyed.

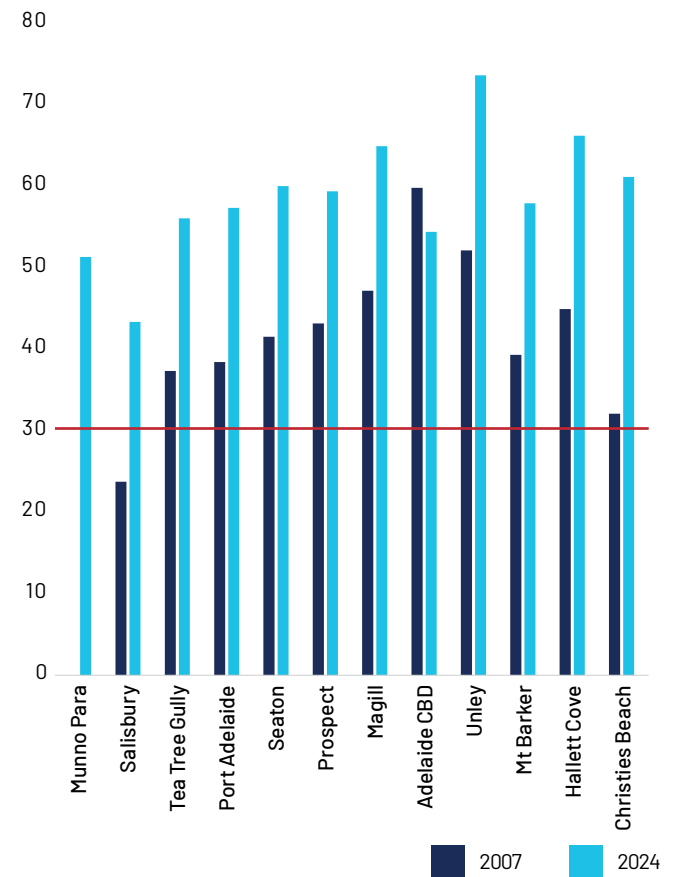
### Buying a house

% household income required to service mortgage on median priced house



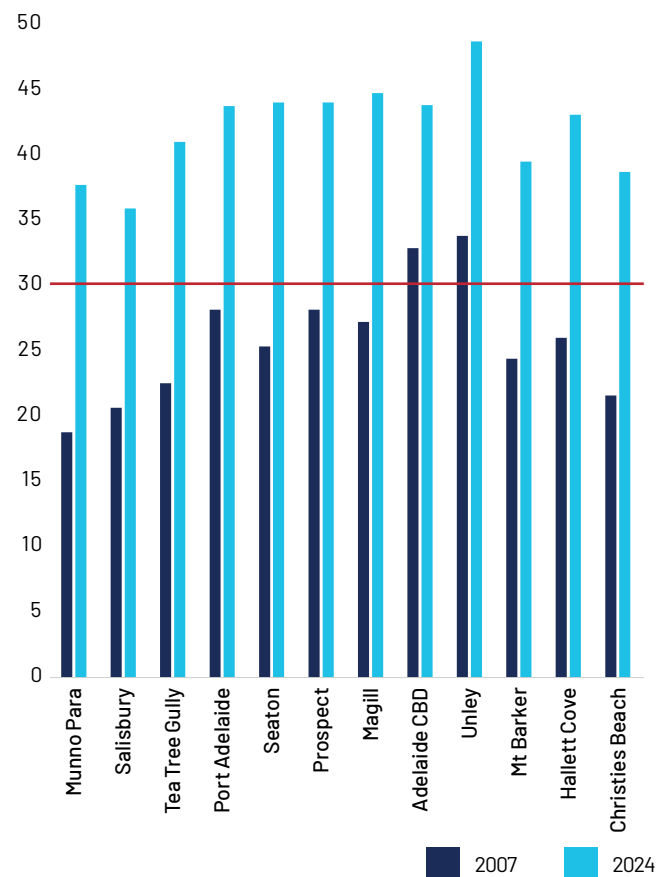
### Buying a unit

% household income to service mortgage on median priced unit



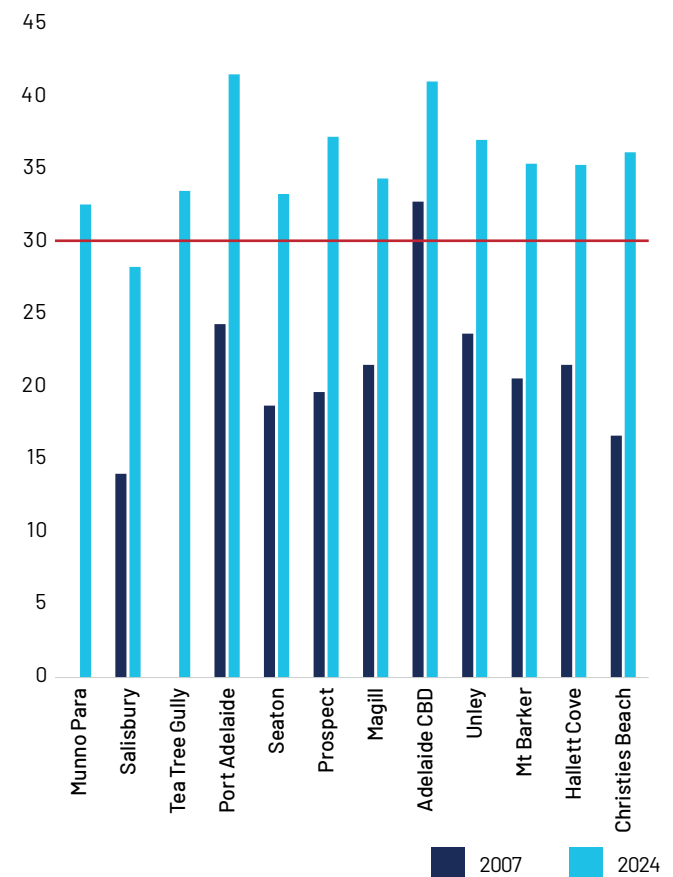
### Renting a house

% household income to rent median priced house



### Renting a unit

% household income to rent median priced unit



Household five:

Full-time electrician and part-time retail shop assistant



Household five	2007	2024
Electrician FT	\$32,760	\$95,000
Shop assistant PT	\$22,695	\$38,034
Total Household Income	\$55,455	\$133,034

Buying

Buying a house remains beyond reach for this household across all suburbs surveyed. There has been a slight improvement since 2007 as incomes for these occupations rose marginally faster than prices, but this was not enough to make a material difference to affordability.

Renting

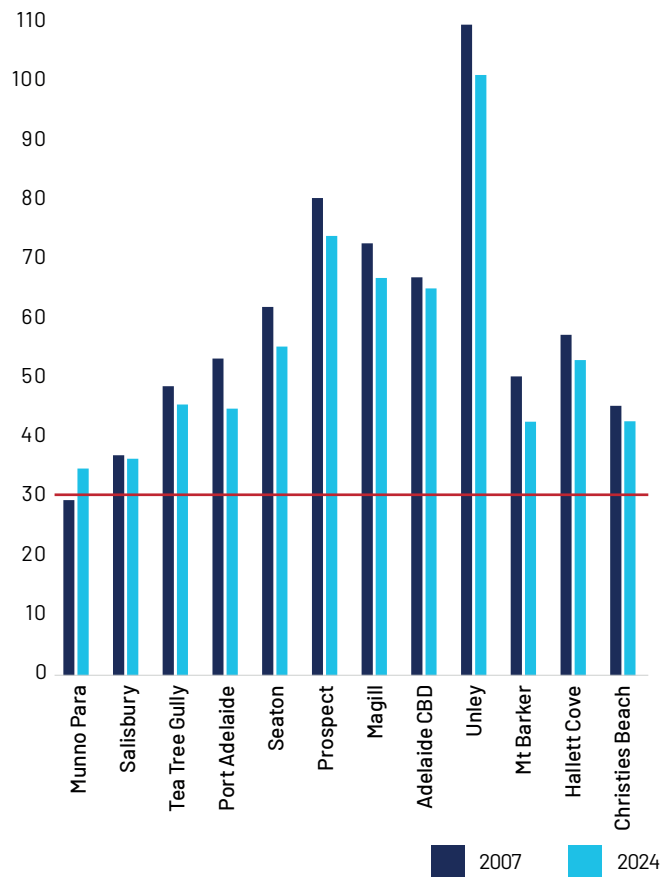
Renting a house or unit is an affordable housing option for this household across all suburbs surveyed.





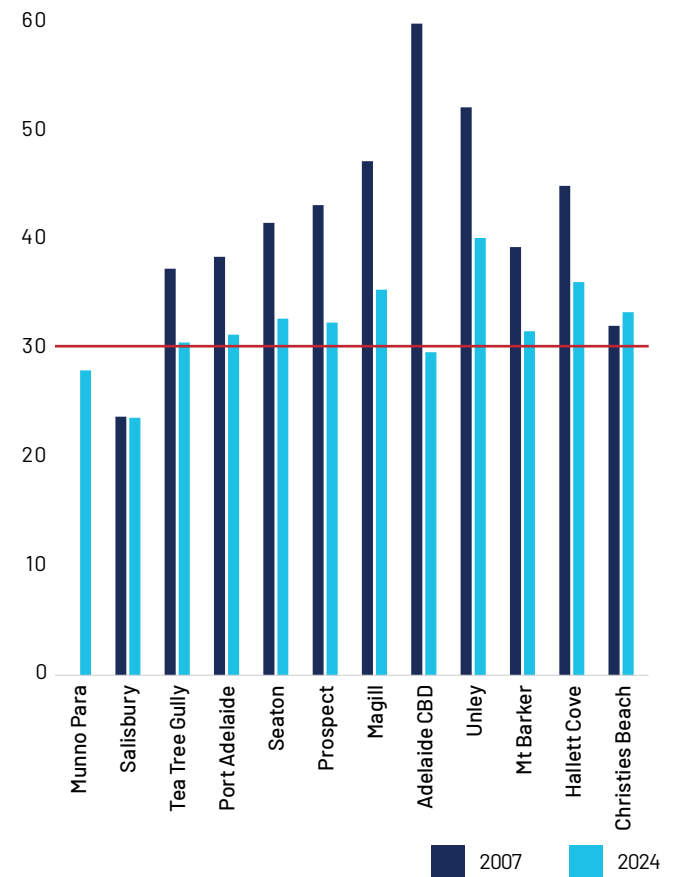
### Buying a house

% household income required to service mortgage on median priced house



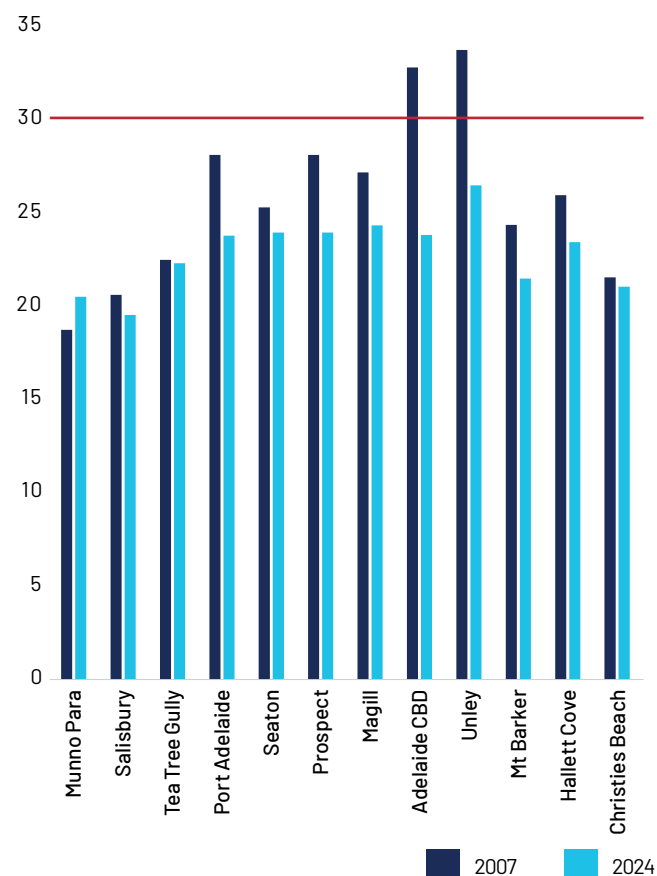
### Buying a unit

% household income to service mortgage on median priced unit



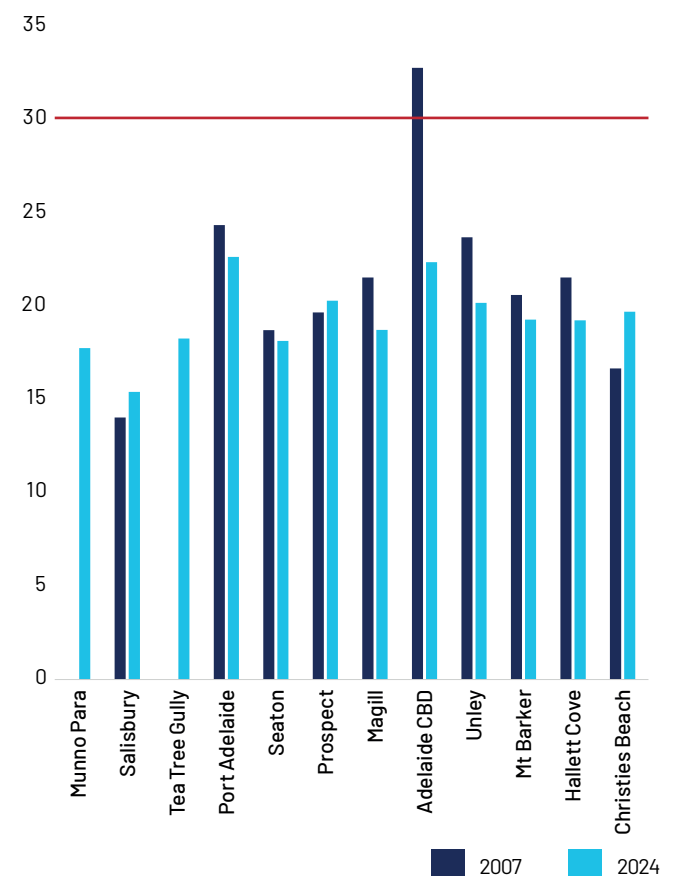
### Renting a house

% household income to rent median priced house



### Renting a unit

% household income to rent median priced unit



## Household six:

# Full-time childcare worker (single-income household)



Household six	2007	2024
Child care worker FT	\$41,470	\$58,869
Total Household Income	\$41,470	\$58,869

## Buying

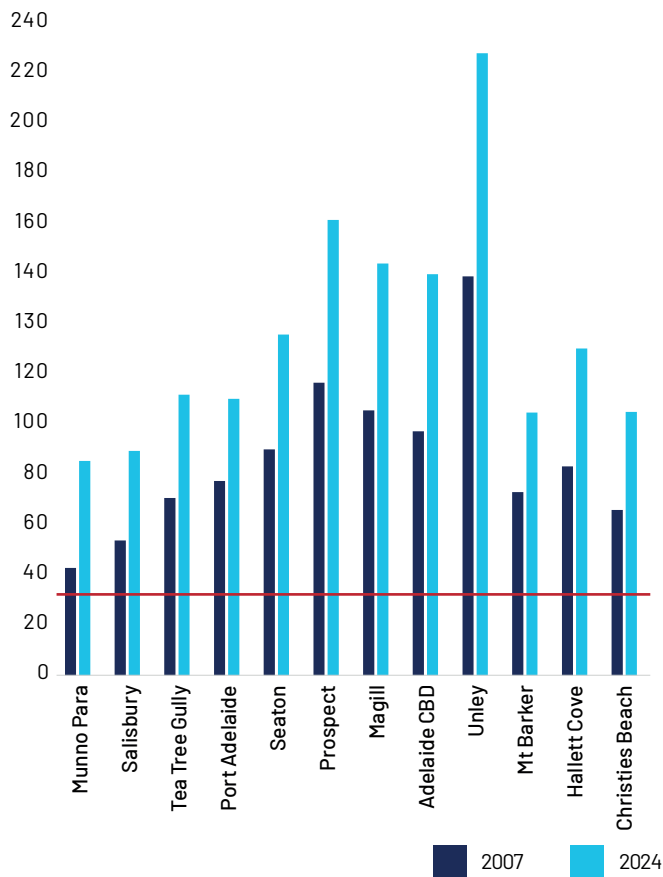
No median priced house or home unit is remotely affordable for a child care worker on a single income of \$58,869. The situation has worsened significantly since 2007 as prices have risen much faster than income for this occupation in that period.

## Renting

Renting a house or unit is likewise unaffordable for a child care worker in all locations studied.

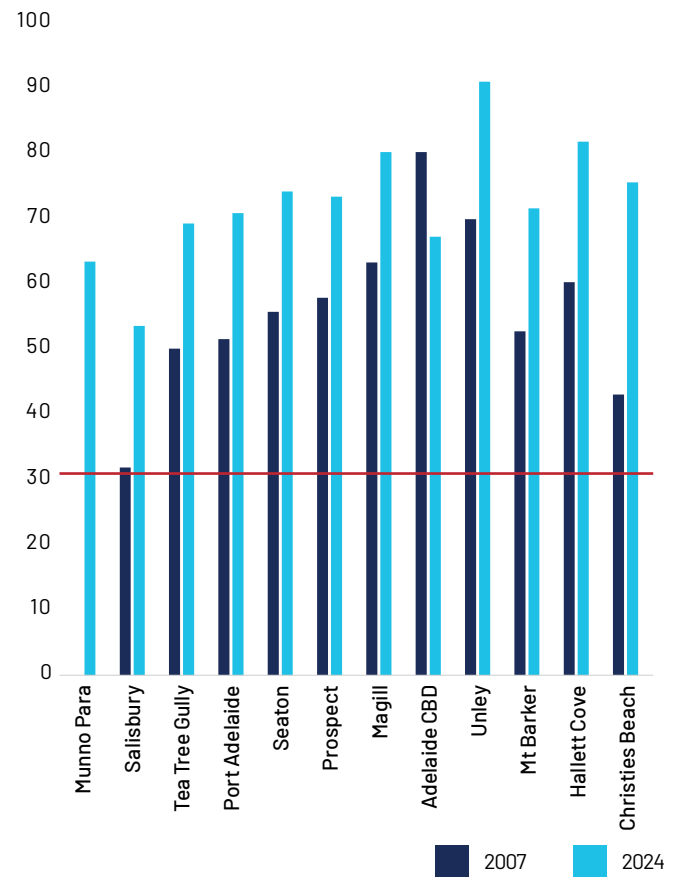
### Buying a house

% household income required to service mortgage on median priced house



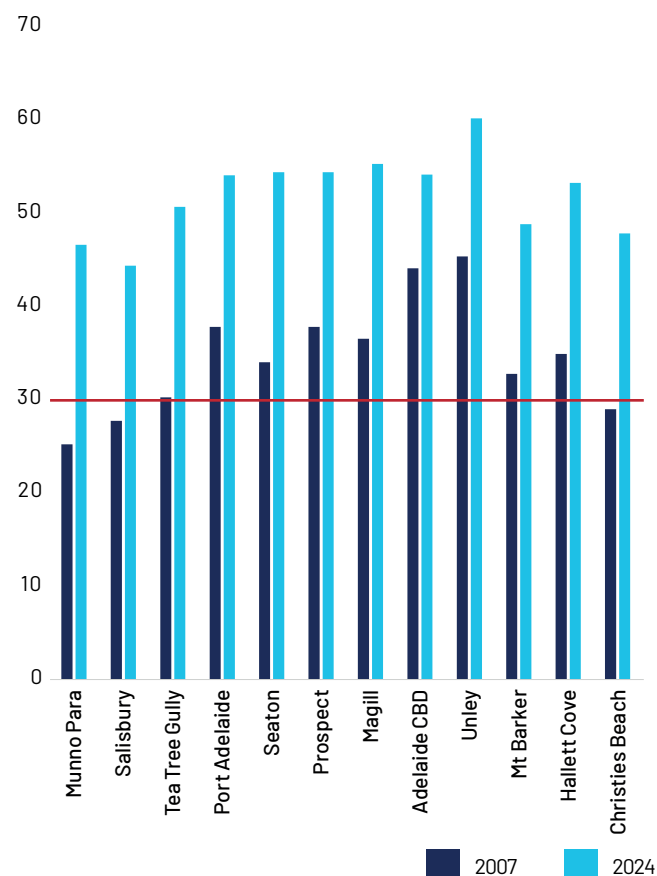
### Buying a unit

% household income to service mortgage on median priced unit



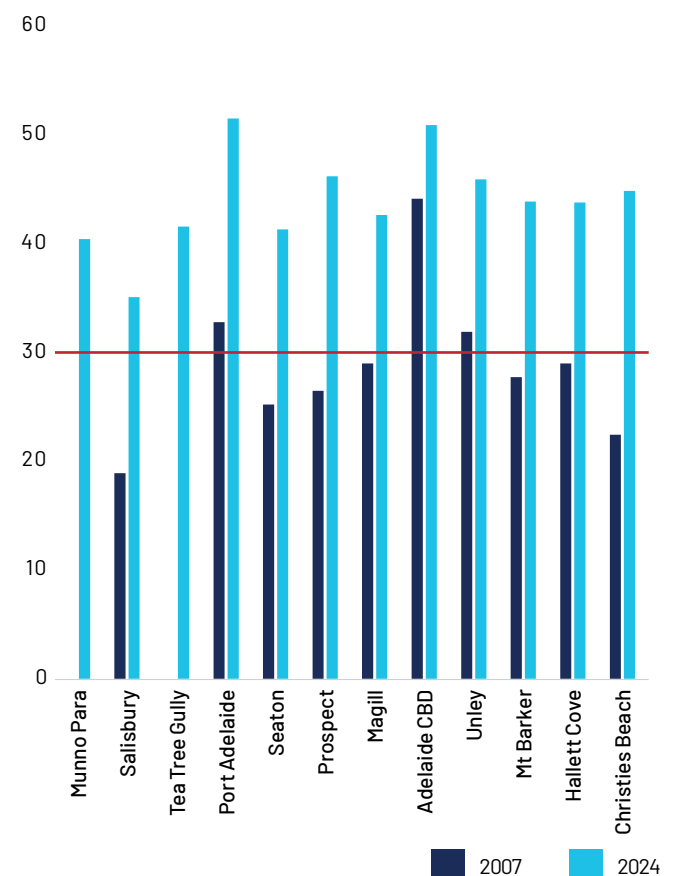
### Renting a house

% household income to rent median priced house



### Renting a unit

% household income to rent median priced unit



# Median multiples

The Demographia International Housing Affordability report has for two decades been used to benchmark the cost of housing across global markets.

It defines affordable markets as those where the median house price is three times or less the median household income. Moderately unaffordable is defined as from three to four times, four to five times is seriously unaffordable, and five to nine times is severely unaffordable. More than nine times incomes is considered impossibly unaffordable.

Adopting this approach to the suburbs and households studied in this report reveals that almost nowhere in Adelaide is less than five on the Demographia scale. Many are “impossibly unaffordable” (over nine times incomes) which is on par with a number of notoriously unaffordable global cities such as Hong Kong (16.7), Los Angeles (10.9), San Francisco (9.7) or London (8.1).

They also compare unfavourably with significantly more affordable global cities such as Singapore (3.8), Houston Texas (4.4) or Dublin Ireland (4.8).

## Demographia housing affordability ratings

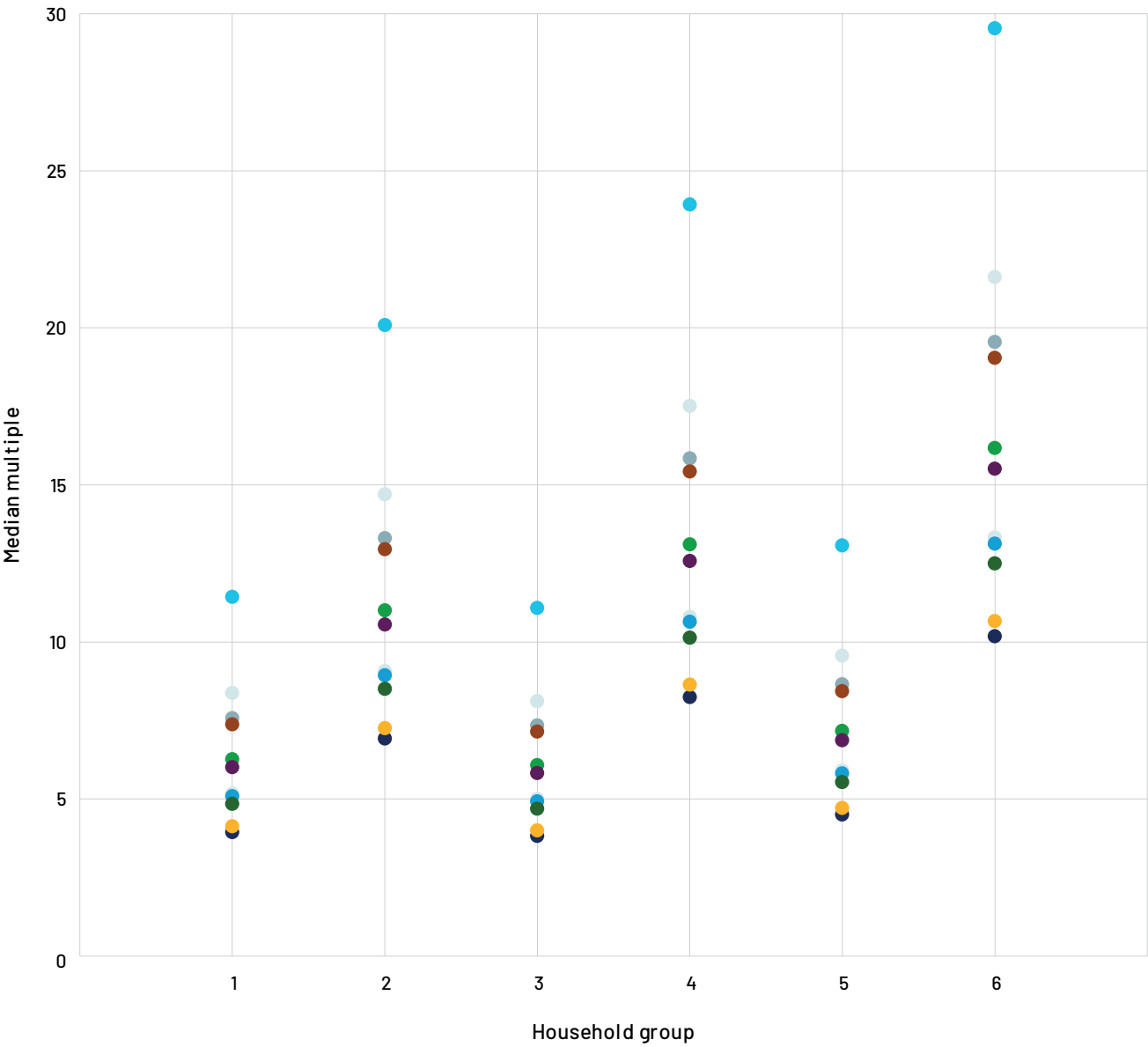
Housing Affordability Rating	Median Multiple
Affordable	3.0 & Under
Moderately Unaffordable	3.1 to 4.0
Seriously Unaffordable	4.1 to 5.0
Severely Unaffordable	5.1 & 8.9
Impossibly Unaffordable	9.0 & Over

Median multiple: Median house price divided by median household income.

Median multiples

Prices as a multiple of incomes

By suburb and by household group



Munno Para

Salisbury

Tea Tree Gully

Port Adelaide

Seaton

Prospect

Magill

Adelaide city

Unlev

Mt Barker

Hallett Cove

Christies Beach



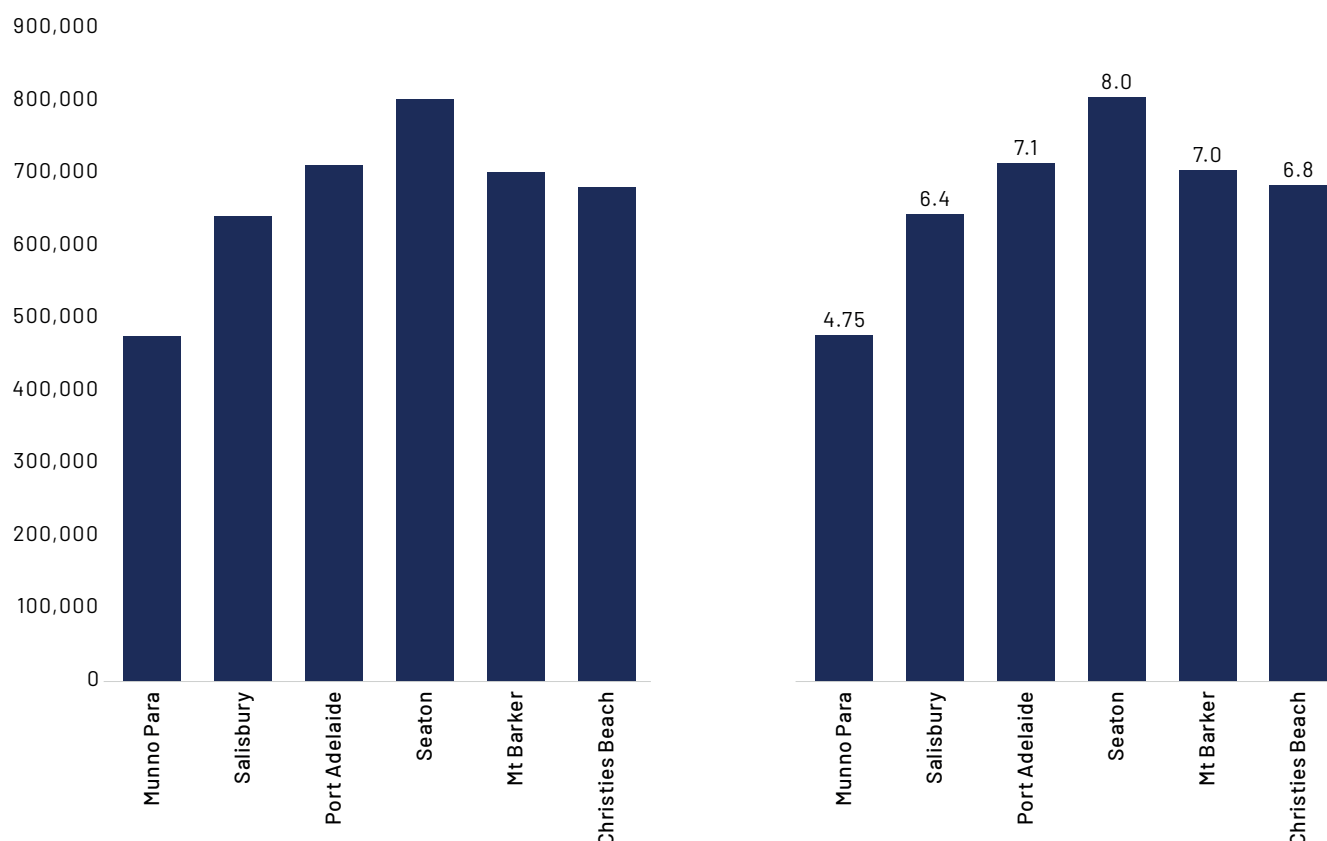
# New entry level housing – the median multiple

New ‘project homes’ have traditionally offered an entry level point for young families in the housing market. Our study looked at the entry level (lower end) prices for new 3 bedroom homes across the surveyed suburbs. Many areas had insufficient new housing to provide useful data (they were largely already built out). Data for suburbs with new houses can include adjoining suburbs to give more comfort to the data. There is generally insufficient data on new home units so this is excluded from our analysis.

Using the “median multiple” measure and assuming a generous \$100,000 p.a. household income for a young family, all new housing is above the 3x median price mark which is considered affordable. In most suburbs where new housing is available, prices for entry level housing are more than 5x household incomes – considered by the globally recognised Demographia International Housing Affordability report to be “seriously unaffordable.”

New entry level 3 bed houses 2024 (\$)

New 3 bed house median multiple of a \$100,000 p.a. household income







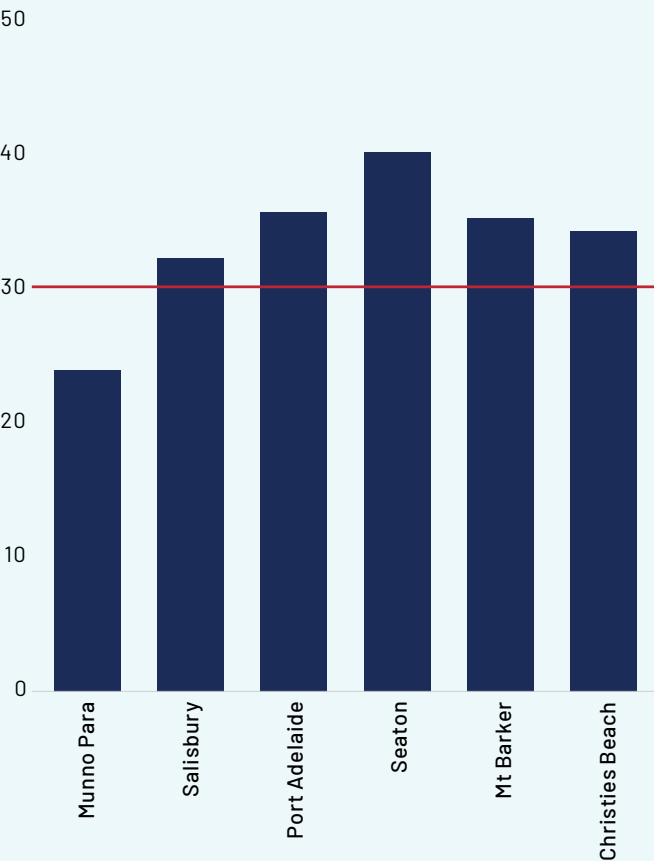


# New entry level housing – key worker households

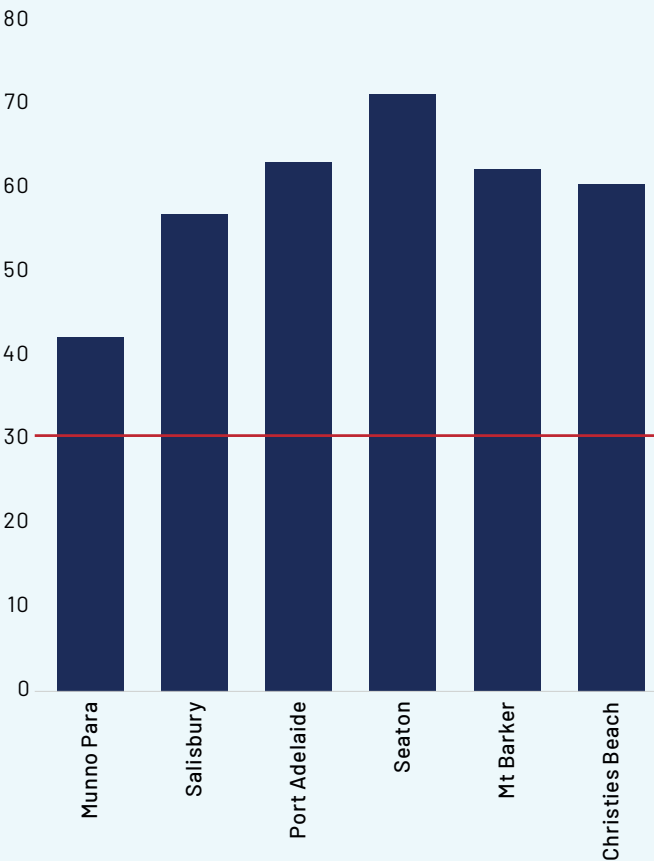
Using the benchmark “housing costs should not exceed 30% of household income,” the position of our selected household groups indicates that only those households with close to \$150,000 p.a. or more have access to new, entry-level housing.

New, entry-level housing is beyond reach for the single income households – the police officer, the public servant or the childcare worker.

Household one – School teacher & admin assistant  
Entry level new house+land 2024

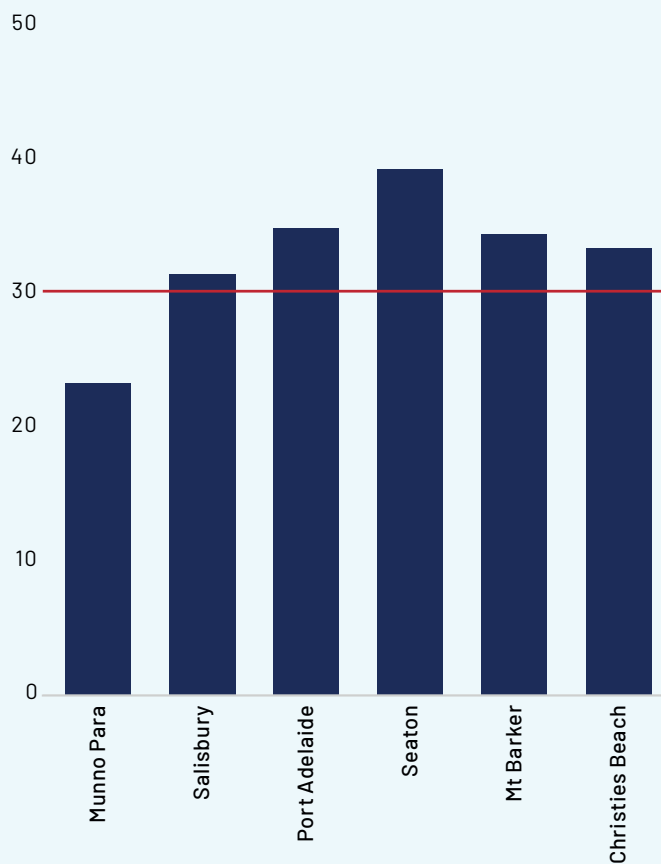


Household two – Police officer  
Entry level new house+land 2024



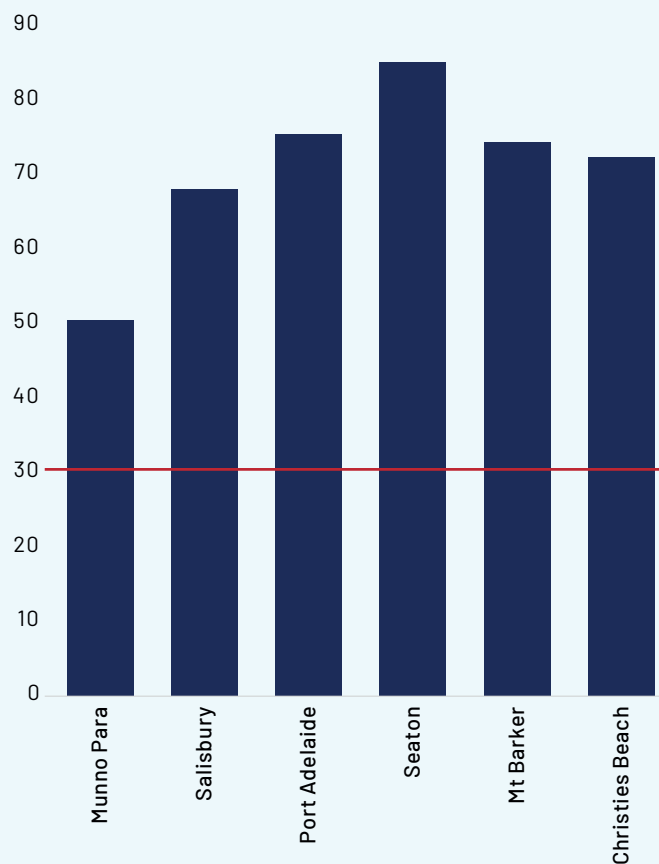
### Household three - Ambulance officer & nurse

#### Entry level new house+land 2024



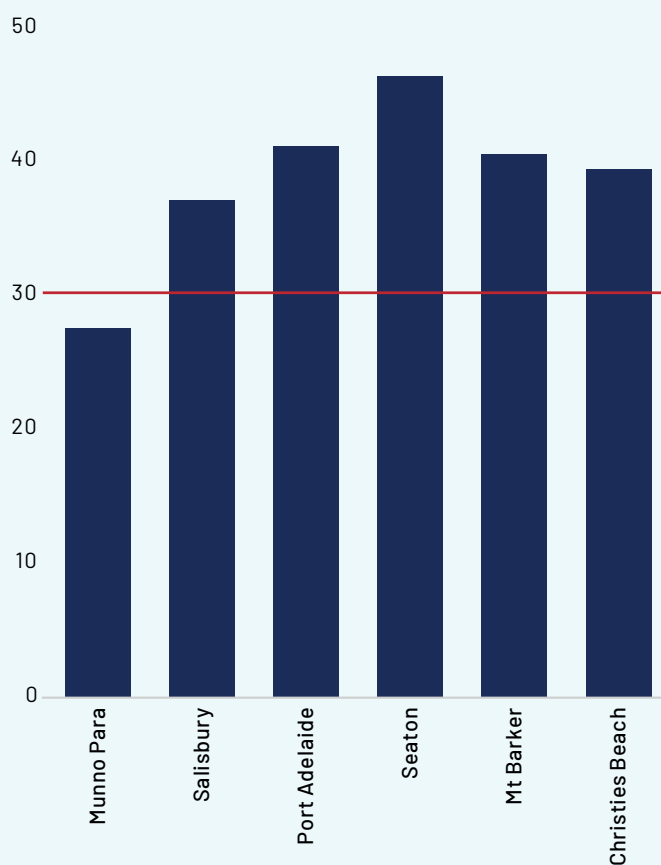
### Household four - Public servant

#### Entry level new house+land 2024



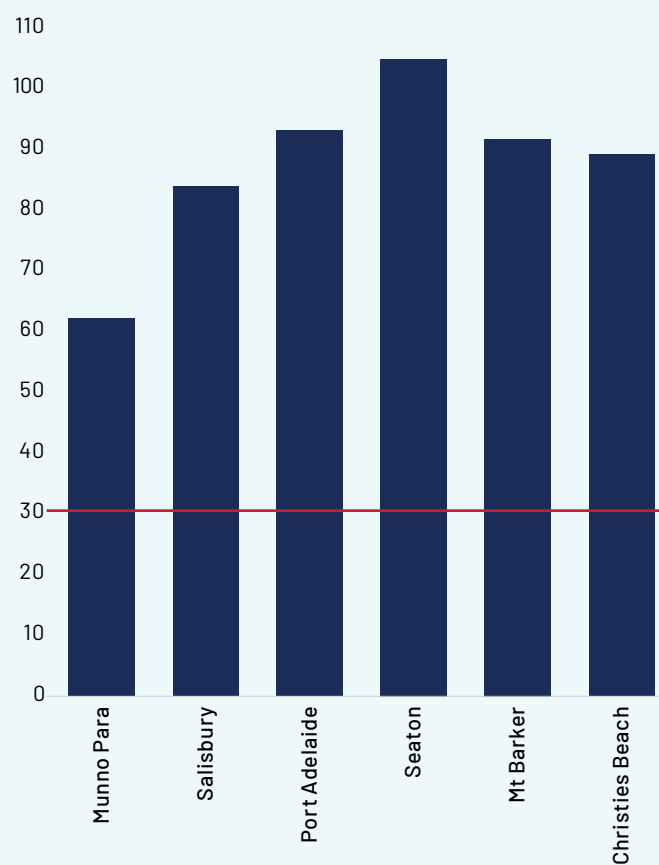
### Household five - Electrician & part-time shop assistant

#### Entry level new house+land 2024



### Household six - Childcare worker

#### Entry level new house+land 2024



# New housing supply

The key to improving housing affordability is to reduce the cost of new housing stock, for both houses and apartments.

Studies by the Property Council and other industry bodies have revealed that about one third of the cost of every new dwelling – house or unit – can be attributed to taxes, charges and compliance costs. Greatly reducing these imposts on new supply would alleviate significant cost pressures and stimulate competition amongst housing suppliers. Lower new housing costs would be the result.

It is within reach of governments – local, state and federal – to target the cost and regulatory structures which are making the cost of new, entry level housing more expensive than it needs to be.

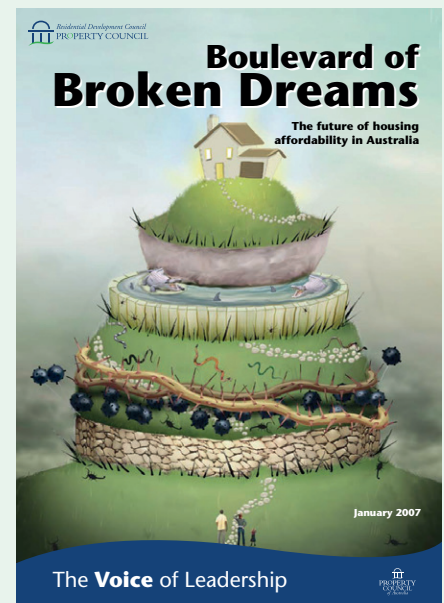
However, substantial reform has been resisted by policymakers when the Property Council began warning of the outcomes over 17 years ago in its report "Boulevard of Broken Dreams – the future of housing affordability in Australia."







Australia is now ranked amongst the least affordable nations in the world when it comes to home ownership. While much media and political attention is focused on the role of housing interest rates, these do not explain the very high costs of housing in Australia. The root cause of worsening housing affordability lies squarely at the feet of various public policy settings, identified in this discussion paper. If these policy settings continue on their present path, there is no question that housing costs will continue to spiral beyond reach of many Australians. As this happens, dependency on rental housing will increase. Future generations of Australians will not be able to afford a home of their own and will increasingly be consigned to rental housing – and rising rental costs. Home ownership will be in the hands of an increasingly elite group of Australians: those wealthy enough to afford a home and those who bought into the housing market before the affordability crisis reached a tipping point. Housing standards will fall – due to price constraints – and new homes will be built on smaller and smaller lots, with cheaper and cheaper materials to stem the tide of ever increasing government and regulatory costs. The signs of a deepening crisis are now evident, and industry groups are united in voicing their concerns that present policy settings will only lead to a worsening problem. Failure to act now will leave future generations of young Australians a dismal legacy of housing stress – in a country which by any other assessment should boast the highest standards of home ownership and affordability.



"Boulevard of Broken Dreams." Property Council of Australia. 2007.



# Will lower interest rates fix the problem?

The median gross pre-tax household income for Adelaide in 2024 was just \$78,800. For the purpose of this exercise, we assumed a more generous income of \$100,000 (to reflect dual income households and full-time workers and to exclude pensioners and others).

We ran three scenarios: the first, household income at \$100,000 and interest rates at 6.5%.

The second shows almost no impact on affordability even if interest rates fell to 5.5% – a full 100 basis points which not even the most optimistic forecaster expects.

The third shows a scenario where interest rates fall to 5.5% and assumed household incomes are 50% higher at \$150,000.

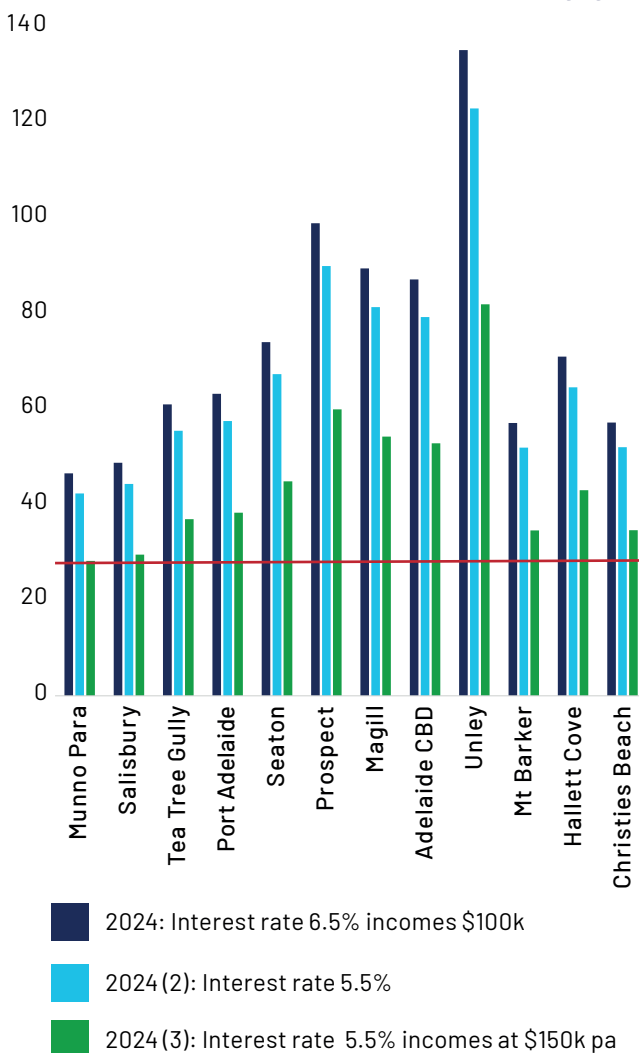
Neither scenario two or three are remotely likely for the average South Australian. But only scenario three gets housing mortgage costs to an affordable level of household income in some suburbs. Even then, many suburbs are still unaffordable.

What this means is that policy makers who indulge in misleading comments pinning affordability hopes on small falls in interest rates are being insincere.

Only a rigorous and urgent focus on reducing the cost of new, entry level housing by reducing housing and development taxes, streamlining regulation and improving the supply of developable land will have any meaningful impact on housing affordability in Adelaide within our lifetime.

## Buying the median house - 3 scenarios

% household income required to service a mortgage



# A new crisis just like the last crisis?

The last time housing affordability commanded such widespread attention was in 2007. The RBA cash rate rose to over 7% and mortgage rates were 8% or higher.

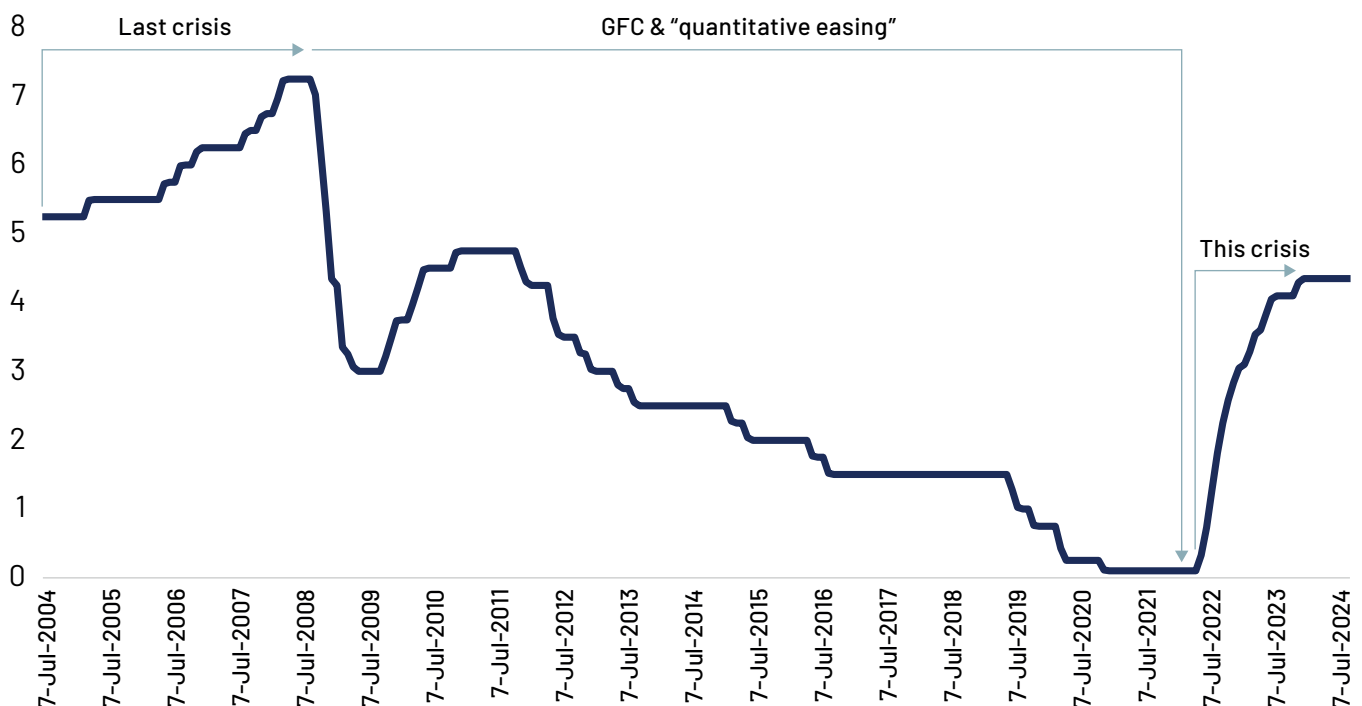
Then the GFC happened. “Quantitative easing” saw interest rates fall steadily to near zero. This relieved pressure on housing affordability but did nothing to improve housing costs: house prices rose steadily as interest rates fell. Taxes, charges and other costs on housing were also rising but with generationally low interest rates, rising costs were easily covered.

Governments were in effect relieved of any pressure to reform underlying cost structures of new housing while finance was historically cheap.

As interest rates rose rapidly from 2022, it renewed pressure because housing costs – and mortgages – were now much larger. Incomes had not increased sufficiently to match the increasing costs (price) of housing and rising mortgage rates magnified this underlying problem.

The current cash rate of 4.10% is well below the 7.25% peak in 2007. Yet the magnitude of the affordability crisis is greater and housing is much less affordable – all of which can be attributed to the greatly increased underlying cost of housing.

Reserve Bank Cash Rate



# Understanding the charts

This report adopts the widely accepted benchmark that housing costs should not exceed 30% of household income, otherwise they are deemed unaffordable.

The 30% benchmark is of course somewhat arbitrary and there are degrees of unaffordability. Many banks and lending institutions will still finance housing at 40% of household income.

Much of this depends on the level of household income. Very high-income households can have similar nonhousehold living costs as lower income households. Groceries, clothing, entertainment and health care can be similar for high- and low-income households but lower income households have little left over once essentials and a mortgage are paid.

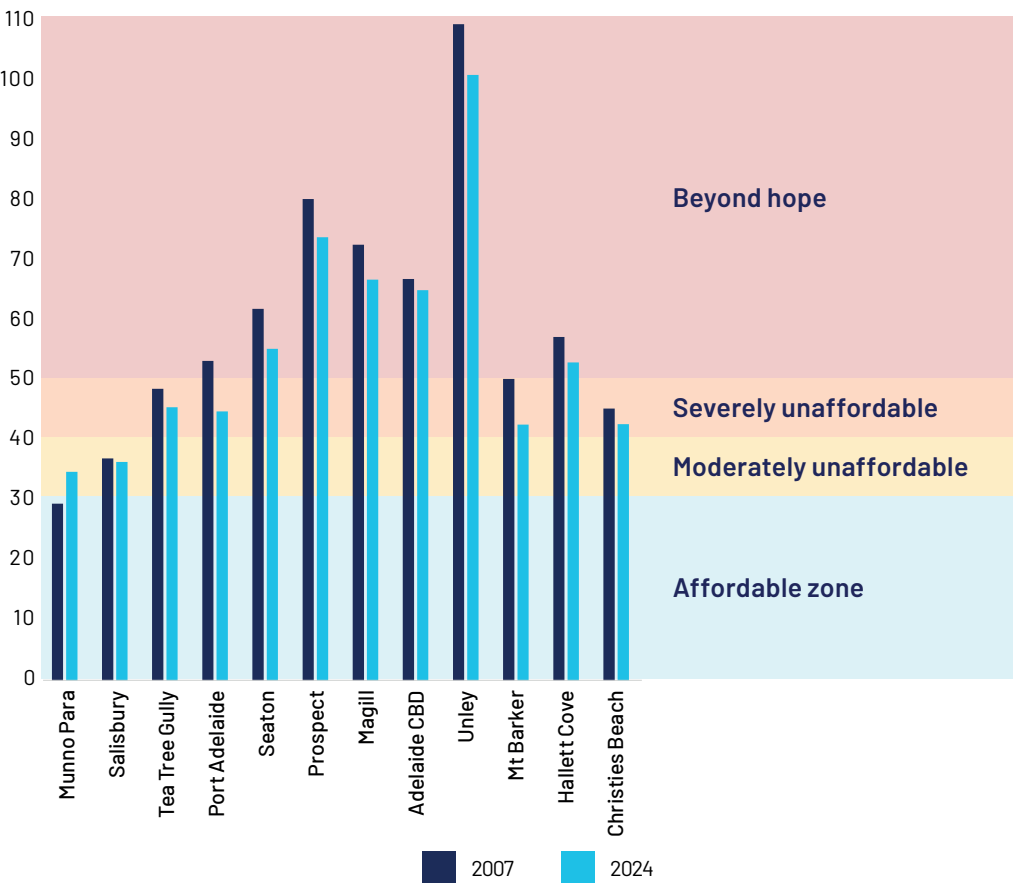
Deposit rates also affect the extent to which lending institutions will vary their LVRs (loan to value ratios). Two households may have the same mortgage but the household with a high deposit (eg via the ‘bank of mum and dad’) will be able to purchase a more expensive home.

Total debt (car loans, credit cards etc) also weighs on lenders. This report only looks at housing mortgages. Households with no other debts will be treated very differently to those with existing non-mortgage debts, despite having the same level of income.

Notwithstanding these caveats, the 30% benchmark remains the most useful tool to assess broad housing affordability.

## Buying

% household income required to service a mortgage on median priced house





# Understanding the median

The median house or unit price is the price at which 50% of sales occur below this price and 50% occur above this price.

Use of the median is widely accepted by economists, government and media organisations. However, it is sometimes confused with representing an entry cost – which is incorrect.

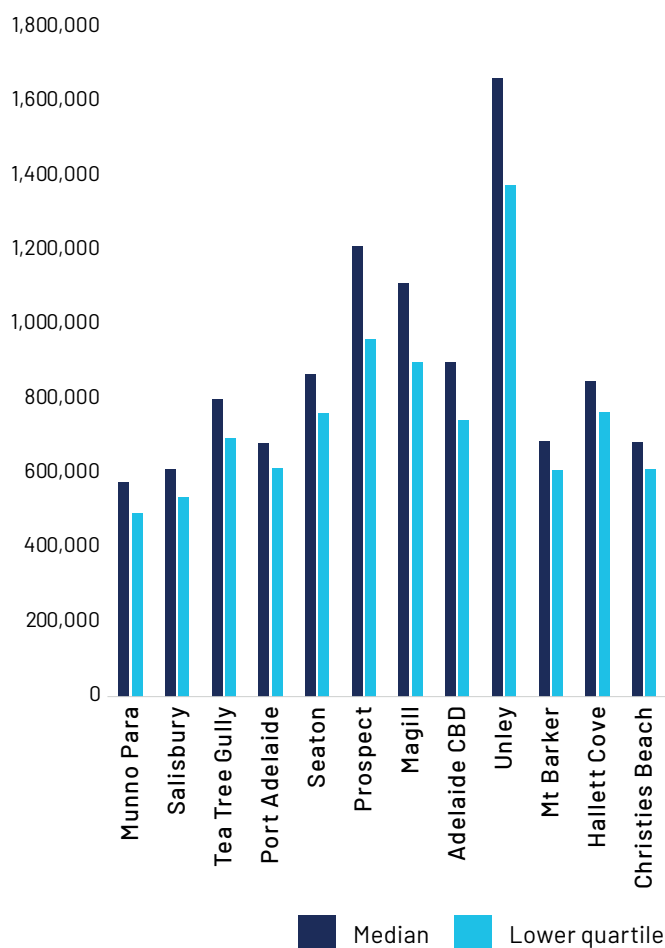
To illustrate, young homebuyers or first home buyers are unlikely to buy into a market at the median price or above. More typical might be the lower quartile – meaning the price at which 25% of sales are below this price and 75% are above it.

In the Adelaide suburbs surveyed in this study, we have compared the median prices with the lower quartile prices in this chart.

It indicates that the lower quartile can offer a significantly cheaper price point to enter the market. In some suburbs, there is only marginal difference between the median and lower quartile, while in others this can amount to over \$300,000 – for example a difference of \$386,000 in Adelaide City Centre and \$374,000 in Unley.

Wider price spreads suggest a greater variety of product available, where tighter spreads suggest more conformity of product in that market.

2024 median house price versus lower quartile price



# No longer affordable

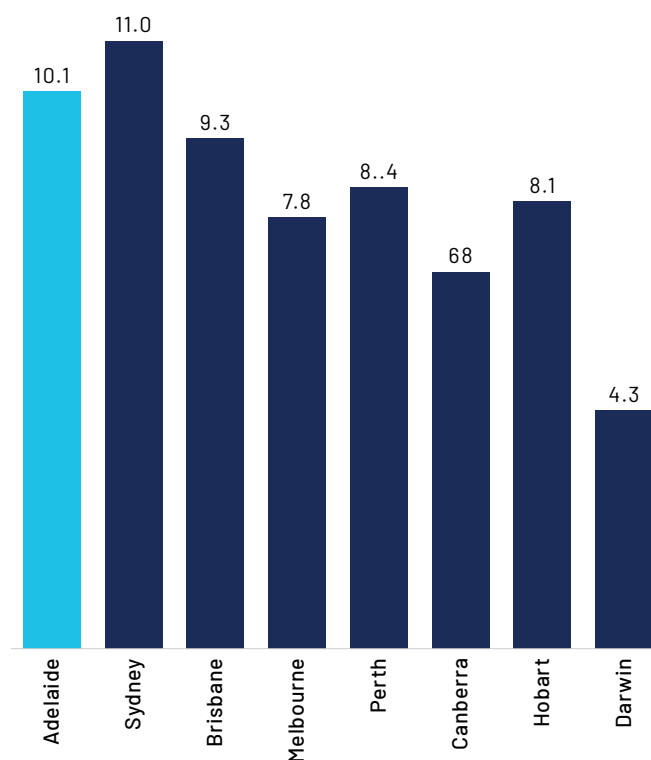
Adelaide is Australia's second most expensive housing market on a relative basis and only trails Sydney, if we consider median house prices as a multiple of median household incomes.

Viewing affordability through this lens myth-busts the long-held belief that Adelaide is one of the country's most affordable cities.

Adelaide's median house price is 10.1 times higher than the median household income. This is based on a city-wide median house price of \$814,430 and a city-wide median household income of \$80,496.

Median multiples for other capital cities are: Sydney 11.0, Brisbane 9.3, Melbourne 7.8, Perth 8.4, Canberra 6.8, Hobart 8.1, Darwin 4.3.

Median house price as a multiple of median household incomes



## Interstate comparisons

	Adelaide	Sydney	Brisbane	Melbourne	Perth	Canberra	Hobart	Darwin
City wide median house price	\$814,430	\$1,191,960	\$890,750	\$774,090	\$813,020	\$844,280	\$651,040	\$496,870
City wide median household income*	\$80,496	\$108,004	\$96,148	\$98,852	\$96,980	\$123,396	\$80,184	\$114,868
Median multiple	10.1	11.0	9.3	7.8	8.4	6.8	8.1	4.3

\*Based on 2021 census as latest available official data. Low wages growth since.

# Affordability issues steepening towards 2030

What does the future of housing affordability look like in Adelaide?

Based on the scenario below, which is relatively conservative, it is unlikely to get better before it gets worse.

By 2030, 60% of income for a household earning \$100,000 per annum could be required to service a mortgage in Adelaide, even if CPI, wages growth and mortgage rates stay relatively stable.

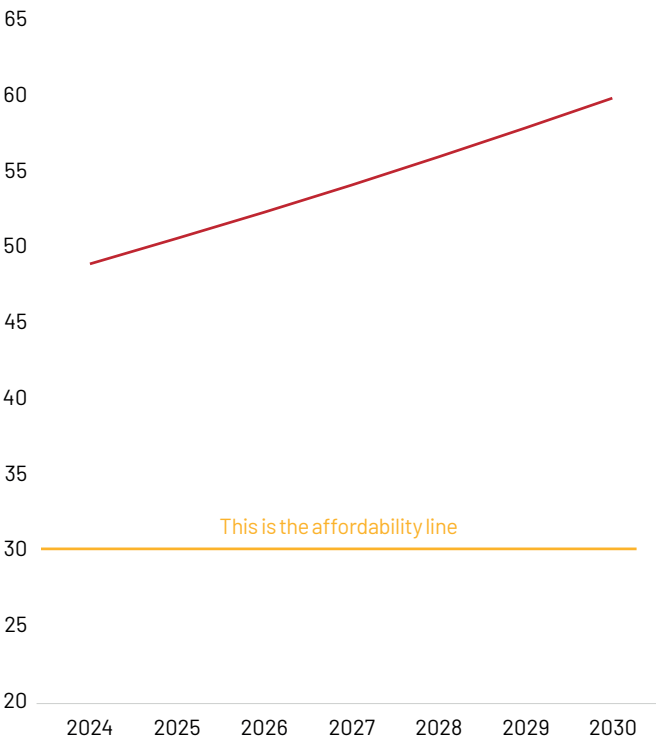
By modelling the cost growth of an entry level priced home in Adelaide in 2024 (\$700,000) through to 2030 (\$992,963), the percentage of household income required to service a mortgage for a new entry-level house in Adelaide could rise by more than 10% by 2030.

The underlying message is clear. Drastic change is required.

The model makes the following assumptions:

- CPI remaining stable at 2.5%
- Wages growth at 2.5%
- Mortgage rates at 5.5%
- New build house cost growth at 6%
- Assumed household income starting at \$100,000 in 2024 growing to \$115,969 by 2030

% income needed to service a mortgage on a new house in Adelaide to 2030



Year	2024	2025	2026	2027	2028	2029	2030
New entry level house	\$700,000	\$742,000	\$786,520	\$833,711	\$883,734	\$936,758	\$992,963
Median Adelaide household income	\$100,000	\$102,500	\$105,063	\$107,689	\$110,381	\$113,141	\$115,969
Mortgage @ 95%	\$665,000	\$704,900	\$747,194	\$792,026	\$839,547	\$889,920	\$943,315
Annual mortgage payment	\$49,004	\$51,944	\$55,061	\$58,365	\$61,867	\$65,579	\$69,513
% income needed	49%	51%	52%	54%	56%	58%	60%

# Recommendations and final thoughts

Adelaide is no longer an affordable city, and for many it is "beyond reach".

The state government has mapped out a clear path of action by establishing South Australia's 'Housing Roadmap' to increase the supply of new homes across the state.

However, the private sector must be enticed to do the heavy lifting.

Moreover, governments both state and local, have within their reach the ability to lower the cost of developing new housing. It is a matter of priorities.

With projects delayed or deferred due to cost and risk, the Property Council offers the following recommendations.

## 01

### **Government commitment to a thorough, evidence-based, SA Productivity Commission review of the impact of taxes and charges on the delivery of homes and investment in housing.**

The State Government should commission the South Australian Productivity Commission to review the impact of fees and charges on housing development and commit to cutting these costs. Given anywhere from 30% of the cost of developing a new home consists of these imposts, which are passed onto home buyers, it is long past time the government pulled this important supply boosting policy lever.

The impact of a reduction in these costs would increase developer confidence, housing supply and eventually improve the affordability of much needed new homes for key workers in South Australia.

## 02

### **Refrain from populist policy, which drives up cost and drives out investment.**

Prior to the 2022 state election, and the widespread acknowledgement of the nation's housing crisis, the now government made a number of commitments, specifically to tighten tree regulations, review the state's planning system, via an Expert Panel and increase off-street car parking requirements for residential developments. These policies have had a negative impact insofar as they increase the risk of projects, stymie development, and directly increase cost and reduce supply. With cost-of-living as the primary issue concerning South Australians, policy must respond accordingly.



## 03

### **Invest in the planning system.**

The South Australian planning system has been widely acknowledged as the best in the nation, which is both laudable and simultaneously a temptation for complacency.

A high-functioning planning system with the operating bench strength matched to the state's growth agenda will indeed play a central role in economic growth. This is because the efficiency that the planning system offers the market directly impacts the rate at which development occurs.

The Property Council recommends funding be directed to enable DHUD, the soon to be legislated Office of the Coordinator General and other agencies involved in the development process to competitively recruit skilled staff across these agencies, including overall capacity. Additionally, investment in improving and streamlining the Planning Portal, as well as improving the Portal's useability and addressing existing shortcomings to increase the accountability of relevant authorities would be merited.

## 04

### **Audit and release underutilised state and council held land.**

Underutilised land held by state agencies and councils should be audited and made publicly available. This land should be released to the private market for best and highest use residential development.

## 05

### **Expedited Code Amendments.**

Expediting proponent lead Code Amendment pathways should be created for developers seeking to bring supply online.

There is nothing more costly than time, and whilst there may be a fee a developer pays to have their project fast-tracked, the increased certainty and guaranteed time frames that would accompany this pathway would lead to increased supply being delivered more rapidly.



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