Submission to the Productivity Commission inquiry into housing supply regulation (post interim report)

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NestPath is a free, independent Australian education platform for first home buyers. We are an information service, not a lender, broker, credit provider or financial adviser, and we do not give personal advice. Our research is built from public data: the NSW Valuer-General's sales register, the ABS, state and territory revenue offices, the RBA, and Cotality where our pages cite it. Each study below is published in full with its method, sources and caveats.

Declaration of interest. NestPath is free to users and is funded by affiliate commissions and referral fees that are disclosed on our site. We have no commercial interest in any reform direction in the interim report, and nothing suggested in section 6 would benefit us commercially.

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1. Summary

- The finding that it now takes 11 years for the average household to save a 20 per cent deposit, up from 8 years in 2005, conceals a very wide distribution. Inside one metropolitan labour market we find timelines running from 4.6 years to a target never reached.
- That distribution is set by dwelling type and location, not household effort. In five Greater Western Sydney suburbs, a household saving $2,000 a month reaches a 20 per cent deposit on the median unit in every suburb, but never on the median house in four of the five, because the target rises faster than savings accumulate.
- In most capitals the deposit is not the binding barrier. In 7 of the 8 capitals the gross household income needed to service the median dwelling without mortgage stress exceeds the typical local household income. Sydney needs about $245,900 against about $125,300.
- A best case dual earner household, two people each on their city's median full time wage, still cannot service the median house in 5 of the 8 capitals, and 6 of 8 at the latest published lending rate. The same household clears the median unit in all 8. That locates the problem in the gap between the apartment and the detached house, the segment reform directions 2.1, 2.2 and 2.6 would open up.
- Cotality data we analysed after the Commonwealth's expanded deposit guarantee took effect on 1 October 2025 shows values below the scheme price caps rising faster than values above them in 81 of 88 local markets. Where supply cannot respond, a demand instrument aimed at a price point moves the price at that point.
- We suggest the final report add a location and dwelling type affordability outcome to its assessment framework, ask governments to publish it by local government area as open

data, and note the interaction between Commonwealth demand instruments and state and local supply regulation.

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2. Who we are and why we are submitting

NestPath publishes free calculators, guides and original research for Australian first home buyers. We see first home buyer demand where it meets the market: people arrive at a deposit or borrowing power calculator with a real income and a real target suburb, and find out whether the two meet. That is the household side of the equation the interim report addresses from the supply side.

We are not a party to any reform under consideration and we do not develop, finance, build or sell housing. We submit because we hold five pieces of published, reproducible analysis (https://nestpath.com.au/research) bearing on the interim report's diagnosis, at the geographic level where planning regulation operates.

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3. Evidence on the deposit and income barrier at suburb and capital city level

3.1 The national deposit figure conceals the distribution that matters

The Deposit Treadmill, 30 May 2026. https://nestpath.com.au/research/au-deposit-treadmill-2026

Method. Medians and 12 month growth are computed from the NSW Valuer-General Property Sales Information, taking residence sales in the 12 months to February 2026 from about 2.2 million records, with a $50,000 floor to drop nominal transfers and a strata title proxy for the house and unit split. The model departs from the usual static calculation in one respect: the 20 per cent deposit target grows at the suburb's own rate rather than staying fixed while the household saves. The figure reported is the first point at which savings of $2,000 a month, no investment return assumed, meet that rising target; where the target recedes faster than savings accumulate within an 80 year horizon the result is "never". Where prices are flat or falling we hold the target steady rather than project the decline forward.

Suburb	Type	Median	12 month growth	20% deposit	Years to save
Blacktown	Unit	$530,000	+1.0%	$106,000	4.6
Liverpool	Unit	$515,500	+3.1%	$103,100	5.0
Parramatta	Unit	$615,000	-7.5%	$123,000	5.1
Campbelltown	Unit	$565,000	+6.6%	$113,000	7.7
Penrith	Unit	$600,000	+6.2%	$120,000	8.2
Parramatta	House	$1,672,000	-10.1%	$334,400	13.9
Campbelltown	House	$980,000	+7.7%	$196,000	never
Blacktown	House	$1,128,000	+6.4%	$225,600	never
Penrith	House	$1,080,000	+14.2%	$216,000	never
Liverpool	House	$1,230,000	+11.8%	$246,000	never

Within one metropolitan labour market, the same household with the same savings capacity faces outcomes running from 4.6 years to unreachable, decided by which dwelling in which suburb. A national figure of 11 years is a true statement about an average almost no household faces. The "never" results are what an inelastic supply response looks like from inside a transaction, and they appear in the higher growth suburbs. The page states the limits: growth rates are volatile and not a forecast, and a median of actual sales moves with the mix of what sold.

3.2 In most capitals the binding barrier is serviceability

The Income Wall, 24 June 2026, refreshed 11 July 2026. https://nestpath.com.au/research/the-income-wall

Method. For each capital we take the Cotality Home Value Index median dwelling value as at 31 March 2026, assume a 20 per cent deposit and a 30 year principal and interest loan on the remainder at the RBA average rate on new owner occupier variable loans for the March 2026 reference month (5.90 per cent, table F6), and solve for the gross household income at which repayments sit at or under 30 per cent of income, the standard definition of mortgage stress. The rate is matched to the valuation date so prices, incomes and rate share one date. Typical household income is the ABS 2021 Census median household income per greater capital city, indexed up by about 16 per cent for wage growth since the Census, which makes the comparison conservative.

Capital	Median dwelling	Income needed	Typical household income	Ratio
Sydney	$1,295,387	$245,869	$125,285	2.0x
Brisbane	$1,101,151	$209,003	$111,532	1.9x
Adelaide	$937,021	$177,850	$93,375	1.9x
Perth	$1,017,698	$193,163	$112,497	1.7x
Hobart	$737,742	$140,026	$93,013	1.5x
Melbourne	$828,249	$157,205	$114,668	1.4x
Canberra	$892,800	$169,457	$143,139	1.2x
Darwin	$618,596	$117,412	$133,247	0.9x (clears)

In 7 of the 8 capitals the typical local household cannot service the median local dwelling at the mortgage stress line; Darwin alone clears. Two caveats push the same way: lenders assess at the loan rate plus APRA's 3 percentage point buffer, so the income needed for approval is higher than shown, and the latest published lending rate at the refresh (May 2026, 6.23 per cent) raises every figure above.

3.3 The same test for the strongest realistic first home buyer

The Double Income Wall, 11 July 2026. https://nestpath.com.au/research/the-double-income-wall

Method. The fair objection to the study above is that a typical household includes retirees and single earners, so we ran the same test on a deliberately best case buying couple: two people both working full time, both on the median full time wage of their own city, no children, no career breaks, no other debts. Incomes are the ABS median weekly earnings of full time employees by greater capital city (Employee earnings, August 2025), indexed by published Wage Price Index growth of 1.61 per cent to the March quarter 2026 so incomes and values share one date. Prices, loan terms and rate are unchanged.

- Against the **median house** the couple falls short in **5 of the 8 capitals**, and **6 of 8** at the latest published lending rate. Sydney is the extreme: the couple earns about $195,074 and the median Sydney house demands about $304,024, or 1.56 times their income. Perth clears by about $1,538, inside the earnings survey's own error band, and tips under at the latest rate.
- Against the **median dwelling**, houses and units blended, the couple falls short in 3 of 8. Adelaide is about $3,910 short, which we treat as line ball.
- Against the **median unit** the couple clears in **all 8 capitals**.
- On **one** median full time wage no capital is serviceable at all.

This is the finding we most want to put before the Commission, because it concerns the composition of supply rather than its quantity. Every real world complication, one partner working part time, a study debt, a child, makes the wall taller.

3.4 Connecting this to the interim report

Both barriers attach to a dwelling type in a location, which is the variable land use regulation sets. A household in Greater Western Sydney is not short of housing in the abstract. It is short of the dwelling forms between the apartment it can service and the detached house it cannot, in the locations where it works. That is the case for reform directions 2.1, 2.2 and 2.6 stated from the demand side.

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4. Demand side subsidies where supply cannot respond

The 5% Deposit Trap, 24 June 2026. https://nestpath.com.au/research/the-5-percent-trap

The Commonwealth's deposit guarantee scheme was expanded and its place limits removed on 1 October 2025. Cotality then published an analysis covering the six months to March 2026 that split each market by whether a dwelling sits above or below its scheme price cap. The figures below are Cotality's, from that April 2026 analysis, referenced rather than reproduced; our contribution is the analysis.

- Nationally, values **under** the scheme price caps rose **6.7 per cent** in the six months to March 2026, against **3.6 per cent** for values above the caps.
- In Sydney, values under the cap rose **4.1 per cent** while values above it **fell 1.1 per cent**, a gap of 5.2 percentage points.
- The share of suburbs with a median house value under the caps fell from **48.6 per cent to 39.5 per cent** between September 2025 and March 2026. For units the share fell from 92.7 per cent to 89.1 per cent.
- **81 of the 88** local markets grew faster below the caps, in every capital and every regional market except regional Western Australia and the Northern Territory.

We offer this in support of the interim report's thesis, not as a criticism of the scheme. Box 1 sets out the causal evidence that increased supply lowers city wide prices. Run in reverse, that logic implies a demand instrument targeted at a defined price point should capitalise into prices at that point where supply cannot respond, and a pattern concentrated below the caps across 81 of 88 markets is what that would look like. The limits are real: this compares whole market segments over one six month window, it is not a causal identification, and it cannot separate the scheme from the tendency of lower value segments to lead when borrowing capacity is compressed.

The terms of reference exclude demand policy and we do not ask the Commission to reopen that boundary. But the interim report does address the role of the Australian Government in supporting regulatory reform, and that role is affected if Commonwealth demand instruments push prices up in the segment where the supply agenda is trying to bring them down. A short passage noting the interaction would improve the coherence of the recommendations without extending their scope.

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5. Transaction costs and mobility

AU first home buyer stamp duty by capital city and price tier, 25 May 2026, reviewed 4 July 2026. https://nestpath.com.au/research/au-stamp-duty-by-suburb-2026

The interim report places taxes, including stamp duty, outside this inquiry. We raise this only because transaction costs bear on getting households into well located homes, and because the governments setting these thresholds set the land use controls too.

The dataset computes standard transfer duty and first home buyer duty for an established home across six jurisdictions and five price tiers, 30 cells, from the state revenue office formulas current for 2026-27. Of the 30 cells, 10 attract a full first home buyer exemption, 3 fall in a tapered concession band and 17 attract the standard owner occupier rate. At the $600,000 tier the pooled saving is 79 per cent of the standard rate; aggregate savings across all 30 cells are $304,753. The Northern Territory and Tasmania are excluded because our formula library treats them with a simpler method.

Because concessions are delivered as thresholds, the effective marginal tax rate on a slightly more expensive purchase is very high at particular price points.

Jurisdiction	Full exemption to	FHB duty at $750k	FHB duty at $900k	Standard duty at $900k
NSW	$800,000	$0	$19,594	$34,687
VIC	$600,000	$40,070	$49,070	$49,070
QLD	$700,000	$10,925	$26,350	$26,350
WA	$600,000	$24,225	$37,466	$37,466
SA	none on established homes	$35,080	$43,330	$43,330
ACT	no cap from 1 July 2026	$0	$0	$28,058

Victoria has the sharpest cliff: a first home buyer at $600,000 pays nothing against a standard rate of $31,070, and by $750,000 pays the full standard $40,070, the concession entirely exhausted. New South Wales tapers to $1,000,000, above which the concession also disappears: $43,687 at $1,100,000. The ACT abolished first home buyer conveyance duty from 1 July 2026 with no income test and no price cap.

Threshold based concessions concentrate first home buyer demand at and below the threshold price, which in the large capitals usually means the outer suburbs, and the overview itself notes the only affordable options for many are on urban fringes where services, amenity and jobs are harder to access. These thresholds and the scheme price caps in section 4 push the same way, and both bind hardest where the supply constraint is tightest. Duty is also a charge on each move, which bears on the mobility and downsizing a better functioning system would enable.

6. Suggestions for the final report

These are additions to the assessment and monitoring framework, not changes to the reform directions, which we support.

6.1 Report an affordability outcome at the geographic level where regulation operates. The 11 year national figure cannot show where reform is working. We suggest presenting alongside it a location level pair: time to save a deposit, and gross household income needed to service the median dwelling, by suburb or local government area. Our five suburb sample runs from 4.6 years to unreachable, and that variation is the policy relevant information. This complements reform direction 3.1, on identifying localities with high expected housing demand, and 3.4, on public reporting of outcomes by council.

6.2 Report the metric by dwelling type, and pair supply targets with a serviceability measure. A blended median hides the finding in section 3.3: two median full time wages clear the median unit in all eight capitals and fail the median house in five or six. When the Commission publishes its capital city zoning modelling, we suggest reporting the supply response by typology and, if feasible, the income needed to service the dwellings it would produce. The same applies to the National Housing Accord target of 1.2 million homes, with its forecast undershoot of 220,000 or more by June 2029: a dwelling count is the right measure of supply but an incomplete measure of success, because it does not show whether the homes built are ones median income households can service.

6.3 Assess Commonwealth demand instruments jointly with state and local supply regulation. Where the final report addresses the role of the Australian Government, we suggest it note the interaction in section 4. This requires no evaluation of demand policy, only the observation that Commonwealth support for supply reform is less effective where Commonwealth demand instruments capitalise into prices in the same segment.

6.4 Publish outcome data by local government area as open, machine readable data, with sale counts alongside medians. This supports reform directions 3.4 and 4.4. We built a reproducible suburb level series for New South Wales because the Valuer-General publishes the sale records as a complete first party file; we could not do the equivalent uniformly elsewhere without commercial data, which makes independent verification of reform outcomes harder than it needs to be. Any published median should also carry its transaction count. In our data the Parramatta house median rests on 111 sales over twelve months and moved 10.1 per cent, partly reflecting the mix of what sold; omitting counts invites mix effects to be read as reform effects.

6.5 Note transaction cost frictions alongside planning reform. Even with taxes outside the terms of reference, the final report could usefully observe that state transfer duty thresholds concentrate first home buyer demand at specific price points, and therefore in specific locations, which cuts against the objective of housing people in well located homes.

7. Offer

We will provide the Commission with the underlying data, computation code and method notes for any of the five studies above, on request and at no cost. That includes the NSW Valuer-General extraction pipeline, the inputs behind the two serviceability studies, and the machine readable stamp duty matrix. Two datasets are already published under a Creative Commons Attribution 4.0 licence. We are also willing to rerun any of these calculations at a different geography, price tier, rate or savings assumption. Contact: hello@nestpath.com.au.

References

NestPath research

1. The Deposit Treadmill, 30 May 2026. https://nestpath.com.au/research/au-deposit-treadmill-2026
2. The Income Wall, 24 June 2026, refreshed 11 July 2026. https://nestpath.com.au/research/the-income-wall
3. The Double Income Wall, 11 July 2026. https://nestpath.com.au/research/the-double-income-wall
4. The 5% Deposit Trap, a NestPath analysis of Cotality data, 24 June 2026. https://nestpath.com.au/research/the-5-percent-trap
5. AU first home buyer stamp duty by capital city and price tier, 25 May 2026, reviewed 4 July 2026. https://nestpath.com.au/research/au-stamp-duty-by-suburb-2026

Public data sources named on those pages

- NSW Valuer-General, Property Sales Information.
- ABS: Census 2021, median weekly household income by Greater Capital City Statistical Area; Employee earnings, August 2025, Table 2 data cube; Wage Price Index, March quarter 2026.
- RBA, Lenders' interest rates, table F6. APRA, mortgage serviceability buffer of 3 percentage points.
- Cotality, Home Value Index as at 31 March 2026; and Cotality's April 2026 analysis of first home buyer scheme effects at the lower priced end of the market, the source of all figures in section 4.
- Revenue NSW, State Revenue Office Victoria, Queensland Revenue Office, RevenueWA, RevenueSA and the ACT Revenue Office, 2026-27 rates.

Commission material

- Productivity Commission 2026, *Overview, Interim report, Housing supply regulation*, Canberra, July. All references above to the 11 year deposit figure, the Accord target and

undershoot, the reform directions, Box 1 and the urban fringe observation are drawn from that overview.