



Atlas Housing Download



PART 1



PART 2



PART 3



PART 4



PART 5



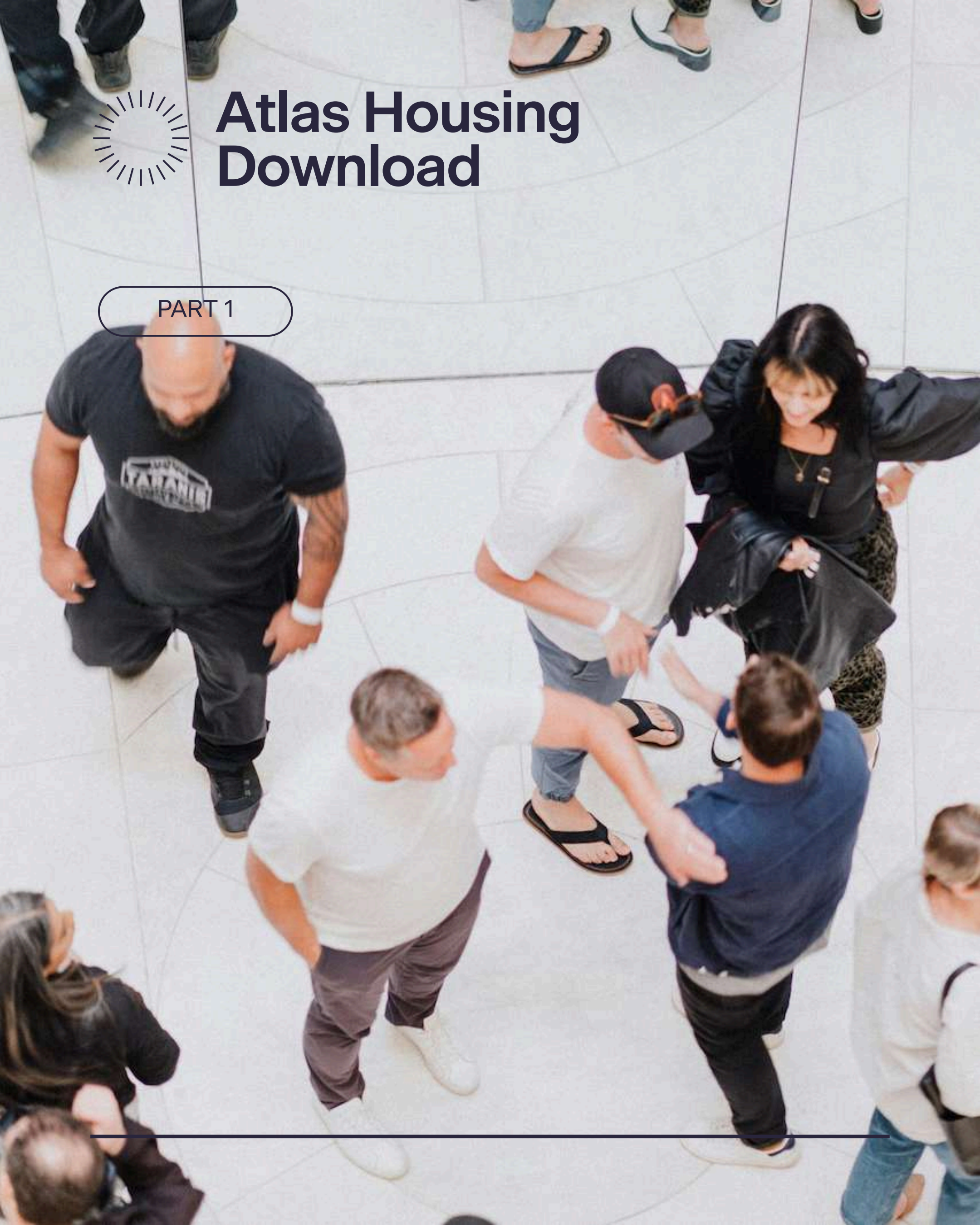
PART 6





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PART 1



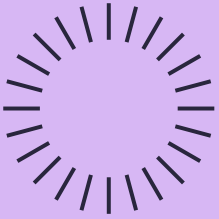


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PART 1

Population Growth + Dwelling Production

Welcome to Part 1 of the #AtlasHousingDownload. Part 1 examines the relationship between population growth and dwelling production, and why the gap between the two has become structural rather than cyclical.



1. Demand-Side Dynamics

Australia's population growth has shifted materially over time.

- Through much of the 1980s and 1990s, annual population growth typically ranged between 200,000 and 300,000 people.
- In contrast, recent years have seen far greater volatility, with population growth exceeding 600,000 in 2023 before easing in 2024 - 25.
- This shift has been driven largely by net overseas migration, which now accounts for a greater share of population change.
- At the same time, average household size has continued to decline, from over 3.0 people per household in the early 1980s to around 2.5 today.
- As a result, the number of dwellings required per additional resident has increased materially over time.

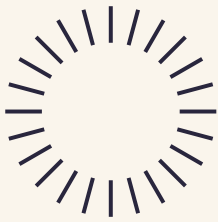


Figure 1: Annual Population Growth (1981 - 2025)

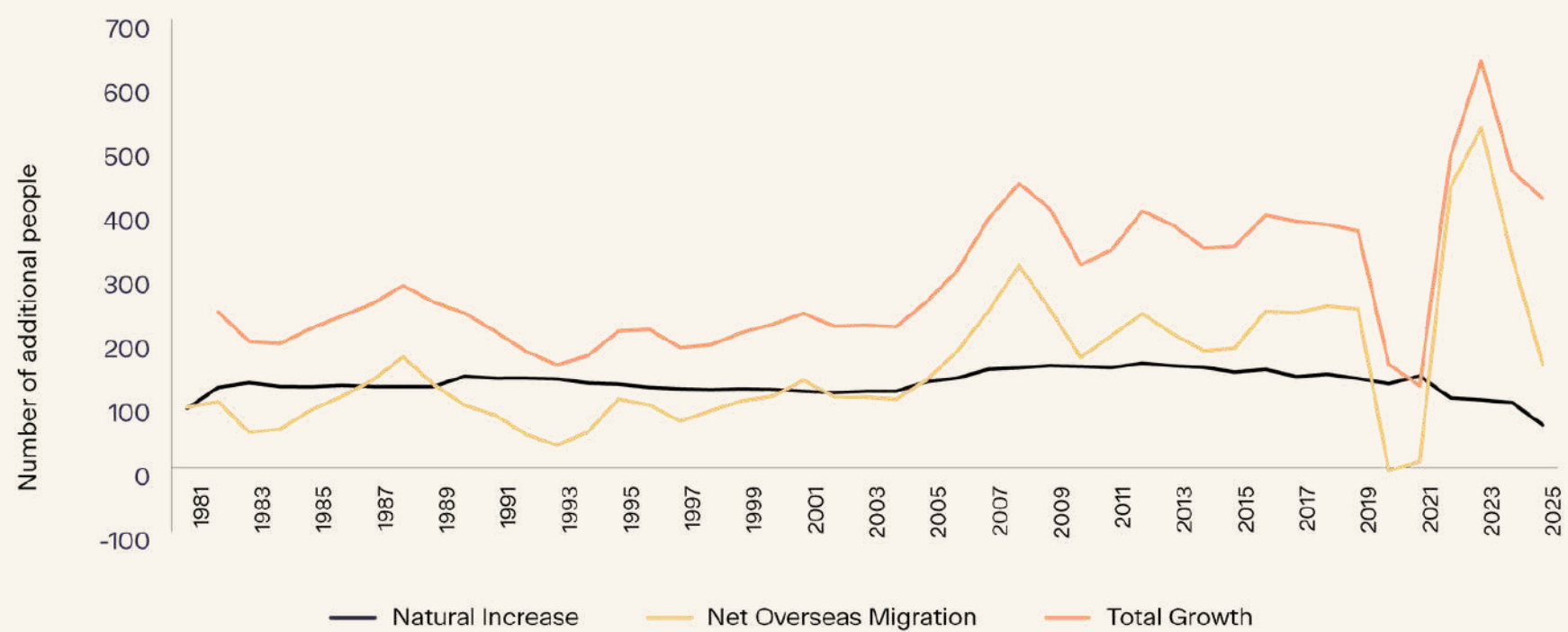
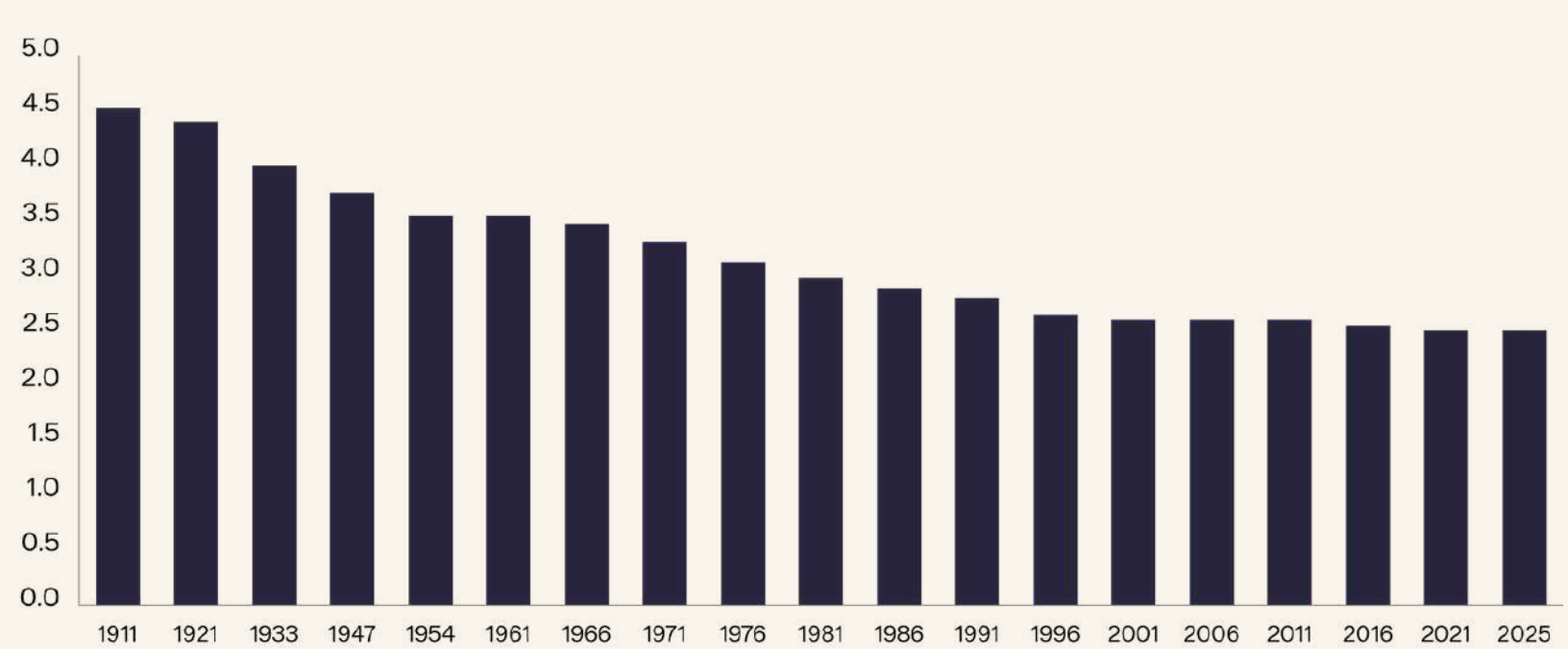
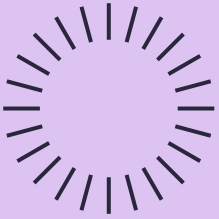


Figure 2: Household Size (1911 - 2025)



Source: ABS (2025)



2. Supply-side Response

Dwelling completions have remained comparatively stable in nominal terms but declining stock growth

- Since the early 1980s, annual completions have generally fluctuated within a narrow band of around 120,000 to 180,000 dwellings, with only brief periods above 200,000.
 - More importantly, the growth rate of new dwelling completions has trended downward.
 - Annual dwelling stock growth that once exceeded 4–5% has fallen to closer to 2–3% in recent years, pointing to a structural slowdown in delivery capacity rather than a temporary disruption.
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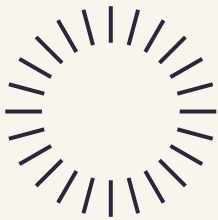


Figure 3: Annual Dwelling Completions (1982 - 2024)

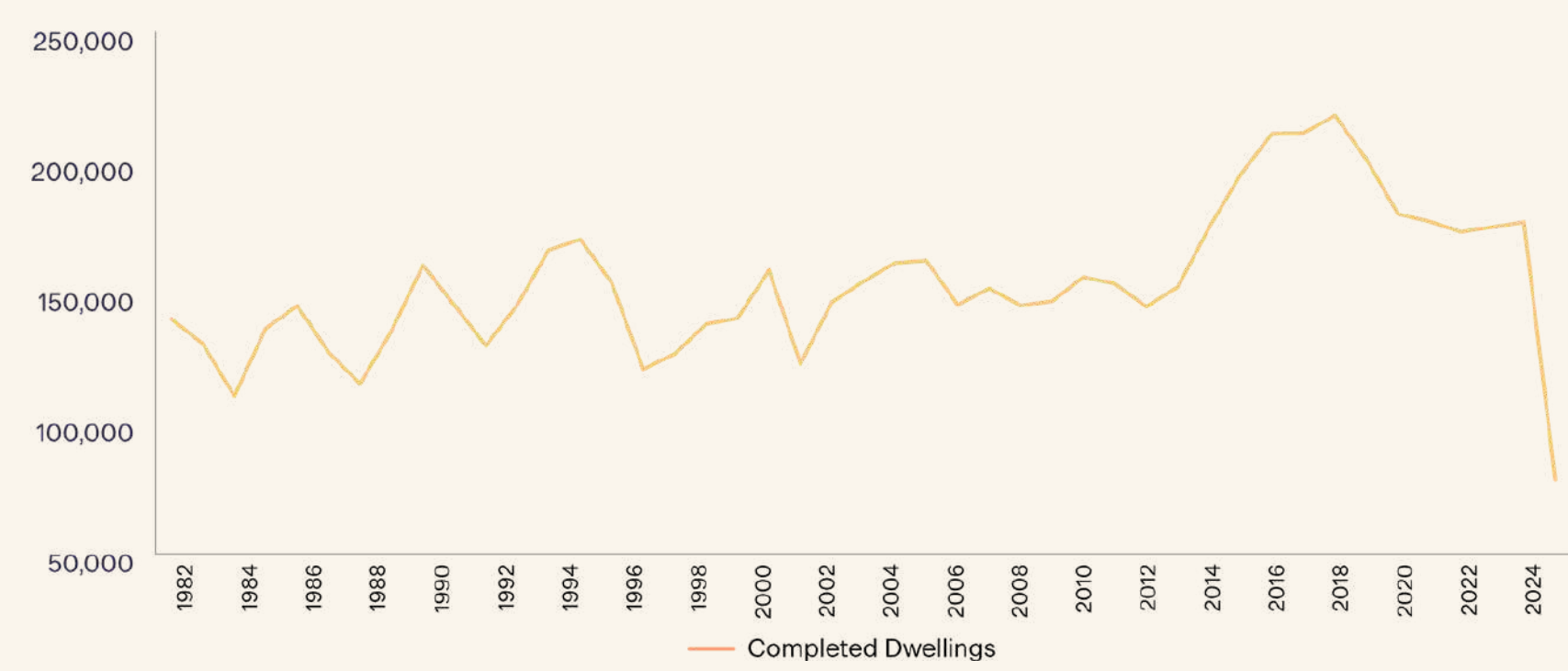
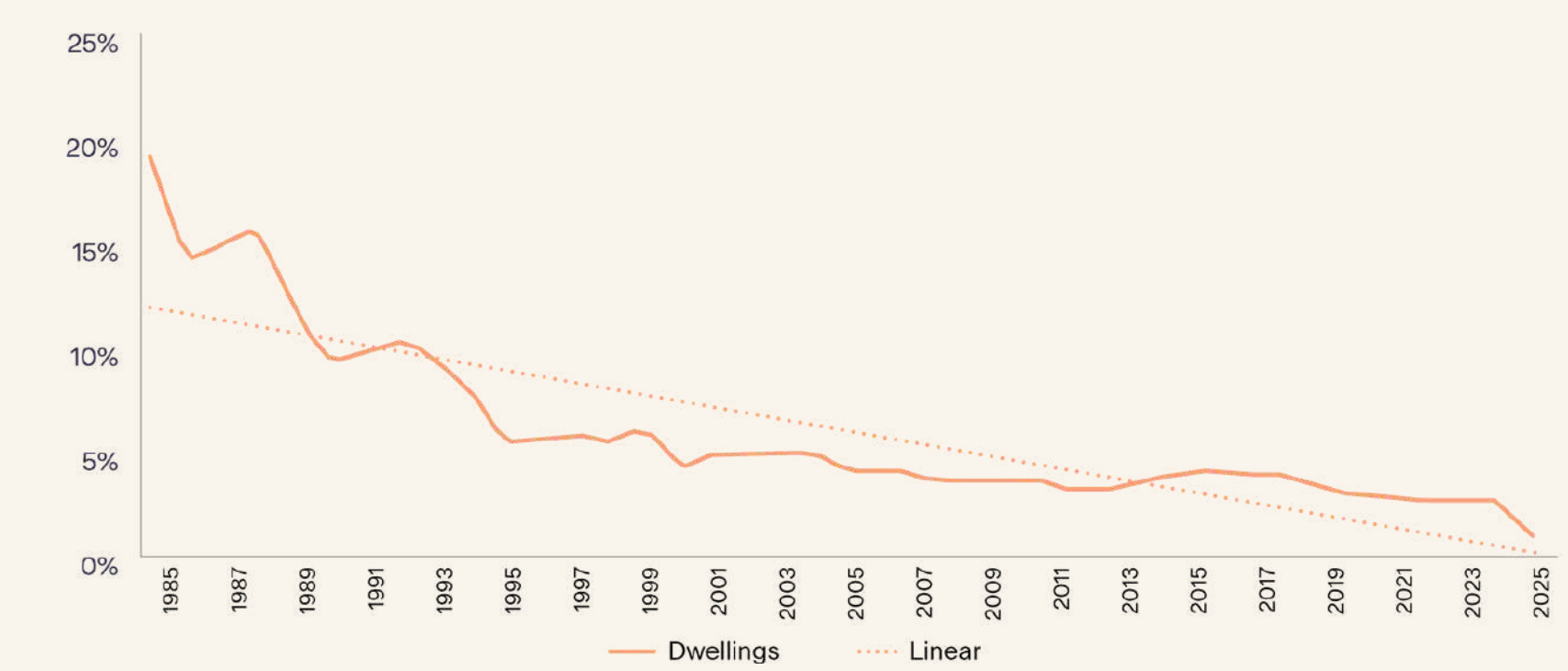
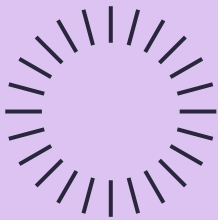


Figure 4: Figure 4: Growth Rate Dwelling Completion



Source: ABS (2024)

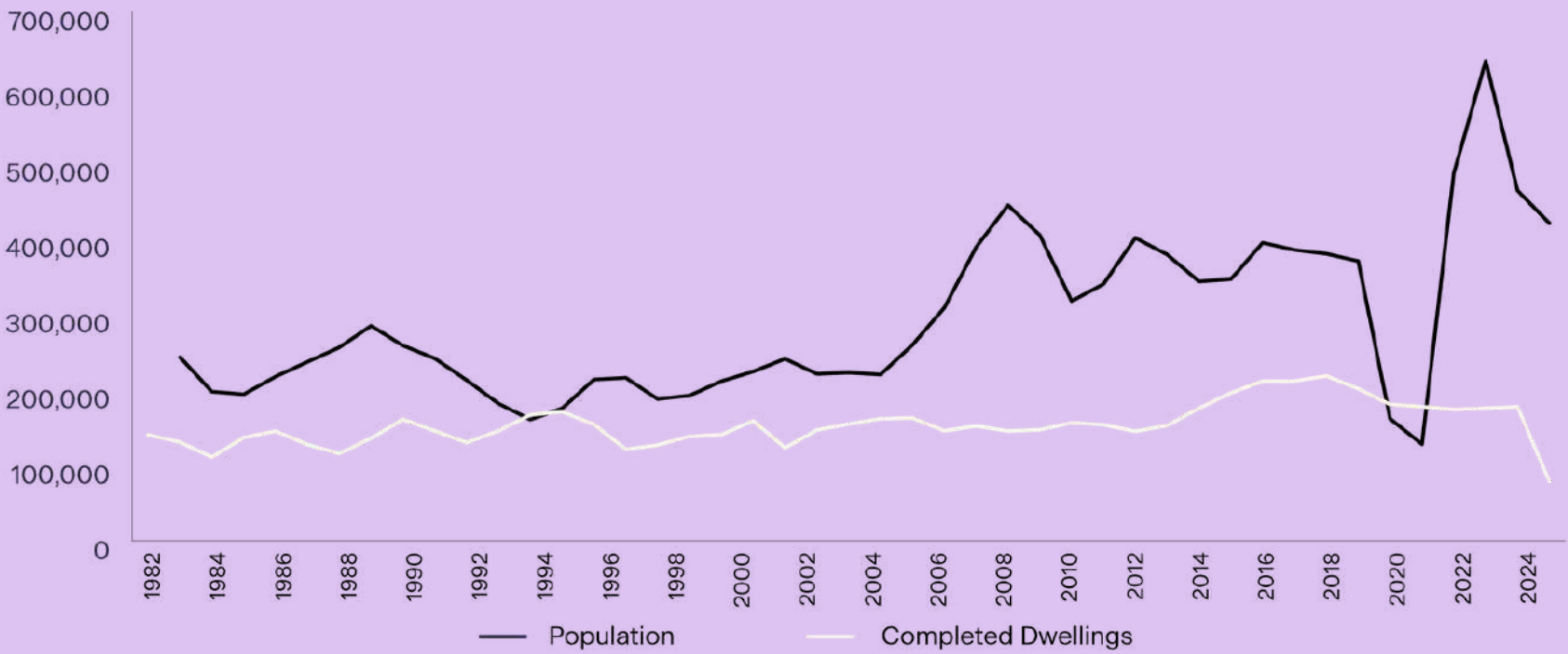


3. A structural imbalance that compounds over time

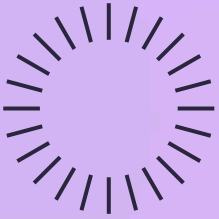
Taken together, population growth has re-accelerated while dwelling delivery has lagged. When annual shortfalls persist, they accumulate over time, increasing the scale of housing delivery required in subsequent years.

This helps explain why housing pressures persist even during periods of elevated construction activity.

Figure 5: Population Growth vs Dwelling Completions (1982 - 2024)



Source: ABS (2025, 2024)



Next Week's Instalment

PART 2

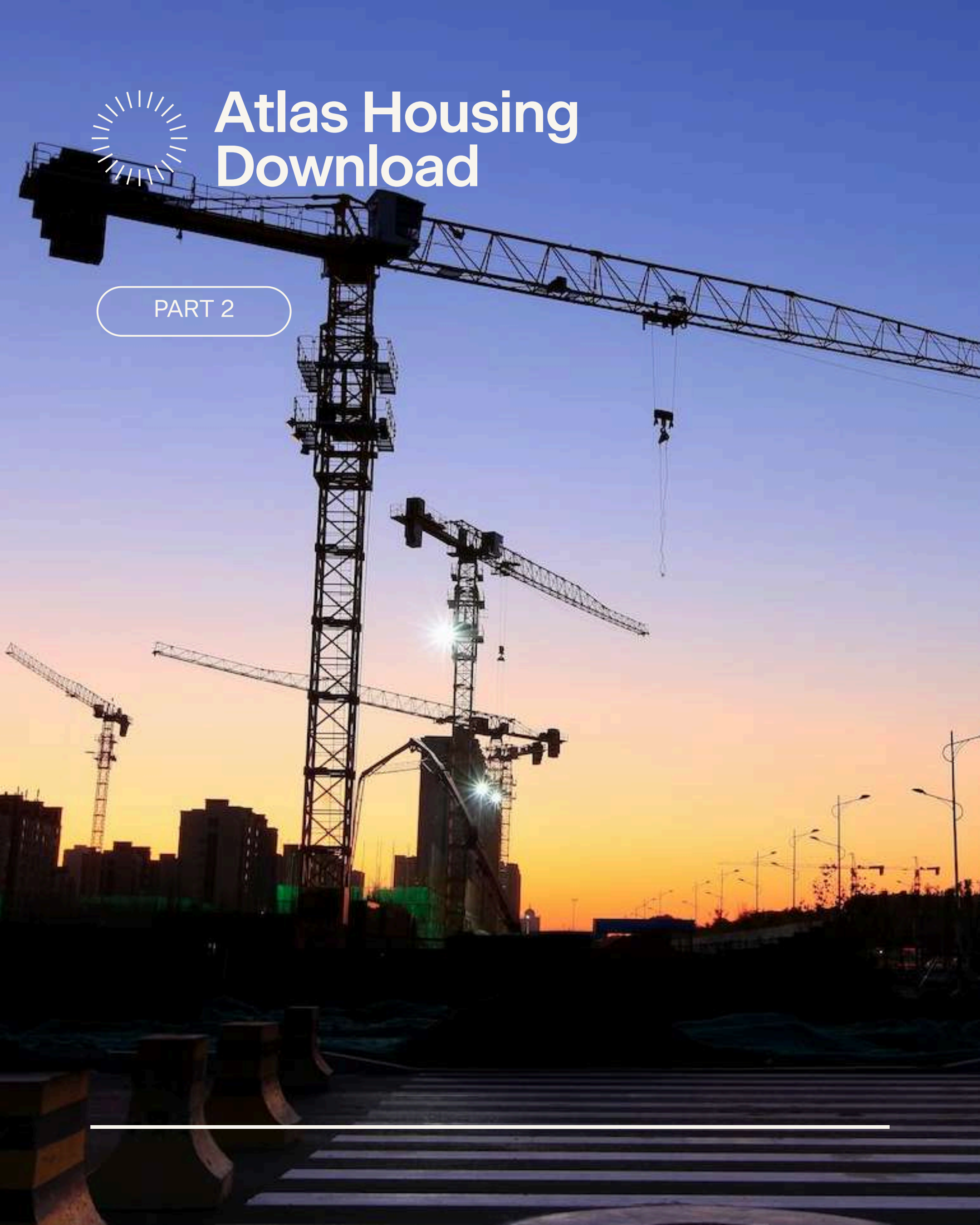
In Part 2 we will examine whether the construction sector has the labour, capacity, and productivity to deliver housing at the scale now implied by population growth.

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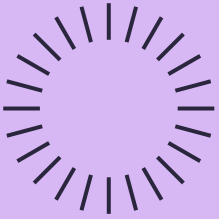
PART 2

Capacity and Capability of the Construction Sector in Australia

In Part 1 of the #AtlasHousingDownload, we showed that Australia's housing shortfall is increasingly structural, driven by strong population growth and a slower supply response.

Part 2 shifts the focus to the construction sector itself, specifically its capacity and capability to deliver housing at scale.

The key question is whether the sector can translate demand into supply, both efficiently and at scale. We examine capacity and capability, and how these factors shape the sector's ability to respond to rising demand.



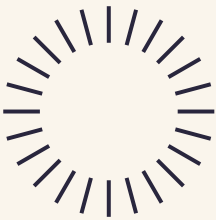
Capacity – More Firms, More Workers, but Fewer Homes

At first glance, the construction sector appears to be expanding:

- The construction workforce has grown from 1.05 million (2016) to 1.26 million (January 2026) (+20%).
- The number of firms increased from 358,000 to 431,000 over the same period (also +20%) (IBISWorld, 2026).

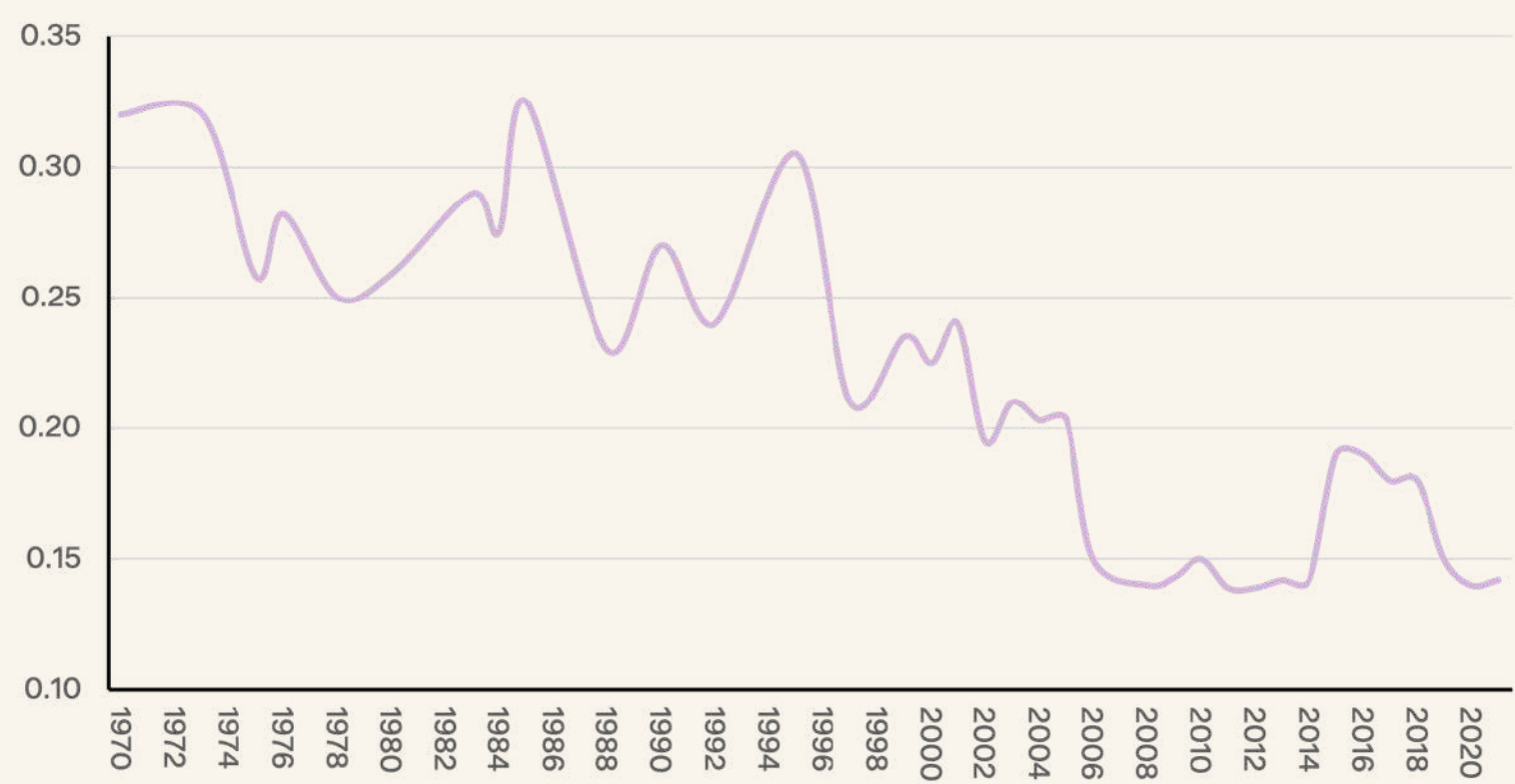
But the output of the sector tells a very different story:

- Dwelling completions have fallen from peaks of around 55,000 per quarter to roughly 43,000 today.
- Over the longer term, productivity has declined sharply, with dwellings delivered per construction worker having halved since the 1970s, falling from 0.32 to around 0.14.

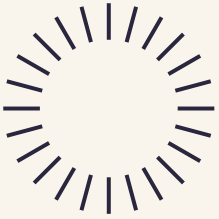


So, while more people are working in construction, fewer homes are being delivered per worker.

Figure 1: Dwelling Completions per Construction Worker



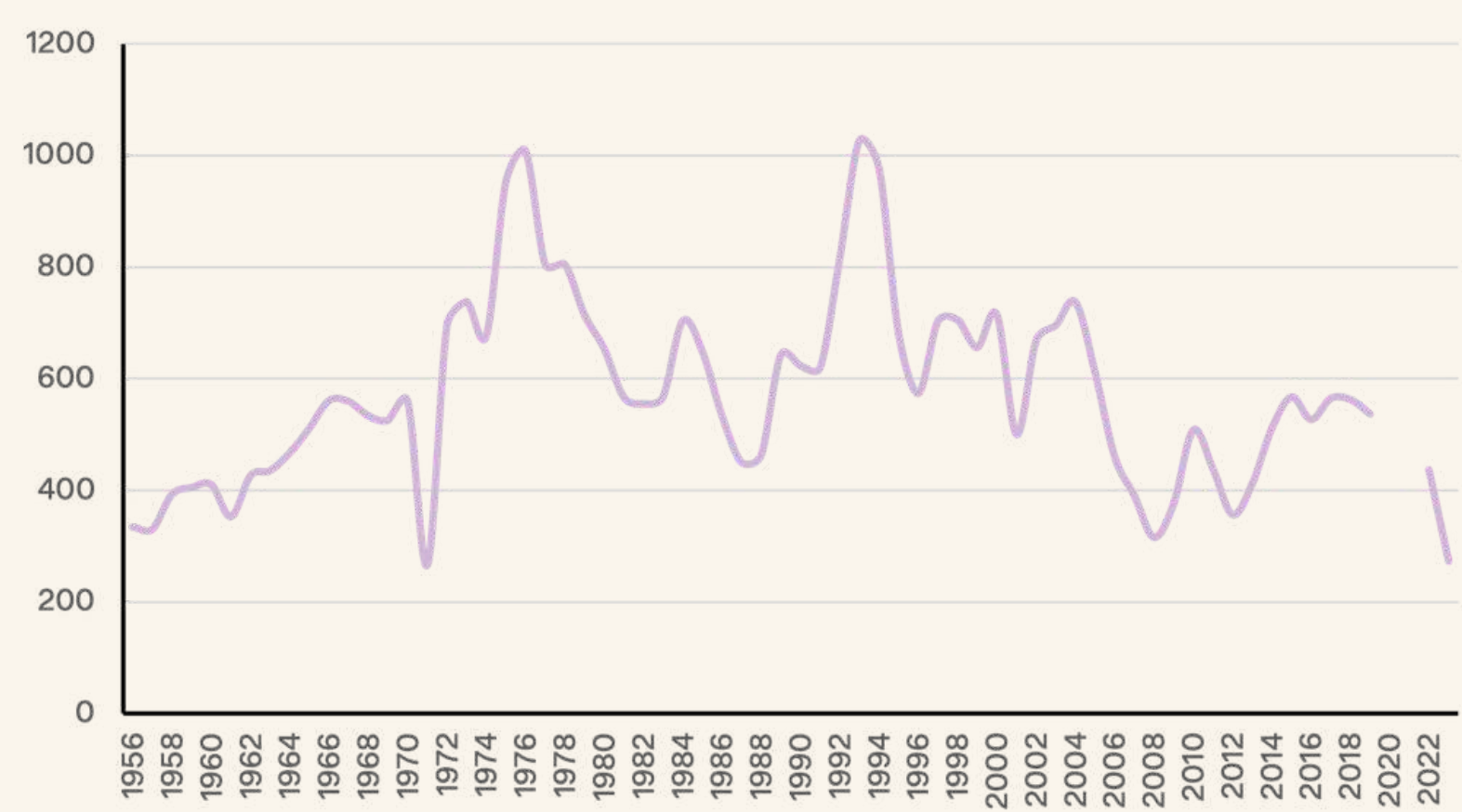
Source: CEDA (2025)



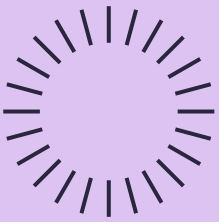
This disconnect is even more apparent when viewed against population growth.

- Relative to population growth, the number of housing completions has been trending down for decades.
- Historical peaks in housing delivery, exceeding 1,000 dwellings per 1,000 residents in the 1970s and early 1990s, have not been matched for over 30-years.
- Since the 2000s, completions have generally remained within a narrower range of around 400–700 dwellings per 1,000 additional residents, indicating a sustained weakening in delivery.

Figure 2: Change in Dwelling Supply per 1,000 Population Growth¹



Source: Productivity Commission (2025)



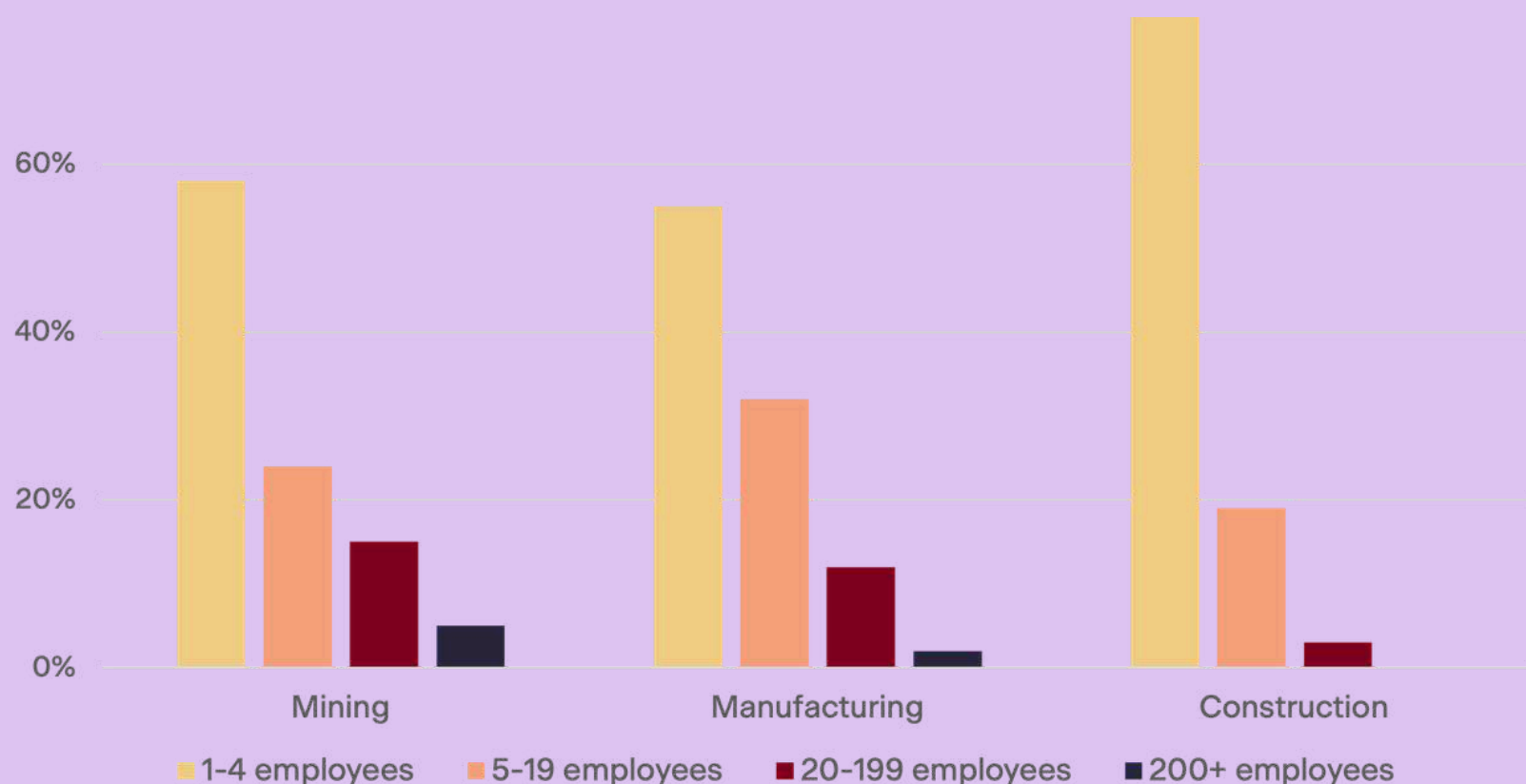
Capability – A Fragmented Industry

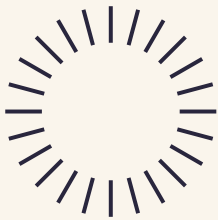
The issue isn't just how many workers the sector has but how the industry is structured.

Around 80% of construction businesses employ just 1-4 people. Comparatively, just 3% businesses in the sector are 'medium and large' businesses (i.e. firms with 20 or more employees).

Compared to the Mining and Manufacturing industries, the Construction sector is disproportionately made up of micro-businesses (fewer than 5 employees).

Figure 3: Firm Size Distribution by Industry





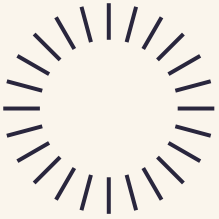
This fragmented structure is further reflected in how employment is distributed across the industry.

- Micro firms accounted for 43% of construction employment in 2023–24, down slightly from 47% in 2020–21.
- Over the same period, the share of employment in medium and large firms has increased, while small firms experienced a temporary rise before declining.
- As at 2024, employment shares were 62% for micro and small firms, 24% for medium firms, and 14% for large firms.

Table 1: Percentage Share of Construction Employment

Firms	2021	2022	2023	2024
Micro (0-5 employees)	47%	43%	43%	43%
Small (5-20 employees)	20%	22%	21%	19%
Medium (20-200 employees)	21%	22%	22%	24%
Large (200+ employees)	13%	13%	14%	14%

Source: De Valence (2026)



However, this distribution of employment does not translate proportionately into economic output.

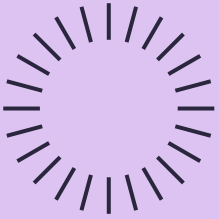
- Despite accounting for 43% of employment, Micro firms pay only 20% of total wages and salaries.
- Small firms have broadly aligned shares, accounting for 19% of employment and 21% of wages.
- In contrast, medium and large firms contribute disproportionately more to wages, with 24% and 14% of employment translating to 33% and 26% of wages, respectively.

A large share of the workforce remains concentrated in smaller, less productive firms, reinforcing how fragmentation limits the sector's ability to achieve scale, invest, and improve productivity.

Figure 4: Proportion of Employment, Income by Construction Firms (2024)



Source: De Valence (2026)



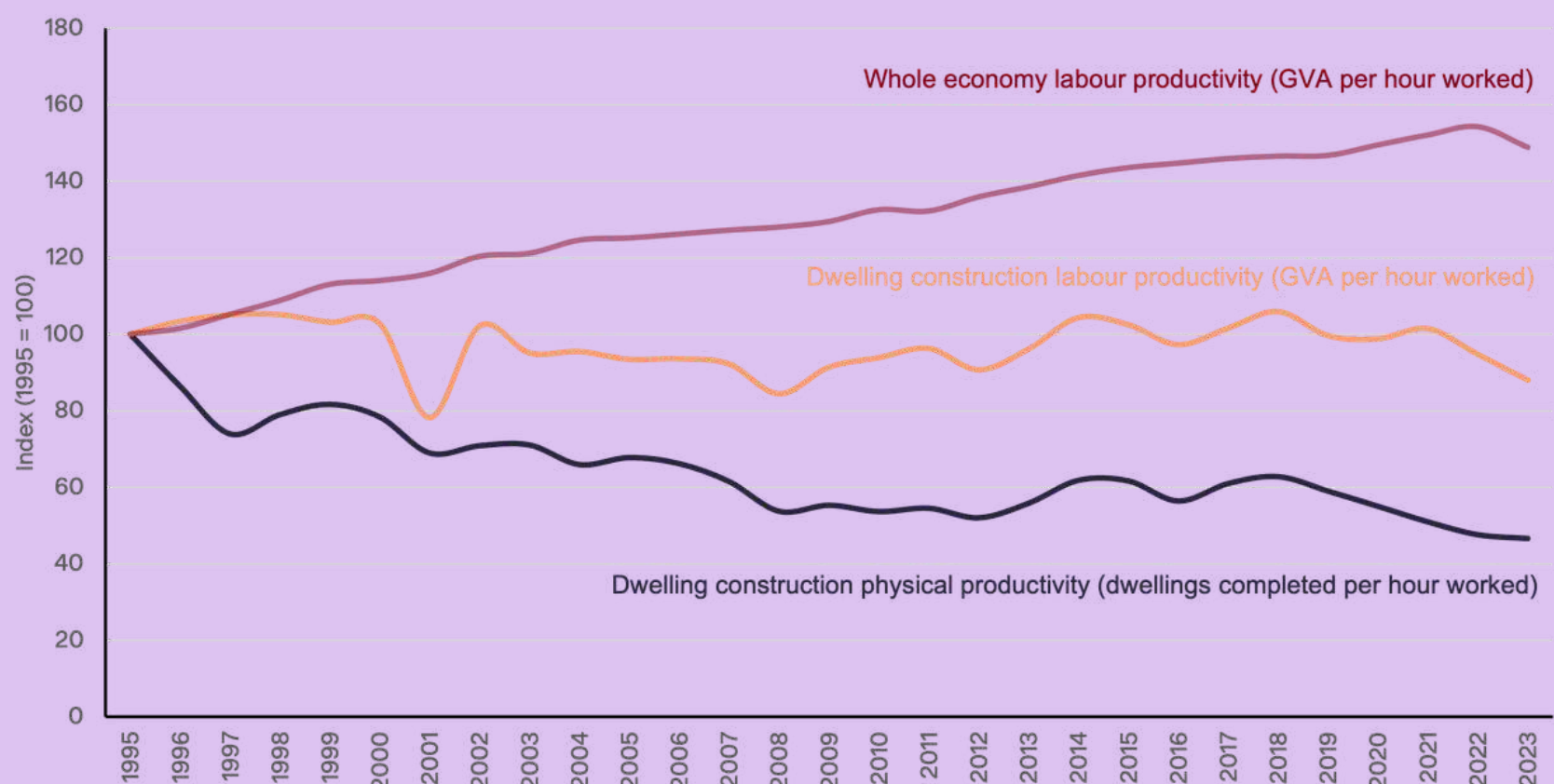
Capability – Falling Productivity

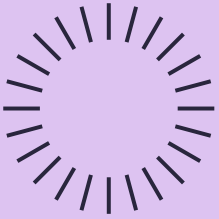
This structural challenge is reflected in the sector's productivity performance.

- Physical productivity, measured as dwellings completed per hour worked, has declined by 53% over the past three decades.
- Labour productivity, measured by gross value added per hour worked, has fallen by 12% over the same period.
- In contrast, labour productivity across the broader economy has **increased** by 49%.

This divergence highlights a widening productivity gap between construction and the rest of the economy.

Figure 5: Construction Productivity Trends

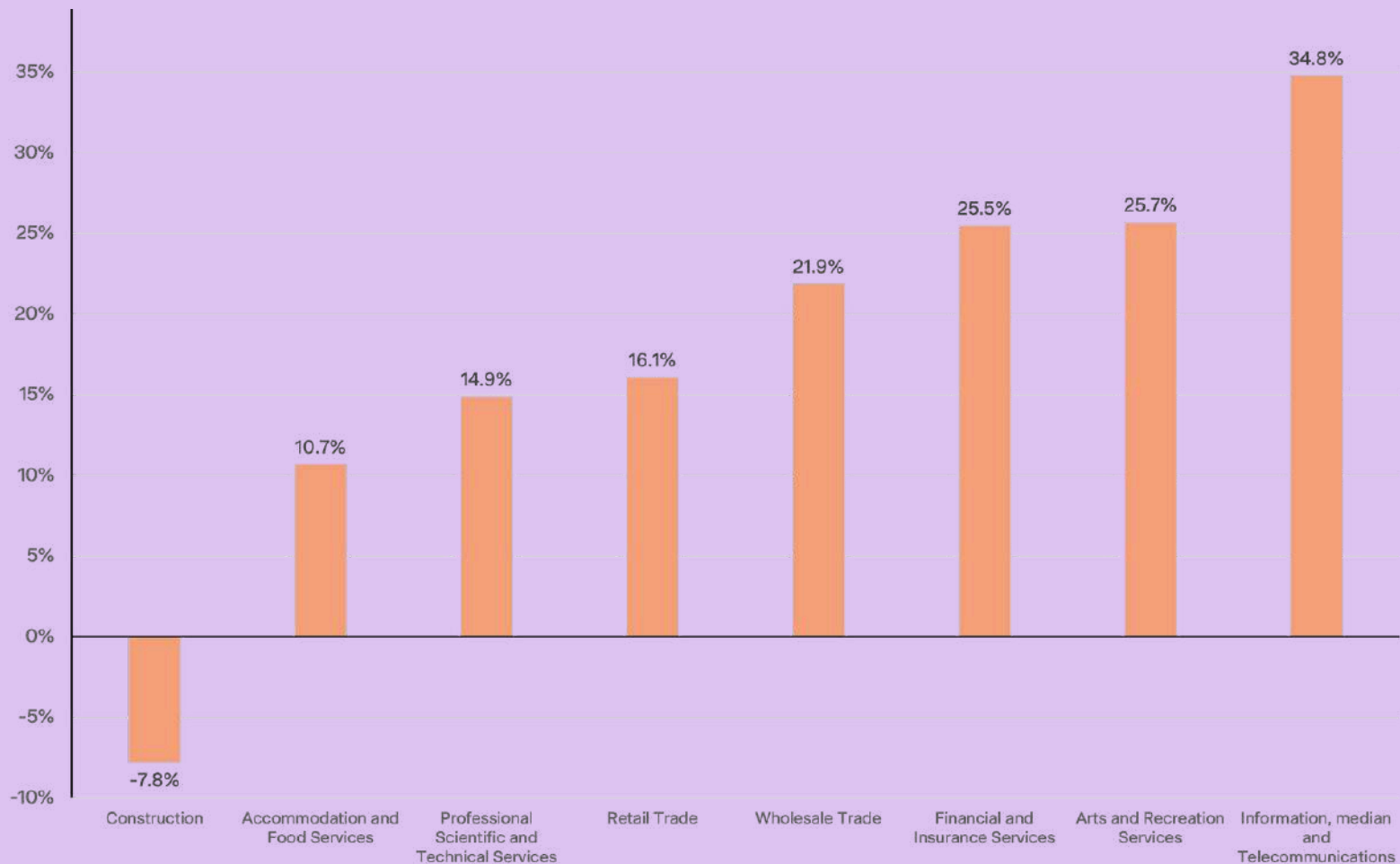




As Figure 6 shows, over the 20 years to 2022:

- Construction labour productivity growth was negative, while most other industries recorded positive gains.
- Construction wages have continued to rise, despite limited improvement in output per hour worked.

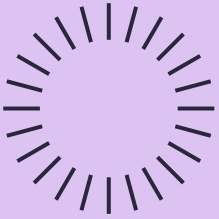
Figure 6: Productivity Growth (2002-2022)



Source: Australian Construction Association (2023)

The result is a sector that is becoming more expensive without becoming more efficient. This reflects deep structural constraints, including fragmented industry structure, limited standardisation, low levels of investment and innovation.

These are among the factors that constrain the sector's ability to scale, adopt new technologies, and deliver productivity improvements over time.



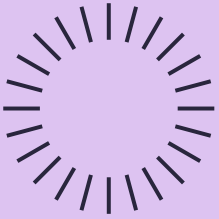
Why Capability and Capacity Matter

Capacity and capability are an important determinant of how quickly housing demand can translate into completed homes.

When firms remain small, the output per worker is constrained, as is productivity. This leads to issues in scaling up delivery, even when approvals and demand exist.

As capital cities around our country grow, there is a growing focus on infill development. Tall buildings are naturally more complex than single dwellings to build.

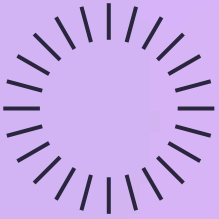
If only 3% of construction firms employ 20 or more employees, this raises the uncomfortable but relevant question - does the construction sector have the depth of capability and capacity needed for the big build response nationally?



It seems Australia's housing shortfall is not just a planning problem — it is a delivery problem.

Even if planning systems unlock more supply, the construction sector must be able to respond. Without improvements in productivity and industry capability, increasing approvals alone will not translate into more homes.

But these outcomes are not driven by industry structure alone. The regulatory environment plays a critical role in shaping how housing is designed, approved and delivered and ultimately, how much it costs to build.

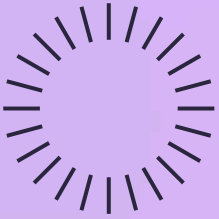


Next Instalment

PART 3

Part 3 examines regulatory change in building requirements and how these changes have affected construction costs and housing delivery.

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¹Data for 2020 and 2021 is excluded due to the impact of COVID-19 border closures on Australia's population growth rate.

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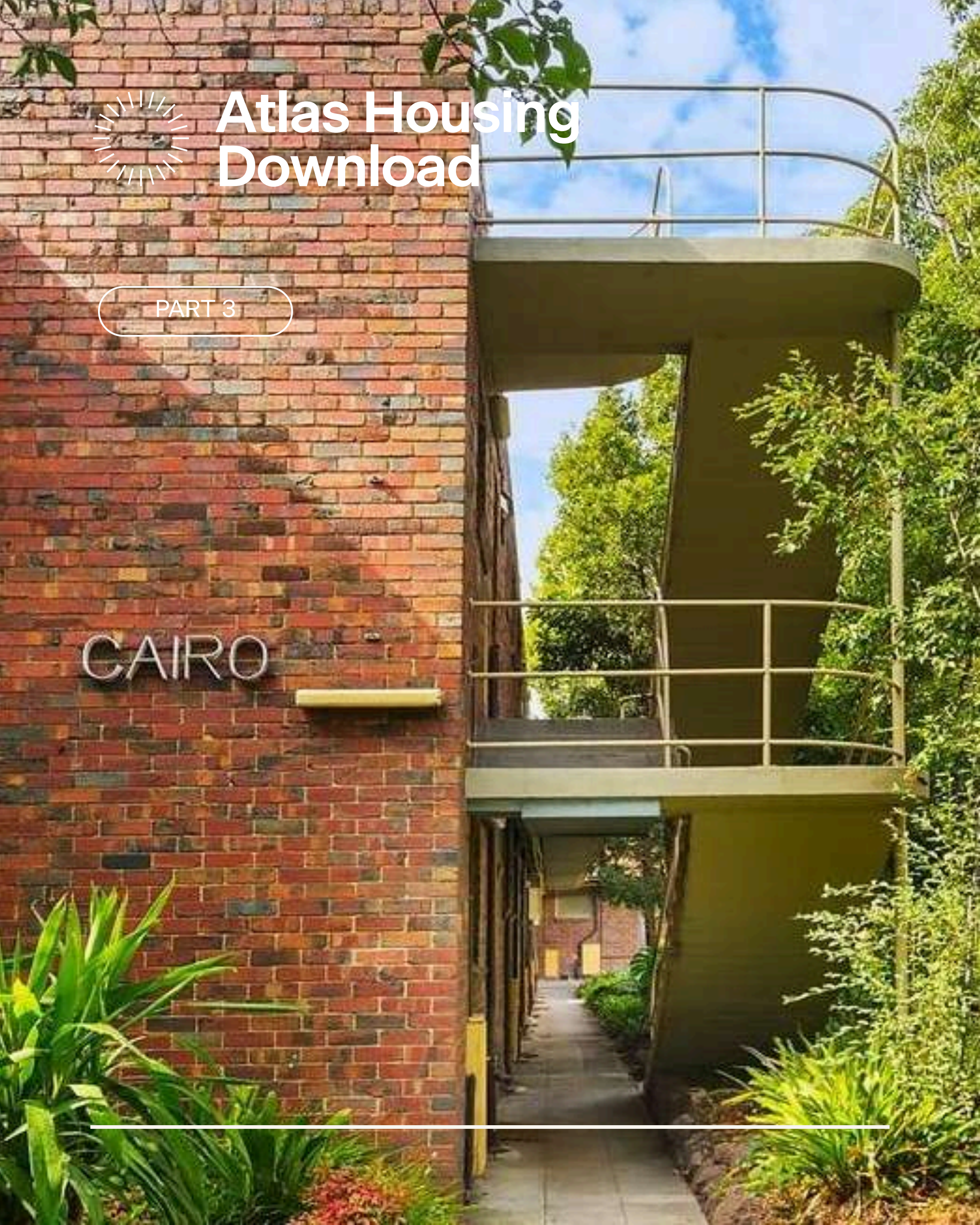
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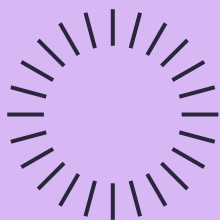
PART 3

Regulatory Change in Building Requirements and Cost Implications

Welcome back to the #AtlasHousingDownload.

We left you last time with Part 2 of the Atlas Housing Download, which explored both the capacity and capability of Australia's construction sector and how this is influencing our ability to deliver housing supply.

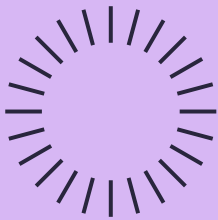
In Part 3, we consider a topic that doesn't often get the same coverage that factors like planning, land availability or feasibility do in the housing conversation: the steady expansion of the rulebook that governs how we design and build homes.



The Growing Rulebook

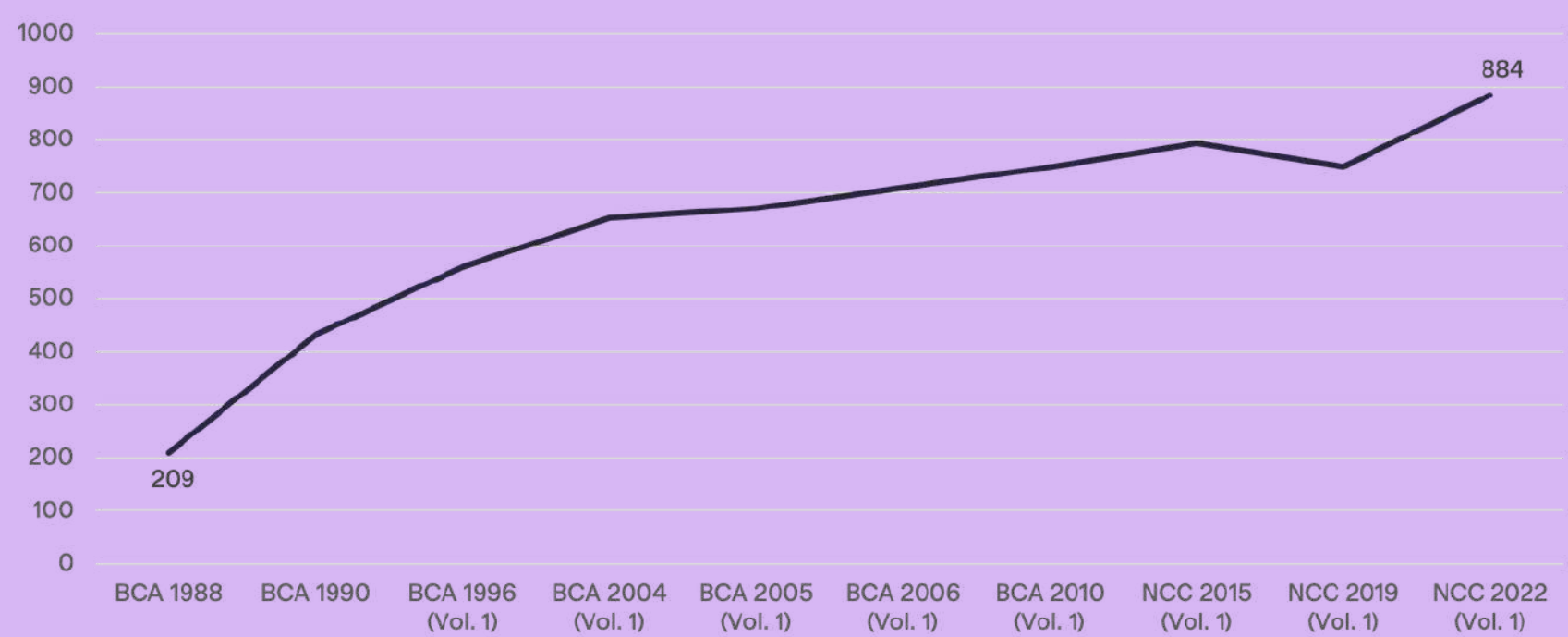
The rulebook has become longer, broader and harder to navigate.

- Over the past few decades, Australia has progressively layered new requirements onto housing in pursuit of legitimate policy goals: better energy performance, improved accessibility, stronger fire and safety outcomes, and higher design quality.
- Most of these reforms were introduced for good reasons. Better thermal performance can lower running costs. Better accessibility can make housing more usable over the life cycle. Better design standards can improve amenity. But there is a trade-off: each additional layer of regulation can add construction cost, consultant cost, design complexity and approval burden.
- A basic but nevertheless useful proxy for the growing complexity of building regulations can be seen in the growing size of the National Construction Code (NCC) compared to the former Building Code of Australia (BCA).
- Since 1988, an additional 675 pages of regulations govern how residential buildings are delivered. More pages (and more rules) intrinsically requires more interpretation and technical input.

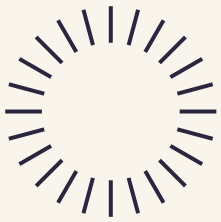


The Growing Rulebook

Figure 1: BCA/NCC Volume One (1988-2022), Page Counts



Source: ABCB (2026)



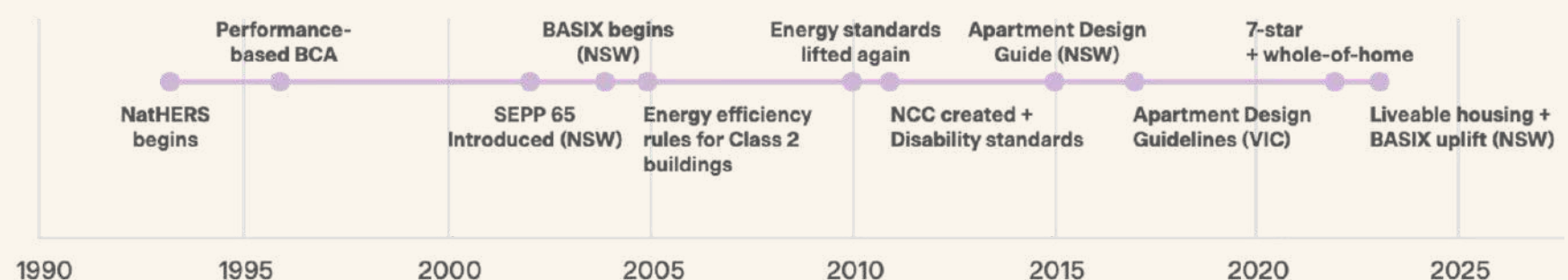
PART 3: REGULATORY CHANGE IN BUILDING REQUIREMENTS

30 Years of Added Requirements

The issue is not one regulation – it is the cumulative effect of many.

- New housing requirements have been layered in progressively over decades rather than introduced in one major reform.
- Major milestones include NatHERS in 1993, the performance-based BCA in 1996, BASIX in 2004, the creation of the NCC in 2011, NSW and Victorian apartment design reforms in 2015 and 2017, and later energy and livable housing uplifts under NCC 2022.
- Each reform may have been introduced for a sound policy reason, but together they have increased the number of standards that housing projects need to satisfy.

Figure 2: Major Regulatory Milestones (1990-2025), Australia's Construction Sector

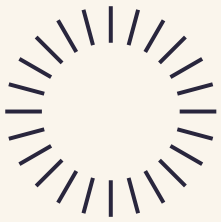




Then v Now: The Walk-Up Apartment

The efficient and affordable walk-up is not necessarily banned, but it is far harder to deliver economically.

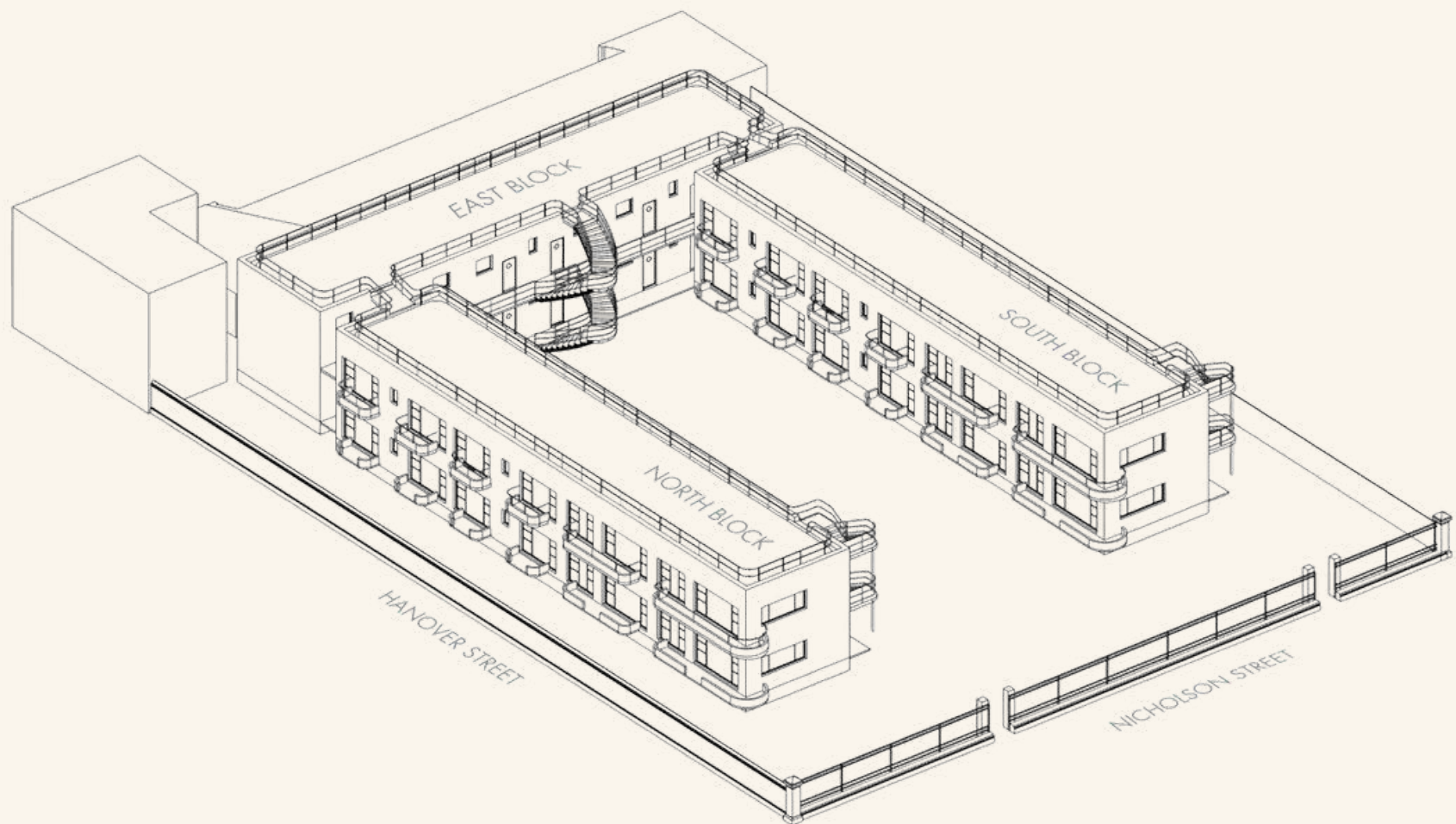
- The most prominent victim of growing building regulation has been the humble ‘walk up’ apartment building which was prolific across Australia’s cities in the early 20th century.
 - Walk up flats were generally straightforward to deliver, featuring simple stairs, compact floorplates, minimal common circulation and no lift, making them a relatively efficient and affordable housing format.
 - Whilst walk up flats are not necessarily banned under current regulations, NCC accessibility requirements to common areas, liveable housing provisions and higher design standards around amenity, solar access, ventilation, storage and private open space mean that this typology is now much harder to reproduce in its historic form, even where it remains technically possible.
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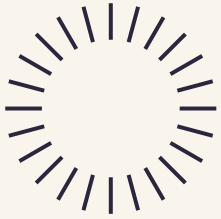
PART 3: REGULATORY CHANGE IN BUILDING REQUIREMENTS

Then v Now: The Walk-Up Apartment

Figure 3: Examples of the Classic 'Walk Up' Apartment Building



Note: Diagram of 'Cairo Flats', Nicholson Street/Hanover Street, Fitzroy, Melbourne
Source: Cairo Flats (2026)



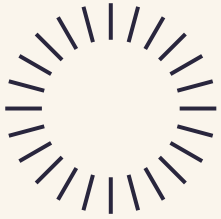
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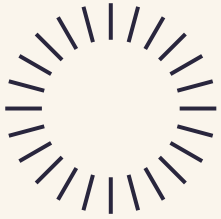
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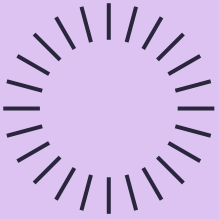
PART 3: REGULATORY CHANGE IN BUILDING REQUIREMENTS

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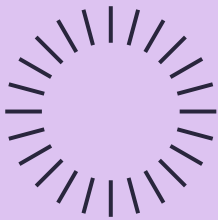
Note: Image of 'walk up' apartments in Campsie, Sydney.
Source: The Conversation (2021)



Compliance has a Cost

The rulebook does not affect every housing type equally.

- Construction costs vary materially across Class 1 and Class 2 housing typologies, with higher-density formats bearing more complex design, access, servicing and compliance requirements. This is reflected in soft costs like professional fees.
- This means the cost of compliance is not uniform across the housing market, with some typologies are far more exposed to regulatory complexity than others.
- For instance, lower rise apartment buildings are typically more expensive to deliver than mid rise apartment buildings on a dollar per square metre of gross floor area (GFA) basis, as they lack density needed to ‘spread’ this cost. This has direct implications for the deliverability of ‘gentle density’ which is so often called for in existing urban areas.



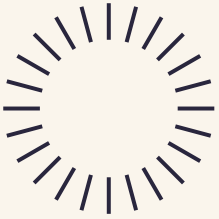
Compliance has a Cost

The rulebook does not affect every housing type equally.

Figure 4: Average Building Costs (\$/sqm GFA) and Densities, Class 1 & Class 2 Buildings



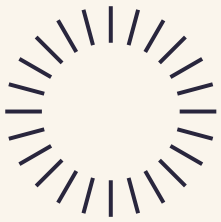
Source: Atlas Economics/Altus



Quality Gains v Supply Effects

Better standards can improve the quality of homes, but they can also reduce affordability and supply.

- Higher standards can deliver genuine benefits, including better thermal performance, stronger resilience, improved accessibility and better apartment amenity which lead to health and wellbeing outcomes.
- But as requirements accumulate, the incremental quality benefits diminish while the cost on feasibility, dwelling yield and supply responsiveness accumulates.
- The policy challenge is not whether standards matter. It is whether governments are properly confronting the trade-off between better homes and homes that remain feasible to deliver at scale.

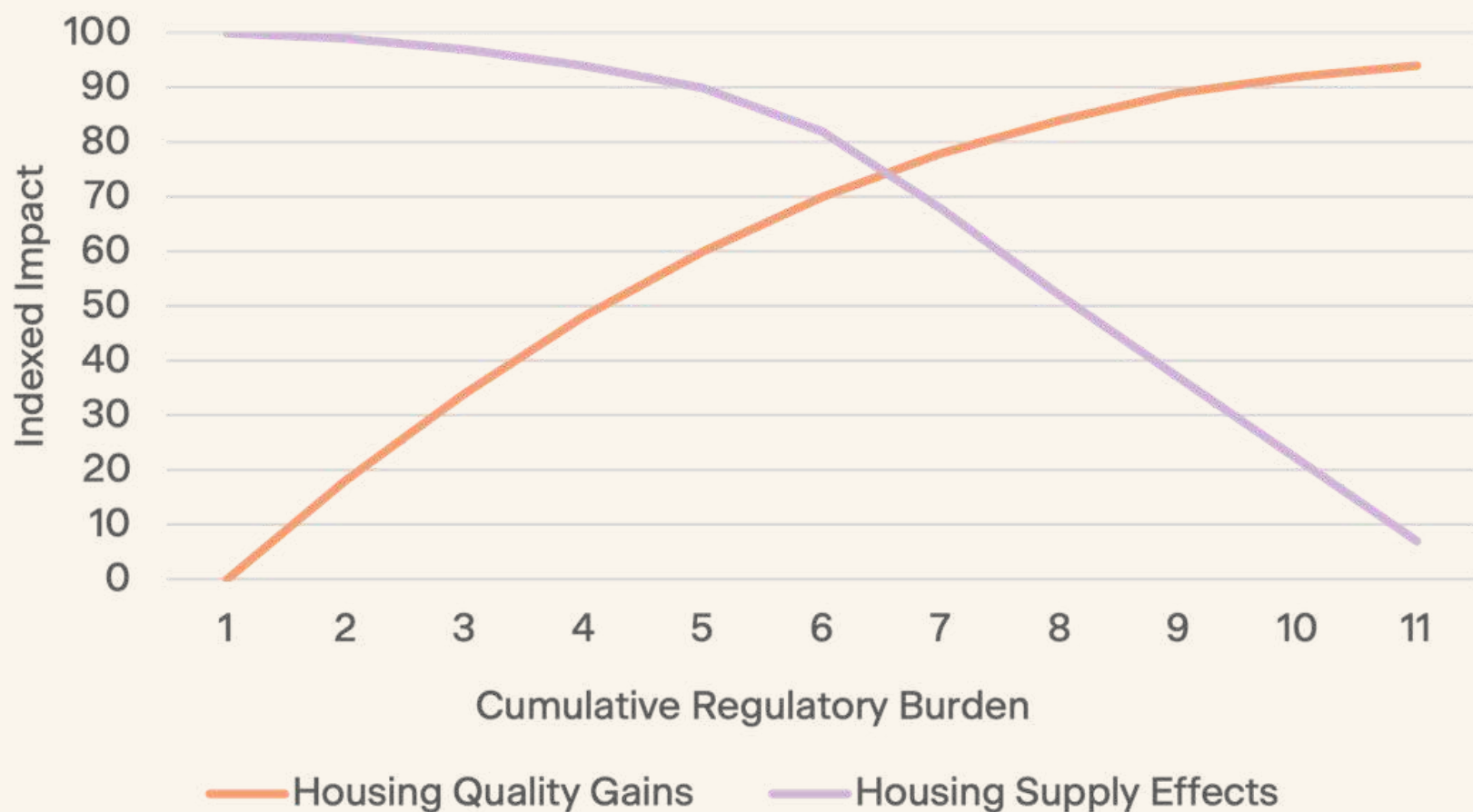


PART 3: REGULATORY CHANGE IN BUILDING REQUIREMENTS

Quality Gains v Supply Effects

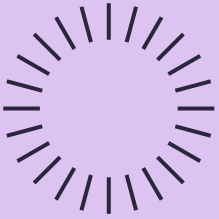
Better standards can improve the quality of homes, but they can also reduce affordability and supply.

Figure 5: The Trade-Off of Added Regulation on Housing Supply, Conceptual Illustration



Note: this figure is conceptual and intended to illustrate the potential trade-off between cumulative regulation, housing quality and supply responsiveness.

Source: Atlas Economics



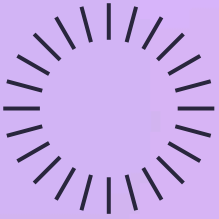
Better Homes Matter. So Does Affordability

Better homes matter. Safer, more sustainable, more accessible and better-designed housing delivers real benefits to residents and communities. Most of the reforms added to Australia's housing rulebook over recent decades have been introduced with good intentions.

But these reforms are not without cost. As requirements accumulate, they can increase design complexity, reduce efficiency and weaken project feasibility.

If Australia is serious about affordability, housing policy cannot just keep adding new requirements. It must consider the incremental benefit compared to the incremental cost.

It must confront what those requirements do collectively to feasibility, delivery efficiency and the ability to supply homes at scale.

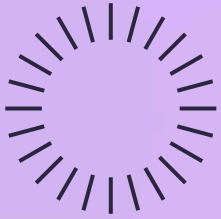


Next Instalment

PART 4

To this end, Part 4 of the #AtlasHousingDownload will be exploring the impact of volatile housing supply on our rental markets.

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PART 3: REGULATORY CHANGE IN BUILDING REQUIREMENTS

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Atlas Housing Download

PART 4





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PART 4

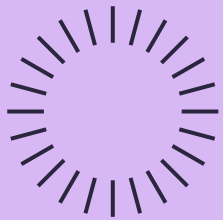
Volatility of Rental Supply and Impacts on Rents

Welcome to Part 4 of the #AtlasHousingDownload – our six-part series exploring Australia's housing market.

In Part 3, we looked into the rules and regulations which govern the building sector, and how the rulebook has grown substantially over the past three decades.

In Part 4 we delve into one of clearest indicators of the health of our housing market – the rental market.

We explore how the rental market has fundamentally changed in recent years, why it has changed and what potential implications the Australian Government's changes to negative gearing and the capital gains tax (CGT) may have on the rental market.

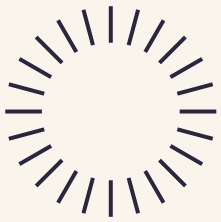


PART 4: VOLATILITY OF RENTAL SUPPLY AND IMPACTS ON RENTS

Same proportions, but bigger overall

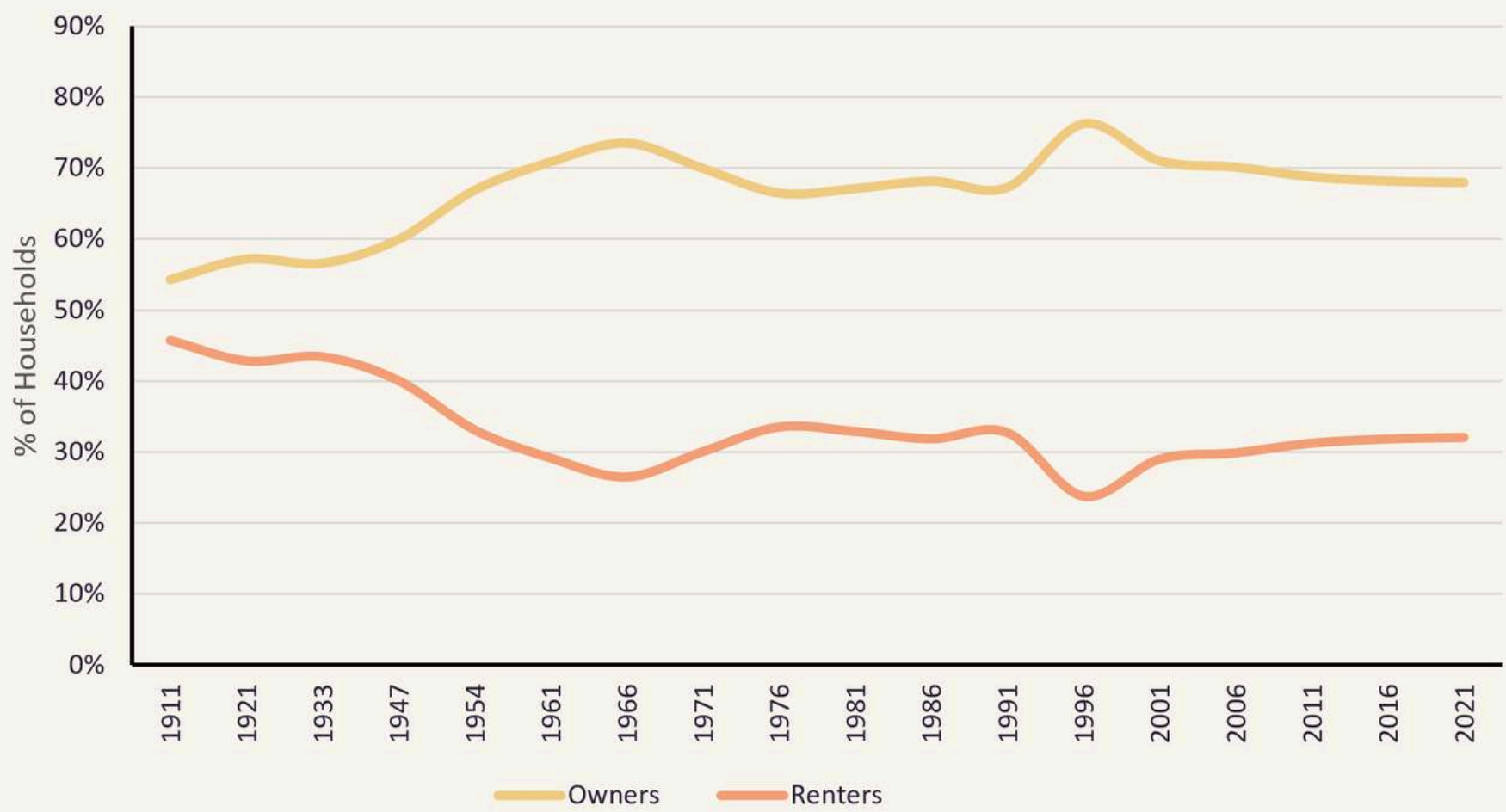
The split of owner occupiers-renters remains similar, but the absolute number of renters has grown significantly.

- When you consider the split of owner occupiers to renters across Australia over the past 110 years, you'd be forgiven to think not a whole lot has changed.
- In 1911, renters accounted for around 46% of Australian households. In 2021, it was estimated that renters accounted for 34% of the country's households.
- In particular, the proportion of renter households has remained largely unchanged in the past 30-years at around 33%.
- This however hides the role of population growth. There were an estimated 2.84 million renter households in the country in 2021 – almost 1 million more than recorded 30-years earlier in 1991.
- This seismic increase in the number of us renting is directly influencing how much we are prepared to pay for rent.



PART 4: VOLATILITY OF RENTAL SUPPLY AND IMPACTS ON RENTS

Figure 1: Proportion of Owner Occupiers and Renters (1911-2021), Australia





PART 4: VOLATILITY OF RENTAL SUPPLY AND IMPACTS ON RENTS

Rents have decoupled from wages

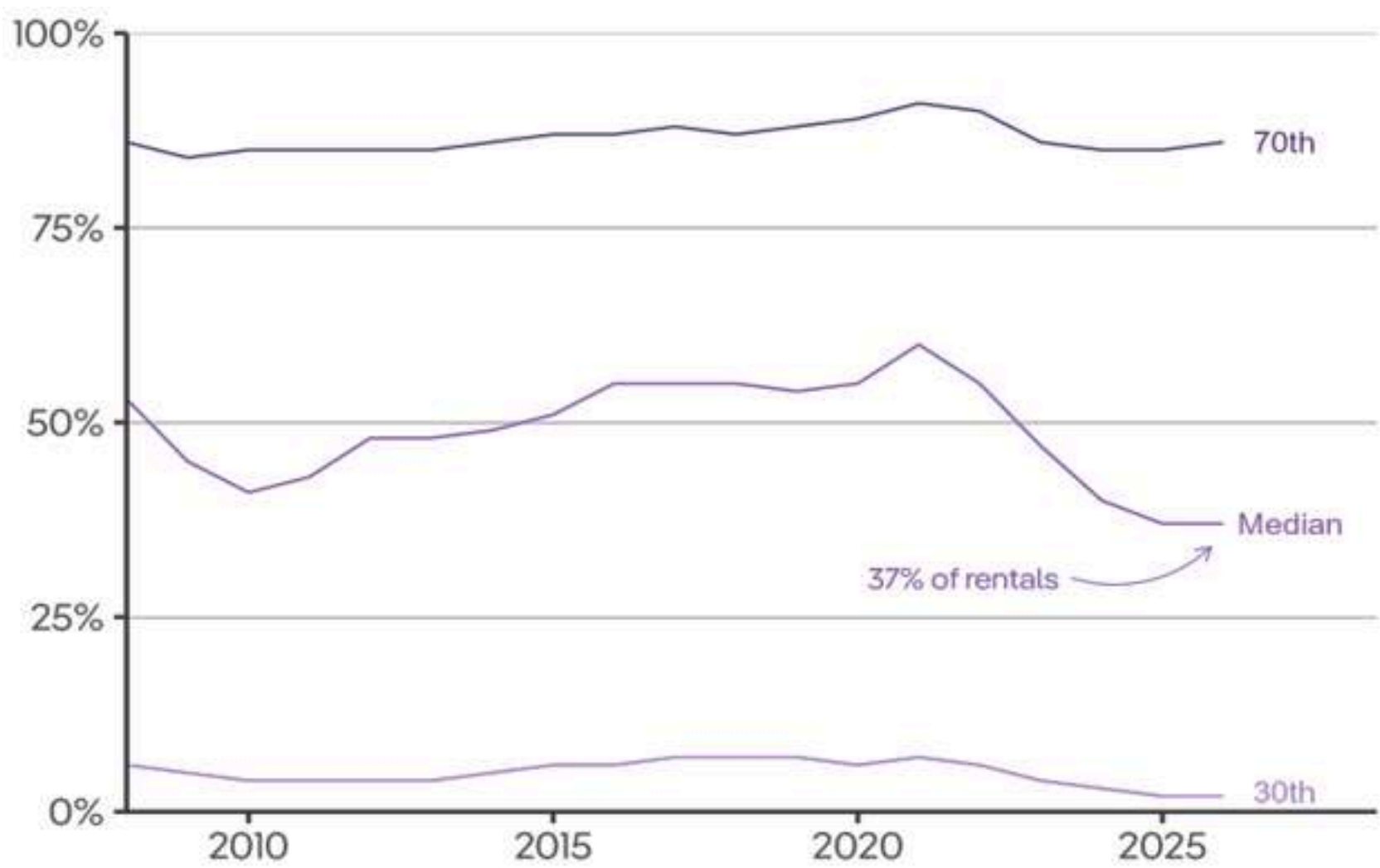
Rents, like house prices, have comprehensively decoupled from wages.

- The absolute growth in the number of renter households across the country, which is largely focused in supply-constrained metropolitan areas, has resulted in a stark shift in the rent-wage relationship.
 - This decoupling can be directly observed in rental data tracked by property advertising powerhouse REA Group:
 - In 2008, Australian households on a median income could reasonably afford just over 50% of properties advertised for rent.
 - By 2026, only around 37% of rental properties advertised would be reasonably affordable to the typical Australian household. This is the lowest level on record.
 - In a trend mirrored in the owner occupier market, NSW bears the brunt of the rental affordability crisis. As of 2026, only 26% of advertised rentals would be affordable to the typical household. This contrasts with Victoria – where 63% of advertised rentals are affordable.
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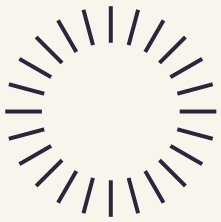


PART 4: VOLATILITY OF RENTAL
SUPPLY AND IMPACTS ON RENTS

Figure 2: Proportion of Advertised Rental Properties which are Affordable (2008-2026), Australia



Source: REA (2026)

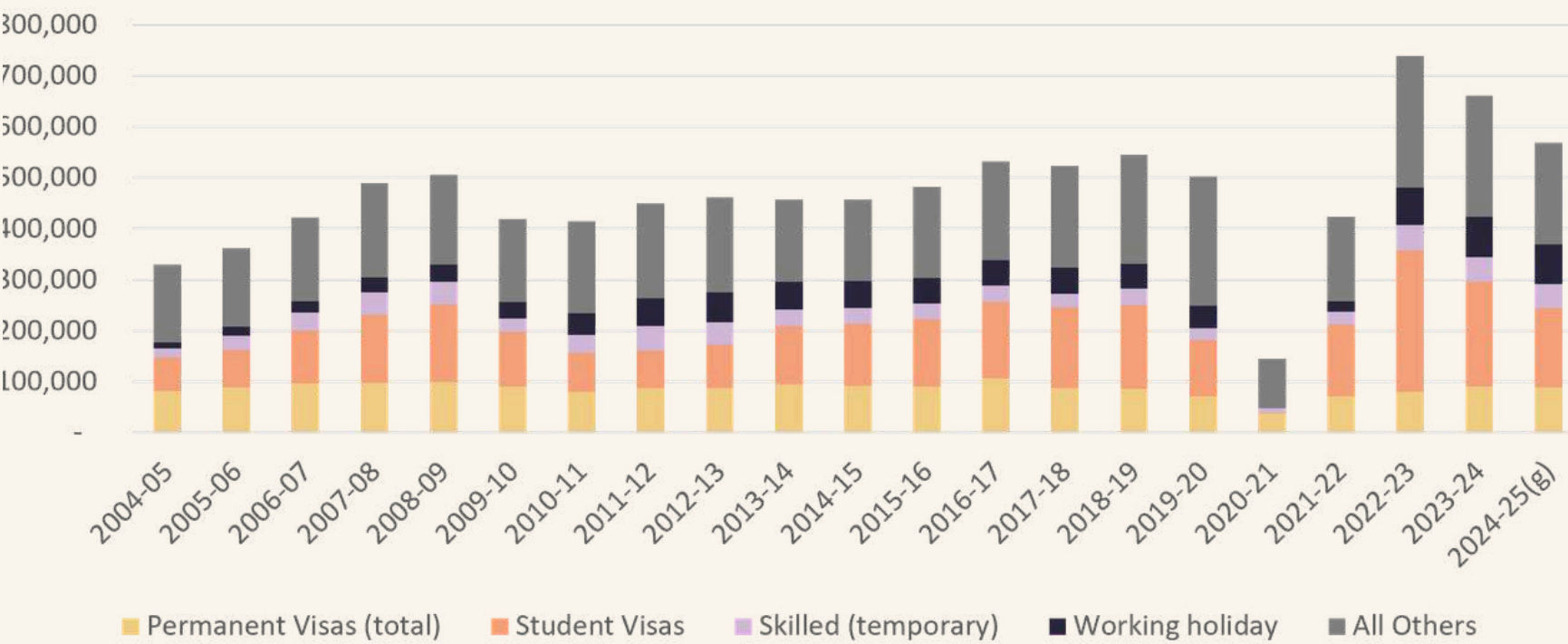


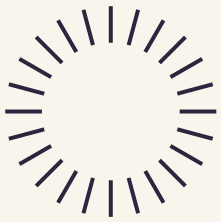
A post-COVID phenomenon

Massive increases in rents post-2020 were driven by a surge in migration AND a fall in rental supply.

- The surge in post-pandemic migration into Australia is well known. Between 2022 and 2024, Australia recorded a net increase in migration of 967,000 people (the highest on record). Figure 3 shows the surge in overseas migration over 2022-2024.

Figure 3: Migration by Visa Type (2004-2025), Australia



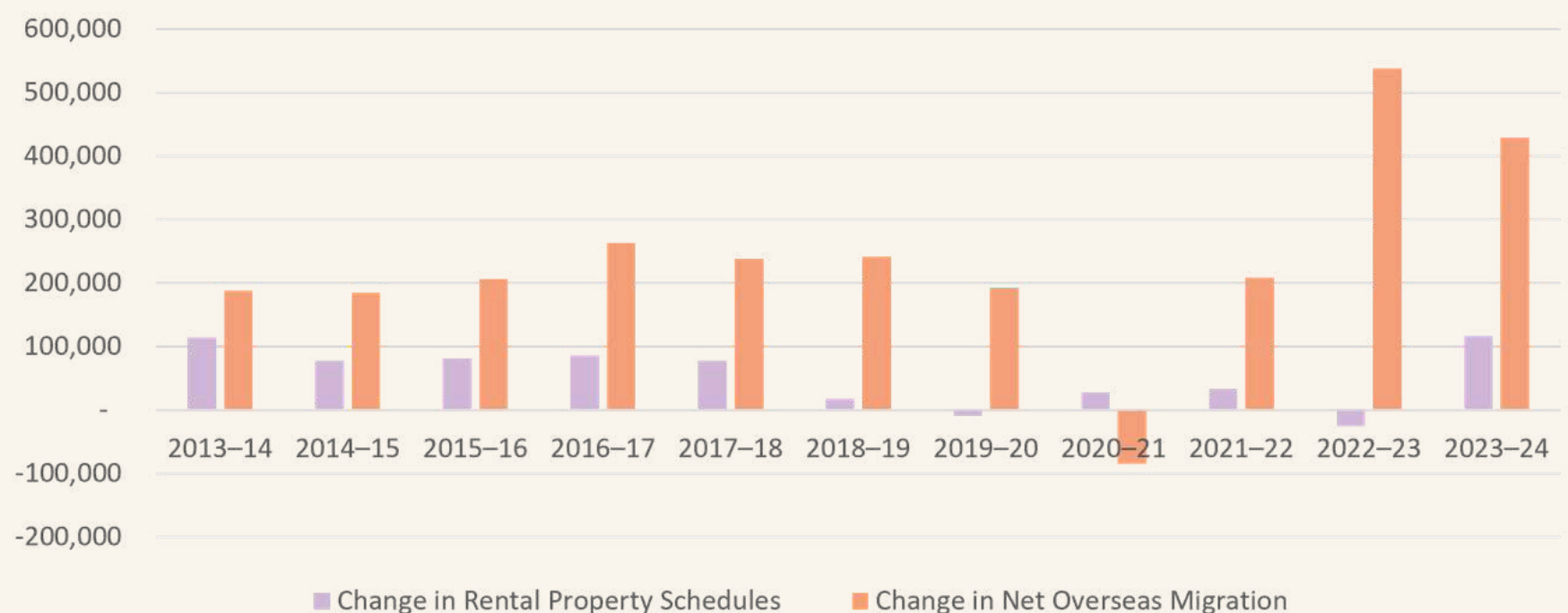


PART 4: VOLATILITY OF RENTAL SUPPLY AND IMPACTS ON RENTS

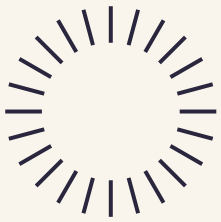
A post-COVID phenomenon

- What isn't as well known is the sharp drop in rental supply which also occurred over this period. Figure 4 shows the rental property schedules submitted to the ATO in individual tax returns.
- From 2018 onwards, individual tax returns show a decline in rental property schedules, which suggest falling supply of rental stock.
- By the time the international borders opened and there was a surge in international migration, there was even more demand pressure on rental stock which had already been falling in the four years prior.

Figure 4: Change in Rental Property Schedules* and Net Overseas Migration (2013-2023), Australia



Note: 2024-25 (g) Estimates for 2024-25 are preliminary and will be subject to future revisions
Source: ABS (2026)

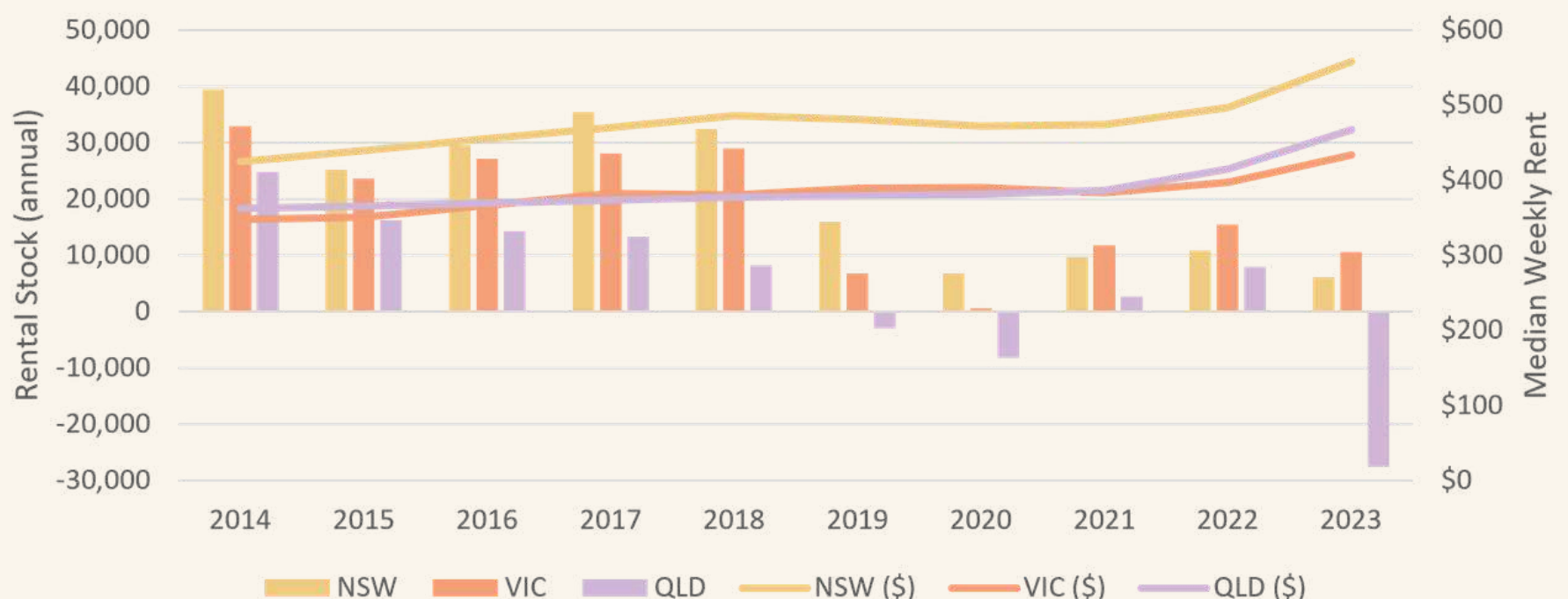


PART 4: VOLATILITY OF RENTAL SUPPLY AND IMPACTS ON RENTS

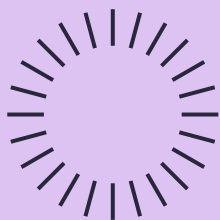
So what happened?

- During the COVID years, interest rates fell and money was cheap. A higher borrowing capacity drove a surge in house prices. Investors cashed in on surging house prices and exited the market while owner occupiers took advantage of low interest rates. Figure 5 shows this phenomenon.
- In all three Eastern States, the availability of rental supply fell dramatically compared to previous years and rents surged.
- The perfect storm of demand (from migration levels and owner occupiers responding to low interest rates) and supply-side factors (withdrawal of investor stock) drove rents across much of Australia to historic highs.

Figure 5: Annual Rental Supply and Median Weekly Rents (All Dwellings; 2014-2023), NSW, VIC & QLD



Source: ATO (2025), DCJ (2025), RTA (2025)



PART 4: VOLATILITY OF RENTAL SUPPLY AND IMPACTS ON RENTS

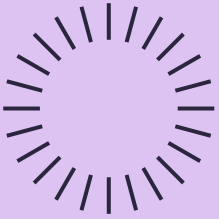
Where is the rental market heading?

The 2026 Budget has embarked on a partial reform of the Australian tax system, with changes to negative gearing and the capital gains tax (CGT) currently being progressed through the Australian Senate.

There has been much commentary on the likely impact of these changes on rental markets. The truth is, as is the case with anything to do with complex market systems like the housing market, more complicated.

It's true that changes to negative gearing and CGT are likely to reduce the relative attractiveness of established residential investment properties, with potential short-term implications for investor demand and rental supply in already constrained markets.

However, rental impacts are unlikely to be driven by a simple pass-through of higher investor tax costs. Rather, impacts will depend on whether reduced investor participation is offset by increased owner-occupier purchases and a redirection of investment toward new housing supply.



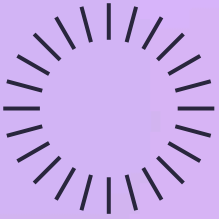
Where is the rental market heading?

Over the longer term, rental affordability will be determined less by tax changes and more by whether new housing supply can deliver a meaningful uptick in rental stock.

Closely tied to this is whether the Australian rental market shifts from one of amateur 'mum and dad' landlords to a more professional investor sector. As recent history shows, mum and dad investors are much more likely to be fickle and opportunistic. In contrast, professional/ institutional landlords are in the business of being a landlord and have an investment imperative.

In other asset classes such as commercial, retail and industrial property, the participation of the professional investor/ landlord (often institutional funds) provides a form of supply/ stock stability that isn't available in the residential sector. Greater involvement of professional investors, coupled with supply, would help with the long-term stability of rental supply and rents.

In the short-term however, there is a real risk that rents will continue to climb in response to a post-Budget fall in rental stock. Given the historically low levels of affordability in the rental market, this is not good news for households already living on the affordability edge.

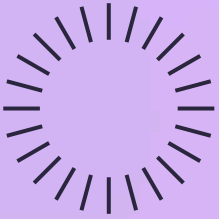


Next Instalment

PART 5

In Part 5 of the #AtlasHousingDownload, we'll explore how the Australian housing market has limited ability to provide a safety net for these vulnerable households.

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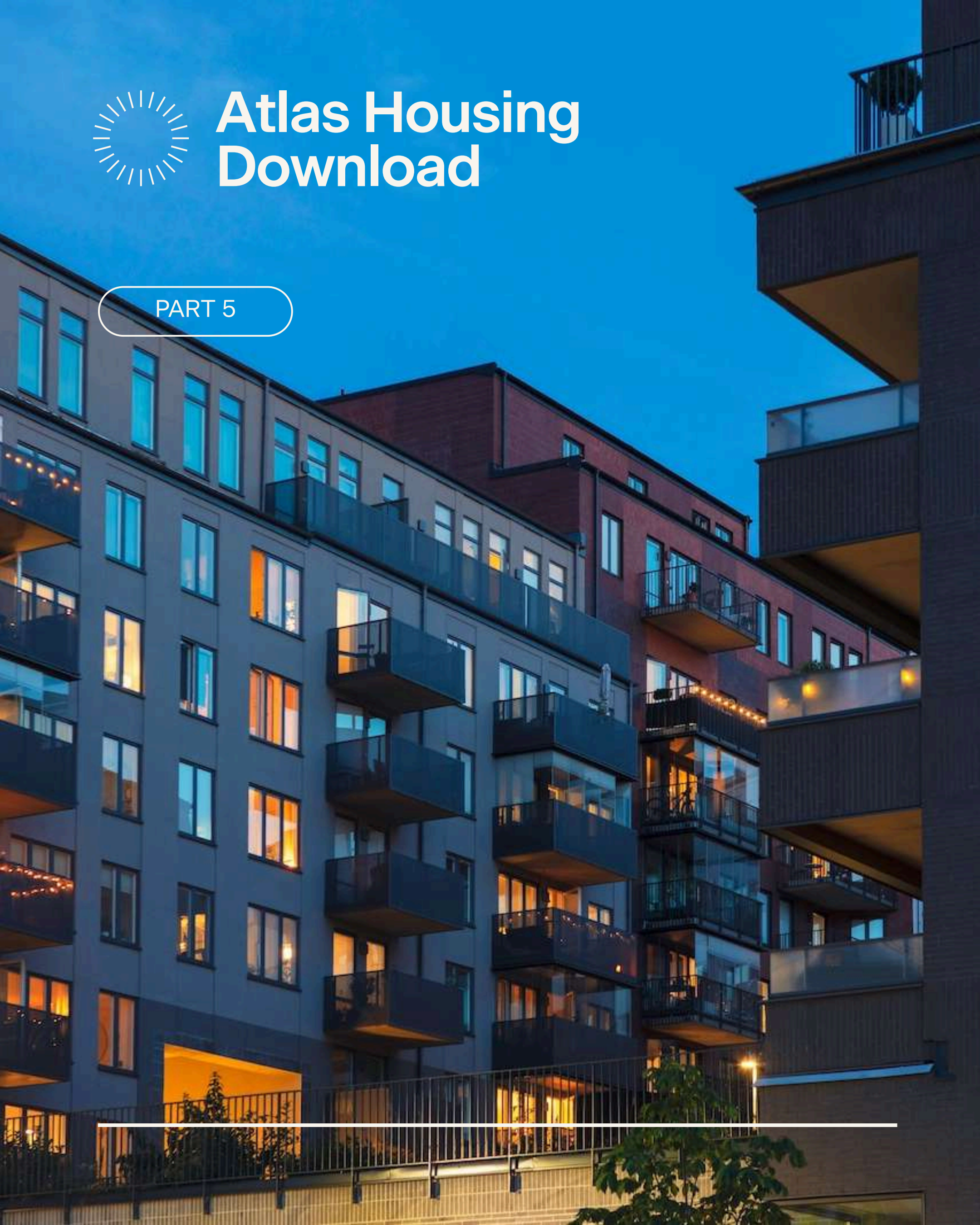
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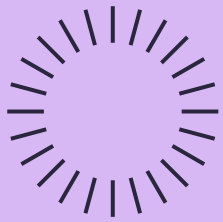
PART 5

Beyond Welfare: The Case for Subsidised Housing

Welcome to Part 5 of the #AtlasHousingDownload – our six-part series exploring Australia's housing market.

In Part 4, we explored how Australia's rental market has become increasingly constrained. Rental supply has become more volatile, affordability has declined and more households are competing for a shrinking pool of affordable rental homes.

That raises the next question: what happens when households can no longer access suitable housing through the private market?



PART 5: BEYOND WELFARE: THE CASE FOR SUBSIDISED HOUSING

Australia's subsidised housing system

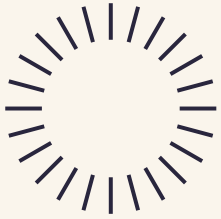
Housing is a fundamental need. Yet in Australia, we primarily rely on the private market to provide it. For most households, that works. But markets alone cannot meet everyone's needs.

This is where Australia's subsidised housing system comes in. It provides a safety net for households unable to access suitable housing through home ownership or the private rental market.

Like healthcare, education and transport, it recognises that some essential services cannot be left entirely to the market.

As Australia's housing market has become unaffordable, the importance of this safety net has grown. Yet it has not kept pace with demand.

In Part 5, we examine how Australia's subsidised housing system has changed over time. Why demand continues to outpace supply and why evidence suggests subsidised housing should be viewed not simply as welfare, but as essential economic infrastructure.



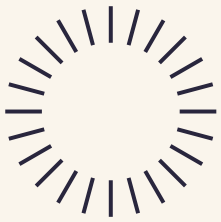
PART 5: BEYOND WELFARE: THE CASE FOR SUBSIDISED HOUSING

The shrinking safety net

Subsidised housing¹ provides a safety net for households unable to secure suitable housing through home ownership or the private rental market.

The role it plays today reflects a fundamental shift in Australia's housing system, from one in which governments directly expanded housing supply to one that relies primarily on the private market.

- **Governments once played a major role in housing delivery:** During much of the post-World War II period, governments directly supported the expansion of housing supply. Between the mid-1950s and mid-1970s, around 15,500 subsidised homes were approved each year.ⁱ
- **Government-supported supply began to decline:** From the early 1990s, annual approvals fell below 6,000 homes. Over the past decade, they have averaged only around 3,100 homes a year.ⁱ



PART 5: BEYOND WELFARE: THE CASE FOR SUBSIDISED HOUSING

Subsidised housing: the role it plays

- **The private market gradually became the main source of new housing:** As governments stepped back from direct delivery, subsidised housing was left to perform a narrower role, supporting households unable to access suitable housing through the private market. This is outlined in Figure 1.ⁱ
- **The safety net has not kept pace with Australia's growth:** Subsidised housing declined from 6% of Australia's housing stock in 1996 to 3.9% in 2025, while the population grew by 25%.ⁱⁱ
- **As a result, the safety net is becoming progressively smaller:** Decades of underinvestment have reduced the availability of subsidised housing at a time when the need for it remains substantial.

Figure 1: Subsidised Housing Building Approvals (1947-2022)



Source: Shelter NSW (2026)



Demand Continues To Outpace Supply

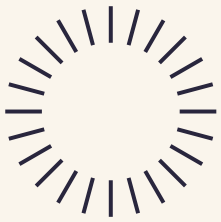
A shrinking subsidised housing system would be less concerning if few Australians relied on it. However, the need for subsidised housing remains substantial, while new supply continues to fall well short of what is required.

- **Demand is substantial:** In 2023, ~640,000 Australian households were estimated to require subsidised housing, including ~145,000 households in Sydney, and ~109,800 in Melbourne.ⁱⁱⁱ
- **Waiting lists continue to grow:** In 2026, over 200,000 households were waiting for subsidised housing, with waiting periods often more than 10 years.^{iv}
- **Delivery is falling well behind the national target:** The Australian Government established the \$10 billion Housing Australia Future Fund (HAFF) in 2023, initially targeting 30,000 new subsidised homes over 5-years before increasing the target to 40,000. However, only 1,432 homes (or 3.6%) had reportedly been delivered by April 2026. The figure below compares actual delivery against the target up to end of 2026.

Figure 2: HAFF Target v Achieved Dwellings (2023-2026)



The challenge, therefore, is not simply to fund more subsidised housing. It is to deliver homes quickly enough to stop the gap between supply and need from widening.



PART 5: BEYOND WELFARE: THE CASE FOR SUBSIDISED HOUSING

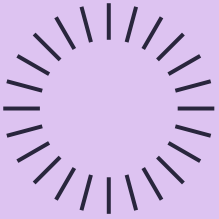
Subsidised Housing Is An Investment, Not a Cost

Subsidised housing is often viewed as a welfare expense. However, it is much more than that. Access to secure and affordable housing supports better health, education and employment outcomes, creating stronger communities and a more productive economy. Together, these benefits make a compelling economic case for subsidised housing.

The challenge, therefore, is not simply to fund more subsidised housing. It is to deliver homes quickly enough to stop the gap between supply and need from widening.

- Australian research found that every \$1 invested in subsidised housing generates around \$2 in economic and social benefits, placing it alongside major infrastructure investments.ⁱⁱ
- Doing nothing is equally costly. It estimates that unmet housing need could cost Australia an additional \$25 billion annually by 2052 through higher health, education, justice and productivity costs. These are the costs of not providing stable housing.ⁱⁱ
- International evidence tells the same story. A major Canadian study found that \$1 investment in subsidised housing generated around \$2.8 returns in economic and social benefits, boosted GDP, supported more than 350,000 job years and reduced pressure on hospitals, homelessness services and the justice system.^{vi}

The conclusion is straightforward. Subsidised housing should not be viewed simply as welfare. It is essential economic infrastructure that reduces future government costs while strengthening the nation's economy.



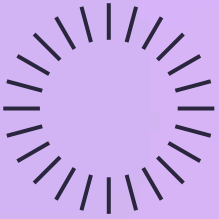
PART 5: BEYOND WELFARE: THE CASE FOR SUBSIDISED HOUSING

The Challenge Ahead

The HAFF acknowledges that increasing private housing supply alone is unlikely to meet the needs of all Australians. Targeted investment in subsidised housing remains important for households locked out of the private market.

While this is an important step, recent reviews suggest reversing decades of underinvestment will require sustained commitment. The challenge is not simply to deliver more homes, but to ensure Australia's housing safety net grows alongside the communities it supports.

Across the first five parts of the #AtlasHousingDownload, a consistent theme has emerged: Australia's housing challenges are interconnected. Construction productivity, planning regulation, rental affordability and subsidised housing all influence the broader housing market.



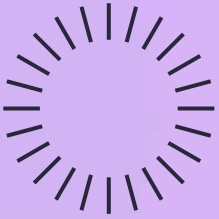
Next Instalment

PART 6

The final article, Part 6, asks the most important question: What do we do?

It explores the reforms needed to improve housing supply and affordability, expand subsidised housing and create a more responsive housing system.

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PART 6





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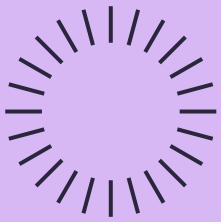
PART 6

From Housing Approvals to Housing Delivery: What Can We Do?

Welcome to the final instalment of the #AtlasHousingDownload.

Across this series, we have explored some of the fundamental causes of the Australian housing market crisis. We've examined the structural imbalance between population growth and dwelling production, the limited capacity of Australia's construction sector, the growing building rulebook, rental market volatility and the declining supply of subsidised housing.

We now arrive at the most important question: **What do we do?**



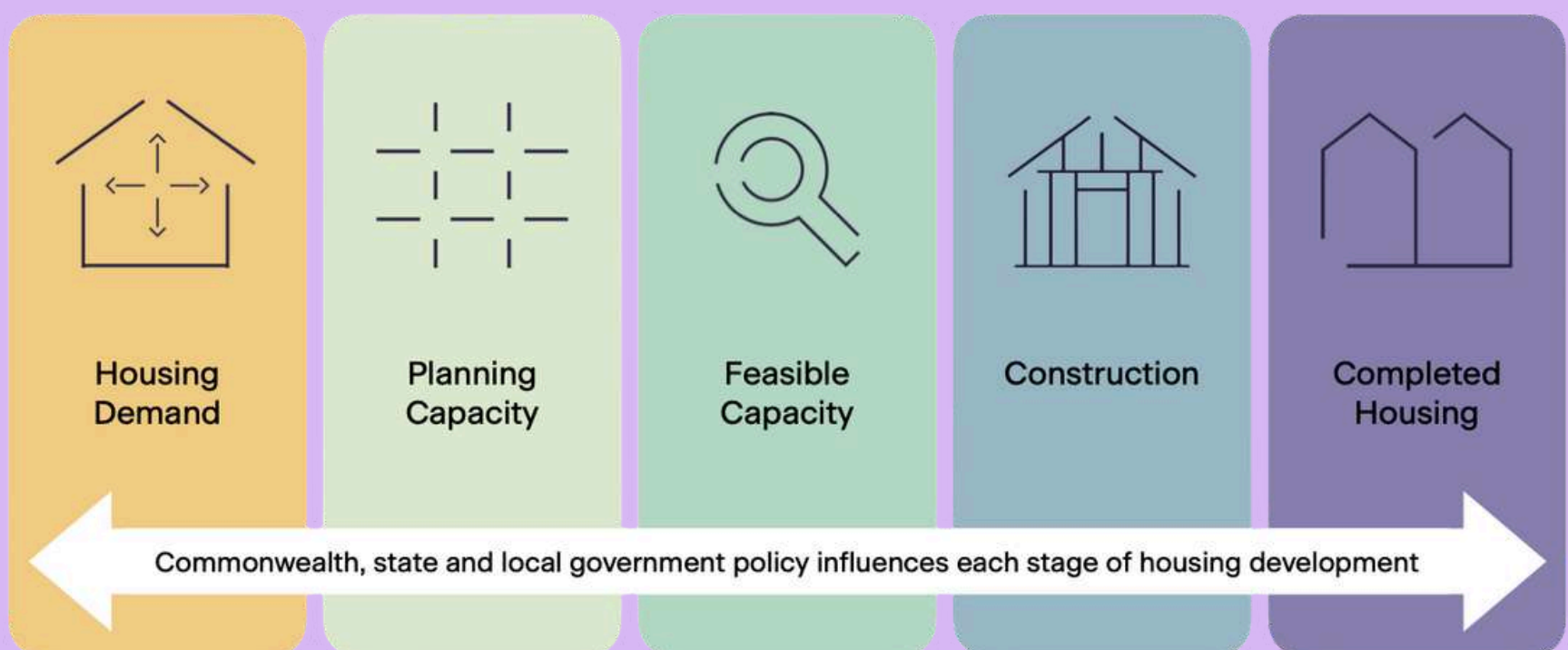
Governments have started responding

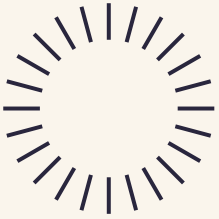
Housing policy has shifted considerably in recent years.

State governments are rezoning land, increasing permissible densities and establishing new pathways to approve housing more quickly. They are also investing in enabling infrastructure and seeking to make greater use of government-owned land.

At the Commonwealth level, net overseas migration is being brought down from its post-pandemic peak. Changes to negative gearing and capital gains tax settings are also intended to moderate demand for established housing and redirect investment towards new supply.

Government investment in social and Affordable Housing has also increased, recognising that the private market cannot meet the housing needs of everyone.





We accidentally made housing a luxury good

We have an enormous number of people who need it, an enormous amount of land, an enormous construction industry, enormous amount of capital - yet somehow, we have managed to make housing incredibly difficult and expensive to produce.

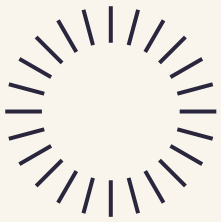
Much of Australia's housing debate is focused on planning approvals. But an approval is permission to build. It is not a completed home.

Before an approved project can be delivered, it must be commercially feasible, financed and physically constructed. Each stage introduces costs, risks and potential delays.

The construction sector must have the capability and capacity to respond, and at a cost households can ultimately afford.

As we explored in Part 2 of the #AtlasHousingDownload, Australia's performance on this measure is poor:

- The construction workforce and number of businesses increased by approximately 20% between 2016 and 2026.
 - Yet the number of dwellings completed per hour worked **declined** by 53% over the past three decades.
 - Today, 14 dwellings are completed per 100 workers (compared to 32 dwellings per 100 workers 50 years ago).
 - Wages today are higher than 50 years ago, but we are producing less than half of what we did 50 years ago.
 - In contrast, labour productivity across the broader economy **increased** by 49% over the same period.
-



Construction productivity

Australia is employing more people and operating more construction businesses but delivering fewer homes per worker. We are asking an industry with poor productivity to deliver housing at an unprecedented scale.

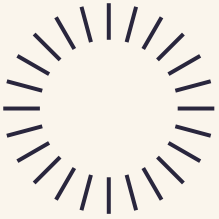
When the market is constrained in its capacity to produce, the market prices the constraints into the product. The debate often centres around housing supply as though it is a tap we can turn on. It is not.

Construction capacity is an industrial capability. If we want to build twice as much housing, we need to double the productive capacity of the industry.

It's not just about "we need more labour".

Figure 2: Housing Construction and Economy-wide Productivity, 1995–2024





Why system-wide productivity matters for affordability

Productivity often sounds and feels like an abstract economic concept. In housing, its effects are tangible.

Improving productivity means delivering more housing from the labour, capital, land and materials used. It can reduce construction times, improve the reliability of delivery and lower the cost of producing each dwelling.

But our construction sector is fragmented, with thousands of micro-firms making up the sector. The average construction firm employs 2.7 persons.

A lower-cost of production must be system-wide, not at the project level. It is only a system-wide reduction in cost that will make housing cheaper to buy.

If we want cheaper housing, we must make housing cheaper to produce. This is why planning reform and construction productivity should not be treated as mutually exclusive or policy alternatives.

International experience helps illustrate this relationship.

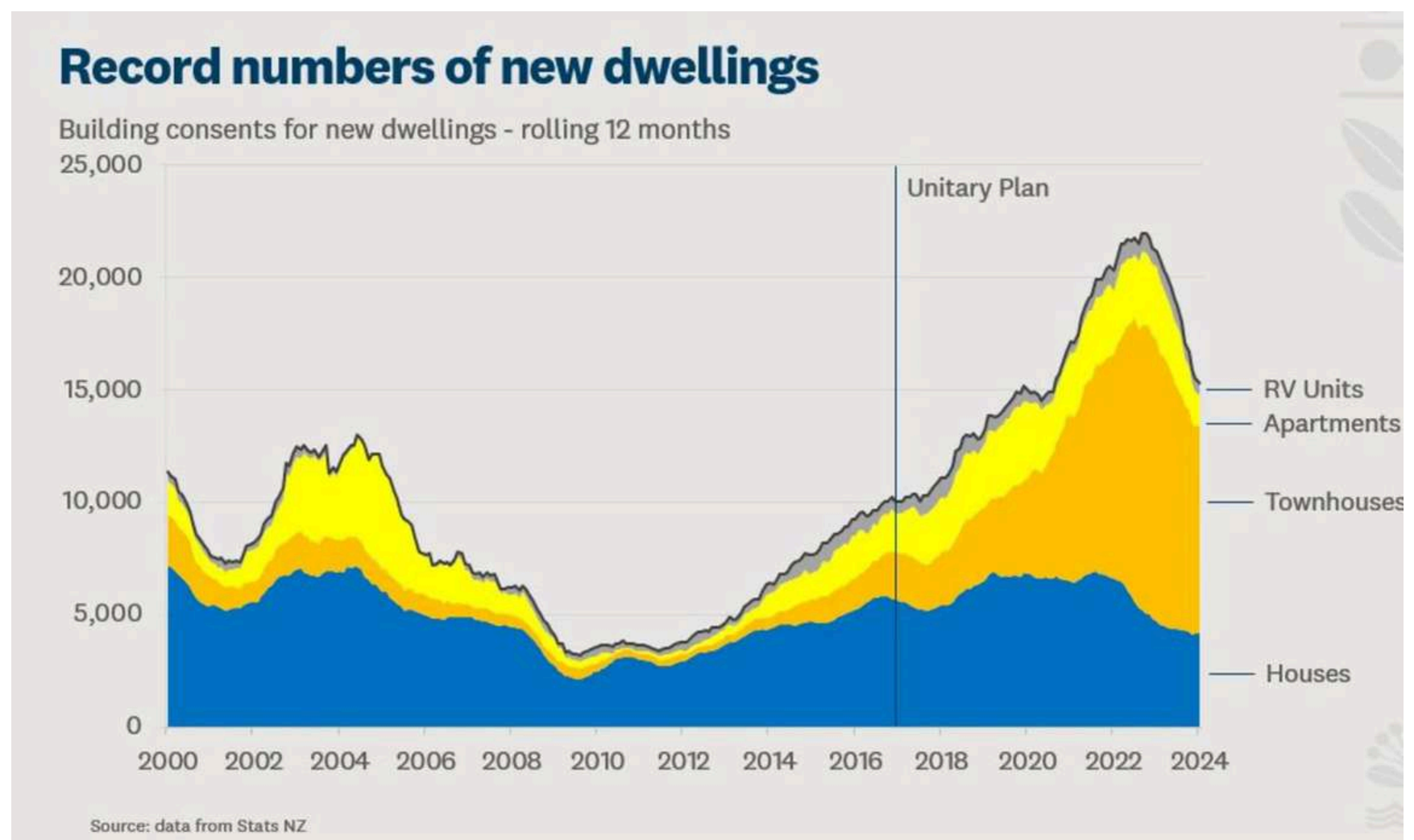


Auckland: Planning reform can increase supply

Auckland's 2016 Unitary Plan substantially increased permitted residential densities across the city. Research has estimated that the reforms generated around 21,800 additional dwelling consents over their first five years (Greenaway-McGrevy and Phillips, 2023).

Auckland therefore demonstrates that well-designed planning reform can unlock genuine housing supply. However, it also reinforces the importance of having a construction sector capable of converting additional development capacity into completed homes efficiently and affordably.

Figure 3: Housing Approvals, Auckland





Singapore: Building differently

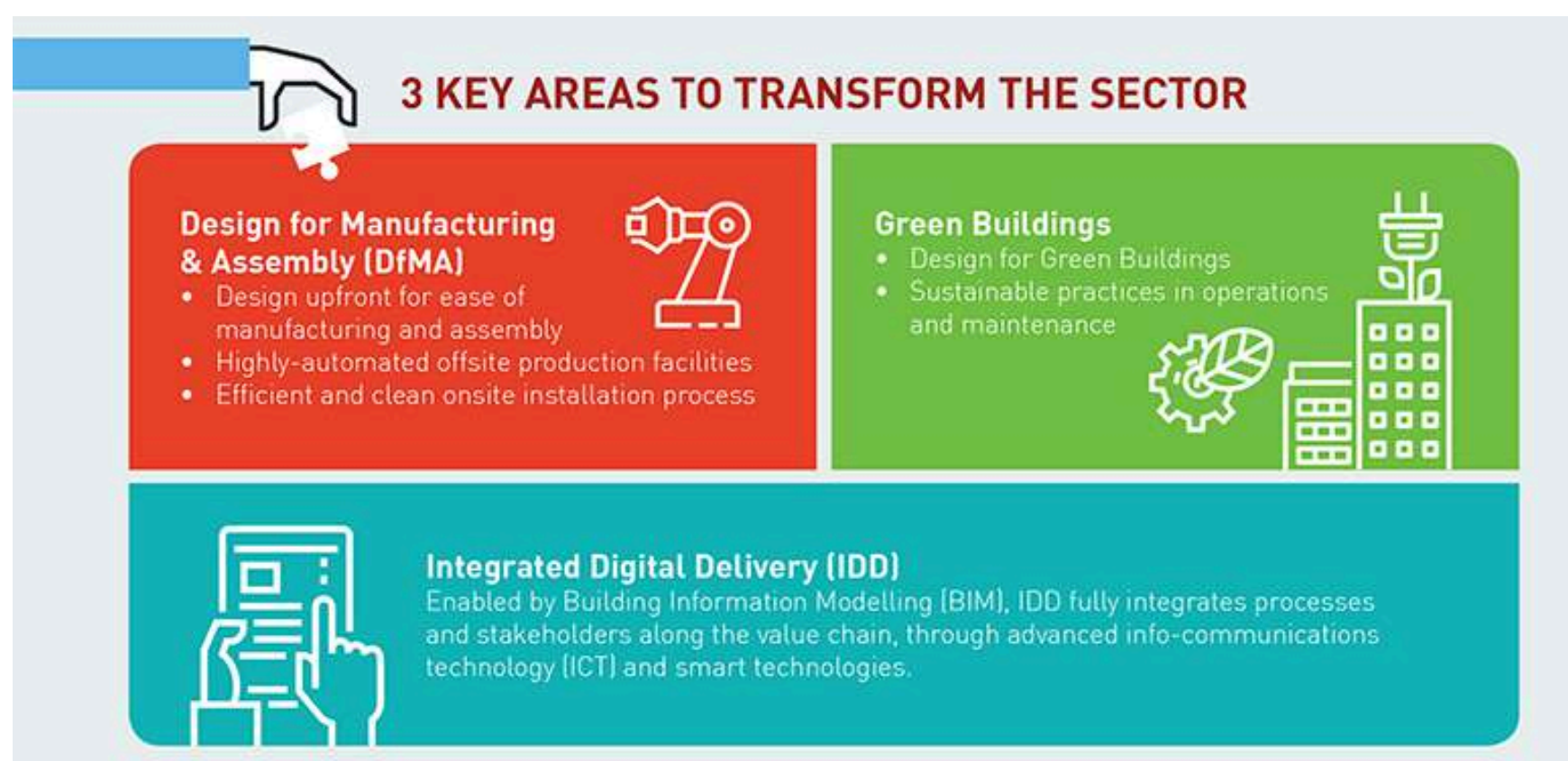
Singapore demonstrates what a sustained and coordinated construction-productivity agenda can achieve. Over several decades, Singapore has progressively shifted parts of its construction industry from traditional on-site building towards '*Design for Manufacturing and Assembly*' (DfMA).

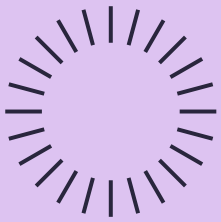
Under this approach, components are designed for repeatable production in controlled factory environments before being transported and assembled on site.

Between 2010 and 2020, Singapore reported a 19.5% improvement in construction-site productivity. Its Housing and Development Board achieved a productivity improvement of approximately 25.9% over the same period.

Singapore implemented a coordinated industry-transformation program encompassing technology, regulation, skills, manufacturing capacity and government procurement.

That is the important lesson for Australia. Modern methods of construction are unlikely to succeed as a collection of isolated pilot projects.





National Construction Productivity Agenda

If Australia is serious about housing affordability, construction productivity needs to become a national economic reform priority.

This agenda should be built around three connected pillars.

1.

Make housing production more repeatable

Most housing is still treated as a largely bespoke project.

Designs, documentation, procurement processes and construction solutions are frequently re-created on each site.

Standardisation does not require identical homes or neighbourhoods.

2.

Create the conditions for productive scale

Investment in manufacturing facilities, automation, workforce training and digital systems requires a dependable pipeline of work.

Governments are among Australia's largest clients of the construction sector.

Their collective purchasing power could be used more strategically.

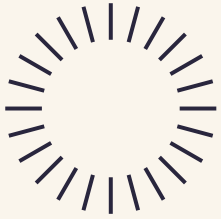
3.

Create a genuinely national construction market

Australia does not have a singular construction market.

Building regulations, occupational licensing, accreditation requirements and planning systems vary between jurisdictions.

These differences limit workforce mobility, increase duplication and make it difficult for productive firms and construction systems to operate nationally.



Measure delivery, not just approvals

Governments and industry bodies already monitor many aspects of housing delivery, including approvals, commencements, completions, construction costs, insolvencies and development timeframes.

Particular attention should be given to approval-to-commencement and commencement-to-completion times, conversion rates, construction costs and broader measures of sector productivity.

Consistent public reporting would help identify where housing is being delayed or lost and whether reforms are improving completed supply, not simply expanding the pipeline of approved dwellings.

Australia must continue moving from measuring its ambition to build towards measuring its ability to deliver.

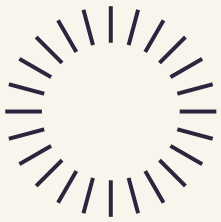


Table the National Construction Productivity Agenda

The #AtlasHousingDownload series has clearly shown that Australia's housing crisis does not have a single cause.

Atlas' view is that the National Cabinet should endorse a rolling five-year '*National Construction Productivity Agenda*' (NCPA).

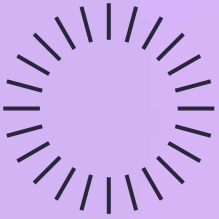
This should consolidate the work already occurring across governments into a single program with clear ownership, measurable outcomes and public accountability.

We DO NOT need another review.

The NCPA would be a logical extension to the National Housing Accord. If National Cabinet can agree on how many homes Australia needs, it should also agree on how the construction sector will deliver them.

We agree that approving more housing matters.

Building them efficiently and affordably matters just as much. That is the next, and arguably most difficult, housing reform Australia must confront.



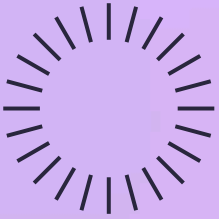
That's a wrap!

PARTS 1-6

This was a summary of the final part in our Atlas Housing Download Series. You can read the full article published on Atlas' website on our *Insights* page.

We hope you enjoyed reading our six part Atlas Housing Download Series.

Atlas Economics[™]



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