

MEDIA RELEASE

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Sydney is Least Affordable Capital City for Emergency Workers

Owning a house in the city they serve remains an unattainable dream for Sydney's emergency workers and teachers, with nearly nine in ten council areas in Sydney being unaffordable for key workers, the second annual Bankwest Key Worker Housing Affordability Report has revealed.

Sydney is the least affordable capital city for key workers in Australia with the median house price eight times the salary of a key worker. Affordability, however, did improve marginally last year and over the past five years because of a flat property market in Sydney.

In Sydney, the median house price was unaffordable in 86% of local government areas (LGAs) in March 2009, compared with 91% in March 2008.

An area is classified as unaffordable if median house prices are more than five times a key worker's annual earnings.

The Second Annual Bankwest Key Worker Housing Affordability Report spotlights the uphill battle facing NSW key workers. In nearly half of Sydney's suburbs (47%), key workers face house prices which are more than ten times their salary.

"Our research shows that key workers are still doing it tough in Sydney with most being locked out of the property market in the areas they serve," Bankwest Retail Chief Executive Ian Corfield said.

"These are the essential workers Sydneysiders rely on every day to provide important services. The unfortunate reality is many are locked permanently in the rental market and are unlikely to get the keys to their own home, while others have to commute long distances.

"Nurses, teachers and fire-fighters face the most difficulties but all key workers are struggling to buy the average house in all areas, bar Sydney's outer fringes."

The results from the Bankwest Key Worker Housing Affordability Report were derived by analysing house prices in all available Australian local government areas (554 LGAs) and cross referencing them against wages and salary data from the Australian Bureau of Statistics.

While Australians continue to struggle under the weight of the global economic downturn, the crisis has created sporadic relief for key workers as house prices fell in some areas.

All capital cities, apart from Darwin, experienced modest improvements in affordability for key workers during the past year. Affordability in Sydney improved with the median house price to earnings ratio for key workers dropping 0.8 years to 7.7 years in the past twelve months but still remaining in unaffordable territory.

Two Sydney LGAs have moved from being unaffordable for all key workers in 2008 to being affordable for some key workers in 2009 - Blacktown and the Blue Mountains.

Despite the improvement, nurses, teachers and fire-fighters are faced with the median house price being unaffordable in all 43 LGAs in Sydney.

Of NSW's 155,000 key workers, 80,000 are teachers, 55,000 are nurses, 13,000 are police officers, 4,000 are fire and emergency employees and 3,000 are ambulance officers.

Average salaries used in the Report were \$49,748 for nurses, \$55,632 for teachers, \$73,237 for police officers, \$50,471 for fire-fighters and \$61,714 for ambulance officers.

Major findings by area

- **Sydney is the least affordable capital city, followed by Melbourne.** The median house price to earnings ratio for a key worker in Sydney is 7.7 times and 6.5 times in Melbourne.
- **In Sydney the median house price was unaffordable in 86% of LGAs** (37 out of 43) in March 2009, compared with 91% (39 out of 43) in March 2008 and 100% of LGAs in March 2004.
- **In 47% of Sydney's LGAs (20 out of 43), key workers face house prices which are more than ten times their salary.**
- **Mosman is the least affordable LGA in Sydney and NSW for key workers** with a median house price (\$2,421,500) to earnings ratio of 33.1 times for a key worker in March 2009.
- **Campbelltown is the most affordable LGA in Sydney for key workers** with a median house price (\$301,500) to earnings ratio of 4.1 times for a police officer in March 2009.
- **Units are more affordable for key workers than houses in Sydney.** However, the median unit price was still unaffordable for key workers in 51% of LGAs (22 out of 43) in Sydney in March 2009.
- **Less than 10% of regional NSW is unaffordable for key workers.** The median house price in 8% of LGAs (9 out of 108) in NSW was unaffordable for key workers in March 2009, an improvement from 14% (15 out of 108) in March 2008.

Major Findings by occupation

- **Nurses, fire-fighters and teachers face the most affordability difficulties**
The median house price was unaffordable in 100% of LGAs (43 out of 43) in Sydney in March 2009 for nurses, teachers and fire-fighters. Additionally, 33% of regional and rural areas in NSW (36 out of 108) were unaffordable for both nurses and fire-fighters in NSW. 26% of regional LGAs (28 out of 108) are unaffordable for teachers.
- **Police officers are priced out of nearly 90% of Sydney LGAs**
86% of Sydney LGAs (37 out of 43) are unaffordable for police officers which makes them the best placed key workers. In regional and rural areas 8% (9 out of 108) of areas are unaffordable for police officers.

More detailed analysis, data and tables are contained within the 35-page Bankwest Key Worker Housing Affordability Report, which is available at www.bankwest.com.au. A full list of affordability results for all 544 LGAs is also available in the report.

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MAP OF KEY WORKER HOUSING AFFORDABILITY IN SYDNEY

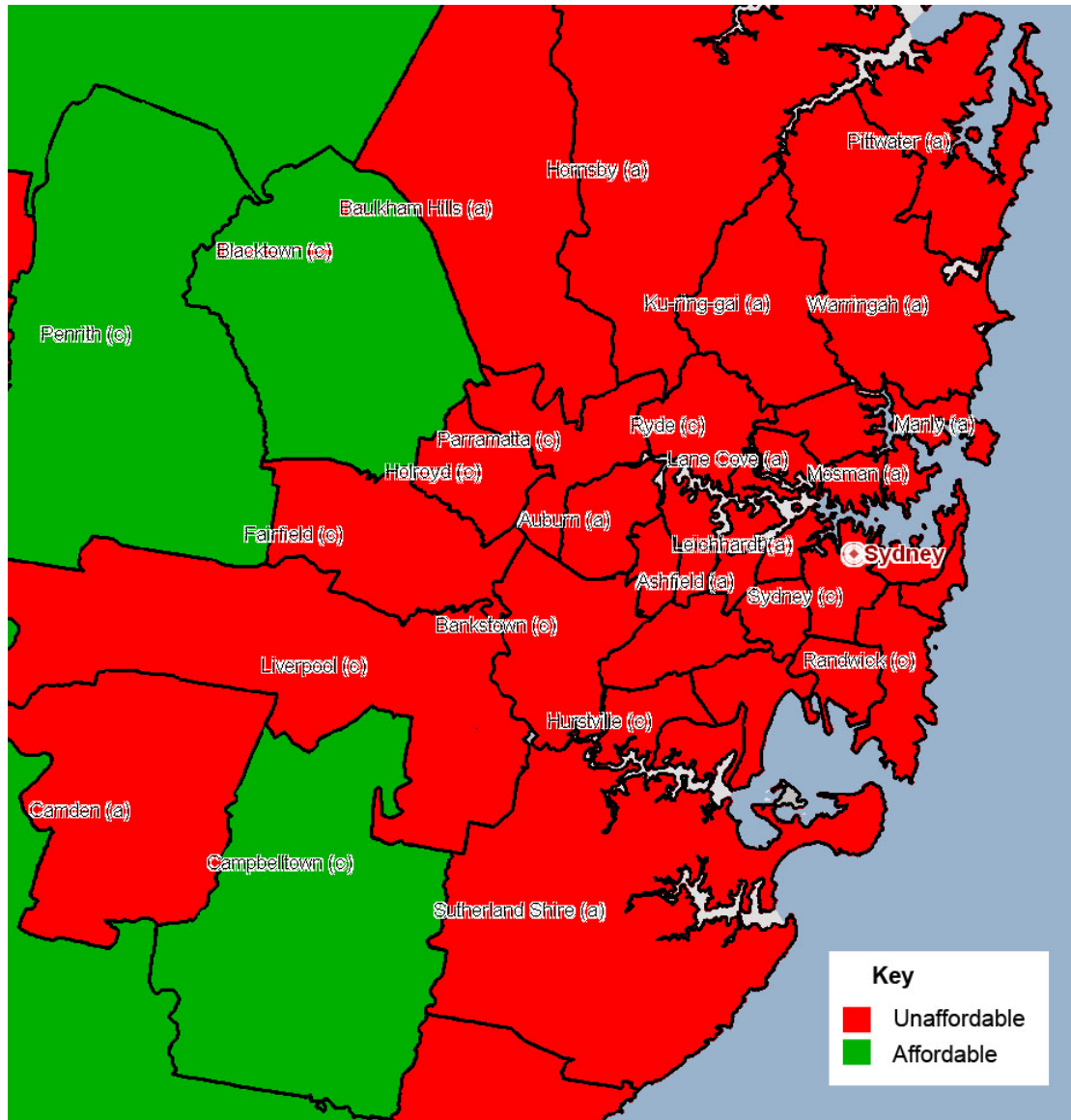


Table 1 – Median house price : earnings ratios for key workers in capital cities

Capital City	House Price to Earnings Ratio (March 2009)				Median House Price \$ (Mar 2009)
	All Key workers	All Key workers	Change in ratio over 1 year	Change in ratio over 5 year	
Sydney	7.7	Unaffordable	-0.8	-2.1	564,500
Melbourne	6.5	Unaffordable	-0.5	0.6	478,000
Perth	6.3	Unaffordable	-1.2	1.6	462,500
ACT	6.2	Unaffordable	-0.5	0.3	457,000
Darwin	6.2	Unaffordable	0.2	2.1	453,000
Brisbane	6.0	Unaffordable	-0.6	0.6	439,500
Adelaide	5.1	Unaffordable	-0.1	0.5	373,500
Hobart	4.8	Affordable	-0.3	0.6	354,500

Table 2 – Ten least affordable LGAs for key workers in Sydney

LGA	House Price to Earnings Ratio (March 2009)						Median House Price \$ (Mar 2009)
	All Key workers	Ambulance Officers	Fire-fighters	Nurses	Police Officers	Teachers	
Mosman	33.1	39.2	48.0	48.7	33.1	43.5	2,421,500
Woollahra	27.0	32.0	39.2	39.7	27.0	35.5	1,977,000
Hunters Hill	22.9	27.2	33.3	33.7	22.9	30.2	1,679,000
Waverley	20.4	24.3	29.7	30.1	20.4	26.9	1,497,500
North Sydney	18.7	22.2	27.1	27.5	18.7	24.6	1,370,000
Manly	18.7	22.1	27.1	27.5	18.7	24.6	1,366,500
Willoughby	16.5	19.6	24.0	24.3	16.5	21.7	1,210,000
Lane Cove	16.4	19.5	23.8	24.1	16.4	21.6	1,200,500
Randwick	15.1	17.9	21.9	22.2	15.1	19.8	1,103,500
Ku-ring-gai	14.8	17.6	21.5	21.9	14.8	19.5	1,087,500

Table 3 –Affordable LGAs for key workers in Sydney

LGA	House Price to Earnings Ratio (March 2009)						Median House Price \$ (Mar 2009)
	All Key workers	Ambulance Officers	Fire-fighters	Nurses	Police Officers	Teachers	
Campbelltown	6.1	4.9	6.0	6.1	4.1	5.4	301,500
Wyong	6.1	4.9	6.0	6.1	4.1	5.4	303,000
Penrith	6.7	5.4	6.6	6.7	4.5	6.0	332,500
Wollondilly	6.9	5.6	6.8	6.9	4.7	6.2	344,500
Blacktown	7.0	5.6	6.9	7.0	4.7	6.2	346,500
Blue Mountains	7.2	5.8	7.1	7.2	4.9	6.4	356,000

Table 4 – Ten least affordable LGAs for key workers in NSW

LGA	Region	House Price to Earnings Ratio (March 2009)						Median House Price \$ (Mar 2009)
		All Key workers	Ambulance Officers	Fire-fighters	Nurses	Police Officers	Teachers	
Byron	Richmond-Tweed	7.7	9.1	11.1	11.3	7.7	10.1	560,500
Kiama	Illawarra	7.0	8.3	10.2	10.3	7.0	9.2	513,500
Tweed	Richmond-Tweed	6.6	7.8	9.6	9.7	6.6	8.7	482,000
Ballina	Richmond-Tweed	6.5	7.7	9.4	9.5	6.5	8.5	473,000
Queanbeyan	South Eastern	6.0	7.1	8.6	8.8	6.0	7.8	436,500
Wollongong	Illawarra	5.3	6.3	7.7	7.8	5.3	7.0	389,000
Wingecarribee	Illawarra	5.3	6.3	7.7	7.8	5.3	6.9	386,500
Palerang	South Eastern	5.1	6.0	7.4	7.5	5.1	6.7	372,000
Great Lakes	Hunter	5.1	6.0	7.3	7.4	5.1	6.7	370,000
Port Macquarie	Mid-North Coast	4.9	5.8	7.1	7.2	4.9	6.5	360,500

Table 5 – Ten most affordable LGAs for key workers in NSW

LGA	Region	House Price to Earnings Ratio (March 2009)						Median House Price \$ (Mar 2009)
		All Key workers	Ambulance Officers	Fire-fighters	Nurses	Police Officers	Teachers	
Brewarrina	North Western	0.9	0.7	0.9	0.9	0.6	0.8	45,500
Central Darling	Far West	1.3	1.1	1.3	1.3	0.9	1.2	65,000
Urana	Murray	1.3	1.1	1.3	1.3	0.9	1.2	67,000
Coonamble	North Western	1.7	1.4	1.7	1.7	1.2	1.5	85,500
Jerilderie	Murray	1.9	1.6	1.9	1.9	1.3	1.7	96,000
Bourke	North Western	2.0	1.6	2.0	2.0	1.4	1.8	100,500
Carrathool	Murrumbidgee	2.1	1.7	2.0	2.1	1.4	1.9	103,000
Warren	North Western	2.1	1.7	2.1	2.1	1.5	1.9	106,500
Walgett	North Western	2.2	1.8	2.1	2.2	1.5	1.9	108,000
Balranald	Murray	2.3	1.9	2.3	2.3	1.6	2.1	116,000

EDITORS NOTES

For more information please see the BankWest Key Worker Housing Affordability Report 2009, available at www.bankwest.com.au. A full list of affordability results for all 554 LGAs is also available at www.bankwest.com.au

*AFFORDABILITY CALCULATION

To determine which areas are unaffordable for key workers we have analysed the house price:earnings ratio for each key worker occupation in each local government area (LGA) against an average house price : earnings ratio (PE ratio) of five times. Where the key worker house price : earnings ratio exceeds a ratio of 5 times across all five key worker occupation types it has been classified as an unaffordable area. References to areas being unaffordable for key workers refer to an area being unaffordable for **all** key worker groups.

The house price:earnings ratio for key workers has been calculated by dividing the median house price by annual average earnings for the relevant occupation in each state. The earnings calculation for key workers is based on earnings data by state from the ABS Employee Earnings and Hours survey which provides average salaries. The numbers used in this release are not entry-level salaries. For example, the average salary for a nurse has been used in our calculations.

This affordability measure assumes a typical deposit (of around 10-20%). It's likely that a large proportion of key workers will fall into the category of not having enough funds for a typical deposit and as a result our affordability measure actually understates the degree to which properties are unaffordable for key workers. We have also assumed obtaining a mortgage depends solely on a single income.

DATA AND SOURCES

House prices have been sourced from Residex and refer to median house prices for years to March 2004, 2008 and 2009.

The median house price in 554 LGAs has been used in the analysis with 122 LGAs excluded because of insufficient house price transactions. Additionally, the median unit price in 313 LGAs has been analysed.

Earnings data used within this research has been taken from the ABS Employee Earnings and Hours survey 2008, 2006 and 2004.

State occupational earnings figures have been used, where possible, in this analysis. Where occupational earnings by state is unavailable, national average occupational earnings data has been used.

Earnings data for teachers is an average of primary and secondary school teacher earnings.

The following average annual earnings for NSW (ABS Employee Earnings and Hours codes shown in brackets next to each occupation type) have been used in this analysis.

- An average salary of \$56,632 for **teachers** (ABS code 2412/2413) in primary and secondary school roles
- An average salary of \$49,758 for **nurses** (ABS code 2544)
- An average salary of \$73,237 for **police officers** (ABS code 4413)
- An average salary of \$50,471 for **fire-fighters** (ABS code 4412)
- An average salary of \$61,714 for **ambulance officers** (ABS code 4111)

Note: national average salaries for police officers and fire-fighters have been used in this analysis because of the unavailability of NSW data.

About Bankwest

Bankwest is a wholly owned subsidiary of the Commonwealth Bank (Group). Bankwest is a full service bank which originated in Western Australia in 1895 and services more than 900,000 customers. Bankwest promotes a range of products using cost-effective direct and third party distribution channels, including 24-hour telephone and internet services and mortgage brokers. In WA, Bankwest is a market leader with about one quarter of all bank advances and deposits and an extensive network of branches. Standard & Poor's short-term credit rating for Bankwest is "A-1+" and "AA" for the long term, providing customers with investment grade security.