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Sydney Housing Issues Cost the Economy \$10 Billion

July 31, 2025

– Categories: Real Estate



New research has revealed that limited access to affordable housing and long commuting times are costing the Sydney economy an estimated \$10 billion in lost productivity.

Employers across the city are facing increasing difficulty in hiring and retaining staff in areas where housing is unaffordable. As rents continue to climb, workers are being pushed further away from their places of employment, leading to long commute times and declining job satisfaction.

Professor Philip Oldfield, Head of School at UNSW Built Environment, said the combined impact of high rents and extended travel times is affecting multiple layers of the economy.

“When rent increases, people may spend less on everyday items like coffee, meals, and leisure activities,” he said. “That reduction in spending affects small, medium, and large businesses alike.”

The federal government has pledged \$10 billion towards building 30,000 new social and affordable homes across the country. However, experts argue that more comprehensive measures will be necessary to enhance accessibility and alleviate pressure on the urban housing market.

According to Professor Oldfield, the solutions must go beyond construction. “We will need to build more homes, especially social housing, and also consider repurposing unused office buildings into residential units,” he said. “Tax and planning systems may need reform as well.”

A similar challenge is being observed in Melbourne, where a recent study found that nearly half of essential workers in the CBD live over 20 kilometres from their workplaces. The findings suggest that long commute times are a barrier to productivity and employee retention in multiple Australian cities.

“If your business is in a CBD or a high-demand location, housing in the area may be priced out of reach for many employees,” Oldfield said. “As a result, they may be commuting significant distances, which contributes to absenteeism and high turnover.”

The implications of this trend extend beyond the workplace. Long commutes mean less time at home and in the community, which can negatively affect well-being and reduce employee engagement.

The research highlights the importance of addressing urban planning, housing affordability, and transportation in a coordinated manner. Economists warn that without intervention, cities like Sydney may face ongoing productivity losses and wider economic effects.