



KEY WORKER HOUSING ASSESSMENT

15-21 Wren Street, Bowen Hills

Prepared for AustralAsian Property
Group
November 2024

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EXECUTIVE SUMMARY

- The proposed development at 7-15 Wren Street, Bowen Hills, is strategically located within the Bowen Hills Priority Development Area (PDA), approximately 3km north of Brisbane CBD and 200m east of the Royal Brisbane Women's Hospital (RBWH). The PDA, declared in 2008, spans 108 hectares and is designed to support mixed-use development, enhancing housing and employment opportunities near major public transport hubs.
- The project aims to deliver **242 dwellings across 33 storeys, incorporating a mix of residential units and commercial/medical office suites**. The design prioritises affordable housing, with a substantial portion of the dwellings catering to key workers, particularly those in healthcare and social assistance sectors due to the site's proximity to RBWH.
- The proposed product mix includes furnished **studio apartments, which make up 17% of the total units and are expected to rent for \$575 per week**. In contrast, furnished three-bedroom apartments, representing 8% of the units, are anticipated to rent for over \$1,150 per week. The weighted average rent across the development is projected to be \$729 per week, with **51% of the units expected to rent for less than \$700 per week based on current market pricing**.
- Key workers, as defined by the Australian Housing and Urban Research Institute (AHURI), are essential service employees earning low to moderate incomes and requiring physical presence at their workplaces. The 2021 Census data indicates that the average income for key workers in Bowen Hills was \$76,956 per annum. Given the average household size and income in the area, **key worker households are estimated to earn between \$100,990 and \$113,007 per annum as at 2021**.
- **Affordable rental prices**, typically defined as not exceeding 30% of gross household income, are estimated to **range from \$651 to \$728 per week for key worker households**, adjusted for wage growth since 2021. According to EDQ Guideline 16, affordable rent for the Bowen Hills PDA is indexed to \$797 per week for 2024.
- Based on these metrics, it is anticipated that **51% of the new apartments will be affordable for key worker households, translating to 124 additional affordable dwellings within the Bowen Hills PDA**. This development is poised to significantly contribute to the availability of affordable housing for essential workers in the area.

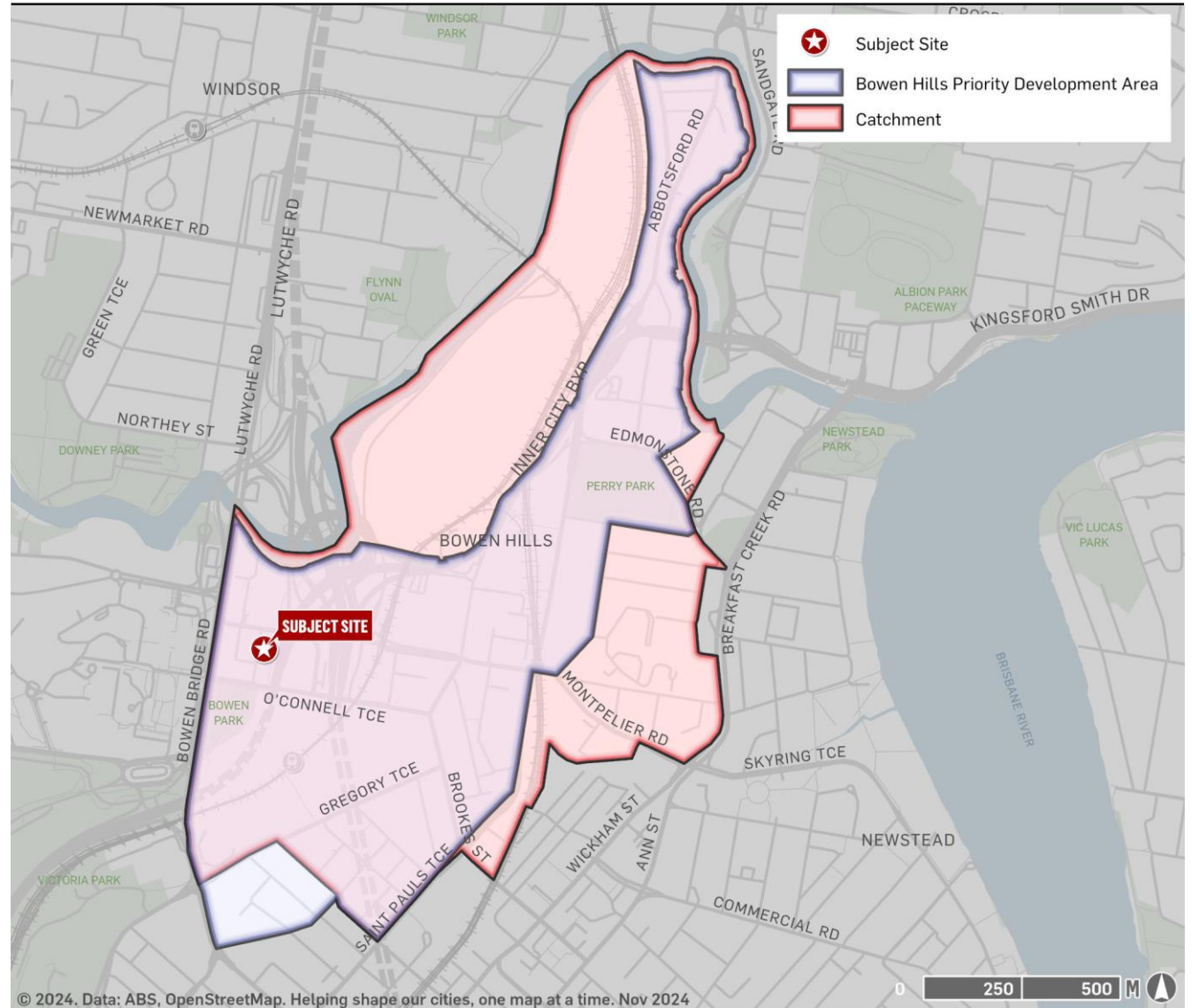
SITE CONTEXT

The Subject Site is located at 7-15 Wren Street, Bowen Hills, approximately 3km north of Brisbane CBD and 200m east of the Royal Brisbane Women's Hospital (RBWH), within the Bowen Hills Priority Development Area (PDA).

Declared in 2008, the Bowen Hills PDA encompasses 108 hectares of land and is intended to facilitate development in mixed-use areas, proximate to major public transport stations, that support housing and employment opportunities.

The Site's proximity to RBWH makes it well-suited for Key Worker Housing, particularly healthcare and social assistance workers.

Local Catchment Map



PROPOSED YIELD

The development proposes to deliver 242 dwellings over 33 storeys including a mix of residential and commercial / medical office suites. Incorporation with the existing building delivered in an earlier stage of the project is a key feature of the development, as shown in the render to the right.

The project has been thoughtfully designed to supply a significant proportion of the dwelling yield in affordable housing typologies. Outlined to the right is the product mix being proposed.

Proposed Yield

Type	Yield	Share of Units
Studio - Furnished	42 units	17%
1-bed apartment - Unfurnished	82 units	34%
2-bed apartment - Unfurnished	99 units	41%
3-bed apartment - Unfurnished	19 units	8%

Source: AustralAsian Property Group

INDICATIVE RENTAL PRICING

Outlined in the table to the right are indicative rents expected to be achieved in the proposed development. Weighted average rents for the project equate to \$729 per week, with 51% of dwellings expected to rent for less than \$700 per week (as at November 2024).

Furnished studio apartments are the project's starting point, accounting for 17% of all product and are expected to achieve weekly rents of \$575 per week. Conversely, unfurnished three-bedroom apartments which are expected to rent for over \$1,150 per week reflect just 8% of the dwelling yield.

We note that 1- to 3-bed apartments may be available as furnished product with a slight premium. That will likely be dictated by the market, therefore we have included the unfurnished base rental prices for our analysis.

Indicative Pricing Schedule – as at November 2024

Type	Yield	Share of Units	Weekly Rent
Studio - Furnished	42 units	17%	\$575
1-bed apartment - Unfurnished	82 units	34%	\$609
2-bed apartment - Unfurnished	99 units	41%	\$810
3-bed apartment - Unfurnished	19 units	8%	\$1,166

Source: AustralAsian Property Group, UKO

KEY WORKER DEFINITION

While the concept of key workers is widely acknowledged and accepted, there is no universal definition of which industries or occupations constitute key workers.

For the purpose of this analysis, we have adopted a set of occupations that aligns with the Australian Housing and Urban Research Institute's (AHURI's) definition of key workers, identified in their 2021 study 'Key workers and commuting during COVID-19'. The concordance between ANZSCO Level 3 occupations adopted and AHURI occupations is outlined to the right.

This definition of defines key workers as 'employees in services that are essential to a city's functioning but who earn low to moderate incomes and that the work roles require people being physically present at a work site rather than being able to work from home.'

Per EDQ guidelines, key worker household means a household that has a gross household income within the range nominated in a housing needs analysis for identifying a key worker household for the priority development area in which the household is situated.

Housing is affordable to key worker households if the housing satisfies 1 or more of the following criteria:

- a) *the housing has a market value that is not more than the affordable purchase price for key worker households in the priority development area in which the housing is located;*
- b) *the housing has a market value that is not more than 20 times the affordable rent, calculated on a yearly basis, for key worker households in the priority development area in which the housing is located;*
- c) ***the housing has a market rent that is not more than the affordable rent for key worker households in the priority development area in which the housing is located.***

Given the proposed development comprises Build-to-Rent dwelling accommodation, affordability has been assessed against Criteria C only.

Key Worker Definitions

Adopted ANZSCO Occupations – Level 3	AHURI Key Worker Occupations
<ul style="list-style-type: none"> • Education Professionals, nfd • School Teachers • Tertiary Education Teachers • Miscellaneous Education Professionals • Midwifery and Nursing Professionals • ICT Professionals, nfd • Database and Systems Administrators, and ICT Security Specialists • ICT Network and Support Professionals • Social and Welfare Professionals • Engineering, ICT and Science Technicians, nfd • ICT and Telecommunications Technicians • Community and Personal Service Workers, nfd • Health and Welfare Support Workers • Carers and Aides, nfd • Child Carers • Education Aides • Personal Carers and Assistants • Protective Service Workers, nfd • Defence Force Members, Fire Fighters and Police • Prison and Security Officers • Road and Rail Drivers, nfd • Automobile, Bus and Rail Drivers • Delivery Drivers • Cleaners and Laundry Workers 	<ul style="list-style-type: none"> • Teachers (all types from early childhood to secondary school and special education) • Registered Nurses • Midwives • Social Workers • ICT Support Professionals • ICT Support and Telecommunications Technicians and Trades • Ambulance Officers and Paramedics • Enrolled and Mothercraft Nurses • Welfare Support Workers • Child Carers • Educational Aides • Aged and Disability Carers • Nursing Support and Personal Care Workers • Fire and Emergency Service Workers • Police • Prison Officers • Bus and Coach Drivers • Train and Tram Drivers • Delivery Drivers • Commercial Cleaners • Laundry Workers

Source: <https://www.ahuri.edu.au/analysis/brief/key-workers-and-commuting-during-covid-19>
nfd – not further defined

KEY WORKER PERSONAL INCOMES

Outlined to the right is the distribution of Bowen Hills residents working in key worker occupations (from the prior page) as at the 2021 Census.

We have adopted the mid-point of each income bracket to determine the weighted average income for all key worker occupations. Note, this excludes the \$182,000 and over bracket, which adopts the lower bound (\$182,000).

The weighted average income for key workers living in Bowen Hills during the 2021 Census was **\$76,956 per annum**.

Key Worker Personal Incomes – Bowen Hills, 2021

Income Bracket	Minimum (annual)	Maximum (annual)	Average Adopted (annual)	# of Workers	% of Workers
\$1-\$149 (\$1-\$7,799)	\$1	\$7,799	\$3,900	0	0%
\$150-\$299 (\$7,800-\$15,599)	\$7,800	\$15,599	\$11,700	8	2%
\$300-\$399 (\$15,600-\$20,799)	\$15,600	\$20,799	\$18,200	10	2%
\$400-\$499 (\$20,800-\$25,999)	\$20,800	\$25,999	\$23,400	23	4%
\$500-\$649 (\$26,000-\$33,799)	\$26,000	\$33,799	\$29,900	42	8%
\$650-\$799 (\$33,800-\$41,599)	\$33,800	\$41,599	\$37,700	61	12%
\$800-\$999 (\$41,600-\$51,999)	\$41,600	\$51,999	\$46,800	78	15%
\$1,000-\$1,249 (\$52,000-\$64,999)	\$52,000	\$64,999	\$58,500	90	17%
\$1,250-\$1,499 (\$65,000-\$77,999)	\$65,000	\$77,999	\$71,500	91	17%
\$1,500-\$1,749 (\$78,000-\$90,999)	\$78,000	\$90,999	\$84,500	46	9%
\$1,750-\$1,999 (\$91,000-\$103,999)	\$91,000	\$103,999	\$97,500	27	5%
\$2,000-\$2,999 (\$104,000-\$155,999)	\$104,000	\$155,999	\$130,000	38	7%
\$3,000-\$3,499 (\$156,000-\$181,999)	\$156,000	\$181,999	\$169,000	9	2%
\$3,500 or more (\$182,000 or more)	\$182,000	NA	\$182,000	0	0%
Weighted average			\$76,956		

Source: ABS Census 2021

INDICATIVE KEY WORKER HOUSEHOLD INCOMES

Due to Census 2021 data structures, people characteristics (occupations) cannot be matched with household characteristics (household incomes). Therefore, we have evaluated the average working-age household size and household incomes for the Bowen Hills suburb to estimate key worker household incomes.

On average, there are 1.51 working-age people per household in the Bowen Hills locality, earning an average income of \$58,400 per annum each. Assuming one of the 1.51 people per dwelling is a key worker, this leaves 0.51 additional people per dwelling on average. Factored by the average income and accounting for some variance (+/- 20%), we anticipated **key worker households to earn between an additional \$24,034 to \$36,051 per annum above their personal incomes.**

Affordable rental prices are often, including when not explicitly stated in EDQ's Housing Guideline 16, as not more than 30% of gross household income. Based on the anticipated range of key worker household incomes, affordable rents are expected to range from \$583 per week to \$652 per week as at the 2021 Census.

Household Incomes Analysis – Bowen Hills, 2021

Metric	Calculation	Value
Census Population	A	4,907
Total Dwellings	B	3,083
Average Household Size	$C = A / B$	1.59
% Population 15+	D	95.1%
Average 15+ Household Size	$E = (D * A) / B$	1.51
Average Income (15+)	F	\$58,400
Average Additional Income Per Key Worker Household	$G = (E - 1) * F$	\$30,042
80% of Average Additional Income Per Key Worker Household	$H = G * 0.8$	\$24,034
120% of Average Additional Income Per Key Worker Household	$I = G * 1.2$	\$36,051

Source: ABS Census 2021

Key Worker Household Capacity to Afford – Bowen Hills, 2021

	Annual Income (2021)	Weekly Income	Affordable Weekly Rent (30% Income)
Key Worker Household Income (Average Secondary Income)	\$106,998	\$2,058	\$617
Key Worker Household Income (Lower Secondary Income)	\$100,990	\$1,942	\$583
Key Worker Household Income (Upper Secondary Income)	\$113,007	\$2,173	\$652

Source: ABS Census 2021

AFFORDABILITY ANALYSIS

Indexing earnings to the Queensland Wage Price Index (WPI) indicates **that affordable key** worker household rents have increased by 11.6% since 2021. Growth in wages can therefore be expected to have increased affordable rents for key workers households to between \$651 per week and \$728 per week.

We also note that EDQ Guideline 16 defines affordable rent for the Bowen Hills PDA as \$640 per week - this was indexed to the September 2015 WPI. Including this as a metric yields an affordable rent of \$797 per week when extrapolated to 2024's income levels.

Based on the estimated range of affordable rents for key worker households and the indicative pricing for the Subject Site, we anticipated **between 51% of new apartments proposed would be affordable to key worker households.**

This equates to between **124 additional affordable dwellings in the Bowen Hills PDA.**

Key Worker Household Affordable Rents - Extrapolated

	Sep 2015	Jun 2021	Jun 2022	Jun 2023	Jun 2024
WPI (Queensland)	122	136.1	140.1	145.3	152
Affordable Key Worker Household Rent (Average Secondary Income)		\$617	\$635	\$659	\$689
Affordable Key Worker Household Rent (Lower Secondary Income)		\$583	\$600	\$622	\$651
Affordable Key Worker Household Rent (Upper Secondary Income)		\$652	\$671	\$696	\$728
EDQ Guideline 16 – Bowen Hills Affordable Rent (per week)	\$640	\$714	\$735	\$762	\$797

Source: ABS Wage Price Index June Qtr 2024, ABS Census 2021, EDQ Affordable Housing Guideline 16

Subject Site Key Worker Affordability

Type	Share of Units	Weekly Rent	Affordable to Key Worker Households @			
			Average Secondary Income	Lower Secondary Income	Upper Secondary Income	EDQ Guideline
Studio - Furnished	17%	\$575	✓	✓	✓	✓
1-bed - Unfurnished	34%	\$609	✓	✓	✓	✓
2-bed - Unfurnished	41%	\$810				
3-bed - Unfurnished	8%	\$1,166				
Share of Affordable Units			51%	51%	51%	51%

COVID-19 AND THE POTENTIAL IMPACT ON DATA INFORMATION

The data and information that informs and supports our opinions, estimates, surveys, forecasts, projections, conclusion, judgments, assumptions and recommendations contained in this report (Report Content) are predominantly generated over long periods, and is reflective of the circumstances applying in the past. Significant economic, health and other local and world events can, however, take a period of time for the market to absorb and to be reflected in such data and information. In many instances a change in market thinking and actual market conditions as at the date of this report may not be reflected in the data and information used to support the Report Content.

The recent international outbreak of the Novel Coronavirus (COVID-19), which the World Health Organisation declared a global health emergency in January 2020 and pandemic on 11 March 2020, has and continues to cause considerable business uncertainty which in turn materially impacts market conditions and the Australian and world economies more broadly.

The uncertainty has and is continuing to impact the Australian real estate market and business operations. The full extent of the impact on the real estate market and more broadly on the Australian economy and how long that impact will last is not known and it is not possible to accurately and definitively predict. Some business sectors, such as the retail, hotel and tourism sectors, have reported material impacts on trading performance. For example, Shopping Centre operators are reporting material reductions in foot traffic numbers, particularly in centres that ordinarily experience a high proportion of international visitors.

The data and information that informs and supports the Report Content is current as at the date of this report and (unless otherwise specifically stated in the Report) does not necessarily reflect the full impact of the COVID-19 Outbreak on the Australian economy,

the asset(s) and any associated business operations to which the report relates. It is not possible to ascertain with certainty at this time how the market and the Australian economy more broadly will respond to this unprecedented event and the various programs and initiatives governments have adopted in attempting to address its impact. It is possible that the market conditions applying to the asset(s) and any associated business operations to which the report relates and the business sector to which they belong has been, and may be further, materially impacted by the COVID-19 Outbreak within a short space of time and that it will have a longer lasting impact than we have assumed. Clearly, the COVID-19 Outbreak is an important risk factor you must carefully consider when relying on the report and the Report Content.

Where we have sought to address the impact of the COVID-19 Outbreak in the Report, we have had to make estimates, assumptions, conclusions and judgements that (unless otherwise specifically stated in the Report) are not directly supported by available and reliable data and information. Any Report Content addressing the impact of the COVID-19 Outbreak on the asset(s) and any associated business operations to which the report relates or the Australian economy more broadly is (unless otherwise specifically stated in the Report) unsupported by specific and reliable data and information and must not be relied on.

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