



Wasted space

The price of a park: estimating buyers' willingness to pay for off-street apartment parking in Melbourne and Sydney



Ashleigh Chang
Associate

8 July 2026

GRATTAN
Institute

What are minimum parking requirements?

Average minimum parking spaces required

Sydney			Melbourne	
	Apartments	Townhouses	Apartments	Townhouses
1 bedroom	0.6	0.9	0.4	0.9
2 bedrooms	0.9	1.2	0.6	1
3 bedrooms	1.3	1.7	0.9	1.1
4+ bedrooms	1.7	1.7	1.1	1.1

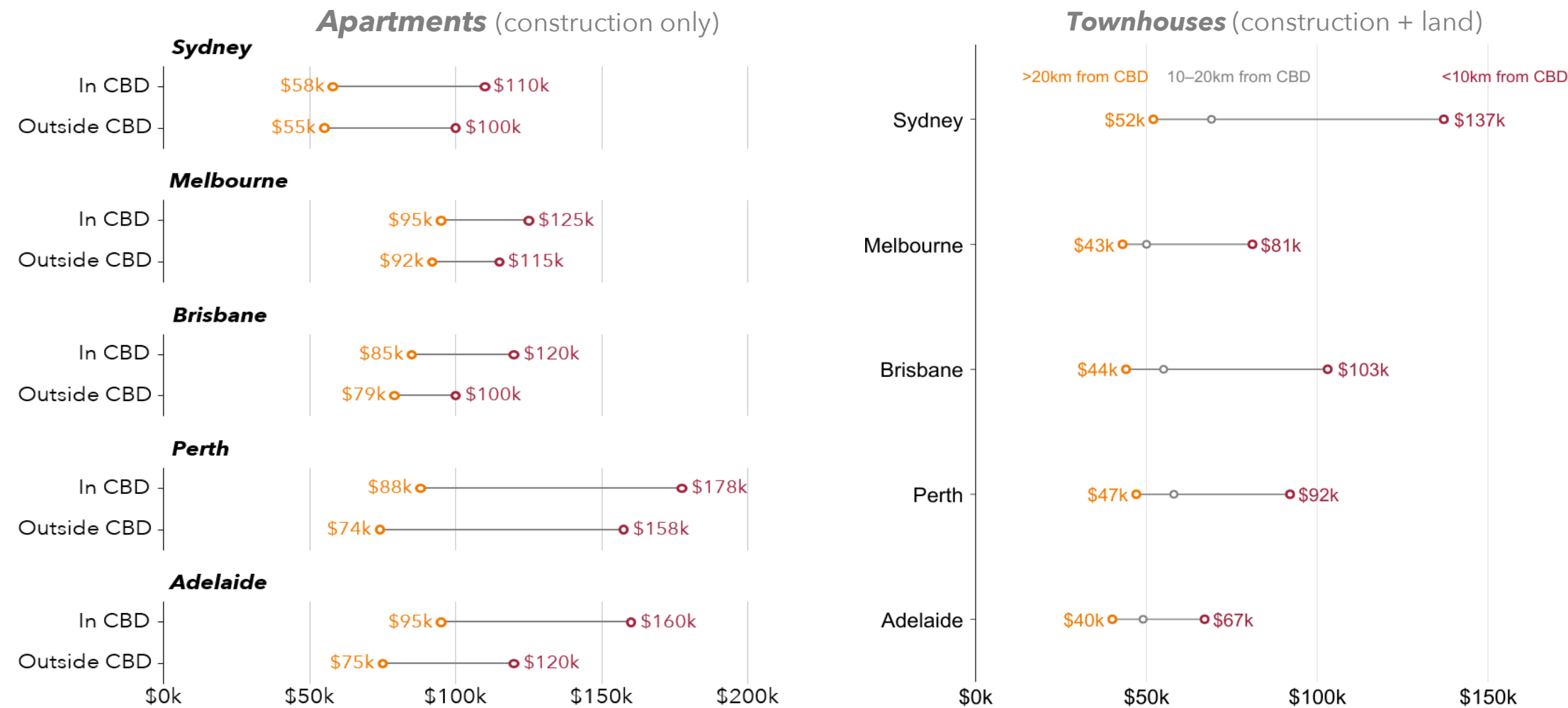
Notes: See Appendix E in the Technical Supplement to this report for how minimums are calculated.

Sources: Grattan analysis of Cotality (2025) and Melbourne and Sydney planning data (see Appendix E in the Technical Supplement for details).

- Minimum parking requirements set the least off-street parking a new dwelling must include.
- State and local governments set the rate, often varying by dwelling type, number of bedrooms, and access to public transport.

Minimum requirements add substantially to the cost of new housing, especially for basement parking

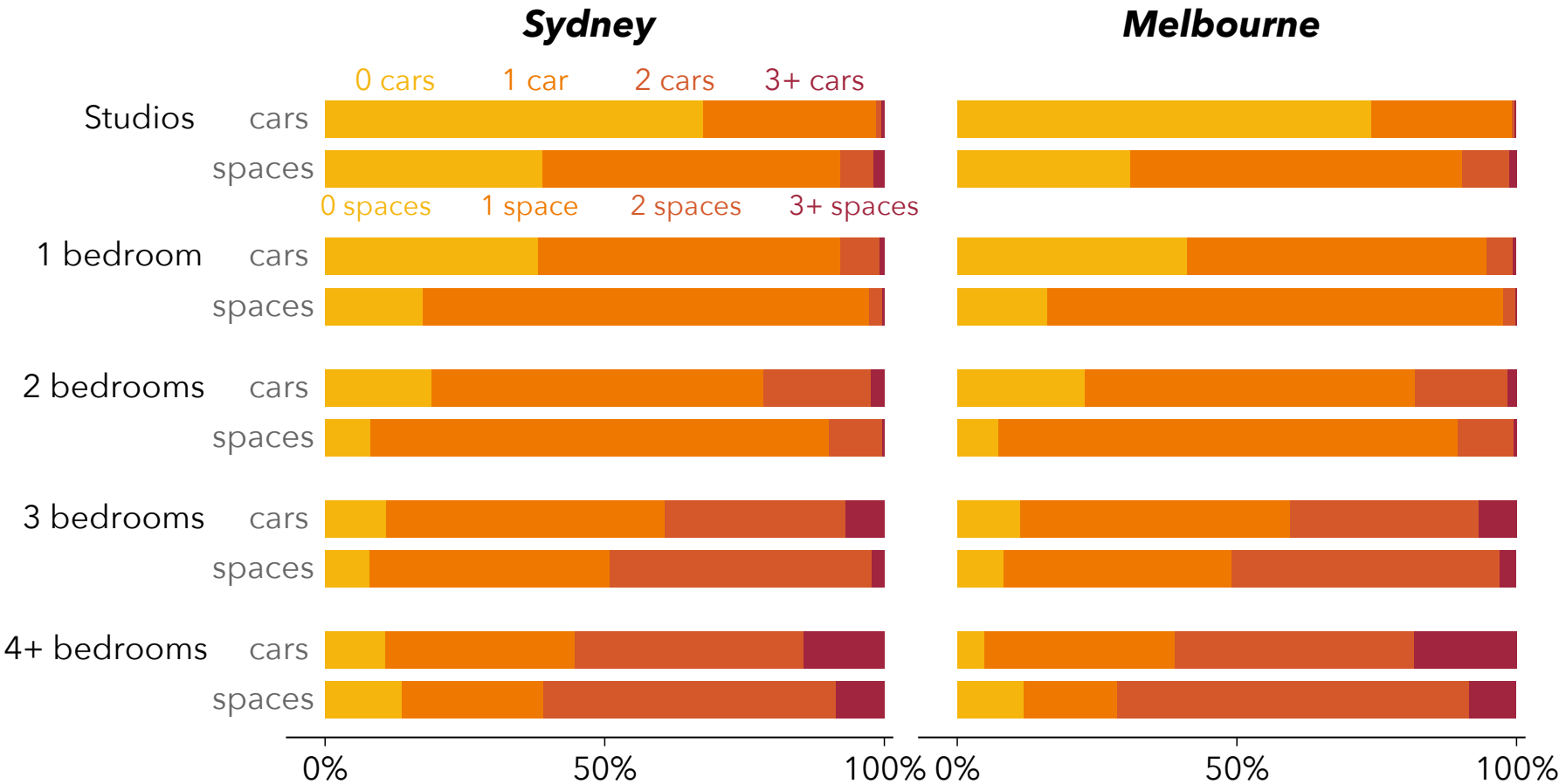
Average building costs of car parks across 5 major Australian cities, by dwelling type



Notes: Assumes basement parking for apartments. Assumes residential garages (21sqm) for townhouses. Basement parking costs reflect costs from Rider Levett Bucknall (2026). Garage costs reflect per sqm costs from Rawlinsons (2026). Sydney and Melbourne land cost estimates are based on Grattan analysis of Cotality (2025) property valuation data and lot size. Estimates for Brisbane, Perth, and Adelaide are based on Cotality median dwelling value and land area data at the SA3 level. Melbourne and Sydney estimates use Cotality property-level data. In all cases, land value is estimated as 60 per cent of total property value per square metre. Sources: Rider Levett Bucknall (2026); Rawlinsons (2026); and Cotality (2025).

Yet requirements force parking into apartment buildings where residents don't need it

Distribution of car ownership and car spaces by number of bedrooms (apartments only, 2021)



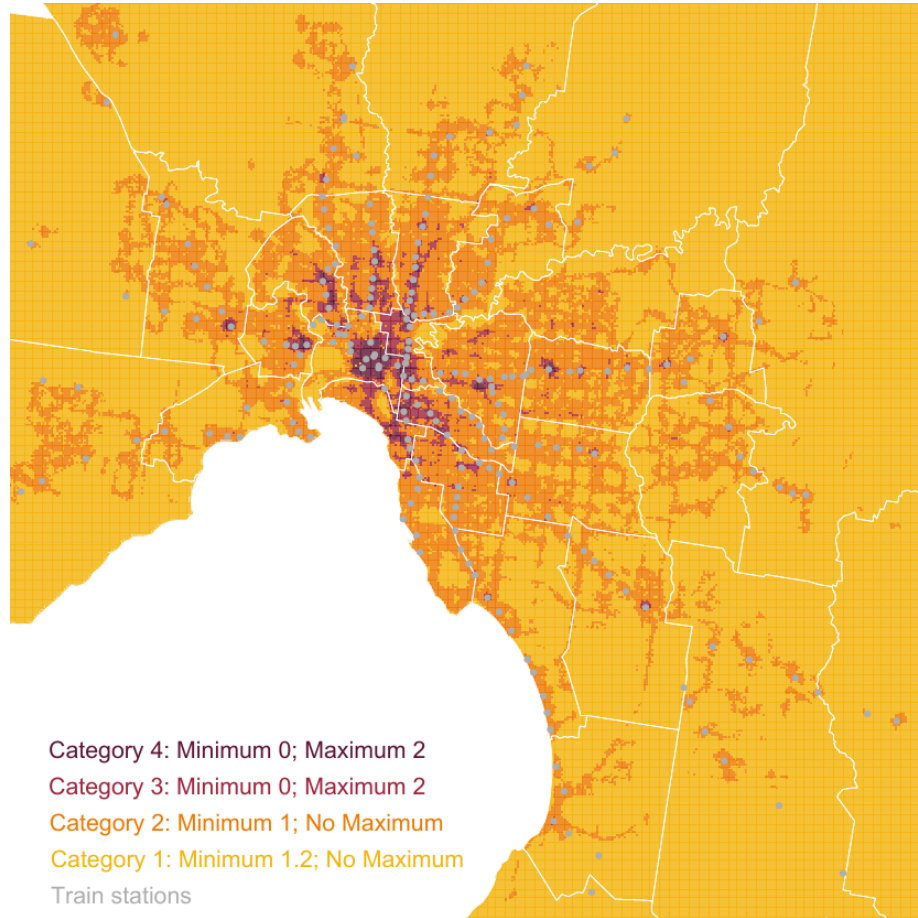
- Most studio and one-bedroom apartments have at least one car space, but 40 per cent of these households own no car.
- Half of three-bedroom apartments have two (or more) car spaces, but 58 per cent of these households have just one car, or none.

Note: Parking space counts are from Cotality for year built up to 2021; car ownership counts are from the 2021 Census. Both cities are restricted to flats and units.

Sources: Cotality (2025), ABS (2021).

Some states have already begun to relax off-street minimum car parking requirements

Parking requirements by PTAL category across Melbourne



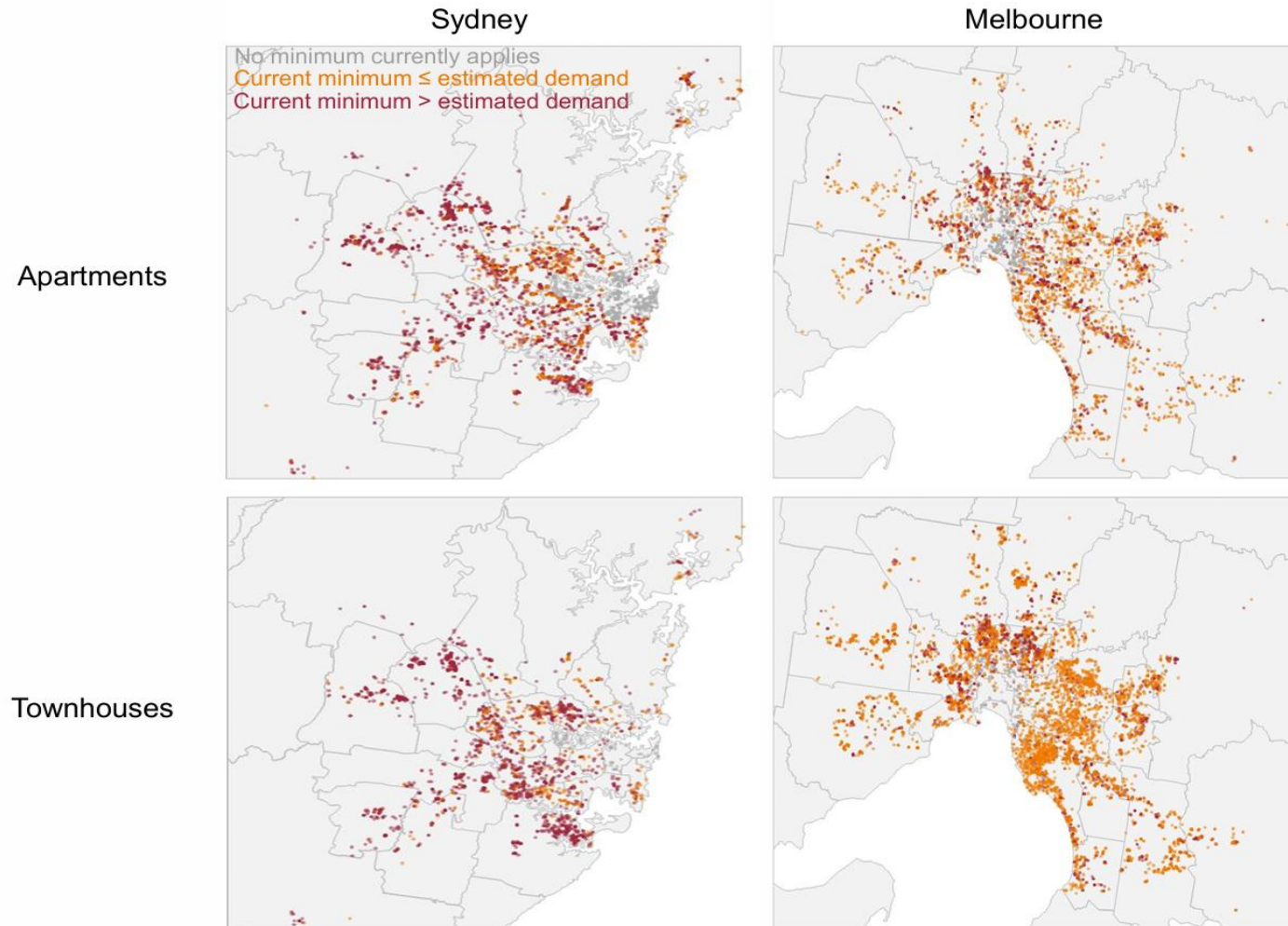
- In late 2025 Victoria relaxed off-street car parking requirements for new housing.
- Parking requirements now vary by Public Transport Accessibility Level (PTAL), with no minimums in areas with 'high' or 'medium' PTAL.
- If these rules had applied to apartments built in Melbourne between 2020 and 2025, they would have required almost **29,000** fewer car-parking spaces.
- That's a **29 per cent reduction** from apartment parking spaces mandated under the previous rules.

Notes: PTAL measures connectivity to public transport based on walking time to stops/stations, service frequency and reliability, and waiting times. All land in Victoria is assigned a PTAL category (1-4) which determines parking requirements under Clause 52.06.

Source: Department of Transport and Planning (2025b) and Department of Transport and Planning (2025c).

Minimums remain above estimated market demand across much of both cities

Dwellings built 2020–2025, by whether the current minimum exceeds estimated market demand



Notes: Each point is an apartment or townhouse completed between 2020 and 2025. Estimated market demand is observed parking provision multiplied by the city-specific market fraction (0.6 in Melbourne, 0.8 in Sydney), calibrated to international evidence on post-reform parking provision. The map illustrates where minimums remain binding; it does not drive the feasibility estimates, which are based on a zero parking reform scenario.

Sources: Cotality (2025) and relevant planning data (see Appendix E for details).

We know parking is over-supplied, but not what it's worth

What we know in Australia

- Across almost every LGA in Melbourne and Sydney, off-street apartment parking spaces **outnumber the cars** owned by residents (*Grattan analysis of Cotality 2025; ABS 2021*).
- Much of it sits empty: up to **40%** of spaces in Melbourne apartment buildings are vacant (*De Gruyter et al 2015*); a Brisbane audit of ~2,500 units found roughly **4 in 10 spaces unused** (*Riga & Ryan 2021*).
- A survey of 1,316 apartment residents in Sydney, Melbourne, and Perth: **1 in 5 households** had more allocated spaces than cars (*De Gruyter et al 2023*).
- But this evidence is all **stated preferences or utilisation audits**. It counts empty bays; it doesn't price them.

What's missing?

- Estimates of how much apartment buyers value this parking, leaving the net effect of these rules on feasibility largely unquantified for Australian cities.

The research question

What will apartment buyers actually pay for a parking space and how does that compare to what it costs to build?

If revealed willingness-to-pay is below construction cost, the mandate is forcing buyers to fund parking they wouldn't choose and may stop feasible homes being built.

What data do we have?

ESTIMATES THE PREMIUM

Sales transactions

Recorded apartment sales – one row per arm's-length sale, with dwelling attributes attached. This is what the **regression runs on** to estimate the parking premium β_k .

Attributes used:

sale price · floor area · bedrooms · bathrooms · parking spaces
· build year · property type · SA2

APPLY THIS PREMIUM TO THE STOCK

AVM estimates

Automated valuation model estimates of current market value for **every apartment** in the stock (as at 2025) not just those that sold.

This is the price P_i we multiply the premium by to get dollar WTP.

Why we need it:

WTP and the feasibility hit are computed for the whole post-2015 apartment stock, so results aren't limited to recently-sold homes.

1. % premium

Use regression analysis to find price premium, per added space



2. × local price

AVM value of each apartment in our sample → \$ WTP



3. – build cost

Compare against industry benchmarks of basement cost per space



= cost-WTP gap

positive = parking costs more than buyers will pay

1. Estimate the parking premium

$$\log(P_i) = \alpha + \sum \beta_k \cdot \text{Parking}_{k,i} + \gamma \cdot X_i + \delta_{SA2} + \theta_{ym} + \varepsilon_i$$

β_k

premium for the k-th space
(what we want)

X_i

controls (floor area, beds,
baths, age)

δ

neighbourhood fixed effect

θ

sale year-month fixed effect

ε_i

error (robust standard errors)

2. Convert the coefficient to a dollar willingness-to-pay

2025 AVM estimate

$$WTP_{k,i} = P_i \times \underbrace{[\exp(\hat{\beta}_k - \hat{\beta}_{k-1}) - 1]}_{\text{Marginal effect of the k-th space}}$$

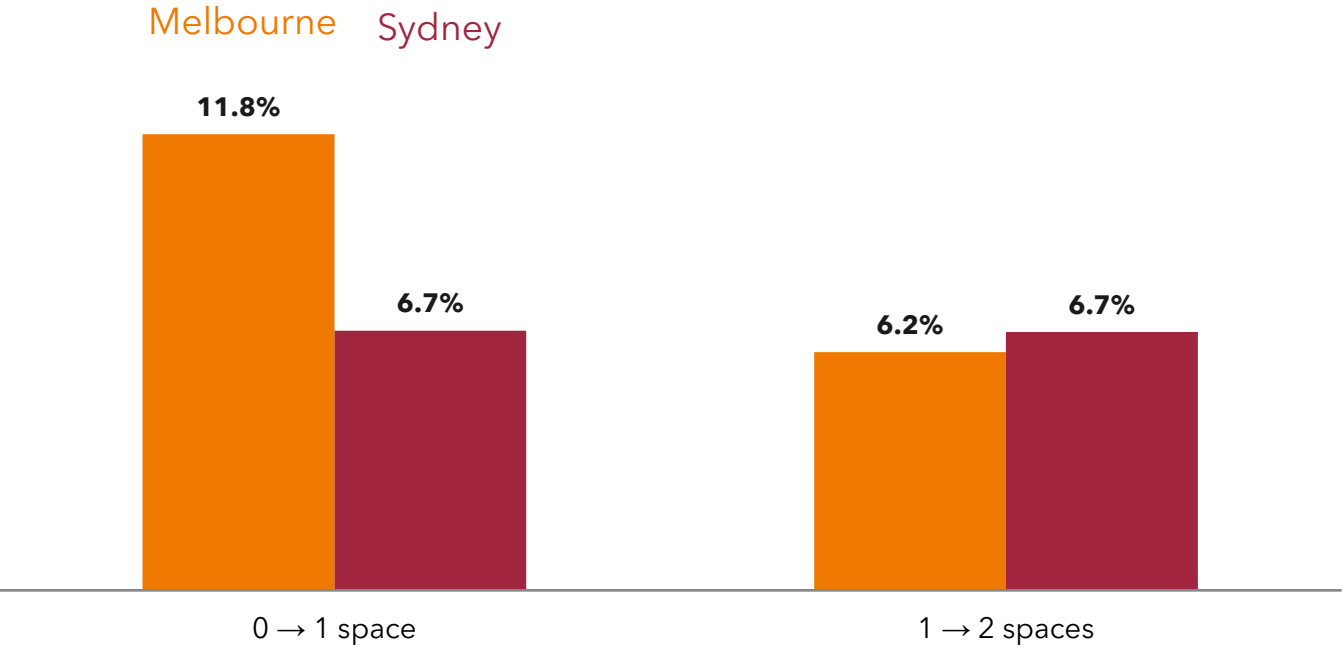
Interpretation: a coefficient β is an approximate % premium (a log-point). $e^{(\beta_k - \beta_{k-1})} - 1$ converts it to the exact %; for the first space this is just $e^\beta - 1$.

Multiplying by price P_i gives dollars per apartment.

Results: what is an apartment parking space worth?

A first space carries the biggest premium; the second is worth less in Melbourne, flat in Sydney

Price premium per parking transition, per cent



Why only the first two? The 2→3+ transition is sparse (<1% of sales), its confidence interval is wide, and 3+ space apartments are quality-confounded – so it's reported but excluded from willingness-to-pay estimates.

Melbourne: clear diminishing pattern

11.8% for the first space, 6.2% for the second – statistically distinguishable (Wald test, $p < 0.001$).

Sydney: roughly constant

~6.7% per space across the first two transitions (equal marginals, $p = 0.95$).

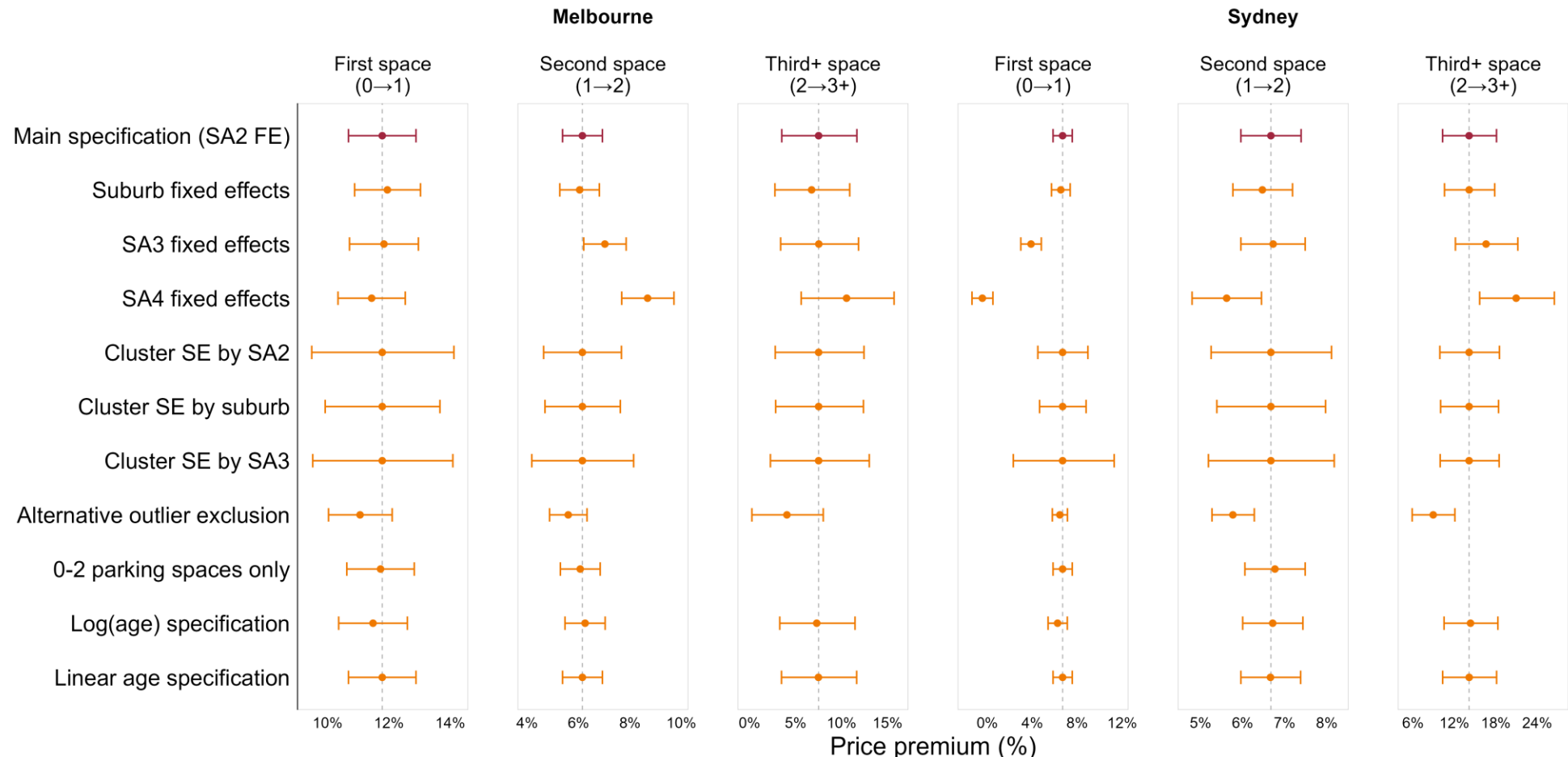
Table B.1: Marginal effects from parking factor specification

Transition	Melbourne	95% CI	Sydney	95% CI
0 → 1 space	11.78%	[10.69, 12.89]	6.71%	[5.85, 7.57]
1 → 2 spaces	6.15%	[5.38, 6.92]	6.67%	[5.96, 7.39]
2 → 3+ spaces	7.51%	[3.50, 11.68]	14.13%	[10.31, 18.09]

Notes: All estimates significant at the 1% level (heteroskedasticity-robust SEs).

Percentage effects: $\exp(\hat{\beta}_k - \hat{\beta}_{k-1}) - 1$. Melbourne $n = 31,670$; Sydney $n = 54,010$.

Marginal effects across robustness checks: Melbourne and Sydney

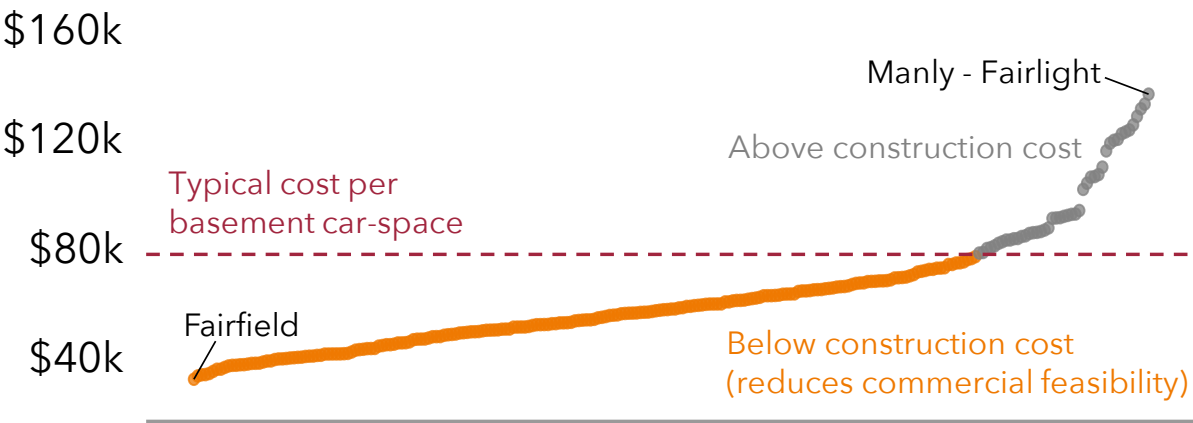


Across 11 specifications, the first- and second-space premiums hold; only the third+ wanders

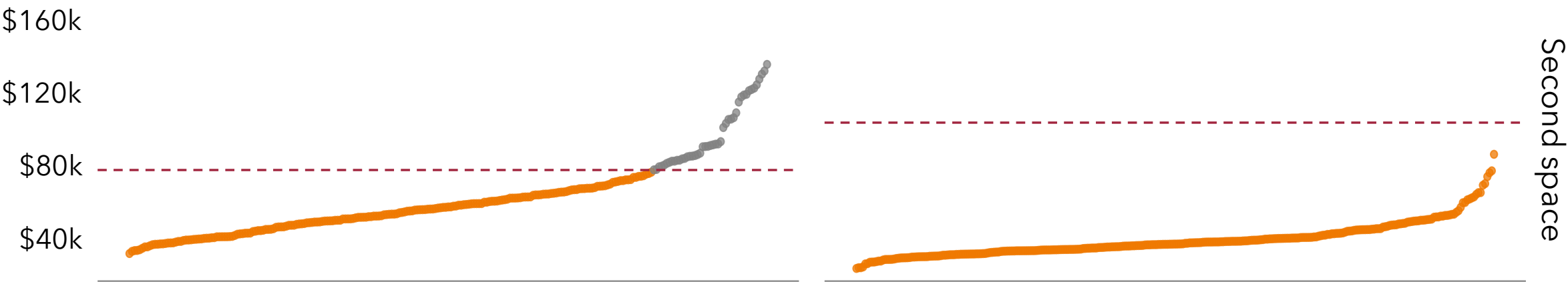
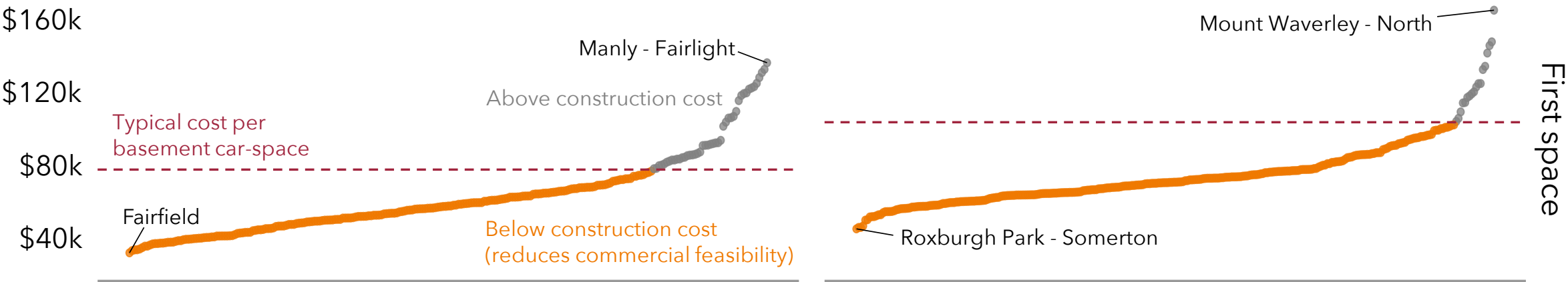
Notes: Each row re-estimates the main model with one alteration; dots are point estimates, bars are 95% CIs. Columns are the three transitions for each city.
Source: Figure B.1, Appendix B, Technical Supplement.

In most areas buyers' willingness to pay for parking falls below construction cost

Sydney



Melbourne



Notes: WTP aggregated to the median across apartments in each area; costs held constant across areas, so spatial variation reflects WTP. A handful of wealthy inner-Sydney areas sit above cost.
Source: Grattan analysis of Cotality (2025); see Appendix B.

Where parking is worth less than it costs, minimums make homes less affordable and stops some being built

Channel 1 - cost pass-through (direct effect)

- Buyers currently pay for mandated parking whether they want it or not. Where a space is worth less than it costs, households pay for parking they wouldn't have chosen.
- The cost splits between landowners (lower land values) and buyers and renters (higher prices); in supply-constrained markets it flows mostly forward to buyers.
- Remove parking requirements and buyers can opt out – saving what a space is worth to them: **~\$66k Melbourne / ~\$52k Sydney** on a first space.
- Forgoing both spaces in a larger apartment: **~\$101k / ~\$104k.**

Channel 2 - suppressed supply

- Where parking costs push a project below the developer's hurdle rate of return, an otherwise-feasible project is shelved.
- Fewer homes get built, so the stock grows more slowly and prices rise.
- This lifts prices across the whole market, not just new builds.
- We estimate **~140,000 more dwellings** become commercially viable across Sydney and Melbourne when minimums are removed.