

# ANU predictions of housing over supply in Sydney misunderstanding the swing to urban living

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The academic report by researchers from the Australian National University (ANU) that outlines the potential over supply of housing in Sydney misunderstands the strong swing to inner city urban living, says the Urban Taskforce.

"The academic report by Australian National University researchers Cukko Joseph and Ben Phillips seems to be based on search algorithms rather than the reality of the market place," says Urban Taskforce CEO Chris Johnson. "The researchers utilise the search algorithm Newton-Raphsin in the Gregwt SAS Code in their 22 page report to conclude that there is a major oversupply of new homes in Australian cities but NSW government data indicates an undersupply."

"The ANU report focusses on a supposed over supply of 5,900 new homes in Inner Sydney but rents are still high in this region indicating an undersupply. The NSW Government predictions are that 40,000 new homes are required each year for Metropolitan Sydney for 20 years yet we are currently only at 35,000 new homes a year."

"The Sydney inner city housing market is being driven by a swing to urban living where young couples and older downsizers are looking for a cosmopolitan urban lifestyle that is close to amenities and public transport. Predictions on housing demand must understand this change in living preferences that is quite different to a few decades ago."

"The study does acknowledge that its methodology does not account for real demand for new housing. A 'real demand' analysis would incorporate consumer preferences and other economic drivers, such as interest rates or employment'. The study also admits there are limitations in its analysis – in terms of its conceptual basis and the data it relies upon. It also states that the study 'does not conclude that people's housing needs are being met'."

"While all research reports are useful, inputs into the current discussion on housing supply and demand must be balanced with the extensive demographic research undertaken by government agencies."

"Our concern with the ANU statements is that they could encourage governments at state and local level to put a brake on housing supply by adding further levies and by slowing down planning approvals. The end product would be to dramatically reduce supply and so drive up the price of housing creating affordability problems."

"The Urban Taskforce urges governments at all levels to reduce levies on new housing and to simplify the planning system so that affordable housing can be delivered for those keen to own their own home as well as for those that prefer to rent."

*The **Urban Taskforce** is a property development industry group, representing Australia's most prominent property developers and equity financiers.*

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