

Record Sydney housing completions good news but approvals slipping

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The record completion of 38,759 new homes across metropolitan Sydney is good news for housing supply says, the Urban Taskforce.

"We need an average across Sydney of 36,250 new homes each year for 20 years and the announcement by Planning Minister Anthony Roberts that 38,759 new homes were built in 2016 is good news that demonstrates we have exceeded the annual target," says Urban Taskforce CEO, Chris Johnson. "Clearly the development industry has excelled in its performance over 2016. The fact that this is a record achievement is a result of the hard work undertaken by the property development and construction industry with support from the planning system."

"There are however concerns for the potential to continue this level of home completions over 2018 as approval numbers are dropping. In 2016 there were 56,659 approvals which included 38,991 apartments but in 2017 there were only 52,480 home approvals with apartments dropping to 34,710 according to the NSW Department of Planning and Environment's Housing Monitor. The main District where the drop in approvals is occurring is the Central District which dropped from 15,720 approvals in 2016 to 13,111 in 2017. The Northern District also dropped from 9,819 approvals in 2016 to 6,591 in 2017."

"The Urban Taskforce is concerned that the apartment market in Sydney is slowing down influenced by the banks tightening lending, a slow-down in foreign investment, concerns about substantial taxes on development to fund affordable housing and the removal of current caps on local development levies. The message we are getting is that even with planning approvals a number of developers are holding back on developments due to the uncertainty of extra costs."

"It certainly looks as though the housing development industry has had a bumper year in 2017 but the industry is likely to see a slow-down in actual production of finished new homes over 2018."

"The Urban Taskforce is keen to work with the NSW Government to try and keep the flow of record home completions continuing into future years. To do this we must keep Sydney completions above the average needed of 36,250 a year for a number of years ahead."

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

Media Enquires: Chris Johnson, Chief Executive Officer: 0412 258 283.

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