

BUDGET DOESN'T KICK START HOUSING SUPPLY – BUT BIG ON INFRASTRUCTURE

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The Federal Budget has a large commitment to new infrastructure, but it doesn't kick start the falling new housing market, says the Urban Taskforce.

"The commitment of \$100 billion to infrastructure projects over 10 years is a positive input to the growth of Australia's cities and towns." says Urban Taskforce CEO Chris Johnson. "But the budget acknowledges that new dwelling investment will drop by 7 per cent in 2019-20, and this drop could be even greater based on the slow-down in new housing commencements in the large cities."

"The Australian Bureau of Statistics data is showing big drops in housing approvals over the last year, and this will flow into a drop in housing commencements. The pre sales of apartments has dried up in Sydney and Melbourne, and this is likely to increase the decline in new dwelling investment over future years. Recent ABS data indicated that the investment in dwellings has dropped by 30 per cent in NSW between January 2018 and January 2019."

"New housing and the jobs that come with this are important parts of the national economy and the federal government will need to carefully monitor this sector. The proposed reduction in migration numbers may need to be reviewed upwards to keep the economy flowing in a positive manner."

"The income tax cuts will help release household disposable incomes which will boost spending, but many home owners will be worried about the falling value of their own homes. The debate about population growth related to so-called 'over development' is creating an anti-growth attitude in the community that is at odds with the sentiment of the federal budget moving into a surplus based on growth. The federal government will need to manage the growth vs anti-growth discussion very carefully."

"Overall the federal budget is a positive approach to balancing tax cuts with targeted spending to support new infrastructure. Housing supply will become a big issue over coming years but this is dependent on state government policies as much as federal government initiatives."

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