

Is NSW Sleepwalking into a housing construction recession?

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The Urban Taskforce CEO, Tom Forrest, today urged the NSW Government to be bold in their plans for reform of the NSW planning system as new ABS data on housing construction shows that NSW has fallen far behind Victoria and risks sleepwalking into a recession in housing construction.

Across Australia, the value of construction work on new housing in 2019 declined in New South Wales (-15.5 per cent), Queensland (-10.1 per cent), South Australia (-7.4 per cent), and Western Australia (-14.0 per cent). By contrast, the value of work done on new housing increased: by 0.1 per cent in Victoria, 5.4 per cent in Tasmania and 9.6 per cent in the Australian Capital Territory

NSW has the slowest planning system in the country for every single type of development application according to the NSW Productivity Commissioner, Peter Achterstraat AO.

“Today’s ABS figures show that in the final three months of 2019, the dollars spent on the construction of new housing in NSW plummeted, and that is before the impact of the bushfires, subsequent floods and the Corona Virus are taken into account. This resulted in a dismal decline in NSW new home construction for the year of 2019”, Mr Forrest said.

Mr Forrest said today’s ABS figures are a wake-up call for the NSW Government. The NSW economy needs a stimulus now with new Commonwealth and State funds urgently needed for infrastructure to unlock private sector investment in housing.

“Only increased supply will create downward pressure on housing prices. Rather than increasing taxes on new housing, the NSW Government needs to boost its own spending to unlock private sector investment”, Mr Forrest said.

Mr Forrest welcomed Premier Berejiklian’s calls for major reforms to the planning system.

“Planning reform is urgently needed because the current planning system is allowing NIMBYs to wreck our economy. Local groups have successfully pressured Councils and the NSW Government into opposing new housing and apartment development across Sydney. This has slowed up the process, reduced the number of approvals and will result in a shortage in new housing supply.”

“This downward trend started prior to the State election in 2018 and has gotten worse. This is now having a direct impact on GST revenue, stamp duty revenue, employment and investment. If urgent steps are not taken to reverse this trend, housing prices will skyrocket while the economy tanks – a worst case scenario”, Mr Forrest said.

The column chart below shows that property investment is flowing in Victoria while NSW is falling further and further behind.

Chart is overleaf.

All the above can be attributed to Tom Forrest, CEO, Urban Taskforce

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

Media Enquires: Tom Forrest, Chief Executive Officer: 0429 460 863

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New home construction value per 100,000 people in 2019

