

MEDIA RELEASE

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ABS Housing Approvals data spells out why housing prices are going through the roof

ABS has today released the June data for housing approvals which shows that in NSW, the planning system approved 12.7% in less in June than was approved in May. The Council shut down for elections has started.

Urban Taskforce has warned the NSW Government that they faced a real risk that Councils would ease off on approvals in the lead up to what was to be the September elections. Today's data shows that the Government's light touch on Councils has resulted in precisely that. Worse, the Council elections have now been postponed till December and unless someone holds a blow-torch to the Councils and approval bodies, approvals will drop off further.

Even prior to the lockdown, the productivity of the planning system had dropped off. Our economy can not recover with this drop off in performance. Planning reform and approvals now will deliver a pipeline of work for when vaccinations allow our economy to fully re-open. There is an opportunity to catch up – but it seems that the planning system has slowed up again.

Urban Taskforce calls on the Government to immediately implement the recommendation of the NSW Productivity Commission White Paper. The GSC has set housing targets. It is up to the NSW Government to ensure that Councils meet them. Targets need to be regularly monitored against performance. There can be no excuse for Councils refusing to accept the targets. LGA Housing Strategies must come with sanctions for those Councils that selfishly refuse to contribute to housing supply, resulting in rising new home prices inflicted on those least able to afford them.

The data shows that NSW housing approvals reached their peak in 2015/16 2016/17 and 2017/18 at around 73,000 approvals each year. Then, in the lead up to the NSW State election (2018/19) approvals dropped off to 58,000 and stayed low in 2019/20 with only 48,000, despite "fast track" schemes and a flurry of DPIE activity.

The total approvals have risen across all of NSW to 59,000 and this is welcome – but it remains well short of what is needed. The data reveals the problem. Apartment approvals across NSW have dropped significantly (most of these in Greater Sydney) while new separated house approvals have remains relatively flat.

NSW Approvals	Apartments	Houses	Total Approvals for all new homes
2015/16	44,001	29,351	73,352
2016/17	43,757	29,231	72,983
2017/18	43,218	30,480	72,798
2018/19	29,954	28,097	58,051
2019/20	23,989	24,076	48,065
2020/21	28,964	30,435	59,399

The table above, based on the ABS data, clearly shows that the price escalation is due to a drop off in housing approvals and this is flowing on to a drop off in housing supply.

Further, the time taken to navigate the NSW planning system, even after an approval has been granted, often takes years, adding to risk for the property development industry and additional costs for new home buyers.

The message went out to Councils in 2018 that the NSW Government was going to go soft on them after the Council amalgamation debacle. But the result has been a massive under supply of housing. This will only get worse unless Government can incentivise Councils to deliver an over-supply of new approvals.

End

The comments above can be attributed to Tom Forrest, CEO, Urban Taskforce.

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

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