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Sydney's Rising Housing Prices – a measure of supply policy failure

The Australian Bureau of Statistics has today released new data showing that housing prices in Sydney rose by a massive 8.1% in the June quarter this year. That is – prices rose, on average, across Sydney, by 8.1% in just 3 months.

While many capital cities saw price rises, only Canberra saw a slightly higher level of price growth (8.2%). This is a blow to housing affordability and reflects the supply crisis in Sydney.

According to the ABS, the mean price of residential dwellings in Australia rose by \$52,600 to \$835,700. The mean price of residential dwellings in NSW (\$1,093,100) remained the highest in the country, with the ACT (\$891,700) now the second highest, marginally ahead of Victoria (\$891,500).

In an effort to have the NSW policy makers address the crisis in housing supply which is pumping up prices, Urban Taskforce has made a comprehensive submission to the Commonwealth Parliamentary Committee into Tax and Revenue's Inquiry into housing supply and housing affordability.

The submission highlights the many independent assessments that have been undertaken that note that particular failures of the NSW Planning System.

- NSW has the slowest planning system in the nation (Mecone Report, 2019)
- NSW Planning System is inflexible and fails to adapt quickly to changes in demand or market conditions (Glenn Stevens – Report prepared for the Premier in 2017)
- Housing supply has not kept pace with demand for housing in NSW and this has caused an underlying demand for housing which is forecast to get worse in coming years (NSW Productivity Commission).

The policy focus of the Department of Planning has gradually shifted to address the efficiency of the planning system, but the results speak for themselves. While some of the timeframes have improved, NSW remains the slowest system in the nation. by a long way. The number of approvals was on the rise, reflecting the fast tracking of projects during COVID last year, but has again dropped right off.

NSW is way behind securing the number of approvals necessary to place downward pressure on housing prices. If you don't have a pipeline of approvals, you can not have sufficient housing supply.

Each and every day there is more news about the housing supply crisis. Average household occupancy rates are rising as children are forced to live with their parents and grandparents for longer because it is too expensive to buy a new home. Sydney is getting to the stage where our best and brightest 25-40 year olds are being pushed out of Sydney due to lack of housing choices and affordability near where the jobs are.

All this and immigration has been in reverse – imagine what will happen when demand from immigrants and students returns, as it surely will.

The focus of the NSW Government on delivering additional housing supply through suburban development of town houses (the missing middle) has comprehensively failed. The policy of handing strategic leadership back to Councils has also failed.

The Commonwealth has now stepped in as the numbers published by the ABS can not be ignored.

Covid safety aside, housing supply is the number one policy item requiring attention. This requires the urgent attention of the NSW Government and some honest leadership from its public servants.

A copy of the Urban Taskforce submission to the Commonwealth Parliamentary Committee (Tax and Revenue) Inquiry into Housing supply and Housing Affordability can be found by [Clicking this LINK](#)

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.

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

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