

MEDIA RELEASE

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The world has changed with new housing prices up 20.4% – sadly - NSW planning has not with approvals down – ABS data

Urban Taskforce CEO, Tom Forrest, today said two new pieces of critical ABS data reveal that housing approvals in NSW remain in the doldrums while the cost of new homes rockets.

The performance of the planning system represents a massive handbrake on the NSW economy and this month's ABS data shows the extent of the ongoing problem. We need at least 6,000 new-home approvals a month to keep pace. The monthly data saw us get close, without ever quite getting there, but then the realities of the most confusing, duplicative planning system in Australia kicked in.

The problems began when former Planning Minister Rob Stokes took control of the planning system in 2019.

Annual approvals across NSW had been close to or over 70,000 per year for each of the four previous years (2015-2018). Then in 2019, they plummeted. Worse, under COVID, the NSW planning system performed worse than Victoria's, despite their extended lockdowns. We saw some recovery in 2021, but those have disappeared, and we are back in the doldrums.

12 months till Oct 2022	54,486
12 months till Oct 2021	64,901
12 months till Oct 2020	49,104
12 months till Oct 2019	52,190
12 months till Oct 2018	68,259
12 months till Oct 2017	71,893
12 months till Oct 2016	77,065
12 months till Oct 2015	69,186
12 months till Oct 2014	54,661
12 months till Oct 2013	46,892

	Multi Unit Dwellings	Houses	Total
Oct-22	2,009	2,295	4,304
Sep-22	3,125	2,320	5,445
Aug-22	3,447	2,522	5,969
Jul-22	1,763	2,305	4,068
Jun-22	2,116	2,392	4,508
May-22	2,178	2,174	4,352
Apr-22	1,837	2,435	4,272
Mar-22	1,727	2,500	4,227
Feb-22	2,396	2,593	4,989
Jan-22	1,767	2,067	3,834
Dec-21	2,380	2,453	4,833
Nov-21	1,129	2,556	3,685

Source: ABS 8731001 published 30/11/2022

Every property, social services, finance, affordable housing, and social housing industry association has now caught up with the Urban Taskforce and agrees that housing supply is beyond crisis point.

The NSW planning system is in need of root and branch reform. The words from the top have changed but the practice on the ground has remained the same (the shortage of planners has actually made things worse).

The NSW planning fixation with obsessive levels of consultation (written into legislation), each round of which feeds the beast of organised "community objections", is slowing the planning process and holding back the state of NSW. Today's CPI data shows how much that delay costs.

Those responsible for the laws and regulation of the NSW planning system seem to be doing their best to ensure that the millennials we have raised and educated as well as the skilled migrants that our state desperately needs, go somewhere else.

Not only have shortages of supply caused rents to rise and new home prices to escalate to unaffordable levels, but rising interest rates and shortages of labour and materials have all combined to push up the cost of new homes.

The consequences of having the slowest planning system in the nation, a system that favours the views of local objectors rather than prioritising the need for new homes at all price points and types, combined with rapidly escalating prices, means every planning delay is costing new home buyers big bucks.

The monthly CPI came in at 6.9% for the year to October 2022. The most significant contributors to the annual rise were *new dwellings (+20.4 percent)*, automotive fuel (+11.8 per cent) and fruit and vegetables (+9.4 per cent) according to the ABS.

The superannuation funds and banks have recently been workshopping with the Commonwealth Treasurer whilst pondering the feasibility constraints and high planning risk associated with both build-to-rent and affordable-housing supply.

The ABS data today makes it clear that the planning system presents the greatest constraints and delay, the highest risk and therefore the greatest additional cost and threat to feasible development.

The planning system, the Greater Cities Commission, the culture of planners in NSW were all too slow to identify the crisis – indeed, some in 2021 accused the Urban Taskforce for “sloganeering”. They were slow to respond to COVID. They could see the supply shortage coming. They failed to anticipate rising labour costs associated with the drop-off in immigration. They have been systematically slow to respond to each and every single change to the market they work in. It’s time for a change.

The comments and analysis 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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