ABS Housing Approvals for June show NSW continues to languish way below National Housing Accord commitment

Urban Taskforce CEO, Tom Forrest, said that today's ABS housing approval figures for NSW have exposed one of the worst ever results in terms of annualised housing approvals data. Today's figures demonstrate that the NSW planning system is in poor shape and will struggle to meet the requirements of the National Housing Accord.

After a single-month strong performance in May (over which we momentarily rejoiced), housing approvals have slipped back to worrying levels **(see Table 2).**

Annualised data shows that only 52,000 approvals were issued in the 12 months to June 2023 - the second worst performance in the last decade. Only the 2020 results were worse having been affected by the initial outbreak of COVID and the deliberate slowdown in approvals under the former government.

Multi-unit dwelling approvals collapsed in June 2023 – down almost 3,000 from last month's figures to a mere 1,680 **(See Table 1).**

Table 1

NSW new dwelling Approvals data – (released by ABS 1/8/2023	Apartments (Multi-Unit Dwellings)	Approvals Stand-alone houses	Total Seasonally Adjusted
12 months till end June 2023	27,248	24,760	52,008
12 months till end June 2022	25,744	28,847	54,591
12 months till end June 2021	29,901	30,308	60,209
12 months till end June 2020	24,006	24,149	48,155
12 months till end June 2019	30,011	28,437	58,448
12 months till end June 2018	42,553	30,573	73,126
12 months till end June 2017	43,448	29,366	72,814
12 months till end June 2016	43,968	29,455	73,423
12 months till end June 2015	36,810	26,463	63,273
12 months till end June 2014	31,062	23,328	54,390

Table 2

Last 13 months in NSW - month by month approvals data (released by ABS 1/8/23)

	Multi-Unit Dwellings	Houses	Total
Jun-23	**1,680**	**1,870**	**3,550**
May-23	4,599	1,838	6,437
Apr-23	2,296	1,883	4,179
Mar-23	1,927	1,890	3,817
Feb-23	1,285	1,965	3,250
Jan-23	815	1,808	2,623
Dec-22	3,381	2,133	5,514

Nov-22	1,326	2,233	4,483
Oct-22	1,884	2,226	4,110
Sep-22	2,880	2,261	5,141
Aug-22	3,485	2,418	5,903
Jul-22	1,690	2,235	3,925
Jun-22	2,118	2,318	4,436

NSW' commitment under the National Housing Accord is for 314,000 new market dwellings to be completed over 5 years commencing July 1, 2024. That means that almost 63,000 dwellings will need to be **completed** each year for five years.

To reach those levels, you need approximately 25% more approvals than the target for completions. With many builders going broke and interest rates causing concern among lenders, some projects will not proceed. NSW needs to deliver almost 80,000 approvals annually to achieve the target for completed dwellings of 63,000 a year.

It is impossible for 52,000 approvals in the year ending June 30, 2023 to deliver 63,000 new dwellings. 52,000 is a long way short of the 80,000 housing approvals needed to deliver 63,000 new homes each year.

While there are signs of life, the planning system is spluttering along, still suffering from the drop off in approvals which began as far back as 2019.
A big question remains over the capacity of the NSW State planning system to deliver what is expected from the National Housing Accord?

We always said it would take time for the new Government to turn the planning ship around, but we fear the June approval figures confirm that the situation is likely to get worse before it gets better.

Whilst it's not surprising for a new Government to take some time to comprehend the magnitude of the challenges the lie before it, there is a need for a significant shake up in this policy space.

Root and branch reform is needed if the NSW Planning system is ever going to step up to the task of meeting the National Housing Accord commitment.

end

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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