

2nd May 2024

Housing approvals stuck in a rut – Federal and NSW Budgets must address factors killing off housing supply

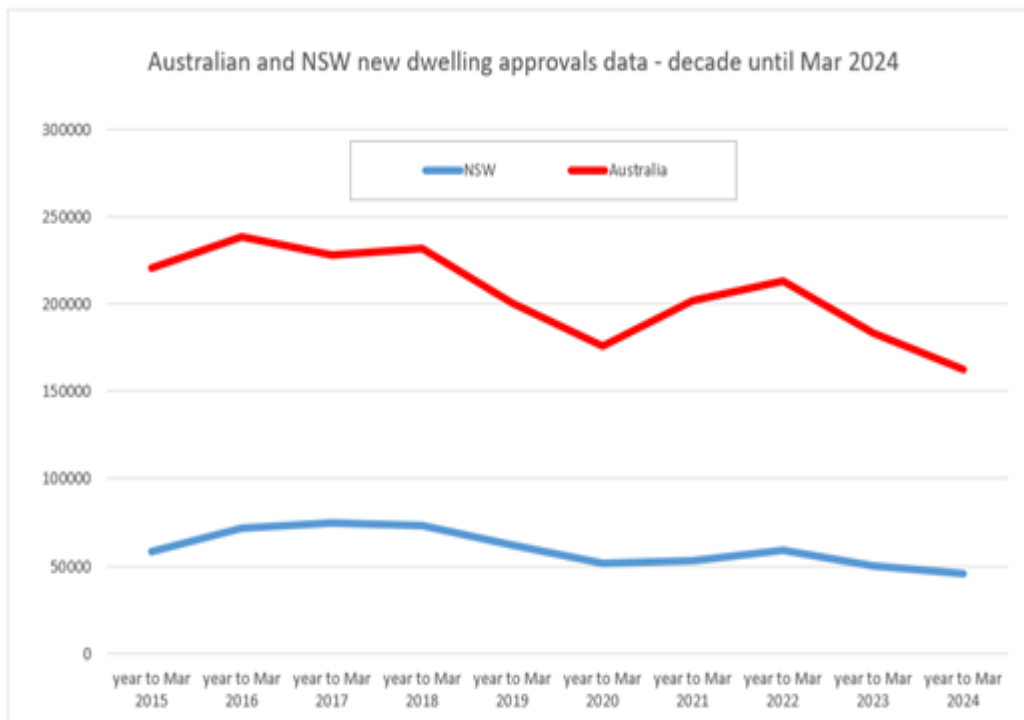
Urban Taskforce CEO, Tom Forrest, said today's ABS housing approval figures showed the need for all levels of Government to support the private sector in turning around housing supply if there was any chance of progressing towards the National Housing Accord targets.

The forthcoming Commonwealth and NSW budgets must support housing enabling infrastructure like water and roads, as well as providing relief from an array of fees, taxes and charges that are simply killing off the feasibility of many housing proposals.

Construction costs have gone through the roof, and with no sign of interest rate relief on the near horizon, the first 12 months of the National Housing Accord is looking very grim in terms of approvals, commencements and completions. The housing supply agenda is starting from a very long way behind the benchmark set by the Accord.

There can be no commencements nor completions of new housing without first having a planning approval.

The fact that new dwelling approvals are flatlining, weeks before the start of the National Housing Accord, is a wake-up call to all levels of Government – they cannot take a business-as-usual approach.



Source: ABS, Building Activity Australia, Table 06. Number of dwelling units approved, by sector, all series - Australia, 2 May 2024, Series 87310006

ABS, Building Activity Australia, Table 01. Number of dwelling units approved, by sector, all series - NSW, 2 May 2024, Series 87310001

According to today's ABS data, the annualised figure for national housing approvals is over 100,000 lower than it needs to be each year, at only 162,649 approvals for the 12 months to March 2024.

Australia - new dwelling approvals data - Released by ABS 2/05/2024	Apartments (multi-unit dwellings)	Approvals Stand-alone homes	Total Seasonally Adjusted
12 months till end Mar 2024	60,820	101,827	162,649
12 months till end Mar 2023	71,712	111,631	183,342
12 months till end Mar 2022	78,536	134,267	212,801
12 months till end Mar 2021	68,366	133,363	201,730
12 months till end Mar 2020	71,521	104,517	176,038
12 months till end Mar 2019	83,444	116,998	200,441
12 months till end Mar 2018	108,945	122,356	231,302
12 months till end Mar 2017	111,208	116,948	228,155
12 months till end Mar 2016	119,092	119,500	238,592
12 months till end Mar 2015	101,947	118,830	220,779

Source: ABS, Building Approvals, 2/5/24, Series 8731006

Similarly in NSW, approvals are stuck in a rut and trending downwards. A seasonally adjusted annual approval figure of 45,469 is sitting at 50% of what is needed to achieve NSW National Housing According targets of around 75,000 completions each year.

NSW new dwelling Approvals data - Released by ABS 02/05/2024	Apartments (multi-unit dwellings)	Approvals Stand-alone homes	Total Seasonally Adjusted
12 months till end Mar 2024	23,342	22,127	45,469
12 months till end Mar 2023	24,205	26,062	50,267
12 months till end Mar 2022	29,328	30,044	59,372
12 months till end Mar 2021	24,749	28,264	53,013
12 months till end Mar 2020	27,000	24,356	51,356
12 months till end Mar 2019	32,323	30,024	62,347
12 months till end Mar 2018	42,726	30,339	73,065
12 months till end Mar 2017	45,264	29,547	74,811
12 months till end Mar 2016	42,654	28,789	71,443
12 months till end Mar 2015	33,280	25,335	58,615

Source: ABS, Building Approvals, 2/5/24, Series 8731001

The Minns Government, along with other state governments, are progressing on several fronts in terms of planning reforms and this is welcome – what is desperately needed are big licks of infrastructure funding.

Urban Taskforce sees today's ABS data as further evidence backing our call for the Federal Treasurer to include housing and job enabling infrastructure funding as a centrepiece of his Budget speech.

A solid response to the housing crisis from Canberra should afford the NSW Treasurer some capacity to ease the burden of state levies and taxes on housing supply when the NSW Budget is handed down next month.

The housing supply and affordability crisis is disproportionately impacting those in our community who are most vulnerable – from young people, to new migrants, through to those on fixed or single incomes. Housing shortages create economic and social vicious circles. The crisis demands focussed attention.

The ambitious targets of the National Housing Accord are not simply theoretical policy imperatives – they are critical to addressing these mounting real-life issues faced most acutely by those frozen out of housing.

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.

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

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