

MEDIA RELEASE

17 July 2024

ABS housing data - commencements in NSW are falling off a cliff

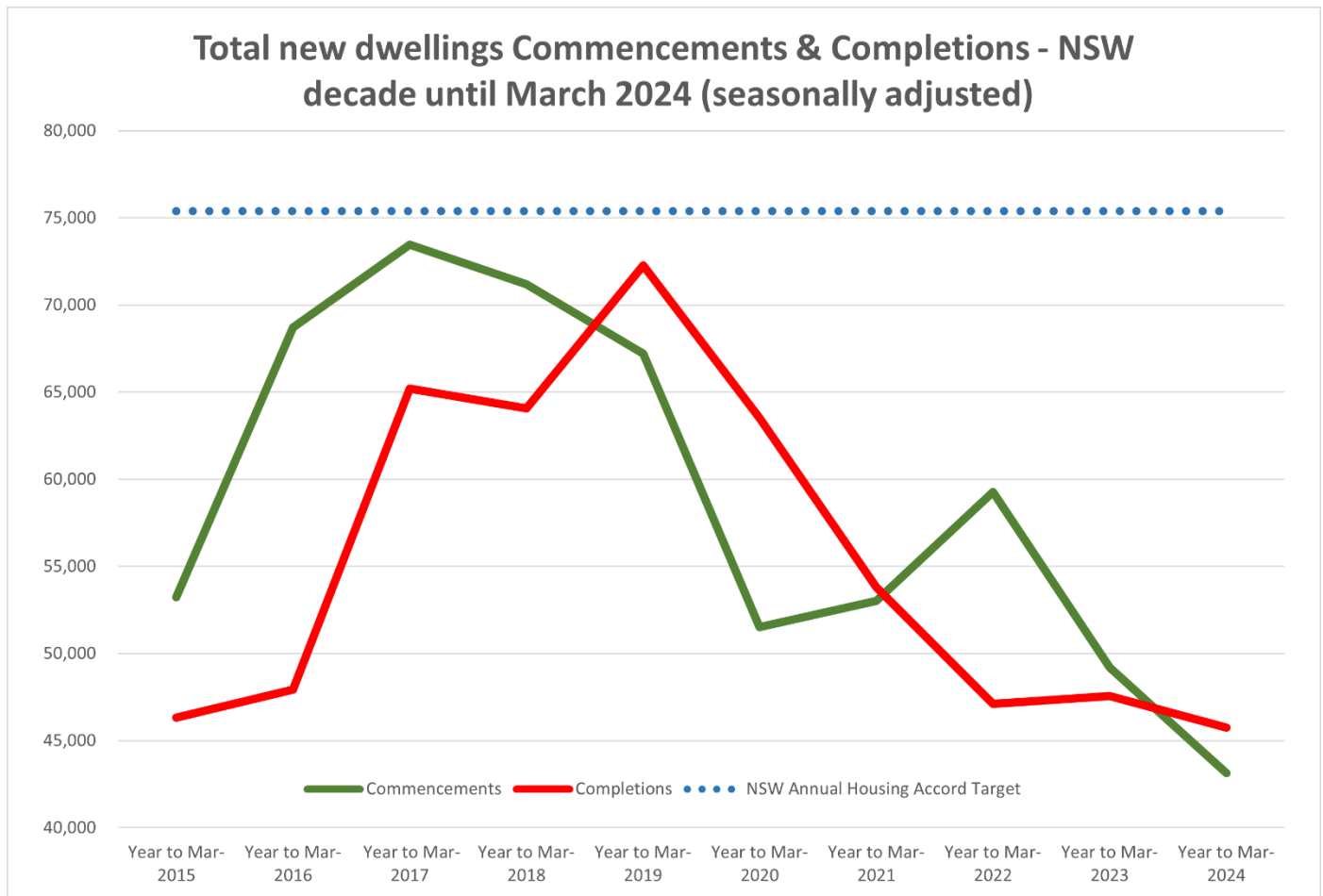
Urban Taskforce Australia CEO, Tom Forrest, said that new ABS national quarterly housing data released today showed that the impact of rising construction costs along with ongoing uncertainty and delay in finalising planning reforms was leading to 12-month housing commencements in NSW falling off a cliff.

The strong message from today's housing data to the Minns Government is that it has to go harder, faster and bolder in terms of planning and housing reforms in order to inject more certainty and confidence into the property development and construction sector.

We need to see more applications, more approvals, more new home commencements and more dwelling completions. Right now – all the metrics are heading south.

The quarterly ABS data released today shows that in the 12 months to March 2024 – housing commencements in NSW had collapsed to 43,136 – down from 49,206 commencements in the previous 12 months to March 2023.

To put this into perspective - in the 12 months to March 2019 - NSW achieved 67,208 new dwelling commencements – and that was only 5 years ago showing that with strong will from Government, it is more than possible to achieve these numbers.



Source: ABS, Building Activity Australia, 17 July 2024, Series 87520034 & 87520038

Housing completions in NSW were also down – from 47,550 completions in the 12 months to March 2023 to 45,749 in the 12 months to March 2024. New housing completions are well below the 76,000 we need to meet the Housing Accord targets, but it's the low commencement data that shows where we are heading and that is bad news for housing supply. Today's ABS Housing data shows that right now we are not within a bull's roar of reaching the Housing Accord targets

The Minns government has been strong with positive rhetoric on housing supply, but the focus now must be on driving that rhetoric into results.

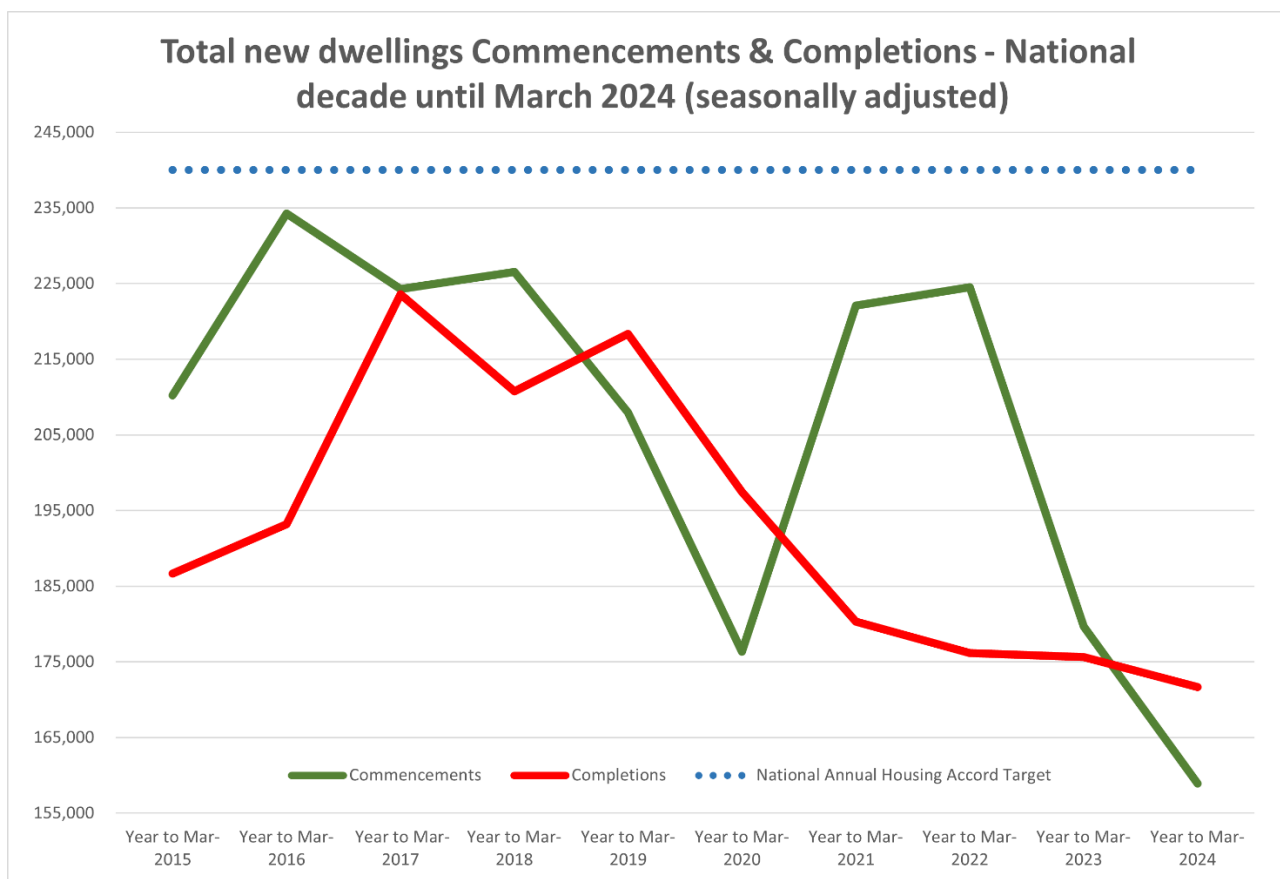
We are also continuing to see a flat line performance when it comes to new housing supply approvals which is a symptom of the NSW Planning system's failure to convert the planning reform agenda of the NSW Premier and Planning Minister into a feasible set of projects.

The new TOD policies are a case in point. Increased density and height around new Metro stations and transport corridors with excess capacity. But the addition of a new affordable housing tax of up to 15% will kill the feasibility of many of these development opportunities.

Combined with the recently introduced "Housing and Productivity Contribution" (a tax on housing supply introduced in the 2023/24 budget), the reintroduced Water Infrastructure charges, and the recent biodiversity tax of new housing in South Western Sydney, all of this has combined to create an environment where there is lots of risk, but no return for those wanting to develop and deliver new housing.

The data does not lie – and it paints a picture of a supply crisis getting worse, not better. It sends the strongest possible signal to the NSW Planning Minister, the Treasurer, and the Premier that more needs to be done, and when it is done, don't add on a new affordable housing tax.

The national data also rings alarm bells, with national commencements falling almost 20,000 in the annual figures from March 2023 to March 2024 from that achieved in the previous year.



Source: ABS, Building Activity Australia, 17 July 2024, Series 87520033 & 87520037

With the federal election due in less than 12 months, the Albanese Government needs to stop talking about the housing supply crisis and start delivering more when it comes to housing enabling infrastructure.

The last Federal budget was a good start, but the public will vote on that back of results.

With numbers like those we see today, we need to see more money for bread-and-butter housing enabling infrastructure for growing states like NSW, Queensland, Victoria and WA.

Greater support from Canberra will, in turn, embolden the States to embark upon significant planning reform to unblock the housing supply pipeline.

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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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