

# NSW housing approvals slowing down

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For the fourth month in a row the approval numbers for homes in NSW have gone down, says the Urban Taskforce.

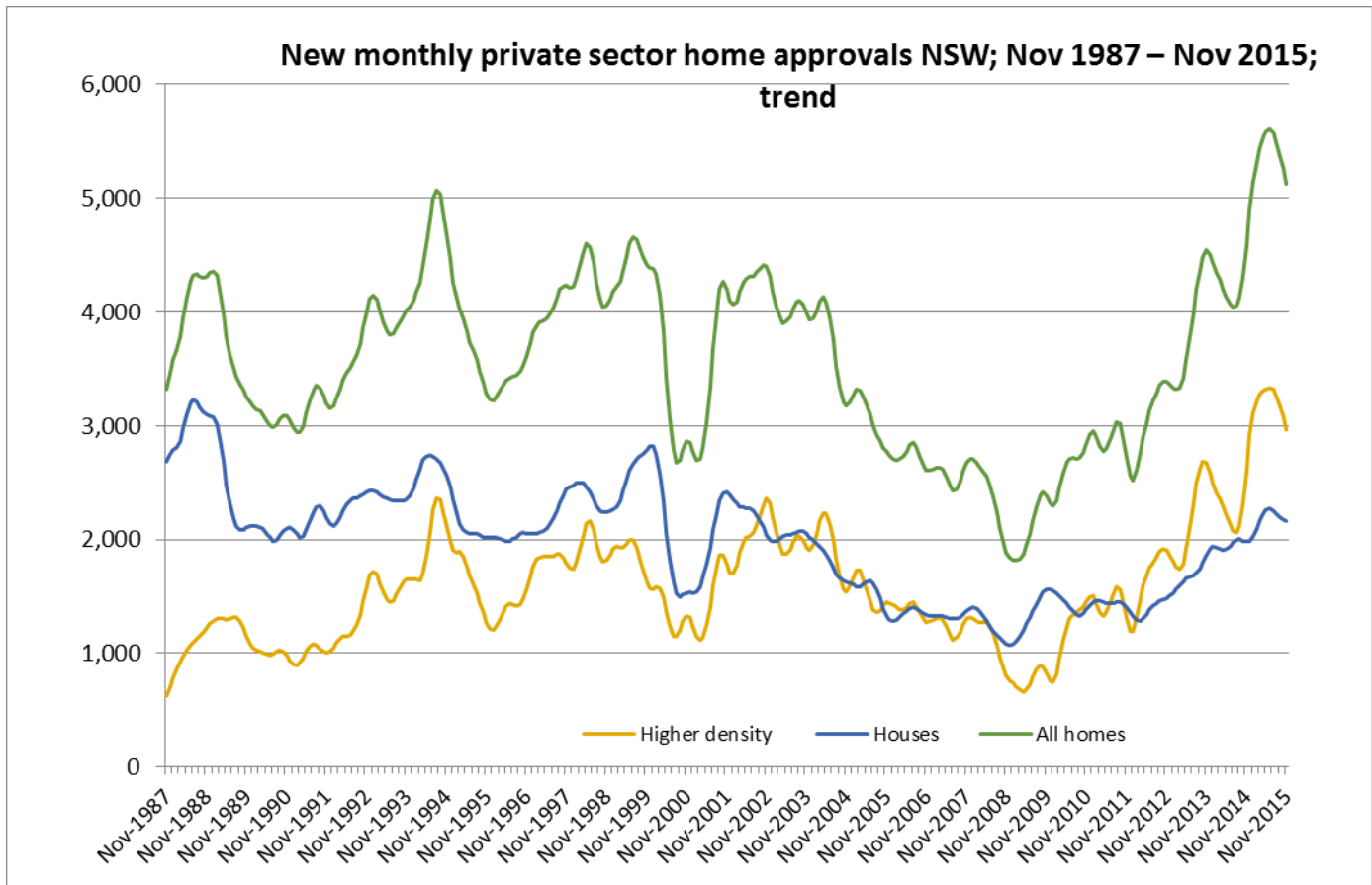
"The Australian Bureau of Statistics (ABS) November figures for housing approvals indicate a steady fall from a high in July of 5,579 to 5,130 in November 2015," says Urban Taskforce CEO, Chris Johnson. "The main drop has been in higher density apartments which have fallen from 3,325 in July to 2,967 in November 2015. This seems to indicate that the high point in housing approvals was in the middle of 2015 and that the industry is now moving downwards to a more normal level."

"While the approval numbers over the calendar year for 2015 have been high, and at record levels according to the NSW Government, the Urban Taskforce is concerned that even during the boom times the number of homes actually built in Sydney during the 2014 / 2015 year were 5,000 below the average required over a 20 year period based on NSW Government figures for Sydney. The average housing completions required for Sydney is 33,200 yet in the last financial year housing completions in Sydney only reached 27,348. To maintain an average supply of 33,200 new homes a year over 20 years means we should be well over the average in the boom times."

"While housing approvals are one measure of the impact on supply the most important issue is how many homes move from approval to actual completion. It appears that in NSW there is a significant problem in the number of actual completions relative to approvals across all building types. The NSW Government issued a report just before Christmas on the number of approvals over the last financial year relative to actual completions as demonstrated by the issuing of Occupation Certificates. 90,183 approvals were given but only 51,705 Occupation Certificates were issued. This means only 57% of approvals convert to completions. If we assume the completions would come from approvals in the previous year then the conversion rate is slightly higher at 61%."

"The Urban Taskforce is concerned that the NSW Government is overly focussed on measuring approval numbers rather than actual completions. Investigations are required into why 40% of approvals do not translate to real projects. Much of the problem is in the complex planning system, concurrences and particularly the onerous conditions that qualify approvals. The newly formed Greater Sydney Commission should urgently investigate why planning approvals are not translating into real projects."

See below graph on new monthly private sector home approvals NSW based on ABS figures:



The **Urban Taskforce** is a property development industry group, representing Australia's most prominent property developers and equity financiers.

**Media Enquires: Chris Johnson, Chief Executive Officer: 0412 258 283.** Follow us on:   