



Five-year housing forecasts announced in unfavourable conditions

Friday 24 January 2020 (Sydney, Australia) – The newly released Department of Planning, Industry and Environment (DPIE) five-year housing forecasts for Greater Sydney were announced amid the lowest development approvals rates since 2013.

The new housing projections are forecasting an 8 per cent increase in dwellings over the next five years to 2023/24, bringing the total number of new dwellings to 191,050. In a period of falling completions and plummeting approval rates, the industry will struggle to continue the trajectory of the previous five years.

“Historically strong supply can’t be sustained in an environment of declining housing approvals,” said chief executive of the Urban Development Institute of Australia (UDIA) NSW, Steve Mann.

“There are considerable hurdles restricting our ability to meet these forecasts, including increased levies and charges, and stalling investment. It makes the likelihood of meeting the Department’s 2023 commitments very challenging.”

Approvals in the year to November 2019 were down 41 per cent off the peak, to 34,765 dwellings in Greater Sydney. The industry will require significant support from government to meet these forecasts.

“There needs to be serious policy changes in order to meet these targets. The uncertainty around infrastructure contributions will be a huge barrier throughout 2020 if it is not resolved.”

The contributions required under s7.11 (formerly s.94), were capped for ten years in order to provide economic stimulation across the industry after the last downturn. The impending removal of this cap on 1 July 2020 is making industry wary about future forecasts.

UDIA NSW is also concerned that these forecasts fall short of the Greater Sydney Commission (GSC) targets for the South District and Western City.

“If the 2019-2024 rates of housing supply were to continue to 2036, the South District would be 6,160 under the GSC dwellings target and the Western City will fall 3,000 dwellings short of the GSC target,” said Mr Mann.

“Western Sydney is our future, but it won’t grow overnight. We need to put better measures in place now to accommodate our future population growth.”

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