

Media Release



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Development Industry Calls for Changes to NSW Stamp Duty Reduction

The Urban Development Institute of Australia NSW (UDIA NSW) has today called on the NSW Government to broaden the Housing Construction Acceleration Plan (HCAP) to include new land sales and to extend the stamp duty reduction until at least June 2010. UDIA NSW Chief Executive Stephen Albin said that, "the Government has forecast a dramatic improvement in the NSW housing market as a result of its 09/10 Budget measures, we believe the settings must be improved to get close to delivering the results."

Following consultation with some of its 500 member companies throughout New South Wales, UDIA NSW has expressed concerns about the capacity of the apartment market to deliver the bulk of the 24,000 new dwellings forecast for Sydney in 2009/10. Stephen Albin said that, "the HCAP is clearly targeted towards investors in the apartment market and is based on the assumption that there is a lot of stock in the development pipeline. This simply is not the case."

"To have some real impact on investment in new dwelling stock, the HCAP needs to influence development acquisition activity across the market. A six month burst of activity will help move some existing stock, but there just isn't the development pipeline there that we've had in the past. The development industry is calling on the NSW Government to extend the stamp duty reduction until at least June 2010 so that developers can start acquiring new sites and begin bringing new stock to the market."

Stephen Albin said that, "the development industry in NSW has had five years of historic low dwelling production and a return to healthy market conditions will require a sustained commitment from the NSW Government. This includes stimulating demand through incentives such as the HCAP, but more importantly in removing housing supply constraints. The biggest hurdle to the recovery from the NSW market will not be from a lack of demand, it will be slow rezoning and approval processes. This must now be the focus of Government."

UDIA NSW is also concerned that the HCAP only applies to either the transaction of house and land packages or new apartments, not on the sale of blocks of land. Stephen Albin said that, "there are very few developers who are speculating on house and land packages, the finance for these sorts of projects just simply isn't available. The biggest potential for upswing in supply will be from the sale of new blocks of land that can support houses and this area of the market has been completely overlooked by the Government in its stamp duty budget measures."

Stephen Albin said that, "we believe that the introduction of the HCAP is a positive move, it just needs to be better targeted towards where the biggest upswing in supply can be delivered, and that is in new release areas. UDIA NSW is calling on the Government to extend that HCAP to land sales for investors to deliver its budget forecasts of 24,000 new dwellings this financial year."

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