

8 February 2011

Sydney Ranks Last in Land Supply for New Homes: UDIA Report

Australia's largest capital city has ranked last in supplying residential land for new homes in a comprehensive report released today by the Urban Development Institute of Australia (UDIA). The 2011 UDIA State of the Land Report provides a comprehensive assessment of the performance of land supply markets across the major capital cities and the analysis has placed Sydney last, for the third edition of the report.

UDIA NSW Chief Executive, Stephen Albin, said that, "the report finds that there is a shortage of housing supply right across the country but the real concern is Sydney, where we're producing fewer new homes in new release areas than Adelaide, but with four times the population. The shortage of suitable land for new housing is impacting heavily on housing affordability."

The report ranks the major capital cities in terms of land supply as follows:

1. Melbourne
2. Adelaide
3. Perth
4. Brisbane
5. Sydney

The report finds that

- Sydney produced fewer new housing lots in release areas than every other major capital city;
- new blocks of land in Sydney are more expensive than in every other major capital city; and
- these results are being repeated year on year.

Stephen Albin said that, "every year that there aren't enough houses built in Sydney, means housing becomes more expensive, and you have more people joining rental queues because they can't afford to buy their own home. The only measure Sydney now leads in is having the most expensive housing in the country."

The Report finds that due to:

- a complex planning system;
- red tape around land release; and
- the highest development levies in the country - developers preferred to do business in other states.

Stephen Albin said that "developers see NSW as a risk. There's too much red-tape, too much uncertainty, and the costs are too high. Whoever is elected in March needs to address these issues urgently. The Government must cut red tape and release more land to make NSW competitive."

Stephen Albin said that, "the land supply crisis in Sydney is compounded by the fact that the NSW Government refuses to release timely data on land supply and housing production. The Government has every reason to be embarrassed by the figures, but that's no excuse to hide this information from the public. Developers and builders rely on these forecasts to make investment decisions. If there is no up to date data from Government, developers will build homes elsewhere – but its new homebuyers that lose out. By not being upfront and honest with the people of NSW about the problems with housing and land release, the Government is perpetuating the problem and fewer homes get built and homes become less affordable."

Stephen Albin said that the housing shortfall in NSW is affecting the cost of living here more than in other states because new homebuyers are forced to pay the highest housing taxes and charges in the country.

“New homebuyers in Western Sydney are paying on average \$100,000 on Federal, State and Local Government taxes and charges to buy a modest house and land package. This equates to \$733.76 a month in mortgage repayments over 30 years. You can’t ask new homebuyers in NSW to pay the highest levies and taxes in the country on new homes and then claim to be concerned about the cost of living.”

Stephen Albin said that with the NSW election around the corner, the pressure would be on both the Government and the Opposition to outline their plans to address the housing shortfall and the chronic problems with land release in Sydney.

“The Opposition’s plan to sell 10,000 blocks of land owned by Landcom and reinvest the proceeds into infrastructure is a positive and innovative start to addressing the issues. We would hope that both the Government and the Opposition propose a range of measures to implement post election to end the housing shortfall.”

“Whoever is elected in March needs to reduce Government taxes and charges to make housing more affordable for new homebuyers. What homebuyers need is for the Government to cut red tape and release more land to make NSW competitive.”

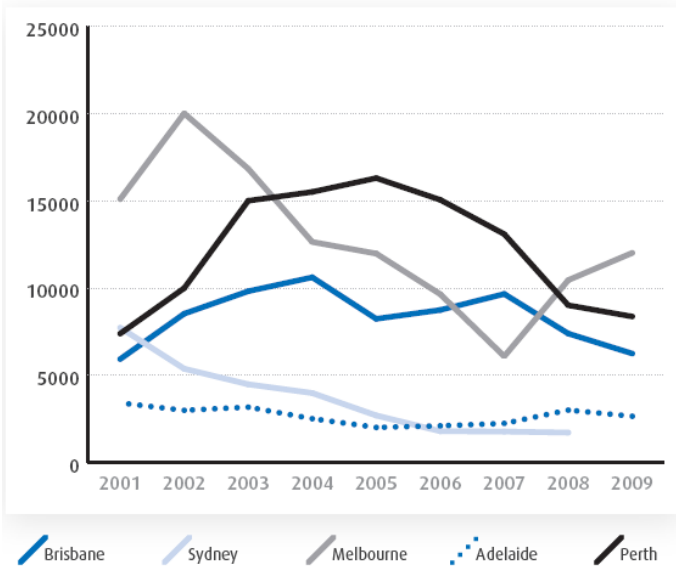
The key diagrams from the report are provided overleaf. This data can be supplied to media in raw format on request.

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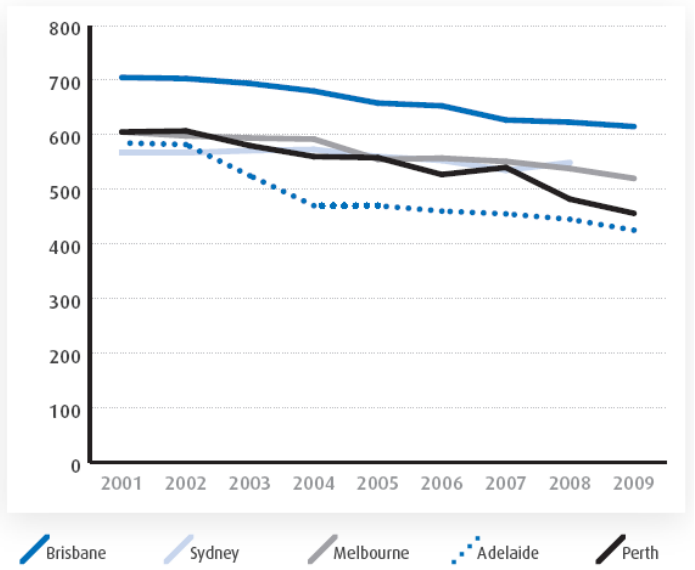
NATIONAL FINDINGS

Lots produced



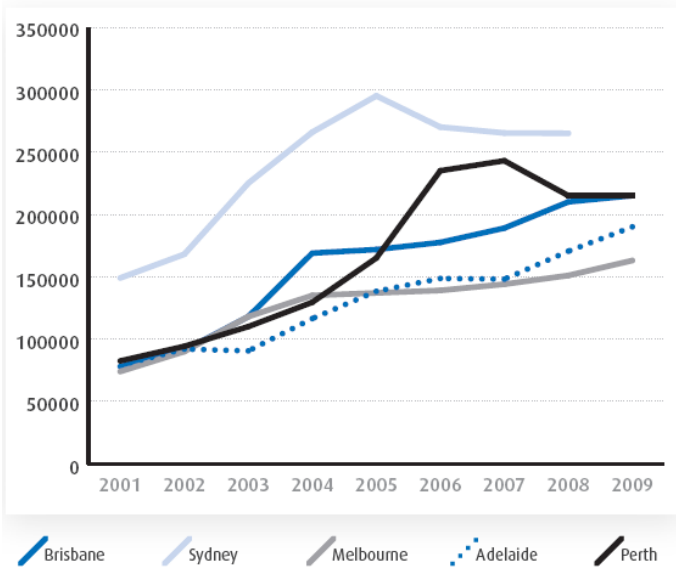
Source: UDIA (National)

Median lot size



Source: UDIA (National)

Median lot price



Source: UDIA (National)

