

**MEDIA RELEASE**

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## **HOUSING SUPPLY WOES HURTING HOMEBUYERS AND RENTERS**

New research confirms housing affordability continues to deteriorate for home buyers and is now adding to stress across rental and regional housing markets, according to the Urban Development Institute of Australia (UDIA).

UDIA National said the research from the National Housing Finance and Investment Corporation (NHFIC) released today shows how imbalances in Australia's housing markets continue to hurt home buyers and renters.

UDIA National – the nation's peak body representing the property development industry – said the report is the latest warning sign on the unhealthy state of housing markets.

"Australia has one of the world's least affordable housing markets and it continued to decline during the pandemic," said UDIA National President, Maxwell Shifman.

The report reveals a larger proportion of first home buyers can afford to access a smaller slice of available stock as house prices keep escalating. Until now, these stresses have largely revealed themselves in our major capital cities – but we are now seeing the same challenges infecting a host of regional and rental markets.

"The simple fact is pipelines have been strangled through unnecessarily complex and slow planning systems, and excessive regulation, all of which impact the price that home buyers pay," said Shifman. "Many areas are now on the back foot when it comes to delivering sufficient supply due to lack of forward planning."

The gap between supply and demand widened as far as 200,000 homes in the past decade, and we risk a repeat as Australia begins to again re-integrate itself to the world. The Government's own forecasts show that once business-as-usual immigration and population settings return post-pandemic, demand is poised to rise to over 178,000 homes per year.

Yet for the past 20 years we have averaged 142,700 new homes per annum in supply – with predictable consequences for affordability which UDIA has been warning about for years.

UDIA National is recommending a wholesale transformation of housing policy frameworks, with a dedicated focus needed on removing the barriers to housing supply.

This includes a new incentives-based model that:

- Sees independent and transparent housing targets, tied to population growth, set for each state and territory
- Makes financial incentives available to states and territories that meet the target, with the money to be recirculated into initiatives like enabling infrastructure essential to support housing production
- Ties the payments to actual performance, so the states and territories are only rewarded for delivering real outcomes that boost supply, rather than just the production of plans or strategies.

"The incentives model should be backed by independent league tables that showcase the performance of states and territories and deliver greater accountability," Mr Shifman said.

"We need to bring urgency to the task of giving all Australians a shot at fulfilling the dream of home ownership," he added.

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