



Supply situation

A RECENT JP Morgan report suggesting that the supply of new housing in the Australian market has clearly been restricted by government policy constraints is right on the money, according to staff at Century 21.

“Policy making at all levels leaves much to be desired,” said Century 21 co-principal, Geoffrey Jordan.

“Without significant reform, the market in its current state is an inefficient one, which isn't in anybody's interests.”

The report laid blame on governments at a state level, due to the limited scope of land release programs.

It also referred to the Henry Tax Review findings that transaction-based taxes such as stamp duty restricts flexibility in relocation, instead encouraging renovation which draws resources away

from new home construction.

In addition, the approval processes of local councils were criticised for their unnecessary time wastage, said to lead to considerable delays in the development process.

The 2010-11 Federal Budget was identified by the report as a missed opportunity to deal with these issues.

“The number of homes that need to be constructed in order to meet current and projected housing demand is extraordinary,” continued Geoffrey.

“And what's worse is that governments don't seem to be preparing a means of tackling or even reducing these figures.

“Local councils are bound by their local development rules which are not aligned to economic factors, but more so towards meeting the local guidelines and



maintaining a balance between what is needed with what local residents will either agree or object to.

“It's time for the all governments to step up to the plate.

“The supply situation is only going to go downhill if

someone doesn't act soon. “

The report found that in the period between the last quarters of 2006 and 2009, the construction of dwellings was approximately 180,000 dwellings short of demand.