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Boom to hit home prices

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HOUSE prices could fall by up to 10 per cent in some suburbs next year, offering much-needed hope to first-time buyers after years of steep rises.

New figures show the number of homes being approved in NSW has reached a record high, signalling a potential major increase in supply that should push down prices.

Units approved for construction have rocketed by 39 per cent over the past 12 months, while approvals for houses shot up 10.5 per cent.

Despite a sharp downturn in housing approvals during September there have been more than 75,000 new homes rubber stamped for construction in the past 12 months, the highest yearly tally on record.

That includes 3886 new units approved in September, up from 2804 during the same month in 2015.

There were 2428 new houses approved, up from 2198 in September 2015.

"Apartment approvals are booming in NSW," Urban Taskforce boss Chris Johnson said.

The key issue for any decline in house prices will be how many of those approvals are turned into actual new homes — and where those projects are located.

CP Economics' boss Callam Pickering believes a five to 10

per cent fall in prices could be in store, following three years in which house prices have rocketed 43 per cent, destroying the dream of home ownership for many families and young couples.

The sharpest falls could be in the thriving units sector, particularly in suburbs around the city's west, northwest and CBD, where most construction is occurring.

"We are currently seeing a construction boom in Sydney

that is far larger than any we have seen in recent decades," Mr Pickering said.

"A supply response of this magnitude certainly has the capacity to lower apartment prices throughout Sydney."

It comes just days after federal Treasurer Scott Morrison heaped pressure on states and territories to do more to address the housing affordability crisis.

The issue is expected to be discussed at next month's

Council of Australian Governments meeting.

"This government has taken approvals to almost 2½ times higher than Labor's dismal record and massively boosted supply," NSW Treasurer Gladys Berejiklian said.

Labor's treasury spokesman Ryan Park said housing supply is only "part of the housing affordability solution" and other measures are necessary to help families who have been "locked out of the housing market".