



Greenfield Land Supply Pipeline Report

October 2022

"If we're going to make owning a home more achievable, all levels of government, industry and community need to work together to address supply, affordability, and diversity across the state" - Minister Anthony Roberts, A Pathway Home: 2022-23 Housing Package



Executive Summary

Sydney currently ranks as the second least affordable city in the world, and easily the worst for affordability in Australia. This is creating increased inequality and homelessness, despite record levels of employment across the state. The affordability crisis is overwhelmingly due to the sustained failure of New South Wales (NSW) to build an adequate supply of homes for its growing population. Fixing the housing supply and affordability crisis will require a sustained effort to increase the pipeline of development ready residential land to supply homes in both urban and regional centres.

In 2021, UDIA NSW conducted a seminal piece of research on the greenfield housing pipeline across the Sydney Megaregion. The report revealed that there will continue to be an undersupply in greenfield housing across the Megaregion due to the failure to rezone enough land and provide the crucial enabling infrastructure to support development. This report builds on those findings with a focus on the delivery of a healthy pipeline of development ready land. Development Ready Land is zoned land which is missing no enabling infrastructure, is located appropriately, and faces no other regulatory constraints preventing it from development.

Drawing upon the 2021-22 NSW Intergenerational Report, 42,000 new homes are forecast to be required each year to attain the estimated 1.7 million new homes by 2061. This translates to around 14,000 new greenfield homes per annum across the Megaregion (Illawarra-Shoalhaven to the Hunter).

Although Greater Sydney experienced record high dwelling completions in 2017/18, the greenfield market had subdued, right up until a strong rebound during the pandemic.

To increase the supply of greenfield housing, UDIA NSW makes the following recommendations to the NSW Government:

- Recommendation 1 – Provide ongoing funding for enabling infrastructure.
- Recommendation 2 – Use Regional Empowered Committees to prioritise the creation of development ready land.
- Recommendation 3 – Develop a detailed tiered pipeline analysis with the steps required to deliver development ready land.
- Recommendation 4 – Continue reforms of key elements of the NSW planning system including rezonings and biodiversity certification.
- Recommendation 5 – Publish a plan for rezonings.





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Our 2021 Greenfield Land Supply Pipeline Report highlighted that NSW was projected to experience a shortfall in supply of 25,600 homes by 2030. This year's Greenfield Report finds that, despite some progress, at the current rate of creating development ready land there will still be more than 20,000 lots of unmet demand by FY30. Additionally, **89% of the lots expected to be delivered in the next 8 years are not currently development ready** and face constraints in enabling infrastructure, rezoning, and biodiversity requirements.

We introduced the identification of biodiversity constraints as part of the survey analysis. It has emerged as a leading constraint on greenfield housing supply in the Lower Hunter and Central Coast, with 62% of lots currently held up by biodiversity issues in these regions. In each of the Megaregion Cities, at least 75% of lots are constrained by missing pieces of enabling infrastructure. Further, around 9 in 10 lots in each City's forward pipeline are not development ready.

Compared to a year ago, the development industry is facing significant headwinds including the rising cost of building materials from supply chain blockages, rising interest rates, record-high inflation, and critical labour shortages. The failure to create a pipeline of development ready land will add to these headwinds, undermine housing investment, and increase supply shortfalls.

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Methodology Notes

Survey of Greenfield Developers

In June 2022, UDIA NSW undertook a survey of greenfield land developers across the Six Cities Megaregion (Greater Sydney, Illawarra-Shoalhaven, Central Coast, and the Hunter). Responses were received from 41 organisations and cover close to 130,000 potential lots. 92% was raw data provided from developers. Minor adjustments were made to estimate inputs from additional estates that were not captured through the survey, such as those delivered by small scale developers. The information underlying this report is based on UDIA NSW estimates of the total greenfield development industry in the Megaregion. Thank you to all those who helped contribute to this piece of research.

Amalgamation of Data

Given the greenfield focus of this report, the following omissions/amalgamation took place. There is no mention of the 'Eastern Harbour City'. Estates within LGA's of the 'Western Parkland City' and 'Central River City' are combined under the 'Western Parkland City,' and then separated into North West and South West Growth Areas. The 'Central Coast City' and 'Lower Hunter and Greater Newcastle City' are amalgamated. All demand estimates for these regions are attributable to UDIA.

At the current expected rate of land release there will be over 20,000 lots of unmet demand across the Greater Sydney Megaregion by FY30

Introduction

Greenfield Land in the Greater Sydney Megaregion



1. | Introduction



In June, UDIA NSW released our Six Cities Megaregion Issues Paper, welcoming the new strategic focus adopted by the NSW Government. UDIA supports the delivery of a Six Cities Megaregion, and our Paper reiterated the need for a pipeline of development ready land. Development Ready Land is land which is appropriately located, zoned, and serviced, and faces no other regulatory constraints preventing it from commencing development. Unfortunately, it takes 5 to 10 years to create development ready land, and this is the major contributor to the deep housing affordability crisis which has gripped Sydney and the regions in recent years, even whilst our borders have been closed to international migration.

We keenly await the delivery of the strategic plans for each of these Six Cities by the end of 2024, which will include proposed net dwelling targets for Local Government Areas (LGAs). However, adequately supplying new greenfield homes must incorporate a Megaregion-wide perspective. **29% of expected lots in the Megaregion pipeline will be in the Lower Hunter, Central Coast, and Illawarra-Shoalhaven.** Although the recent NSW Budget had some money for enabling infrastructure, it is not yet clear that this will go to the Hunter, Central Coast and Illawarra-Shoalhaven and enable these regions to deliver the housing supply required.

To construct a credible development ready pipeline, it is crucial that infrastructure delivery is funded and coordinated across all Six Cities of the Megaregion.

DPE's updated 2022 NSW Population Projections predicts that approximately 420,000 new homes will be needed to support population growth of 900,000 people across Western Sydney and the regions by 2041. Without adequate supply, this considerable increase in demand could further exacerbate the housing affordability crisis. As of 2022, Sydney ranks 91st out of 92 global cities for housing affordability, and the median price of a house requires over 15 times the average income to secure finance. Figure 1 shows the rising median prices of new detached homes (to April 2022) for the Cities outlined in this report. Whilst the recent agenda adopted by the NSW Government to increase housing supply is welcomed, policy reforms will be required to achieve the supply required and provide a focused response to this affordability crisis.

More recent data from CoreLogic have revealed that Sydney dwelling prices declined 4.7% over the 3 months to July 2022, with Regional NSW prices also dropping close to 1% in that time. Despite these recent falls, prices are still 33% higher than they were before the pandemic in Greater Sydney.

Rents continue to increase, with Sydney house rents up 9.4% on the year. This is unsurprising due to the extremely tight rental market experienced across the Six Cities, and particularly across the regions which have had vacancy rates below 1% since September 2020.

As interest rates increase and banks tighten lending criteria, pressure on mortgage rates will create no improvements to housing affordability. A Moody Investor Service's report shows that a rise in the cash rate to 2.85% would still require house prices to fall more than 20% for affordability 'not to worsen.'

The NSW Government's Housing 2041 strategy recognises supply as a key pillar in improving housing affordability and creating better outcomes for the people of NSW. A sustainable pipeline of development ready land, and with-it new greenfield housing supply, must play a key role in the successful delivery of the strategy.

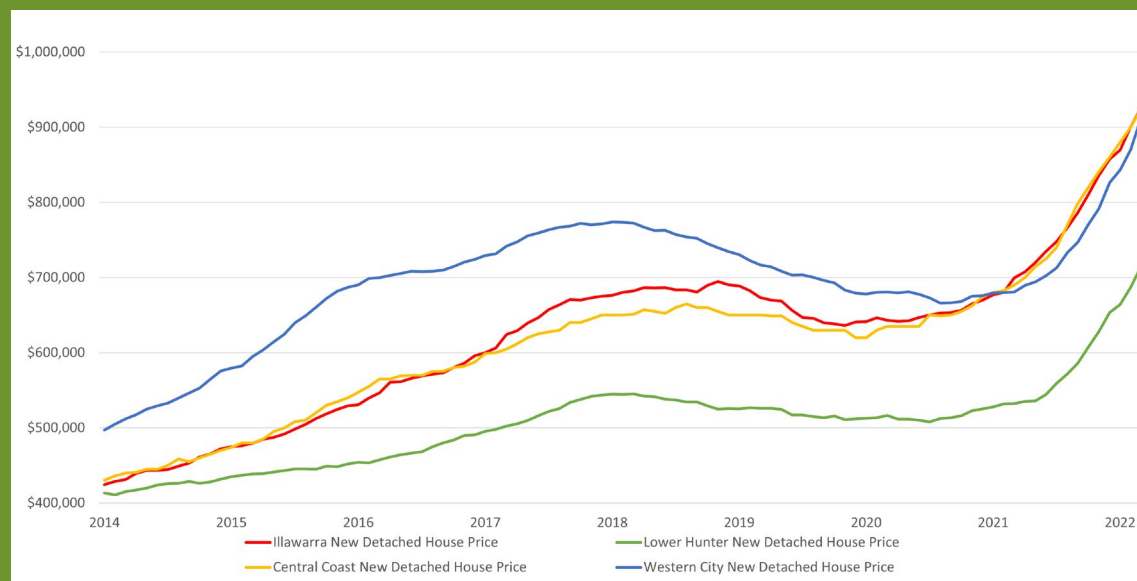


Figure 1: Median New House Sales Prices to April 2022, Selected Six Cities Source: CoreLogic, UDIA NSW

All cities are at peak median sales price for new detached houses

1.1 | Land Supply and Demand in the Six Cities Megaregion



The 2021-22 NSW Intergenerational Report estimates that 42,000 new homes are needed per annum in New South Wales, and that 94% of population growth will be in Greater Sydney, the Hunter, the Central Coast, and the Illawarra. Over the last decade, detached dwellings averaged a third of all new dwelling completions in Greater Sydney.

We therefore estimate demand to be **14,000 greenfield homes per annum across the Sydney Megaregion**. This will require a significant uplift from the recent five-year average of 8,600 greenfield completions a year (note that this only includes Western Sydney, and not the Central Coast, Lower Hunter, or Illawarra). UDIA's recent Home Purchaser Sentiment Survey has found that demand for detached house living in Sydney remains overwhelmingly popular, with around two-thirds of people preferring a detached home. Demand for greenfield development across the Megaregion is going to be sustained, particularly post-COVID where working from home has become a more acceptable lifestyle choice.

Only 11% of lots in the Megaregion are considered 'development ready' over the next 8 years. In FY23 just 34% are development ready, with this proportion dropping in each successive year. Figure 2 demonstrates how, upon constraints being resolved, supply will only match estimated demand in FY25, and only if over 86% of lots expected in that year have their constraints resolved in the next 12 to 18 months. Whilst the proportion of lots reporting enabling infrastructure constraints remained consistent at 80%, our new metric for Development Ready Land shows a considerable lack of supply in the immediate pipeline.

Compared to last year's report, our research this year has indicated an uplift of 5% in total lots identified for delivery over the next 8 years (almost 92,000 lots between FY23 and FY30, up from 87,400). This is a function of more data, and a few key developments brought forward in the pipeline. Over just the next four years, our survey indicates around 49,500 lots to be delivered, up from just over 42,000 in the 2021 survey (an 18% increase). The bringing forward of lots in the pipeline means there is a drop in

lots expecting to be delivered in FY27-FY30, something that will need to be monitored in the years ahead. Encouragingly, there was also an increase in the identification of lots in the long-term forward pipeline, with nearly 37,500 lots expected to be produced beyond FY30, up from just under 34,000 last year.

If all lots identified in our research for delivery between FY23 and FY30 were delivered,

including those constrained, supply would still fail to satisfy demand. As Figure 3 identifies, 20,100 lots of unmet demand is expected by 2030. However, we have seen some improvements in the coming years compared to our 2021 survey, where over 10,000 lots were expected to be cumulatively undersupplied in the next three years. Our 2022 survey finds undersupply has almost halved for this period to 5,200 lots.

In the longer term, however the supply shortfall gets worse, with additional undersupply of over 13,500 lots between FY27-FY30, 5% more than last year. Whilst land must continue to be unlocked in the short term, greenfield supply must also be considered in the long term to close the undersupply gap and keep the Megaregion pipeline sustainable.

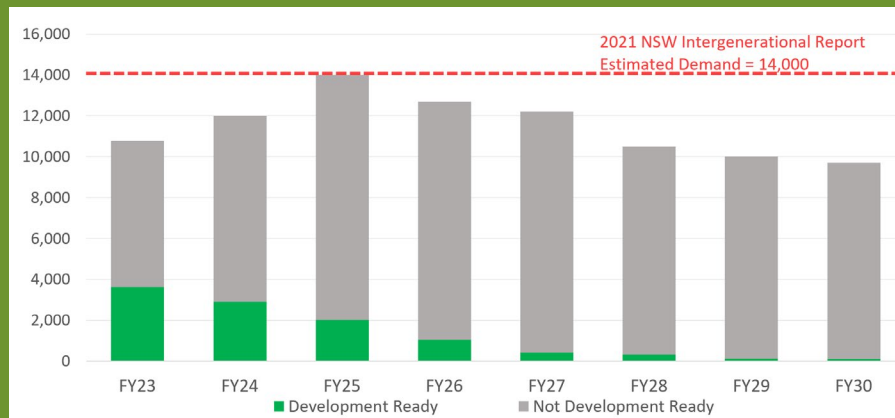


Figure 2: Greenfield Land Supply Outlook - Six Cities Source: UDIA NSW

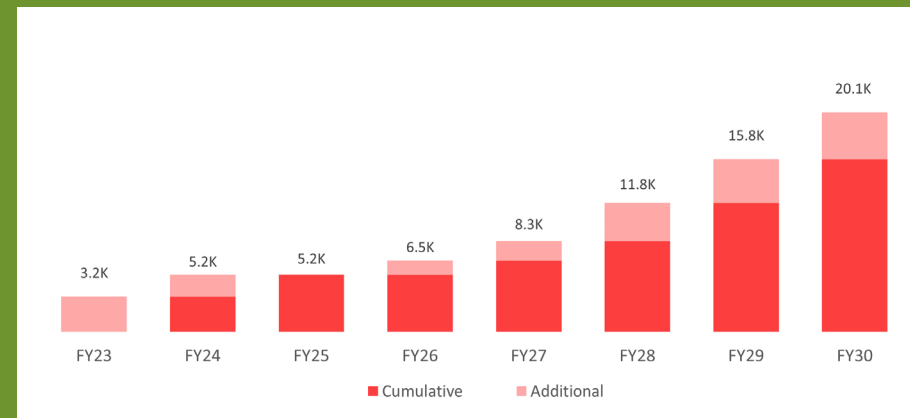


Figure 3: Cumulative Undersupply in the Six Cities Megaregion Source: UDIA NSW

1.2 | Constraints on Greenfield Supply in the Six Cities Megaregion

The lack of enabling infrastructure remains the key blockage for greenfield land supply. In our four Building Blocks 2021 reports, UDIA identified multiple growth areas that require enabling infrastructure, and outlined a comprehensive list of infrastructure projects to be prioritised for funding. Pleasingly, the recent NSW Budget committed funding to some of these projects. However, our research finds that a significant number of lots remain constrained by infrastructure gaps.

80% (73,500) of lots programmed for release in the next 8 years face constraints of enabling infrastructure (roads, water, sewer, power). Over just the next 4 years, 74% of lots are constrained by a lack of enabling infrastructure, approximately 9,500 more lots than in 2021.

89% of lots are constrained by at least one of the constraints outlined in Figure 4. Enabling infrastructure (sewer, water, power, roads) continues to be most restrictive on the greenfield pipeline.

Figure 4 provides further analysis into the number of lots impacted by each type of

constraint. Enabling infrastructure items once again appear as the primary constraints on the Megaregion's greenfield pipeline. Lots reporting Sewer infrastructure as a constraint over the next 8 years increased by 7% to 54,300, with Power as a constraint up by 29%, Local Roads by 28%, and State Roads increasing 4%. Those lots reporting constraints by VPA Negotiations dropped by 15%, Flooding by

43%, and Water infrastructure by 1%. This year we introduced a new option to specifically identify constraints from biodiversity, and 27% of lots in the Megaregion listed it as a constraint. This was particularly constraining for the Hunter, Central Coast, and Illawarra, who together accounted for 57% of those reporting biodiversity constraints.

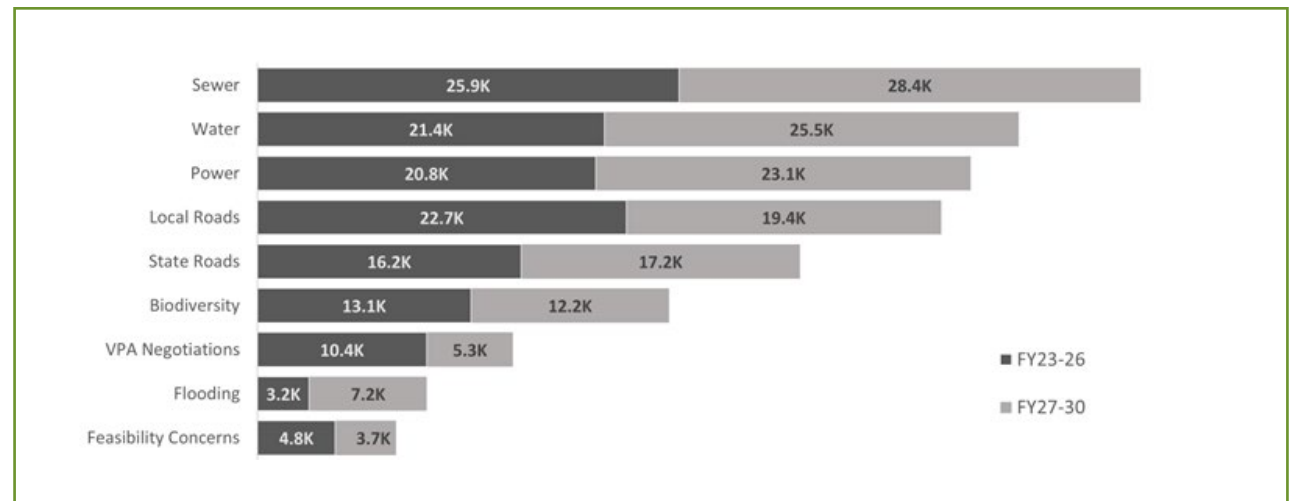
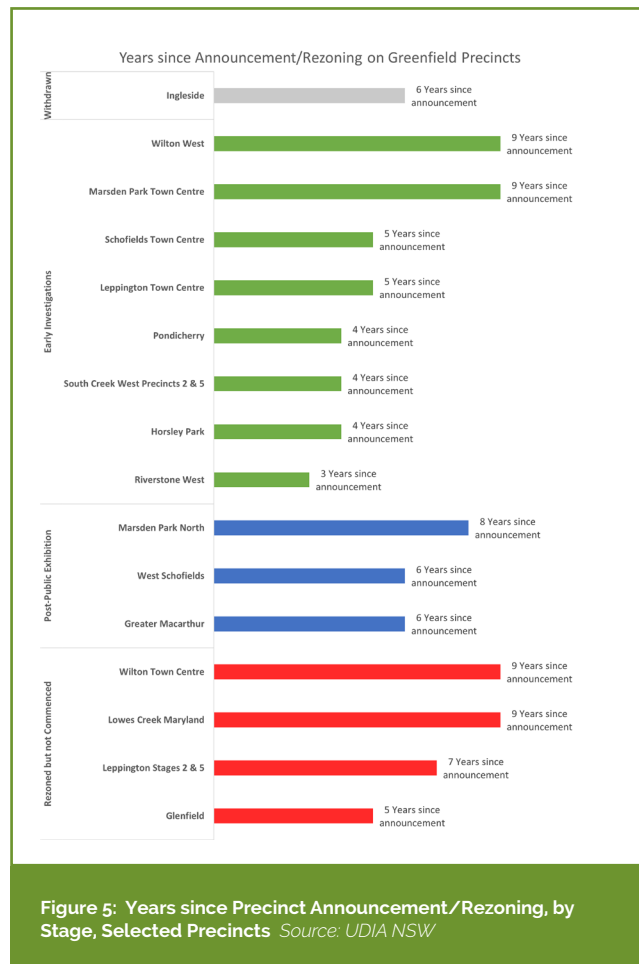


Figure 4: Number of Lots Impacted by Constraints, Six Cities Source: UDIA NSW



Image: Catherine Park Estate by Harrington Estates and The Fairfax Group

1.3 | Precinct Delivery Reform and Timely Rezoning



Precinct planning is often a key barrier to increasing greenfield supply. Last year, the NSW Government announced the rezoning of four precincts to unlock more than 16,000 new homes in the Western Parkland City. Three of these precincts were listed as 'urgently required rezonings' in UDIA's previous Greenfield report.

The recent NSW Budget commitment of \$73.5 million for the planning and rezoning of multiple state-led precincts is welcomed, especially as we remain disappointed at the slow pace many precincts have moved through the process. However, money is not enough. UDIA's recent policy paper "highlighted the need for significant process improvements if these precincts are to come to fruition in a timely manner. UDIA is encouraged by our recent discussions with DPE on this point.

Figure 5 highlights how we still see nearly half of precincts in the 'early investigations' stage. The length of time greenfield precincts are spending in this stage averages nearly five and half years.

Figure 6 reiterates the importance of getting rezonings right. Over the next 4 years, several key precincts and urban release areas require rezoning to coordinate with the expected delivery of enabling infrastructure pieces. The NSW Government must be sufficiently prepared for these rezonings, so that housing delivery can occur within the 18-24 months that follow. The identified precincts and urban release areas in Figure 6 will support the delivery of around 10,900 lots up to FY30, and another 11,000 lots thereafter.

2022	2023	2024	2025
Glenmore Park (Stage 3)	Marsden Park North		Cobbity
Lake Munmorah	North Appin		Gilead
Loxford (Precincts 2-4)	Sawyers Gully		Greenway
Thornton North	Tahmoor		Leppington (Stages 3 & 4)
	West Dapto (Stage 3)		Marsden Park Town Centre
			Moorebank East

Figure 6: Timeline of Expected Rezoning *Source: UDIA NSW*

1.4 | Recommendations

To increase the supply of greenfield housing, UDIA NSW recommends that the NSW Government:

RECOMMENDATION 1

Provide ongoing funding for enabling infrastructure across the Sydney Megaregion

The NSW Government continues to sporadically and selectively fund enabling infrastructure across the Megaregion. To maintain the greenfield pipeline, the NSW Government needs to develop an ongoing source of funding for enabling infrastructure for the entire Megaregion. Some of these projects are outlined throughout the course of the report, and a comprehensive and costed list can be located in UDIA's Building Blocks 2021 Reports (Appendix 1).

RECOMMENDATION 2

Use Regional Empowered Committees to prioritise the creation of development ready land.

In May 2022, UDIA called for Empowered UDP Committees to provide Councils and developers with a more substantial role in facilitating housing supply and delivering timely and coordinated enabling infrastructure in their respective Cities. The lack of UDP Committees across four of the six Cities of the Megaregion will continue to lead to poor prioritisation of growth infrastructure. To combat this, Committees should be purpose built to make recommendations that promote coordination of a development ready pipeline. See Appendix 2 for key recommendations from this UDIA Paper.

RECOMMENDATION 3

Develop a 'tiered' pipeline analysis for development ready land.

To ensure that NSW has enough development ready land, the NSW Government needs to track the different tiers of the pipeline, classifying projected supply by the constraints the land faces, enabling data driven decisions to be made. UDIA is undertaking our own analysis to support this recommendation.

RECOMMENDATION 4

Continue reforms to key elements of the NSW planning system including speeding up planning approvals and biodiversity certification.

NSW is widely recognised as having the slowest and most complex planning system in Australia. The Productivity Commission White Paper 2021 finds that greenfield subdivision determinations take 23% longer than in the next slowest state. UDIA welcomed the \$89 million investment to reduce planning and assessment timeframes in the NSW Budget. This will help support approvals, a key step towards a sustainable pipeline. However, the NSW Government should not just look to throw resources at an overly complex and convoluted system, it should also look at ways to simplify the underlying framework.

Last year, UDIA undertook a review of biodiversity in our Issues Paper on the NSW Biodiversity Offsets Scheme. This research revealed that the system was delivering poor biodiversity outcomes and increasingly proved a major hand-break on housing supply, providing numerous examples to demonstrate these issues. UDIA welcomes the recent announcement that the NSW Government will invest in addressing the shortcomings of the current Biodiversity Offsets Scheme by creating a Biodiversity Credits Supply Fund. But more work is needed to deliver new housing supply alongside better outcomes for biodiversity. Critical issues should be raised prior to rezoning, which ensures developers will receive their certifications in a timely manner. In the regions, this will start with the urgent delivery of strategic conservation plans.

RECOMMENDATION 5

Publish a publicly observable plan for rezonings.

The current plan for, and progress of, rezonings is hidden from the public. This undermines accountability and has contributed to the huge amount of time it takes to undertake rezonings. Improving transparency and with-it accountability would support improving and maintaining the performance of rezonings.

2

Western Parkland City



2.1 | North West Growth Area

DPE's 2022 NSW Population Projections for the North West Growth Area predicts 275,000 new residents by 2041. Development ready land must be monitored so that remaining unreleased precincts are delivered in a timely and proactive manner to house this future population. However, despite the strong population growth forecasted, there is heightened uncertainty in housing supply due to the development moratorium remaining in place.

UDIA estimates that demand in the North West will be 3,000 greenfield lots per annum over the next eight years. Resolving the development moratorium and the enabling infrastructure for the region in a timely fashion are essential for supporting housing supply and accommodating for the present demand.

2.1.1 | Land Supply & Demand in North West Sydney

Figure 7 shows that 89% of lots expected to be delivered in the North West over the next 8 years are not currently development ready. The increased supply for FY23 has come about by the bringing forward of expected lots in FY24, where there would be a significant drop off in expected lots before an uplift again in FY25. These radical fluctuations are indicative of the uncertainty plaguing the North West.

As Figure 8 outlines, 3,600 lots of unmet demand is expected in the North West by FY30, a reduction of 1,500 lots compared to our 2021 report. If supply in FY23 were reproduced in FY24 and FY25, undersupply could remain below 1,000 lots up until FY28.



Figure 7: Greenfield Land Supply Outlook, North West Sydney Source: UDIA NSW

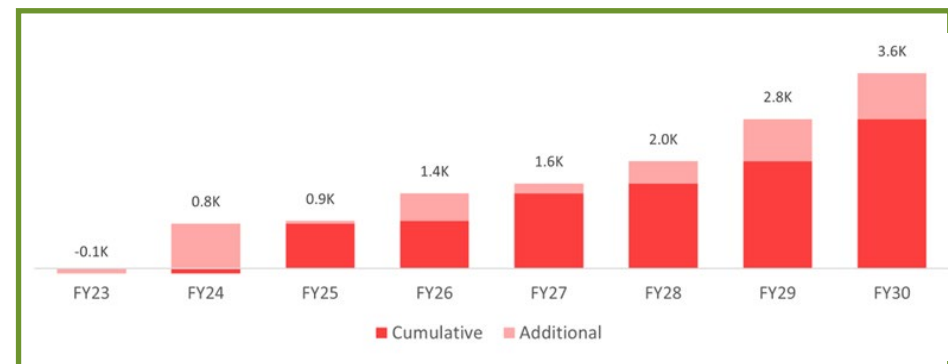


Figure 8: Cumulative Undersupply in North West Sydney Source: UDIA NSW

2.1.2 | Land Supply & Demand in North West Sydney

Enabling infrastructure remains the key constraint impacting growth in the North West. From survey inputs, 84% of greenfield lots in the next 8 years require enabling infrastructure to be delivered before development can occur (over 17,000 lots) in the North West. This represents an increase from 2021, where 79% of lots were found to be constrained by enabling infrastructure. Figure 9 outlines the number of lots facing constraints in the North West by constraint type. Key comparisons to last year include a 25% increase in Power as a constraint, a 57% increase in Sewer infrastructure, and a 14% increase in Water infrastructure over the next 8 years.

2.1.3 | Planning for New Development in North West Sydney

Funding has been received for the four critical infrastructure projects in the North West that were outlined in UDIA's Building Blocks – Greater Western Sydney. The funding of upgrades for Richmond Road, Sewer Pump Stations in Marden Park North and West Schofields, the North Box Hill Zone Substation, and The Water Lane will support a development pipeline for over 27,000 lots.

Future development will depend on the outcome of the development moratorium. However, feedback to this survey indicates that there are still lots in the pipeline that are awaiting delivery, recognising the attractiveness of the North West Growth Area. To ensure adequate preparation for this delivery, UDIA encourages the Government to have preparatory planning for the expected rezonings of Marsden Park North in 2023 and Marsden Park Town Centre in 2025, together accounting for the delivery of 1,500 lots.

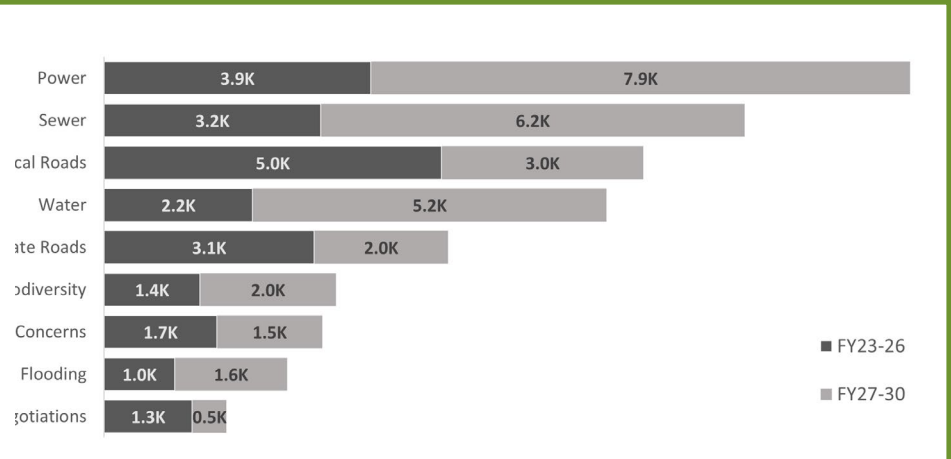


Figure 9: Number of Lots Impacted by Constraints, North West Sydney Source: UDIA NSW

2.1.4 | Recommendations for North West Sydney

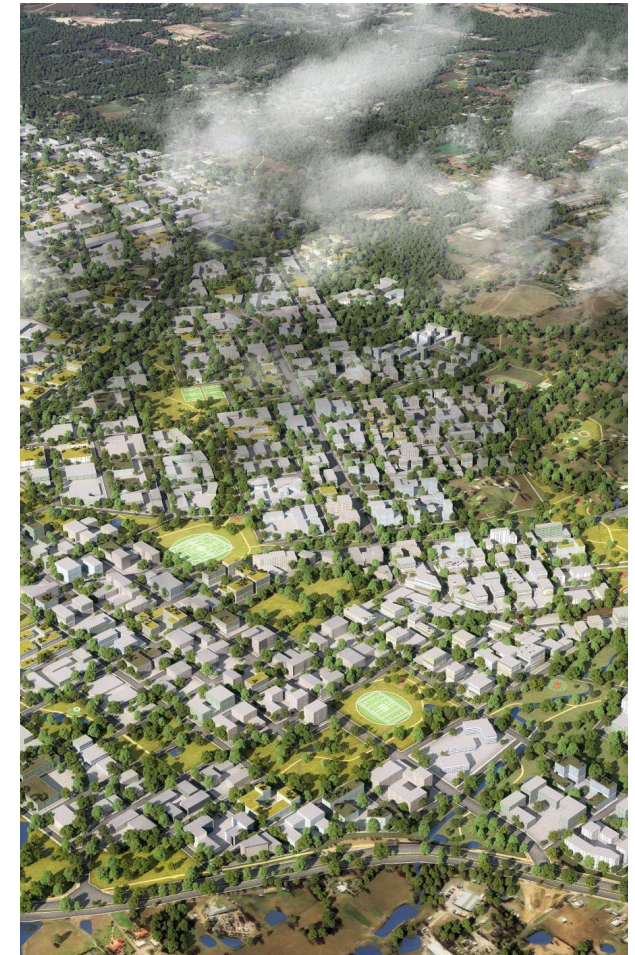
Whilst a rezoning moratorium remains in-place for government to resolve flooding and evacuation constraints, medium term growth in the North West Growth Area is constrained. To deliver the housing supply across the North West Growth Area, UDIA recommends:

RECOMMENDATION 1 Timely Rezoning

In recognition of the current constraints around flood planning, we recommend that DPE progress with planning for key precinct rezonings in timely and effective ways. For instance, Glenmore Park Stage 3 should have its rezoning finalised in order to unlock a number of lots in a key precinct that bridges the North West and South West Growth Areas. This will allow supply to be brought forward for the demand present in the area. This will also allow ongoing supply of new homes whilst we await resolutions in Marsden Park and West Schofields.

RECOMMENDATION 2 Aerotropolis Resolution

UDIA is working with DPE to finalise the planning of the Aerotropolis precinct to ensure development is on the ground as the planes take off.



2.2 | South West Growth Area

DPE's 2022 NSW Population Projections for the South West Growth Area (SWGA) and broader South West region, predicts housing will need to be provided for over 260,000 new residents by 2041. The greenfield market in the South West continues to be strong, and the recent releases of some key precincts will support housing for the future population, so long as it is accompanied by the provision of essential enabling infrastructure.

With the moratorium in the North West, it is even more critical that the South West is enabled to make up the expected shortfall in supply for Western Sydney. We estimate that the SWGA will be responsible for the bulk of Sydney's greenfield housing supply needs, with demand estimated for 6,625 lots per annum.

2.2.1 | Land Supply & Demand in South West Sydney

Figure 10 shows that 88% of lots (nearly 40,000) expected to be delivered in the next 8 years in the SWGA are not development ready. However, should constraints be resolved, supply could exceed demand in FY25, and meet our demand estimates in FY26.

Compared to the 2021 report, there has been a marked reduction in the expected undersupply of new homes in the South West, specifically over the FY25 – FY27 period where supply will exceed demand by a cumulative 300 lots. As shown in Figure 11, the supply of land in the shorter term would be more secure if not for the 2,000-lot undersupply in the upcoming financial year. Despite the improvements, there will still be 7,800 lots of unmet demand by FY30 in the South West.

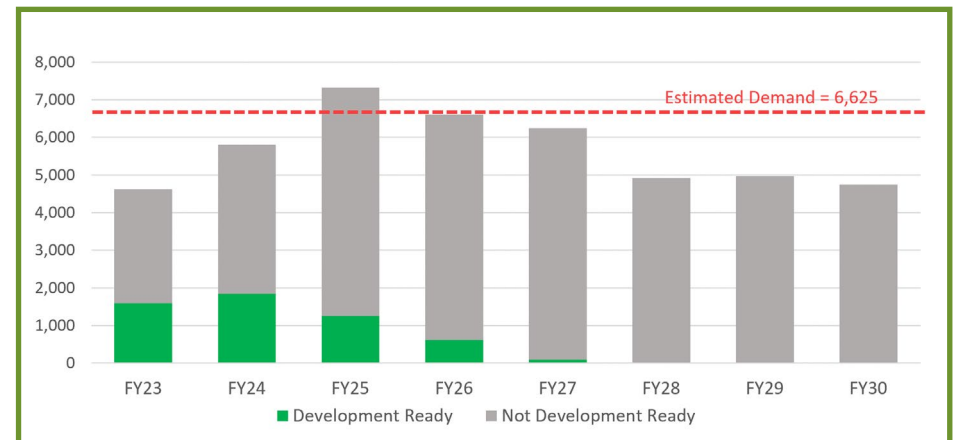


Figure 10: Greenfield Land Supply Outlook, South West Sydney Source: UDIA NSW

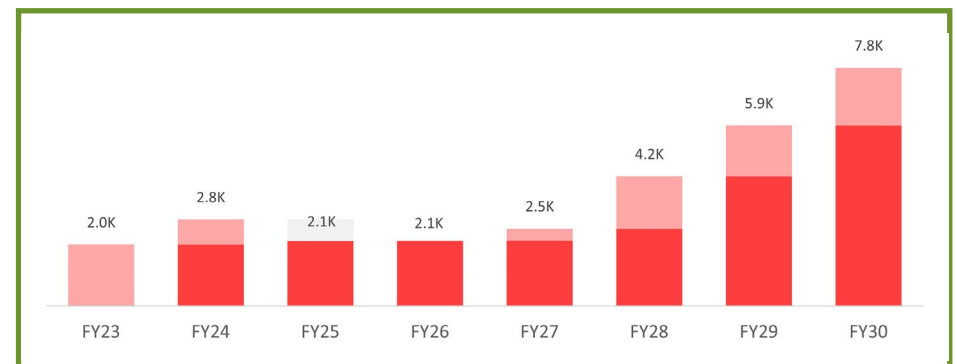


Figure 11: Cumulative Undersupply in South West Sydney Source: UDIA NSW

2.2.2 | Constraints on Greenfield Supply in the South West

79% of new greenfield lots in the 8-year pipeline in the SWGA are constrained by enabling infrastructure. This equates to 35,900 lots, a 24% increase from our last report. Over 60% of homes anticipated for FY23 require one or more form of enabling infrastructure to be delivered.

Figure 12 demonstrates the concerning number of lots constrained in the South West pipeline. Sewer infrastructure (5% increase in lots reporting it as a constraint in 2021) and Water infrastructure (1% increase) remained the two most significant constraints, with 20,400 lots reporting both as constraints. Over 50% of lots expected in the next 4 years are constrained by Sewer infrastructure.

2.2.3 | Planning for New Development in the South West

Encouragingly, 61% of lots expected in the next 8 years have now been rezoned or are undergoing rezoning in the South West, up from 45% in 2021.

The announcement by the NSW Government in 2021 to rezone Leppington (Stages 2 & 5), Lowes Creek Maryland, and Wilton Town Centre has facilitated positive progress on development. The decision impacts the delivery of nearly 10,000 lots over the next 8 years, notwithstanding the other constraints they are facing. There has also been some progress at Greater Macarthur, with funding for Spring

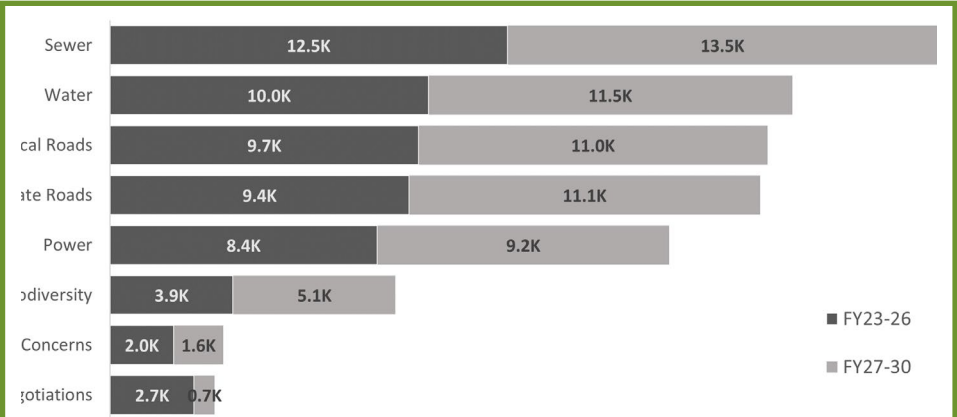


Figure 12: Number of Lots Impacted by Constraints, South West Sydney Source: UDIA NSW

Farm Parkway a useful step towards supporting the development of over 15,000 lots across the growth area.

Our findings show that the timely rezonings of the identified precincts from the South West in Figure 6 will support the release of nearly 14,000 lots total. To deliver the appropriate supply of housing across the South West Growth Area, the NSW Government needs to support the delivery of enabling infrastructure and have a prepared program of rezonings to realise development outcomes.

2.2.4 | Recommendations for South West Sydney

To address housing undersupply in the South West, UDIA recommends:

RECOMMENDATION 1

Funding for projects identified in UDIA's Building Blocks 2021 - Greater Western Sydney, including:

- **Austral-Leppington Interim Sewer Strategy:** will help sustain the immediate greenfield pipeline around the Austral-Leppington precinct whilst we await the 2036 Sydney Water Major Recycling Centre.
- **Lowes Creek Maryland Sewer Pumping Station:** required for South Creek West and Pondicherry and will help yield 12,000 lots over the next 3 years and 35,000 lots total.
- **Wilton Water Reservoir:** unlocks development in the Wilton Precinct and will support the development of 5,500 lots within the next 3 years.
- **Wilton Sewer Treatment Plant:** unlocks development in the Wilton Precinct and will support the development of 16,000 lots in the next 3 years.

RECOMMENDATION 2

Delivery of other critical Enabling Infrastructure

- **Upper South Creek Advanced Water Recycling Centre:** Infrastructure constraints continue to present an issue at Austral Leppington. Only 1,700 lots, which is about 20% of the total lots in these precincts, can be delivered until Sydney Water delivers the recycling centre in 2026 and unlocks the remaining 80%.
- **Accelerate Cambridge Avenue following completion of the Intermodal Terminal:** With completion of the terminal expected in late 2022, Transport for NSW need to progress in planning this key road to unlock development and renewal at the Glenfield Priority Precinct.

RECOMMENDATION 3

A Program for Key State and Council led Rezoning

- UDIA continues to support the timely and transparent rezoning of key precincts. This includes the appropriate preparation for rezonings in Gilead, Greenway, Leppington (Stages 3&4), Moorebank East, North Appin, Tahmoor, and West Schofields.

3

Lower Hunter City and Central Coast City

DPE's updated 2022 Population Projections predicts 170,000 people arriving in the Lower Hunter by 2041, and 57,000 in the Central Coast by 2041. Compared to last year's survey, our members report a significant uplift in greenfield housing for both the Hunter and Central Coast, reflecting the widely reported increase in desirability of the regions.

UDIA's 2021 Greenfield Report estimated the lot demand for the Lower Hunter and Central Coast to be 2,400 per annum. Considerable constraints in biodiversity planning and enabling infrastructure coordination will need to be prioritised urgently to accommodate these significant regional areas.



3.1 | Land Supply and Demand in the Lower Hunter and Central Coast

89% of lots (over 15,600) expected to be delivered in the next eight years in the Lower Hunter and Central Coast are not development ready. If constraints were resolved, we would see supply surpass estimated demand only in FY24. However, Figure 13 shows how only 13% of lots expected for delivery in FY24 are currently development ready.

Without action, there will be an undersupply of 1,600 greenfield lots by FY30 across the Lower Hunter and Central Coast, compared to last year's undersupply estimate of 2,000. Despite cumulative supply expecting to meet demand over the first 4 years, Figure 14 shows how the expected climb in undersupply will then occur over the FY27-FY30 period at an increasing rate.

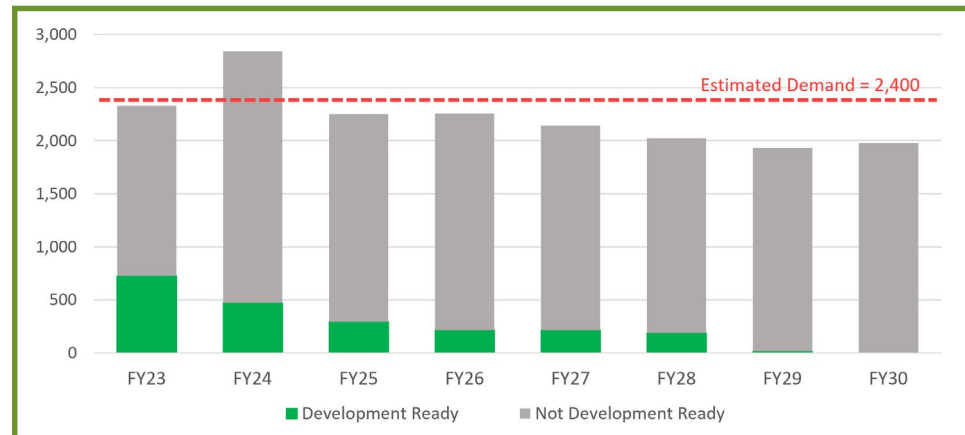


Figure 13: Greenfield Land Supply Outlook, Lower Hunter and Central Coast Source: UDIA NSW

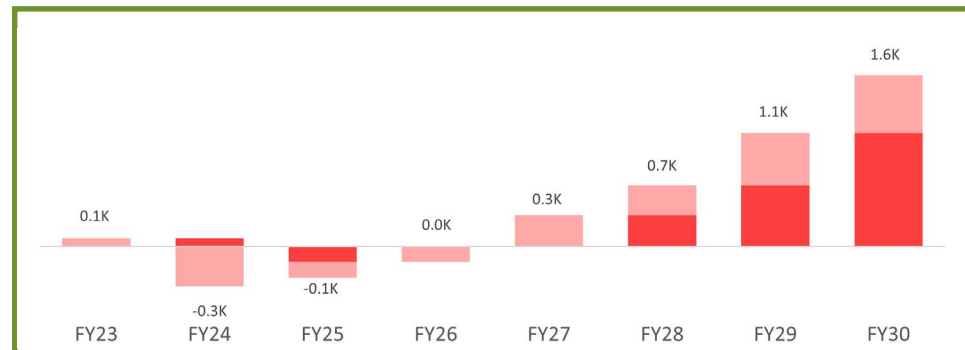
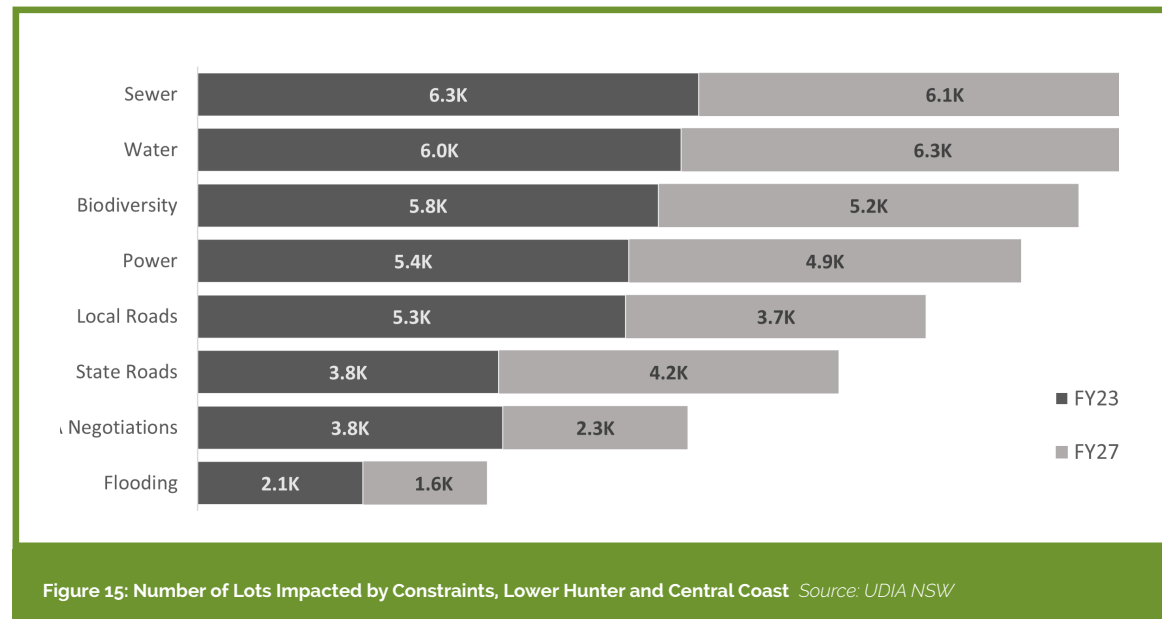


Figure 14: Cumulative Undersupply in Lower Hunter and Central Coast Source: UDIA NSW

3.2 | Constraints on Greenfield Supply in the Lower Hunter and Central Coast

75% of greenfield lots to be delivered in the Lower Hunter and Central Coast over the next 8 years are constrained by a lack of enabling infrastructure. Enabling infrastructure items make up three of the four biggest constraints on lots in the Lower Hunter and Central Coast regions. Sewer infrastructure (up 8% in lots reporting constraints from the last report), Water infrastructure (up 10%), and Power (up 16%) all continue to restrict the greenfield pipeline (Figure 15).

Biodiversity has become a leading constraint on greenfield housing supply in the Lower Hunter and Central Coast. Our findings show that 62% (11,000) of greenfield lots are currently held up due to biodiversity constraints in the Lower Hunter and Central Coast over the next 8 years. Housing supply in the regions will fall off a cliff if biodiversity issues are not addressed quickly.



3.3 | Recommendations for the Lower Hunter and Central Coast

Addressing both critical infrastructure constraints and planning headwinds are needed to ensure growth is not stifled in the Lower Hunter and Central Coast. UDIA recommends:

RECOMMENDATION 1

Funding for projects identified in UDIA's Building Blocks 2021 – Hunter and – UDIA's Building Blocks 2021 - Central Coast reports, including:

- **HEX Hart Road Interchange Upgrade:** to support the development of 3,500 lots in Cessnock.
- **Freemans Drive Intersections Upgrades:** to support the development of 3,300 lots in Lake Macquarie.
- **Anvil Creek Trunk Water and Sewer:** to unlock development in Cessnock.
- **Newcastle Link Road Intersection Upgrade:** the lack of funding on this key road has pushed major developments back by up to 3 years.
- **Minmi Road and Intersection Upgrades:** the lack of funding on this key road has pushed major developments back by up to 3 years.

- **Summerland Point Upgrades:** to support approximately 1,500 lots in the Central Coast.
- **Wadalba East Upgrades:** to support approximately 1,200 lots in the Central Coast.

RECOMMENDATION 2

Accelerate funding of a Central Coast strategic conservation plan and Lower Hunter strategic conservation plan

- UDIA strongly recommends that the NSW Government invest in strategic conservation planning to balance project feasibility with the diverse natural environment. The concerns of developers in the Lower Hunter and Central Coast regarding complex biodiversity requirements as a constraint have been validated by our findings. It is now a matter of urgency in support of a regional greenfield pipeline that a conservation plan is implemented in

BOTH the Central Coast and the Lower Hunter.

RECOMMENDATION 3

Timely Rezoning to support growth in the Lower Hunter and Central Coast

- UDIA continues to support key rezonings of Urban Release Areas in the regions to facilitate expected growth. Lake Munmorah and Sawyers Gully require rezoning by 2022 and 2023 respectively to bring certainty to the delivery of lots in the area..

4

Illawarra - Shoalhaven City

DPE's 2022 Population Projections anticipates 130,000 new residents in the Illawarra-Shoalhaven region by 2041. A land availability crisis in the Illawarra Shoalhaven City is emerging and will further impact on an already bleak outlook for affordability in the region. Intense price rises have been a notable outcome of undersupply. Wollongong LGA, for example, experienced a 44% increase in new house prices over just the last 12 months.

Estimated greenfield demand for the Illawarra-Shoalhaven City will be 1,750 lots per annum. The resolution of constraints on greenfield supply is urgently needed to combat persistent unaffordability.



4.1 | Land Supply and Demand in the Illawarra

Figure 16 shows that 91% of greenfield lots (approximately 7,500) expected to be delivered in the next eight years in the Illawarra-Shoalhaven are not development ready (this is the worst result for the megaregion). If existing constraints were resolved, supply still fails to reach estimated demand in any of the financial years. Worryingly, in FY23, only 18% of lots would currently be considered development ready.

Without action, undersupply expected for the Illawarra will continue to remain high and negatively impact housing affordability. As seen in Figure 17, 5,700 lots of additional unmet demand is expected to accumulate by FY30, which is identical to findings from the 2021 report. Undersupply is expected to more than triple between FY25 and FY29, reflecting the depleted forward greenfield pipeline in the region.



Figure 16: Greenfield Land Supply Outlook, Illawarra Source: UDIA NSW

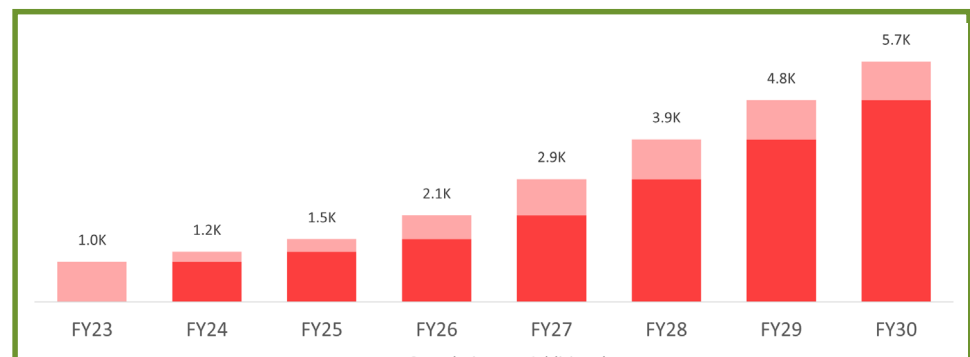
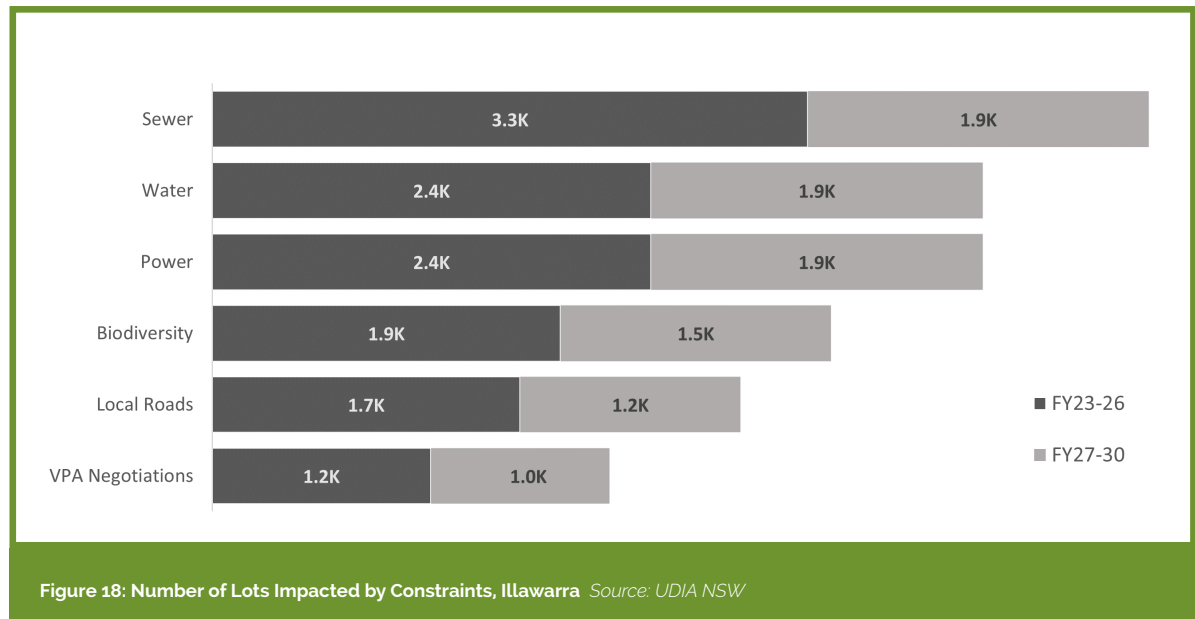


Figure 17: Cumulative Undersupply in the Illawarra Source: UDIA NSW

4.2 | Constraints on Greenfield Supply

Figure 18 shows that 84% of lots are facing enabling infrastructure constraints in the Illawarra-Shoalhaven, nearly 7,000 lots in total (also equal to last report). Sewer infrastructure, Water infrastructure, and Power remain the primary constraints on development, with each constraining more than 50% of lots in the region. 41% of expected lots have also reported Biodiversity as a constraint on delivery.



4.3 | Recommendations for the Illawarra

We are pleased that the important rezoning of Calderwood has occurred, which was advocated for as part of our previous report. The Illawarra still faces difficult challenges in meeting estimated demand in greenfield, and critical enabling infrastructure funding is required around key Urban Release Areas (URA) for development to proceed and be sustainable. UDIA recommends:

RECOMMENDATION 1

Funding for key critical infrastructure projects identified in UDIA's Building Blocks 2021 – Illawarra-Shoalhaven:

- **Avondale Reservoir and Trunk Main:** needed to relieve pressure on water infrastructure and unlock the development of 7,700 lots in West Lake Illawarra URA.
- **Calderwood Sewage Pumping Station (SPS), Rising Main and Trunk Main:** needed to support Calderwood Road earlier than the proposed 2025. Proposed to support 4,500 lots.
- **Mt Terry Water Lead-In:** to unlock 1,200 lots in West Lake Illawarra.
- **Moss Vale Road North and South SPS, and Moss Vale Road Reservoir:** to increase capacity in the Nowra-Bomaderry URA and promote the new development of 3,500 lots in the next few years.

RECOMMENDATION 2

Timely Rezoning to support growth in the Illawarra-Shoalhaven

- UDIA continues to support key rezonings of Urban Release Areas in the regions to facilitate expected growth. West Dapto (Stage 3) is expected to require rezoning by 2025 to deliver a considerable number of homes in the popular Wollongong area. The NSW Government must support the holistic development of this key precinct.

5

Conclusion

89% of lots in the Megaregion pipeline are not development ready, and worryingly two-thirds of greenfield lots hoping to be released in FY23 are not currently development ready. Enabling infrastructure and Biodiversity holds back the overwhelming majority of lots from delivery, but the additional challenges caused by VPA negotiations, rezoning, and feasibility should not be ignored.

Even with all constraints resolved, our findings will still see demand outstrip supply. By FY30, the current projections for development ready land will produce a shortfall of 20,100 lots across the Megaregion, with nearly 8,000 in the South West Growth Area alone. Whilst the undersupply outcome is an improvement on last year, more work is still required to address the issue of undersupply in the forward pipeline for greenfield homes.

The June 2022 NSW budget has provided several initiatives to boost housing supply. Whilst these are welcomed, they are still insufficient to create the housing supply required to improve affordability and overcome the severe lack of development ready land in the pipeline. A more deliberate and collaborative approach will be required for delivering enabling infrastructure, sorting out the NSW biodiversity system and making the NSW planning system work.

Getting the development ready land supply pipeline right and removing the forecasted undersupply would provide a significant step towards tackling the housing affordability and supply crisis in NSW and creating a burgeoning and sustainable Megaregion.



6

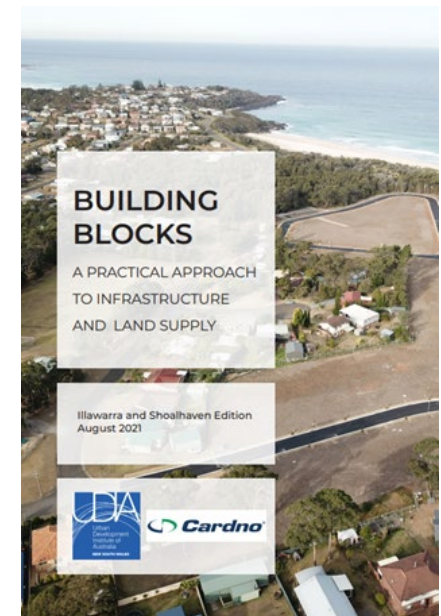
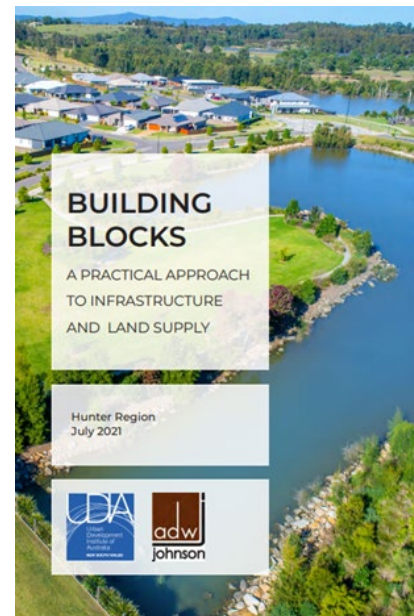
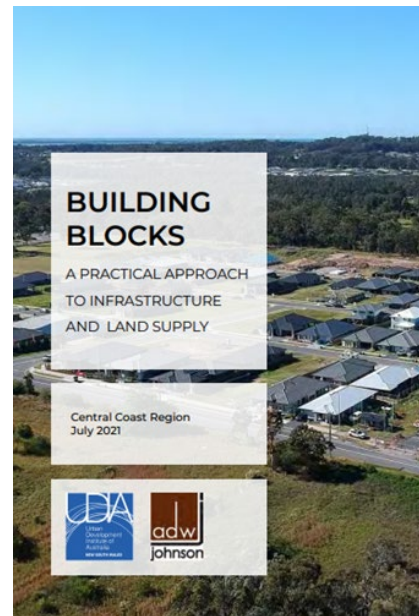
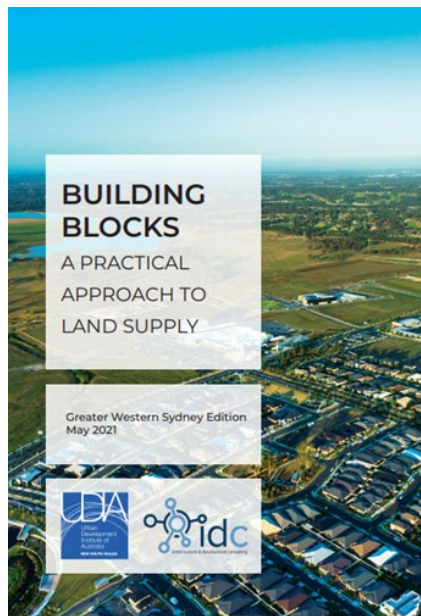
Appendix



New Breeze by Dahua Group Australia

6.1 | Appendix 1

Building Blocks is a series of strategic research projects conducted by UDIA in collaboration with IDC, ADW Johnson, and Cardno, covering the Six Cities Megaregion. The reports identify and detail the critical infrastructure required to unlock and support greenfield supply in their respective regions.



6.2 | Appendix 2

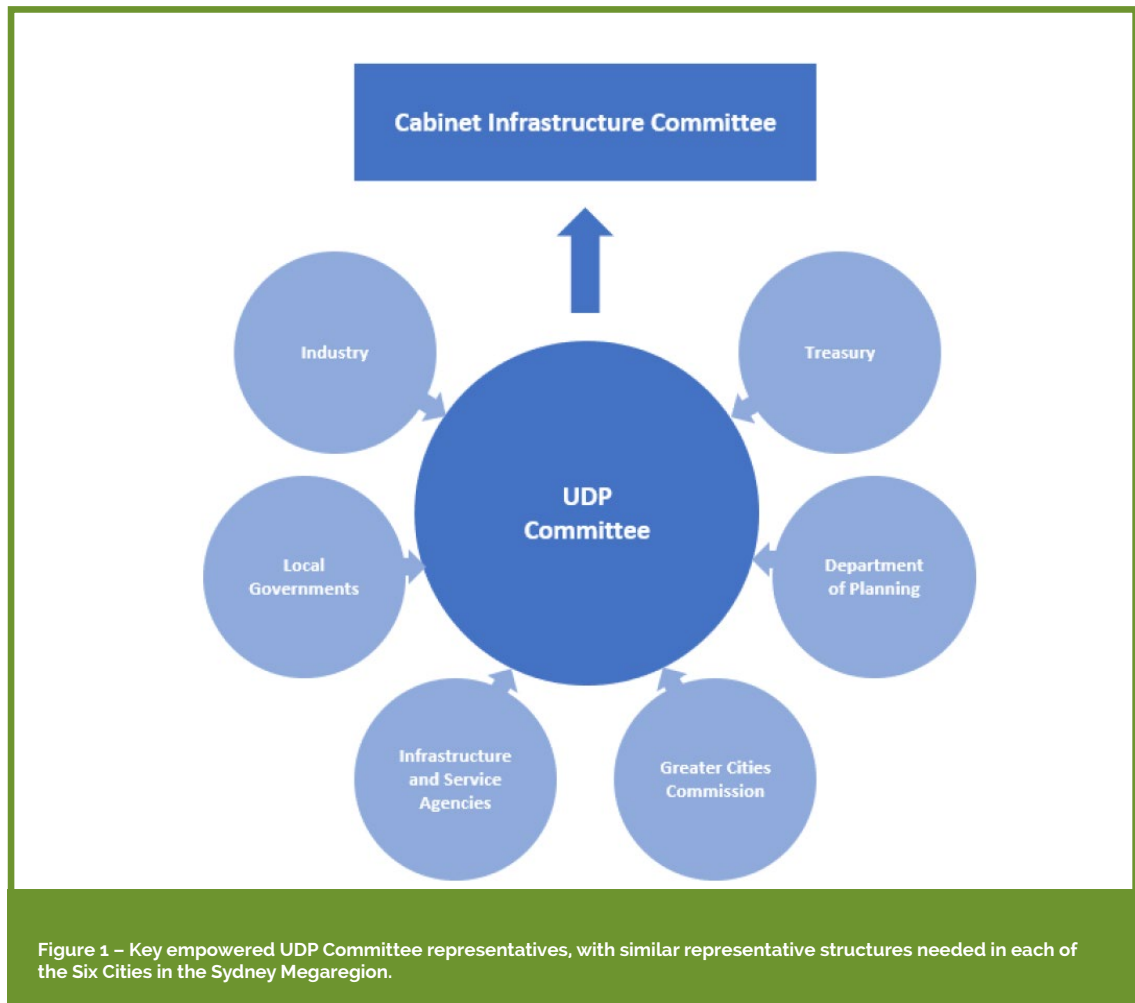


Figure 1 – Key empowered UDP Committee representatives, with similar representative structures needed in each of the Six Cities in the Sydney Megaregion.

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