



## *Weekly Snapshot* *Andrew Wilson*



### Sydney home building improves, but more needed

Despite being Australia's largest capital city, Sydney has for several years lagged Melbourne in terms of the number of dwellings built. This is a primary factor driving lower median rents and house prices in Melbourne compared with Sydney.

Recent ABS data, however, has revealed housing construction in Sydney is improving, while Melbourne production is slowing.

The number of houses approved for construction in Sydney last year increased by 10.1 per cent on the previous year. By contrast, the number of houses approved in Melbourne last year fell 14.7 per cent.

The result was similar for apartment construction, with the Sydney 2011 total up 7.4 per cent and Melbourne approvals down significantly, by 20.5 per cent, compared with 2010.

Despite an improvement in Sydney dwelling construction levels last year, Melbourne continues to build significantly more dwellings. There were 40,501

approved in Melbourne last year, with Sydney's total just 23,051.

The NSW government recognises the need to increase Sydney's housing stock and implemented several initiatives last year.

Although progress is slowly being made, much work remains to be done to address Sydney's chronic housing demand-and-supply imbalance and improve affordability for buyers and renters.

The dearest house reported sold last week was an 1899 four-bedroom property at 2 Oswald Street, Mosman. It sold at auction through McGrath Mosman for \$2,911,000. McGrath Balmain had the most expensive apartment sale reported last week. The four-bedroom penthouse at 504C/23 Colgate Avenue, Balmain, sold before auction for \$1.85 million.

**Dr Andrew Wilson is the senior economist for Fairfax-owned Australian Property Monitors.**