New homes in existing suburbs will cost Sydney less: report

Substantial savings in infrastructure and other costs will be achieved if at least 70 per cent of Sydney’s new homes are built in existing suburbs in line with the NSW Government’s *Metropolitan Plan for Sydney 2036*.

Minister for Planning Tony Kelly said a report from the Centre for International Economics (CIE), called “The benefits and costs of alternative growth paths for Sydney – Economic, social and environmental impacts”.

The report found that placing 70 per cent of new homes in existing areas would save $26,000 per dwelling in transport, social and utility infrastructure and environmental costs compared with building all new homes in greenfield areas.

The report estimates these savings will total some $11 billion by 2036, when Sydney will be home to an additional 1.7 million people.


This plan supports at least 70 per cent of new dwellings in existing areas, with up to 30 per cent in greenfield (also known as new release) areas.

The CIE report also estimates that placing 50 per cent of new homes in greenfield areas and 50 per cent in existing areas will cost $5 billion more by 2036 compared to the Metropolitan Plan dwelling targets.

The report states that the 50 per cent greenfield dwelling target scenario “requires greater costs for the government to produce dwellings that are less valued by households.”

“There are many good reasons why we should be planning for high-quality urban renewal and consolidation of centres,” Mr Kelly said.

“This includes the positive benefits of being able to place people close to jobs, homes, transport and services and creating a more vibrant city.

“This report has shown that by encouraging a compact city form, we are also able to considerably reduce the costs associated with meeting the city’s future growth.”

The study considered the potential costs of different growth scenarios in terms of the following areas:

- Transport (including infrastructure and congestion costs)
- Utilities (physical infrastructure including water, wastewater and power)
- Social infrastructure (education, health, emergency services, council services); and
- Environmental (greenhouse gases, air pollutants, noise, biodiversity)

The study found the total costs of greenfield development are generally higher as transport, physical infrastructure, social and environmental costs are greater than would be the case under more a more infill-focused development scenario.