



the voice of the industry

FOR IMMEDIATE RELEASE



6 February 2014

Evidence of Supply Pressures In Residential Land Market

The latest HIA-RP Data Residential Land Report provided by the Housing Industry Association, the voice of Australia's residential building industry and RP Data, Australia's leading property information analytics provider, may be showing an early sign that residential land supply is coming under pressure amid the current market recovery.

The volume of residential land sales slipped slightly in the September 2013 quarter, down by 2.8 per cent to 16,638, following the previous quarter's strong result. However, sales activity in the land market was up by almost 40 per cent compared with twelve months earlier.

The weighted median residential land value increased by 2.9 per cent over the September quarter alone, reflecting the strong market demand conditions.

"Supply bottlenecks appear to be affecting the residential land market, playing a role in that price pressure," noted HIA Senior Economist, Shane Garrett.

"We have long emphasised the importance of ensuring that an adequate supply of affordable, shovel-ready land will be crucial to any sustained recovery in new home building," commented Shane Garrett.

"That task is imperative now more than ever. All levels of government need to implement the necessary reforms to address the problems affecting the residential land market. Reducing the excessive taxes and charges on housing as well as reducing planning and land release delays are key areas that need attention," Shane Garrett urged.

"Despite the slip in sales volumes, the September 2013 quarter still compares well with recent history," continued Shane Garrett.

"Land sales provide a good indication of detached house building further down the line," explained Shane Garrett. "Accordingly, we see the real prospect of rising detached house building activity in 2014," concluded Shane Garrett.

According to RP Data's research director Tim Lawless, market activity has varied substantially across each capital city. "The number of land sales reached a new decade high in Sydney over the September quarter. Transaction numbers were close to 60 per cent higher over the six months ending September 2013 compared with the same period in 2012. Such strong conditions across the Sydney vacant land market are in line with broader housing market in Sydney where value growth continues to be nation leading."

"The number of residential land sales has also been accelerating across Melbourne and Brisbane although volumes remain well below the recent highs recorded back in 2009. Perth, Adelaide and Hobart have all seen some slippage in the number of land parcels sold over the September quarter."

Mr Lawless continued, "State government incentives focussed on stimulating the new housing sector are clearly having their desired effect, creating additional demand in a sector that provides substantial multipliers for the economy. We can expect the higher number of land sales to lead to more detached housing construction which in turn creates jobs, and leads to more spending on building materials, bulky consumer goods, appliances and home furnishings."

In the September 2013 quarter the weighted median residential land value for Australia's six state capitals increased by 3.3 per cent to \$226,448. This value represents a 3.4 per cent increase on the value in the same period in 2012. The median value for Regional Australia was \$157,756 in the September 2013 quarter. This represented a quarterly rise of 2.1 per cent and an annual increase of 1.5 per cent.

For further information please contact:


Shane Garrett, Senior Economist

0416 633 261

Mitch Koper, National Media and Communications Manager, RP Data

0417 771 778

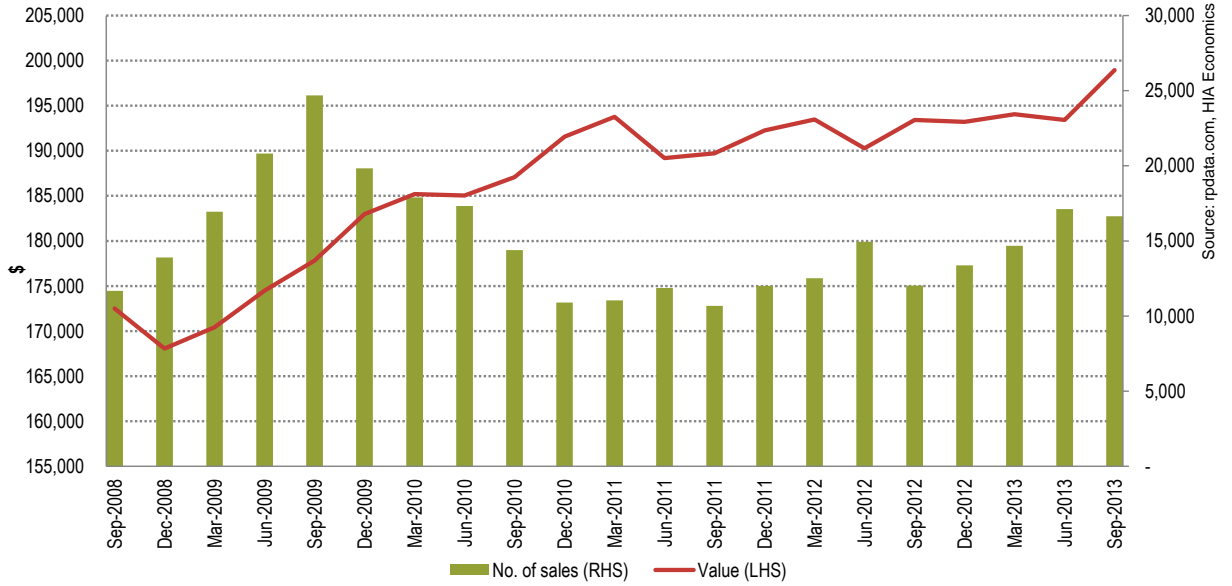
For copies of the publication (media only) please contact: Kirsten Lewis on k.lewis@hia.com.au

 @hiahousingvoice

MEDIA RELEASE



RESIDENTIAL LAND SALES & MEDIAN LOT VALUE - AUSTRALIA



Source: rpdata.com, HIA Economics

10 MOST EXPENSIVE REGIONAL MARKETS

Rank	Region	Median Lot Price (\$)
1	Kimberley(WA)	260,000
2	Sunshine Coast(QLD)	240,000
3	Richmond-Tweed(NSW)	225,000
4	Gold Coast(QLD)	219,900
5	Hunter(NSW)	185,000
6	Barwon(VIC)	185,000
7	Mackay(QLD)	185,000
8	Illawarra(NSW)	183,000
9	Fitzroy(QLD)	179,900
10	Mid-North Coast(NSW)	175,000

Source: rpdata.com, HIA Economics Group

10 LEAST EXPENSIVE REGIONAL MARKETS

Rank	Region	Median Lot Price (\$)
1	Southern(TAS)	70,000
2	South East(SA)	72,000
3	Mallee(VIC)	79,200
4	Murray Lands(SA)	80,000
5	Mersey-Lyell(TAS)	86,500
6	Yorke and Lower North(SA)	92,500
7	Northern(SA)	98,000
8	East Gippsland(VIC)	100,000
9	West Moreton(QLD)	100,000
10	Murray(NSW)	105,000

Source: rpdata.com, HIA Economics Group