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MEDIA RELEASE

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12 July 2012

Land sales remain stubbornly low in March quarter

The latest residential land update signals that weakness in new home building will persist throughout the remainder of calendar year 2012.

The 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 and analytics provider, shows an improvement in land sales in the March 2012 quarter, although the level remains near an historical low.

"The March quarter saw a 6.8 per cent increase in land sales and it's encouraging that the improvement was broadly-based across the states. With the exception of Adelaide, all the capital cities saw increases in the number of residential lots sold," said HIA Senior Economist, Andrew Harvey. "However, the overall level of sales remains low in an historical context and we will need to see more quarters of growth to infer anything other than the possibility that sales volumes are merely bouncing along the bottom of a deep trough."

"The new home building sector continues to face highly challenging business conditions and the prolonged period of weak land sales doesn't provide any confidence that a recovery is on the near horizon. Meaningful reforms across all levels of government are urgently needed to address the persistent weakness in residential building," added Andrew Harvey.

According to RP Data's research director Tim Lawless, it is positive to see sales improving, although volumes remain well down on normal levels.

"We have seen transactions for vacant land rise over two successive quarters now, however this lift comes from a historically low base. To put the number of land sales over the March quarter into perspective, transactions are about half of what we saw over the September quarter of 2009. Considering mortgage rates have moved about 55 basis points lower since March it is possible we may see a continuation in this trend of improving buyer activity but we have a long way to go before land sales get back to what might be described as normal levels," said Mr Tim Lawless.

"One of the barriers that may be stifling demand for vacant land is the fact that land prices haven't seen any sort of correction like what was recorded across the established housing market. In fact, median land prices have risen by close to 1 per cent over the year nationally and by 3.5 per cent across the capital cities. Consumers are very budget conscious and the lower price points associated with established housing or unit developments may be pulling prospective buyers away from the new home and land market," said Mr Tim Lawless.

Across the nation the volume of residential land sales rose by 6.8 per cent in the March 2012 quarter, to be up by 16.1 per cent compared with the March 2011 quarter. The weighted median residential land value in Australia increased by 1.5 per cent in the March 2012 quarter to $195,466, which is 0.8 per cent higher when compared to the same period in 2011. The median value for capital cities increased by 2.6 per cent in the March 2012 quarter to $222,458, 3.5 per cent higher than in the March 2011 quarter. The median value for Regional Australia was $154,232. This represents a 1.0 per cent reduction over the March 2012 quarter, and a 4.7 per cent reduction compared with the same period in 2011.

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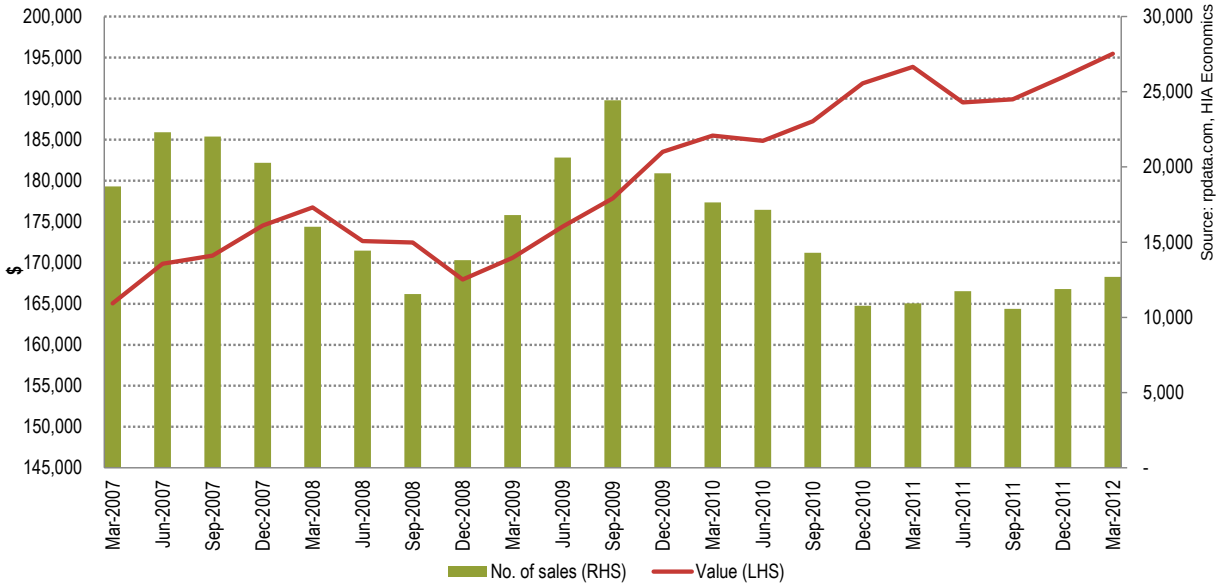
MEDIA RELEASE

RESIDENTIAL LAND SALES & MEDIAN LOT VALUE - AUSTRALIA



10 MOST EXPENSIVE REGIONAL MARKETS

Rank	Region	Median Lot Price ($)
1	Richmond-Tweed (NSW)	240,000
2	Sunshine Coast (QLD)	235,000
3	Gold Coast (QLD)	231,500
4	Illawarra (NSW)	225,000
5	Hunter (NSW)	183,000
6	Mackay (QLD)	182,900
7	Barwon (VIC)	180,000
8	South West (WA)	168,000
9	Mid-North Coast (NSW)	167,000
10	Northern (QLD)	159,450

Source: rpdata.com, HIA Economics Group

10 LEAST EXPENSIVE REGIONAL MARKETS

Rank	Region	Median Lot Price ($)
1	Murray (NSW)	71,000
2	South East (SA)	75,000
3	Mersey-Lyell (TAS)	75,000
4	Southern (TAS)	80,000
5	Mallee (VIC)	83,000
6	Northern (TAS)	85,000
7	Murrumbidgee (NSW)	90,000
8	Eyre (SA)	91,000
9	Murray Lands (SA)	92,000
10	Northern (SA)	100,300

Source: rpdata.com, HIA Economics Group