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Land sales signal weak year for new home building

The latest residential land update signals the risk of a further deterioration in new home building in New South Wales throughout 2012 .

The HIA-rpdata.com Residential Land Report provided by the Housing Industry Association and RP Data showed continued weakness in land sales and a mixed bag of rises and falls for median land values across NSW in the December 2011 quarter.

"The volume of residential land sales across a majority of regions in NSW signals further declines in new home building activity this year," said HIA Executive Director, NSW, David Bare.

"This is concerning for the overall economic prospects for NSW."

"Interest rates are currently too high and consumer confidence is still too low. State-level policy reform will be crucial for a housing and wider economic recovery," added Mr Bare.

The volume of residential land sales fell by 13.1 per cent in Sydney in the December 2011 quarter to be 8.4 per cent lower when compared to a year earlier. Across the ten regions of NSW the only signs of sustained recovery in land sales volumes are for the North Western and Murray regions.

The median residential land value in Sydney increased by 3.6 per cent in the December 2011 quarter to \$285,000, again leaving the city with the unenviable mantle of the most expensive residential land market in Australia. There was a mixture of growth and decline in median land values across the regions of NSW at the end of last year. The least expensive market was the Northern region with a value of \$85,000, which also placed this market as the fourth most affordable regional land market in Australia. The most expensive market outside of Sydney was the Richmond-Tweed with a value of \$269,000, making it the highest regional value in Australia in the December 2011 quarter.

HIA is the leading industry association in the Australian residential building sector, supporting the businesses and interests of builders, contractors, manufacturers, suppliers, building professionals and business partners.

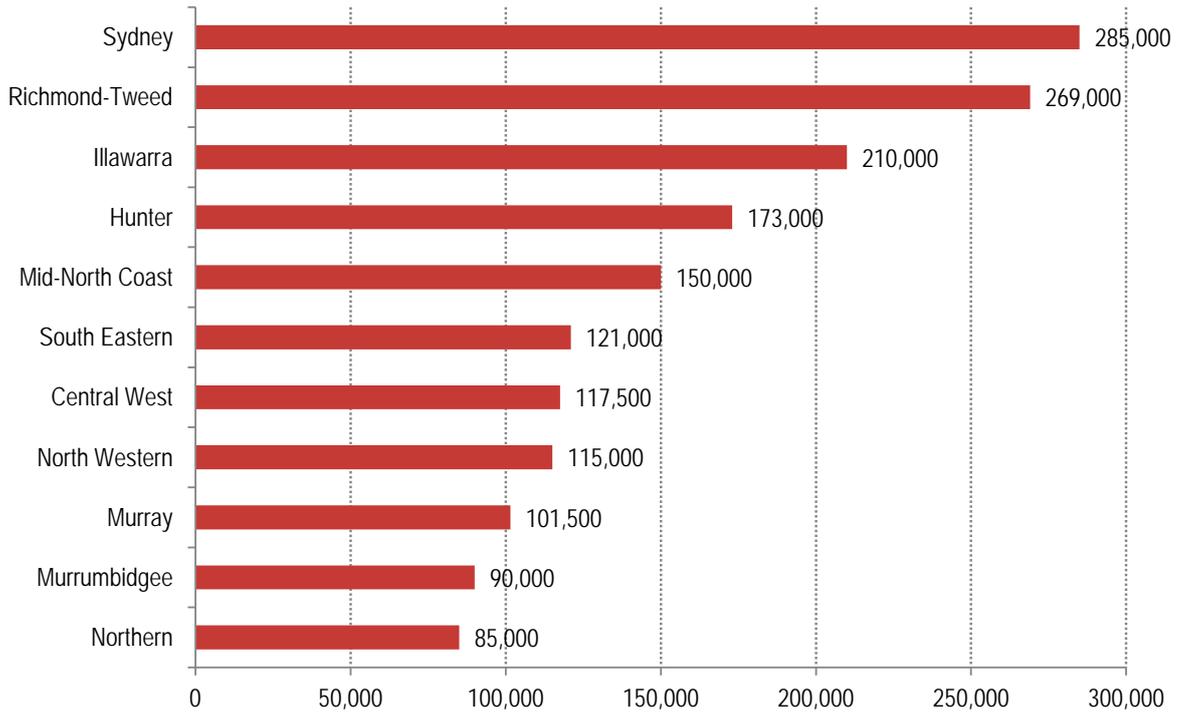
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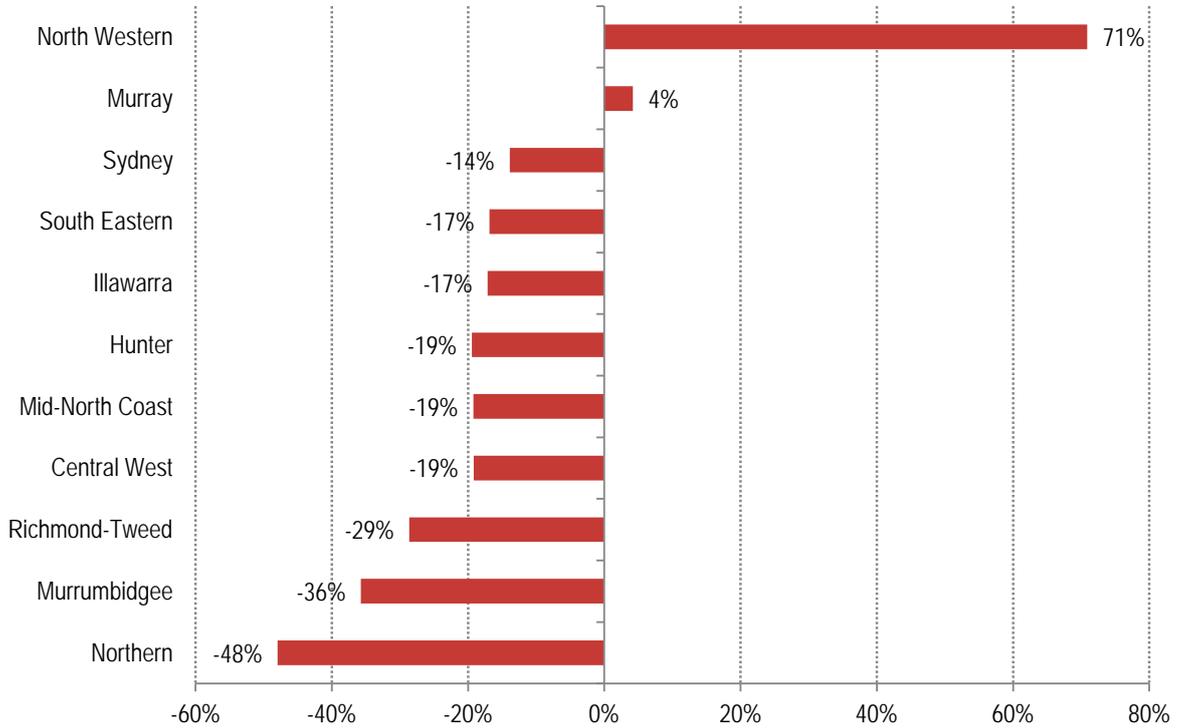


MEDIAN RESIDENTIAL LOT VALUE



Source: rpdata.com, HIA Economics

RESIDENTIAL LOT SALES - ANNUAL % CHANGE - 6 MTHS TO DEC



Source: rpdata.com, HIA Economics