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MEDIA RELEASE

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Trend is right, but land sales remain at low levels

Although residential land sales remain at low levels by historical standards, sales do look to at least be climbing off the mat.

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, found the volume of land sales increased by 1.3 per cent in the September 2011 quarter. However, volumes were still 16.8 per cent lower than in the September 2010 quarter.

"It's a long climb back, but at least we have now seen three consecutive quarters in which land sales volumes have increased, although there is no avoiding the fact that overall levels remain low," said HIA Senior Economist, Andrew Harvey.

"Land sales are an early leading indicator so an upturn in trajectory is essential to the prospect for an eventual recovery in new home building activity – although we really do need much higher sales levels to make a material difference," Andrew Harvey said.

"Having land sales still at less than half the September 2009 peak speaks for itself in terms of how far the market has come off and adds to the already strong case for stimulatory policy, both in terms of further rate cuts and fiscal measures to stimulate new home building," added Mr Harvey.

The weighted median land value in Australia grew by 0.5 per cent in the September 2011 quarter to be 1.7 per cent higher than the comparable quarter in 2010. The median value for capital cities rose by 1.0 per cent in the September 2011 quarter to $213,718 which is 2.5 per cent higher than one year earlier. The median value for Regional Australia fell by 0.7 per cent in the September 2011 quarter to $154,989, to be up by 0.2 per cent on the September 2010 quarter.

RP Data's senior research analyst Cameron Kusher agreed that the result is encouraging but cautions that the market still has a long way to go.

"Following the low point in sales activity in the December 2010 quarter there has been a noticeable improvement in the number of vacant land transactions. It is also important to remember that the improvement commenced at a time when many expected that official interest rates would climb higher. With successive 25 basis point cuts to interest rates in November and again in December 2011, we would expect that a steady improvement in sales activity which commenced in the December 2010 quarter is likely to continue and perhaps gather further pace. However, we believe the market still has a long way to go to return to healthy levels."

"Any improvement in land sales is an encouraging development for the housing construction industry while there are also positive flow on affects. When people build a new home they typically purchase furniture and homewares, buy new electrical goods and spend money on hardware. Should the improvement in land sales continue it is likely to provide a much needed boost for retailers," he said.

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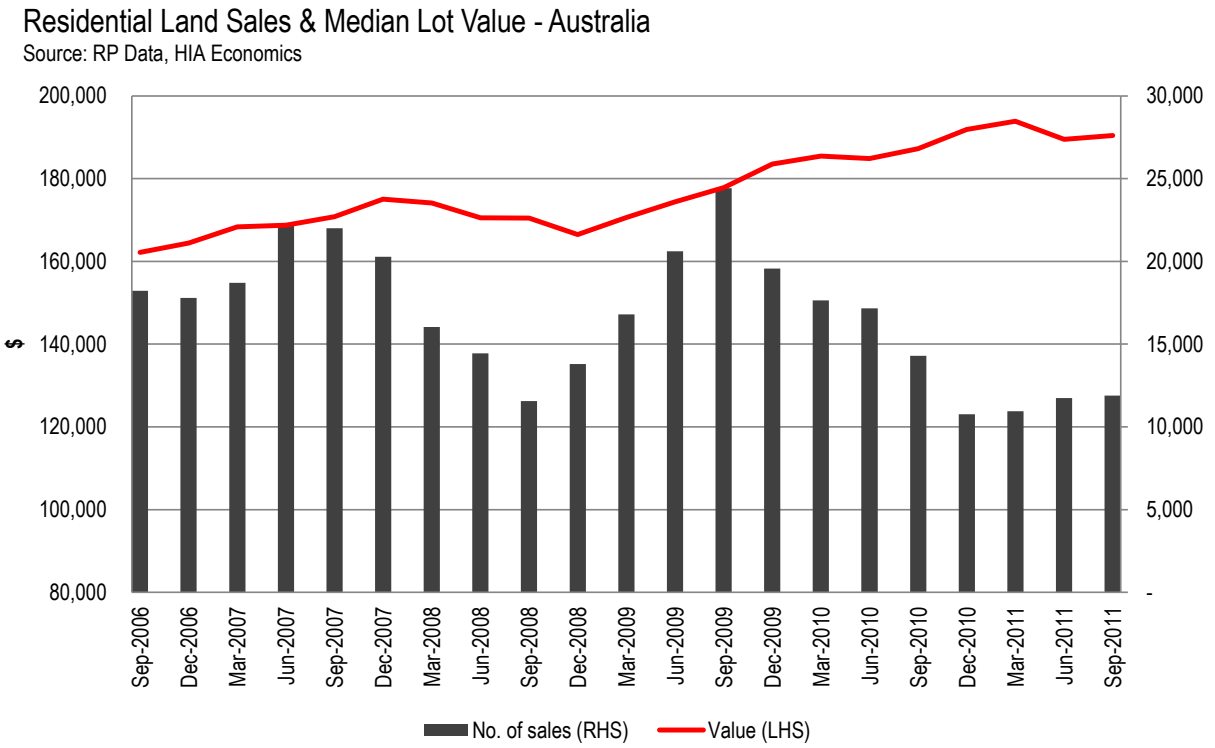

As of the September 2011 quarter, Sydney once again registered the highest median residential lot value in the country. The Richmond-Tweed region reclaimed the mantle as home to the most expensive residential land locations in regional Australia (last held by the Sunshine Coast). This is followed by the Sunshine Coast and the Gold Coast. Meanwhile, the three most affordable land markets in the country were located in South Australia and Tasmania. The least expensive land market was the Northern region of South Australia, while the South East region of South Australia and the Southern region of Tasmania came in at second and third place, respectively.

10 MOST EXPENSIVE REGIONAL MARKETS

Rank	Region	Median Lot Price ($)
1	Richmond-Tweed (NSW)	238,250
2	Sunshine Coast (QLD)	237,500
3	Gold Coast (QLD)	225,000
4	Illawarra (NSW)	220,000
5	Barwon (VIC)	189,000
6	Fitzroy (QLD)	180,000
7	South Eastern (WA)	179,000
8	Hunter (NSW)	178,000
9	Mackay (QLD)	172,000
10	Mid-North Coast (NSW)	170,000

Source: RP Data, HIA Economics Group

10 LEAST EXPENSIVE REGIONAL MARKETS

Rank	Region	Median Lot Price ($)
1	Northern (SA)	60,000
2	South East (SA)	75,000
3	Southern (TAS)	77,250
4	Mallee (VIC)	78,750
5	Northern (NSW)	83,000
6	Murray Lands (SA)	87,000
7	Murrumbidgee (NSW)	90,000
8	Yorke and Lower North (SA)	91,500
9	Mersey-Lyell (TAS)	95,000
10	Murray (NSW)	100,000

Source: RP Data, HIA Economics Group