



HIA–CoreLogic

Residential Land Report

RESIDENTIAL
LAND SALES

MEDIAN LOT
VALUES

REGIONAL
MARKETS

RESIDENTIAL
LOT SIZES

LAND
VALUE

RANKING OF
MARKETS

A quarterly update on the sale of residential land

April 2020

RESIDENTIAL LAND TURNOVER AND PRICES

Increase in Late 2019

The HIA-CoreLogic Residential Land Sales Report shows further evidence that the residential construction sector was on the cusp of a recovery at the end of 2019, with both the turnover and median price of residential land rising. In the December 2019 quarter the median lot price increased by 1.8 per cent, while the volume of sales increased by 11.4 per cent.

The cost of land is a fundamental determinant of house prices and accordingly, the affordability of homes. Research conducted by the Centre for International Economics concluded that 50 per cent of the price of a new house and land package in Sydney is made up of taxes and red tape. As new homes are a direct substitute for existing homes, changes in the cost of land can have a material impact on the price of existing dwellings. The HIA-CoreLogic Residential Land Report follows the sale of newly created residential lots across Australia.

The number of residential land sales across Australia continued to expand in the December quarter, up from a record low volume of turnover in the March 2019 quarter. This increased demand has started to flow into land prices with land in the capital cities recording a 3.7 per cent increase in price over the December quarter and regional areas rising by 1.8 per cent.

While there are multiple factors that determine the price of land such as government taxes, land zoning and subdivision processes and the burden of infrastructure, it ultimately boils down to supply and demand. Prices are pushed up when there is an insufficient supply of land and housing relative to demand.

The administrative processes for the approval of a block of land, prior to a new being constructed, can take a decade. This adds significant cost to the price of a new house and land package and is a key aspect to the affordability challenge facing the home building industry.

Shortages of land that present today cannot be met by increased supply in the short term. Therefore, when it comes to land supply, governments should be thinking about the needs of future Australians, in addition to the unfulfilled needs of today. In particular, the future supply of shovel-ready land should not be starved because of one year of uncertainty and constrained population growth due to closed borders and restrictions on travel. Future shortages of land risk inflating land prices, which will adversely impact on the affordability of housing.

This requires long-term reporting and management strategies to ensure that there is an adequate supply of new blocks of land, both greenfield and brownfield, to meet rising demand.

In this edition of the HIA-CoreLogic Residential Land Report a total of 47 regions were assessed. These regions are located in the six states and include the respective capital cities. Of the land transactions that occurred in the December 2019 quarter, 59.9 per cent occurred in the capital cities.

Sydney is the most expensive area for residential land with a median price of \$460,000. This is followed by Richmond-Tweed (\$395,000) and Melbourne (\$375,000).

Hobart is the most affordable capital city with a median price of \$ 165,000 and has the largest block sizes with a median of 642 square metres. Melbourne has the second largest block sizes with a median size of 490 square metres while Perth has the smallest at 362 square metres.

Copyright

© Copyright 2020. HIA Limited is the sole and exclusive owner of all rights, title and interest (including intellectual property rights) subsisting in this publication, including any data, analytics, statistics and other information contained in this publication. This publication is strictly private, confidential and personal to its recipients. This publication may not be copied or transmitted in whole or in part in any form, including by photocopying, facsimile, scanning or by manual or electronic means. Multiple copies can be supplied by arrangement/for an additional charge. Unauthorised copying is a breach of HIA's copyright and may make you liable to pay damages. Permission is not given for any commercial use or sale of this material.

Disclaimer

The data and information (including commentary) provided in this publication is of a general nature only. While HIA uses commercially reasonable efforts to ensure that:

- any data and information is current at the time of publishing; and
- all opinions, conclusions or recommendations are reasonably held or made as at the time of their compilation,

HIA does not warrant the accuracy, reliability or completeness of the publication in whole or in part. It is your responsibility to assess and verify the accuracy, completeness and reliability of the information in this publication, and to seek professional advice in relation to that information. To the full extent permitted by law HIA excludes all loss or damage howsoever arising (including through negligence) in connection with the publication.