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Residential Land Market Pressures Continue to Mount

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, shows that conditions in Australia's residential land market continued to tighten during the December 2013 quarter.

During the final quarter of 2013, the total number of residential land sales declined by 1.8 per cent to 15,447 lots. This was the second consecutive quarter of declining activity in the land market while the median price rose by 4.2 per cent to the highest level on record. Key markets like Sydney, Brisbane and Perth all saw lower turnover during the final quarter of 2013, with transactions actually increasing in Melbourne, Adelaide and Hobart.

"Today's figures add further to the evidence of serious supply issues in the residential land market," said HIA Senior Economist, Shane Garrett.

"For the second consecutive quarter, we have seen turnover in the market decline while at the same time lot prices have shown significant increase," added Shane Garrett.

"This is a sign that the supply of residential building land is starting to fall behind the demand for new homes," Shane Garrett explained. "The upturn in residential building which has much to contribute to overall economic growth risks being brought to a halt by inadequate land provision," warned Shane Garrett. "Policy makers have to act quickly to ensure that the supply of land is boosted. Doing so will greatly improve the chances of sustaining the recovery in residential construction," urged Shane Garrett.

"New home building offers the possibility for some economic good news this year," added Shane Garrett. "It is important that land supply policies act in concert with broader economic objectives," concluded Shane Garrett.

RP Data's research director Tim Lawless commented that the combined stimulus of low interest rates together with Government grants for newly constructed housing is clearly stoking demand across the vacant land sector at a time when land sales are trending lower. "Considering that the number of house and unit sales rose by almost 8 per cent over the December quarter and were up by 18 per cent compared with a year ago, the slowdown in land sales over the second half of 2013 is counter to broader housing market trends."

Mr Lawless continued, "With vacant land prices continuing to rise at a time when volumes have moved lower we can surmise that demand is exceeding supply which in turn drives prices higher. With housing affordability coming increasingly under the spotlight, an improvement in the flow of land supply would be a welcome scenario."

During the December 2013 quarter, the weighted median residential land value for Australia's six state capitals increased by 3.5 per cent to \$326,184. This value represents a 22.3 per cent increase on the final quarter of 2012. The median value for Regional Australia was \$160,886. This represented a quarterly rise of 2.1 per cent and an annual increase of 3.6 per cent. Higher land prices in the capital cities were driven by developments in Melbourne, Adelaide and Perth. However, Sydney and Brisbane land prices were flat during the quarter, and land prices in Hobart saw a decline during the quarter.

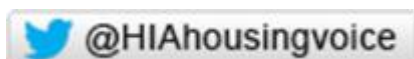
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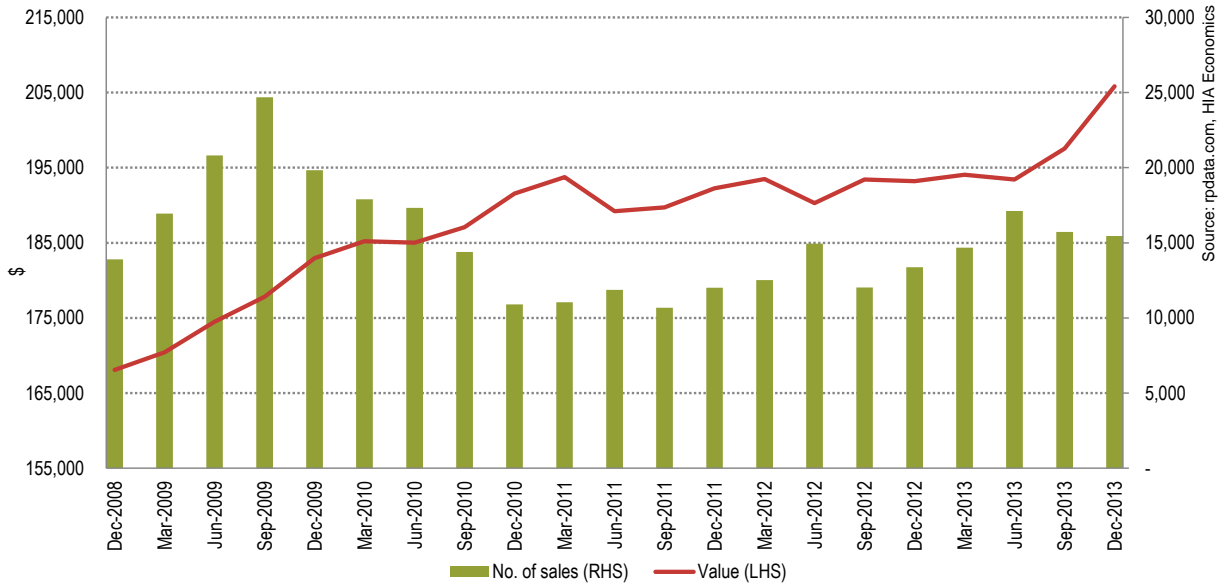
For copies of the publication (media only) please contact: Kirsten Lewis on k.lewis@hia.com.au

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)	234,500
4	Gold Coast(QLD)	230,000
5	Mackay(QLD)	201,000
6	Hunter(NSW)	197,500
7	Illawarra(NSW)	188,375
8	Barwon(VIC)	180,000
9	Far North(QLD)	179,000
10	Mid-North Coast(NSW)	176,000

Source: rpdata.com, HIA Economics Group

10 LEAST EXPENSIVE REGIONAL MARKETS

Rank	Region	Median Lot Price (\$)
1	Southern(TAS)	75,500
2	Mallee(VIC)	79,618
3	Murray Lands(SA)	80,000
=4	South East(SA)	86,000
=4	Mersey-Lyell(TAS)	86,000
6	Yorke and Lower North(SA)	90,000
7	Northern(TAS)	91,000
8	East Gippsland(VIC)	92,800
9	Murrumbidgee(NSW)	93,500
10	West Moreton(QLD)	99,000

Source: rpdata.com, HIA Economics Group