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Data Gaps Undermine Residential Land Supply

“Australia’s long-term housing needs are impaired by poor reporting on the supply of new residential land,” commented HIA Senior Economist Shane Garrett.

Today’s HIA-CoreLogic Residential Land Report presents an audit of state government reporting on the supply pipeline of new residential land.

“Comprehensive and timely data is vital for driving better outcomes in this area. State governments need to publish more detailed figures about the volume of residential land in the supply pipeline so that Australia’s future housing needs have a better chance of being met,” added Mr Garrett.

“The Report also shows that residential land prices fell by 2.3 per cent nationally during the final quarter of 2017.

“Residential land prices in Sydney fell by 6.3 per cent in the December quarter – the first time they’ve declined in two years. In contrast, Melbourne prices have reached a new all-time high.

“Our latest results also indicate that some of the largest land price increases have occurred in regional SA and Tasmania – markets that had been quiet up until recently,” concluded Shane Garrett.

According to Eliza Owen, CoreLogic’s Commercial Research Analyst, “The first quarterly decline of Sydney land prices in two years reflects a culmination of several policies aimed at stemming demand for new residential development in the city. Combined with Australian limitations on foreign investment handed down in the 2016/17 budget, domestic banks are less willing to lend to individuals who source their income from overseas. The sentiment among developers is that foreign investment in Australian residential dwellings is dwindling.

“Policies that have slowed domestic investor demand have been just as significant. The recommendation handed down by APRA in 2017, whereby interest only loans would comprise no more than 30 per cent of mortgage originations, appears to have aided the downturn in Sydney,” concluded Eliza Owen.

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