

MEDIA RELEASE



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Demand for residential land elevated

“The announcement of HomeBuilder in June 2020 spurred demand for residential land across the country,” said HIA Economist, Angela Lillicrap.

The HIA-CoreLogic Residential Land Report provides updated information on sales activity in 51 housing markets across Australia, including the six state capital cities.

“The number of residential land sales in the December 2020 quarter was 42.7 per cent higher than the same time the previous year,” added Ms Lillicrap.

“Detached building approvals and loans for the construction of a new home reached record levels in the second half of 2020.

“First homebuyers involvement in the market has remained close to record peaks as they take advantage of HomeBuilder and other incentives.

“Land prices in the December quarter started to reflect the increase in demand that was seen in the September quarter. Nationally, prices increased by 4.1 per cent to be 0.3 per cent higher than the same time last year.

“Land prices can lag behind changes in demand due to the length of settlement periods.

“Due to the timeframe between purchasing land and commencing construction, we expect the majority of land sales in the March quarter 2021 are unlikely to be directly related to HomeBuilder,” concluded Ms Lillicrap.

According to Tim Lawless, CoreLogic’s Head of Residential Research: “The surge in vacant land sales since June is a testament to the popularity of the HomeBuilder program. With land sales and detached housing approvals surging through the second half of last year, it makes sense for the government to announce a twelve month extension to the timeframes associated with starting construction. The surge in activity has created a substantial pipeline of residential construction activity that will take some time to work its way through to completions.

“With such a significant pull forward of demand due to HomeBuilder, we could see an easing in the number of vacant land sales in 2021 as the stimulus phases out and the higher entry costs make it more challenging for first home buyers to participate in the market.”

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