

# MEDIA RELEASE



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## Land shortages constrain building activity

“The number of land sales in the March 2021 quarter declined by 31.2 per cent compared to the previous quarter, to be 42.5 per cent lower than the previous peak in the September 2020 quarter,” 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 decline in sales represents a shortage of available land as other leading indicators, including HIA’s New Home Sales Report, show there continues to be a significant number of new homes entering the construction pipeline,” added Ms Lillicrap.

“In the three months since the end of HomeBuilder new home sales have returned to levels consistent with 2018, a relatively strong year for detached building.

“The surge in demand for residential land due to HomeBuilder saw developers bring forward as much shovel ready land as possible. This somewhat kept a lid on prices during the short timeframe of the program but the impact of inadequate land supply can now be seen in the March quarter prices.

“Nationally, the weighted median price of residential land increased by 4.7 per cent in the March 2021 quarter. This is the sharpest quarterly increase in the price of land since 2006,” concluded Ms Lillicrap.

According to Tim Lawless, CoreLogic’s research director: “Rising prices against a backdrop of lower volume is generally an indication of demand outweighing supply; an unsurprising trend given the success of HomeBuilder in incentivising new housing construction activity.

“The surge in detached housing approvals to record highs has seen demand for residential land increase substantially and it will probably take several years for the pipeline of approved houses to work through to completion. In the meantime land prices could rise further. Additionally the scarcity of labour and building materials is likely to place additional upwards pressure on construction costs, adding to affordability pressures in the housing sector,” says Mr Lawless.

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