

Land Prices Recover in Early 2009

The cost of land is increasing nationally, according to the latest residential land report from HIA, Australia's largest building association, and RP Data, Australia's leading property information and analytics provider.

HIA Chief Economist, Dr Harley Dale said that an increase in median land prices in the March 2009 quarter poured further cold water on 'doom and gloom' assessments of residential property in 2009.

"Very low variable mortgage rates, the First Home Owner's Grant boost, and attractive deals from volume builders have generated increased new home demand," Dr Dale said. "The associated benefit to economic activity and employment will become apparent from mid 2009."

The HIA-RP Data Residential Land Report shows the weighted median price of raw land in Australia increased by 7.4 per cent in the March 2009 quarter to \$172,490, following four consecutive quarterly declines. The most expensive market was Sydney with a median price of \$259,000 while the most affordable market was Regional Tasmania with a median price of \$79,750.

"A lack of timely and adequate land supply, high development charges and taxes, and onerous planning regulation still present a serious challenge to new home affordability," Dr Dale said. "These structural barriers led to an unnecessarily large surge in land prices in the last housing up-cycle. It is a no-brainer that the same thing will happen again unless we work tirelessly to reduce these barriers."

RP Data National Research Director Tim Lawless said "The improvements in the vacant land market are over and above the growth recorded across the broader housing market, where dwelling values increased by 2.1 per cent over the March quarter."

"The number of vacant land sales bottomed in the September quarter last year. The upwards trend in sales volumes suggests buyers are coming back into the market thanks to interest rates being at 45 year lows and affordability returning to 2002 levels, not to mention the additional stimulus of the First Home Buyers Boost."

"A wide array of indicators released over the last month has shown that the prospects for further modest improvements in residential property prices are likely. Consumer and business confidence have both improved dramatically, unemployment is rising at a slower pace than expected and housing finance commitments show both owner occupier and investor numbers are trending upwards. Additionally, auction clearance rates are averaging more than 70 per cent across the country and housing prices are showing modest gains month to month."

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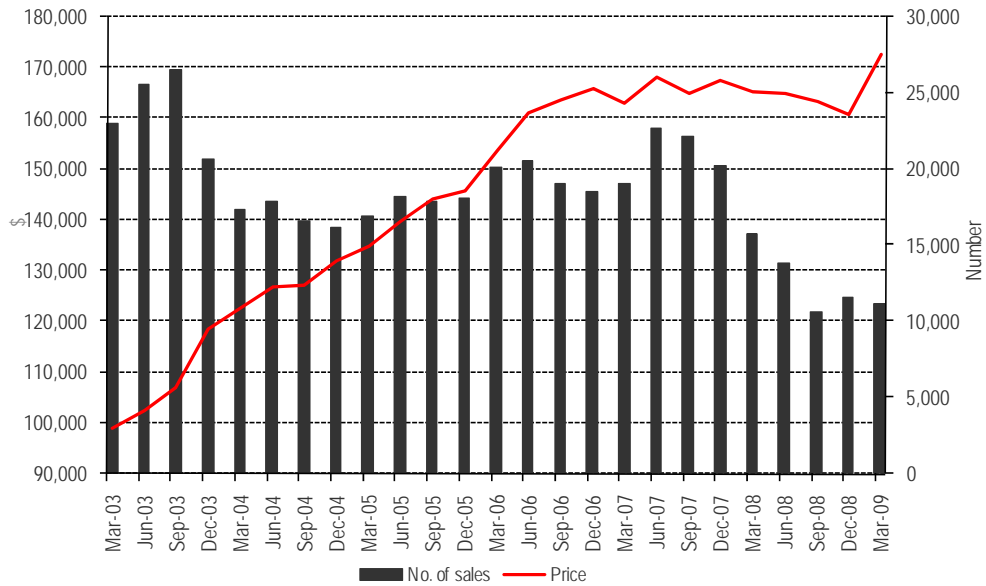
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**A full copy of the HIA-RP Data Residential Land Report can be downloaded from <http://economics.hia.com.au/publications/Pubs.aspx>

Median Residential Land Prices - Australia

Source: RP Data



Median Lot Price (\$)

Quarter	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Weighted Median
Jun Qtr 04	300,000	138,000	145,000	105,000	126,000	80,000	147,588
Sep Qtr 04	300,000	138,500	155,000	125,000	131,000	85,500	147,311
Dec Qtr 04	312,000	138,000	166,562	115,500	137,000	78,500	150,534
Mar Qtr 05	310,000	140,000	162,500	125,000	139,000	91,000	151,564
Jun Qtr 05	310,000	141,000	166,870	120,000	149,000	85,000	156,940
Sep Qtr 05	295,000	140,000	170,000	126,000	152,500	90,000	160,857
Dec Qtr 05	290,000	139,000	169,000	120,000	164,950	85,000	159,750
Mar Qtr 06	295,000	148,500	175,000	127,750	175,000	98,000	169,676
Jun Qtr 06	291,000	146,900	169,212	121,000	210,000	87,000	177,799
Sep Qtr 06	299,000	146,000	172,000	120,000	245,000	95,000	185,323
Dec Qtr 06	297,500	145,000	175,000	126,000	250,000	95,000	184,600
Mar Qtr 07	275,000	147,000	175,000	123,500	265,000	105,000	179,255
Jun Qtr 07	300,000	147,000	175,000	119,500	259,000	110,000	182,751
Sep Qtr 07	276,000	146,000	180,000	130,000	260,000	117,000	178,132
Dec Qtr 07	262,500	149,500	196,950	133,000	265,000	110,000	180,991
Mar Qtr 08	265,000	149,000	197,000	147,000	248,000	130,000	180,540
Jun Qtr 08	252,250	156,950	200,000	133,500	238,000	115,500	180,669
Sep Qtr 08	255,000	156,000	206,500	152,000	229,000	117,500	185,843
Dec Qtr 08	246,000	156,000	201,500	152,000	220,000	135,000	183,146
Mar Qtr 09	259,000	170,000	210,000	164,950	225,000	134,500	197,045
% Change previous quarter	5.3%	9.0%	4.2%	8.5%	2.3%	-0.4%	7.6%
% Change previous year	-2.3%	14.1%	6.6%	12.2%	-9.3%	3.5%	9.1%

Source: RP Data