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Land Sales Signal Faltering Recovery

The volume of residential land sales fell for a second consecutive quarter in March 2010, while median land values flattened out.

The latest residential land report from HIA, the voice of Australia's residential building industry, and rpdata.com, Australia's leading property information and analytics provider, highlights the risk of a renewed decline in new home building starts next year.

The HIA-rpdata.com Residential Land Report shows the volume of land sales fell in the March 2010 quarter to a level 40 per cent lower than in the March quarter last year. Meanwhile the weighted median land value for Australia held steady in the first quarter of 2010 (-0.1 per cent), for annual growth of 6.9 per cent.

"The renewed decline in the volume of land sales over the six months to March this year is consistent with mounting concern over the sustainability of the recovery in new residential construction," said HIA Chief Economist, Harley Dale.

"The prospect of new home starts heading down again next year reinforces the need to keep interest rates on hold throughout the remainder of 2010. It also reinforces the compelling case for urgent action in ensuring adequate, affordable land supply, including addressing the restriction of finance for residential development which is severely handicapping new home building activity," added Harley Dale.

Sydney remains the most expensive residential land market in the nation with a median value of \$305,000. Outside the capital cities, the Sunshine Coast in Queensland remains the most expensive land market with a median value of \$260,000.

There are twelve markets across Australia where median land value sit at or below the \$100,000 mark. The most affordable market is the Mallee region of Victoria (\$72,000), followed by Murray Lands (\$77,000) and the South East (\$80,000) in South Australia, East Gippsland in Victoria (\$80,000), and the Murrumbidgee region in New South Wales (\$83,000).

Rpdata.com national research director Tim Lawless, suggests the consecutive quarterly declines in land sales reflect the price sensitivity in the residential market.

"The interest rate rise in March, which followed monthly increases over the December quarter last year certainly dampened market conditions, particularly amongst the first home buyer and low income segments of the market."

"The continued weakness in vacant land sales is a bit of a worry considering the ongoing demand for housing remains high. The low volumes of land sales suggest continued price sensitivity from the market and further housing pressures ahead."

Mr Lawless doesn't expect any material improvement in land sales over the June quarter. "Considering the rate rises in April and May, lower consumer confidence, and lower housing finance commitments over the June quarter, we don't expect any real improvements in the vacant land figures soon".

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**A full copy of the HIA-RP Data Residential Land Report can be obtained via k.lewis@hia.com.au (media only)



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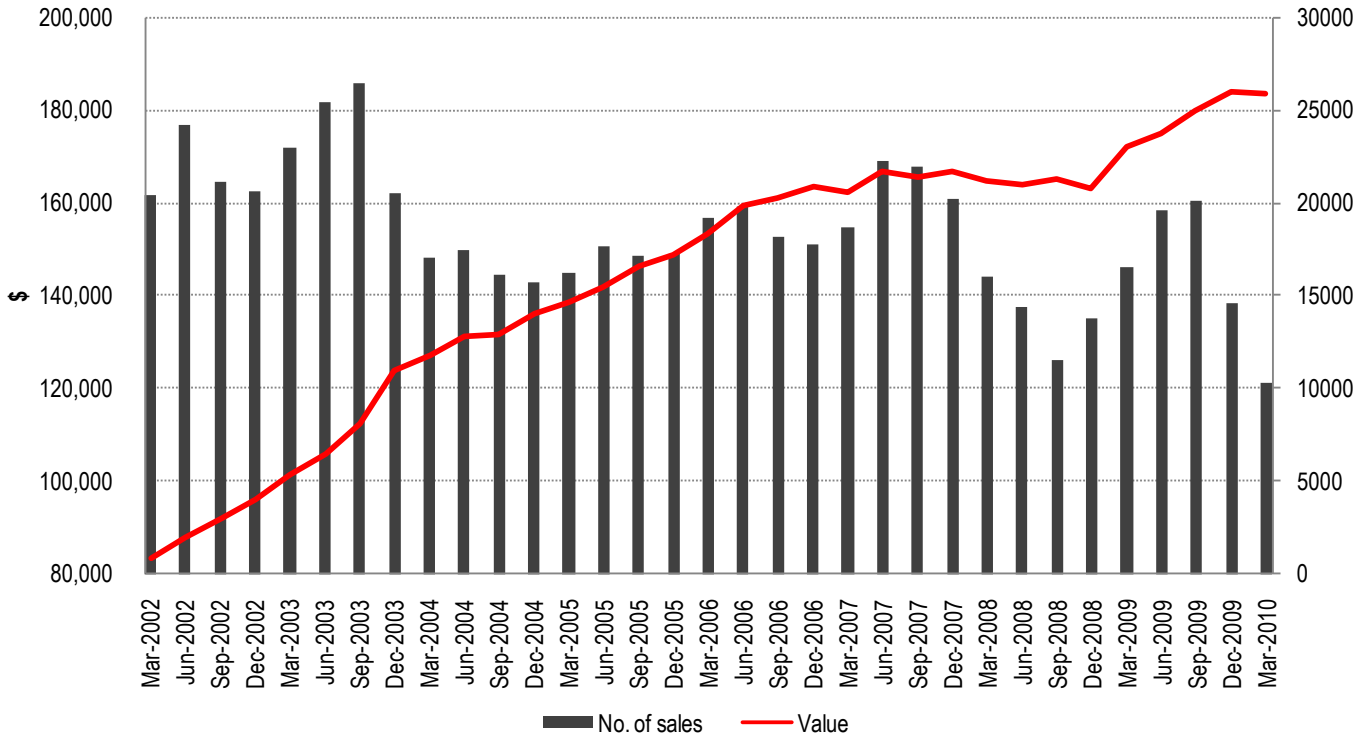


Tuesday 10 August | Sofitel Sydney

MEDIA RELEASE

Residential Land - Australia

Source: RP Data



10 MOST EXPENSIVE REGIONAL MARKETS			10 LEAST EXPENSIVE REGIONAL MARKETS		
Rank	Region	Median Lot Price (\$)	Rank	Region	Median Lot Price (\$)
1	Sunshine Coast (Qld)	260,000	1	Mallee (Vic)	72,000
2	Gold Coast (Qld)	237,000	2	Murray Lands (SA)	77,000
3	Richmond-Tweed (NSW)	235,000	3	South East (SA)	77,625
4	Hunter (NSW)	181,500	4	East Gippsland (Vic)	80,000
5	South Eastern (WA)	179,000	5	Murrumbidgee (NSW)	83,000
6	Barwon (Vic)	170,000	6	Mersey-Lyell (Tas)	85,000
7	Illawarra (NSW)	169,500	7	Northern (SA)	90,000
8	South West (WA)	169,000	8	Loddon (Vic)	90,500
9 (e)	Mid-North Coast (NSW)	165,000	9	Northern (NSW)	91,000
9 (e)	Mackay (Qld)	165,000	10 (e)	Northern (Tas)	100,000
			10 (e)	Murray (NSW)	100,000
			10 (e)	Goulburn (VIC)	100,000

Source: RP Data, HIA Economics Group

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10 STRONGEST GROWING REGIONAL MARKETS FOR LAND SALES MAR 09 QTR TO MAR 10 QTR		
Rank	Region	% Growth - Mar 09 Qtr to Mar 10 Qtr
1	South Eastern (WA)	41.7%
2	East Gippsland (Vic)	32.9%
3	Illawarra (NSW)	31.1%
4	Yorke and Lower North (SA)	28.3%
5	South Eastern (NSW)	21.9%
6	South East (SA)	17.8%
7	South West (WA)	8.3%
8	Fitzroy (Qld)	6.6%
9	Northern (SA)	6.5%
10	Outer Adelaide (SA)	5.2%

Source: RP Data, HIA Economics Group