



HIA-rpdata.com Residential Land Report

September Quarter 2009

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Land Sales Signal 2010 New Home Recovery

The latest HIA-rpdata.com Residential Land Report affirms that a recovery in new home building is underway, but amidst a concerning surge in median land prices.

The volume of residential land sales, the earliest hard indicator of future new home building activity, was slightly down in original terms in the September 2009 quarter. Sales volumes were, however, up by a strong 33 per cent compared to the September 2008 quarter.

The weighted median land value for Australia increased by 5.7 per cent over the September 2009 quarter to a record \$181,158. This value was 11 per cent higher in comparison to the September 2008 quarter.

Median Residential Land Prices

There was clearly a considerable resurgence in median land prices in 2009 following several years of flat to slightly lower prices. The fact that this development took place at a time when the new housing industry was reaching a trough before turning the corner highlights the re-emerging challenge of ensuring an adequate supply of affordable land.

Clearly there is a need to ensure sufficient land is unlocked and released for residential development in the face of a rapidly growing population.

Failure to achieve this basic requirement will see us quickly return to the bad old days of land price growth far outstripping construction costs and general inflation.

That would in turn place new housing at even more of a price disadvantage to existing dwellings at the very time when we need to be re-establishing the opposite trend.

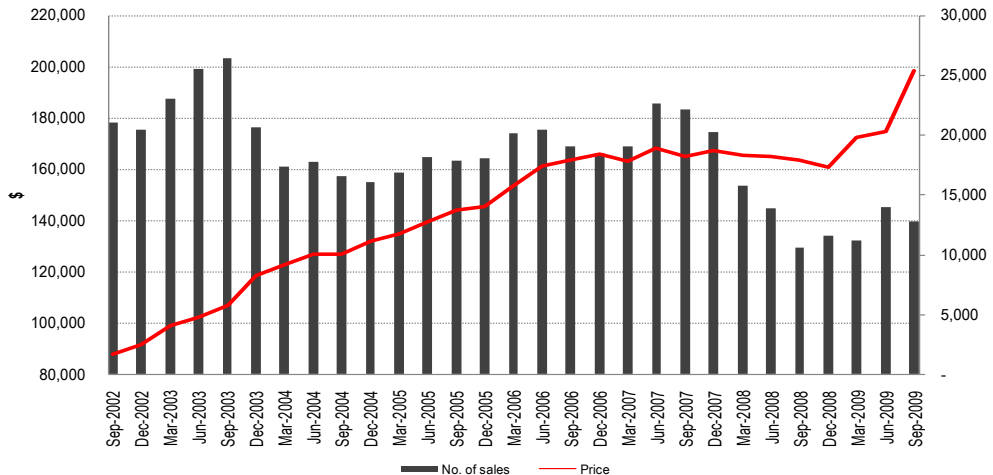
The weighted median land price for Australia's six capital cities (excluding Canberra and Darwin) was up by a substantial 7 per cent over the September 2009 quarter, while the weighted median regional land price increased by 4.1 per cent.

Across the six capital cities median land prices grew over the September 2009 quarter in Sydney (13.7 per cent), Adelaide (5.8 per cent), Hobart (3.5 per cent), and Melbourne (0.1 per cent). Median prices fell over the September 2009 quarter in Brisbane (-1.7 per cent) and Perth (-0.7 per cent). Compared to the September 2008 quarter median land prices were higher in four of the six capitals, Perth and Hobart being the exceptions. (For recent history see Appendix A).

For non-metropolitan Australia a total of thirty-nine regions are included in this report across the six states (see Appendix B). Median land values increased in twenty six of these thirty-nine regions over the September 2009 quarter. Compared to the September 2008 quarter, median land values were higher in twenty five of the thirty-nine regional markets.

Median Residential Land Prices - Australia

Source: RP Data



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