



AUSTRALIAN
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HIGH LAND COSTS CUT DEMAND

Vacant residential land prices remain stubbornly high and continue to hamper new home activity.

Commenting today on the release of the second HIA-Australian Property Monitors **Land Monitor** Report, HIA's Managing Director, Dr Ron Silberberg said that statutory charges and taxes imposed by each level of Government were making land unaffordable, providing no incentive for builders or developers to invest capital to convert undeveloped land into serviced allotments.

The cost of levies, charges and government taxes are just too high and are a primary reason for market activity remaining so low.

"It is literally a case of the straw that broke the camel's back. Each level of Government needs to take more responsibility in this area. If new construction doesn't take place further price pressures will be placed on the existing housing stock," Dr Silberberg said.

HIA has developed a suite of proposals that would assist with the construction of more affordable housing. These proposals call for a partnership approach across the three levels Government.

"Sadly, there has been a propensity for government's to engage in a blame game. This provides no comfort for the more than one million households in housing stress. It is staggering that in a country that has enjoyed phenomenal economic growth why more Government funding can't be invested in delivering affordable housing solutions," said Dr Silberberg.

HIA has persistently argued for a reduction in levies, taxes and charges to improve housing affordability.

Australian Property Monitor's, General Manager Michael McNamara said "Nationally there is a critical shortage of affordable ready to build on land which limits the affordable housing options of today's first home buyers.

"Whilst in states like Queensland there are significant planning and land release issues in other states like New South Wales and Western Australia, the cost of vacant lots, is insurmountable for young Australian families. There is a continuing need to better plan our cities for sustainable growth and to synchronise that growth with the appropriate investment in infrastructure." Mr McNamara said.

The weighted average vacant lot price for Australia's largest seven cities was slightly lower in the June quarter, down 3.5 per cent to a total of \$197,190 thanks largely to increased market activity in South Australia. Major metropolitan areas, however, either remained flat or recorded a further price rise in the median lot price.

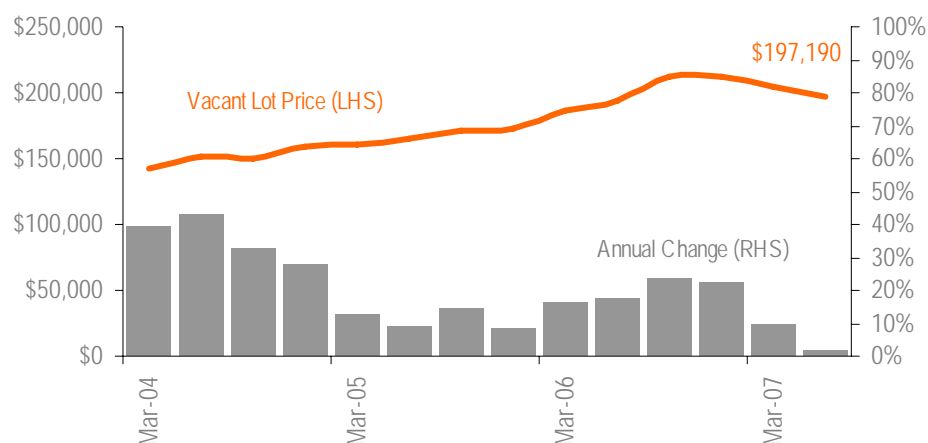
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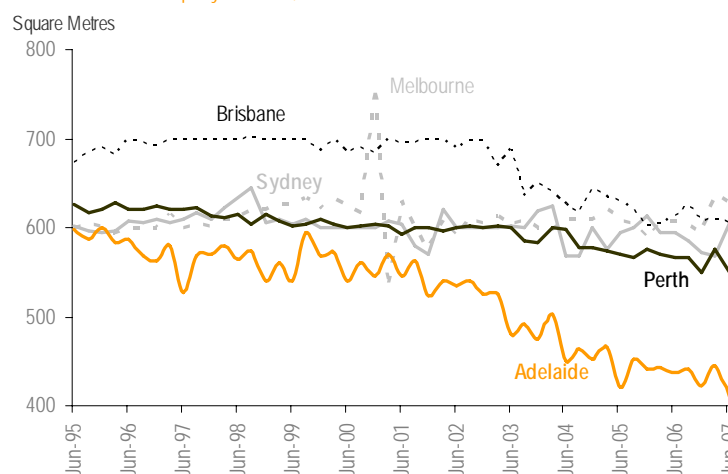
Vacant Lot Price - Average of Australia's Largest 7 Cities

Source: Australian Property Monitors



Vacant Lot Size, 5 Largest Cities

Source: Australian Property Monitors, ABS



Note to Editors

1. The HIA-APM Land Monitor is a quarterly report drawing on data obtained under agreement from the Valuers General offices in the respective states and anecdotes from Australia's residential property developers
2. Australian Property Monitors (APM), publisher of the Home Price Guide®, has been providing property information to the Australian public for more than 12 years. APM monitors property activity from a variety of sources including government and semi-government agencies, real estate advertising, real estate agents and APM's own researchers



Copies of the publication can be downloaded from:

http://economics.hia.com.au/publications/land_monitor.aspx

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