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MEDIA RELEASE



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Land Sales Signal Slow Home Building Recovery

The latest HIA-rpdata Residential Land Report provided by the Housing Industry Association, the voice of Australia's residential building industry and RP Data, Australia's leading property information analytics provider, is signalling only modest improvements in new home building activity in 2013.

"From a very low base in 2011, residential land sales have displayed only modest upward momentum, a trend reinforced by the 4.3 per cent increase observable for the March 2013 quarter," said HIA Chief Economist, Harley Dale. "The March quarter update signals we are moving in the right direction, but as a key leading indicator land sales suggest the magnitude of a first stage new home building recovery will fall short of what the economy requires."

"At this juncture, any clear improving trends are limited to New South Wales and Western Australia," said Harley Dale. "WA is the only state to have achieved clear and consistent improvements in residential land sales over the past 18 months."

"Land prices, however, continue to find record highs. Sydney and Perth are the country's two most expensive land markets and by quite a margin," said Harley Dale. "It's no coincidence that they are the two most highly taxed residential new home building markets in the country, due in large part to excessive taxes and charges related to land."

"These costs aren't exclusive to Sydney and Perth – other capital cities are also witnessing upwards price pressures on serviceable residential land. Ensuring readily available and affordable land forms a crucial part of the wider policy challenge of addressing the excessive and inefficient tax and regulatory environment faced by the new home sector," Harley Dale added.

According to RP Data's research director Tim Lawless, land sales are broadly starting to head in the right direction however, affordability constraints, particularly in capital city markets may limit the extent of the recovery. "The consecutive quarterly increases in land sales are certainly encouraging, albeit the rate of growth has slowed from 11.9 per cent in the December 2012 quarter to 4.3 per cent in the March 2013 quarter. With the increase in sales, there has also been a lift in land values, ongoing increases in the value of land may restrict the extent of the recovery given the already restrictive land prices in certain regions, in particular capital city markets."

"The increase in land sales is in line with the improving trend in sales across the detached house and unit markets throughout the second half of 2012 and early 2013. Lower interest rates are clearly encouraging broadly improving housing market conditions and hopefully this recent momentum can continue, especially with first home buyer incentives now being directed specifically at new construction across a number of states."

In the March 2013 quarter the weighted median residential land value in Australia increased by 2.5 per cent to \$198,152. This value was 2.4 per cent higher when compared to the same period in 2012. The median value for capital cities increased by 3.2 per cent in the March 2013 quarter to \$225,781, 2.9 per cent higher than in the March 2012 quarter. The median value for Regional Australia was \$155,807 in the March 2013 quarter. This represents a quarterly increase of 0.7 per cent and a 1.3 per cent increase compared with the same period in 2012.

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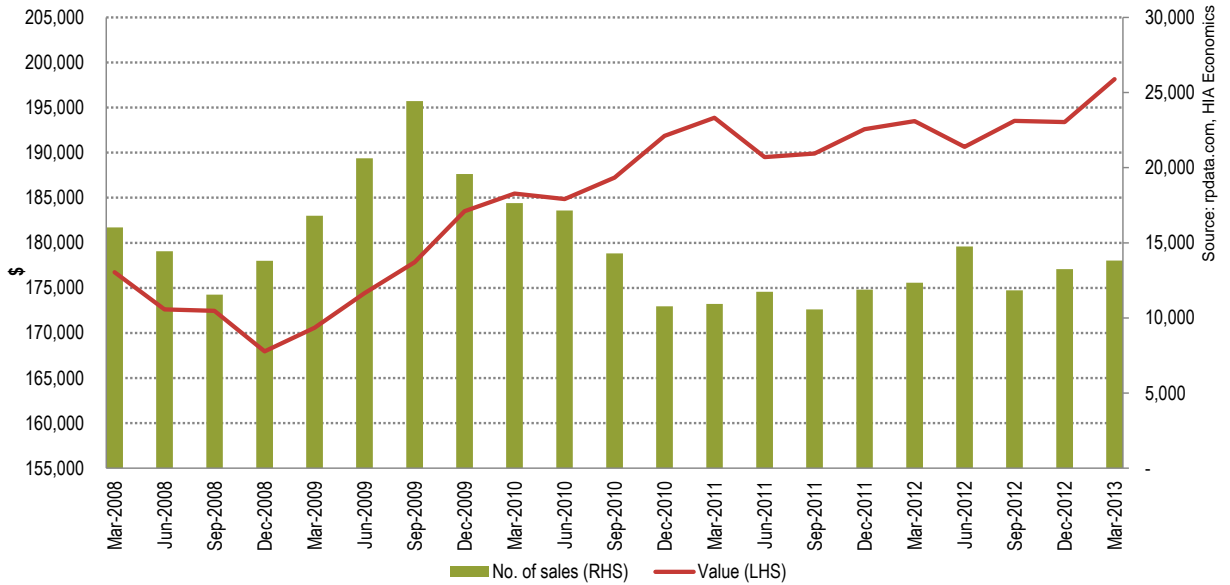
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RESIDENTIAL LAND SALES & MEDIAN LOT VALUE - AUSTRALIA



Source: rpdata.com, HIA Economics

10 MOST EXPENSIVE REGIONAL MARKETS

Rank	Region	Median Lot Price (\$)
1	Sunshine Coast (QLD)	266,000
2	Richmond-Tweed (NSW)	234,000
3	Gold Coast (QLD)	225,000
4	Mackay (QLD)	195,600
5	Barwon (VIC)	192,000
6	West Moreton (QLD)	179,500
7	Hunter (NSW)	175,000
8	Mid-North Coast (NSW)	175,000
9	South West (WA)	174,500
10	South Eastern (WA)	169,000

Source: rpdata.com, HIA Economics Group

10 LEAST EXPENSIVE REGIONAL MARKETS

Rank	Region	Median Lot Price (\$)
1	East Gippsland (VIC)	78,250
2	Yorke and Lower North (SA)	80,000
3	Murray Lands (SA)	82,250
4	Southern (TAS)	82,500
5	Mallee (VIC)	84,500
6	Mersey-Lyell (TAS)	89,375
7	Northern (TAS)	92,000
8	Northern (SA)	96,000
9	South East (SA)	97,000
10	Eyre (SA)	109,000

Source: rpdata.com, HIA Economics Group