

Property

Land sales continue to recover

Michelle Singer

Residential land sales improved again in the September quarter, although the turnover of new blocks remains well down on previous years.

Sales volumes increased by 1.3 per cent in the September quarter, according to the *HIA-RP Data Residential Land Report*.

It is the third quarterly increase since the mortgage rise-induced nadir of the December quarter 2010 but near half the first-home owner boost high of September 2009.

RP Data senior economist Cameron Kusher said the result was encouraging but that the market had a long way to go. Further cuts in mortgage rates would help.

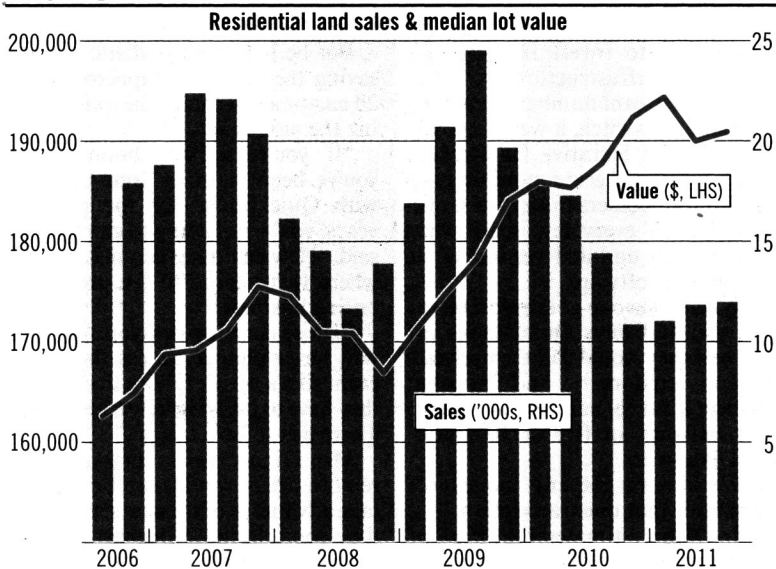
"It is important to remember that the improvement commenced at a time when many expected that official interest rates would climb higher," Mr Kusher said.

HIA senior economist Andrew Harvey said land sales were an early indicator of housing activity.

"An upturn in trajectory is essential to the prospects for an eventual recovery in new home building activity – although we really do need much higher sales levels to make a difference," he said.

"Land sales at less than half the September 2009 peak... adds to the already strong case for stimulatory policy, both in terms of further rate cuts and fiscal measures for new home building."

Buying lots



Mr Harvey said an improvement in land sales would flow on from building to furniture and homewares.

"Should the improvement in land sales continue it is likely to provide a much-needed boost for retailers," he said.

The downturn in sales has had almost no effect on lot prices which crept up again in the September quarter and rose 2.5 per cent in capital cities for the year.

Sydney, where the average lot sale price is \$275,000, remains the most

expensive city in which to buy land.

By comparison, the median lot price in Perth is \$235,000 and in Melbourne \$210,250.

Scarcity, demand and infrastructure costs have also pushed up prices on the NSW Tweed Coast. Richmond-Tweed, where the median lot price is \$238,250, has replaced the Sunshine Coast in Queensland (\$237,500) as the country's most expensive regional area in which to buy land.

Gold Coast-based property analyst Bill Morris, author of *Prodap*, a



SOURCE: HIA, RP DATA

quarterly south-east Queensland new house and land report, said large tracts of waterfront land in new residential estates, relatively high infrastructure charges and development constraints all contributed to higher regional block prices.

"There's a lot of constraint in the area and councils tend to focus on urban consolidation rather than releasing significant parcels of greenfield sites," he said.

South Australia and Tasmania have the most affordable housing lots.