

Media Release

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RESIDENTIAL LOT APPLICATIONS UP, SIZES DOWN IN DECEMBER

A big jump in proposed residential lot applications in the December quarter 2010 shows the urban development industry's confidence in the medium-term future of the West Australian property market, the UDIA said today.

Figures from the Western Australian Planning Commission showed 8,971 development applications for residential lots were lodged in the December quarter, a 70 per cent increase over the September quarter's 5,265 applications.

UDIA WA CEO Debra Goostrey said residential blocks typically take from six months to two years to take from application through to final approval.

"This encouraging surge in developer applications shows that West Australian developers are anticipating strong demand for new homes on residential lots in 2012," Ms Goostrey said.

"Another encouraging sign is the 35 per cent increase in final approvals for lots in the December quarter over the previous quarter. Many of these blocks will already have been snapped up by bargain hunters in a buyer's market," she said.

The Planning Commission's figures also showed a marked increase in final approvals for lots smaller than 500 square metres in the December quarter 2010, demonstrating that West Australians' increasing demand for smaller lots shows no signs of slowing.

The figures showed a jump from 1,462 in the September quarter to 2,129 in December in the metropolitan and Peel regions.

"That's quite an increase in a continuing trend in the last few years towards smaller blocks in the metropolitan area," said UDIA WA CEO Debra Goostrey.

"In 2004-2005 just 30 per cent of approved lots were less than 500 square metres, yet today that figure has increased to over 60 per cent. It's a very rapid change in a few short years," she said.

The median lot size in the metropolitan area is now 427 square metres, down from 560 in 2004-05.

According to 2007 census figures people living alone accounted for one-quarter (26.2 per cent) of all WA households. A quarter (25.7 per cent) were couple-only households.

“Many developers are selling house and land packages with compact two and three bedroom terrace homes that use space extremely efficiently and with prices that start at well under \$300,000.

“They’re often close to public transport and are a really attractive option to first home buyers and downsizers,” she said.

Several two-by-one terrace homes recently went on the market at Ellenbrook for \$268,900 and sold out the first weekend of going on sale, a testament to the strong demand for well priced smaller homes. They were the outcome of a comprehensive design and development process between Ellenbrook’s development manager LWP and leading builder Homebuyers Centre.

LWP and Homebuyers Centre will be bringing more of them onto the market in the next financial year.

“We’re now seeing greater market acceptance of smaller homes. Many buyers are attracted to them because they suit their needs,” LWP Managing Director Danny Murphy said.

Shrinking median lot sizes are not confined to the metropolitan area. In the country, too, final approved lot sizes have gone from a median of 670 square metres in 2004-05 to 557 in the December quarter 2010.

In fact the percentage of final approved lots with a median size of less than 500 square metres in the country is virtually the same as it is in the metropolitan area and has followed a very similar pattern since 2004-05.

The Vines was the top suburb for final approval activity in the December quarter with 220 lots, followed by Baldivis with 194 and Piara Waters with 169.

Seventy-seven per cent of final residential lot approvals were green title, which was up slightly from 76 per cent from the September quarter. However the overall trend is towards an increasing percentage of strata title lots. In 2004-05 nearly 90 per cent of final approved lots were green title.

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For further data: http://www.planning.wa.gov.au/December%202010_web.pdf?id=2657