

Media Release

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LAND SALES DROP IN FACE OF RATES THREAT

On the eve of the Reserve Bank's first meeting for 2011, the Urban Development Institute of Australia (UDIA) has released figures showing the number of lots sold in the December 2010 quarter dropped a massive 27% in one quarter.

This is the biggest drop in sales numbers since September 2007.

Sales data collected by the latest *UDIA Colliers International: Urban Development Index* show that just 1274 lots were sold across new developments in Perth in the three months to December 31 compared with 1747 the previous quarter.

"The land market has been steady during most of 2010 compared with the stagnant established housing market," UDIA CEO Debra Goostrey said.

"The land market was holding on for most of the year with sales up in the March and June quarters," Ms Goostrey said. "But these latest figures show that after six interest rate hikes the RBA has well and truly quashed consumer confidence right across the property market."

"The land market is being hit hard and consumers need a boost in confidence to get back into the market," Ms Goostrey said.

"UDIA is calling on the RBA to hold fire on interest rates for at least six months to give the market time to recover."

"The floods in Queensland and potential new federal government levy all add to uncertainty about the Australian economy," Ms Goostrey said.

"We need stability from the RBA to ensure people have the confidence to jump back in to the property market," Ms Goostrey said.

Colliers International Research Consultancy Manager Samantha Titterington said "The lack of consumer confidence flies in the face of the actual economic situation, with iron ore prices strong and export levels and mining sector employment currently higher than they were pre-GFC."

"With falling general unemployment and massive investment in the resources sector, this downturn in consumer confidence can be correlated to the rapid rises in interest rates and tighter banking sector credit controls," Ms Titterington said.

In the meantime Ms Goostrey says that those looking to buy land could make the most of slightly lowered prices with the average price of lots falling 2.7 % in the December quarter.

"Savvy buyers will be getting in now before the market picks up again," Ms Goostrey said. "Particularly with developers offering some attractive packages with landscaping and other incentives included in the asking price."

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For further comment: Debra Goostrey CEO UDIA(WA) Office Hours: 08 9321 1101 After Hours: 0439 380 266	General Media Enquiries: Gemma Osiejak Communications Manager UDIA (WA) P: 08 9321 1101 E: gosiejak@udiawa.com.au
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