

Media Release



2 August 2010

SALES INCREASE AS FEARS OF LAND SHORTAGES GROW

Amidst fears that WA is facing another critical land supply shortage the Urban Development Institute of Australia (UDIA) has released figures showing a 6.5% increase in the number of new land sales in one quarter.

“If supply does not improve we will see significant increases in the price of land,” UDIA CEO Debra Goostrey said.

The number of sales during the June 2010 quarter were 6.5% higher than during the March 2010 quarter. This is on the back of a 6.1% rise in the March quarter.

“The increase in sales shows that consumer confidence is returning to the market and we can expect a steady improvement in the property market over the coming months,” Ms Goostrey said.

“While this is good news for the health of the market it does send a dire warning signal that we are going to be short in supply,” Ms Goostrey said.

“Construction activity has been down for the past 12 months and even with the improvement in predicted activity it won’t be enough to satisfy an increase in demand for land,” Ms Goostrey said.

According to their survey of major developers there are 2466 lots under construction for release within the next 6 months. If sales remain steady we would predict those developers would sell about 3500 lots in the same period.

“If you add to the current construction activity the number of lots on the market as at 30 June you are left with only 178 new lots to satisfy any increase in demand,” Ms Goostrey said.

“The latest ABS statistics show that WA’s population increased by 2.7% in the last year, making WA the fastest growing state in Australia,” Ms Goostrey said.

“With the resources sector strengthening and some major new projects in the pipeline WA is preparing for further population growth in the coming 12 months.”

“It is a simple case of supply vs demand and we all know what happens in times of short supply,” Ms Goostrey said. “The prices are likely to go up.”

The UDIA says it is important to supply land in areas where people want to live.

“We need to concentrate on the hot spots and ensuring that land is made available in areas where sales have been hot, Ms Goostrey said.

“We are already seeing camp outs for certain new land releases and we will see more of that if we can’t get the balance right.”

The challenge at the moment is accessing sufficient developer finance.

UDIA also says that the state government must continue to work with industry to ensure that land can be brought to market in a streamlined and efficient way.

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