

Media Release

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NEW LOT PRICE IN PERTH ON THE INCREASE

The average price of new land in Perth has increased 3.9% to \$234,837 for the year to September 2017 according to the latest data released by the Urban Development Institute of Australia (UDIA WA).

“While prices are slightly up, the number of sales are down for the September quarter by 18.7%,” UDIA WA CEO Allison Hailes said.

“The dip in sales numbers was expected this quarter, given the cut to the First Home Owners Grant boost on June 30th, which has had a significant impact on sales in the new land market for the quarter,” Ms Hailes said.

“July and August in particular would have been tough months for sales following straight on from the cut to the boost,” Ms Hailes said.

The cut to the boost occurred in addition to slowing population growth and the ongoing effects of tougher economic conditions.

“The good news is that the data also reflects positive sentiment in the market moving forward and reinforces our recent assertions that we have reached the bottom of this market cycle,” Ms Hailes said.

“Already as we move into mid-November and edge closer to 2018, the positive market sentiment is really growing,” Ms Hailes said.

“According to UDIA’s new figures, the overflow of stock sitting on the market has decreased by 10% over the year and lot development activity is increasing,” Ms Hailes said.

“Lots under construction for release in the next six months is up 9.5% on last quarter and that is a strong indication of developers’ confidence moving into next year,” Ms Hailes said.

“Recent increases in building and finance approvals reinforce the positive sentiment for 2018,” Ms Hailes said.

“Consumer confidence figures from Chamber of Commerce and Industry (CCI) also reflect the highest consumer confidence in almost three years,” Ms Hailes said.

“There is a broad range of positive data at the moment that shows we are headed toward positive growth in 2018,” Ms Hailes said.

“Looking at UDIA’s land sales data in more detail, the North West Corridor dominates the new land market currently with a 26.6% share of sales in Greater Perth for the quarter,” Ms Hailes said. “This corridor incorporates Wanneroo and Joondalup local government areas.”

“The South West Corridor is not far behind with a 26% share of sales primarily occurring in Cockburn, Kwinana and Rockingham,” Ms Hailes said.

“The most expensive area for new land in Perth is Joondalup with an average price of \$503,714,” Ms Hailes said. “That converts to \$907 per m².”

“The most affordable location for new land is Rockingham with an average price of \$176,974,” Ms Hailes said. “Although if you drill down to price per square metre, Serpentine Jarrahdale is cheaper at \$444 per m² compared with \$496 per m² in Rockingham.”

The area with the highest level of lots under construction is the North East Metro corridor, in particular the City of Swan.

“UDIA is confident that moving into 2018 we will start to see the positive market sentiment and anecdotal evidence from developers of increased buyer interest converted into our land market data,” Ms Hailes said.

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For more information:

Gemma Osiejak

UDIA WA Executive Manager Communications & Marketing

E: gosiejak@udiawa.com.au

M: 0421 506 819