Media Release

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State of the Land 2019: Residential development sector

The Urban Development Institute of Australia's (UDIA)'s 11th Annual *State of the Land* flagship report has been released today at the UDIA National Congress on the Gold Coast. The *State of the Land* report is a comprehensive annual overview of Australia's capital city new home markets.

Harnessing exclusive data from Research 4 and CoreLogic, the report foreshadows an imminent cliff-fall in future supply, which could serve to compound the current capital city housing affordability crisis.

The residential land development industry faced a challenging 2018 due to a 'perfect storm', which included weak buyer sentiment, a retreat of investors, and tightened credit conditions in the wake of the Hayne Royal Commission.

Key findings:

- Across the nation 128,000 new homes and apartments were completed in 2018, which is an annual decrease of 4%.
- Greenfield land lot sales have dropped 30% across all the capital cities in 2018, with sharper declines of 55% in Sydney and 34% in Melbourne respectively.
- Dwelling approvals contracted by a pronounced 30% in 2018, with steeper falls of 35% in both Adelaide and Brisbane while plummeting 46% in Perth.
- The rate of apartment deferrals and abandonments in 2018 increased by a striking 167% compared with the prior year.

State of the Land 2019 - Combined Capital City Headline Metrics

	2017	2018	Change
Total New Market Supply	133,320	128,200	-4%
Total Greenfield Lot Sales	56,950	40,100	-30%
Total Dwelling Approvals	243,370	169,870	-30%
Total Deferred & Abandoned Units	-62,880	-168,580	-168%

There is a longstanding relationship between house prices and variables relating to dwelling stock, population growth and lending, which must be effectively managed to avoid a disorderly correction.

"New lending for dwellings is down over 20% for the same period, the largest decline in a decade," said UDIA National President Darren Cooper.

“This rapid drop off puts the industry at risk, which contributes $202.9 billion to the economy annually and supports the employment of more than 1.43 million workers, further putting their livelihoods at risk.”

Mr Cooper said that such a significant cooling of the market will lead to greater supply problems and shortages in the medium term. The coinciding contraction and abandonment of projects places the market in a position where it will struggle to meet underlying demand moving forward.

“With market dynamics different between the capital cities, housing supply relationships and solutions are complex and require a coordinated government and industry response,” said Mr Cooper.

“We call on all political parties to make the provision of housing, underpinned by appropriate and timely infrastructure a key priority.”

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