UDIA HALF-YEARLY LAND SURVEY; DECEMBER 2009

Summary of Land Survey from Major Developers

Summary

The Urban Development Institute of Australia, SA Division, has an important national voice on development matters, particularly in relation to initiatives for homebuyers, urban developers, professionals and others who are involved in property development. We take a very active interest in government decisions and decision making processes affecting property. The UDIA (SA) was established in 1971 and is part of a national organisation.

The UDIA (SA) currently comprises nearly 300 members, many of whom are property developers or organisations and individuals engaged in the development industry.

UDIA SA undertakes a survey of major developers in SA each six months (30 Jun and 31 Dec) to identify their land available for sale currently, as well as land planned to be released to the market in each of the next 3 years. Recent data shows these developers contribute land for around 43% of all new dwellings in South Australia.

The result of the most recent survey of land supply at 31 December 2009 reveals:

- 16% drop in the number of residential allotments currently available in the SA market compared with the survey six months earlier (which was a 27% drop from the survey 12 months ago)
- This survey reveals 7% decrease in the number of lots to be brought to market over the next 18 months compared with the 30 June 2009 survey (which had revealed a 21% drop over that period from the previous survey of 31 December 2008)
- Continuing and increasing drop in provision of lots in regional areas over the last six months
- The Northern Adelaide region has fewer lots for sale currently (likely to be associated with recent demand from first home buyers), but the last two surveys reveal the same number of lots expected to be brought onto the market within the next two years
- Long term land supply has remained the same as revealed six months earlier, but both the past two surveys show a decline in the ‘pipeline’ of land supply over the next 2-3 years compared with earlier surveys
- Around 65% of the land identified as possible part of the long term supply is not yet zoned for residential use (this was 55% in the June 2009 survey)

Survey Details

The number of lots available to the total South Australian market at 31 December 2009 from major developers is 42% decrease from that on the market six months earlier (which in turn was 4% lower than the previous six months’ survey, which in turn was 42% higher than the previous six months’ survey).

The survey taken at 31 December 2009 indicates the major developers would supply an estimated 4,975 sites for dwellings (already zoned ‘residential’) in Greater Adelaide and 5,270 lots in all South Australia, in the next year to 31 Dec’10, compared with the same survey (and sample) six months ago showing 5,190 lots for dwellings predicted for the next year in Greater Adelaide and 5,860 in all South Australia.

This estimated future supply includes the lots currently developed and available for sale - 995 in Greater Adelaide and 1,080 in all South Australia.

Government agencies (Land Management Corporation [LMC] and Housing SA) directly supply more than 10% of the surveyed developers' allotments being brought to market. LMC has 4% of current total lots for sale and 9% of those planned for release in the next year in Greater Adelaide. This compares with 6% and 12%, respectively in the Jun'09 survey; and 1% and 9%, respectively, in the Dec'08 survey.

Public land currently owned by LMC will be made available to the market via direct sale to, or joint venture with, private developers. Much of the land now under development by private developers was formerly Government-owned land that was sold by LMC acting as the wholesaler for the Government.

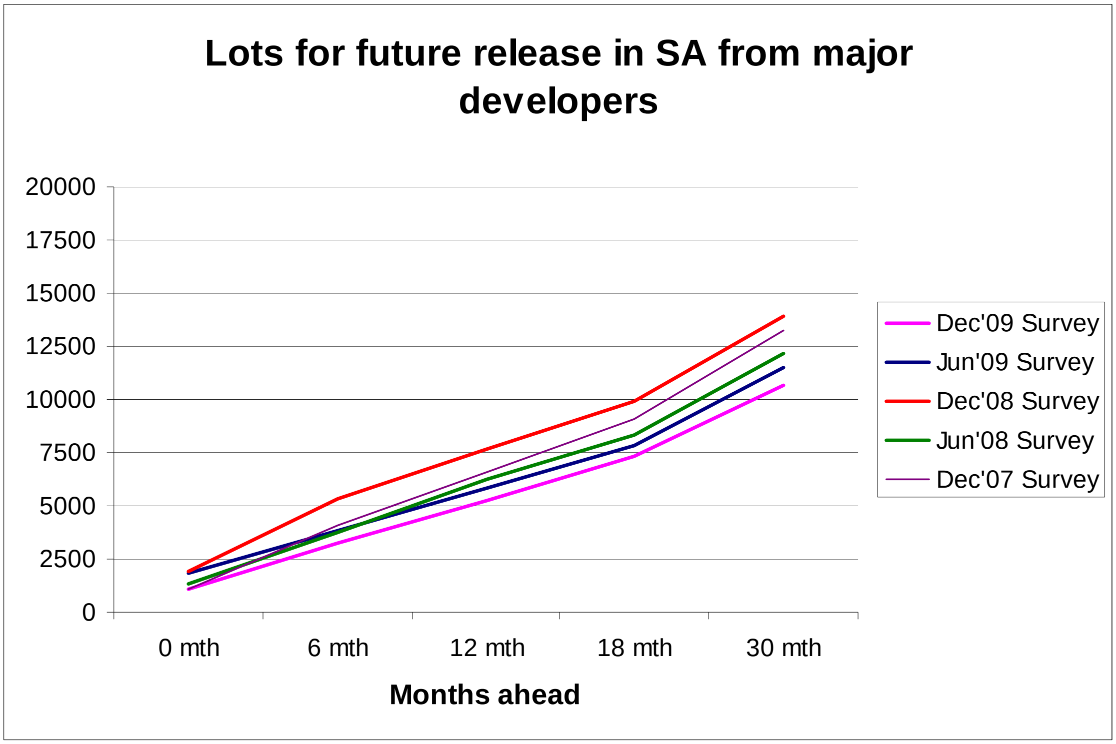
Northern Adelaide continues to be the driver for urban development, with anticipated release to the market of 32% and 31% of the Greater Adelaide's total lots by these major developers during the next one and two years, respectively.

The following table is a summary of the survey's raw data collected from the major developers:

Table 1: Raw Data from the major developers in SA, 31 December 2009

Region	Lots Available for Sale Now	Sum of Zoned Lots for Release during Jan'10 Jun'10	Sum of Lots for Release during Jan'10 Jun'10 but not yet zoned	Sum of Zoned Lots for Release during Jul'10-Jun'11	Sum of Lots for Release during Jul'10-Jun'11 but not yet zoned	Sum of Zoned Lots for Release during Jul'11-Jun'12	Sum of Lots for Release during Jul'11-Jun'12 but not yet zoned	Sum of Zoned Lots for Release beyond July 2012	Sum of Lots for Release beyond July 2012 but not yet zoned
Adelaide Hills	142	139	0	209	0	125	50	223	3400
Barossa	101	76	0	113	0	60	100	60	130
Eastern Adelaide	77	284	0	385	0	361	0	932	0
Eyre and Western	0	0	0	40	40	40	110	150	130
Far North	0	0	0	44	44	0	46	0	320
Fleurieu and KI	36	15	0	103	0	112	0	172	0
Limestone Coast	42	0	0	50	0	80	0	0	0
Murray and Mallee	20	80	0	71	0	62	0	0	0
Northern Adelaide	230	636	42	1463	599	1219	998	11040	19691
Southern Adelaide	309	354	0	430	70	523	970	2440	6730
Western Adelaide	101	543	0	1162	0	744	0	549	6730
Yorke and Mid North	20	20	0	20	20	50	1050	0	0
Total	1078	2147	42	4090	773	3376	3324	15566	37131
Total Gr Adelaide	996	2047	42	3865	669	3144	2118	15416	36681
LMC	40	100	0	640	225	650	450	9950	6625
Housing SA	74	169	5	81	76	0	26	554	18
Total Public	114	269	5	721	301	650	476	10504	6643
% Public in all SA	10.6%	12.5%	11.9%	17.6%	38.9%	19.3%	14.3%	67.5%	17.9%
% Public in Gr Adelaide	11.4%	13.1%	11.9%	18.7%	45.0%	20.7%	22.5%	68.1%	18.1%

Graph 1: Cumulative estimated supply of total land in SA from major developers, 30 June 2009



UDIA SA Response

The most recent survey shows fewer lots are planned to be brought to market throughout South Australia than in the previous year by the major developers and fewer are predicted to be brought to market in the following two years (around 9% fewer than the survey 6 months ago which was 17% fewer than the survey 6 months earlier). This trend was identified in the previous survey. It is a concern to the urban development industry!

The fifth consecutive half-year land supply survey has been produced by UDIA (SA) in collaboration with major developers, which are currently producing 43 per cent of the overall residential allotment supply in SA.

The 'shortened pipeline of land', which has seen land brought forward for development and stocks shrinking, is likely to result in a shortage against expected consumer demand. Ultimately this will impact buyers of new homes by placing upward pressure on affordability.

If the shortage of allotments continues it will be difficult to realise the predictions and forecasts outlined in the State Government's 30 Year Plan for Greater Adelaide. The plan identifies the need for 10,100 new dwellings to be built annually on both infill and fringe land, and although one allotment does not equal one dwelling the two are certainly intertwined.

The balance between supply and demand of land for development is tight. The continued increase in South Australia's population, albeit slower than most other Australian states, will result in additional demand for residential land. The provision of an adequate rolling stock of land for residential lots would be achieved with the rezoning of land already identified by developers.

Most of this land is within the growth areas identified in the recently published 30 Year Plan for Greater Adelaide.

UDIA is not only concerned with the shortage of allotments available statewide but the lengthy processes required by developers to ensure allotments transform into dwellings.

These delays will only contribute to the shortfall in supply of land to meet the demand in the market.

Terry Walsh
Executive Director, UDIA (SA)
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