

## **UDIA HALF-YEARLY LAND SURVEY; DECEMBER 2010**

### **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 major developers contribute land for around 44% of all new dwellings in South Australia.

The result of the most recent survey of land supply at 31 December 2010 reveals:

- 40% more residential allotments are currently available in the SA market compared with the survey six months earlier (now closer to the estimate in our survey recorded 18 months ago).
- Long term land supply is expected to be brought to market at a rate similar to that shown in the Jun'10 survey but at a slower rate than in the previous five surveys.
- A slight increase exists in the number of lots expected for release in the Fleurieu and KI region over the next three years.
- The Adelaide Hills region continues to provide significant opportunities for development; although more caution is anticipated in the number of allotments expected to be brought to market over the next two years (335 in the Dec'10 survey; 391 in the Jun'10 survey, and 348 in the Dec'09 survey).
- The Northern Adelaide region has almost 25% more lots expected for sale in the next one year – an increase over previous surveys.

#### **Survey Details**

The number of lots available to the total South Australian market at 31 December 2010 from major developers is 40% more than that on the market six months earlier (arresting a decline in the previous two half-yearly surveys on new land release by major developers). Most developers acknowledge this is more the result of slow sales (the economy/market) rather than increased production of allotments.

The survey taken at 31 December 2010 indicates the major developers would supply an estimated 3,771 sites for dwellings (already zoned 'residential') in Greater Adelaide and 4,819 lots in all South Australia, in the next year to 31 December 2011.

This compares with the same survey (and sample) six months ago showing 3,119 sites for dwellings (already zoned 'residential') in Greater Adelaide and 3,684 lots in all South Australia (compared with respective lots in those two areas of 4,975 and 5,270 in the Dec'09 survey, and 5,190 and 5,860 in the survey of Jun'09).

This estimated future supply includes the lots currently developed and available for sale from the sample of developers – 1,694 in Greater Adelaide and 1,766 in all South Australia.

This data highlights that land to be brought to market over the next year is at a rate only marginally faster than shown in the June 2010 survey but slower than in the previous five surveys.

Government agencies (Land Management Corporation [LMC] and Housing SA) directly supply more than 11% of the surveyed developers' allotments being brought to market in Greater Adelaide (the same as for the previous survey). LMC has 4% of current total lots for sale and 13% of those planned for release in the next year in Greater Adelaide. This compares with 4% and 8% respectively in the Jun'10 survey, 4% and 9%, respectively in the Dec'08 survey; and 6% and 12%, respectively, in the Jun'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. A significant amount of land now under development by private developers was formerly Government-owned land that was sold by LMC acting as the wholesaler for the Government.

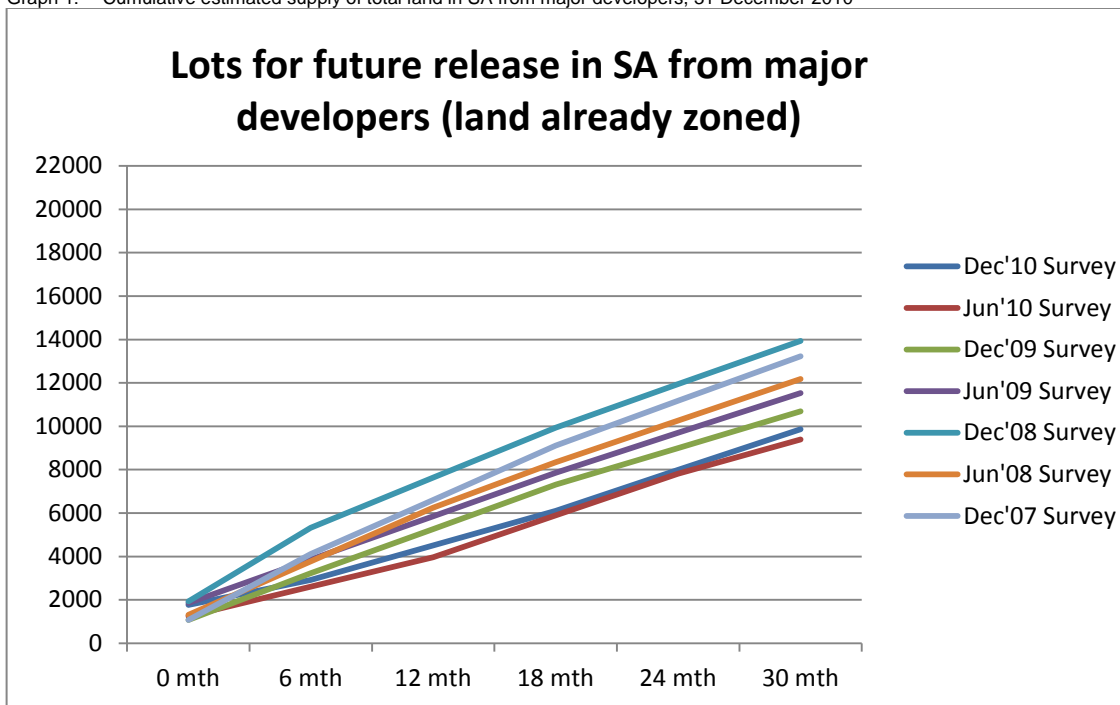
Northern Adelaide continues to be the driver for urban development, with anticipated release to the market of 30% and 33% of the Greater Adelaide's total lots by these major developers during the next one and two years, respectively (compared with 32% and 36% in the last survey at 30 Jun'10 and 32% and 31% in the previous survey at 31 Dec'09).

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 2010

Region	Lots Available for Sale Now	Sum of Zoned Lots for Release during Jan'11-Jun'11	Sum of Lots for Release during Jan'11-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 during Jul'12-Jun'13	Sum of Lots for Release during Jul'12-Jun'13 but not yet zoned	Sum of Zoned Lots for Release beyond July 2013	Sum of Lots for Release beyond July 2013 but not yet zoned
Adelaide Hills	224	112	0	183	150	80	400	108	2600
Barossa	114	146	0	201	120	241	50	180	12280
Eastern Adelaide	275	190	0	323	0	613	0	1090	0
Eyre and West	0	40	0	40	0	0	0	150	0
Far North	0	40	0	40	0	0	0	150	0
Fleurieu and Kl	202	219	0	300	70	356	800	597	750
Limestone Co	33	0	0	60	0	25	0	453	0
Murray and Ma	0	19	0	120	0	120	0	3500	0
Northern Adela	455	780	335	898	789	1345	494	11526	6944
Southern Adela	329	299	0	303	100	291	250	1347	1490
Western Adela	95	230	0	580	0	524	0	2000	0
Yorke and Mid	39	133	0	135	0	157	1080	184	2080
<b>Total</b>	<b>1766</b>	<b>2320</b>	<b>335</b>	<b>3183</b>	<b>1229</b>	<b>3752</b>	<b>3074</b>	<b>21285</b>	<b>26144</b>
<b>Total Gr Adela</b>	<b>1694</b>	<b>1976</b>	<b>335</b>	<b>2788</b>	<b>1229</b>	<b>3450</b>	<b>1994</b>	<b>16848</b>	<b>24064</b>
LMC	75	95	0	523	0	600	150	11285	1450
Housing SA	112	91	47	0	187	17	72	0	328
<b>Total Public</b>	<b>187</b>	<b>186</b>	<b>47</b>	<b>523</b>	<b>187</b>	<b>617</b>	<b>222</b>	<b>11285</b>	<b>1778</b>
%Public in all S	10.6%	8.0%	14.0%	16.4%	15.2%	16.4%	7.2%	53.0%	6.8%
%Public in Gr A	11.0%	9.4%	14.0%	18.8%	15.2%	17.9%	11.1%	67.0%	7.4%

Graph 1: Cumulative estimated supply of total land in SA from major developers, 31 December 2010



### UDIA SA Response

The most recent survey at 31 December 2010 continues the trend established in the previous survey period with significantly fewer lots planned to be brought to market throughout South Australia in the next year than in the previous seven half years.

This trend is a concern to the urban development industry!

The seventh 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' is likely to result in a shortage against expected consumer demand over the next 1-2 years. The current market is subdued arising from a shortage of finance to support home buyers. When that is resolved following the 'global financial crisis' this limited number of allotments will affect buyers of new homes by placing upward pressure on affordability.

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.

The difficulty of the cautious market, the banks' tight lending policy, the uncertainty of council planning approvals, and the concern by developers to maintain minimum stock levels so as to avoid extreme land tax impost on land value holdings at 30 June (the rate in South Australia is the highest in the nation), means that the 'delivery' of developed land - from identification of suitable land to completed works ready for dwelling construction - to the market place is slow.



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

Not only is greenfield land in short supply but developers are currently experiencing difficulty in delivering market-acceptable product (location, design and price) with higher intensity sites and sites with multi dwellings in infill areas.

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 average, on both infill and fringe land, and although one allotment does not equal one dwelling the two are certainly intertwined.

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