



# Land prices outstrip Melbourne, Brisbane

2006 residential  
2007 PROPERTY

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LAND prices have continued to escalate over the past financial year, with the cost of new home allotments in Adelaide in 2007 having surpassed Melbourne and Brisbane for the first time.

The average cost of land in the metropolitan area rose 6.7 per cent in the December, 2006, quarter alone, pushing the median to \$186,800 and past some interstate counterparts.

Industry groups advocate increased land supply, with a Connor Holmes report prepared for the Urban De-

velopment Institute of South Australia identifying metropolitan stocks of only about 58,850 potential allotments. This is equivalent to 6.4 years supply at the demand level required to meet SA's population targets.

Property experts recommend government and industry should always seek to maintain a 15-year potential supply.

Housing Industry Association state executive director Robert Harding said land values continued to be a driver to the city's deteriorating affordability levels.

"The situation there is that both prime land-and-house and land average prices in SA now exceed the

average in Melbourne and Brisbane," he said.

"Affordability therefore continues to be an issue.

"This rise has been the most worrying aspect for the sector this past year."

Mr Harding said affordability of skilled tradespeople also was tight, with no reduction in prices.

"And this is likely to further deteriorate once the large mining activity commences," he said.

"Because of the history of WA and Queensland, it is expected that the first occupation targeted by the mining sector will be the construction trades.

"This is likely to put further pressure on the cost

of housing."

But the renovation market is extremely healthy, Mr Harding said, having grown in dollar terms to become equal with the amount spent on new homes.

The market for established homes has also performed strongly, in particular over the past six months, underpinned by increased migration and interstate investment interests.

Real Estate Institute of SA president Mark Sanderson said that investors across the nation were coming to the realisation that "Adelaide is the place to buy real estate".



LAND OWNERS: Allan and Vikki Bartlett with children Jack, Tayla, Chelsea and Corey at Noarlunga Downs.

Picture: MICHAEL MARSCHALL