

LAND SHORTAGE SENDS PRICES SOARING

BY NICK BIELBY

A LACK of "shovel-ready" residential land in the Hunter and high median lot prices are stopping people entering the housing market, experts say.

But the peak housing industry body says building approvals for dwellings across the region – including renovations and additions, as well as new homes – are "as high as they've ever been", despite slowing growth in Newcastle.

Housing Industry Australia's Hunter branch released data this week that showed sales of vacant residential land dropped 30 per cent across the region in the six months to September.

The Hunter's median land value was \$230,000 in the September 2017 quarter – the highest since HIA began collecting the data in 2001.

HIA Hunter executive director Craig Jennion said a shortage of titled land ready for sale or development – "shovel ready" – had pushed up the median lot price.

"The easing in the volume of Hunter land sales is concerning as land sales provide an indication of future residential house construction," he said.

Lower Hunter builder Stephen Murray, who runs Yarrum Designer Homes, agreed and said high land prices were pushing many first home buyers further out of the city or forcing them to put off entering the market.

"There appears to be plenty of land that is zoned," he said. "But in terms of land available with a [development application] approved that developers can go in and develop, it is very different"

Australian Bureau of Statistics figures also released this week showed the rate of residential building approvals in Newcastle increased by three per cent in the year to December, 2017 – a slowdown from 29 per cent in the previous 12 months.

Approvals in Newcastle made up 28.7 per cent of the Hunter's total last year, behind Lake Macquarie's 30.5 per cent. Maitland made up 18.5 per cent and Cessnock accounted for 11.1 per cent.

Despite the slowing growth, Mr Jennion said approvals in Newcastle remained strong. Even though the year-on-year increase had dropped, he said approvals were "still extremely elevated", particularly due to a rise in unit block developments in recent years.

"There's plenty of residential land in the Hunter – in some cases there's an over supply – but it's not titled, developed, shovel-ready and available in the next three to six months. That's our concern," Mr Jennion said.

Newcastle lord mayor Nuatali Nelmes said the council approved \$1 billion in residential and commercial development applications last year, for the first time in history. She said the total was likely to top \$1.5 billion this year.

"It's great to see our building boom radiating out across the region," Cr Nelmes said.