

NEWS

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Land in growth suburbs now dearer than cost of house

Jolt for homebuyers

DESPERATE buyers looking for a new home have been dealt another blow, as the cost of land in Melbourne's booming growth areas surpassed the price of building a new home for the first time.

The median price for land in growth areas, such as Cardinia, Casey, Melton, Wyndham, Hume and Whittlesea, jumped by more than a quarter in the last year.

Land in those areas now costs an average \$225,750, while the cost of building

**Anne Wright and
Holly Ife**

a home there was \$218,825.

Research by Oliver Hume Real Estate Group revealed this was the first time the cost of land in growth areas was more expensive than the actual costs of building a home.

Real Estate Institute of Victoria spokesman Robert Larocca said it had been inevitable that land would eventually cost more than building a new home.

He said the price of land was driven up by several factors, such as when developers chose to release land and a general lack of supply.

"It clearly impacts on affordability" Mr Larocca said. "In the long term, we are not going to be able to have affordability just by releasing more land."

Both big-scale developments, as in Fishermans Bend, Port Melbourne, and smaller developments in existing suburbs would help ease the strain of Melbourne's

booming population growth, he said.

The research said affordability remained a key concern of buyers because the median land price across all new releases had pushed through the \$200,000 barrier, hitting \$220,000.

The median lot size was 425m, down from 484m in the September quarter.

BIS Shrapnel forecast residential construction in Victoria would continue to grow in the short term, predicting dwelling approvals in

Victoria would rise to a record of 60,500 in 2010-11.

But it said that the construction of homes was catching up with demand, and approvals were forecast to decline by about 6 per cent in 2011-12.

REIV figures showed the weekend clearance in Melbourne was about 66 per cent, with 441 of 673 properties selling before, at or after auction.

The top result was a house at 61 Mary St, St Kilda West, which sold for \$2.22 million.

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