

3 May 2017

Housing Affordability is All About Land Price

Master Builders newly appointed National CEO, Denita Wawn presided over an industry Housing Affordability Breakfast in Perth today.

Mrs Wawn made a presentation to a cross section of Master Builders' members and alliance partners on its policy for tackling housing affordability, in anticipation of the looming Federal Budget.

The presentation included economic data clearly showing the housing challenge for WA is different. In providing some context, Mrs Wawn identified there is not a supply problem as is the case on the east coast.

"In WA, construction costs have remained relatively constant, but house prices have risen significantly," Mrs Wawn commented.

"This leaves land prices, taxes and regulation to account for the remaining difference in cost. For example, since 2010 construction costs in WA have risen around 2.3% per year, but land price on a greenfield development on the fringes has increased by almost four times."

"Put simply, the debate language needs to change from housing affordability to land affordability," Mrs Wawn said.

These sentiments were echoed by Robert Shaw, Managing Director of Daly & Shaw and Chairman of Master Builders' National Residential Builders Council who was at the breakfast.

"It's been my experience for many years that the big issue has been the price of land impacting affordability including, more recently, the valuations process," Mr Shaw commented.

"This is a complex issue, but something needs to be done to address the cost of land, more so than focusing on the construction costs of housing."

According to Master Builders' Housing Director, Jason Robertson, the breakfast was a great opportunity for builders to hear from the CEO of Master Builders Australia on the issue directly.

"The message by Denita, that it's critical and incumbent upon the Federal government to implement measures at a macro level to help address the issue of housing affordability, and importantly their

understanding of the different economic conditions of each state and territory resonated,” Mr Robertson said.

“In many aspects, conditions in WA differ considerably from the east coast. Having Master Builders understand this nationally, we are confident the Federal Budget will contain measures for addressing housing affordability, and having a shift in focus on the cost of land, not the build itself,” Mr Robertson concluded.

Master Builders Australia will be live streaming from Parliament House on budget night.

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