

# media release



**MASTERS OF OUR INDUSTRY**

Master Builders Association of Victoria  
ABN: 38 004 255 654

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## **Land supply shortage hurting housing affordability**

A recent Master Builders survey has revealed that 80 per cent of residential builders fear Victoria's land supply will not increase over the next three years, undermining efforts to improve housing affordability.

Executive Director Brian Welch said the survey results exposed a severe shortage of developable land in greater Melbourne which would end up forcing up future house prices.

"The single greatest contributor to declining housing affordability in Victoria is the lack of developable land," said Mr Welch. If the land supply situation wasn't turned around soon, Victoria risks losing its national housing affordability edge.

Over the past five years, the average price of Melbournian homes have soared 37 per cent from \$382,000 to \$524,500\*. This massive increase is largely a result of greater Melbourne's severe land supply shortage.

"According to our surveys, 83 per cent of residential builders reported that the availability of developable land in their area was average or unsatisfactory, with 41 per cent stating that they believed the local land supply would severely worsen over the next three years.

"About 28 per cent of the residential builders stated that land purchasing costs were the biggest hindrance to housing affordability. A further 20 per cent claimed it was the land supply shortage.

"Victoria currently has an undersupply of over 29,000 homes, worsening by 5,000 homes each year. If present day land release policies aren't changed to improve housing affordability, Melbourne in the future will be a very different place."

Master Builders *Building Trends* eSurvey is done quarterly to gauge the business activity, financial situation and outlook for Victoria's builders.

\* Source: REIV, Metropolitan Melbourne Median Price, December Quarter 2004; March Quarter 2010

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