



CHANGES IN RESIDENTIAL LAND PRICES:
METROPOLITAN ADELAIDE, 1970-84

by

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TABLE OF CONTENTS

	<u>Page</u>
AUTHOR'S STATEMENT	v
ACKNOWLEDGEMENTS	vi
LIST OF ABBREVIATIONS USED IN THE TEXT	viii
LIST OF TABLES	x
LIST OF FIGURES	xi
SUMMARY	xiv
CHAPTER 1: INTRODUCTION	1
1.1 THE DISTRIBUTIONAL SIGNIFICANCE OF MOVEMENT IN RESIDENTIAL LAND PRICES	1
CHAPTER 2: LITERATURE SURVEY	4
2.1 INTRODUCTION	4
2.2 SOME TRADITIONAL IDEAS ON THE DETERMINATION OF RESIDENTIAL LAND VALUES	4
2.3 DYNAMIC PROCESSES AND RESIDENTIAL LAND VALUES	8
2.4 SOURCES OF PRESSURE ON LAND PRICES	15
2.4.1 National/Regional Economic Growth	15
2.4.2 Regional Effects (The Redistribution of Urban Employment)	17
2.4.3 Local Effects (Including Neighbourhood Externalities)	18
2.5 AUSTRALIAN STUDIES OF URBAN PROPERTY MARKETS AND PROCESSES	20
2.6 PLANNING POLICY AND REDISTRIBUTION WITHIN THE RESIDENTIAL MARKET	22
2.7 CAPITAL ACCUMULATION FROM DOMESTIC PROPERTY	28
2.8 SUMMARY REMARKS	29

CHAPTER 3:

3.1	FACTORS AFFECTING CHANGES IN RESIDENTIAL LAND PRICES	31
3.1.1	Introduction	31
3.2	NATIONAL EFFECTS	32
3.2.1	General Inflation and Causes	32
3.2.2	Role of Finance Sector	37
3.2.3	Population Growth, Household Formation and the Demand for Residential Land	40
3.2.4	Real Growth in Wages and Salaries	44
3.3	REGIONAL EFFECTS	44
3.3.1	The Land Development Process in Metropolitan Adelaide	46
3.3.2	Landmarks in Fringe Land Development	47
3.4	DISCUSSION OF BACKGROUND TRENDS IN THE RESIDENTIAL LAND MARKET OF METROPOLITAN ADELAIDE, 1970-84	50
3.5	CHANGING SPATIAL PATTERN OF RESIDENTIAL LAND PRICES IN METROPOLITAN ADELAIDE, 1970-84.	59
3.5.1	General Observations	59
3.5.2	Changing Patterns: 1970-74, 1975-79, 1980-84.	64
3.6	CHANGING DISTRIBUTION OF NOMINAL LAND PRICES WITHIN METROPOLITAN ADELAIDE	66
3.7	REAL GAINS IN LAND VALUES, 1970-84	73
3.8	THE FUTURE PATTERN	77
3.9	REDISTRIBUTION WITHIN THE RESIDENTIAL LAND MARKET	78
3.10	SUMMARY REMARKS	80

CHAPTER 4: METHODOLOGY

4.1	INTRODUCTION	85
4.2	USE OF REGRESSION ANALYSIS	85
4.3	SELECTION OF LGA's	85
4.4	SELECTION OF VARIABLES	88
4.4.1	The Dependent Variable (Y)	88
4.4.2	The Selection of Independent Variables (X)	89

4.4.2.1	Percentage change in population	90
4.4.2.2	Creation of residential allotment stocks	90
4.4.2.3	Vacant allotment stocks	91
4.4.2.4	White collar workforce by place of residence ('social agglomeration')	91
4.4.2.5	SAHT dwelling construction	92
4.4.2.6	Private dwelling construction	92
4.4.2.7	'Non-residential investment' and 'Local Government capital expenditure	93
4.4.2.8	Changes in employment accessibility (1)	94
4.4.2.9	Changes in employment accessibility (2)	95
4.5	COMPUTATIONS AND THE PREPARATION OF FIGURES	96
4.6	SUMMARY REMARKS	96
CHAPTER 5:	THE MAIN PATTERNS EXHIBITED BY THE INDEPENDENT VARIABLES	98
5.1	INTRODUCTION	98
5.2	THE CREATION OF RESIDENTIAL ALLOTMENTS AND THE STOCK OF VACANT ALLOTMENTS	98
5.3	PRIVATE SECTOR DWELLINGS	110
5.4	CHANGES IN LGA POPULATION	124
5.5	EMPLOYMENT OPPORTUNITIES AND THE CITY OF ADELAIDE TRIP DESTINATIONS	131
5.6	UPPER WHITE COLLAR WORKFORCE	138
5.7	THE SOUTH AUSTRALIAN HOUSING TRUST (SAHT) DWELLINGS	144
5.8	'NON-RESIDENTIAL INVESTMENT' AND 'LOCAL GOVERNMENT CAPITAL EXPENDITURE'	150
5.9	SUMMARY REMARKS	155
CHAPTER 6:	APPLICATION OF REGRESSION MODEL AND FINDINGS	157
6.1	ANALYSIS	157
6.2	INTERPRETATION	167

	<u>Page</u>
CHAPTER 7: CONCLUSION	172
7.1 ORGANISATION OF THE ARGUMENT	172
7.2 EMPIRICAL FINDINGS	174
7.3 CONCEPTUAL IMPLICATIONS	177
BIBLIOGRAPHY	182
APPENDIX	188

AUTHOR'S STATEMENT

I, Mohammad Iqbal, being the author of this thesis, do hereby certify that none of the material presented has been accepted for the award of any other degree or diploma in any university and that, to the best of my knowledge and belief, the thesis contains no material previously published or written by another person, except when the due reference is made in the text of the thesis. I give consent to this copy of my thesis, when deposited in the University Library, being available for loan and photocopying.

Signed:

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LIST OF ABBREVIATIONS USED IN THE TEXT

ABS	Australian Bureau of Statistics
AIUS	Australian Institute of Urban Studies
AMA	Adelaide Metropolitan Area
AMIS	Australian Municipal Information Service
ASA	Adelaide Study Area
ASD	Adelaide Statistical Division
CBD	Central Business District
CPI	Consumer Price Index
DEP	Department of Environment and Planning
DURD	Department of Urban and Regional Development
LGA	Local Government Area
RAA	Royal Automobile Association
SAHT	South Australian Housing Trust
SALC	South Australian Land Commission
SRD	Statutory Reserve Deposit

LIST OF TABLES

	<u>Page</u>
TABLE I: Recent Population Trends in Australia and S. Australia.	41
TABLE II: Real Growth in Wages and Salaries, S. Australia.	45
TABLE III: Dwelling Completions - Metropolitan Adelaide (1971-85).	40
TABLE IV: Housing Cost Indices - Adelaide (1968 = 100.0)	56
TABLE V: Residential Building Commencements - Adelaide Statistical Division.	58
TABLE VI: Housing Finance : Loans Approved to Individuals for the Purchase of Established Dwellings : S. Australia.	69
TABLE VII: Housing Finance : Loans approved to Individuals for the Purchase of Newly Erected Dwellings.	70
TABLE VIII: Adelaide Residential Allotment Prices (Average) 1970-84, AMA.	71
TABLE IX: Changes in Population Density, 1966-1986, AMA.	87
TABLE X: Creation of Residential Allotments, 1974-85, AMA.	105
TABLE XI: Percentage Changes in Private Dwelling Construction in the Outer Suburbs, 1970-71 - 1983-84, AMA.	106
TABLE XII: Percentage Changes in Private Dwelling Construction in the Middle Suburbs, 1970-71 - 1983-84, AMA.	107
TABLE XIII: Vacant Allotment Stocks, 1974-84, AMA.	108
TABLE XIV: Vacant Allotment Stocks, 1985, AMA.	109
TABLE XV: Vacant Allotment Prices, Outer Areas, AMA.	111
TABLE XVI: Average Fringe Land Price, 1970-1985, AMA.	119
TABLE XVII: Private Sector Dwelling, 1970-84, AMA.	120
TABLE XVIII: Vacant Allotment Prices and Number of Sales, 1970-84, AMA.	122
TABLE XIX: Average Vacant Allotment Price (Real), 1970-84, AMA.	123
TABLE XX: Annual Changes in LGA Population, Inner Zone, 1966-81, AMA.	128

	<u>Page</u>
TABLE XXI: Annual Changes in LGA Population, Middle Zone, 1966-81, AMA.	129
TABLE XXII: Annual Changes in LGA Population, Outer Zone, 1966-81, AMA.	130
TABLE XXIII: Adelaide - LGA Workforce.	133
TABLE XXIV: Percentage of LGA Workforce in the CBD, 1971-1986, AMA.	137
TABLE XXV: Distribution of Upper White Collar Workforce, Adelaide.	141
TABLE XXVI: The South Australian Housing Trust Houses (excluding flats), 1970-84, AMA.	145
TABLE XXVII: Percentage Changes in SAHT Dwelling, 1970-84, AMA.	147
TABLE XXVIII: 'Non-Residential Investment' and 'Local Government Capital Expenditure'.	153
TABLE XXIX: Correlation Between Land Price and Other Independent Variables.	159
TABLE XXX: Matrix of Zero-Order Coefficients : Residential Land Price and The Independent Variables, 1970-74.	161
TABLE XXXI: Matrix of Zero-Order Coefficients : Residential Land Price and The Independent Variables, 1975-79.	162
TABLE XXXII: Matrix of Zero-Order Coefficients : Residential Land Price and The Independent Variables, 1980-84.	163
TABLE XXXIII: Stepwise Regression of Residential Land Prices Against Ten Independent Variables.	164

LIST OF FIGURES

	<u>Page</u>
FIGURE 1: Annual percentage changes in residential land price (real) in Adelaide and the rate of inflation (SA), 1971-85.	34
FIGURE 2: Annual percentage changes in finance for housing, number of sales in vacant allotments and interest rates in the AMA, 1971-84.	39
FIGURE 3: Rate of Creation and use of residential allotment, AMA, 1965-85.	51
FIGURE 4: Adelaide : Changes in real land price, 1970-85.	52
FIGURE 5: Adelaide : Percentage change in residential land price, average earning, CPI and bank interest rate.	54
FIGURE 6: Adelaide : Residential allotment sales and prices, 1970-85.	55
FIGURE 7: Adelaide : Inner, Middle and Outer zones.	60
FIGURE 8a: Percentage changes in residential land price, 1970-74, AMA.	61
FIGURE 8b: Percentage changes in residential land price, 1975-79, AMA.	61
FIGURE 8c: Percentage changes in residential land price, 1980-84, AMA.	61
FIGURE 9: Adelaide : Changes in land price, 1970-84.	62
FIGURE 10: Adelaide : Percentage changes in inflation, bank interest and real interest rate, 1970-84.	63
FIGURE 11a: Real gains in residential land price, percentage change, 1970-74, AMA.	74
FIGURE 11b: Real gains in residential land price, percentage change, 1975-79, AMA.	74
FIGURE 11c: Real gains in residential land price, percentage change, 1980-84, AMA.	74
FIGURE 12: Adelaide : Creation of SALC residential allotments, 1975-1981.	75
FIGURE 13a: Vacant residential allotment stocks, 1975-79, AMA.	103
FIGURE 13b: Vacant residential allotment stocks, 1980-84, AMA.	103

FIGURE 14a:	Creation of residential allotments, 1975-79, AMA.	104
FIGURE 14b:	Creation of residential allotments, 1980-84, AMA.	104
FIGURE 15:	Adelaide : Creation of residential allotments (Private) : 1974-1984.	112
FIGURE 16:	Adelaide : Private sector houses, 1970-84.	114
FIGURE 17a:	Private sector dwellings, 1970-74, AMA.	115
FIGURE 17b:	Private sector dwellings, 1975-79, AMA.	115
FIGURE 17c:	Private sector dwellings, 1980-84, AMA.	115
FIGURE 18:	Adelaide : Private sector dwelling (flats and others), 1970-84.	116
FIGURE 19:	Adelaide : Percentage changes in residential allotment prices (nominal), 1970-85.	117
FIGURE 20a:	Percentage change in LGA population, 1970-74, AMA.	126
FIGURE 20b:	Percentage change in LGA population, 1975-79, AMA.	126
FIGURE 20c:	Percentage change in LGA population, 1980-84, AMA.	126
FIGURE 21a:	Percentage change in employment opportunities, 1970-74, AMA.	135
FIGURE 21b:	Percentage change in employment opportunities, 1975-79, AMA.	135
FIGURE 21c:	Percentage change in employment opportunities, 1980-84, AMA.	135
FIGURE 22a:	Percentage change in the Adelaide city work trips, 1970-74, AMA.	137
FIGURE 22b:	Percentage change in the Adelaide city work trips, 1975-79, AMA.	137
FIGURE 22c:	Percentage change in the Adelaide city work trips, 1980-84, AMA.	137
FIGURE 23a:	Percentage change in upper white collar workforce, 1970-74, AMA.	140
FIGURE 23b:	Percentage change in upper white collar workforce, 1975-79, AMA.	140
FIGURE 23c:	Percentage change in upper white collar workforce, 1980-85, AMA.	140

	<u>Page</u>
FIGURE 24: Adelaide: Upper white collar workforce, 1970-84	142
FIGURE 25a: Percentage change in number of SAHT dwellings, 1970-74, AMA.	148
FIGURE 25b: Percentage change in number of SAHT dwellings, 1975-79, AMA.	148
FIGURE 25c: Percentage change in number of SAHT dwellings, 1980-84, AMA.	148
FIGURE 26: Trends in non-residential investment and Local Government capital expenditure in the AMA, 1970-84. (Real values)	151
FIGURE 27a: Percentage change in non-residential investment, 1970-74, AMA.	152a
FIGURE 27b: Percentage change in non-residential investment, 1975-79, AMA.	152a
FIGURE 27c: Percentage change in non-residential investment, 1980-84, AMA.	152a
FIGURE 28a: Percentage change in Local Government capital expenditure, 1970-74, AMA.	152b
FIGURE 28b: Percentage change in Local Government capital expenditure, 1975-79, AMA.	152b
FIGURE 28c: Percentage change in Local Government capital expenditure, 1980-84, AMA.	152b
FIGURE 29: Causal relationship between land price and other determinants, 1970-84, AMA.	168

S U M M A R YCHANGES IN RESIDENTIAL LAND PRICES, METROPOLITAN ADELAIDE,
1970-84

Land is a geographically fixed, immobile and a permanent commodity. Land is inert until it is transformed by social processes that lead to changes in its use. Productive investment, once capitalised into the value of residential land, contributes to the rise in urban property prices. With the expansion of fringe areas, property values within the existing built-up area are also increased. This study is confined to the impact of these processes upon Vacant Land zoned for residential activities.

The processes responsible for producing change in the volume of urban land can be conceptualised as occurring, firstly, at the level of the national economy. Capital inflows, money supply, interest rates, the lending programme of the loans, Council for urban capital formation, the volume of lending by the private institutions for property development and housing all affect both the level of, and the general movement of prices in the urban land market at a given moment. Secondly, there are regional effects such as transportation developments that lead to improvements in accessibility, employment growth and major service provision, which produce spatial variations in the movement of urban land prices (i.e. intra-urban variations). Thirdly, there are the more localised effects contributing to shifts in the price relativities across the metropolitan land market (i.e. neighbourhood and environmental effects).

In Adelaide, as well as in other Australian state capitals, residential land prices escalated during the first part of the 1970's. The volatility of the local land market, which had subsided by the late 1970's, warrants special attention because of the impact that processes in the residential property market can have upon the redistribution of real income.

In the first half of the 1970's, a combination of effects in the national and regional economies produced a land boom, particularly in Adelaide's developing outer suburbs. Speculative investment in residential land, the effect of transportation development and backlogs in supply, all combined to produce shifts in price relativities across the whole of the Adelaide Metropolitan Area.

Land price inflation can lead to a modification of the pattern of resource distribution in cities. As a result of the provision of government services and community development, speculators and developers may derive a disproportionate share of the 'unearned increment' or betterment. Other transfers within the residential land market are magnified during a land boom, for example, from new lot and home buyers to established property owners. The task of this thesis is to unravel these complex processes at work during a fifteen year period, 1970-84.

In the present study, regression models are constructed to show the effects of selected independent variables (e.g. the stock and the creation of the vacant residential allotments, the construction of private dwellings, the distribution of white collar workers, job opportunities in the outer suburbs, Adelaide city work trips, urban capital formation, public investment in Local Government Areas (LGA's), and the South Australian Housing Trust dwelling construction, on changes in residential allotment prices for the periods 1970-74,

1975-79 and 1980-84 within Metropolitan Adelaide. The reasons for the selection of the independent variables are outlined before the statistical relationships are examined for each of the regression models.

The findings of this study emphasise the nature of transfers and capital gains as a product of public investment and also the implication of unearned gains for society. Along with the discussion, some suggestions are also made as to how the findings compare with the theoretical expectations.