



MEDIA RELEASE

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The size of land matters for the construction of affordable housing

The concept of 'economies of scale' is widely used in the design of large-scale housing development to ensure that the unit cost of a house reduces as more houses are constructed.

The National Research Institute Spotlight Vol. 17, Issue 6, titled "**The need for economies of scale for large housing developments in Papua New Guinea**" by Logea Nao, NRI Research Fellow, focuses on the optimum size of land for large-scale housing development which can result in cost reductions and increase in profitability for developers, as well as a reduction in price for home buyers.

The spotlight highlights the significance of economies of scale in addressing the shortage of housing in Papua New Guinea (PNG). It provides a brief overview of this economic concept and its application in large-scale residential housing development. It also points out areas that need to be addressed to successfully overcome the prevailing challenges in the development of land and affordable housing in PNG.

To achieve economies of scale for housing developments in PNG, the following need to be considered:

- Determine the optimum size of land for large housing development;
- Understand the cost structure for large housing development;
- Improve the process of providing serviced land for large housing development;
- Ensure that affected parties fully appreciate the need for and use of scale land; and,
- Adopt a holistic approach to delivering large housing development.

Achieving economies of scale for large housing development has the potential to benefit the developers through increase in profit, and the home buyers in terms of more affordable housing.

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