

Since January this year, land prices have consistently delivered month-on-month increases, totalling 19% growth to date (~25% over the same time frame last year), peaking at a historical high of \$285,000. Some would say that median land prices will reach \$300,000 in the near future, we may not see that in 2017.

Over the year to August 2017, Victoria’s employment rose by around 1,850 persons per week (~95,500, +3.1 per cent), the largest increase in absolute terms of all the states. In terms of employment, since November 2014, Victoria’s employment has increased by 272,600 people or 9.4 per cent, the highest growth in Australia in both percentage and absolute terms.

In parallel, Melbourne dwelling prices have risen by around 14 per cent over the last 12 months, and around 3 per cent over the last 3 months (both to Jun. '17).¹

Over this period of rapid price growth, a total of 25 new land projects have been launched since January, of which 6 were in Wyndham (~24 per cent) and over half occurred in the municipality of Melton. Both Casey and Melton have 21 active projects.

All things being equal, the sector is on track to deliver an above trend number of new projects in 2017. On average, over the last 10 years, around 28 land projects are launched each year across the seven growth area markets. Currently, there are 128 active projects - the lowest number of projects since the last quarter of 2011. Rapid sales rates have pushed projects to their completion at a faster rate than ever seen before.

Casey remains the most expensive with a median land price of \$378,000, highest price year-on-year growth percentage of 51 per cent together with Hume who now has a median land price of \$341,000. Cardinia has continued the trend of low stock levels and registered the second highest median price of \$351,000 and a price growth of 44 per cent. Melton has increased by the same percentage with the help of multiple new estates in region (13 in total this year), making it the largest regarding available stock.

Only Mitchell experienced a median price decrease - 3.5 per cent over the last 12 months.

The Median Price Ladder

Aug.17

Ranking	YoY Change	LGA	Available Stock	Size (sqm)	Aug. 17	Aug. 16	YoY Change (\$)	YoY Change (%)
1		Casey	218	512	\$378,000	\$250,000	\$128,000	51%
2		Cardinia	25	504	\$351,000	\$243,000	\$108,000	44%
3	4 (Up)	Hume	168	440	\$341,000	\$226,000	\$115,000	51%
4	3 (Down)	Wyndham	482	400	\$298,000	\$261,000	\$37,000	14%

¹ The quarterly increases were 3 per cent for Melbourne, Sydney 2.3 per cent, Hobart 1.8 per cent, Canberra 1.3 per cent, Adelaide 0.8 per cent and Brisbane 0.6 per cent. There were falls in Perth -0.8 per cent and Darwin -1.4 per cent. Source: ABS, CBA.

5		Whittlesea	199	394	\$290,000	\$207,000	\$83,000	40%
6	7 (Up)	Melton	539	379	\$241,000	\$167,000	\$74,000	44%
7	6 (Down)	Mitchell	139	480	\$165,000	\$171,000	-\$6,000	-3.5%
					\$285,000	\$229,000	\$56,000	25%

Source: Red23

The softening of price growth may have dampened the expectations of the median land price reaching \$300,000 this year, however short-term demand -supply imbalances suggest that if not this year, \$300,000 could well be the future median, all things being equal.