

Under embargo until Thursday 07 June 2018

More land required to keep up with demand in Geelong's greenfield market

The Victorian division of the Urban Development Institute of Australia (UDIA Victoria) has today presented new market insights on the Geelong greenfield market, delivered by author of the research and Director of Research4 Colin Keane.

Results of the March 2018 quarter show that the median lot price in Geelong has increased by 10% for the quarter to \$245,000 per lot, representing an annual price growth of 20%.

“The median lot price in Geelong is still \$85,000 cheaper than in Melbourne, attracting an increasing number of people from our capital city” said Ms Danni Addison, CEO of UDIA Victoria.

“But as the link between our first and second city becomes more established, Geelong will absorb even more of the demand we’re experiencing in Melbourne, and that will put immense pressure on the Geelong housing market, which is not adequately prepared for the growth that’s coming.

“As a general guide, a market which has less than four months of trading stock indicates that supply is not keeping up with demand. In the Geelong greenfield market, we only have 1.3 months of stock available.

“We will see rapidly increasing prices across the market and declining liveability unless growth is appropriately planned for,” she said.

According to the research analysis, the outlook for the Geelong market is for demand pressure to continue, requiring the residential development market to deliver a minimum of 240 new dwellings per month to keep up. However, if demand forecasts are based on recent activity, the region will need 350 new dwellings per month. This is up from the historical average of 175 new dwellings per month.

Between 2016 and 2018, land market activity has averaged 107-127% of forecast sales activity, demonstrating that the demand forecasts are undercooked, and that the land market is catering for most of the demand for new homes.

“Rising demand in Geelong presents wonderful opportunities for the region, but only if the growth is effectively and accurately planned for. Unfortunately the Geelong Settlement Strategy, which is currently out for consultation, severely underestimates the amount of supply required across the land market between now and 2031. There’s a very clear need for a big boost on the supply side of the equation,” said Ms Addison.

“The future of Geelong is too important to have it subject to inaccurate growth forecasts, poor planning and local politics. We’re calling for greater involvement from the Victorian Planning Authority, which has the expertise and market acumen required to effectively guide Geelong through this next phase of growth.”

UDIA (Victoria) Media Release



Key research findings (March 2018 quarter)

- The median lot price increased by 10% for the quarter to \$245,000 per lot, representing an annual price growth of 20%.
- Melbourne's median lot price is \$330,000 -- \$85,000 more per lot than the Geelong land market.
- Historically, Geelong has needed to deliver 175 homes per month to meet demand (representing approximately 6% of the demand seen in Melbourne). However, increased demand in Melbourne has lifted the long-running average number of new homes needed in Geelong to 240 per month.
- More recently, demand for new homes in Geelong has represented 8% of the demand seen in Melbourne. Based on this ratio, there is a need to deliver approximately 350 new homes in Geelong per month.
- Between 2016 and 2018, land market activity has averaged 107-127% of forecast sales activity.
- Stock ready for sale is equal to 1.3 months of normal trading, which is considered low.

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ABOUT

Urban Development Institute of Australia (UDIA)

The Urban Development Institute of Australia (UDIA) is a nationally recognised body that advocates for Australia's urban development industry. In Victoria, UDIA informs and engages government and industry members, **enabling better policy and better business decisions.**

With a primary focus on the residential property sector, UDIA protects and promotes over 350 member companies across Victoria including developers and a range of other professionals involved in producing, financing and marketing residential property.

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