



Thursday 04 May 2017

Melbourne greenfield market: Settlement wait times pushed to 2019 as trading stock falls to record low

The Urban Development Institute of Australia's (Victoria) Research Breakfast on the greenfield land market has revealed March 2017 quarter results from the National Land Survey Program (NLSP).

"After two years of very high demand in Melbourne's greenfield land market, prices have risen at an unprecedented rate, and stock levels are at a record low with only 21 days of available trading stock," said Danni Addison, Victorian CEO of the Urban Development Institute of Australia.

Delivered by Colin Keane, Director of Research4, the data shows that Melbourne's new land market experienced a record high for the total number of lots sold for the March 2017 quarter, and the median lot price was at \$252,000, which puts the quarterly price growth at 6% and annual price growth at 18%.

"The demand isn't dying down, so we will continue to see increasing prices across the market unless there's a big boost on the supply side of the equation.

"The residential development industry has settlement wait times pushing into 2019. This tells us there's a critical issue with the production timeframes, which desperately need to be streamlined so industry can bring more housing stock to market.

"If state and local governments are serious about housing affordability, they'll focus on shortening timelines from sale to title," said Ms Addison.

"The stock of lots ready for sale across the whole of the Melbourne market is now equal to 1,556 lots. This is equal to just 21 days of trading. Stock levels remain low due to the fact that land estates have now sold the vast majority of available stock," said Mr Keane.

According to the NLSP research, out of the 195 land estates that are operating across Melbourne, only 133 (or 68%) were able to offer product to the market for the March 2017 quarter. This is due to multiple constraints that are stopping the development industry from releasing new product to the market.

"The proposed first home buyer incentives that will start in July will only exacerbate the already tight situation. With limited supply and restricted development capacity, additional consumer liquidity will only act to inflate land prices and push the market beyond the fundamentals," said Mr Keane.

UDIA (Victoria) Media Release



Key findings (March 2017 quarter)

- Land sales for the March 2017 quarter were 6,393 lots, while the median lot price jumped by 6% for the quarter to \$252,000. This represents an annual increase of 18%.
- The stock of lots ready for sale across the whole of the Melbourne market is now equal to 1,556 lots. This is equal to just 21 days of trading
- Out of the 195 land estates that are operating across Melbourne, only 133 were able to offer product to the market for the March 2017 quarter. This means that only 68% of Melbourne's greenfield development capacity was realised in the March 2017 quarter.
- The current median lot price continues to move up with the last 1,300 lots offered by the market in April 2017 having a median lot price of \$272,000

The National Land Survey Program is a joint initiative by Charter Keck Cramer and Research4.

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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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