

# UDIA Research Breakfast

NLSP Melbourne Greenfield Market Snapshot

September Quarter 2016

[www.nlsp.com.au](http://www.nlsp.com.au)

**NLSP**  
National Land Survey Program.



## Summary of Key Findings

The latest September 2016 quarter results from the National Land Survey Program (NLSP) highlights that Melbourne's greenfield land market continues to outperform. Annual sales of 21,700 lots (to Q3-2016) is still commanding 40% of national lot sales activity, whilst Melbourne's median lot price remains at an 18% discount to the national median.

The outlook for the Melbourne greenfield market is for lot sales to be moderating from peak levels as prices move up in response to the industry's constrained capacity. Historic low interest rates and solid population growth will however continue to support high levels of purchaser demand.



### SALES VOLUMES

Lot sales during the September 2016 quarter across 137 active trading estates equated to 1,800 per calendar month. This current activity has cooled -5% from the same period in 2015 and -10% from peak activity in the previous quarter.

The ongoing high volume of lot sales will sustain the new housing construction industry and related economic activity through 2017 and 2018 as lots are delivered and houses are built.

The Western Region accounted for 39% of metropolitan sales which was its lowest share for the past year but was still somewhat higher than the Northern Region (33%) and Southern Region (28%).



### PRICES

The median lot price across Melbourne for the September 2016 quarter was \$228,000. The quarterly price growth of 2.8% is the fastest pace since 2010. The strength of demand, driven by both record low interest rates and a solid established housing market, has supported annual price growth of 8%.

The range of median prices across Melbourne's corridors is between \$154,000 and \$329,000 with above-average annual price growth being observed across this whole price spectrum.

Melbourne's average lot prices are by far the most affordable of the East Coast cities given they are 51% less than observed in metro Sydney and 14% less than South-East Queensland.

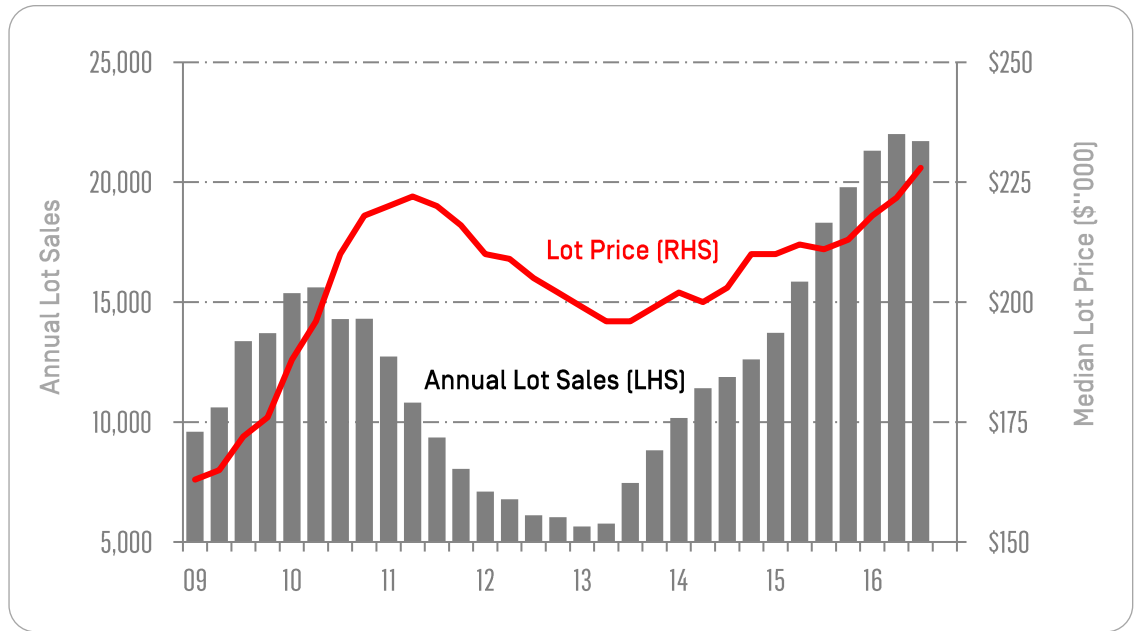


### STOCK OVERHANG

Notwithstanding that Melbourne projects released over 5,000 lots for sale over the September 2016 quarter, the strong weight of demand implied that unsold stock overhang fell -11% over the quarter.

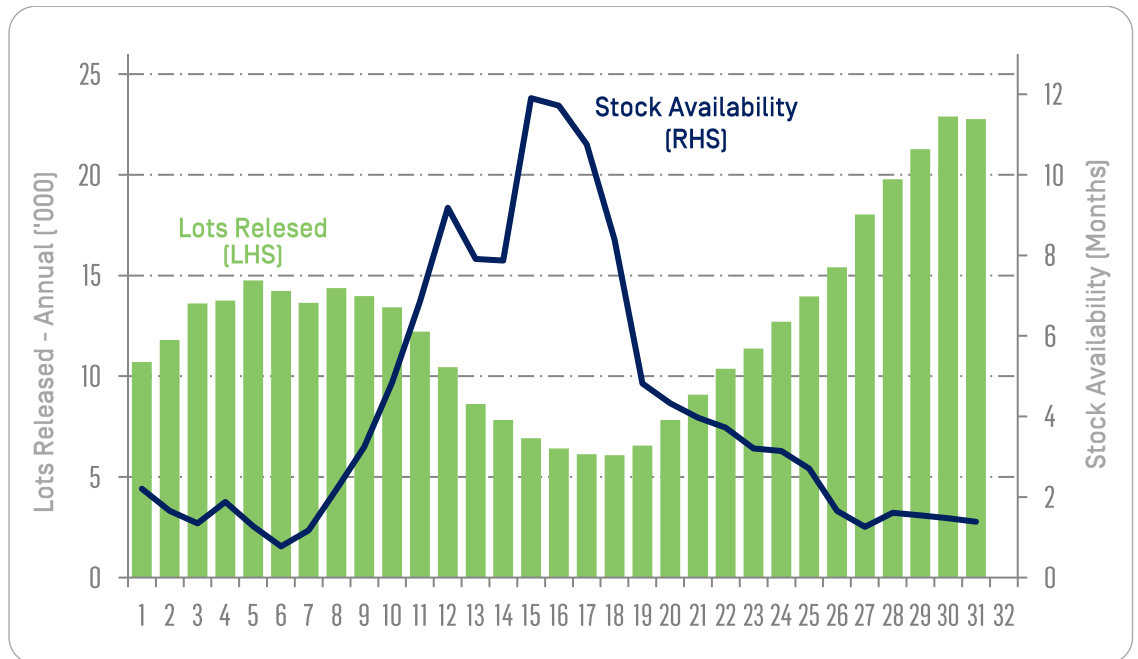
This level of overhang represents 1.4 months of stock availability relative to prevailing demand. It is the 6th consecutive period of stock availability being below 2.0 months which was last observed in the 2009 - 2010 peak.

**METROPOLITAN MELBOURNE: GREENFIELD ANNUAL LOT SALES AND MEDIAN LOT PRICE**



SOURCE: National Land Survey Program

**METROPOLITAN MELBOURNE: ANNUAL LOT RELEASES AND STOCK AVAILABILITY**



SOURCE: National Land Survey Program

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# NLSP

National Land Survey Program

## The NLSP is the leading independent supplier of Greenfield industry & market data.

The NLSP continuously monitors land supply and produces quarterly Market Performance Reports at a national level, as well as at customisable geographies based on city, growth regions and submarkets. These reports provide the following information at both aggregated and estate-specific level:

- Demand Indicators: Lot sales activity (aggregated, distribution by price points, by product characteristics).
- Supply Indicators: Number of projects operating, lots released, unsold stock overhang, future supply of lots within active projects.
- Price Indicators: Lot prices / value rates (average, median, distribution, price points).
- Product Indicators: Lot areas / frontages (average, median, distribution, price points).
- Datacubes involving cross-tabulations of sales activity, prices, product descriptions or any other variables.

The NLSP is a fully customisable database of lots available for sale and sold across Australia's urban growth land markets.

The NLSP Partners are able to assist clients by providing unique insights about market and project opportunities from deep analysis of its proprietary data.

See [www.nlsp.com.au](http://www.nlsp.com.au) for further information.

The NLSP is undertaken by Research 4 and Charter Keck Cramer.

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