

Charter Insight

Diversity within the Greenfield Markets

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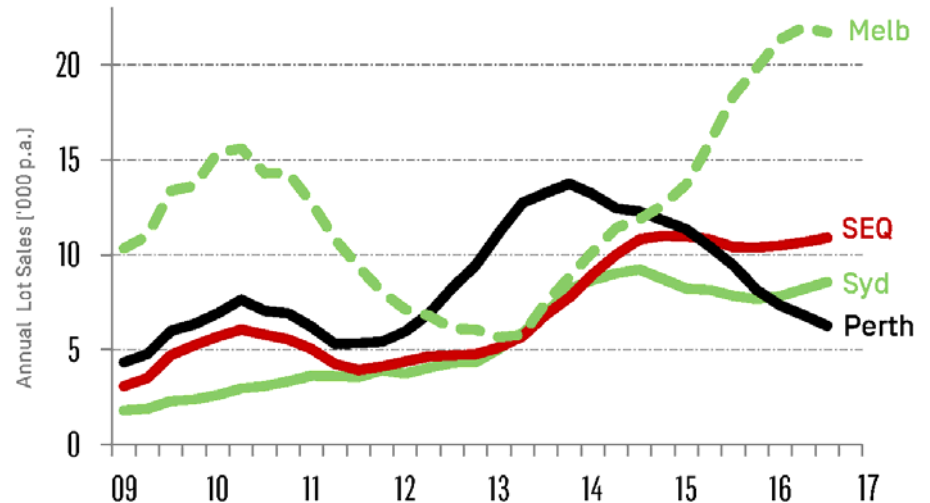
PROJECTS



Throughout 2015 and 2016 the Melbourne Greenfield Land market has continually exceeded sales records from the previous cyclical peak in 2009-2010.

The Melbourne market is outperforming relative to its historic activity and compared to other capital cities.

Lot Sales



SOURCE - DP&E; ABS; Charter Keck Cramer

Melbourne's annual sales of 22,500 lots (to Q4-2016) is still commanding 41% of national lot sales activity, as shown in the graph above.

PRICE AND PRODUCT DIVERSITY

Though we have been through a growth period, to maintain and sustain a high level of sales and production, the Melbourne market must deliver a broader diversity of product.

The median price across Melbourne for the December quarter was \$237,000, with a range

of median prices across corridors of between \$160,000 and \$269,450. Melbourne's lot prices are also the most affordable of the East Coast cities, given they are 51% less than observed in metro Sydney and 9% less than South East Queensland.

This comparatively low lot price and narrow band of prices suggest the opportunity to introduce a diversity of product to meet a range of needs from various purchaser groups and keep sales activity at the current high levels.

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This diversity could be achieved through:

- » A carefully considered and balanced mix of lot sizes tailored to the project's amenities and geographic attributes of each growth corridor;
- » Smaller lot sizes to meet purchasers' budget constraints and feed into the trend of more integrated and varied higher density product;
- » A push to also better integrate public open spaces, pedestrian & cycle networks, transport corridors and community facilities; and
- » Greater development activity in priority growth areas in these "up-zoned" to accommodate high density development and encourage urban renewal.

IMPORTANCE OF GOOD ADVICE, FEASIBILITY & DESIGN

With the push to diversify offerings and better integrated housing product, layers of greater complexity are introduced into the planning, design and construction phases.

To successfully and effectively execute a diversity strategy, there is an increasingly important requirement for developers to complete a more thorough feasibility and due diligence process for sites. Through the early engagement of an appropriate consulting team, opportunities and revenues are identified, with adequate costs and risks understood with-time to implement the advice.

As we enter a phase of increased complexity in the greenfield market it has a much greater financial impact to get the best up-front advice. The ability to influence or improve project outcomes and profitability diminishes over time. Furthermore, the cost to implement change increases through a project's timeline.

CHARTER PROJECTS - ENHANCED CAPABILITY

To assist with unlocking the true value of land, the team at Charter can undertake the best informed feasibilities through complementary offerings of Civil Engineering, Land Surveying, Project Management and Quantity Surveying that also incorporate expertise and the market intelligence available from Charter's Research, Advisory and Valuations teams.

Drawing from the firm's market intelligence, Charter provides technical services and advice from financial, market and technical perspectives. Charter has a unique capability to find project solutions that are enhanced by a wide range of complimentary in-house expertise.

Through the engagement of the appropriate market, financial and technical advisory services at the inception of any development, you have the best possible opportunity to influence positive change, minimise risk and reduce authority and construction costs to ultimately maximise project profit.

Charter Projects

Drawing from the firm's property intelligence, Charter Projects provides technical services and advice from a property perspective. **Charter has a unique capability to find property and project solutions that are enhanced by diverse and complimentary in-house expertise.**

Charter Projects service offerings include:



Projects

- Development Advisory
- Feasibility Analysis
- Consultant Selection & Management
- Procurement Advice
- Tender Management & Negotiation
- Contract Administration
- Quantity Surveying Services

Civil Engineering

- Land Development Engineering Services
- Site Identification, Project Viability & Feasibility Assessments
- Urban Renewal Infrastructure Solutions
- Property Servicing Reports
- Construction Management & Superintendency
- Project & Development Management

Land Surveying

- Subdivisions - Building & Land
- Title Re-establishment Surveys
- Existing Conditions & Site Analysis Surveys
- Title Amendment Application Surveys
- Lease Plans

The Property Insights have been prepared by Charter Keck Cramer (Charter). The information provided is not intended to provide a sufficient basis on which to make an investment related decision. It is intended to provide observations and views of Charter. Any reliance placed on this material is at your own risk. If you require specific advice or information, please contact one of the leaders at **Charter Projects**.

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