



HIA–CoreLogic

Residential Land Report

RESIDENTIAL
LAND SALES

MEDIAN LOT
VALUES

REGIONAL
MARKETS

RESIDENTIAL
LOT SIZES

LAND
VALUE

RANKING OF
MARKETS

A quarterly update on the sale of residential land

March 2016 Quarter

MODEST INCREASE IN LAND PRICES AS capitals' supply recovers

The March 2016 edition of the HIA-CoreLogic Residential Land Report shows that vacant residential land prices saw modest growth during the first quarter of the year. This was accompanied by increased sales turnover in the capital city markets, although regional areas experienced a reduction in transactions.

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During the March 2016 quarter, the number of vacant residential lot sales fell by 1.3 per cent from the previous quarter, and were down by some 13.0 per cent compared with the same period 12 months earlier. This was accompanied by an increase of 1.2 per cent in the median land lot price over the quarter, with price growth estimated at 5.9 per cent over the previous year. Nationally, the median lot price hit yet another new all-time high with the weighted median price reaching \$233,340 during the March 2016 quarter.

During the March 2016 quarter, it is estimated that a total of 14,916 residential land lots were transacted across Australia in the markets under review, which is the lowest since the September 2012 quarter. Despite an increase of 3.4 per cent during the March 2016 quarter, the volume of land transactions across Australia's capital cities is down by 12.3 per cent compared with a year earlier. In regional markets, the volume of land transactions fell by some 14.0 per cent over the same 12-month period. Land sales in capital cities actually peaked at almost 13,300 during the final quarter of 2013 and have since declined quite steadily. Regional land sales peaked at just under 7,700 during the June 2014 quarter. Nationally, land sales are well below the 24,000 peak reached during the September 2009 quarter.

Median residential land values

For the March 2016 quarter, Australia's weighted median residential lot price is estimated at \$233,340. This represents an increase of 1.2 per cent compared with previous quarter and is 5.9 per cent higher than the same period last year. The gap between price growth in capital cities and regional markets has narrowed a little. During the March 2016 quarter, capital city median prices reached \$270,708 per lot, representing a 1.2 per cent increase during the quarter. Over the year to the March 2016 quarter, capital city prices saw growth of 7.3 per cent.

Of the six capital cities covered in the Residential Land Report, the highest median lot price was in Sydney (\$399,250) during the March 2016 quarter. The median land lot price in Sydney fell for the first time since the June 2014 quarter. In terms of median lot price, Perth was in a distant second place (\$270,000), followed by Brisbane (\$243,000) in third and Melbourne (\$235,000) just behind in fourth place. Adelaide (\$200,000) was fifth and with Hobart comfortably remaining the least

expensive capital city residential land market (\$172,500) in terms of median price.

Across the capital cities, price growth varied widely over the 12 months to March 2016 quarter. Price growth was strongest in Hobart (+15.0 per cent), followed by Sydney (+12.5 per cent) and Melbourne (+9.3 per cent). Price growth has been more measured in other cities, like Brisbane (+5.7 per cent) and Perth (+0.7 per cent) over the same period. Adelaide was the only one of the six capital cities reviewed to see a reduction in residential land prices over the 12 months to March with a 2.9 per cent reduction occurring. This was despite the fact that dwelling prices continue to rise modestly in the city.

During the March 2016 quarter itself, Hobart replaced Melbourne as the market with the fastest growing residential land prices as was also the case in the dwelling price stakes. The median lot price increased by some 19.0 per cent in Hobart during the March 2016 quarter, although this increase partly reflects compositional changes in the sample. During the March 2016 quarter, land price increases also occurred in Brisbane (+5.5 per cent), Adelaide (+2.6 per cent), Melbourne (+2.2 per cent) and Perth (+0.4 per cent). The median lot price declined only in Sydney during the March 2016 quarter, with a 1.9 per cent reduction being recorded. In regional markets, the median lot price was estimated at \$173,665 during the March 2016 quarter. Lot prices in regional Australia rose by 1.3 per cent over the quarter and were 2.4 per cent higher than 12 months earlier.

During the March 2016 quarter, the market for residential land showed signs of moderating with prices rising at a very measured pace and transaction volumes falling slightly. There are indications that the supply conditions in capital city markets are improving with turnover increasing for the first time in almost a year. More favourable supply conditions here may have contributed to the deceleration of price growth during the quarter.