



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

February 2021

LAND IN HIGH DEMAND TO MEET HomeBuilder Projects

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Demand for residential land jumped by 27.7 per cent in the September 2020 quarter to be 62.7 per cent higher than at the same time last year. This increase was seen across both capital cities and regional areas. This data reflects the surge in demand for land following the announcement of the HomeBuilder program in June.

HomeBuilder was the catalyst for improved confidence in the housing market, which was bolstered with multiple interest rate cuts, house price growth and the easing of tight finance restrictions.

Regional areas have benefitted from the HomeBuilder program, with the volume of residential land sales outside of the capital cities rising by 56.2 per cent in the September quarter. This is also likely due to the newfound capability to work from home which has enabled homebuyers to look at locations that would previously have been considered too far from their workplace. This is also combined with the ongoing trend for 'sea and tree changes' to move out of the capital cities and with capital cities offering fewer jobs and education opportunities in 2020 the result has been a growth in demand for land outside of metropolitan Melbourne and Sydney.

Typically, a significant change in demand for land would result in the price of residential land responding accordingly. In contrast to the strong growth in demand, residential land prices in the September 2020 quarter fell by 1.5 per cent. Capital cities retained their values better, declining by only 0.1 per cent in the quarter, whereas regional areas declined by 5.0 per cent.

Land prices can lag behind changes in demand due to the length of settlement periods. Contracts for land can be sold months before settlement occurs. This is because settlement cannot occur until the land is titled.

The process of producing shovel ready land can take over a decade, this makes it difficult for land supply to respond to changes in the short term. As a consequence, a sudden increase in demand for land will likely result in prices increasing.

A total of 51 regions were assessed in this edition of the HIA-CoreLogic Residential Land Report. These regions are located in the six states and include the respective capital cities.

The Mornington Peninsula is the most expensive area for residential land with a median price of \$599,000, followed by Sydney at \$445,000 and Illawarra at \$370,000. On a per square metre basis, Sydney is the most expensive area at \$1,165 per square metre, followed by the Mornington Peninsula at \$912.50

Hobart is the most affordable capital city with a median price of \$200,000 and has the largest block sizes with a median of 681 square metres.

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