

MEDIA RELEASE

Land shortage and population growth forces price rises in growth areas

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Melbourne's land supply is reaching a crisis point with the availability of blocks dropping to a five year low, according to Oliver Hume Research.

At the same time, the population of the growth areas is increasing faster than predicted and is now expected to top one million, almost 25% of Melbourne's total population, in just 18 months.

Research just released reveals how reducing land supply has accompanied price rises in Melbourne. Over the last four years, the median land price in the growth areas has risen 45% while supply - volume for sale - has fallen 72%, according to Oliver Hume.

Graphing land price against land supply in the growth areas shows a dramatic inverse correlation. (See graph attached.)

The median land price across growth areas rose from \$125,000 in Q1 2006 to \$181,500 at Q1 2010 – a 45% jump that coincides with land supply falling from almost 4000 available blocks to a record low of just 1126 blocks for sale in all growth areas at the end of April.

In 2006, growth area estates had an average 35 blocks for sale – at the end of April this year there were just 13 blocks per project. The number of estates on sale has also fallen, from 124 in 2006 to 87 estates on sale at the end of last quarter.

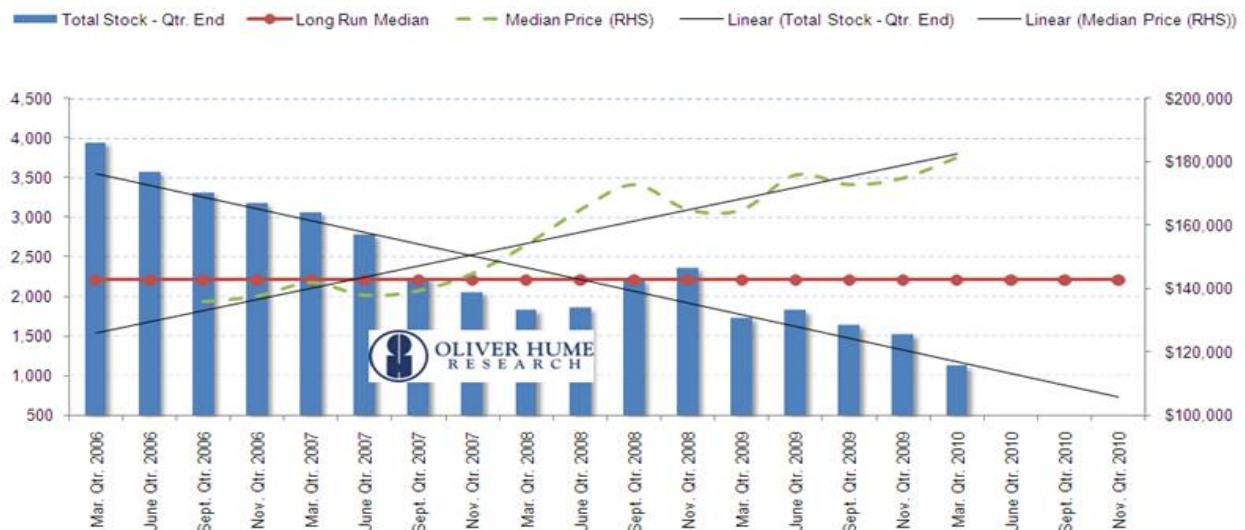
The worst affected region is Hume with an average of just nine lots available per estate while Melton has a relatively generous 26 lots available per estate. Casey estates have on average 12 blocks for sale compared to Cardinia with 13, Whittlesea 14 and Wyndham with 12 lots on average.

Oliver Hume national research manager Mr Andrew Perkins said the land shortage did not look like easing in the short term. "We track several pressures on land price in the growth areas, including population growth, but reducing supply is probably the greatest single influence," Mr Perkins said.

“The Victorian Government has recognized the need for more land in the Growth Areas but this land wont be available for release until 2014-2015,” Mr Perkins added.

The growth area population is predicted to reach one million people, almost 25% of Melbourne’s entire population in just 18 months and is growing faster than predicted, according to Oliver Hume. (Statistics based on ABS data. Additional information on growth area population is available.)

“More land may not necessarily mean lower prices in the future and with more than 1 million people due to be living in the growth areas by 2012 the demand for land is not likely to ease,” Mr Perkins said.



LAND PRICE FORECASTS FOR 2015

At current growth rates, median land prices will pass \$250,000 in the growth areas within the next five years according to Oliver Hume.

In 2015, median land prices in growth areas are forecast to be \$252,000 in Cardinia, \$277,000 in Casey, \$265,000 in Hume, and just \$181,000 in Melton, \$260,000 in Whittlesea and \$292,000 in Wyndham.

These price forecasts apply Land Victoria growth rates to 2009 sales price medians collated from a majority of growth area sales by Oliver Hume research. The figures therefore represent the most accurate land price forecasts available.

Oliver Hume Real Estate Group is the marketing agent behind more than 48,000 residential products along the eastern seaboard of Australia, representing Australia's leading public and privately listed companies.

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