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Research4 undertake detailed research covering the National New Land Markets.

www.researchfour.com

Private document

Proceed with Caution

The Melbourne new land market has hoovered up the expected State Governments stamp duty savings this quarter, even before the market had a chance to use it.

The official median new land price for the entire Melbourne Greenfield market for the June quarter was **\$275,450**.

The June quarter saw land estates increase the median by 9.3%.

Year on year growth has been an impressive **24%**.

This time a year ago the average block of land was going for \$221,000, 12 months on and families are paying an extra \$54,000 for the privilege of living in Melbourne's outer fringe.

Annual price growth of 24% is significant, however if we were to benchmark it against Sydney's recent pricing history, it would pale.

Sydney spiked at 40% annual price growth in June 2015. Can we expect Melbourne land estates to keep pushing? The short answer is yes! But the right question is; should Melbourne land estates keep pushing?

At Research4, we like to benchmark. When it comes to Melbourne land prices, traditionally, they have averaged 40% of the median house price. What we are seeing now is a breaking of that Benchmark land price.

The Melbourne new land price is now 7% above the benchmark land price.

This is the first time since close of 2012 that Melbourne land prices have exceeded the benchmark .

The current situation should be viewed by land estates as a time to re-consider pricing strategies.

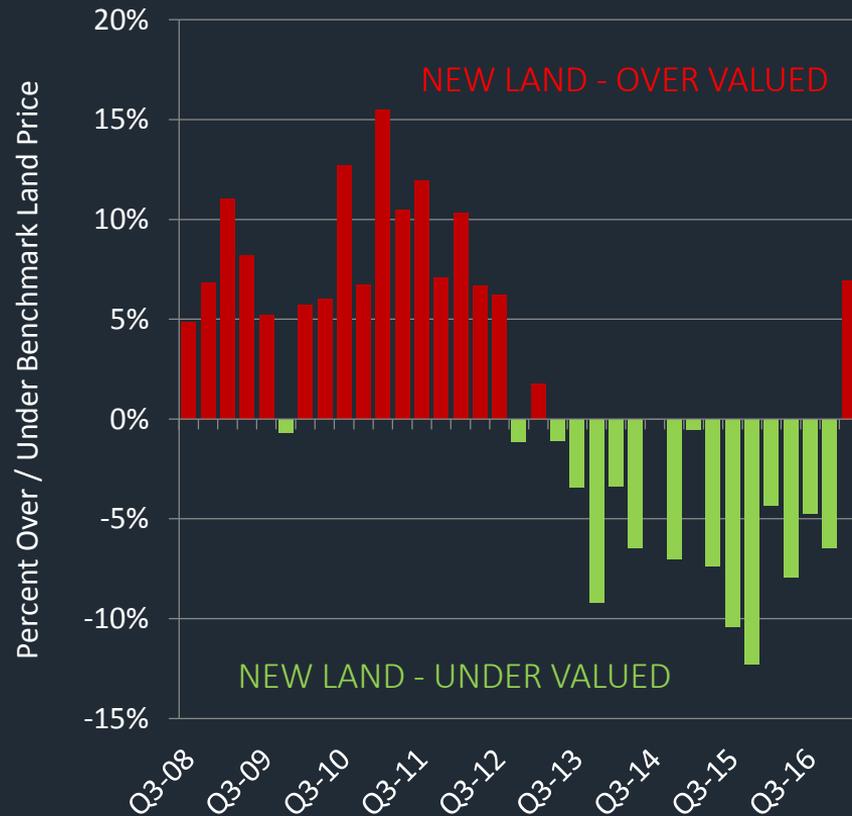
Price growth is likely to be happening as I type, however what is becoming more evident is the rise of estate specific incentives.

The old landscaping package is making a come back, more estates are now moving toward offering incentives. Always the first sign that things may be changing.

More importantly, the title dates have now, well an truly, broken through the Siegfried line (the year 2019), meaning that there are a lot of builders betting on a strong market over the coming 18 months.

Interesting times for Melbourne!

Melbourne Land Price - Benchmarked



Current position, new land prices are rated as being

7% OVER the benchmark
land price

Currently Median

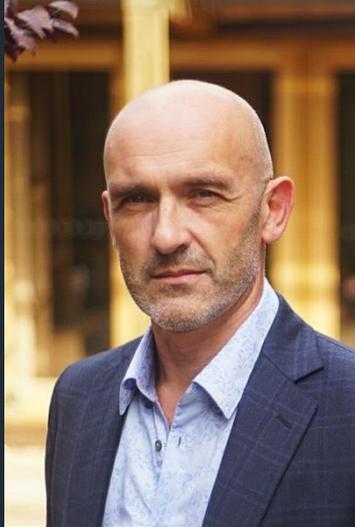
\$275,000

Annual Price
Growth

24%

Benchmark
Median

\$257,000



Colin Keane is Director of Research4

[www.researchfour.com]

Research4 conduct detailed market research pertaining to Australia's Greenfield Land Markets.

Established in 2005, Research4's national survey is Australia's longest running and most detailed audit of the nation's Greenfield land estates.

Colin's main focus is to better understand every aspect of the Greenfield market.

The survey to date has monitored in excess of 2,000 land estates delivered by 850 land developers across 44 new land markets. The research program monitors 50% of Australia's new housing sector on a full time basis.

Research4 is founded upon a proprietary database created through extensive, ongoing field and remote surveying of active residential land projects [R4 CoreDataBase].

Research4's survey outputs are used by industry, government and financial sectors.

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