

CoreLogic RP Data Property Pulse

Monday 21 September, 2015

Capital city land prices just keep on rising

Over the 2014-15 financial year vacant land selling prices have continued to rise across the combined capital cities. Meanwhile, vacant land prices have actually fallen over the year in regional markets.

Data based on settled sales over the 2014-15 financial years shows that vacant land selling prices have increased by 6.0% across the combined capital cities. While capital city land prices are increasing, across the combined regional markets land prices have fallen by -3.4% over the year.

As at June 2015, the median selling price of vacant land was recorded at \$258,543 across the combined capital cities and \$156,500 across the combined regional markets. Median land prices in regional areas of the country are now -39% lower than those in capital cities, the widest differential since August 1990. Over the 25 years to June 2015, median vacant land prices have increased by 417% (6.8%pa) across the combined capital cities and by 422% (6.8%pa) across the combined regional areas.

While prices have fairly consistently risen, there has been a consistent trend towards smaller lot sizes. Although you pay a lot more for land you get a lot less for your money. Of those vacant land lots sold over the year to June 2015, the median lot size was 452sqm across the combined capital cities and 810sqm across the combined regional markets.

The median lot size has been reasonably stable across the combined capital cities over the past twelve months, whereas it has actually risen by 8.3% over the past year across regional markets. The median lot size for capital city vacant land has seemingly hit a trough having been relatively stable over the past 2 years. Meanwhile lot sizes have trended higher over the past year in regional areas.

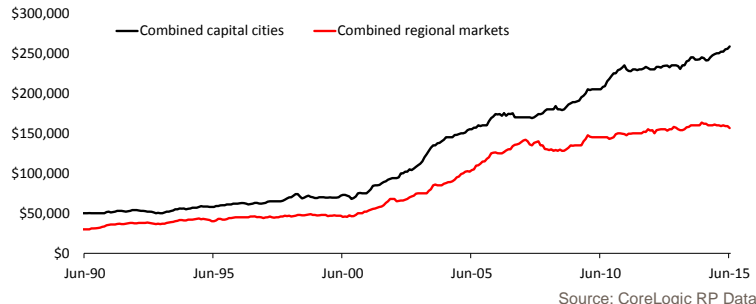
With higher prices and fairly steady land areas, the rate per square metre of land has continued to rise over the past year across the combined capital cities while it has fallen in regional markets. At the end of June 2015 the rate per square metre was recorded at \$557 across the combined capital cities and \$170/sqm across the combined regional markets.

Chart 3 shows that the differential in the rate per square metre between capital city and regional residential vacant land is significant. This is a function of the high cost of vacant land in capital cities and the relatively small lot sizes. To put this in perspective, 25 years ago the rate/sqm for capital city vacant land was \$66 and the typical lot size was 750sqm. Today capital city land costs \$557/sqm and is only 450sqm on average. While a 750sqm lot in a capital city cost \$50,000 25 years ago, today it would cost \$417,800.

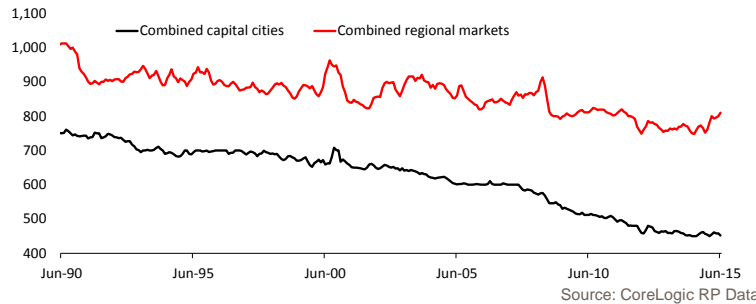
When looking at individual capital cities, vacant land prices are much higher than all other capital cities in Sydney. The cost of vacant land has risen sharply over the past year in Sydney, Melbourne and Perth over the past year. Typical lot sizes have actually risen across most cities over the past year but have generally fallen over the past decade. On a rate per square metre basis, vacant land in Sydney and Perth is much more expensive than all other capital cities. The rate per square metre has generally risen over the past year.

The cost of capital city land is still rising, as an extension this means the cost of new housing is also rising. While restricted land supply and excessive charges associated with new development remain, we anticipate that the cost of vacant land and subsequently new housing, will continue to rise.

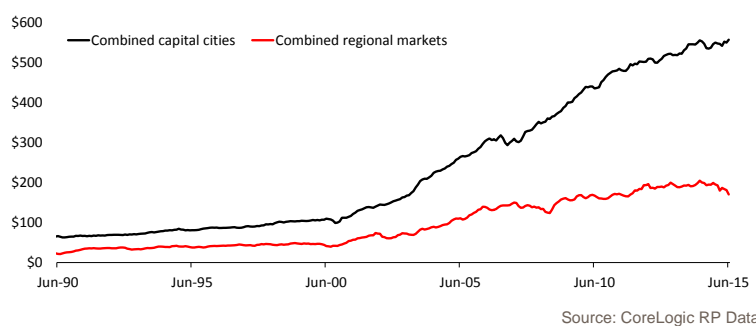
Median vacant land prices over time



Median vacant land lot sizes over time



Median rate per square metre for vacant land over time



Capital city vacant land statistics – June 2015*

	Median price	12 mth change	10 yr change (pa)	Median size	12 mth change	10 yr change (pa)	Median rate/sqm	12 mth change	10 yr change (pa)
Sydney	\$361,500	16.6%	1.2%	548	17.2%	-0.9%	\$774	13.7%	3.4%
Melbourne	\$245,000	14.5%	5.8%	494	3.8%	-2.1%	\$480	3.2%	7.6%
Brisbane	\$216,500	-2.7%	2.4%	502	3.2%	-2.4%	\$432	-5.7%	4.9%
Adelaide	\$203,000	3.8%	4.6%	375	0.0%	-1.9%	\$538	5.1%	6.9%
Perth	\$295,000	10.3%	6.4%	435	4.1%	-3.0%	\$717	7.1%	10.3%
Hobart	\$134,000	3.1%	4.1%	792	-1.2%	-0.9%	\$153	-3.6%	4.9%

* Vacant land data in NT and ACT is unreliable, therefore Darwin and Canberra have been excluded

Source: CoreLogic RP Data