

LIVE VIRTUAL EVENT | TUESDAY 18 AUGUST

GREENFIELD MARKET UPDATE

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RESEARCH4



PROUDLY PARTNERED BY

Biggin & Scott Land





National Land Survey

Remind Me!

Г4



2017-2018 cruising

Г4



2017-2018 cruising

74

Peak sales at 2,200 per month
Average Sales 1,599
25% price growth

2018 -2019 jamming

Г4



2018 -2019 jamming

Г4

Royal Commission fall out
Activity falls by 60%
Pricing falling -6%



2019-2020 good times

74



COVID crossed the road

Г4



COVID crossed the road

74

Initial drop in activity by 80%
Nation wide impact
April & May lots traction





A return to 1901

Global - n/a

National - n/a

State – Yes

Regional – Definitely



State Marketing Managers

Sources of Demand

Returning to grass roots
Competition for internationals
Seeking a lifestyle



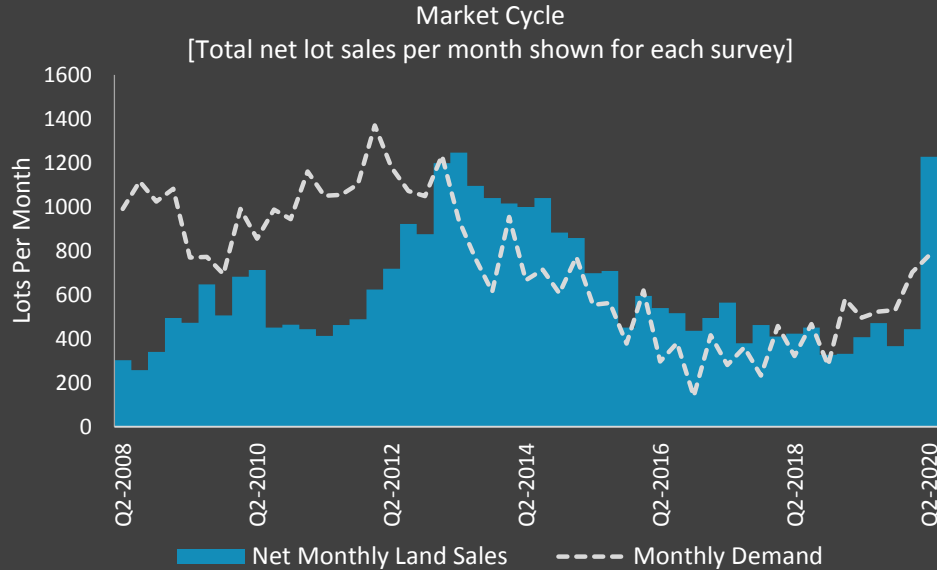
By June, we had decided to
spend some cash; well the
Feds did!



National Metro Markets Land

Perth

R4



- Stopped the population drain
- Attracted ex pats from both overseas and from Australia
- Additional incentives
- Strengthening mining sector
- Affordable housing solutions
- Lifestyle

Activity Change

Up 176%

Net Sales

1,200

New Releases

Up 109%

Stock Change

Down 26%

% of Pent Up met

84%

Or

Months of Pull Fwd.

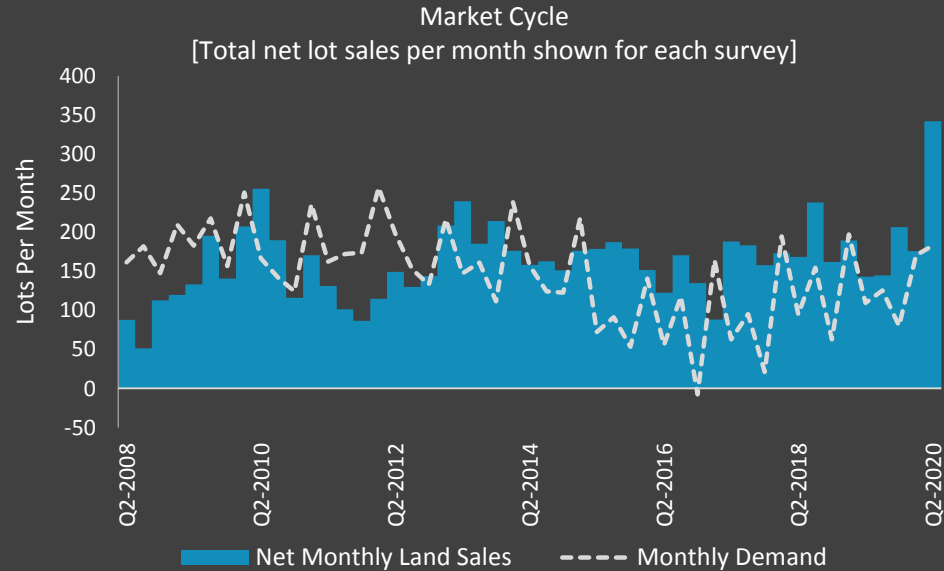
Price Change

0%

Price

\$215,000

Adelaide



- Stopped the population drain
- Attracted ex pats from both overseas and from Australia
- Affordable housing solutions

Activity Change

Up 94%

Net Sales

342

New Releases

Up 35%

Stock Change

Down 25%

% of Pent Up met

n/a

Or

Months of Pull Fwd.

2.6 months

Price Change

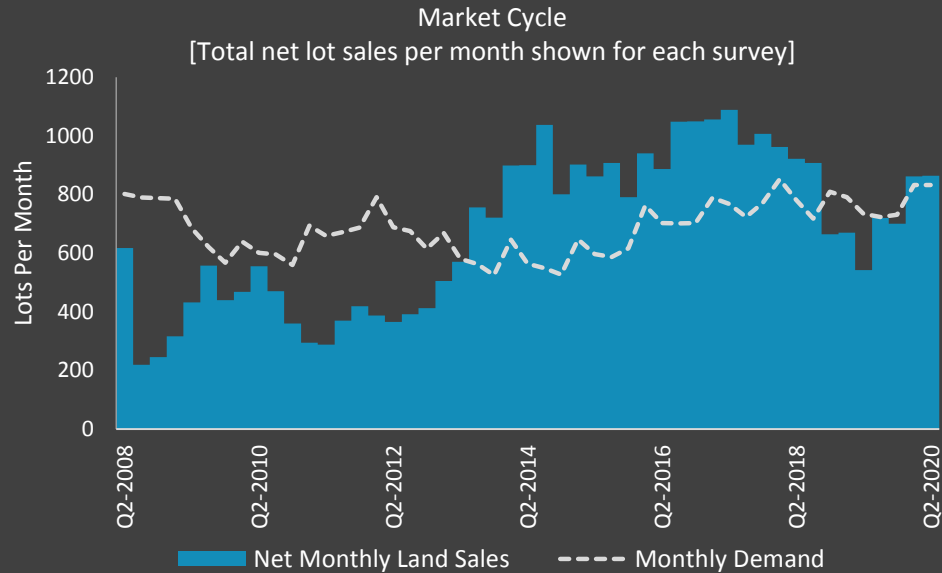
Up 2.7%

Price

\$184,000

South East Queensland

R4



Activity Change

Net Sales

New Releases

Stock Change

Unchanged

864

Down 47%

Down 46%

% of Pent Up met

10%

Or

Months of Pull Fwd.

Price Change

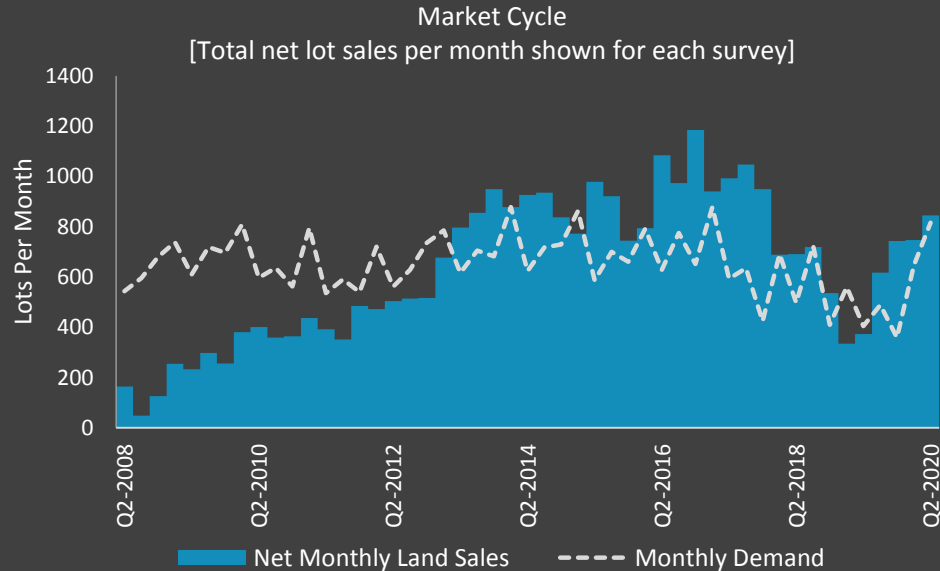
Down 2.3%

Price

\$256,000

- Honey Pot for disenfranchised Victorian's
- Lifestyle
- Affordable housing options

Sydney



Activity Change

Up 13%

Net Sales

845

New Releases

Down 6%

Stock Change

Down 25%

% of Pent Up met

n/a

Or

Months of Pull Fwd.

Nothing

Price Change

Holding

Price

\$409,000

- Still a desirable place to live
- Incentives stopping the exit

A man with a beard and mustache is sitting on a dark wooden bench in a park-like setting. He is holding a black umbrella over himself. He is wearing a yellow and red jacket over a grey t-shirt, dark pants, and blue sneakers with yellow laces. The background is a dense green bush with small white flowers. The ground is paved with dark stones.

r4

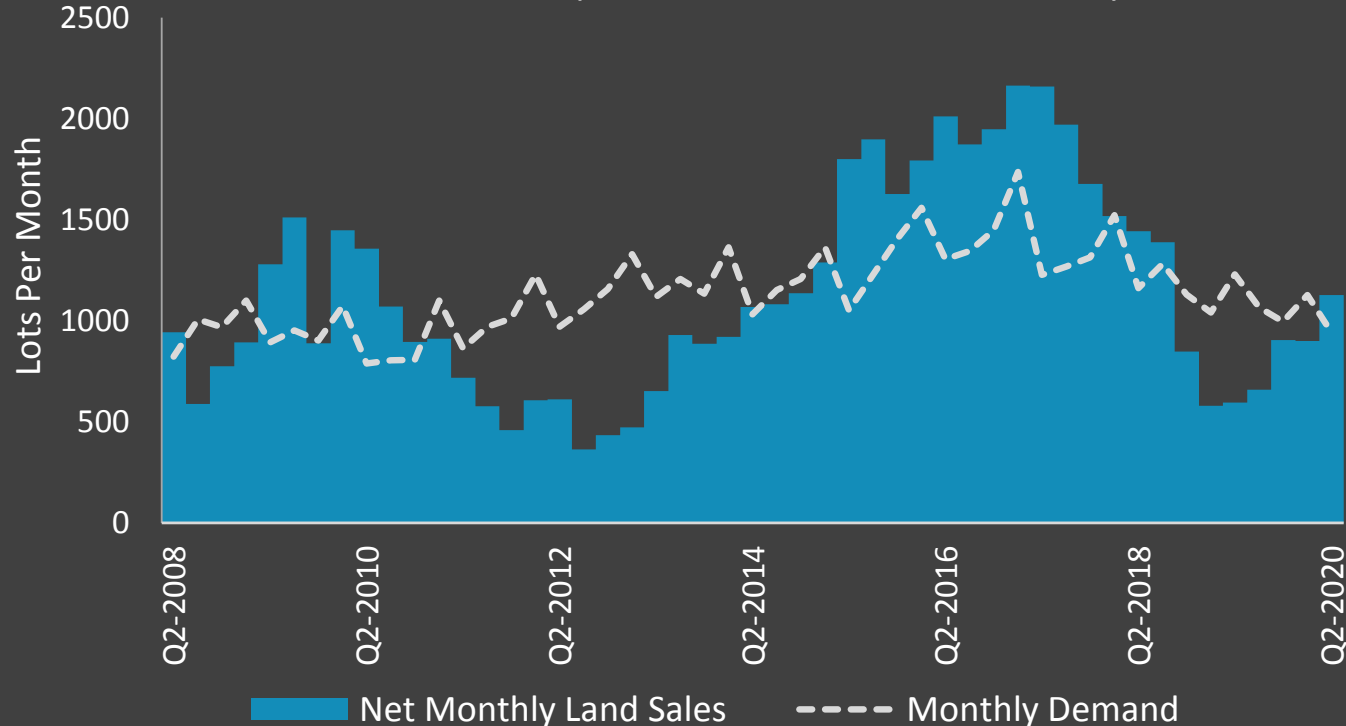
Melbourne Land

Melbourne Greenfield Cycle – Sales PCM



Market Cycle

[Total net lot sales per month shown for each survey]



1,126 per month

Up 25% for
Quarter

4,500 Pent Up
12% absorbed
this quarter

- Unmet demand could fuel activity for 3 quarters

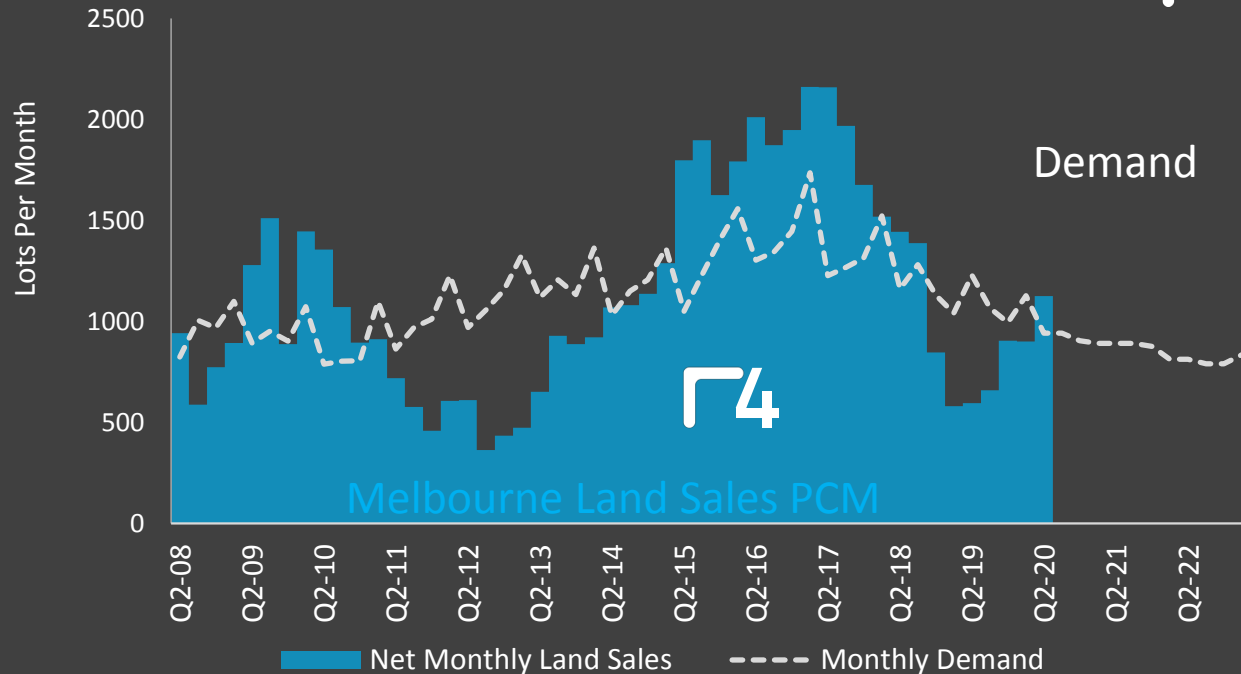


Population based Demand

Greenfield Market Cycle – Melbourne



Market Cycle & Forecast Demand



Demand Forecast

1 year

979

3 year

882

Based on NIM going negative over the forecast period, NOM returning to normal levels by 2023.



Production Capacity

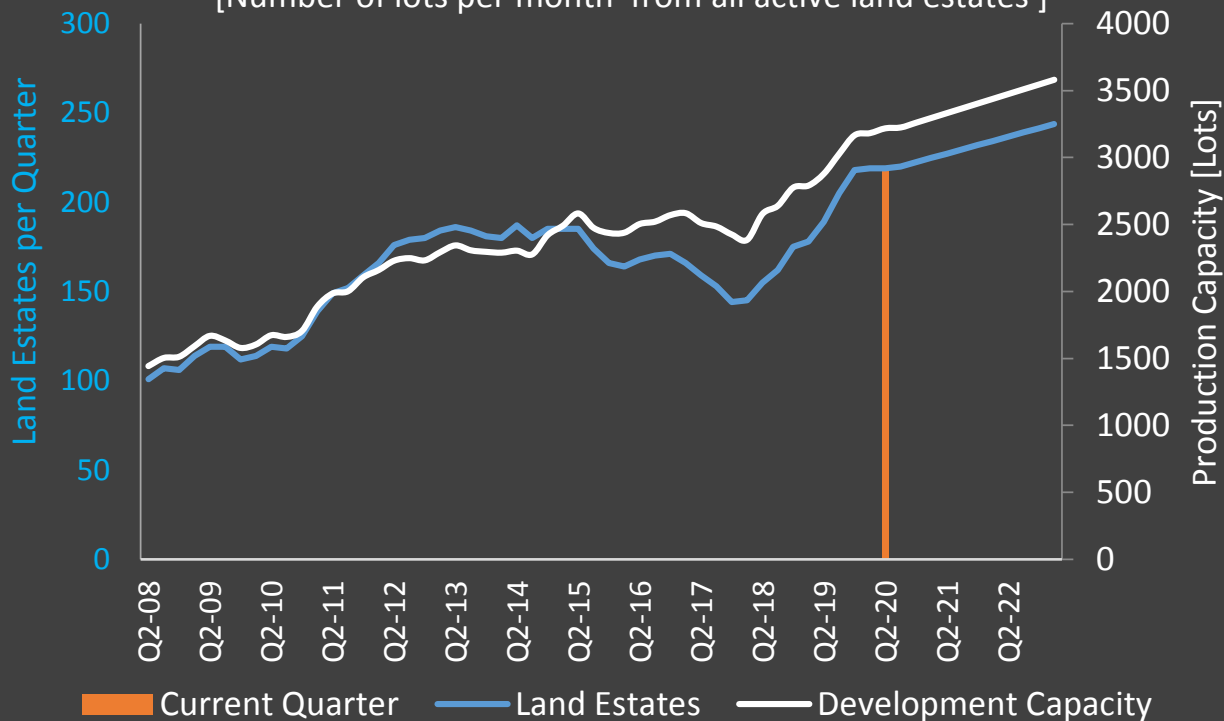
The combined development capacity of all land estate

Capacity – New Estates / Lots Per Month



Greenfield Development Capacity - Historic & Forecast

[Number of lots per month from all active land estates]



Current capacity
3,218 lots pcm

Lots Per Month Capacity,
lifted by 13% for quarter.
A net gain of 9 estates.

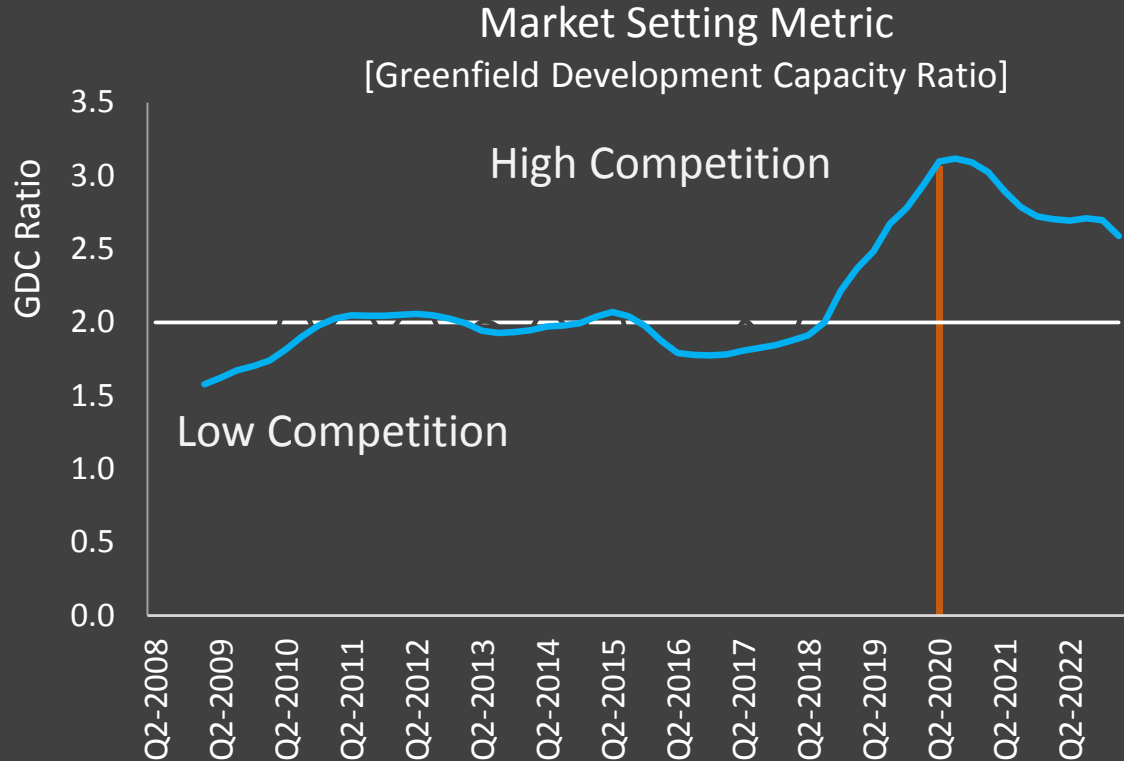
Long term average net
gain of 2.4 per quarter.

By 2023

**3,400 lots per
month**

Lots per Month Capacity


Capacity to Demand Ratio - Competition



A drop in underlying demand will lift competition over coming 24 months.

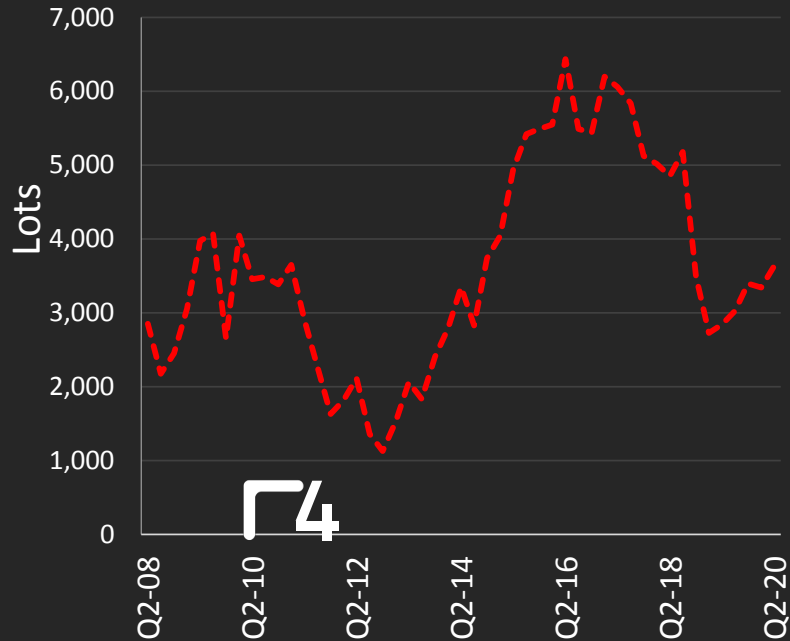
Unmet demand [from past 12 months] can lower competition over next 6 months

e.g. Q2-20 Sales of 1200 into capacity of 3,200 = 2.6:1

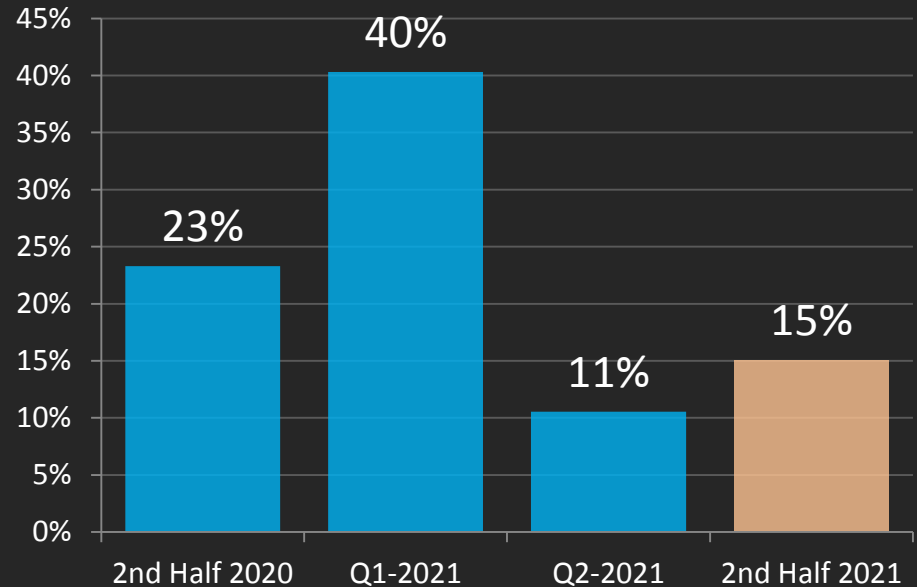


Clearance Rate & Stock of Lots ready For Sale

New Lots released for the Quarter



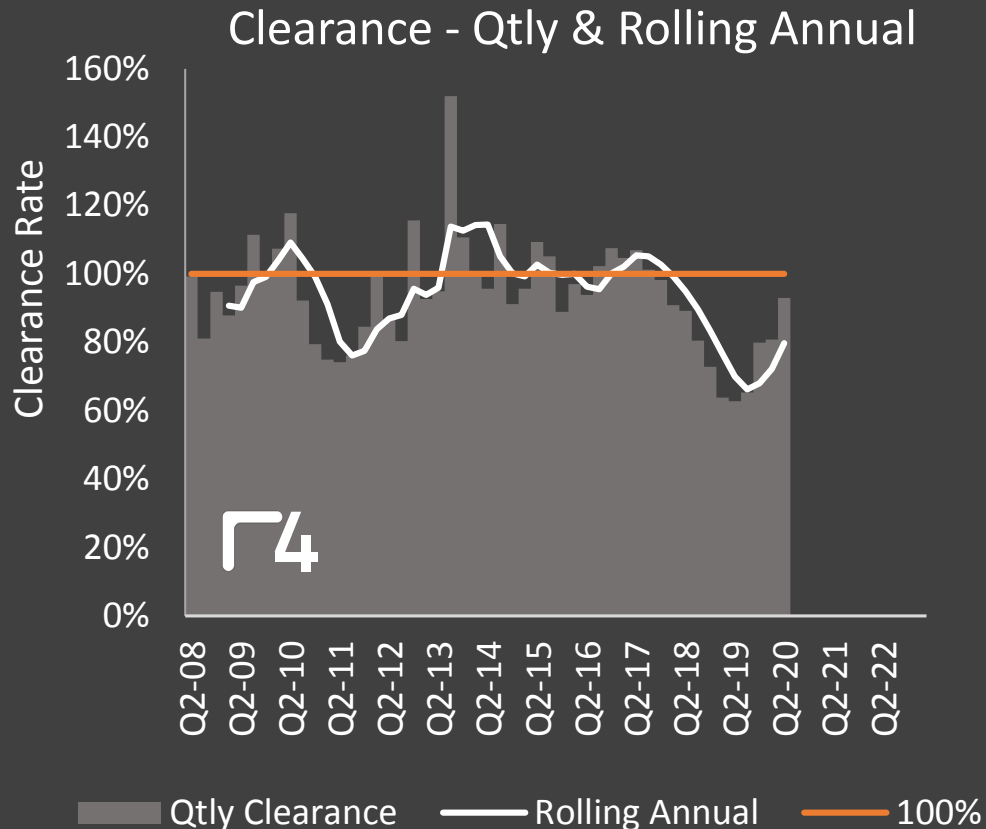
Distribution of Q2 Release by Title Date



Q2-20

Production lifted by 9% for the quarter. 3,635 lots were put into the market for the QUARTER.

Clearance Rate - %of Releases Sold

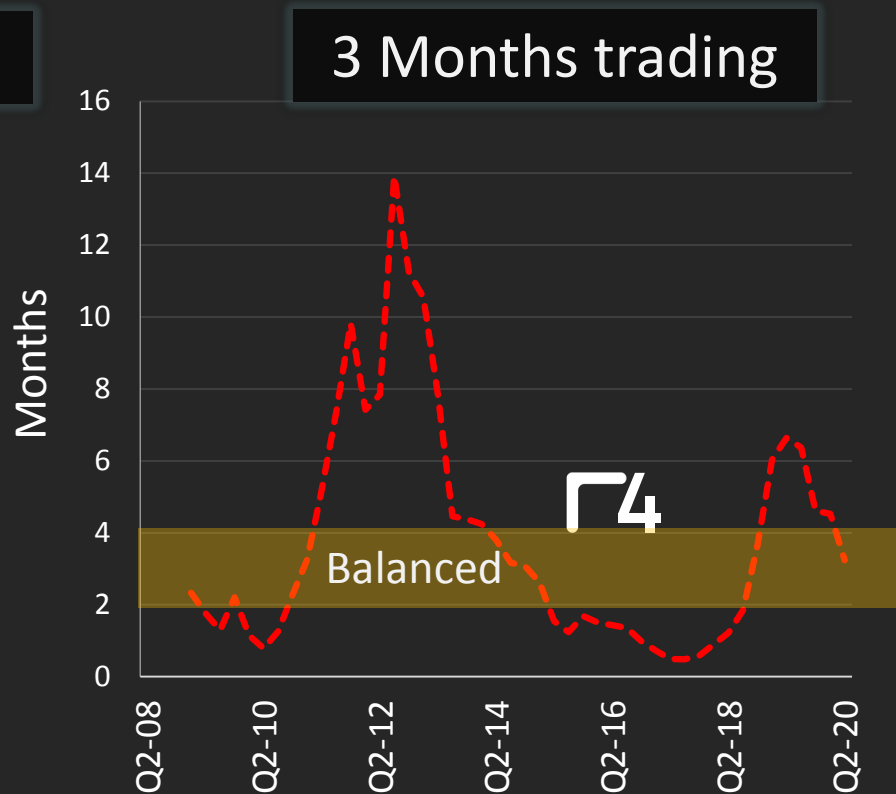
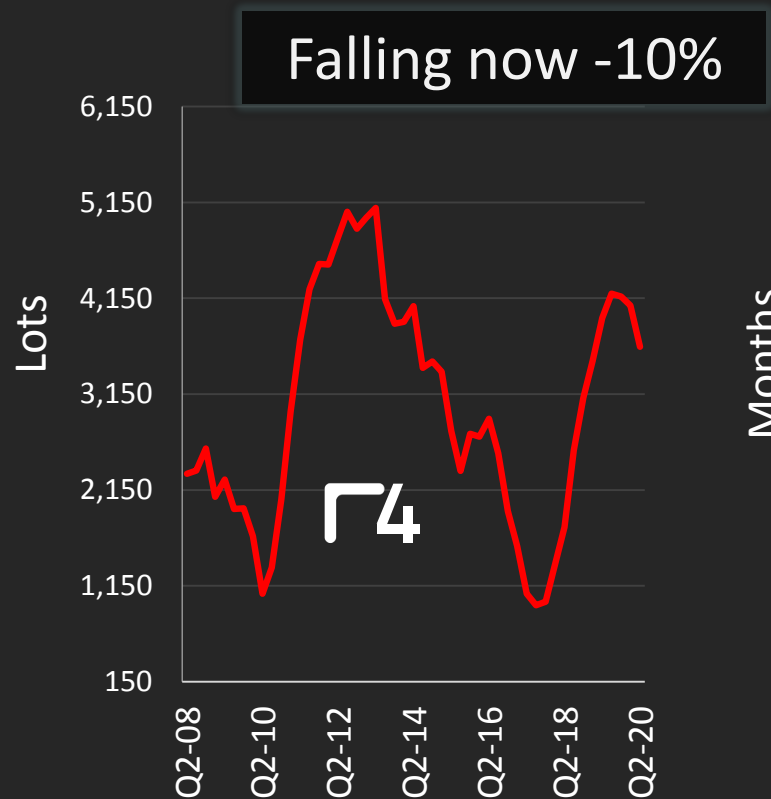


Q2-20

Clearance Rate 93%
Lifted from 82%

Clearance rate is “new Lot releases” as a percentage of net lot sales for the quarter.

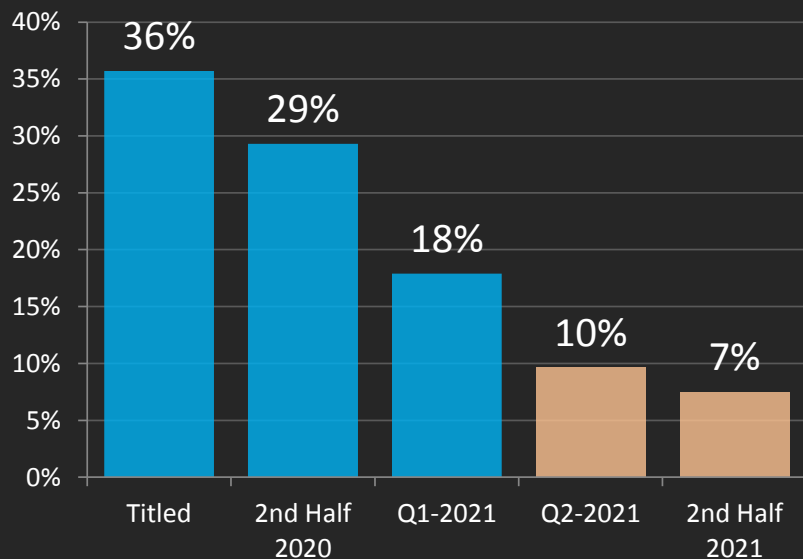
Stock Ready – Lots on a Price List



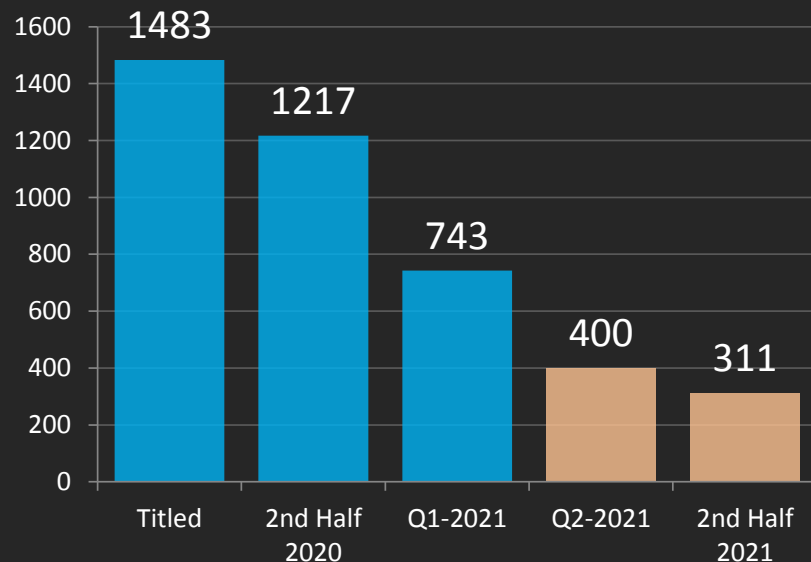
Stock Ready – Title status of stock



Distribution of Stock by Title Date



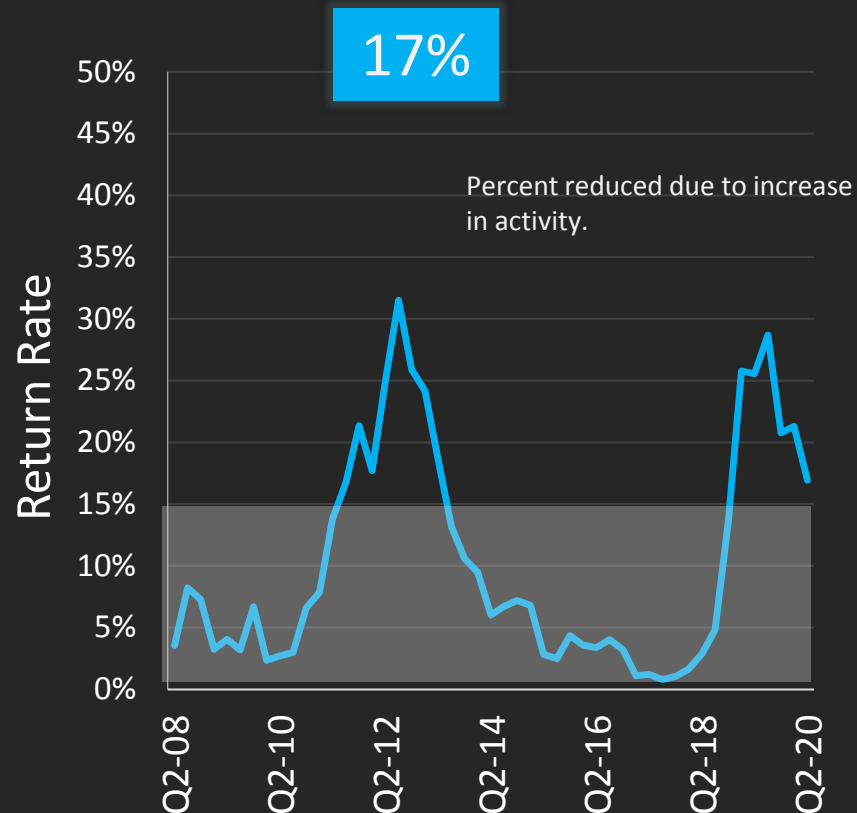
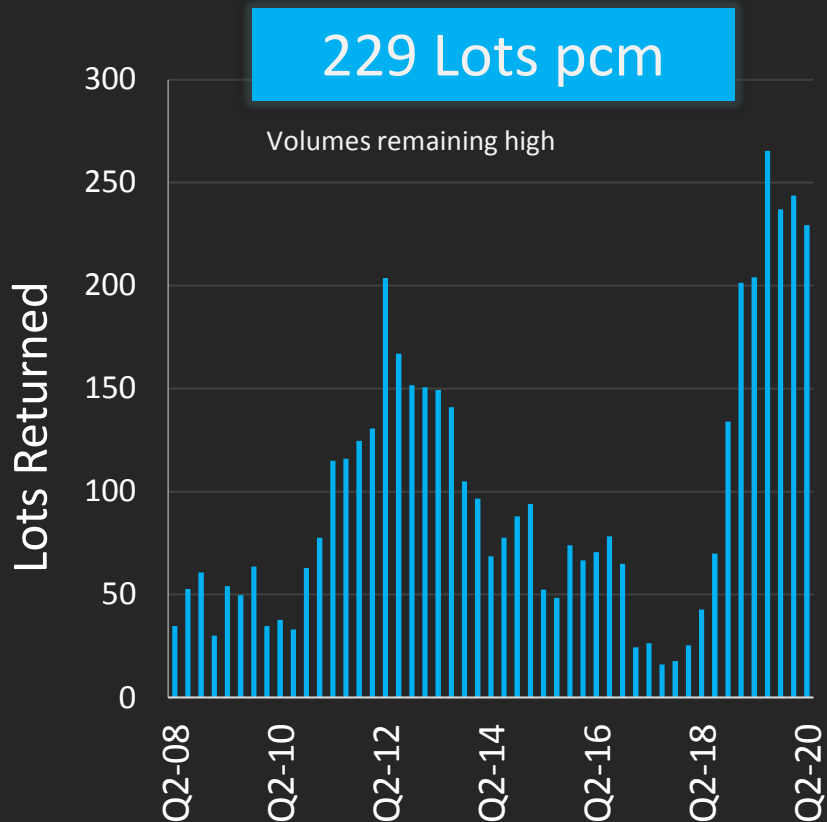
Distribution of Stock by Title Date [lots]





Now You See it! Now You Don't! Now You see it Again!

Return Rate - Melbourne

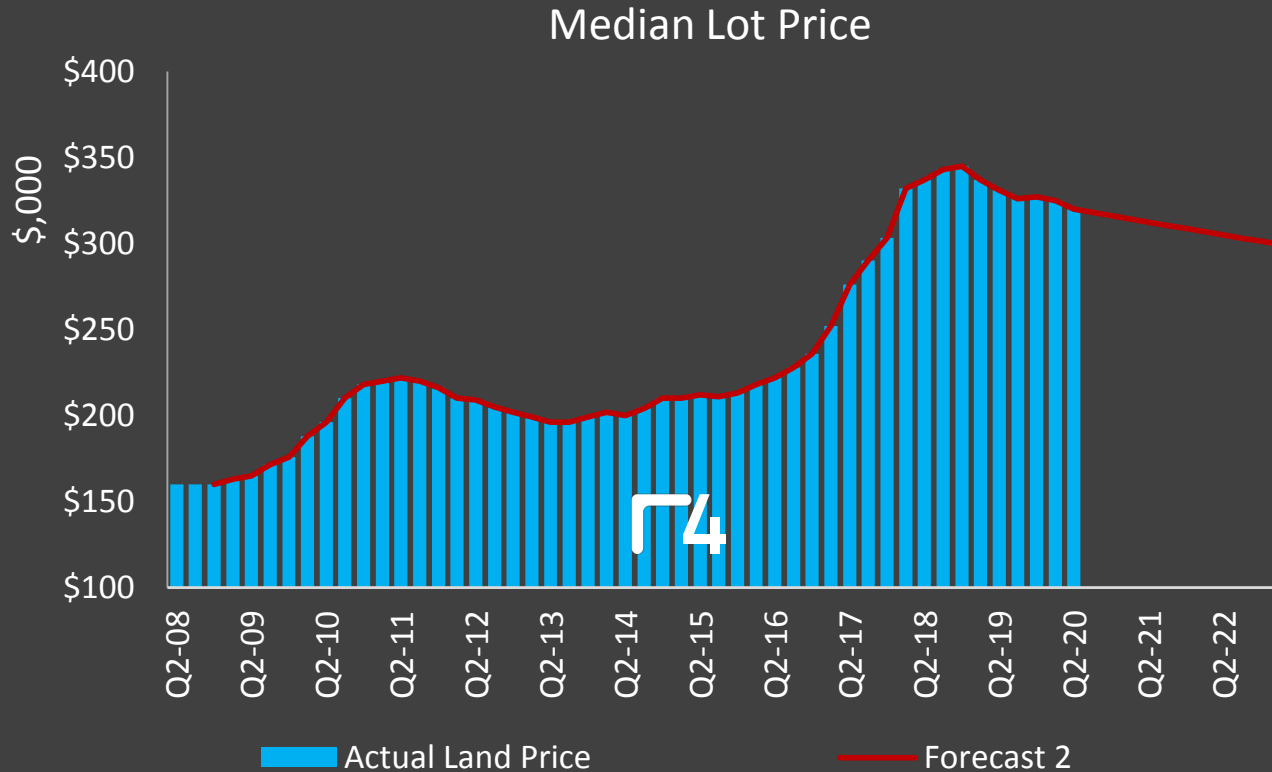




Have you seen the Price?

New land prices and fair value

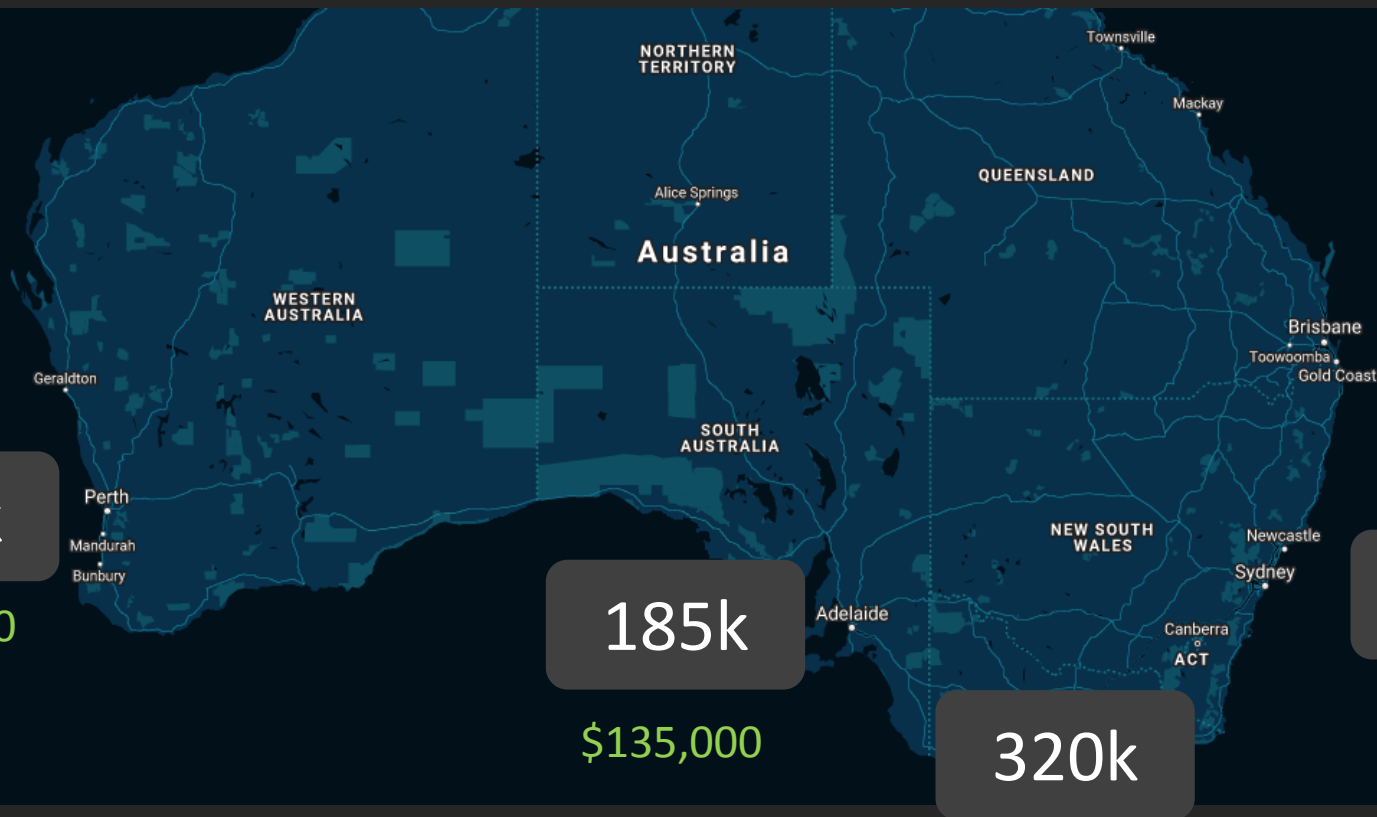
Land Prices & Fair Value & Forecast



CURRENT
Median Lot Price
\$320,000
Fair Value
\$292,000
Over by
\$28,000

FORECAST Q4-20
Median Lot Price
\$316,000

Melbourne's Affordability Card- Not that strong



Current median price difference



Home Builder

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Home Builder Time Line



June 2020 ---Need to Sign a Building Contract----Dec 2020

Start to
Build

June

July

Aug

Sep

Oct

Dec

Jan-- March

Home Builder Time Line



June 2020 ---Need to Sign a Building Contract----Dec 2020

Start to
Build

June

July

Aug

Sep

Oct

Dec

Jan-- March

Level 2

- Sold 2,400 in 1 month
- Released 3,600 [with 75% titling by April 2021]
- Titled 3,800

Home Builder Time Line



June 2020 ---Need to Sign a Building Contract----Dec 2020

Start to
Build

June

July

Aug

Sep

Oct

Dec

Jan-- March

Level 2

Level 3

- Sold 800 in 1 month [lost sales est 1200pcm]
- Released 1,000 [with 69% titling by April 2021]
- Titled 1,573

Home Builder Time Line



June 2020 ---Need to Sign a Building Contract----Dec 2020

Start to Build [6month]

June

July

Aug

Sep

Oct

Dec

Jan ----- June

Level 2

Level 3

Level 4

- Sold [est] 400 per month over 2 months
- Released potentially 1100 lots per month new
- Titled 3,900 planned but likely to take longer [setl. risk]

Home Builder Time Line



June 2020 ---Need to Sign a Building Contract---Dec 2020

Start to Build [6month]

June

July

Aug

Sep

Oct

Dec

Jan ----- June

Level 2

Level 3

Level 4

Level 3

- If the production rate of new releases is maintained from July through to October, then there should be an est 5,800 lots that will title before April 2021.
- At the same time, the Level 4 lock down which slowed sales, could result in a level of pent up demand coming into the market equal to 5,900 customers.
- The above is dependent upon Level 4 ending; Developers rolling out new lots.

Melbourne Greenfield



- COVID has meant that traditional sources of demand are now less certain.



- Victoria's current Level 4 will reduce selling opportunities but not production.



- Lifting of Level 4 by October should see a rebound in demand- chasing the grants if stock and jobs hold

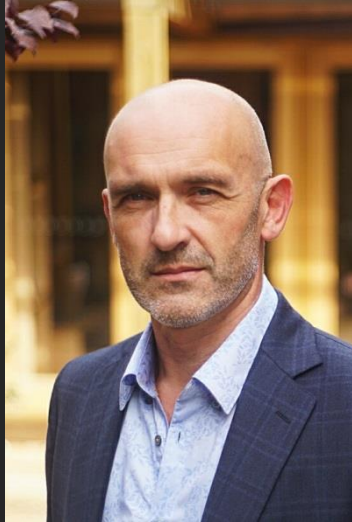


- Land prices will need to correct further in line with falling house prices.



- Regional Markets are now embedded

LEVEL 4 is the only used political solution to a COVID gone AWOL..Scary



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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