

The majority of the value in property is in the land, this is due to the fact that land prices are what increase in value and the improvements are what depreciate over time. Therefore it is vital to understand what land features drive property values. As we now understand the importance of location, let's now dive into the burdens and then benefits of land positioning to pay attention to.

Burdens

Flood prone land burden: Do not buy in a flood zone if you can avoid it. If you are happy to take on that risk and the increase in insurance premiums over the property then at the very least make sure the building envelope is not within the flood area. Utilise the Local Government Areas Interactive Mapping tools to search your address. Example, Google Search "Gold Coast Interactive Mapping Town Planning" and find the government link.

Fire prone land burden: Do not buy in a fire zone if you can avoid it. If you are happy to take on that risk and the increase in insurance premiums at the very least make sure it is within a low risk fire zone. Utilise the Local Government Areas Interactive Mapping tools to search your address.

Topography burden: Land that is sloping in nature brings with it higher costs of construction. Sloping/Un-leveled blocks cost more money to retain and keep in mind that retaining works are improvements that may need maintenance over time. Further, understand the drainage situation on the property to reduce the risk of neighbouring properties water overflowing in the event of high rain levels. Google maps aerial view and street view can help here. Further, if looking for topography levels, once again utilise the Local Government Areas Interactive Mapping tools to search your address.

Vegetation burden: Land size is important, however densely vegetated land is expensive to clear and can also pose maintenance costs with falling branches, trees and also increase the fire risk potential.

Road noise burden: If the house you want to buy is on a busy road or very near to a highway that suffers from road noise, chances are you will be able to get it for a lower price, however keep in mind that it will also be more difficult to sell for a premium price later on. Furthermore, it is also good to understand that markets move in cycles and if the time you need to sell the property falls at a time where the market is down it will make it that little bit harder to sell. The same may hold true for houses that stand next to or back onto commercial property, such as a grocery store or gas station. Another important consideration to note is the street parking situation, increased parking traffic and parked cars, due large churches or community centres, can be a deterrent to some purchasers.

Local thoroughfare burden: Long roads that would carry an increased flow of traffic are inferior locations, as most local thoroughfares currently hold a bus route and/or road noise.

Bus stop burden: Whilst bus stops are good for access to public transport, they are not the best directly out the front of a house due to bus noise and people gathering out the front of the property creating a daily hazard.

Childcare centre burden: Unless you are looking for a future development site, do not buy a property for residential purposes that adjoins a child care centre, they are noisy during the day and have poor resale value.

Easement burden: This is an area of land that forms part of your property, and belongs to you, however someone else has the right to access it. Two common examples include an access easement and a drainage easement. Understand where the easement is positioned as this will affect your ability to build on the land. As per council guidelines you cannot build over the top of an easement that is registered on your land. Local Council online Interactive Mapping tools will enable you to assess where these are positioned. Easements do restrict the land, and therefore reduce the value of the property.

Infrastructure burdens: For each property, we encourage you to zoom out on a map to look for burdens such as:

- Wastewater treatment facility - Greater than 750m away due to smell.
- Abattoir - Greater than 1km away due to smell.
- Electrical power plant - Greater than 250m away due to undesirable nature.
- High clearance power lines - Greater than 50m due to maximum 80% LVR from most lenders and undesirable nature.
- Train/Tram lines: Greater than 100m away due to noise. Do not buy property that backs onto train lines if you can avoid it.

Benefits

Land aspect benefits:

- In Australia the best aspect to face is the North due to sun and wind exposure.
- The southern aspect is similar to the northern aspect in ways of natural wind flow through the house and sun protection, however in Australia we are prone to strong southerly winds throughout the year that result in this aspect being less desirable than the North.
- In regards to livability the East in our opinion comes after the south for locations outside of Western Australia. As the eastern sun in the morning is not as hot and the easterly winds are more prominent to help with the natural airflow through a house.
- West is not best due to the afternoon sun heating up the rear of the house and penetrating into your eyes every afternoon. Further, the wind is less likely to blow from the west and therefore reduces the natural air flow in the house, unless you are in Western Australia. However people do enjoy the sunset if they can tolerate the sun in the eye and heat of the house. If on the west coast of Australia we would say east and west go hand in hand.

Cul De Sac benefits: Residential land in a cul-de-sac is generally the most superior in residential land as people pay more for quiet, low traffic flow streets.

Unique land benefits: Property with a view, distance to amenities, beaches, rivers, lakes, and parklands are likely to be more valuable, both now and when it comes time to sell it as these features are unique and hard to replicate.

Parkland benefits: Properties that back onto parkland often sell for a premium over those that do not, this is due to easy access to parkland and greater privacy.

Land area benefits: All things being equal, the greater the land area, the greater the value. When assessing land values, break them down to a \$/sqm value. The smaller the lot size the higher the \$/sqm and vice versa. Example: A 500sqm vacant block sold price is \$500,000, which results in a rate per square metre of \$1,000/sqm.

Flat land benefits: The more level (flatter) the land the more superior as it can be built on easier, which reduces the construction costs.

Regular land shape benefits: A rectangle shape is superior to an irregular shape as it allows for greater utilisation of the land area and once again easier to build on.

Corner block benefits: Corner blocks offer greater access and higher underlying development potential due to road frontage. However please note the position of the corner block for the area as they are generally exposed to an increase in road noise as they front 2 roads instead of 1. Corner blocks can achieve a premium price if located within a medium density zoning location as developers find them more attractive for duplex construction sites..

Underlying development potential benefits: Properties with underlying development potential generally achieve a premium as they can be easily subdivided into multiple lots. In order to find these sites, start with an aerial search around the area you are interested in and look into the town planning "Minimum Lot Size" for the area. Furthermore, a phone call to the local council town planning department is a great way to get well qualified guidance on any development potential on the property.

A key lesson here is that a house is a depreciating asset. The lot/land, on the other hand, will maintain its value (or likely appreciate) relative to the house. Choose a bigger, better-shaped, or better-situated lot/land over a nicer house. A less attractive house can always be updated, added on to, or replaced altogether, but the lot can't be changed.