

Newcastle Market Update 2nd Half 2021



OVERVIEW

In Q3 2021, Newcastle* recorded a median house price of \$912,000, and a median unit price of \$825,000. This represents annual (Q3 2020 – Q3 2021) median price growth of 11.8% for houses and 32.3% for units. Between Q3 2020 – Q3 2021 total house sales slowed by -11.4% (to 156 sales) whilst unit sales increased, by 35.6% (to 183 sales). In a rising market, vendors might hold off listing properties, in case of potential further growth. This was amplified by lockdowns, as Newcastle* saw a reduction in the number of houses listed for sale; yet there was strong demand. PRD Newcastle made headlines in Q3 2021 with a record sale of \$8.7M at 44 Kilgour Avenue, Merewether.

	CHANGE FROM LAST	YEAR	HALF YEAR
	House Sales	↓	↓
	House Median Price	↑	↑
	House Rental Price	↑	↔
	Unit Sales	↑	↑
	Unit Median Price	↑	↑
	Unit Rental Price	↑	↓

MARKET CONDITIONS

SALES MEDIAN PRICE Q3 2021



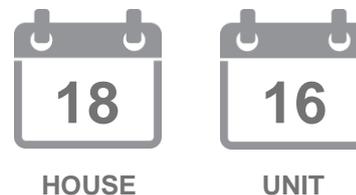
SALES AVERAGE DAYS ON MARKET Q3 2021



RENTAL MEDIAN PRICE Q3 2021

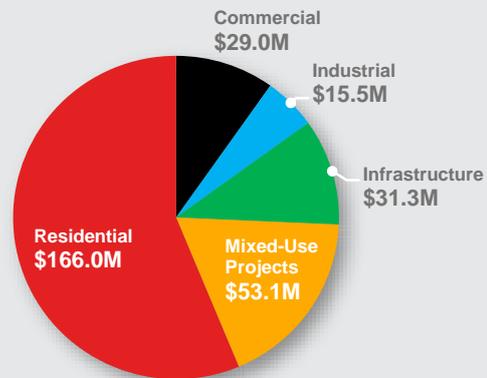


RENTAL AVERAGE DAYS ON MARKET Q3 2021



FUTURE DEVELOPMENTS

Newcastle* is set to see approximately **\$294.8M** worth of new projects commencing in the 2nd half of 2021.



A mixture of project types will stimulate economic growth, create employment opportunities, and add housing supply in Newcastle*. All of which contribute to a more sustainable growth in the future.

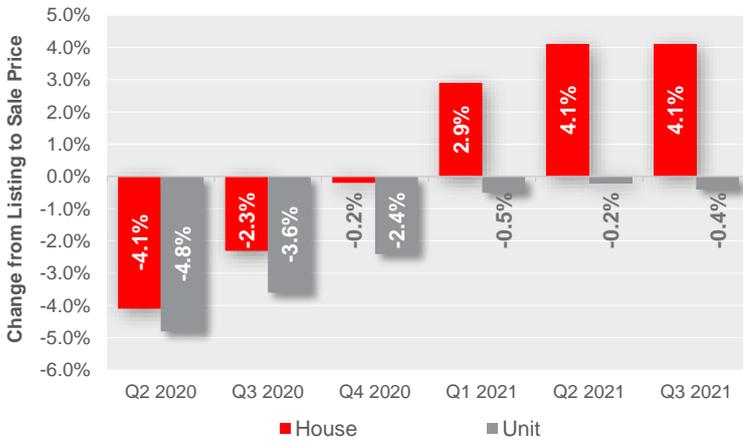
Two main commercial projects over the 2nd half of 2021 are the BP Service Station in Mayfield (\$4.5M) and the Argyle Street Office (\$6M). The service station will see new fuel tanks and associated infrastructure, whilst the office project will add commercial floor space to the existing building. A key infrastructure project is the Cottage Creek & foreshore promenade (\$13.5M). This will increase walkability in the area and add value to surrounding housing.

There are two sets of residential projects set to bring 21 new dwellings to Newcastle*, with the largest residential project being the King Street Mixed Use Building (\$160.9M, 248 Units). That said there is a need for more ready-to-sell houses and lots in the area.



AVERAGE VENDOR DISCOUNT* KEY COMMENTS

Average vendor discount reflects the average percentage difference between the first list price and final sold price. A lower percentage difference (closer to 0.0%) suggests that buyers are willing to purchase close to the first asking price of a property.

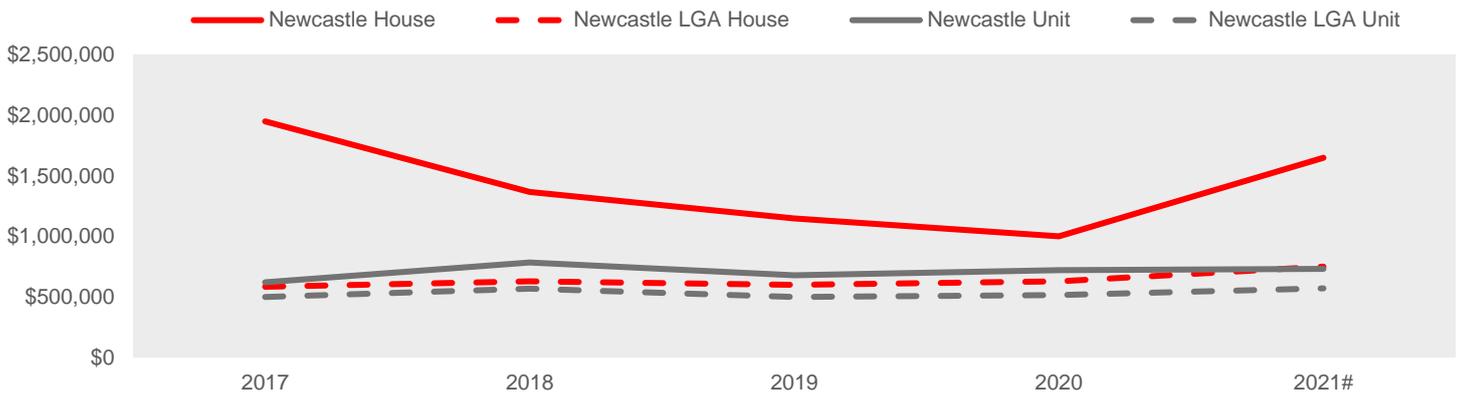


Average vendor discounts between Q3 2020 and Q3 2021 have tightened for units to -0.4% and swung to a premium of 4.1% for houses. Market conditions in Newcastle* favour vendors, where buyers are willing to offer close to or above the initial listing price. Buyers can still benefit from a marginal discount in the unit market however time is limited.

Newcastle has historically outperformed the wider Newcastle Local Government Area (LGA) in both house and unit median prices. Due to its prime locality and low house sales this continues to be the case in 2021#.

The dominant proportion of homes sold in Newcastle* across 2021^ were in the premium price bracket of \$1,200,000 and above (34.4%). Units also recorded a dominant premium price point of \$850,000 and above (36.2%). Despite these dominant premium price points in the Newcastle* region, there is still affordable stock available, particularly for units, in good news for buyers.

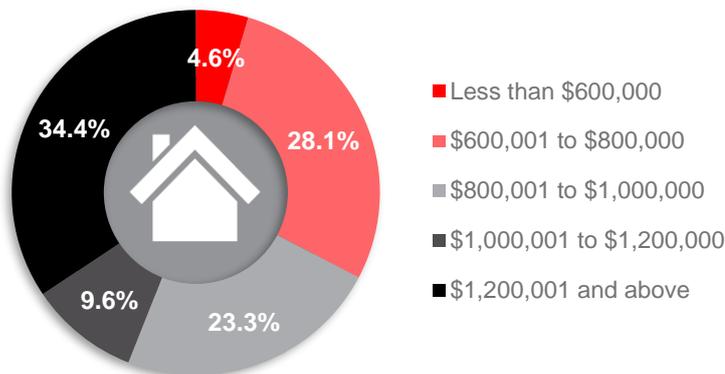
MARKET COMPARISON



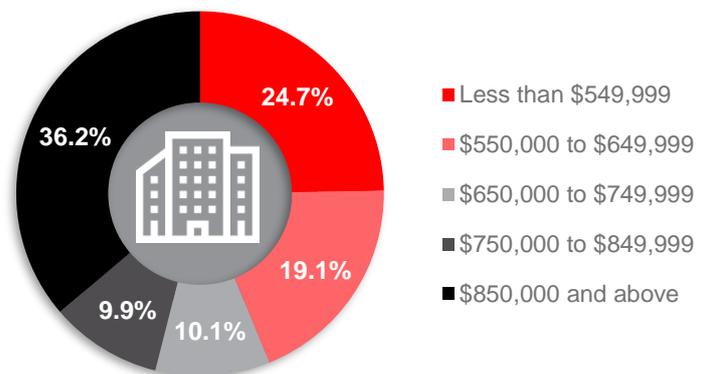
The market comparison graph provides a comparative trend for the median price of houses and units over the past 5 years. The main LGA profiled was chosen based on their proximity to the main suburb analysed, which is Newcastle.

PRICE BREAKDOWN 2021^

HOUSES SOLD



UNITS SOLD



RENTAL GROWTH 2021€

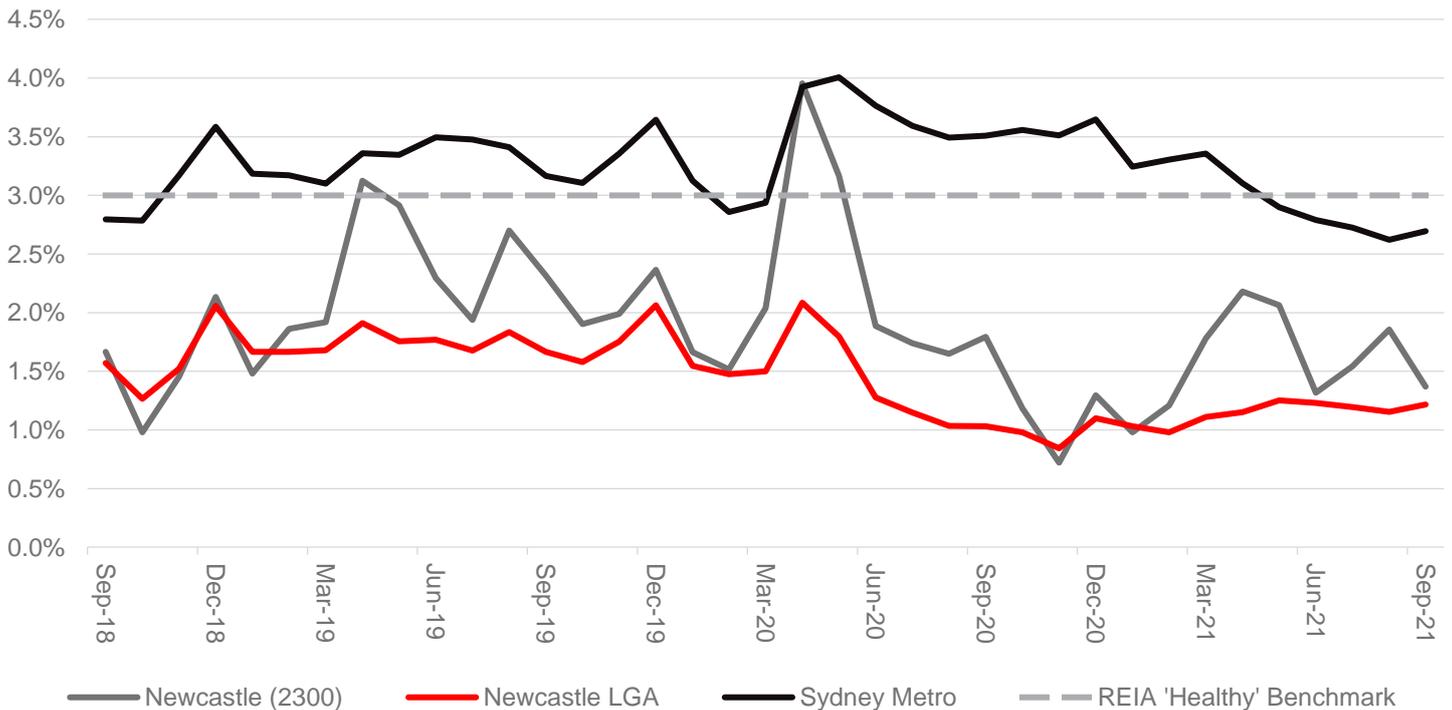
In September 2021, house rental yields in Newcastle* were recorded at 2.7%. In the 12 months to Q3 2021, the median house rental price increased by 17.0% to reach \$550 per week, while average days to let on the market slightly increased by 5.9% (to 18 days) due to lack of supply. This confirms there is a healthy level of rental demand in Newcastle*.

2 bedroom houses have provided investors with +16.1% rental growth annually€, with a median rent of \$490 per week.

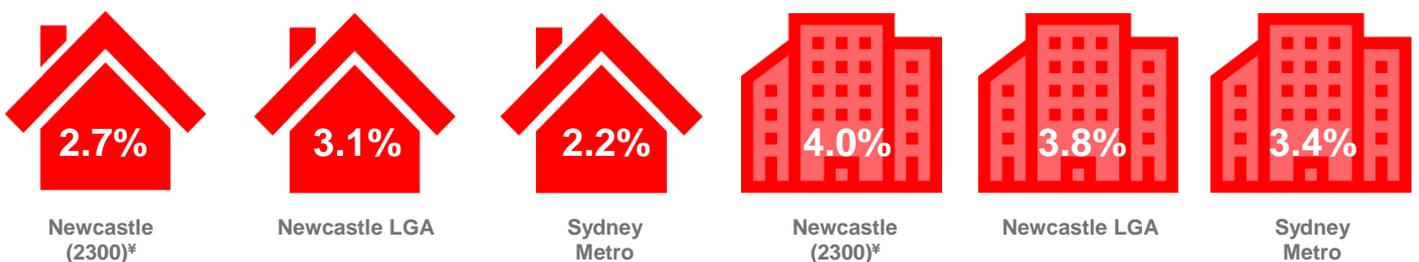
Also in September 2021, Newcastle* recorded a vacancy rate of 1.4%, slightly above Newcastle LGA (1.2%) but below Sydney Metro (2.7%). Vacancy rates in Newcastle* have been declining since April 2021, the peak of the second lockdown, whilst also remaining well below the Real Estate Institute of Australia's healthy benchmark of 3.0% throughout COVID-19. Overall there is a strong rental market and investors can be confident of a conducive investment environment in Newcastle*.



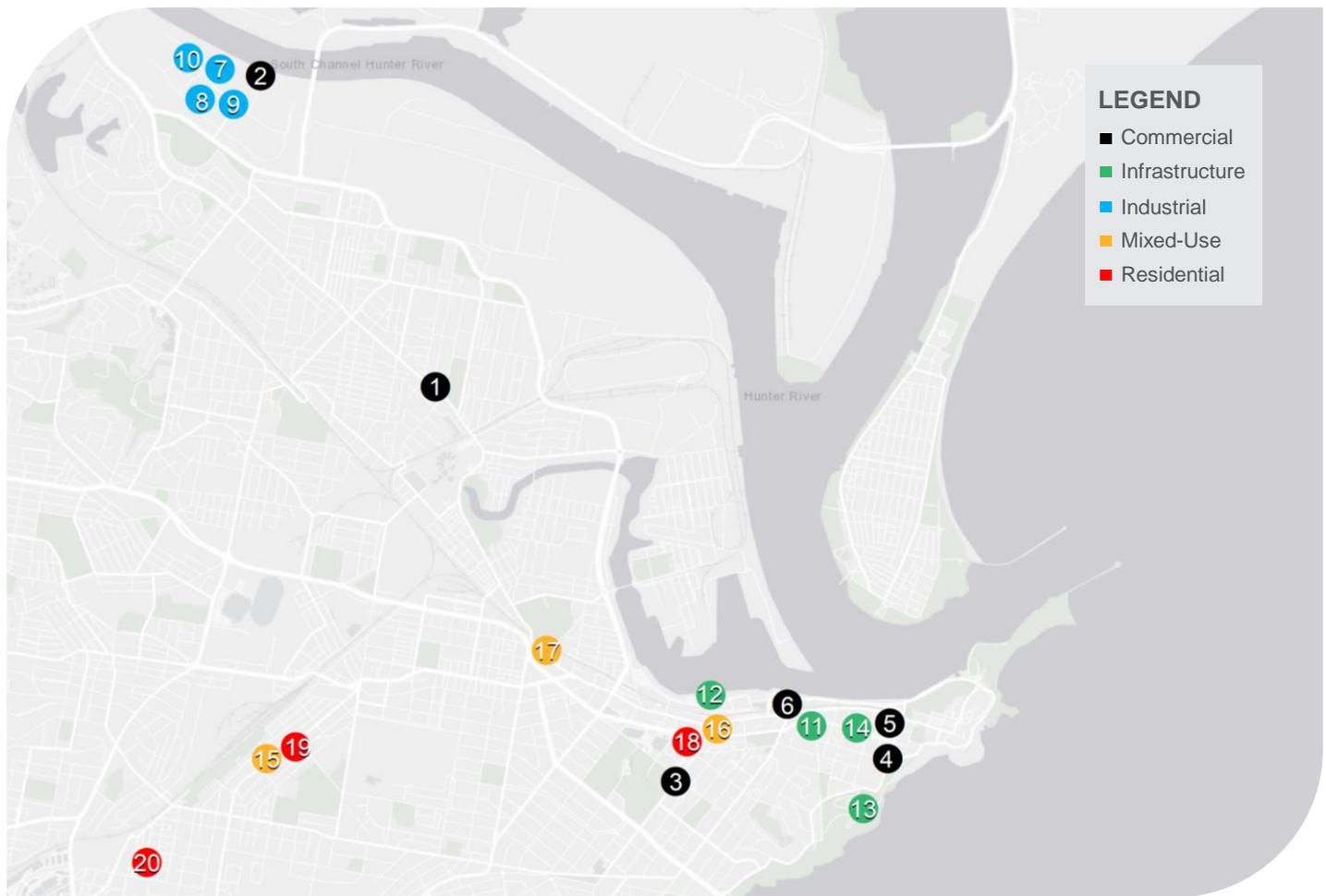
RENTAL VACANCY RATES 2021



RENTAL YIELD 2021§



TOP DEVELOPMENTS MAP 2ND HALF 2021^A



Location	Project [£]	Type	Estimated Value ^µ	Commence Date ^ψ
1	Bp Service Station Mayfield	Commercial	\$4,500,000	18/11/2021
2	Aerologistics Helicopter	Commercial	\$2,272,000	12/11/2021
3	West's City Car Park	Commercial	\$2,396,000	18/12/2021
4	Watt Street Office	Commercial	\$1,883,000	22/08/2021
5	Former Newcastle Post Office	Commercial	\$3,671,000	08/12/2021
6	Argyle Street Office	Commercial	\$6,000,000	26/11/2021
7	Pambalong Drive Warehouse	Industrial	\$1,558,000	26/07/2021
8	Riverside Drive Warehouse Units	Industrial	\$1,995,000	18/10/2021
9	Riverside Drive Industrial Building	Industrial	\$1,900,000	12/12/2021
10	Industrial Development Site - Steel River Estate	Industrial	\$10,000,000	03/11/2021
11	Rail Bridge Row	Infrastructure	\$3,000,000	02/11/2021
12	Cottage Creek & Foreshore Promenade	Infrastructure	\$13,500,000	25/11/2021
13	East End Hunter Street Mall	Infrastructure	\$4,839,000	09/08/2021
14	King Street Car Park	Infrastructure	\$3,707,000	12/07/2021
15	Brunker Road Mixed Use Development (40 Units)	Mixed-use	\$11,323,000	12/08/2021
16	Hunter Street Mixed Use Development (87 Units)	Mixed-use	\$19,862,000	10/09/2021
17	Hunter Street Mixed Development (76 Units)	Mixed-use	\$20,960,000	18/11/2021
18	King Street Mixed Use Buildings (248 Units)	Residential	\$160,899,000	09/11/2021
19	Gosford Road Dwellings (12 Dwellings)	Residential	\$2,850,000	24/07/2021
20	Eighth Street Dwellings (6 Dwellings)	Residential	\$1,500,000	15/11/2021

OUR SERVICES INCLUDE

- Advisory and consultancy
- Market analysis including profiling and trends
- Primary qualitative and quantitative research
- Demographic and target market analysis
- Geographic information mapping
- Project analysis including product and pricing recommendations
- Rental and investment return analysis

OUR KNOWLEDGE

Access to accurate and objective research is the foundation of all good property decisions.

OUR PEOPLE

Our research team is made up of highly qualified researchers who focus solely on property analysis.

OUR SERVICES

Our research services span over every suburb, LGA, and state within Australia; captured in a variety of standard and customised products.



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New Lambton
Warners Bay
Project Display Suite Hunter Mall

REFERENCES

* Newcastle market data and key indicators encapsulates aggregate property market conditions within the suburbs of Adamstown, Cooks Hill, Mayfield, Merewether, New Lambton, and Newcastle.

** Estimated values are based on construction value provided by the relevant data authority and does not reflect commercial and/or re-sale value.

2021 encapsulates sales transactions for 2021 (01/01/2021 – 30/09/2021) only.

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€ Annual rental growth is a comparison between 2020 (01/01/2020 – 30/09/2020) and 2021 (01/01/2021 – 30/09/2021) house median rent figures.

¥ Newcastle market data encapsulates aggregate property conditions within the postcode of 2300.

§ Rental yields shown are as reported as of September 2021.

⌘ Project development map showcases a sample of upcoming projects only, due to accuracy of addresses provided by the data provider for geocoding purposes.

£ Projects refers to the top developments within the suburbs of Adamstown, Cooks Hill, Mayfield, Merewether, New Lambton, and Newcastle.

μ Estimated value is the value of construction costs provided by relevant data authority, it does not reflect the project's sale/commercial value.

ψ Commencement date quoted for each project is an approximate only, as provided by the relevant data authority, PRD does not hold any liability to the exact date.

Source: APM Pricerfinder, Cordell Connect database, SQM Research, Esri ArcGIS.

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