

# PROPERTY WATCH® REPORT

## NEWCASTLE LOCAL GOVERNMENT AREA

Fourth Quarter 2013



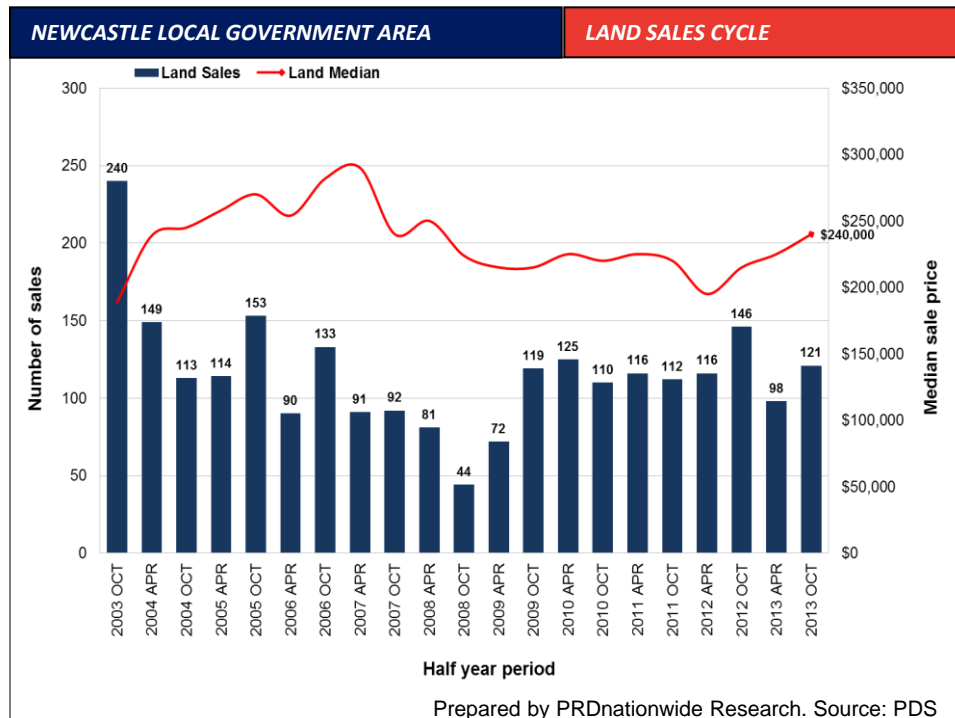
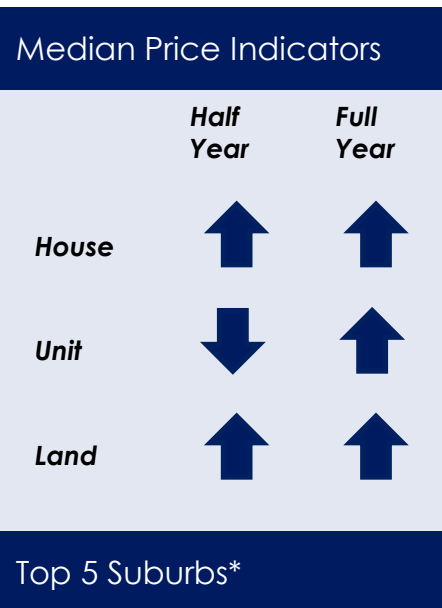


## Newcastle Area Overview

The City of Newcastle is undergoing a period of significant redevelopment and growth. With projects such as the City Centre Revitalisation and continued expansion in the local energy and natural resources sector planned, buyers previously relegated to the fringe suburbs of Sydney are looking north for opportunities to live in close proximity to an urban hub with growing employment prospects.

***“Newcastle is undergoing a period of significant redevelopment and growth”***

With Sydney median prices achieving record highs in 2013 investors have also begun to search for greater perceived value.



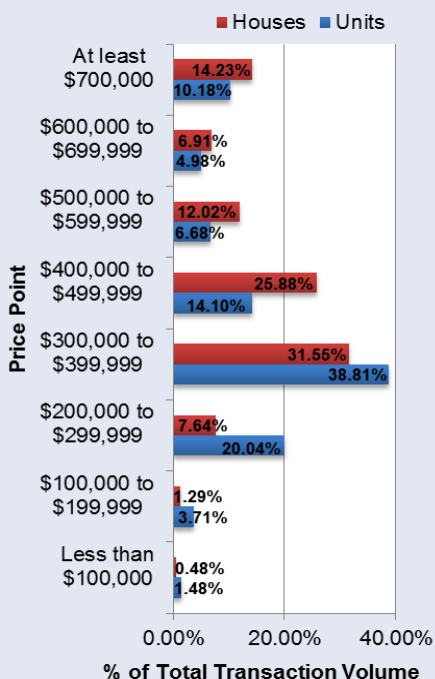
The region continues to be the beneficiary of significant capital projects investment despite recent volatility in the energy and natural resources, manufacturing and trade exposed sectors. Over the next decade it is projected that total capital expenditure in the greater region will be in excess of \$3 billion.

Developers, investors, prospective owners and vendors alike should take notice of the ongoing recovery evident in the market for vacant land in the Newcastle area. Over the 12 months to October 2013 the median land price increased 11.6 per cent to \$240,000 and is approaching levels last recorded in 2008. Land sales volume rebounded strongly over six months ending October 2013, up 23.5 per cent to 121 but still below the 146 transactions recorded in the half year to October 2012.

\*Average capital growth Oct 2012 – Oct 2013

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## Price Point Summary



## Quick Facts: House &amp; Unit\*

- **Median House Price: \$430,000**
- **Median Unit Price: \$354,950**
- **House Transactions: 1,295**
- **Unit Transactions: 480**

## Quick Facts: Movements\*

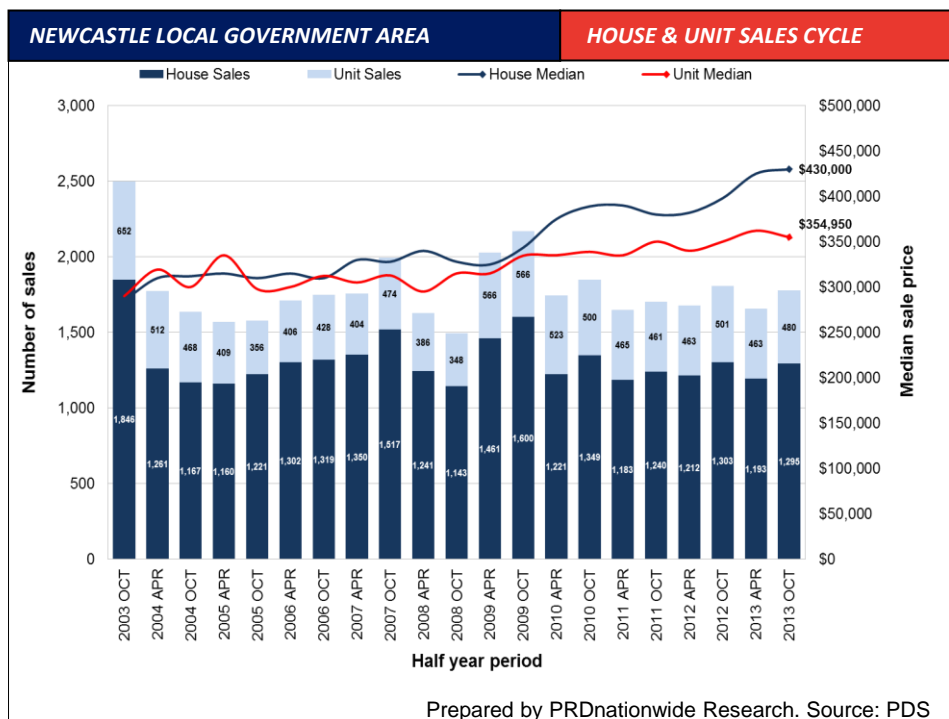
- **Median House Price: Up 8.0%**
- **Median Unit Price: Down 1.9%**
- **House Transactions: Up 8.5%**
- **Unit Transactions: Up 3.7%**

## Sustained Price Growth

Newcastle has exhibited strong and sustained growth in the median house price over recent years. Furthermore, the regional market has proved particularly resilient in the face of a range of negative economic influences including the Global Financial Crisis and competitive pressures arising from the persistent strength of the Australian Dollar.

Over the 12 months to October 2013 the median house price increased 8 per cent to \$430,000. The median unit price rose a more modest 1.4 per cent over the same period, to \$354,950.

Overall improvement in employment prospects, sector diversification and consistent demand for residential stock over time have been key drivers of this trend.



Activity was strongest in the \$300,000 to \$399,999 range for both house and unit stock for the six months to October 2013. Since the 12 months ending October 2009 there has been a 31.1 per cent increase in the proportion of house transactions above \$399,999. Similarly, the proportion of unit transactions for more than \$299,999 has increased 15 per cent over the same period. This upward shift in the price point composition of transactions is likely to persist well into 2014 as investor interest increases, largely as a result of affordability relative to Sydney.

Opportunities exist for providers of affordable stock with the proportion of residents living in social housing accommodation 46.6 per cent higher than the national average as at the 2011 Census.

\*Figures relate to the period from April – October 2013

## About PRDnationwide Research

**PRDnationwide's research division provides reliable, unbiased, and authoritative property research and consultancy to clients in metro and regional locations across Australia.**

Our extensive research capability and specialised approach ensures our clients can make the most informed and financially sound decisions about residential and commercial properties.

## Our Knowledge

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

As the first and only truly knowledge based property services company, PRDnationwide shares experience and knowledge to deliver innovative and effective solutions to our clients.

We have a unique approach that integrates people, experience, systems and technology to create meaningful business connections. We focus on understanding new issues impacting the property industry; such as the environment and sustainability, the economy, demographic and psychographic shifts, commercial and residential design; and forecast future implications around such issues based on historical data and fact.

## Our People

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

Skilled in deriving macro and micro quantitative information from multiple credible sources, we partner with clients to provide strategic advice and direction regarding property and market performance. We have the added advantage of sourcing valuable and factual qualitative market research in order to ensure our solutions are the most well considered and financially viable.

Our experts are highly sought after consultants for both corporate and government bodies and their advice has helped steer the direction of a number of property developments and secured successful outcomes for our clients.



## Our Services

**PRDnationwide provides a full range of property research services across all sectors and markets within Australia.**

We have the ability and systems to monitor market movements, demographic changes and property trends. We use our knowledge of market sizes, price structure and buyer profiles to identify opportunities for clients and provide market knowledge that is unbiased, thorough and reliable.

## 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
- Competitive project activity analysis
- Economic indicators
- Social research, including focus groups



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