



Postcodes 2264 and 2265
Property Factsheet
1st Half 2019





MARKET CONDITIONS

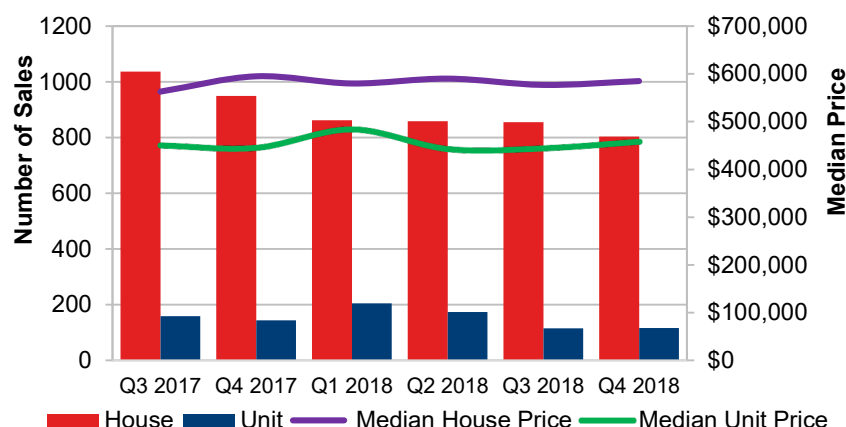
The property market in postcodes 2264 and 2265* recorded a median house price of \$545,000 in Q4 2018. This reflected an annual (Q4 2017 – Q4 2018) median price softening of -5.2%. On the other hand, the median unit price strengthened during this timeframe, by 1.7% to \$390,000. By comparison the *Postcodes 2264 and 2265* 2nd half 2018 Research Factsheet* reported a 6.4% median price growth for house and 8.2% for units between Q3 2017-Q3 2018. This suggests properties in postcodes 2264 and 2265* is now more affordable

Over the same period (Q4 2017-Q4 2018), median house prices in the Lake Macquarie (LGA) softened by -1.7% to \$585,000, while median unit price strengthened by 2.8% to \$457,500. Compared to Lake Macquarie LGA, houses and units in postcodes 2264 and 2265* are more affordable, providing first home buyers and investors an opportunity to enter the current market.

Average vendor discounting between Q4 2017 and Q4 2018 has widened from -4.3% to -6.4% for houses and from -2.2% to -11.9% for units. Postcode 2264 and 2265* market has remained in the buyers' favour, where sellers are willing to negotiate on their first list asking price. Now is the time to transact in the market. Buyers can benefit from higher discounts, unit sellers can capitalise on current positive median price growth, and house sellers can minimise risks.

Median house rental prices in postcodes 2264 and 2265* has experienced a softening of -6.8% between Q4 2017-Q4 2018, to \$410 per week. Median unit rents also softened, by -4.5% to \$320 per week. Investors are benefiting from a resilient rental uptake however, as vacancy rates are on a declining trend and recording 2.6% as of December 2018. This suggests that despite a softening in median rent prices, properties are rented quicker, securing cash flow for investors. Furthermore, rental yields in postcode 2264 and 2265* (3.5% house; 5.3% unit) are well above Sydney Metro (2.9% house; 3.8% Units).

LAKE MACQUARIE CITY COUNCIL GROWTH



OVERVIEW

Postcodes 2264 and 2265 are located approx. 115km from the Sydney CBD, in the western shore of Australia's largest Coastal saltwater. Auction clearance rates were at 55.6% in 2nd half 2018. This is on par with Lake Macquarie LGA auction clearance rate of 54.6%. This suggests a high level of successful auctions, making it a viable option for selling property.

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

FUTURE DEVELOPMENTS*

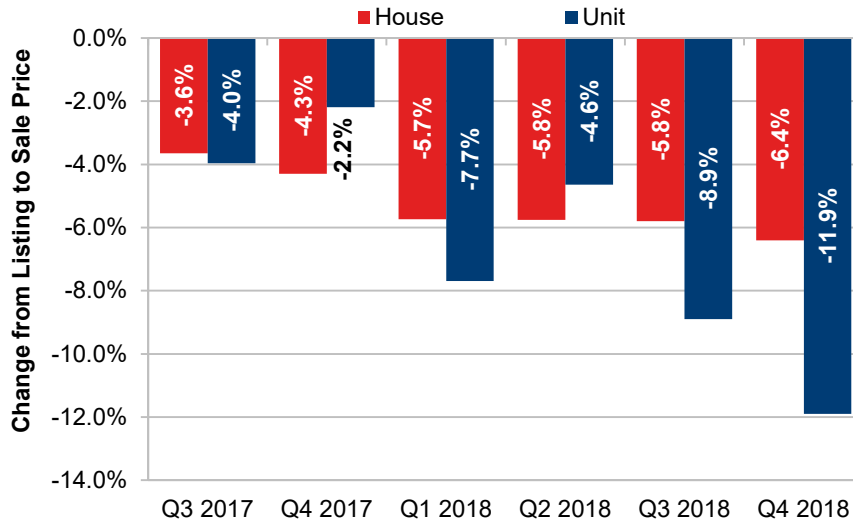
Postcodes 2264 and 2265* is set to see approx. \$49.3M worth of projects commencing in 1st half of 2019. The majority of this is dedicated to commercial projects (\$24.0M, 48.7%). This is followed by residential (\$14.6M, 29.6%), industrial (\$8.3M or 16.9%), and infrastructure (\$2.4M, 4.9%). The combination of these projects will unlock private investment and create employment opportunities.

A significant commercial project is the Crusaders Yarrwonga Park (\$21.7M), which consist the construction of a recreational facility expansion. Other key projects include the Station Street Group Homes (\$1.6M) and Owens Road Eco Tourist facility (\$700K).

Postcodes 2264 and 2265* plans to add 283 lots and 33 dwellings into the market in 1st Half of 2019. Examples include: Gradwells Road subdivision (\$9.0M, 251 lots), Stockton Street Dwellings (\$4.2M, 33 Dwellings) and Highland Avenue Residential Subdivision (\$1.4M, 32 lots). This incoming residential supply will help accommodate the 8.3% population growth in the area between 2011-2016, and also cater to the increasing demand for newer housing stock.

*Market data and key indicators encapsulates aggregate property market conditions in the postcodes of 2264 and 2265.
*Estimated values are based on construction value provided by the relevant data authority and does not reflect commercial and/or re-sale value
Source: APM Pricefinder, realestate.com.au. © Copyright PRDNationwide 2019.

AVERAGE VENDOR DISCOUNT*



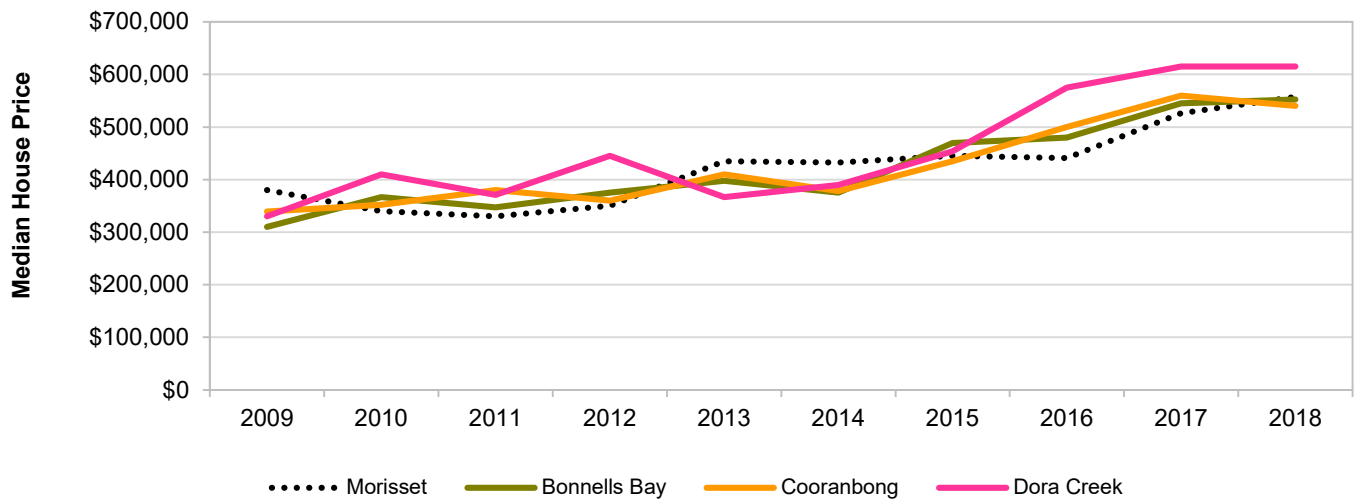
AVERAGE VENDOR DISCOUNT

Average vendor discount reflects the average percentage difference between first list price and final sold price. A lower percentage difference (closer to 0) suggests buyers are willing to purchase close to the first asking price of a property.

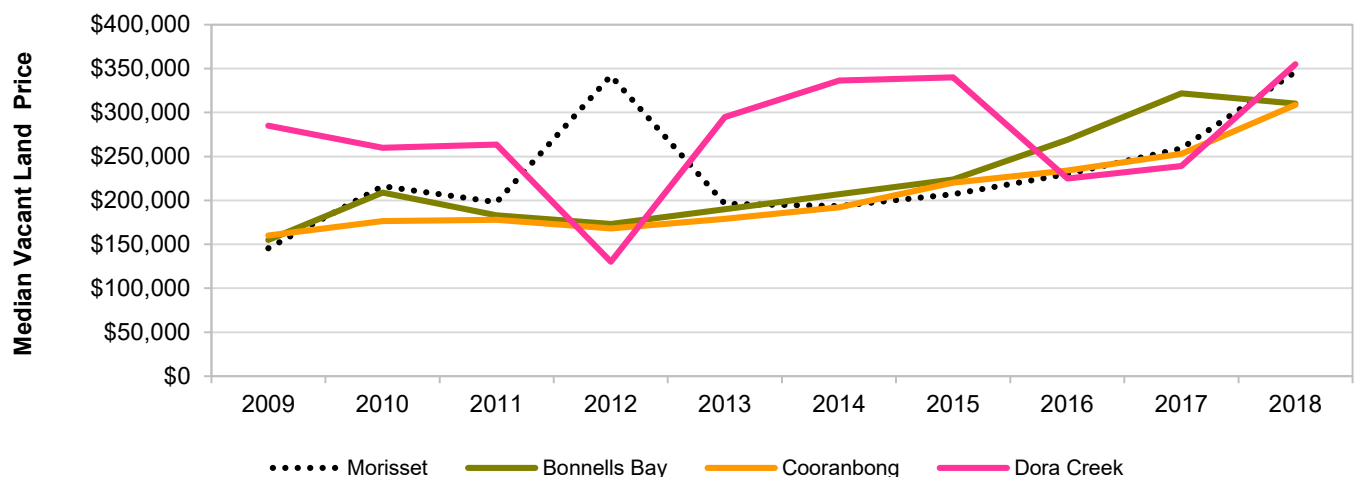
MARKET COMPARISON GRAPH

The market comparison graph provides comparative trend for median price of house and units over the past 10 years. Suburbs profiled are chosen based on the top performing suburbs within the postcodes of 2264 and 2265*. The main suburb is highlighted through a dotted black line graph.

HOUSE MARKET COMPARISON



VACANT LAND MARKET COMPARISON**

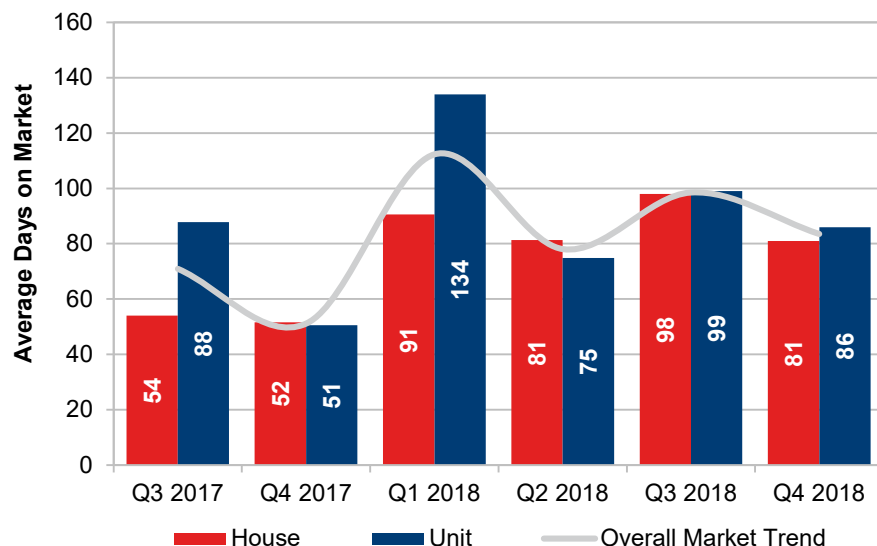


*Average vendor discount market data and key indicators encapsulates aggregate property market conditions in the postcode 2264 and 2265.

**Market comparison graphs are between Median house price and Median vacant land price for the top performing suburbs within the post codes of 2264 and 2265.

Source: APM Pricefinder. © Copyright PRDNationwide 2019.

AVERAGE NUMBER OF DAYS ON THE MARKET**



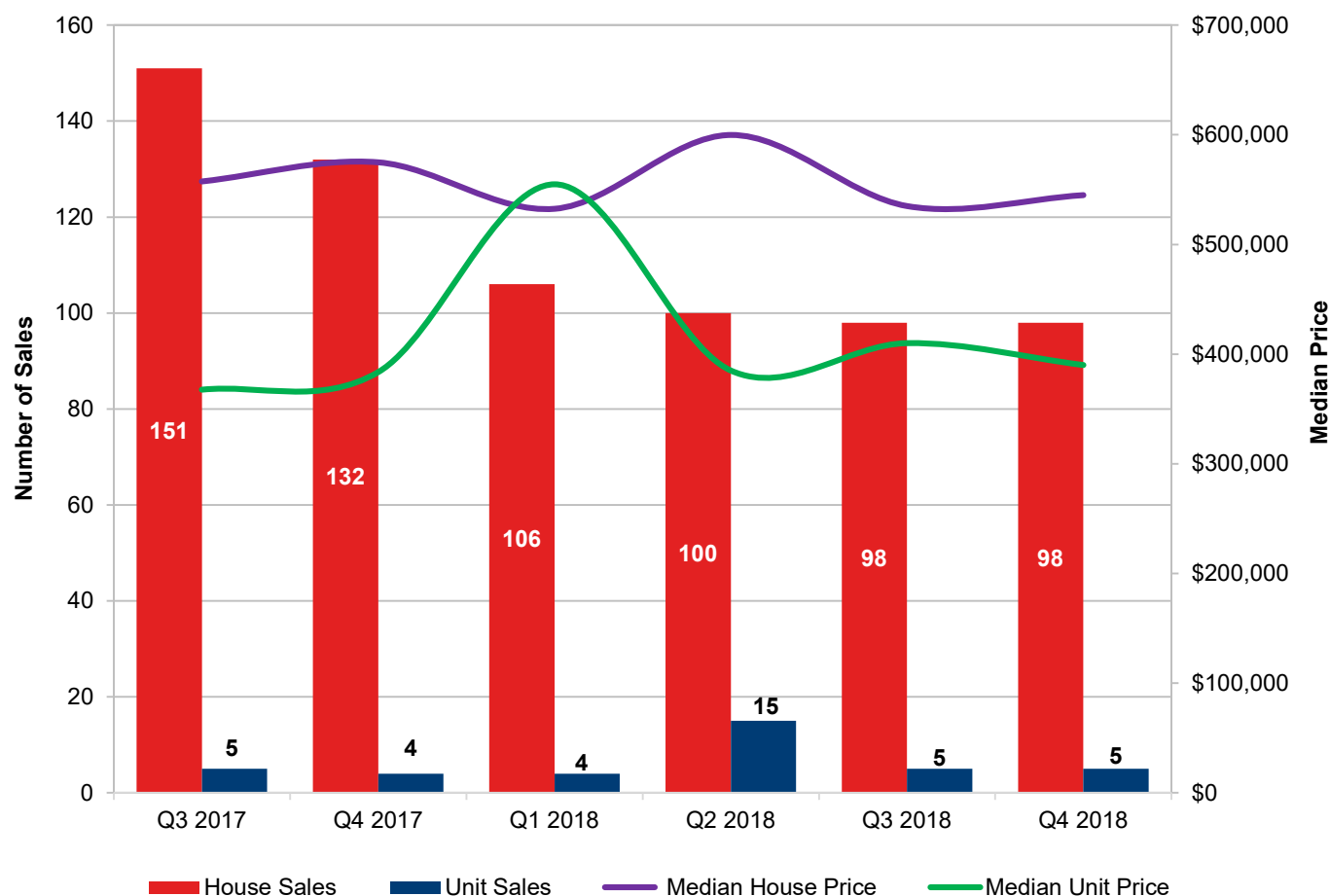
HOUSE KEY FACTS Q4 2018

Median Sale Price: \$545,000
Annual Growth: -5.2%*
Average Days on Market: 81
% Change between First Listed Price and Sold Price: -6.4%

UNIT KEY FACTS Q4 2018

Median Sale Price: \$390,000
Annual Growth: 1.7%*
Average Days on Market: 86
% Change between First Listed Price and Sold Price: -11.9%

SALES AND MEDIAN PRICE**



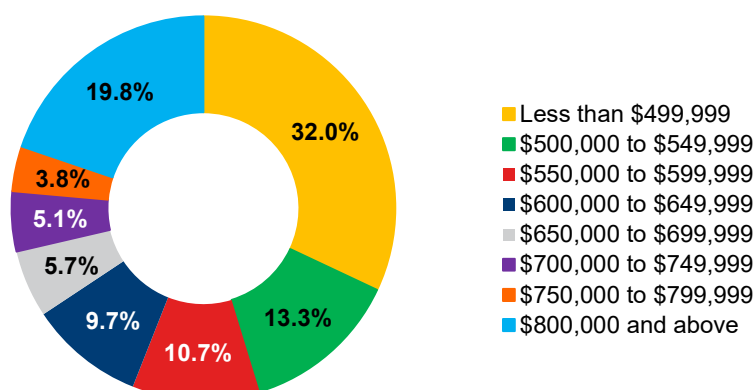
*Annual growth represents price growth for property transactions between Q4 2017 to Q4 2018 (inclusive).

**Sales market data and key indicators encapsulates aggregate property market conditions in postcodes 2264 and 2265.

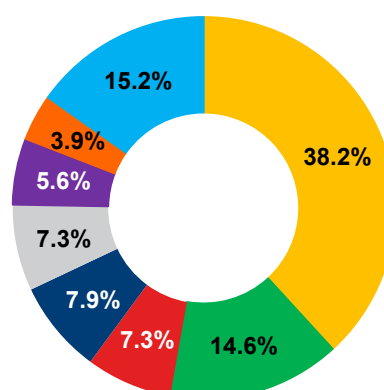
Source: APM Pricefinder, realestate.com.au, SQM Research. © Copyright PRDNationwide 2019.

SALES PRICE POINT COMPARATIVE ANALYSIS

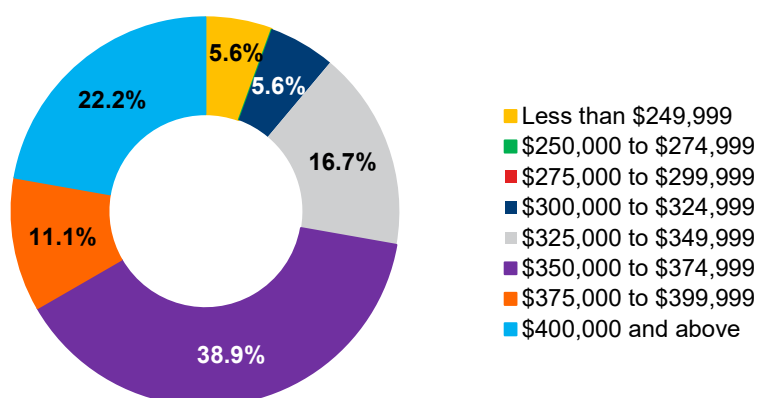
HOUSE PRICE POINT 2017



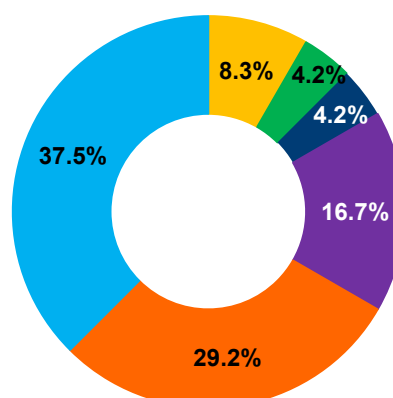
HOUSE PRICE POINT 2018



UNIT PRICE POINT 2017



UNIT PRICE POINT 2018



KEY IMPLICATIONS - HOUSE

In 2018 the dominant proportion of houses sold was within the lowest price point bracket of less than \$499K (38.2%). This price bracket had a significant increase in sales activity, from 32.0% in 2017; which shows high first home buyer activity within this price bracket. This is in line with the -5.2% softening of median house price in postcodes 2264 and 2265* between Q4 2017-Q4 2018, shifting house sales price points towards the lower end.

The higher price bracket of \$800K and above also declined in sales activity, from 19.8% in 2017 to 15.2% in 2018. Investors and first time home buyers should take this opportunity to enter the market as houses have become more affordable.

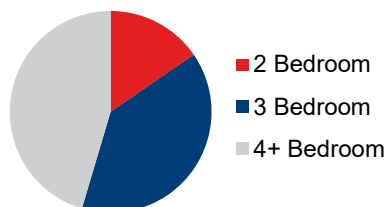
KEY IMPLICATIONS - UNIT

The unit market in postcodes 2264 and 2265* has seen large fluctuations between price point brackets, heading towards a resilient market. The proportion of units sold in 2018 fell mostly within the \$400K and above (37.5%) and \$375-\$400K price segments (29.2%). This is a large shift compared to the most dominant price bracket in 2017, which was in the \$350K-\$376K bracket (at 38.9%).

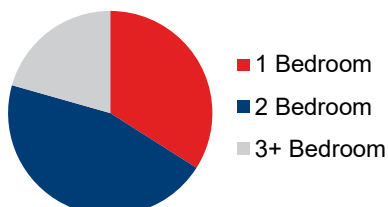
Premium quality stock is preferred in 2018. Yet affordable options are still available as the lower price point bracket of less than \$250K increased in sales activity from 5.6% in 2017 to 8.3% in 2018. Now is the time for first home buyers to enter the market as units prices are still affordable, with the opportunity of capital gains in the future.

INVESTMENT ANALYSIS

HOUSE



UNIT



HOUSE KEY FACTS Q4 2018

Median Rent Price: \$410 per week
Rental Yield: 3.5%
Average Days on Market: 32
Bedroom Breakdown:
 2 Bed: 15%, 3 Bed: 39%, 4+ Bed: 45%

UNIT KEY FACTS Q4 2018

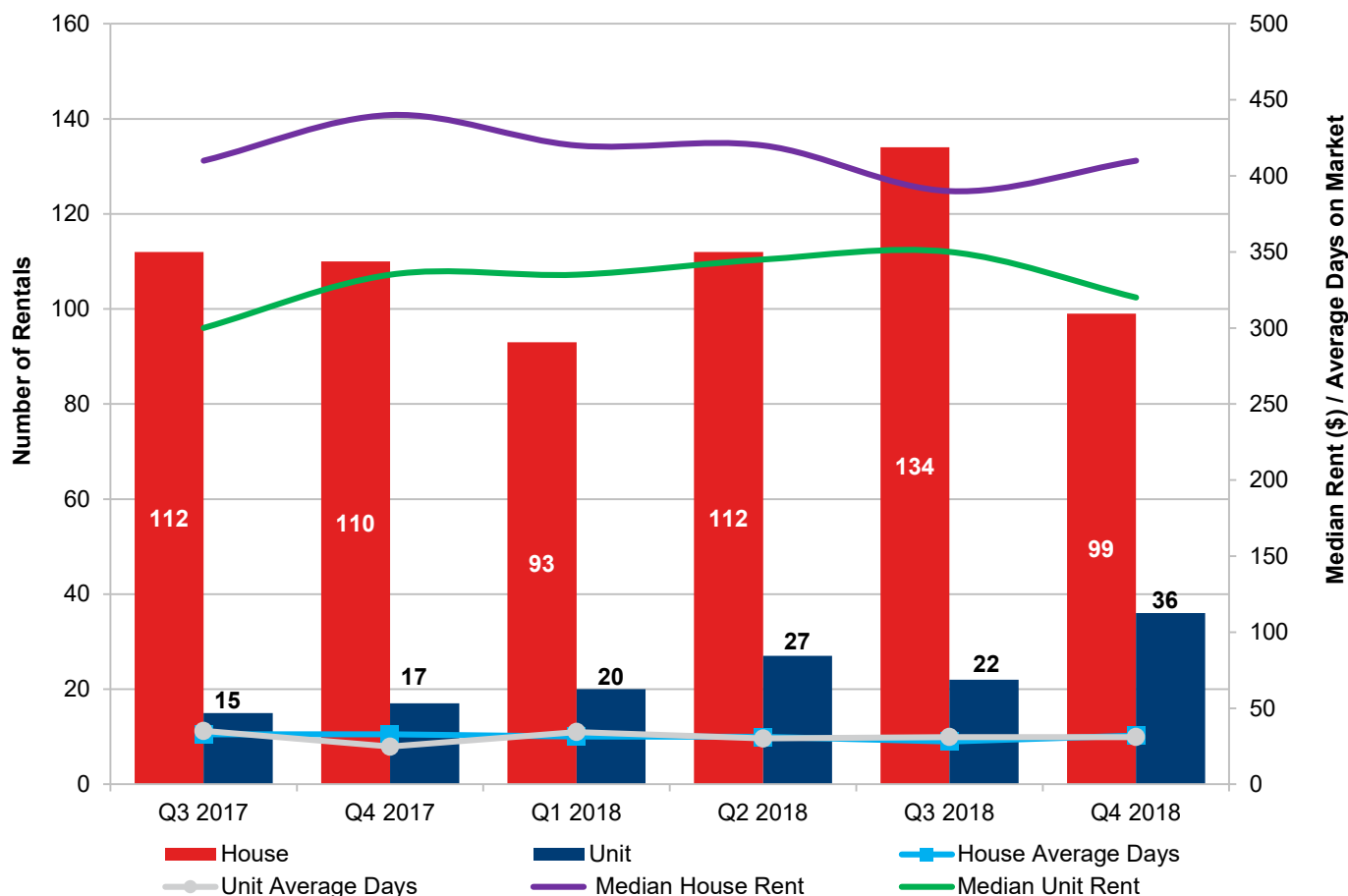
Median Rent Price: \$320 per week
Rental Yield: 5.3%
Average Days on Market: 31
Bedroom Breakdown:
 1 Bed: 34%, 2 Bed: 45%, 3+ Bed: 21%

KEY COMMENTS

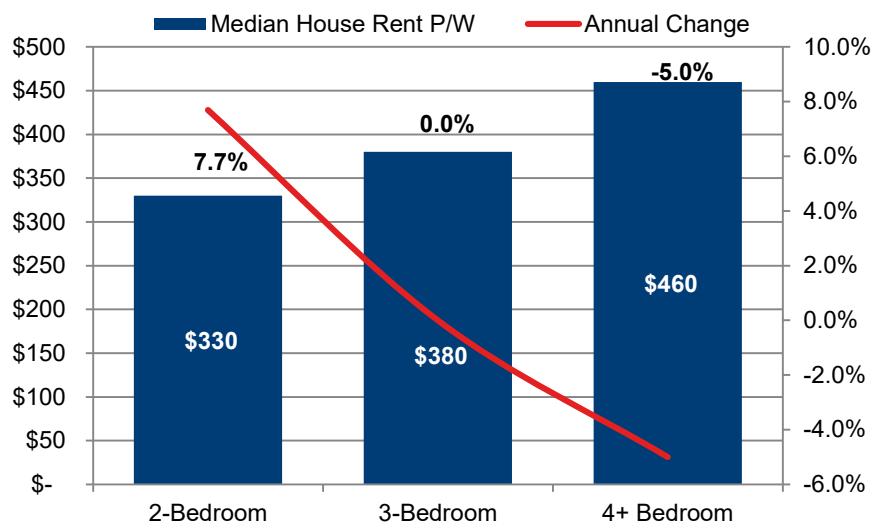
The median house rental price in postcode 2264 and 2265* was \$410 per week as of Q4 2018. This represents an annual (Q4 2017 – Q4 2018) price softening of -6.8%. Median unit rents also softened by -4.5% to \$320 per week. The number of units rented during this period has increased exponentially from 17 units in Q4 2017 to 36 units in Q4 2018, which when combined with a softening in median unit rent price suggests that the unit rental market is saturated. The number of houses rented declined slightly (-10.0%), which when combined with a softening in median house rent price suggests a resilient market for investment.



MEDIAN RENT AND AVERAGE DAYS ON MARKET*



RENTAL PERFORMANCE 2018*



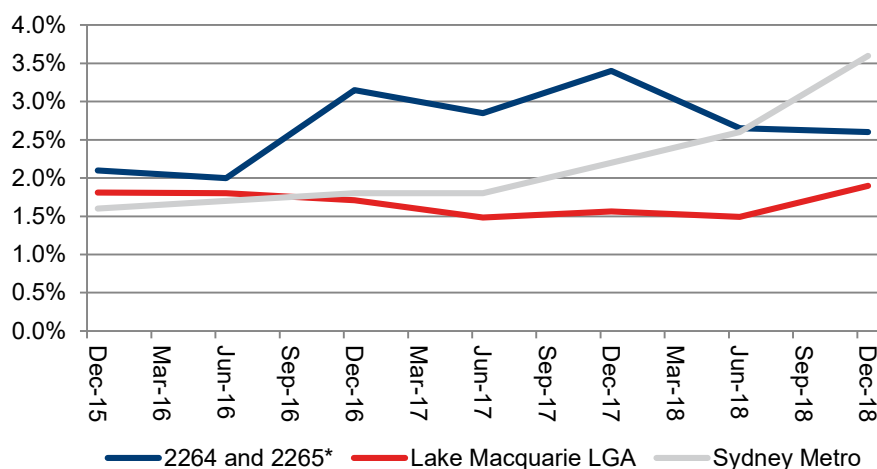
KEY COMMENTS

Over the past 12 months to Q4 2018 rental yields in postcode 2264 and 2265* were at 3.5% (house) and 5.3% (units). Rental yields for units are on par with Lake Macquarie LGA and well above that of Sydney Metro (3.8%).

2 bedrooms house provide the highest annual rental growth, at 7.7%.

Investors should be mindful of the fluctuating occupancy levels due to the new supply of residential housing. Vacancy rates of 2.6% was recorded in December 2018, and have shown a declining trend over the past 12 months. This indicates that rental stock is being absorbed, heading towards a sustainable level of rental demand.

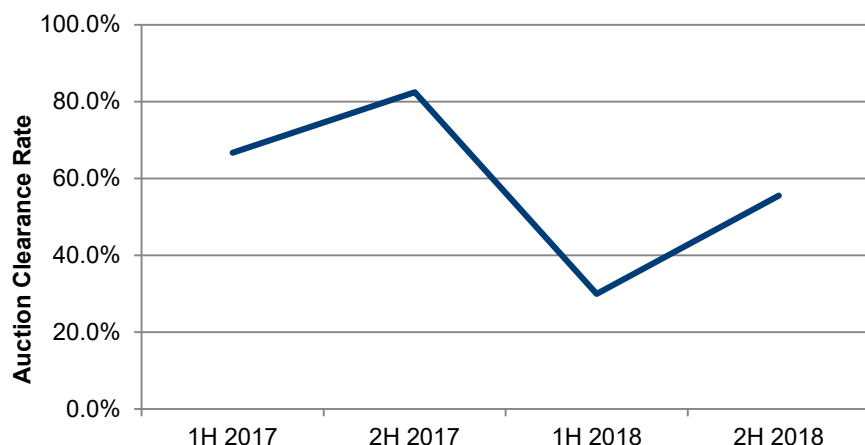
VACANCY RATES 2018



RENTAL YIELD 2018

Suburb/ Postcode/ LGA	House Rental Yield	Unit Rental Yield
Postcodes 2264 and 2265*	3.5%	5.3%
Lake Macquarie LGA	4.0%	5.3%
Sydney Metro	2.9%	3.8%

AUCTION CLEARANCE RATES 2018**



2H 18 COMPARISON

Suburb/ Postcode/ LGA	Auction Clearance Rate
Postcodes 2264 and 2265*	55.6%
Lake Macquarie LGA	54.6%
Sydney Metro^	44.3%

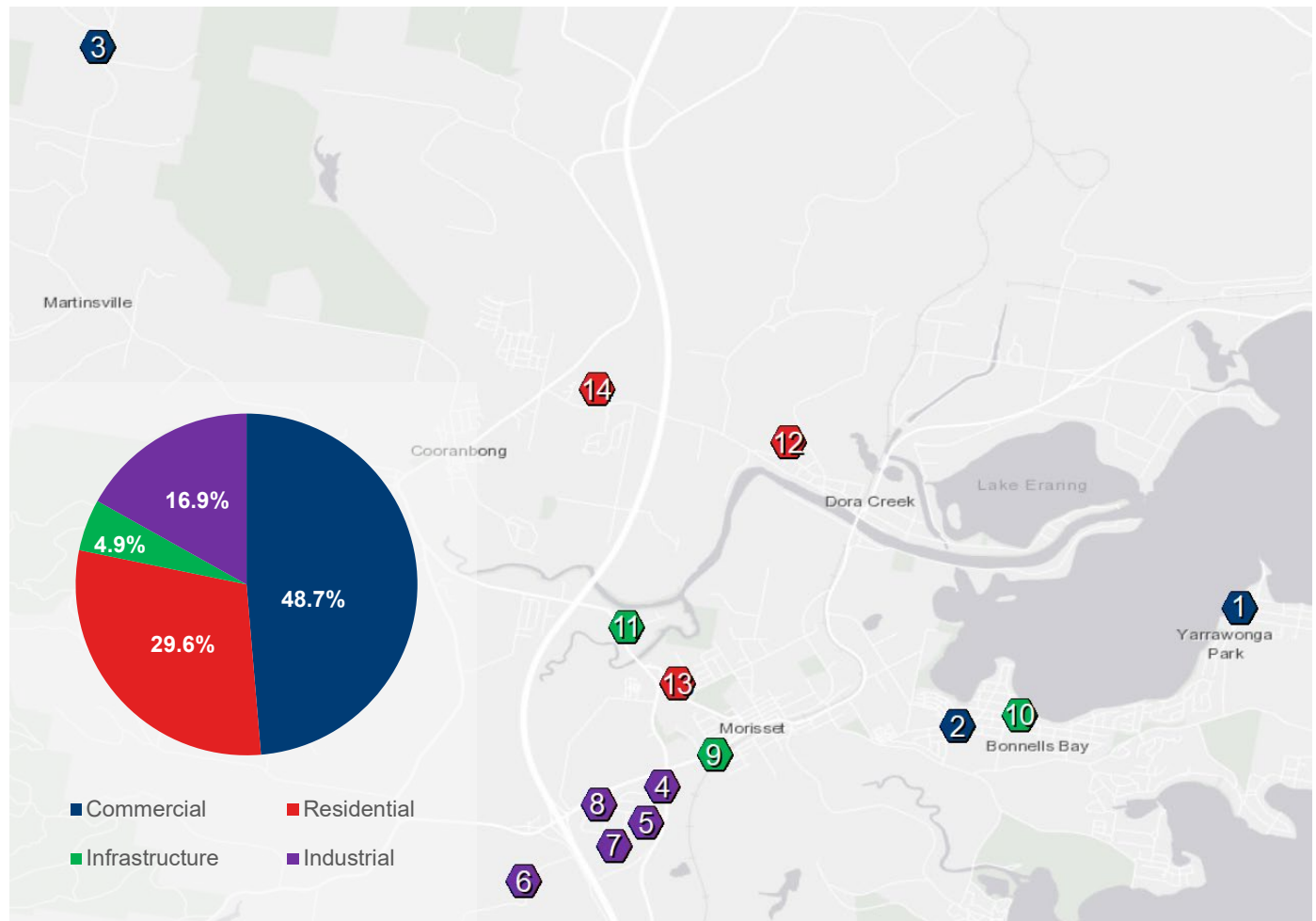
*Rental performance graph represents aggregate house median rent prices in the following postcodes: 2264 and 2265. Annual change is a comparison between 2017 and 2018 median rent figures.

**Auction Clearance rates are for all residential auctions held in the following postcodes: 2264 and 2265, calculated in the 2nd half 2018.

^Capital city data obtained by accumulating Domain's weekly auction clearance results.

Source: APM Pricefinder, Domain, SQM Research. © Copyright PRDnationwide 2019.

PROJECT DEVELOPMENT MAP 1st HALF 2019*



Location	Project**	Type	Estimated Value***	Commence Date****
1	Crusaders Yarrwonga Park	Commercial	\$21,700,000	29/01/2019
2	Station Street Group Homes	Commercial	\$1,600,000	26/03/2019
3	Owens Road Eco Tourist Facility	Commercial	\$700,000	01/01/2019
4	Kam Close Industrial Development	Industrial	\$4,100,000	02/03/2019
5	Wyee Road Industrial Subdivision Stages 1-3	Industrial	\$2,000,000	18/05/2019
6	Crooks Road Poultry Farm	Industrial	\$1,500,000	12/06/2019
7	Accolade Avenue Industrial Units	Industrial	\$564,000	03/06/2019
8	Accolade Avenue Warehouse	Industrial	\$154,000	27/02/2019
9	Newcastle Street Group Home	Infrastructure	\$800,000	17/06/2019
10	Lahc - Bonnell's Bay Group Home	Infrastructure	\$800,000	03/06/2019
11	Beauty Point Road Group Home	Infrastructure	\$800,000	27/05/2019
12	Gradwells Road Subdivision- (251 Lots)	Residential	\$9,000,000	03/06/2019
13	Stockton Street Dwellings Stages 1 & 2 - Woodlands Morisset- (33 Dwellings)	Residential	\$4,200,000	01/04/2019
14	Highland Avenue Residential Subdivision- (32 Lots)	Residential	\$1,400,000	13/05/2019

*Disclaimer: 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 postcodes 2264 and 2265.

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

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

Source: Cordell Database, ESRI ArcGIS, Department of Planning and Environment NSW, The Lake Macquarie City Council. © Copyright PRDnationwide 2019.

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

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

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

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