



PORT STEPHENS MARKET UPDATE 2nd Half 2019



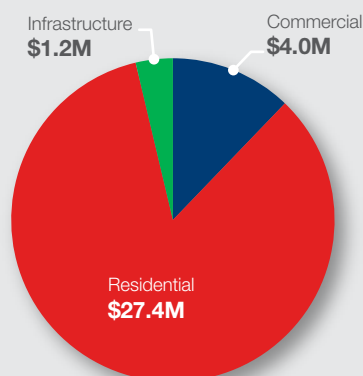
OVERVIEW

In Q3 2019, Port Stephens* recorded a median house price of \$620,000, and a median unit price of \$415,000. This represents annual (Q3 2018 – Q3 2019) median price softening of -11.3% for houses and -11.6% for units. There has been a clear improvement over the past 6 months however, with median prices showing notably less severe softening, of -7.5% for houses and -1.6% for units. This suggests that confidence is returning and the market is recovering.

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

FUTURE DEVELOPMENTS

Port Stephens* is set to see approx. **\$32.6M worth of new projects commencing in the 2nd half of 2019.**



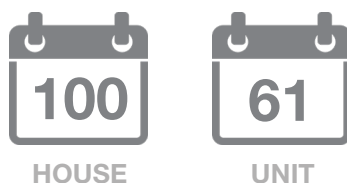
A focus on residential development will enable Port Stephens* to support a growing population and provide current residents with more options with innovative design. However an increase in commercial activity would be ideal as this will create further employment opportunities.

MARKET CONDITIONS

SALES MEDIAN PRICE Q3 2019



SALES AVERAGE DAYS ON MARKET Q3 2019



RENTAL MEDIAN PRICE Q3 2019



RENTAL AVERAGE DAYS ON MARKET Q3 2019



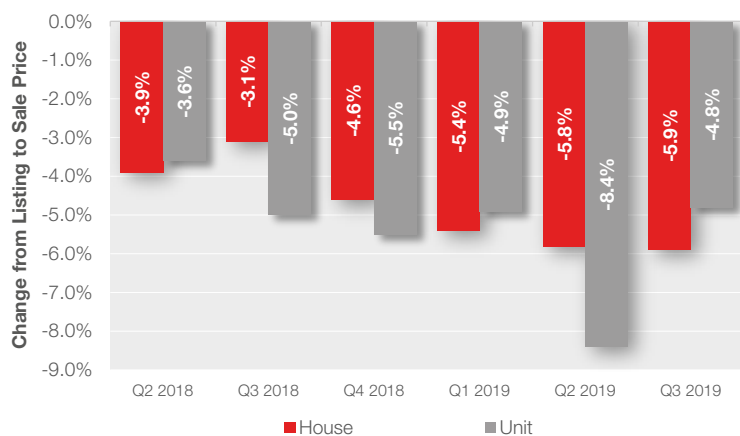
A main commercial project for the 2nd half of 2019 is Santa Catalina Motel (\$2.5M). The development will see the construction of a 4-storey motel with 16 rooms. A residential project highlight is the Donald Street Units (\$6.9M). The project is set to deliver 17 units across six levels.



*Port Stephens market data and key indicators encapsulates aggregate property market conditions within the suburbs Anna Bay, Corlette, Nelson Bay, Salamander Bay, Shoal Bay and Soldiers Point.
**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 Pricer, Cordell Connect database. © Copyright PRDnationwide 2019.

AVERAGE VENDOR DISCOUNT*

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.



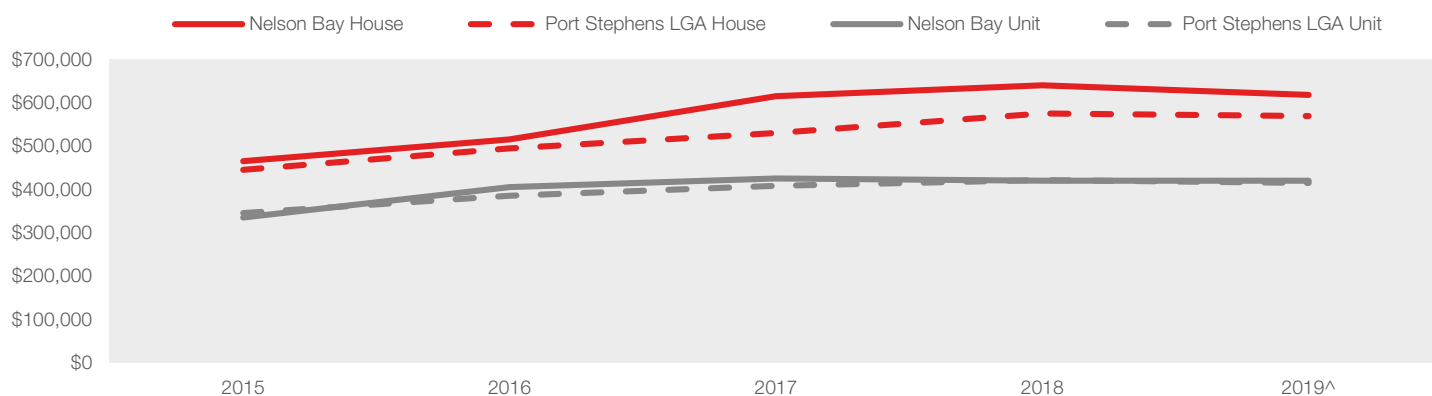
KEY COMMENTS

Average vendor discount between Q3 2018 and Q3 2019 has widened for houses, to -5.9%; and tightened to -4.8% for units. Market conditions in Port Stephens* continue to favour buyers, where sellers are willing to negotiate below their initial listing price. Now is the time to enter the market.

The suburb of Nelson Bay has historically outperformed the wider Port Stephens Local Government Area (LGA) in house median price, with unit median price being relatively on par. This has continued to be the case in 2019[^], cementing the suburb's status as a premium property market within the wider LGA.

The dominant proportion of homes sold in Port Stephens* across 2019[^] were in the mid-range price point of \$600,000-\$700,000 (27.8%). Units recorded a dominant low-range price point of \$350,000-\$450,000 (38.4%). This reveals a clear appetite for affordable unit stock in Port Stephens*. This said there is also a growing premium house market.

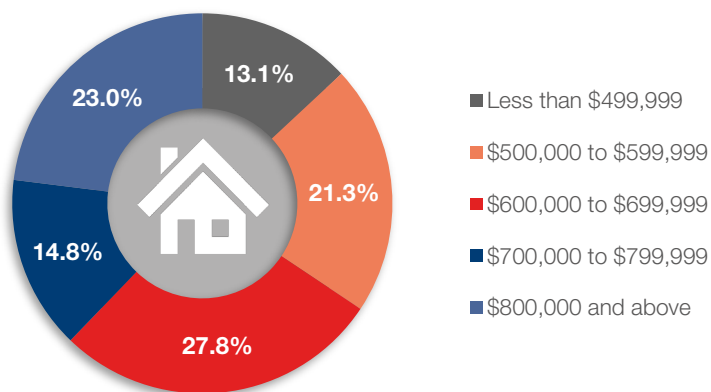
MARKET COMPARISON



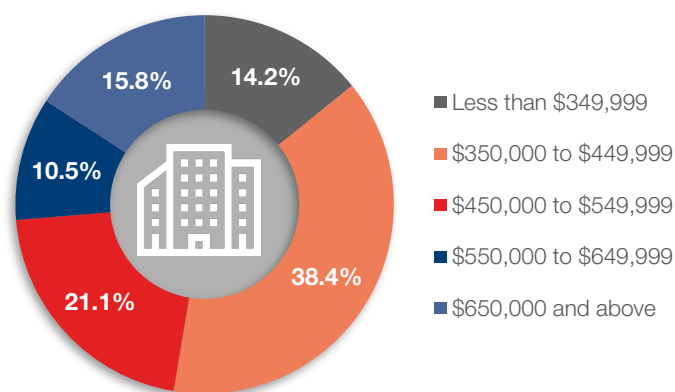
The market comparison graph provides a comparative trend for the median price of houses and units over the past 5 years. The main LGA profiled were chosen based on their proximity to the main suburb analysed, which is Nelson Bay.

PRICE BREAKDOWN 2019[^]

HOUSES SOLD



UNITS SOLD



RENTAL GROWTH 2019*

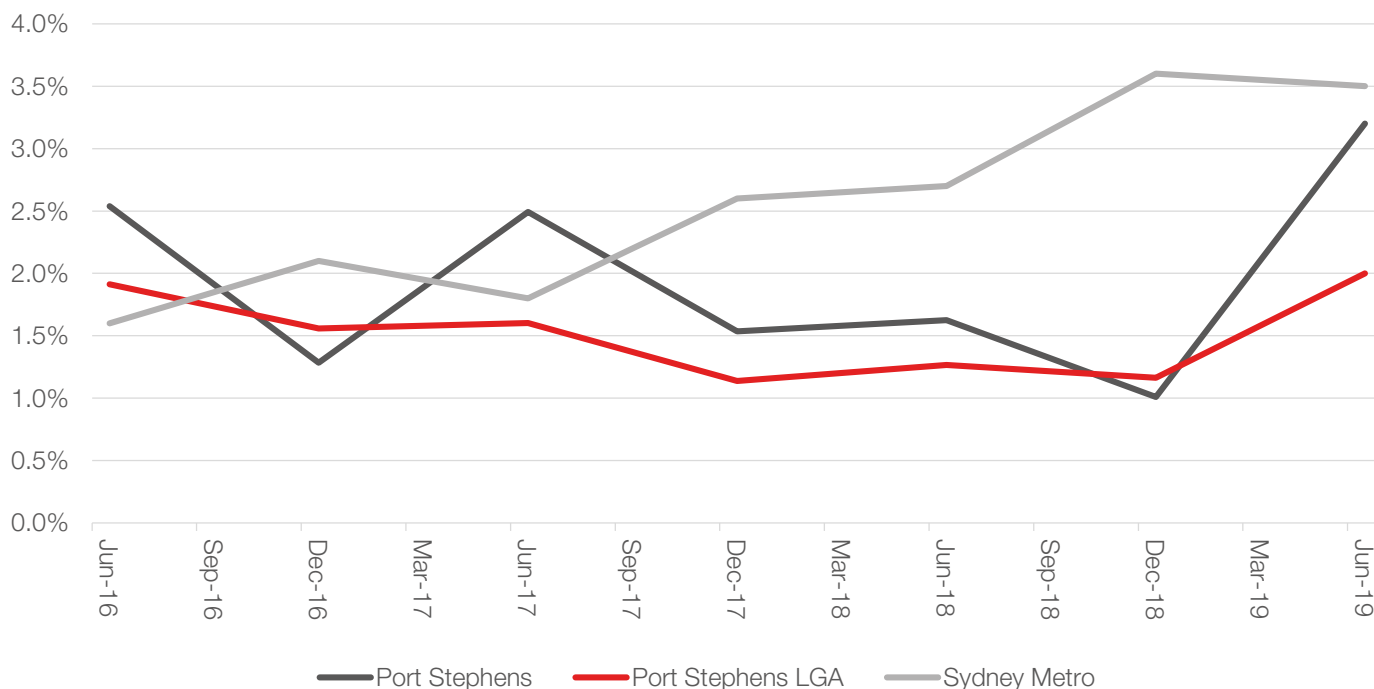
Over the past 12 months, house rental yields in Port Stephens* increased to reach 3.5% in June 2019; well above Sydney Metro's 2.9% average. This suggests the house rental market is in a healthy position, as does the increased demand for rental properties in Port Stephens* across the same time period (up by 8.6% in the 12 months to Q3 2019).

4+ bedroom houses have provided investors with +3.0% rental growth annually, achieving a median rent of \$520 per week.

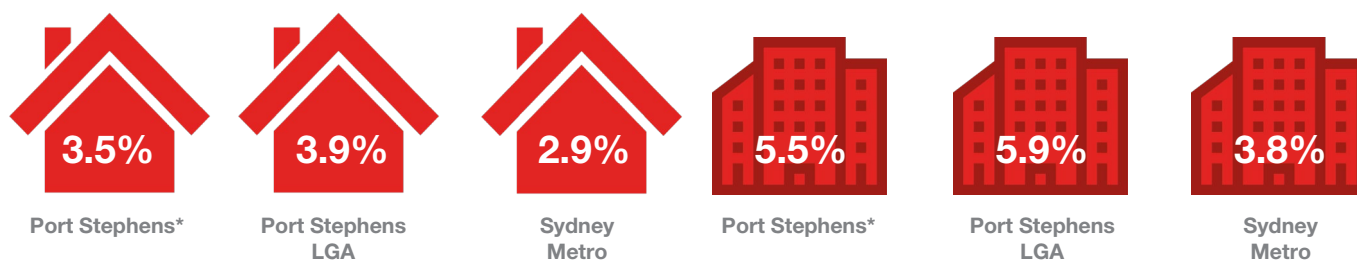
Port Stephens* recorded a vacancy rate of 3.2% in June 2019, which is still below Sydney Metro's 3.5% average. This further confirms a steady rental demand exists for properties in Port Stephens*.



RENTAL VACANCY RATES 2019



RENTAL YIELD 2019^

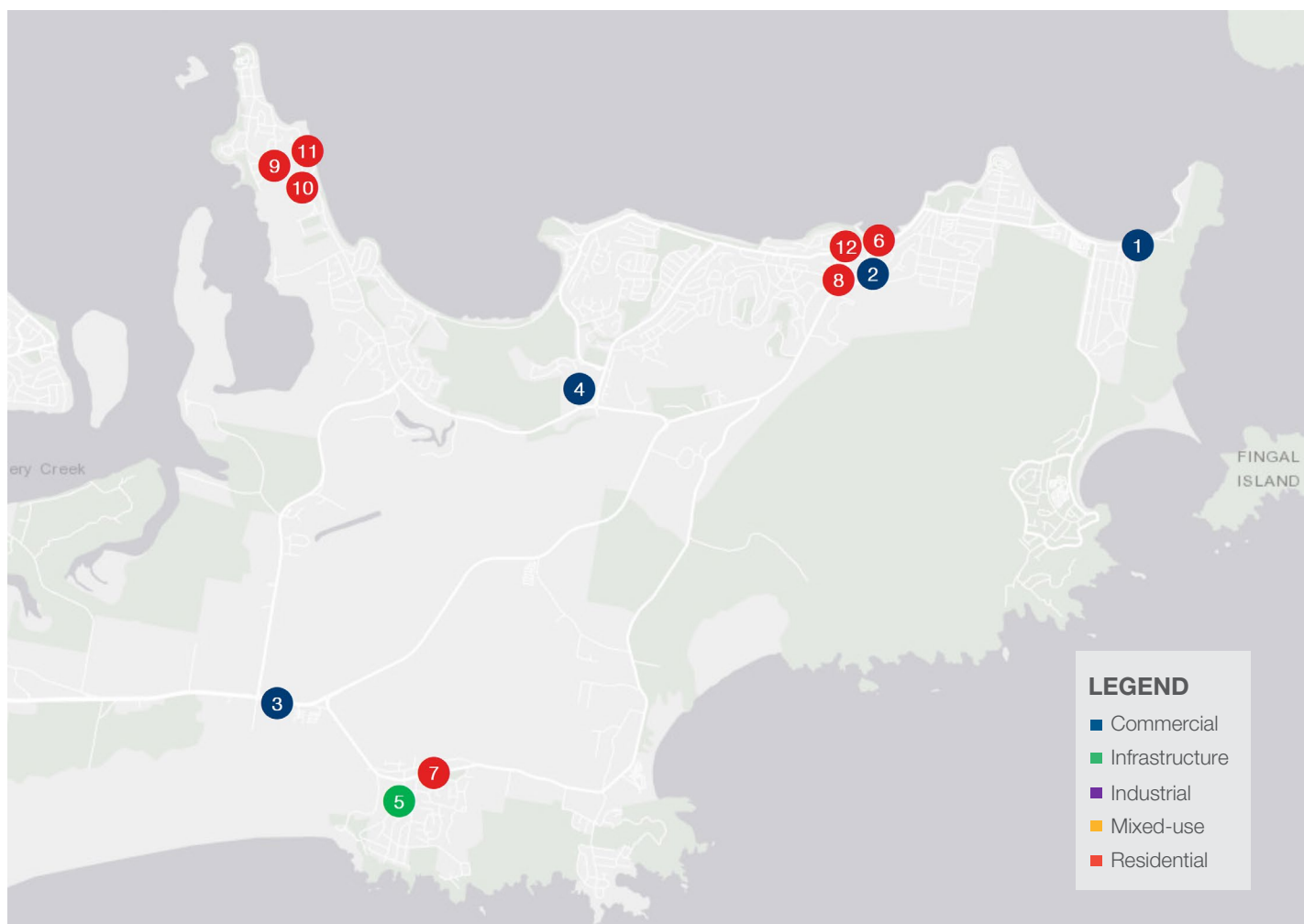


*Rental performance graph represents aggregate house median rent prices within the suburbs Anna Bay, Corlette, Nelson Bay, Salamander Bay, Shoal Bay and Soldiers Point. Annual rental growth is a comparison between 2018 and 2019 (Q1 – Q3) house median rent figures.

^Rental yields shown are as reported at June 2019.

Source: APM Pricerfinder, SQM Research. © Copyright PRDnationwide 2019.

PROJECT DEVELOPMENT MAP 2ND HALF 2019*



| Location | Project** | Type | Estimated Value*** | Commence Date**** |
|----------|---|----------------|--------------------|-------------------|
| 1 | Santa Catalina Motel | Commercial | \$2,480,000 | 02/11/2019 |
| 2 | Yacaaba Street Dental Surgery | Commercial | \$800,000 | 07/11/2019 |
| 3 | Emerald Tiki Village Caravan Park | Commercial | \$444,000 | 15/11/2019 |
| 4 | Town Centre Circuit Telecommunications Facility | Commercial | \$250,000 | 09/08/2019 |
| 5 | Margaret Street Group Homes | Infrastructure | \$1,209,000 | 04/11/2019 |
| 6 | Donald Street Units (17 Units) | Residential | \$6,932,000 | 21/11/2019 |
| 7 | Gan Gan Rd Subdivision (200 Lots) | Residential | \$6,000,000 | 16/09/2019 |
| 8 | Church Street Units (12 Units) | Residential | \$4,223,000 | 17/12/2019 |
| 9 | Bagnall Avenue Townhouses (8 Townhouses) | Residential | \$2,955,000 | 26/08/2019 |
| 10 | Bagnall Avenue Units (8 Units) | Residential | \$2,955,000 | 04/11/2019 |
| 11 | Soldiers Point Road Apartments (6 Apartments) | Residential | \$2,870,000 | 27/10/2019 |
| 12 | Government Rd Townhouses – Silverpoint (6 Townhouses) | Residential | \$1,500,000 | 25/11/2019 |

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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