



Lake Macquarie Market Update 2nd Half 2020



OVERVIEW

In Q3 2020, Lake Macquarie* recorded a median house price of \$677,500, and a median unit price of \$510,000. This represents annual (Q3 2019 – Q3 2020) median price growth of 5.4% for both houses and units. Between Q3 2019 – Q3 2020 total sales increased, by 17.8% for houses (to 199 sales) and by 11.4% for units (to 49 sales). Median price growth and increased sales activity suggest real capital growth in the area, in contrast to general COVID-19 predictions. This indicates high market resilience in Lake Macquarie*, thus creating an ideal market for real estate transactions.

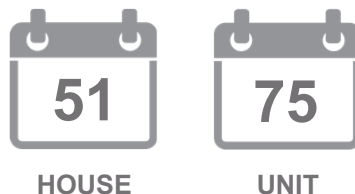
	CHANGE FROM LAST	YEAR	HALF YEAR
	House Sales	↓	↑
	House Median Price	↑	↑
	House Rental Price	↑	↔
	Unit Sales	↑	↓
	Unit Median Price	↑	↓
	Unit Rental Price	↑	↑

MARKET CONDITIONS

SALES MEDIAN PRICE Q3 2020



SALES AVERAGE DAYS ON MARKET Q3 2020



RENTAL MEDIAN PRICE Q3 2020

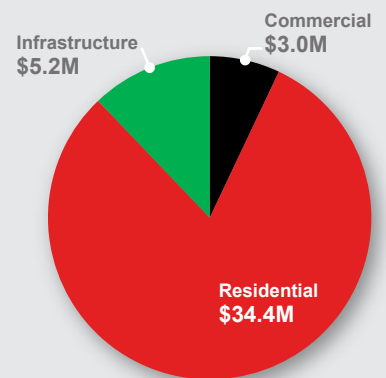


RENTAL AVERAGE DAYS ON MARKET Q3 2020



FUTURE DEVELOPMENTS

Lake Macquarie* is set to see an estimated **\$42.5M** worth of new projects commencing in the 2nd half of 2020.



Commercial and infrastructure projects will stimulate economic growth through new employment, which is expected to in turn positively impact the real estate market. A focus on residential projects ensures there is continuous supply of new stock, which will cater to current high demand and assist in ensuring sustainable price growth.

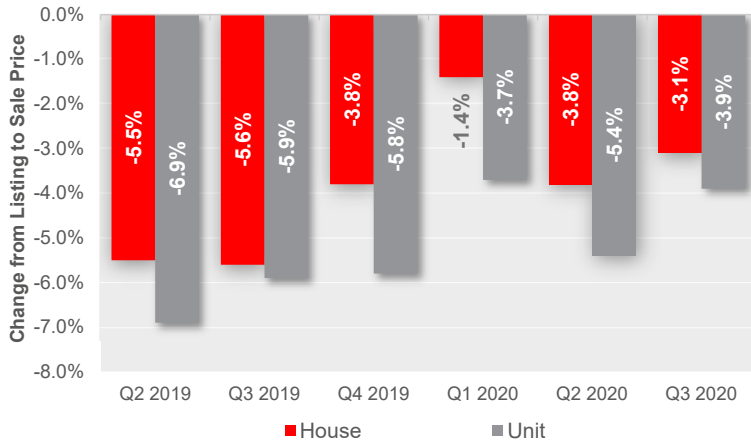
A main commercial project over the 2nd half of 2020 is Hungry Jack's Warners Bay (\$2.0M), which will see a partial demolition to create a new restaurant. Key residential projects include: Butterworth Street Dwellings & Residential Subdivision (\$13.8M, 53 lots), Mulbinga Street Apartments (\$2.8M, 17 apartments), John Street Townhouses (\$1.7M, 5 townhouses), Charlestown Road and Wills Street Townhouses (\$3.5M, 13 townhouses).



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.

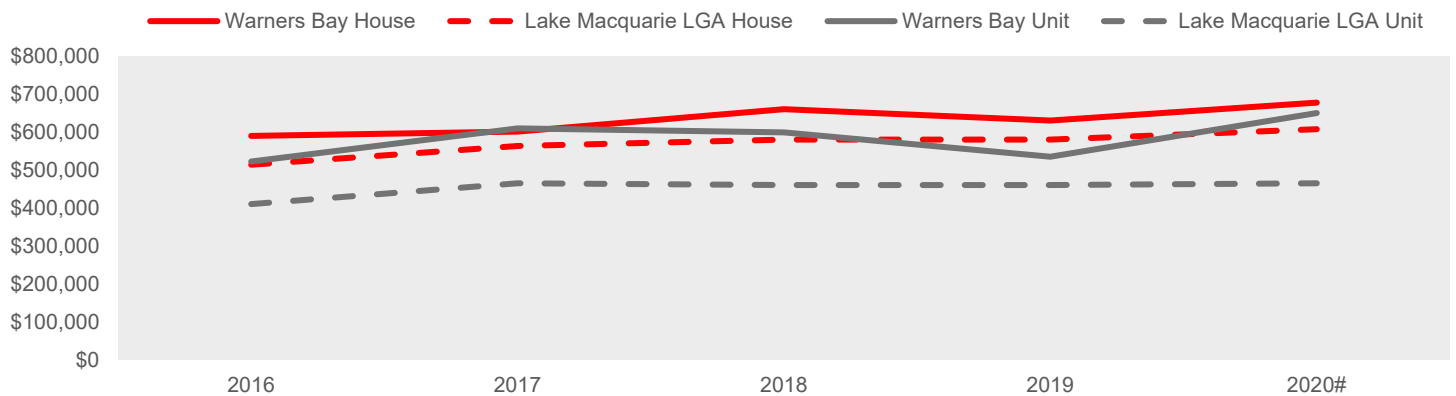
Average vendor discounts between Q3 2019 and Q3 2020 have tightened for both property types, to -3.1% for houses and -3.9% for units. Lake Macquarie* provide unique opportunities. Sellers can achieve a final sale price closer to their first list price, whilst buyers can still benefit from a discount. Now is the time to transact.



The suburb Warners Bay has historically outperformed the wider Lake Macquarie Local Government Area (LGA) in both house and unit median prices. This continues to be the case throughout 2020#.

The dominant share of homes sold in Lake Macquarie* across 2020^ were in the lower-middle price bracket of \$600,000-\$700,000 (33.6%). Units recorded a similar pattern, with a dominant lower-middle price bracket of \$400,000-\$500,000 (30.5%). This reveals that there is a range of price points across the market, catering for both first home buyers and seasoned investors.

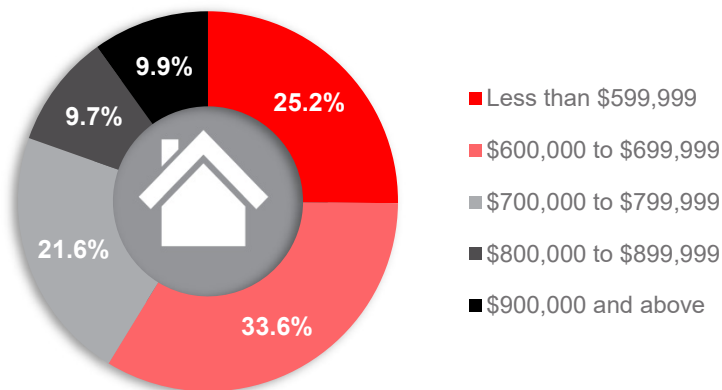
MARKET COMPARISON



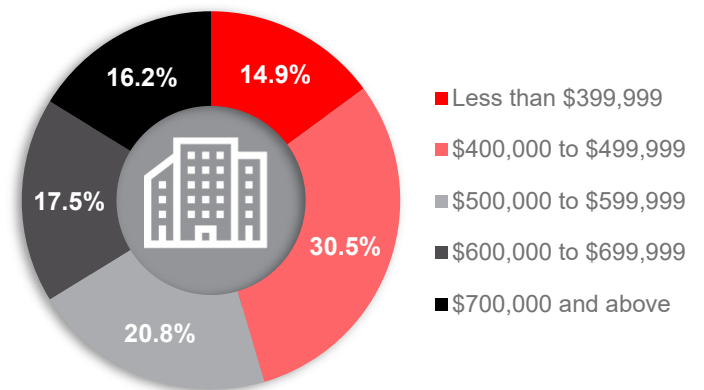
The market comparison graph provides a comparative trend for the median price of houses and units over the past 5 years. The main LGA profiled was chosen based on its proximity to the main suburb analysed, which is Warners Bay.

PRICE BREAKDOWN 2020^

HOUSES SOLD



UNITS SOLD

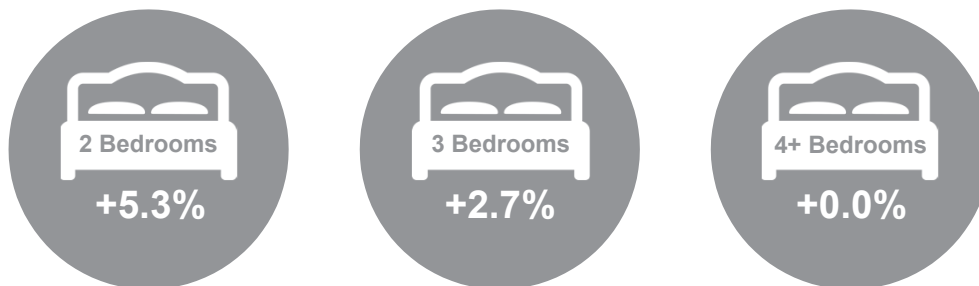


RENTAL GROWTH 2020€

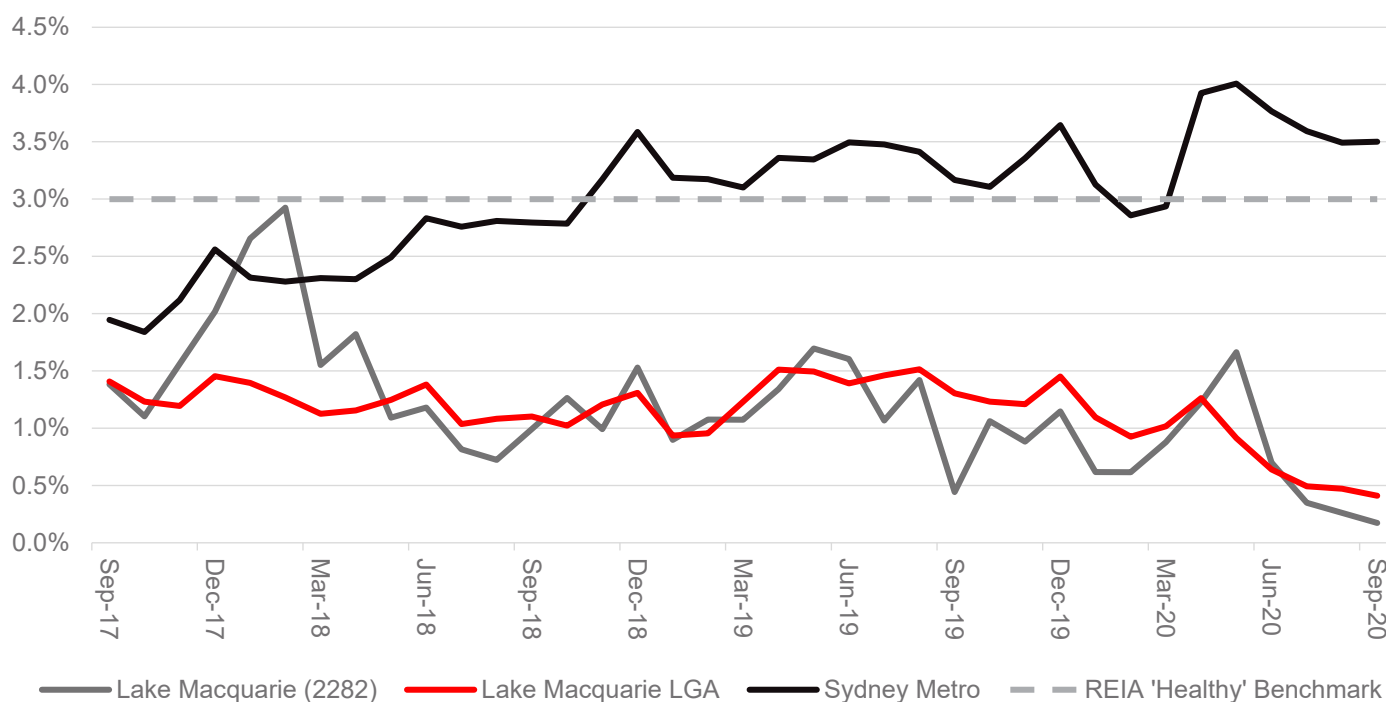
In September 2020, house rental yields in Lake Macquarie* were recorded at 3.2%. In the 12 months to Q3 2020, the median house rental price in Lake Macquarie* increased to \$500 per week, while the average days to rent a house declined by -44.0% (to 14 days). Overall this suggests Lake Macquarie* has remained a resilient rental market throughout COVID-19.

2 bedroom houses have provided investors with +5.3% rental growth annually, with a median rent of \$400 per week.

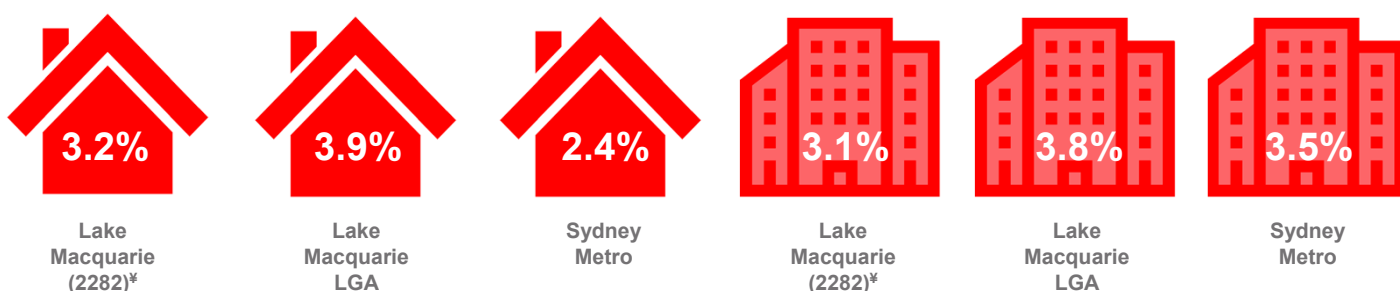
Also in September 2020, Lake Macquarie* recorded an extremely tight vacancy rate of 0.2%, below that of Lake Macquarie LGA's rate of 0.4%, and well below Sydney Metro (3.5%). Vacancy rates in Lake Macquarie* is now at a historical low, well below the Real Estate Institute of Australia's healthy benchmark of 3.0%, and continuing on a declining trend even amidst COVID-19 conditions. This confirms there is an ongoing healthy rental demand, which benefits investors.



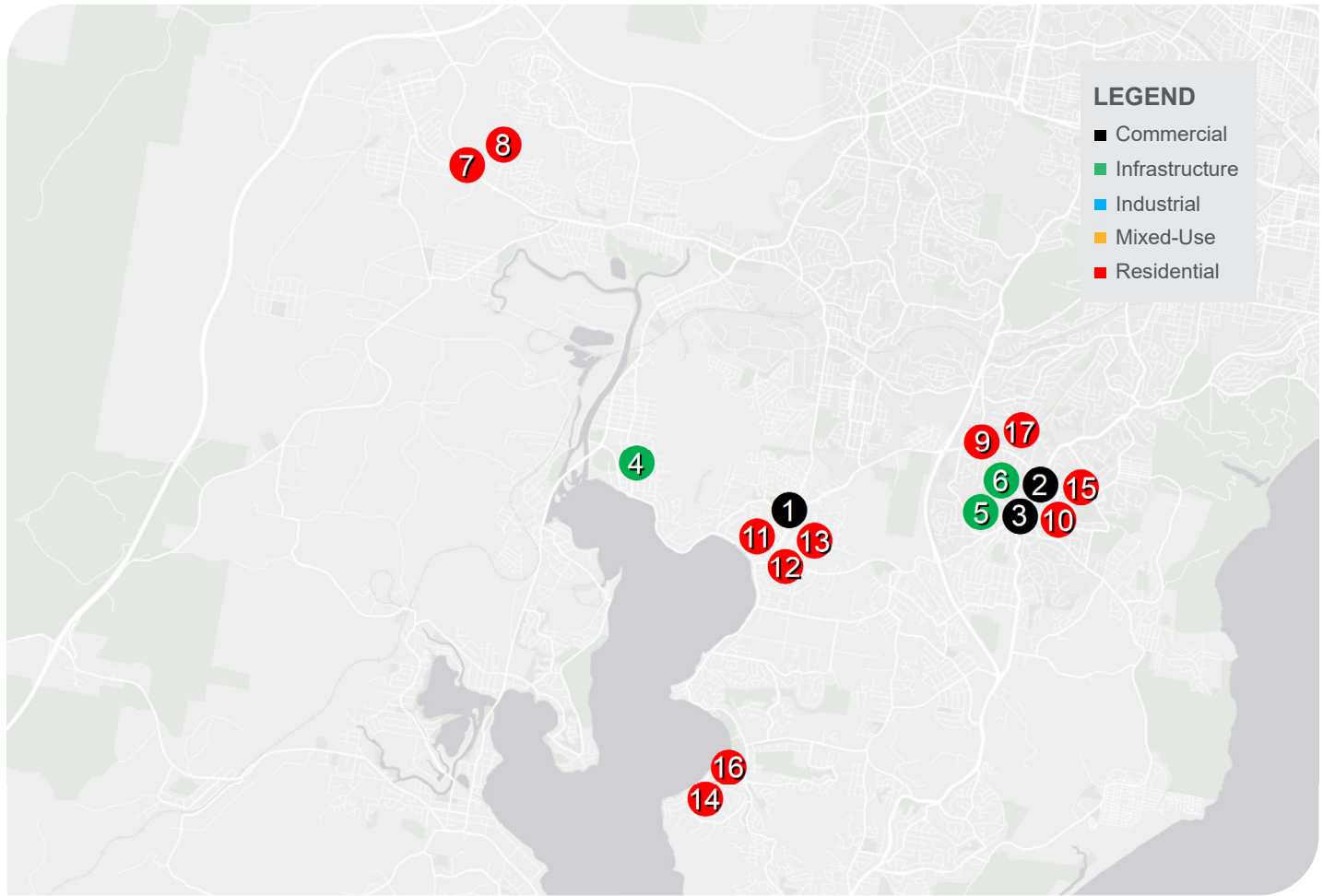
RENTAL VACANCY RATES 2020



RENTAL YIELD 2020\$



PROJECT DEVELOPMENT MAP 2ND HALF 2020*



Location	Project [£]	Type	Estimated Value [¥]	Commence Date [▼]
1	Hungry Jacks Warners Bay	Commercial	\$2,014,000	17/11/2020
2	Dickinson Street Medical Centre	Commercial	\$580,000	30/11/2020
3	Charlestown Square Shopping Centre	Commercial	\$400,000	06/09/2020
4	Lake Macquarie City Council Administration	Infrastructure	\$2,500,000	06/10/2020
5	Pearson Street Pedestrian Mall	Infrastructure	\$1,652,000	17/08/2020
6	Nsw Ambulance Northern Control Centre	Infrastructure	\$1,000,000	26/10/2020
7	Butterworth Street Dwellings & Residential Subdivision (53 Dwellings/Lots)	Residential	\$13,860,000	20/11/2020
8	Mckendry Drive Dwellings & Residential Subdivision (24 Dwellings/Lots)	Residential	\$4,800,000	10/10/2020
9	Charlestown Road & Willis Street Townhouses (13 Townhouses)	Residential	\$3,500,000	22/11/2020
10	Mulbinga Street Apartments (17 Apartments)	Residential	\$2,822,000	17/10/2020
11	John Street Townhouses (5 Townhouses)	Residential	\$1,700,000	16/12/2020
12	Yorston Street Townhouses (6 Townhouses)	Residential	\$1,650,000	22/09/2020
13	Vive Warners Bay (5 Townhouses)	Residential	\$1,580,000	15/12/2020
14	Berringar Road Townhouses (4 Townhouses)	Residential	\$1,486,000	13/08/2020
15	Princes Avenue Units (4 Units)	Residential	\$1,440,000	06/07/2020
16	Berringar Road Dwellings (3 Dwellings)	Residential	\$1,000,000	06/07/2020
17	Charlestown Road Townhouses (3 Townhouses)	Residential	\$515,000	29/09/2020

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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REFERENCES

* Lake Macquarie market data and key indicators encapsulates aggregate property market conditions within the suburbs of Warners Bay, Speers Point, Eleebana, Valentine, Cameron Park, Charlestown.

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

2020 encapsulates sales transactions for 2020 (01/01/2020 – 30/09/2020) only.

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€ Annual rental growth is a comparison between 2019 (01/01/2019 – 30/06/2019) and 2020 (01/01/2020 – 30/09/2020) house median rent figures.

¥ Lake Macquarie market data encapsulates aggregate property conditions within the postcode of 2282.

§ Rental yields shown are as reported at September 2020.

⌘ 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 Warners Bay, Speers Point, Eleebana, Valentine, Cameron Park, Charlestown.

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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