

Newcastle Market Update 1st Half 2022



OVERVIEW

In Q1 2022, Newcastle* (postcodes 2300 and 2303) recorded a median house price of \$1,500,000, and a median unit price of \$819,750. This represents annual (Q1 2021 – Q1 2022) median price growth of 7.1% for houses and 32.2% for units. Total sales slowed between Q1 2021 – Q1 2022, by -15.7% to 43 sales for houses and by -10.1% for units to 89 sales. Q1 2022 recorded the lowest amount of unit sales between 2021 and 2022, and both markets are undersupplied. Now in ideal time of owner-occupiers to capitalise on their investment, and for developers to enter the market with ready-to-sell stock.

	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 Q1 2022



SALES AVERAGE DAYS ON MARKET Q1 2022



RENTAL MEDIAN PRICE Q1 2022

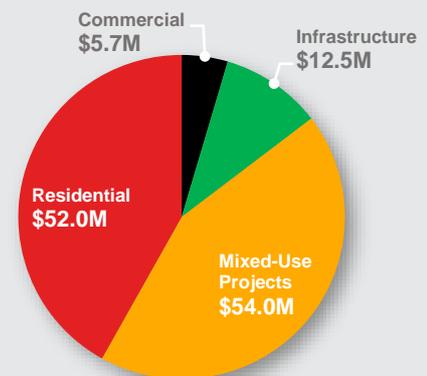


RENTAL AVERAGE DAYS ON MARKET Q1 2022



FUTURE DEVELOPMENTS

Newcastle is set to see approximately **\$124.1M** worth of new projects commencing in the 1st half of 2022.



These projects will stimulate economic growth and create large employment opportunities in Newcastle, which should have a positive spill-over impact on the real estate market in the form of increased demand.

The main mixed-use project set to commence in the 1st half of 2022 is Horizon On The Harbour (\$54M). This project will consist of a 7/8 storey incorporating commercial & residential premises, and plans to deliver 110 residential apartments. There is still a need for residential development, as this project is the only confirmed stock coming onto the market in the 1st half of 2022.

Two key infrastructure projects include: The West End Stage 2 Development (\$5M), Federal Court of Australia Development (\$3.9M).

Known residential projects include Cambridge Hotel (\$52.0M), but it is still in early planning stages with a conceptual scheme for 153 units. Newcastle co-living community is a residential project, but does not add stock as it is only a refurbishment.

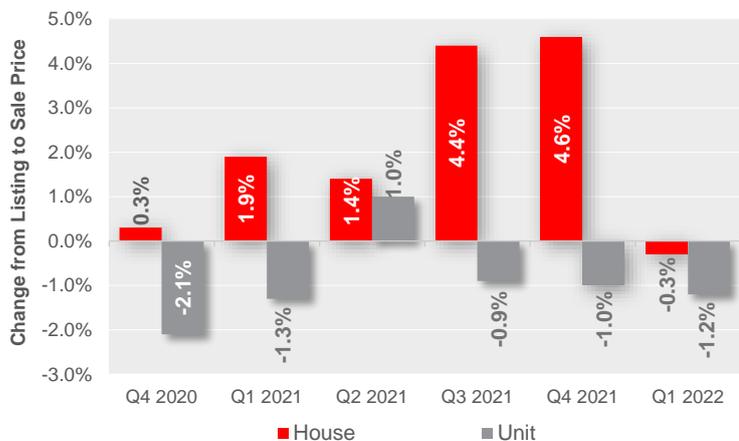


110 Units/
Apartments

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.

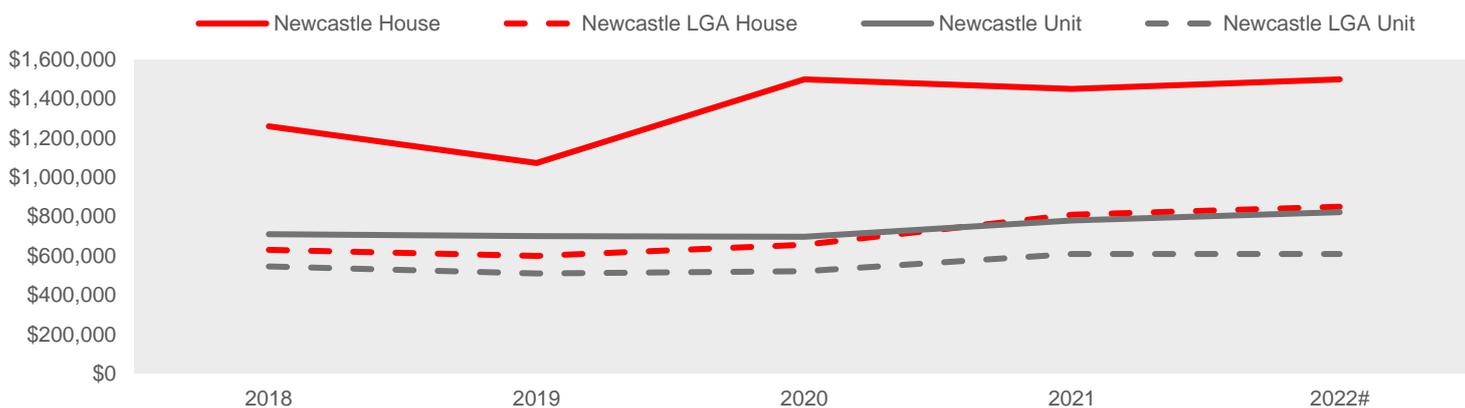
Average vendor discounts between Q1 2021 and Q1 2022 have swung back into a discount of -.0.3% for houses. A premium for houses seem to have peaked in Q3 2021 and Q4 2021, however uncertainties due to the Federal Budget and Election may have translated in Q1 2022, with buyers being more cautious. Average vendor discount remained relatively stable at -1.2% for units.



The suburb of Newcastle has historically outperformed the wider Newcastle Local Government Area (LGA) in both house and unit median prices. This is the case in 2021, with houses trending toward a more premium market, but 2022 is seeing some stabilisation in prices.

The dominant proportion of homes sold in Newcastle* across 2021^ were priced above \$1,300,00 (56.7%). Units also recorded a dominant premium price point of above \$850,000 (40.2%). That said there is a more balanced spread of options for different budgets in the units market. Affordable options are available, however have continued to decline in the past 18 months.

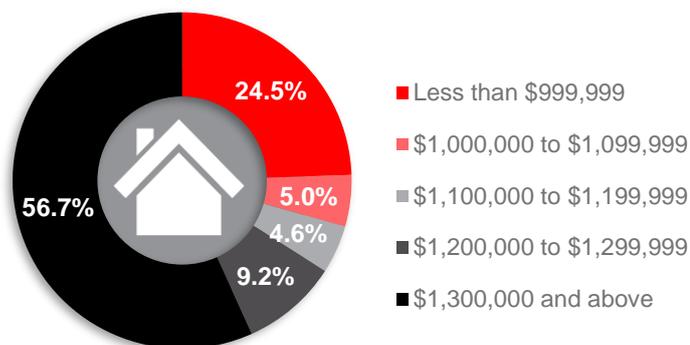
MARKET COMPARISON



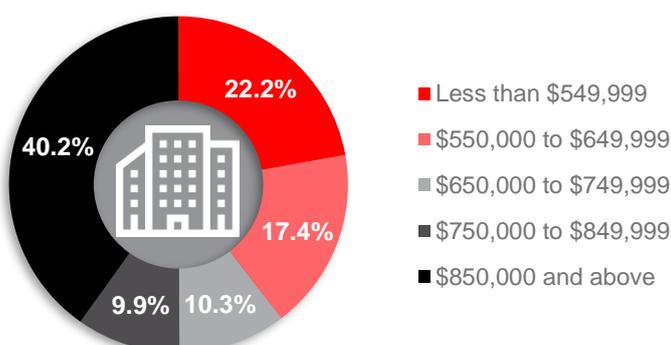
The market comparison graph provides a comparative trend for the median price of houses and units over the past 5 years. The main LGA profiled are chosen based on their proximity to the main suburb analysed, which is Newcastle.

PRICE BREAKDOWN 2021/22^

HOUSES SOLD



UNITS SOLD



RENTAL GROWTH 2022€

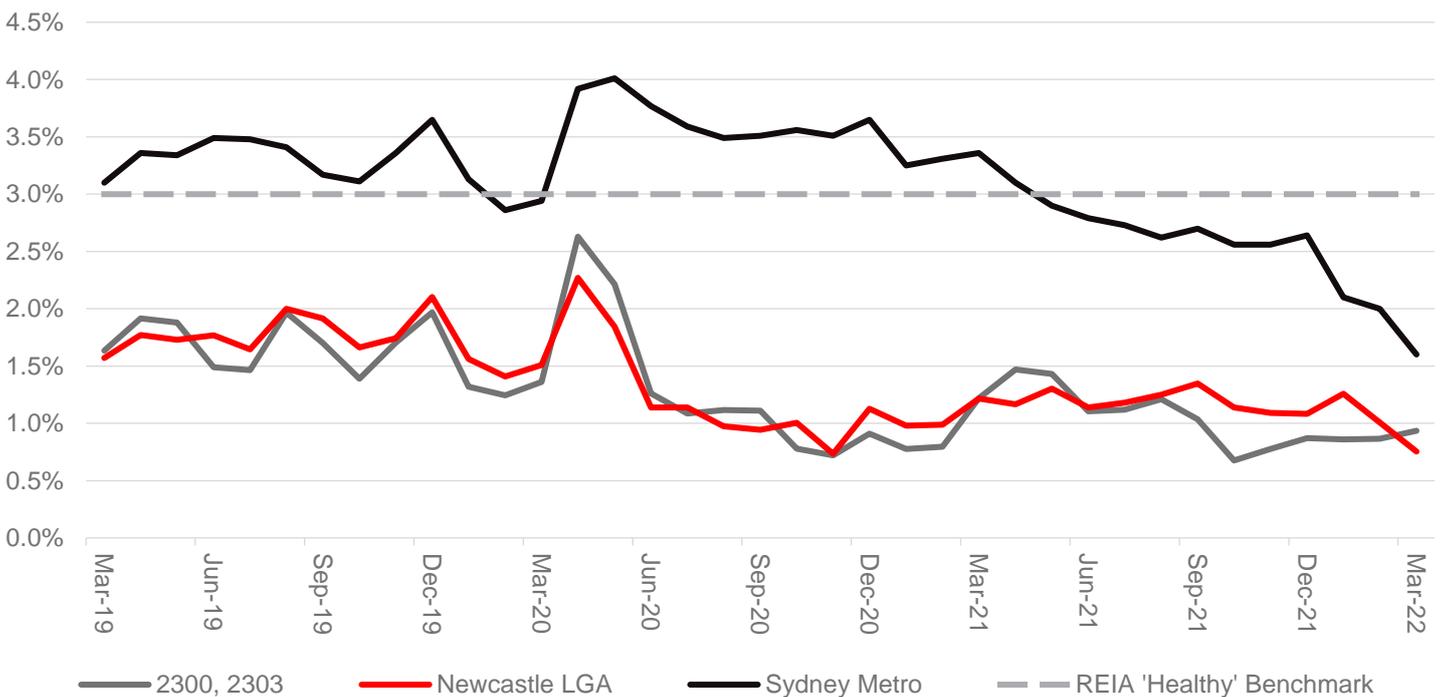
House rental yields in Newcastle*, particularly postcodes 2300 and 2303, were recorded at 3.8% in March 2022. In the 12 months to Q1 2022, the median house rental price increased by 14.2% to reach \$628 per week, while average days to let remained low at 20 days due to a lack of supply. This confirms there is a healthy level of rental demand in Newcastle*.

2 bedroom houses have provided investors with +14.3% rental growth annually, with a median rent of \$520.

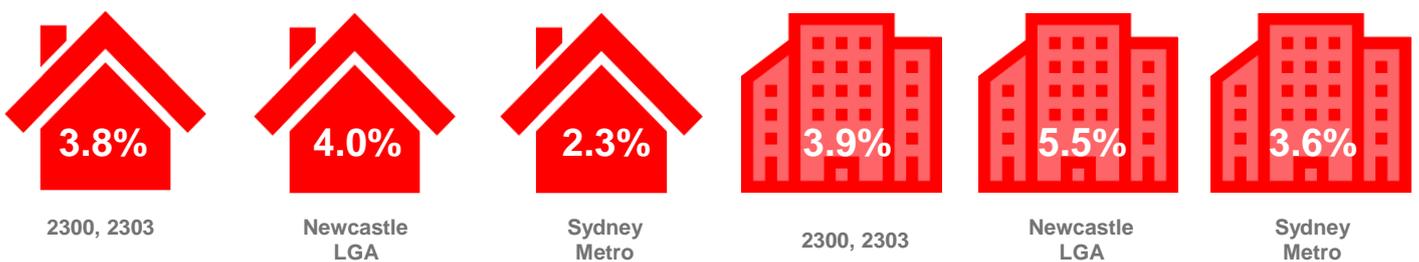
Newcastle* recorded a vacancy rate of 0.9% in March 2022, slightly above Newcastle LGA (1.2%) but below Sydney Metro (1.6%). Vacancy rates in Newcastle* have trended upwards slightly since September 2021, however remain well below the Real Estate Institute of Australia's healthy benchmark of 3.0%. It has trended within the 1.5% mark for the past 18 months, and with a lower entry price compared to Sydney Metro it presents an attractive alternative for investors. Overall there is a strong rental market and investors can be confident of a conducive investment environment in Newcastle*.



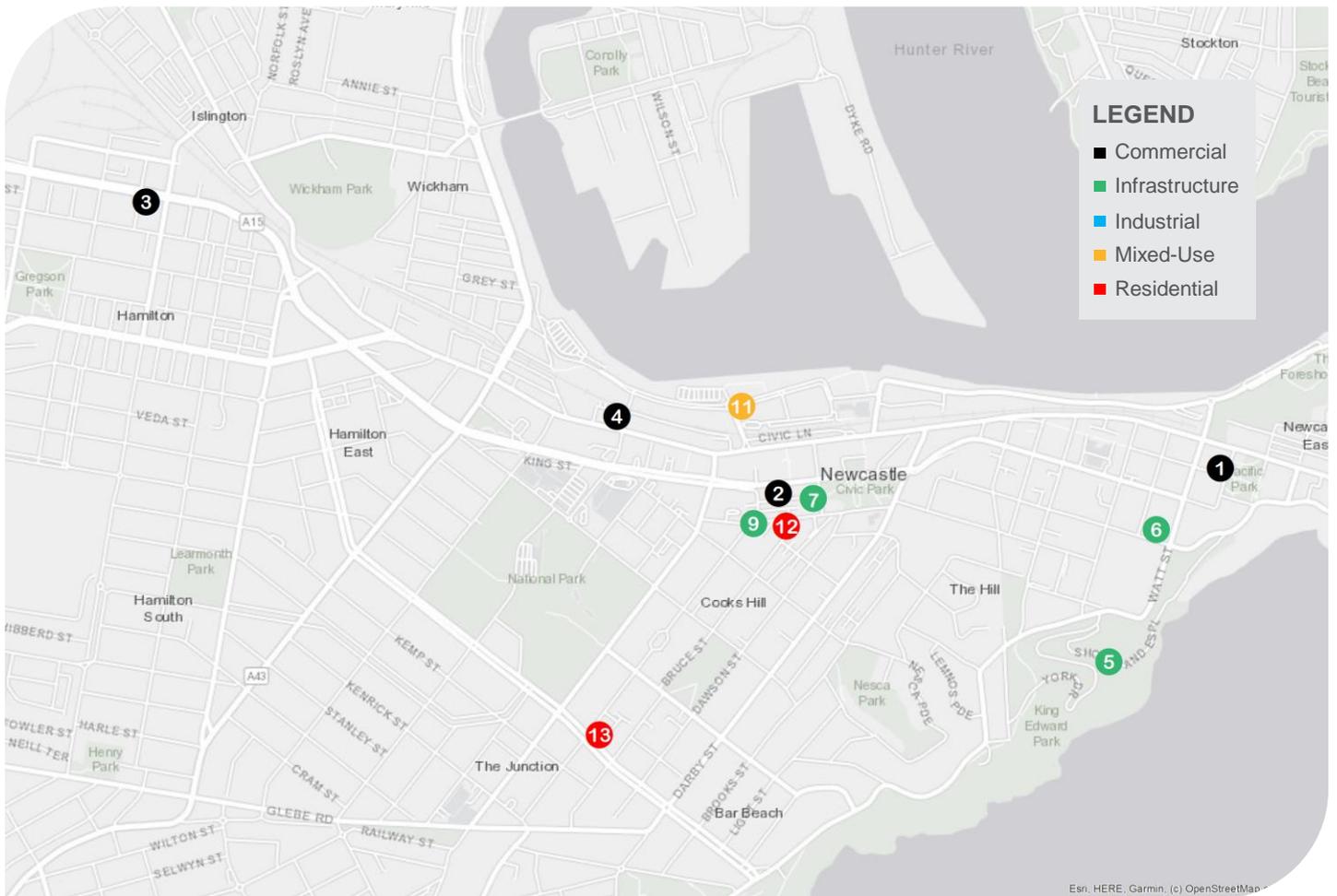
RENTAL VACANCY RATES 2022



RENTAL YIELD 2022§



TOP DEVELOPMENTS MAP 1st HALF 2022^A



Location	Project [£]	Type	Estimated Value ^µ	Commence Date ^ν
1	Pacific Street Commercial Building	Commercial	\$2,750,000	04/01/2022
2	The Business Centre	Commercial	\$2,133,000	03/06/2022
3	Metricon Hamilton	Commercial	\$800,000	09/03/2022
4	KFC Palasis	Commercial	\$275,000	11/04/2022
5	West End Stage 2	Infrastructure	\$5,000,000	07/02/2022
6	Federal Court of Australia	Infrastructure	\$3,971,000	30/04/2022
7	Newcastle City Council Road Pavement Crack Sealing	Infrastructure	\$1,500,000	17/01/2022
Not Mapped	City of Newcastle Electrical & Communications Services	Infrastructure	\$1,000,000	25/01/2022
9	Newcastle Art Gallery Mine Void	Infrastructure	\$500,000	21/04/2022
Not Mapped	Newcastle Trenchless Rehabilitation Stormwater Pipelines	Infrastructure	\$500,000	22/05/2022
11	Horizon on the Harbour (110 Apartments)	Mixed-use	\$54,002,000	01/01/2022
12	Cambridge Hotel Site (conceptual scheme for 153 units – early planning)	Residential	\$50,000,000	01/03/2022
13	Newcastle Co-Living Community (refurbishment only)	Residential	\$2,000,000	14/04/2022

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.



Mark Kentwell
Managing Director
E mark@prdnewcastle.com.au



Russell Dawson
Licensed Real Estate Agent
E russelld@prdnewcastle.com.au



Jesse Wilton
Licensed Real Estate Agent
E jessew@prdnewcastle.com.au

PRD Newcastle & Lake Macquarie
P +61 2 4926 0600

PRD.com.au/newcastle

Level 2/16 Telford St,
Newcastle East NSW 2300

PRD.com.au/newcastle

REFERENCES

*Newcastle market data and key indicators encapsulates aggregate property market conditions within the postcodes of 2300, 2303.

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

2022 encapsulates sales transactions for Q1 2022 (01/01/2022 – 31/03/2022) only.

^ 2021/22 encapsulates sales transactions for 2021 & Q1 2022 (01/01/2021 – 31/03/2022).

€ Annual rental growth is a comparison between 2021 (01/01/2021 – 31/03/2021) and 2022 (01/01/2022 – 31/03/2022) house median rent figures.

¥ Newcastle market data encapsulates aggregate property conditions within the postcode of 2300, 2303.

§ Rental yields shown are as reported as of March 2022.

⌘ 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 2300, 2303

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.

Disclaimer: PRD does not give any warranty in relation to the accuracy of the information contained in this report. If you intend to rely upon the information contained herein, you must take note that the information, figures and projections have been provided by various sources and have not been verified by us. We have no belief one way or the other in relation to the accuracy of such information, figures and projections. PRD will not be liable for any loss or damage resulting from any statement, figure, calculation or any other information that you rely upon that is contained in the material.

Prepared by PRD Research. © All medians and volumes are calculated by PRD Research. Use with written permission only. All other responsibilities disclaimed. © Copyright PRD 2022.