



# Newcastle Market Update

## 2<sup>nd</sup> Half 2022



### OVERVIEW

In Q3 2022, Newcastle\* (postcode 2300 and 2303) recorded a median house price of \$1,215,000, and a median unit price of \$835,500. This represents annual (Q3 2021 – Q3 2022) median price softening of -11.3% for houses and an increase of 8.3% for units. Total sales slowed between Q3 2021 – Q3 2022, by -20.0% (to 44 sales) for houses and by -33.6% for units (to 79 sales). These trends suggests cash rate hikes is starting to translate into the market, with median house price growth turning even in an undersupplied market. The unit market remains strong, thus a unique opportunity for sellers and buyers.

	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 2022



**SALES AVERAGE DAYS ON MARKET**  
Q3 2022



**RENTAL MEDIAN PRICE**  
Q3 2022

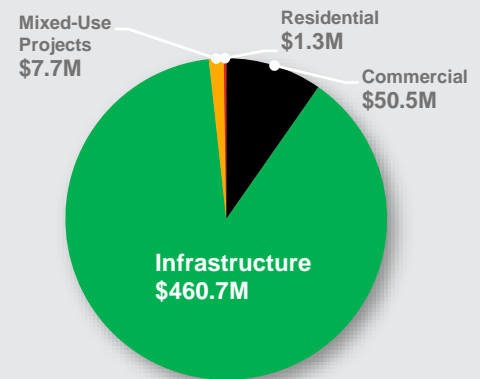


**RENTAL AVERAGE DAYS ON MARKET**  
Q3 2022



### FUTURE DEVELOPMENTS

Newcastle is set to see approximately **\$520.2M** worth of new projects commencing in the 2<sup>nd</sup> half of 2022.



A focus on infrastructure projects will improve liveability and stimulate economic growth in the long run, through job creation during and post construction. Limited residential projects can create a more balanced market, allowing current stock to be absorbed.

The University of Newcastle Campus Development (\$450.0M) is a significant infrastructure project that improves the existing campus. This will further incentivise new residents to rent in the area, further ensuring Newcastle as a strong investment option.

A main commercial project over the 2<sup>nd</sup> half of 2022 is the Cottage Creek Precinct Development (\$38.6M). The project is set to add several mixed-use buildings, connecting to the existing hotel.

Key residential projects include Mosbri Crescent Dwellings and 149 Darby St Shop Top Housing. In total 33 units and 6 dwellings are planned for 2<sup>nd</sup> half 2022, which is a limited number.



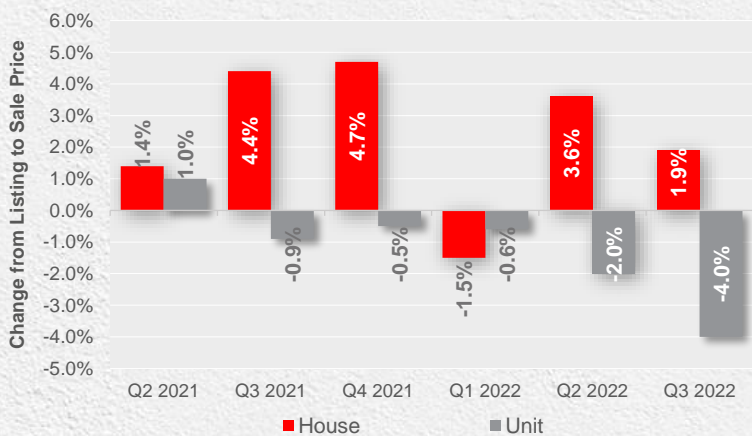
33 Units/  
Apartments



6  
Dwellings

# 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.

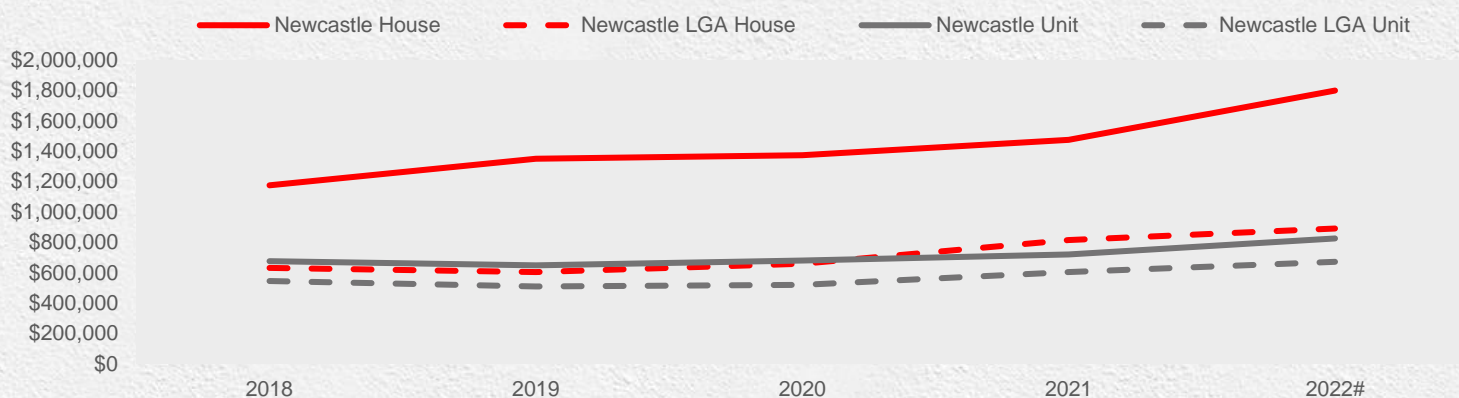


Average vendor discounts between Q3 2021 and Q3 2022 for houses have trended to a lower premium of 1.9%, which still favour vendors as it is above the first list asking price. Units on the other hand have widened to a larger discount for buyers, at -4.0% in Q3 2022. With an undersupplied unit market, and sellers offering below the first list price, now is an ideal time to transact.

The suburb of Newcastle has historically outperformed the wider Newcastle Local Government Area (LGA) in both house and unit median prices. This continued to be the case in 2022# with houses trending toward a more premium market.

The dominant proportion of homes sold in Newcastle\* across 2022# were priced above \$1,700,000 (34.6%). Units on the other hand recorded a dominant low price point of less than \$800,000 (37.9%). Premium market in both property types have continued to grow in the past 18 months. There is a relatively balanced percentage of sales in all price brackets, in good news for buyers.

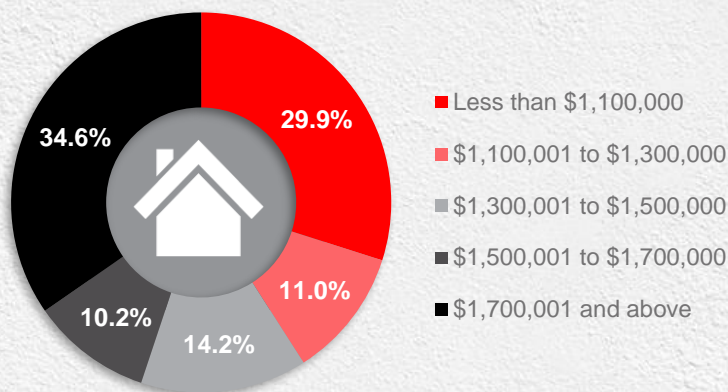
## MARKET COMPARISON



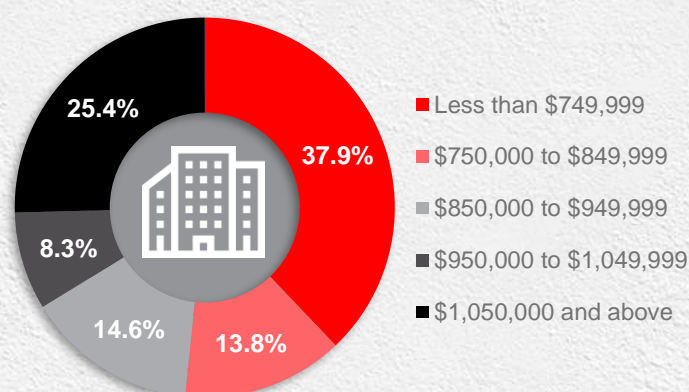
The market comparison graph provides a comparative trend for the median price of houses and units over the past 5 years. The main LGA profiled are chosen based on their proximity to the main suburb analysed, which is Newcastle.

## PRICE BREAKDOWN 2022#

### HOUSES SOLD



### UNITS SOLD

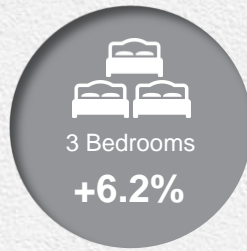


# RENTAL GROWTH 2022€

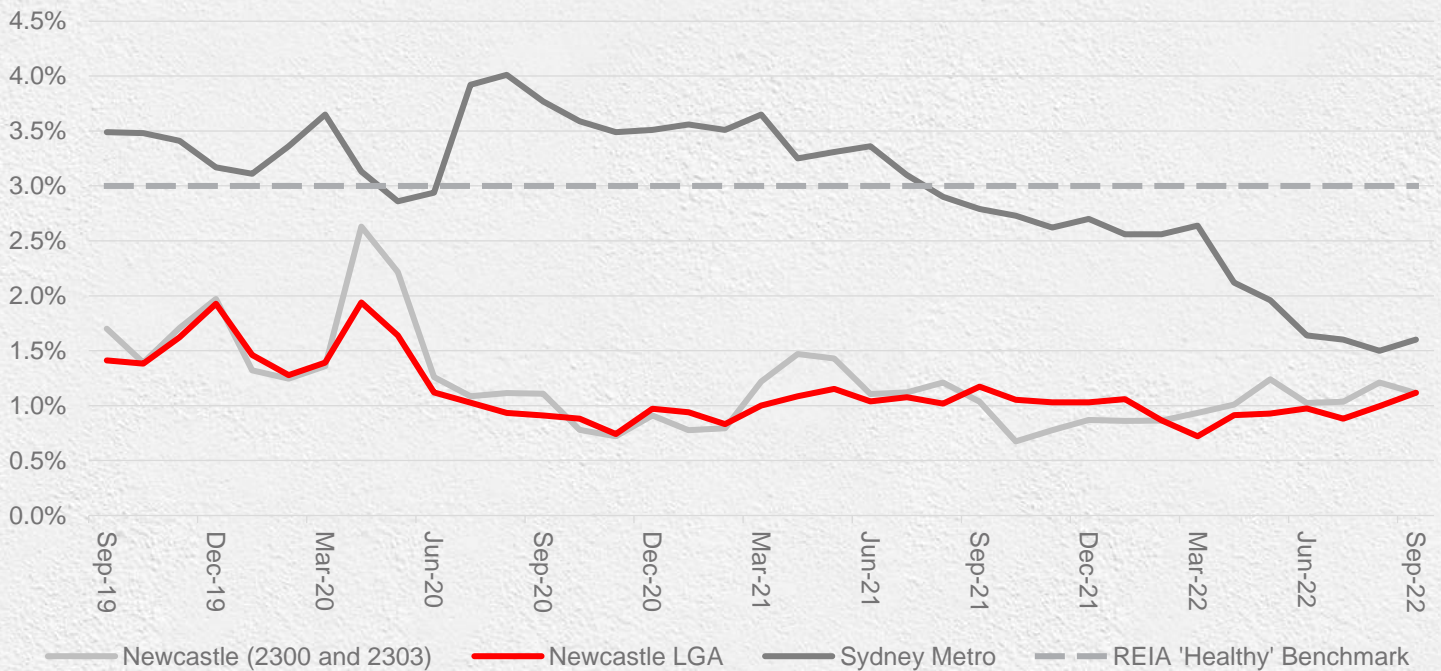
House rental yields in Newcastle\*, particularly in postcodes 2300 and 2303, were recorded at 2.9% in September 2022. In the 12 months to Q3 2022, the median house rental price increased by 1.7% to reach \$610 per week, while average days to let remained low at 21 days due to a lack of supply. This confirms there is a healthy level of rental demand in Newcastle\*.

3 bedroom houses have provided investors with +6.2% rental growth annually, achieving a median rent of \$690 per week.

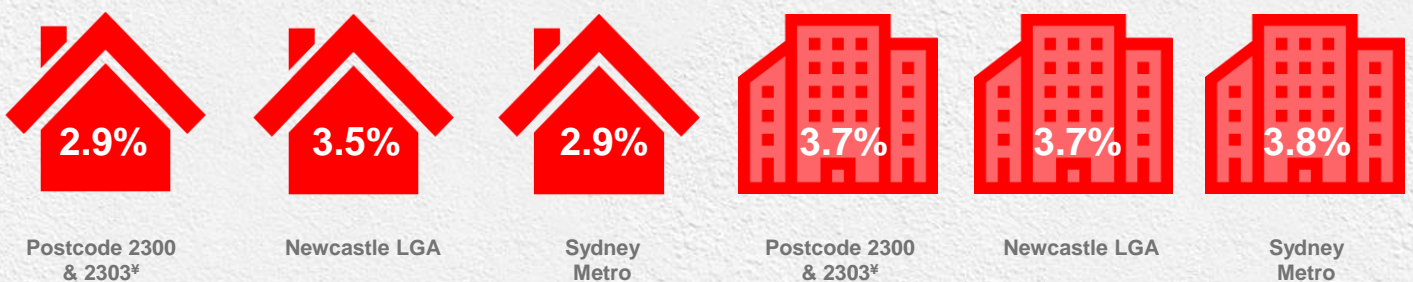
Newcastle\* recorded a vacancy rate of 1.1% in September 2022, which is slightly below Sydney Metro's 1.6% average. Vacancy rates in Newcastle\* have held relatively steady over the 12 months, and trending within the 1.5% mark for the past 24 months. This indicates strong rental demand coupled with limited supply in the market. Vacancy rates in Newcastle have consistently trended under the Real Estate of Australia's healthy benchmark of 3.0%, indicating a sustainable investment environment for investors. The current market downturn further emphasises an opportunity for investors to enter the market.



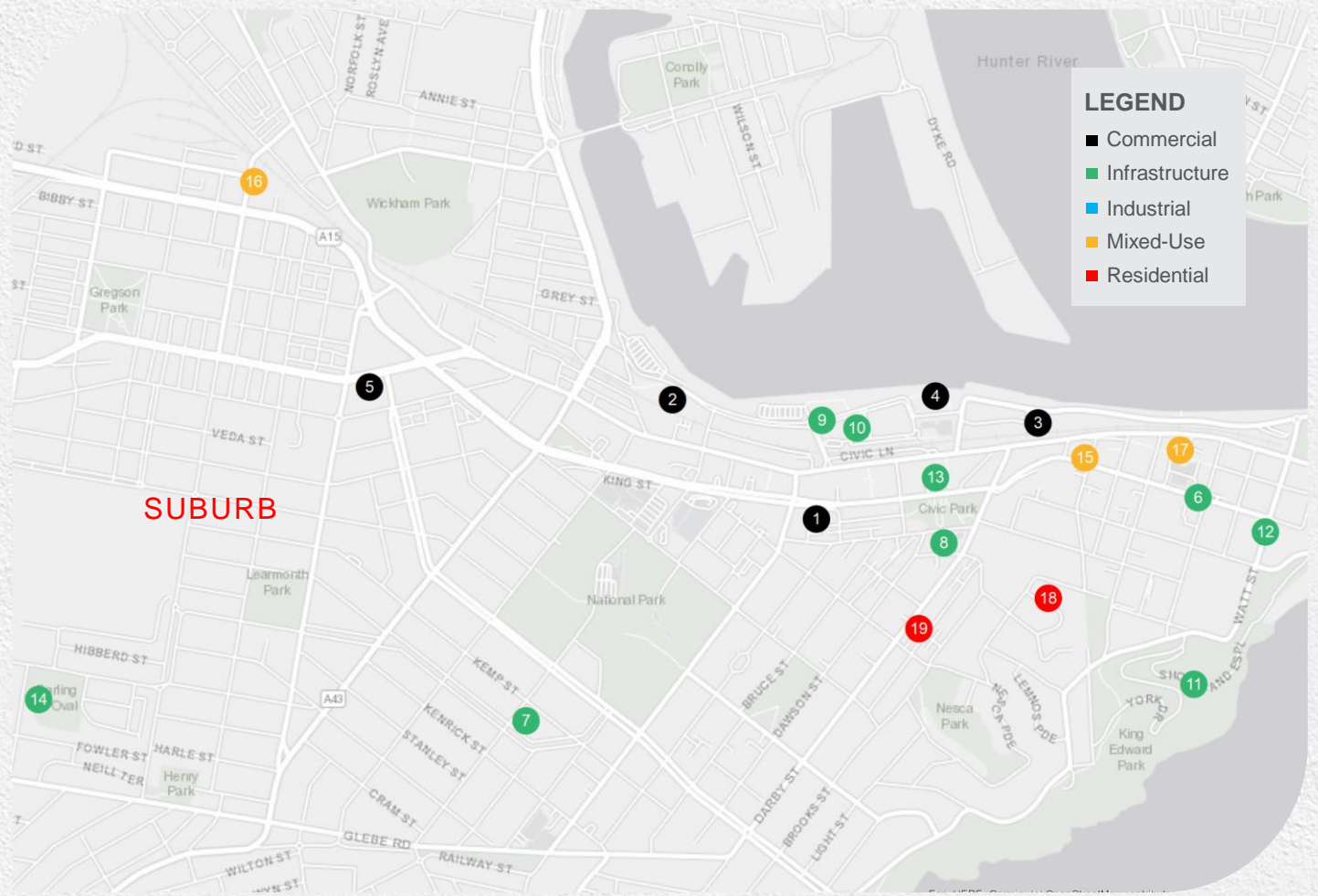
# RENTAL VACANCY RATES 2022



# RENTAL YIELD 2022\$



# TOP DEVELOPMENTS MAP 2<sup>nd</sup> HALF 2022<sup>A</sup>



Location	Project <sup>£</sup>	Type	Estimated Value <sup>U</sup>	Commence Date <sup>W</sup>
1	291 King Street - Community & Commercial Fitout	Commercial	\$ 150,000	08/09/2022
2	Honeysuckle - Cottage Creek Precinct Mixed Use Development - Little National Hotel	Commercial	\$ 38,622,000	22/11/2022
3	Argyle Street Office	Commercial	\$ 6,000,000	04/07/2022
4	Lee Wharf Building	Commercial	\$ 3,980,000	28/12/2022
5	Kloster Volkswagen Hamilton	Commercial	\$ 1,758,000	10/09/2022
6	Stockton King Street Breakwater Protection Works	Infrastructure	\$ 450,000	19/10/2022
7	Newcastle Trenchless Rehabilitation Stormwater Pipelines	Infrastructure	\$ 500,000	22/10/2022
8	Newcastle Art Gallery Mine Void	Infrastructure	\$ 500,000	08/08/2022
9	Honeysuckle Drive - Lower Cottage Creek Stormwater Naturalisation	Infrastructure	\$ 500,000	17/08/2022
10	University Of Newcastle Honeysuckle City Campus Development Overall Concept Plan	Infrastructure	\$ 450,000,000	10/10/2022
11	Newcastle City Council Roadworks 2022-2024	Infrastructure	\$ 1,000,000	23/11/2022
12	Newcastle Police Station	Infrastructure	\$ 6,500,000	24/10/2022
13	Newcastle City Hall	Infrastructure	\$ 250,000	09/11/2022
14	Hamilton Olympic Fc Clubhouse	Infrastructure	\$ 1,000,000	14/12/2022
15	158 King Street Mixed Use Development - 1 Unit	Mixed-use	\$ 734,000	02/11/2022
16	Beaumont Street Mixed Use Development - 4 Apartments	Mixed-use	\$ 1,276,000	13/07/2022
17	Hunter Street Mixed Use Development – 28 Apartments	Mixed-use	\$ 5,730,000	08/08/2022
18	Mosbri Crescent Dwellings – 6 Dwellings	Residential	\$ 857,000	11/07/2022
19	149 Darby Street Shop Top Housing (renovations)	Residential	\$ 430,000	07/11/2022



## 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.



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# 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 2022 (01/01/2022 – 30/09/2022) only.

€ Annual rental growth is a comparison between 2021 (01/01/2021 – 30/09/2021) and 2022 (01/01/2022 – 30/09/2022) 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 September 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.

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