



Newcastle Market Update

1st Half 2023



OVERVIEW

In Q1 2023, Newcastle* (which in this report represents postcodes 2300 and 2303) recorded a median house price of \$1,250,000, and a median unit price of \$773,750. This represents an annual (Q1 2022 – Q1 2023) median price softening of -18.6% for houses and -7.3% for units. Sales declined between Q1 2022 – Q1 2023, by -40.0% (to 30 sales) and -26.9% (to 57 sales) for units. This suggests cash rate hikes and consumer uncertainty have translated into the market, as the price downturn is evident even with an undersupplied market. There are new opportunities for buyers, as prices are more affordable

	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 2023



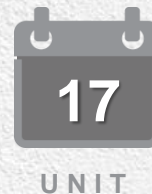
SALES AVERAGE DAYS ON
MARKET Q1 2023



RENTAL MEDIAN PRICE
Q1 2023

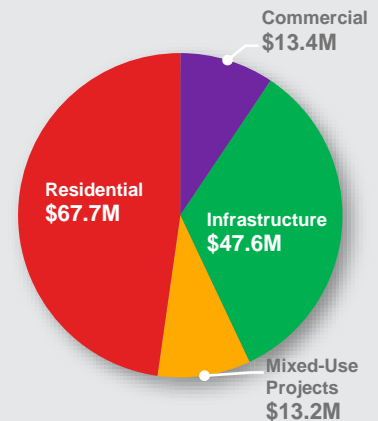


RENTAL AVERAGE DAYS ON
MARKET Q1 2023



FUTURE DEVELOPMENTS

Newcastle is set to see approximately **\$141.8M** worth of new projects commencing in the 1st half of 2023.



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. A focus on residential projects will replenish stock.

The main infrastructure project for the 1st half of 2023 is expansion of Newcastle Regional Art Gallery. The project is set to achieve the highest Green Star rating of any art gallery in Australia.

Projects that are scheduled to add housing stock due to commence in the 1st half of 2023 include:

- Mosbri Crescent Residential Development (172 units and 11 dwellings).
- 374-376 King Street Mixed-Use Development (2 dwellings)
- Parry Street Apartments (30 apartments)

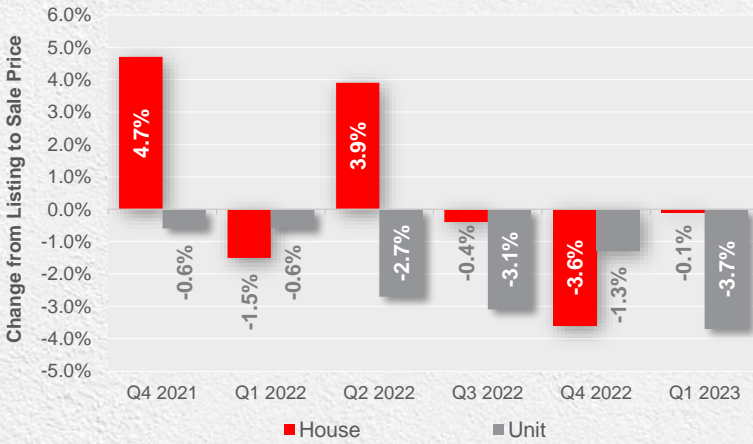
Ready-to-sell stand alone dwelling future stock is still low, which limits the option for buyers.



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.

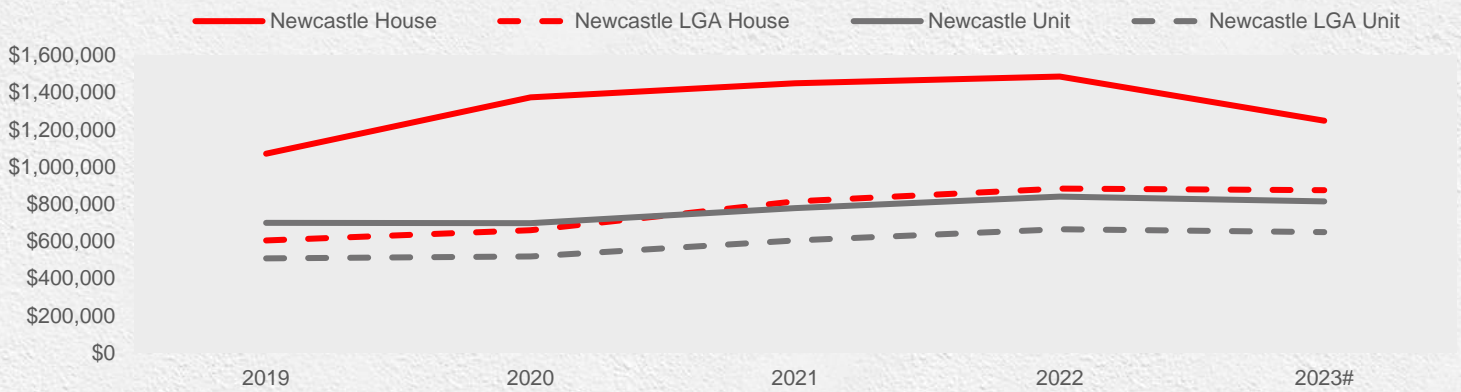
Average vendor discounts between Q1 2022 and Q1 2023 have tightened to a smaller discount of -0.1% for houses and have widened to a larger discount of -3.7% for units. This suggests the Newcastle* market continues to favour buyers, as vendors are willing to accept below the initial listing price.



The suburb of Newcastle has historically outperformed the wider Newcastle Local Government Area (LGA) in both house and land median prices. This continued to be the case throughout 2022/2023#.

The dominant proportion of homes sold in Newcastle* across 2022-23# were in the premium price bracket of above \$1,300,000 (57.1%). Units also had a dominant premium price point of \$900,000 (33.1%) and above. Interestingly, the premium market in both property types have continued to grow in the past 18 months, as has the most affordable price brackets. This suggests there is an opportunity for both sellers and buyers. Buyers in particular now having a wider choice of properties.

MARKET COMPARISON

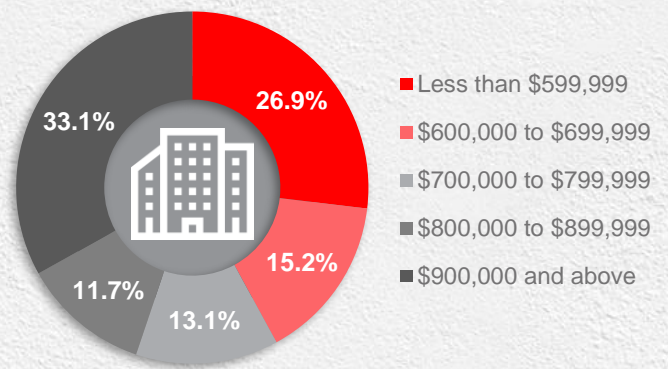
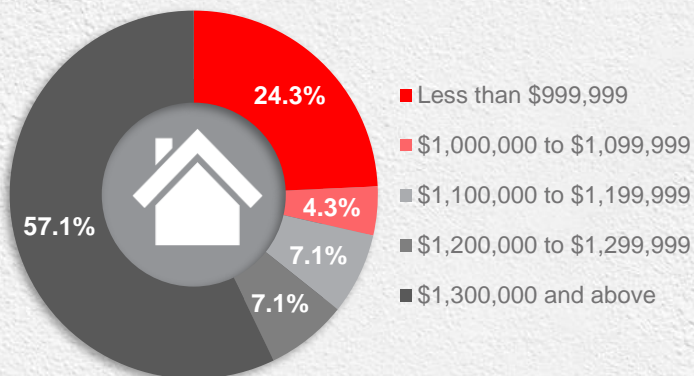


The market comparison graph provides a comparative trend for the median price of houses and units over the past 5 years. The main LGA profiled was chosen based on their proximity to the main suburb analysed, which is Newcastle.

PRICE BREAKDOWN 2022/23#

HOUSES SOLD

UNITS SOLD

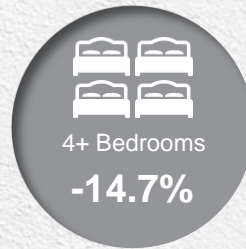
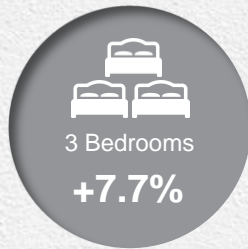
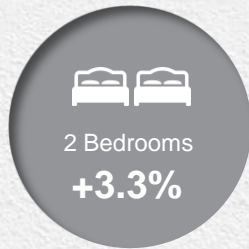


RENTAL GROWTH 2023€

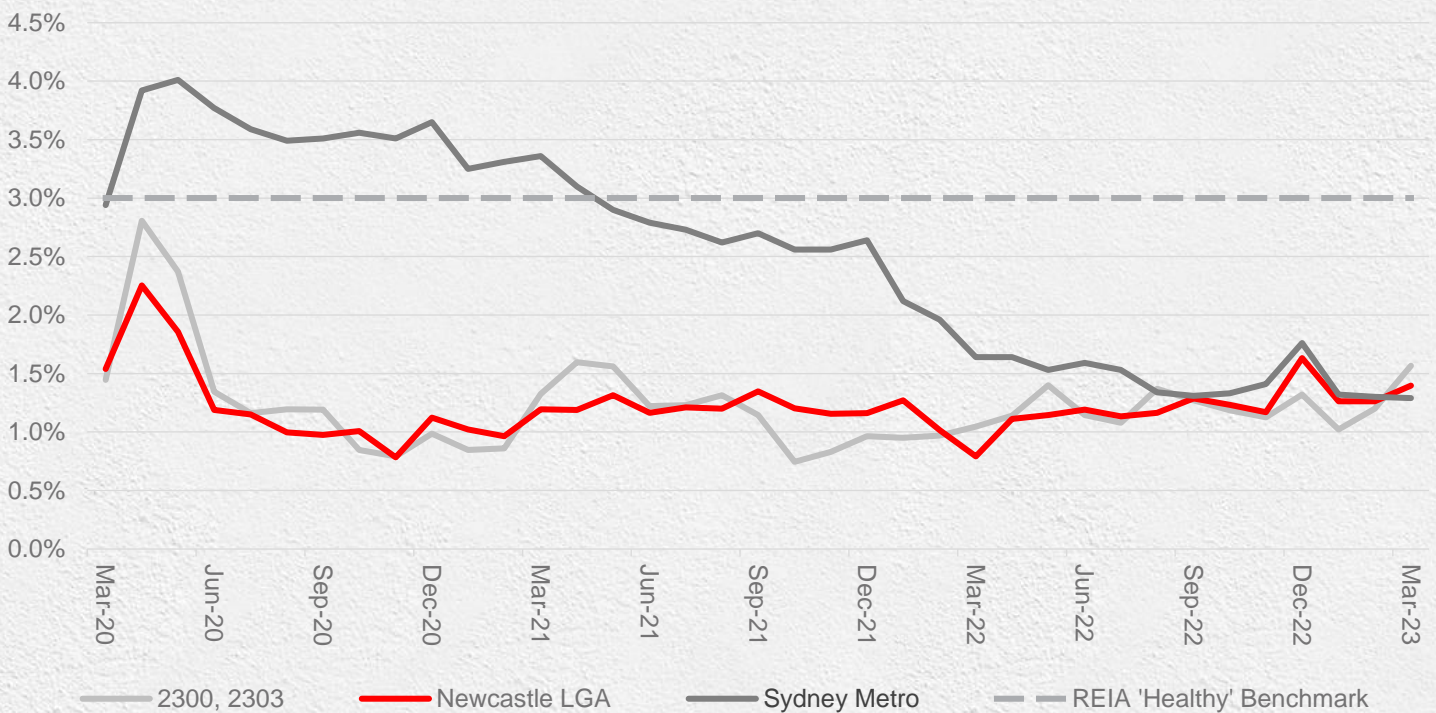
House rental yields in Newcastle* were recorded at 2.7% in March 2023, slightly below Sydney Metro (2.9%). That said in the 12 months to Q1 2023 median house rental price increased by 3.2% to sit at \$650 per week, alongside a 2.7% increase in the number of houses rented (to 77 rentals). Average days on the market have increased slightly, but still a low 22 days. The same pattern can be seen in the unit rental market, confirming Newcastle* as an attractive investment option.

3 bedroom houses have provided investors with +7.7% rental growth annually, achieving a median rent of \$700 per week.

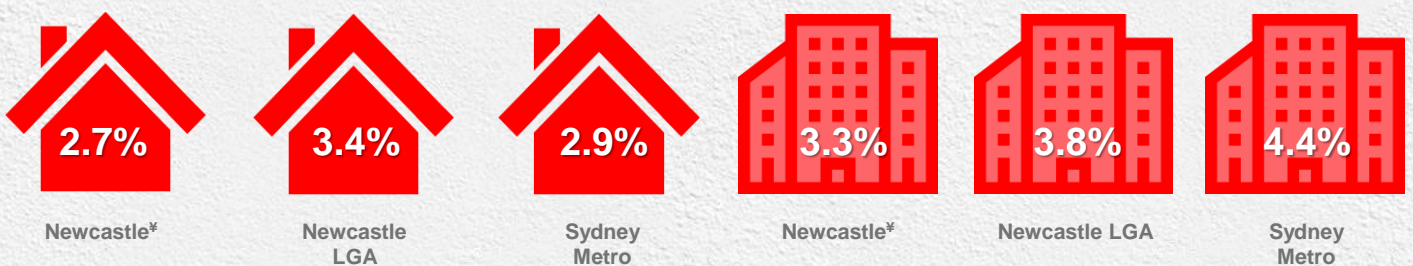
Newcastle* (postcode 2300 and 2303) recorded a vacancy rate of 1.6% in March 2022, slightly above Sydney Metro's 1.3% average. Vacancy rates in Newcastle* have seen a slight uptick in the past 12 months, as investors capitalise on a tight rental market. That said it is still lower than the Real Estate Institute of Australia's healthy benchmark of 3.0%. These key indicators create a conducive and sustainable environment for investors, especially with a more affordable property market.



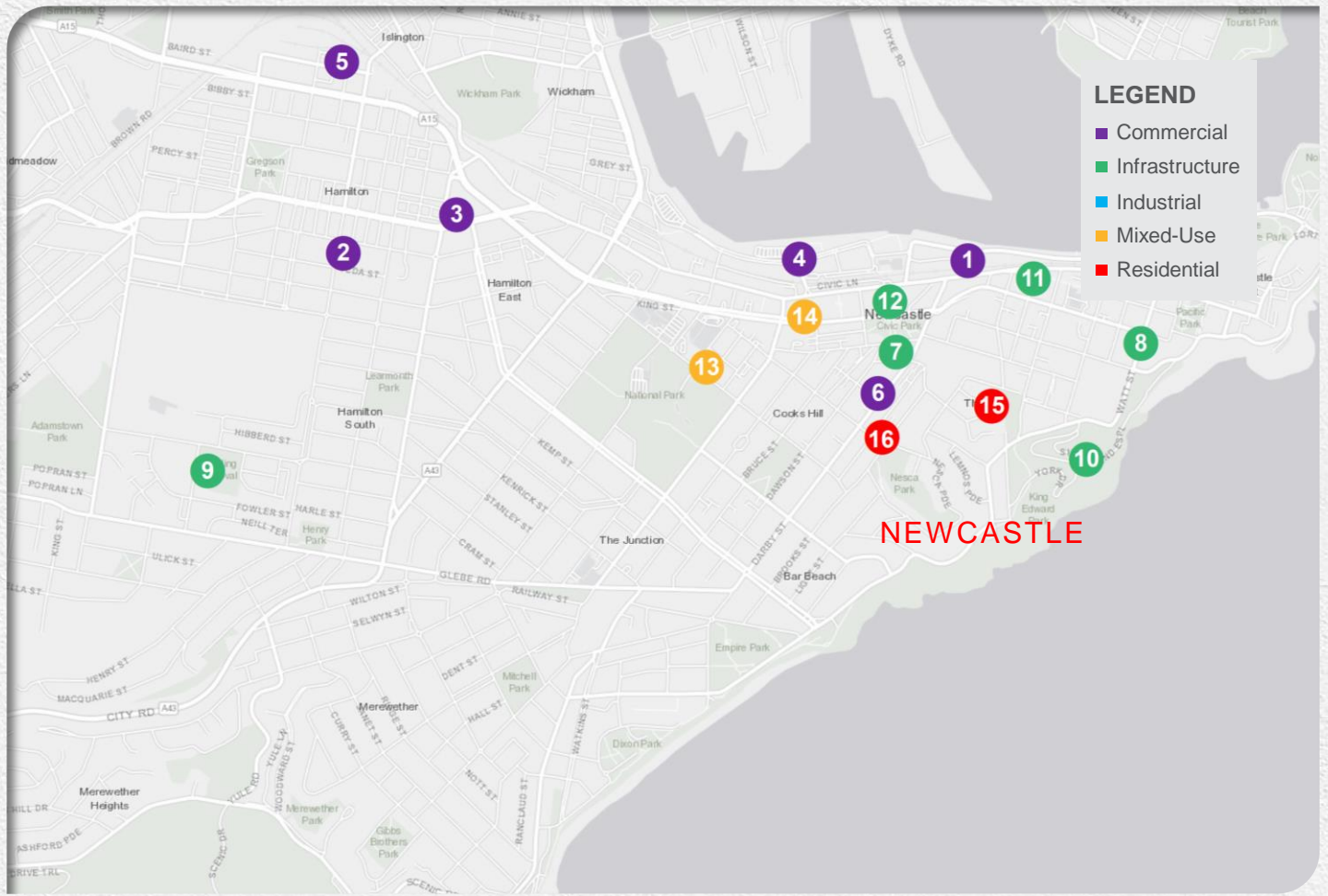
RENTAL VACANCY RATES 2023



RENTAL YIELD 2023\$



TOP DEVELOPMENTS MAP 1st HALF 2023[▲]



Location	Project [£]	Type	Estimated Value [£]	Commence Date [▼]
1	Argyle Street Office	Commercial	\$6,000,000	12/04/2023
2	Beaumont Street Boarding House	Commercial	\$3,400,000	17/01/2023
3	28 Tudor Street Kloster Ford Hamilton Alterations & Additions	Commercial	\$2,100,000	16/06/2023
4	29 & 31 Honeysuckle Drive Food & Drink Premises Conversion	Commercial	\$892,000	24/03/2023
5	1, 12 Hudson Street Offices Alterations & Additions	Commercial	\$721,000	14/06/2023
6	Matthew Jewellers	Commercial	\$239,000	12/01/2023
7	Newcastle Regional Art Gallery	Infrastructure	\$38,465,000	26/06/2023
8	Newcastle Police Station	Infrastructure	\$6,500,000	05/06/2023
9	Hamilton Olympic Fc Clubhouse	Infrastructure	\$1,000,000	01/03/2023
10	Newcastle City Council Roadworks 2022-2024	Infrastructure	\$1,000,000	23/05/2023
11	Perkins Street Retaining Wall Upgrade	Infrastructure	\$400,000	06/03/2023
12	Newcastle City Hall	Infrastructure	\$250,000	09/05/2023
13	Parry Street Apartments (30 apartments)	Mixed-use	\$12,812,000	28/03/2023
14	374-376 King Street Mixed Use Development (2 dwellings)	Mixed-use	\$341,000	14/01/2023
15	Mosbri Crescent Residential Development - Sovereign Park (161 apartments, 11 dwellings)	Residential	\$67,300,000	19/06/2023
16	149 Darby Street Shop Top Housing	Residential	\$430,000	03/03/2023



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

Co-Founder and Director

+61 2 4926 0600

mark.k@prdre.com.au



Russell Dawson

Partner, Sales and Performance
Manager – Licensed Agent

+61 2 4926 0609

russell.d@prdre.com.au



PRD Newcastle

P +61 2 4926 0600

PRD.com.au/newcastle

2/16 Telford Street
Newcastle East NSW 2300

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.

2023 encapsulates sales transactions for Quarter 1 (01/01/2023 – 31/3/2023) only.

€ Annual rental growth is a comparison between 2022 (01/01/2022 – 31/12/2022) and 2023 (01/01/2023 – 31/3/2023) median rent figures.

¥ Newcastle rental market data encapsulates aggregate property conditions within the postcodes of 2300 and 2303.

§ Rental yields shown are as reported as of March 2023.

⌘ 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 2300 and 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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