



# Lake Macquarie Market Update 1<sup>st</sup> Half 2023



## OVERVIEW

In Q1 2023, Lake Macquarie\* recorded a median house price of \$970,000, and a median unit price of \$672,000. This represents annual (Q1 2022 – Q1 2023) median price softening of -3.0% for houses and 9.3% price growth for units. That said, on a quarterly basis (Q4 2022 – Q1 2023) median house price grew by 5.1%. This suggests cash rate hikes did translate into the market, however consumer confidence have returned. Sales did decline in the past 12 months, by -18.8% (house) and -4.5% (units), thus an undersupply is evident. For those looking for a more affordable market, especially houses, time is of the essence.

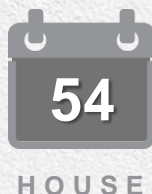
	CHANGE FROM LAST	YEAR	HALF YEAR
 House Sales		↓	↑
House Median Price		↓	↓
House Rental Price		↔	↑
 Unit Sales		↓	↓
Unit Median Price		↑	↑
Unit Rental Price		↑	↔

## MARKET CONDITIONS

### SALES MEDIAN PRICE Q1 2023



### SALES AVERAGE DAYS ON MARKET Q1 2023



### RENTAL MEDIAN PRICE Q1 2023

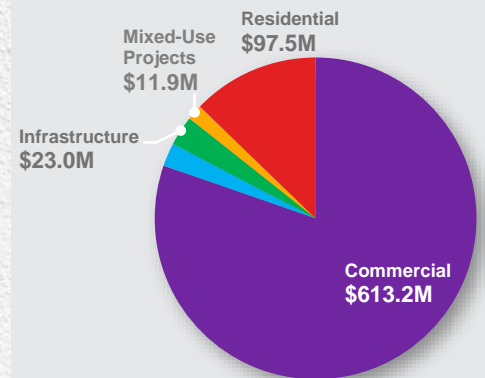


### RENTAL AVERAGE DAYS ON MARKET Q1 2023



## FUTURE DEVELOPMENTS

Lake Macquarie is set to see approximately **\$763.5M** worth of new projects commencing in the 1<sup>st</sup> half of 2023.

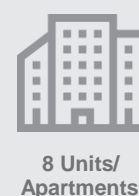


A focus in commercial projects will stimulate economic growth and create employment opportunities in Lake Macquarie. This should have a spill-over impact on the real estate market. In the form of higher housing demand.

A significant commercial project planned for the 1<sup>st</sup> half of 2023 of Eraring Battery Energy Storage System (\$490.0M), which will create more local employment and attract workers into the area.

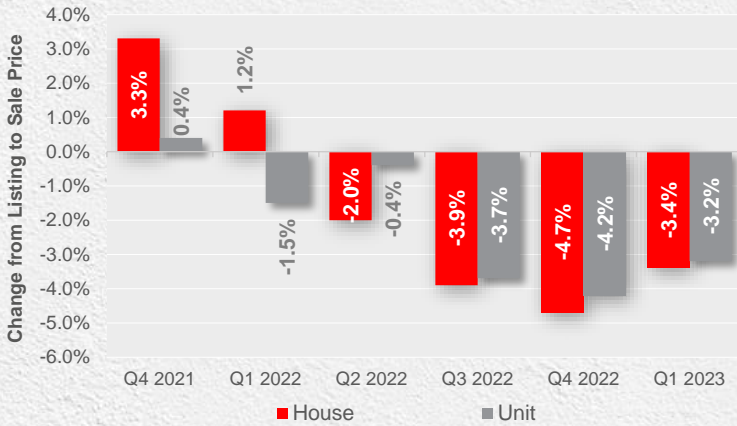
A number of residential projects are planned in the Lake Macquarie LGA. These include:

- Gimberts Road Residential Subdivision (28 lots)
- Butterworth Street Dwellings & Residential Subdivision (53 lots)
- 163-167 Excelsior Parade Toronto (26 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.

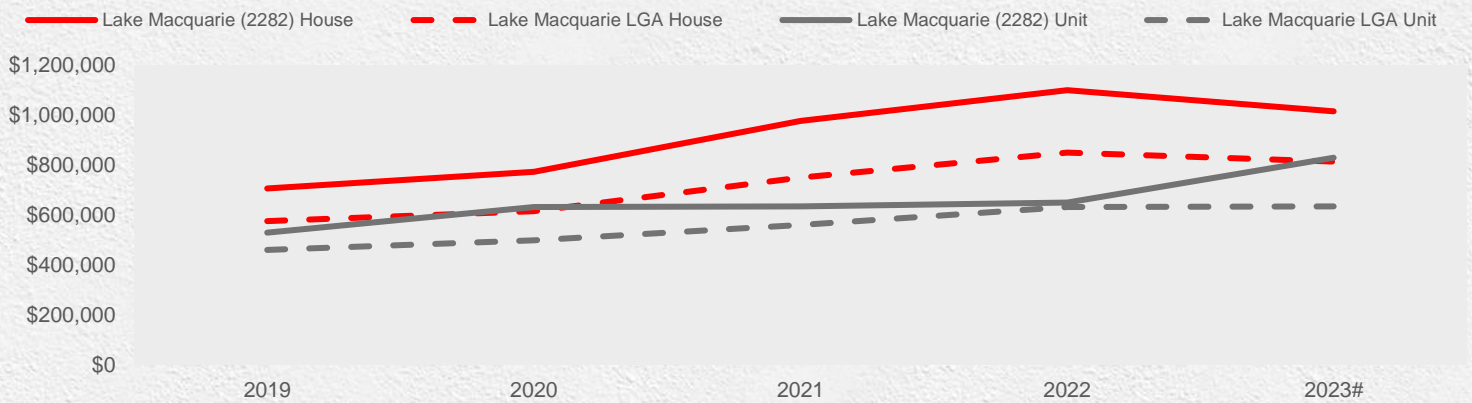


Average vendor discounts between Q1 2022 and Q1 2023 have swung to a discount of -3.4% (from 1.2%). Units saw a widening, to a larger discount of -3.2. Lake Macquarie market conditions favour buyers, as vendors are willing to accept below the initial listing price. This is a consistent trend in the past 3 quarters, that said Q1 2023 house discount was less than Q3 2022 and Q4 2022, thus prices are normalising.

The suburb of Lake Macquarie has outperformed the wider Lake Macquarie Local Government Area (LGA) in both house and unit median prices in the past 5 years. This continued to be the case in 2023#, even with slower growth in median house price.

The dominant proportion of homes sold in Lake Macquarie\* across 2022/23# were in the premium price bracket of \$1,100,000 and above (34.9%). In contrast units recorded a dominant more affordable pricing of between \$560,000-\$649,999 (27.5%). More affordable options are available, however the premium markets continue to perform; benefitting both buyers and sellers.

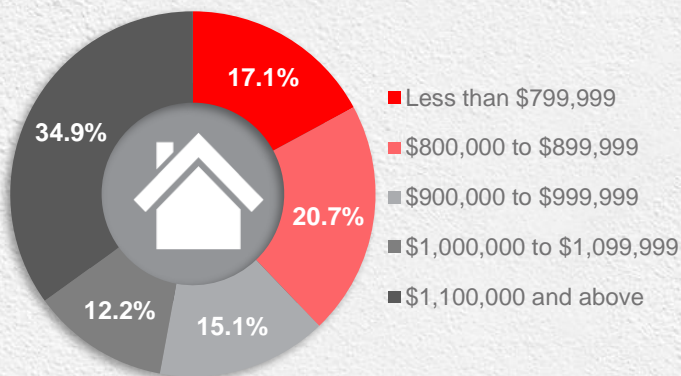
## MARKET COMPARISON



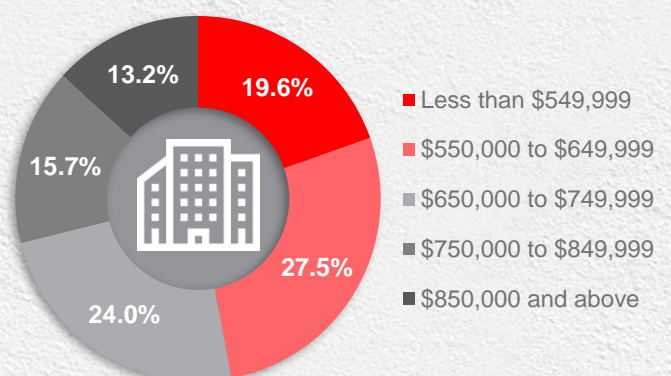
The market comparison graph provides a comparative trend for the median price of houses and units over the past 5 years. The main LGA profiled was chosen based on their proximity to the main suburb analysed, which is Lake Macquarie.

## PRICE BREAKDOWN 2022/23#

### HOUSES SOLD



### UNITS SOLD

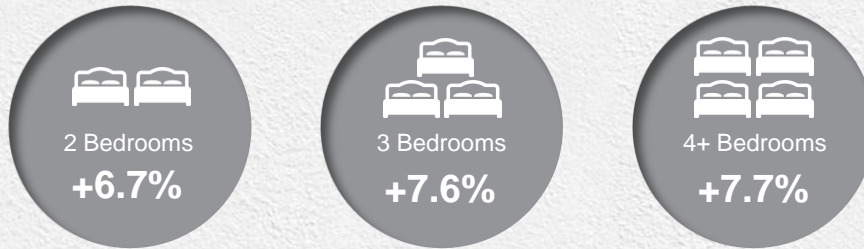


# RENTAL GROWTH 2023€

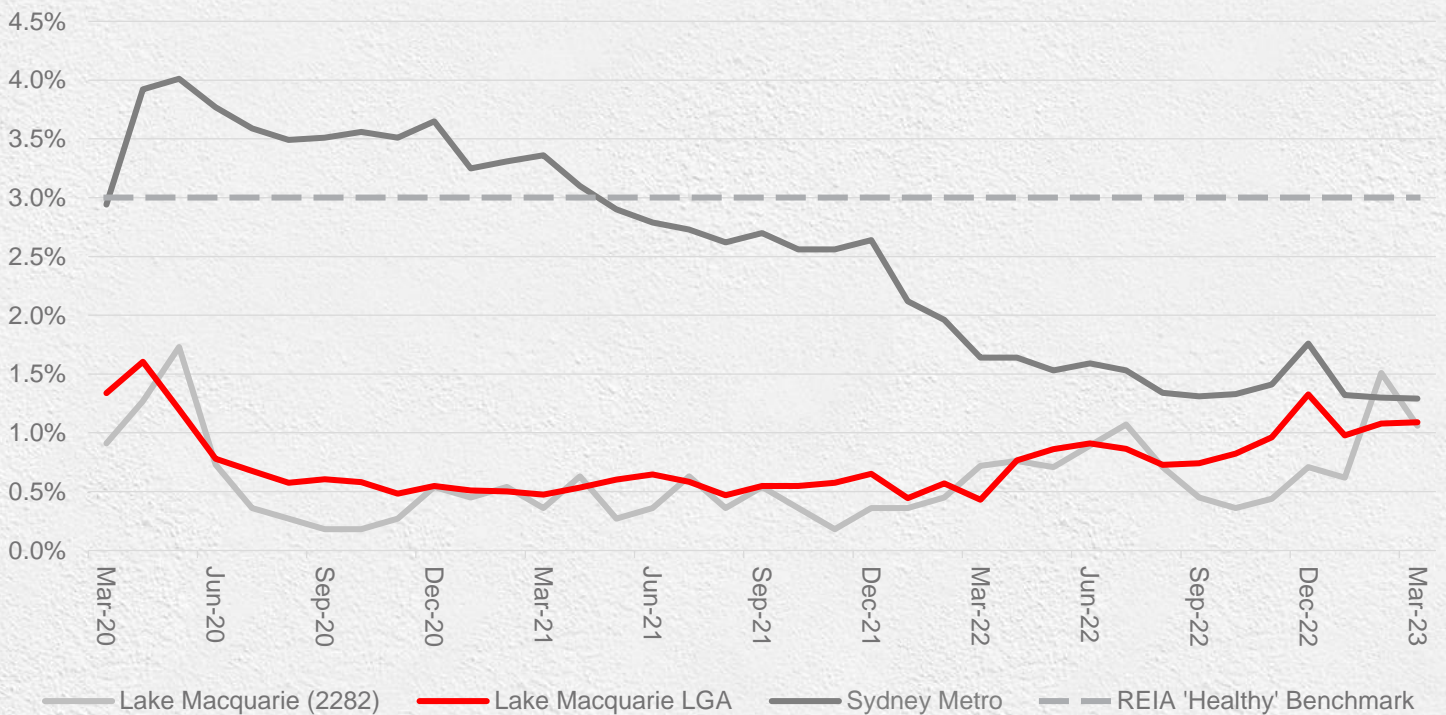
House rental yields in Lake Macquarie<sup>‡</sup> were recorded at 3.9% in March 2023, slightly above Sydney Metro (2.9%). In the 12 months to Q1 2023 the median house rental price remained stable, at \$650 per week, alongside an increase in the number of houses rented (to 153 rentals). Average days to let remained low at 18 days due to a lack of supply. There is a healthy level of rental demand in Lake Macquarie<sup>‡</sup>, which is a more affordable market than Sydney Metro.

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

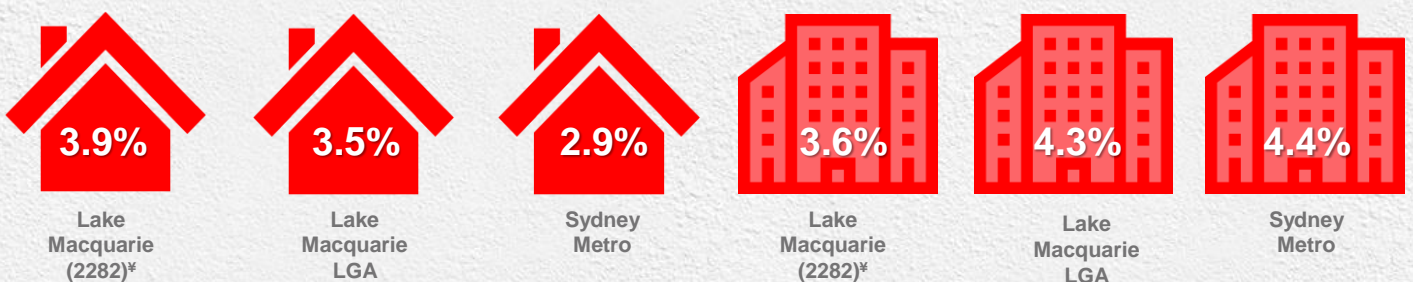
Lake Macquarie (Postcode 2282)<sup>‡</sup> recorded a vacancy rate of 1.1% in March 2023, which is below Sydney Metro's 1.3% average. The spike in early 2023 can be attributed to more investors capitalising on a tight rental market. Yet it is still below the Real Estate Institute of Australia's healthy benchmark of 3.0%. Thus a conducive investment environment, even if confidence has returned to the market and property prices are normalising in the past quarter (Q4 2022 – Q1 2023).



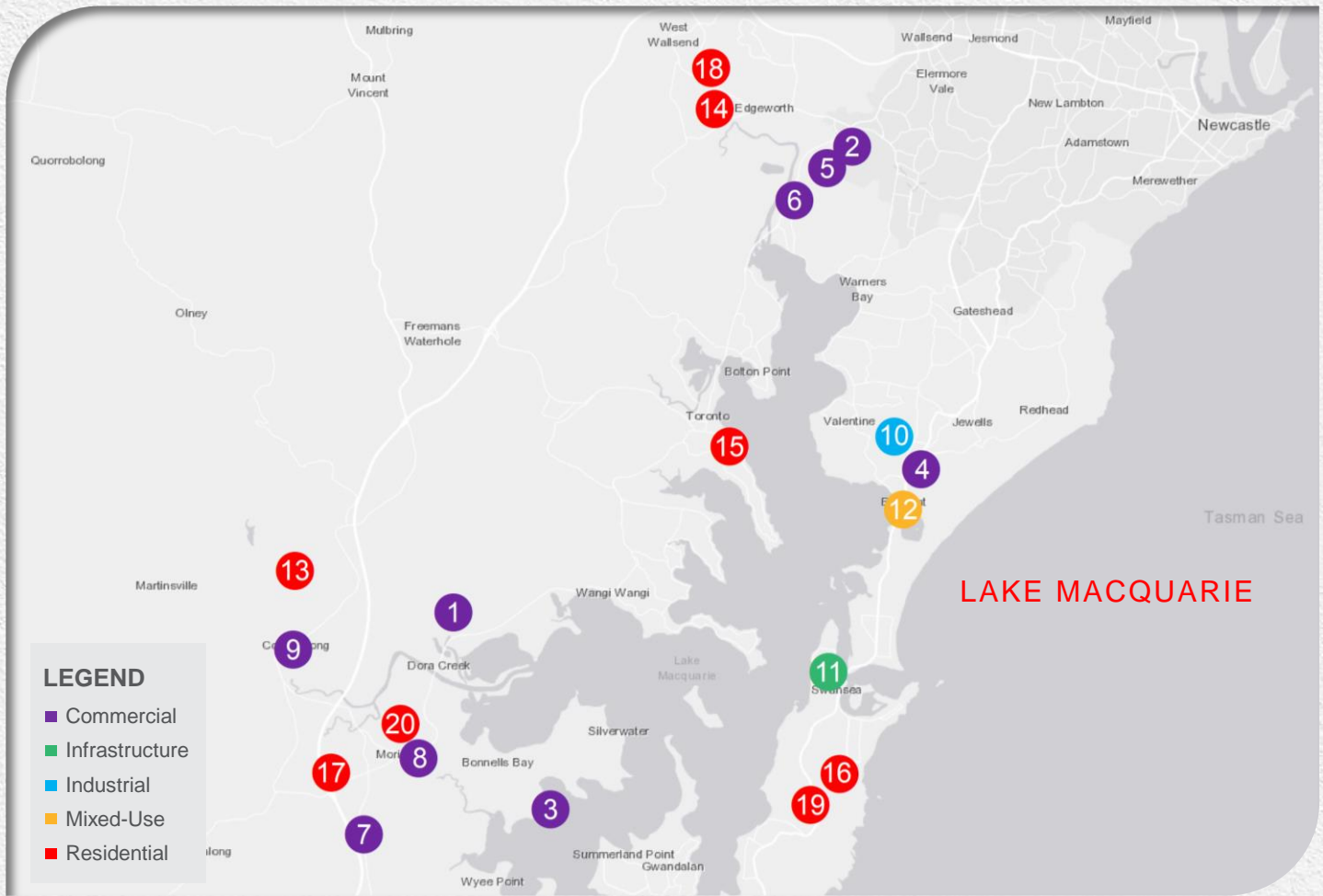
# RENTAL VACANCY RATES 2023



# RENTAL YIELD 2023\$



# TOP DEVELOPMENTS MAP 1<sup>st</sup> HALF 2023<sup>A</sup>



Location	Project <sup>£</sup>	Type	Estimated Value <sup>µ</sup>	Commence Date <sup>ψ</sup>
1	Earing Battery Energy Storage System Stage 1	Commercial	\$490,000,000	19/06/2023
2	Stockland Glendale	Commercial	\$45,000,000	18/03/2023
3	Trinity Point Marina & Tourism Development - Pullman Trinity Point Resort	Commercial	\$24,615,000	22/05/2023
4	10 Bluebell Street Industrial Buildings & Self Storage Units	Commercial	\$5,077,000	06/04/2023
5	7 Concord Street Light Industrial Units	Commercial	\$5,377,000	14/04/2023
6	Main Road & First Street Infrastructure Works	Commercial	\$5,780,000	12/01/2023
7	Cedar Mill - Dora Street Tourist Accommodation	Commercial	\$6,956,000	08/06/2023
8	Yambo Street Serviced Apartments	Commercial	\$4,536,000	07/01/2023
9	Avondale Retirement Village - Independent Living Units	Commercial	\$8,781,000	13/02/2023
10	24 Bluebell Street - Belmont Business Park	Industrial	\$12,500,000	12/06/2023
11	Swansea Channel Dredging	Infrastructure	\$10,000,000	03/04/2023
12	Gen Street Mixed Use Development (25 units)	Mixed-use	\$8,880,000	13/02/2023
13	Watagan Park Estate (21 lots)	Residential	\$7,350,000	04/04/2023
14	Botham Street Dwellings & Residential Subdivision (38 dwellings, 38 lots)	Residential	\$9,175,000	13/06/2023
15	163 - 167 Excelsior Parade Toronto – Townhouses (26 townhouses)	Residential	\$6,500,000	12/05/2023
16	Old Pacific Highway Residential Subdivision (148 lots)	Residential	\$11,195,000	05/06/2023
17	Gimberts Road Residential Subdivision (28 Lots)	Residential	\$13,500,000	06/06/2023
18	Butterworth Street Dwellings & Residential Subdivision (53 dwellings, 53 lots)	Residential	\$13,860,000	09/02/2023
19	Swansea Valley 3 (50 lots)	Residential	\$7,500,000	03/05/2023
20	25-29 Wyong & Kahibah Streets Townhouses (15 townhouses)	Residential	\$4,423,000	10/06/2023



## 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.



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# REFERENCES

\* Lake Macquarie market data and key indicators encapsulates aggregate property market conditions within the suburbs 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.

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

€ Annual rental growth is a comparison between Quarter 1 2022 (01/01/2022 – 31/3/2022) and Quarter 1 2023 (01/01/2023 – 31/3/2023) house median rent figures.

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

§ 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 Lake Macquarie Local Government Area (LGA).

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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