

Upper Hunter Market Update 1st Half 2024



OVERVIEW

In Q4 2023, Upper Hunter* recorded a median house price of \$523,000, and a median unit price of \$420,000. This represents annual (Q4 2022 – Q4 2023) growth of 6.2% for houses and 23.5% for units. During this time (Q4 2022 – Q4 2023) total sales declined for houses, by -16.2% (to 160 sales), but remained stable for units (at 26 sales). This suggests an undersupply for houses, and high demand for units, creating a buffer against higher cash rates. Houses suggest real returns on investment, making now a good time for owners to transact. With very little new stock planned, buyers must act fast before further price growth occurs.

CHANGE FROM LAST YEAR HALF YEAR



	YEAR	HALF YEAR
HOUSE SALES	↓	↓
HOUSE MEDIAN PRICE	↑	↑
HOUSE RENTAL PRICE	↑	↑

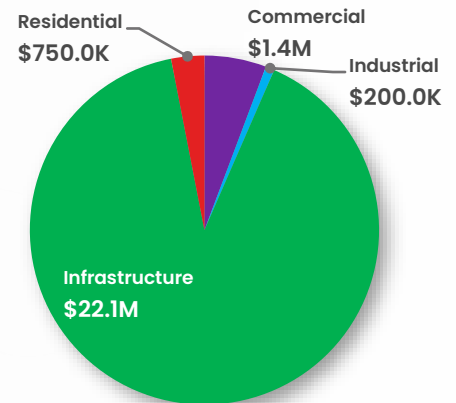


	YEAR	HALF YEAR
UNIT SALES	↔	↑
UNIT MEDIAN PRICE	↑	↑
UNIT RENTAL PRICE	↑	↑



FUTURE DEVELOPMENTS

Upper Hunter is set to see approximately **\$24.5M worth of new projects commencing in the 1st half of 2024.**



A focus on infrastructure projects improve liveability for residents, whilst also creating local jobs in the construction phase. This can attract more people to live in the area, potentially increasing housing demand.

A main infrastructure project in the 1st half of 2024 is Scone Memorial Airport Infrastructure Works (\$20M). The development will bring about an improved airport which will allow for greater connectivity to the area.

The Blaxland Street Units (\$750K) is the only residential project due to commence construction in the 1st half of 2024. This will add 3 units to the Upper Hunter Area, which with the current high demand for units is not enough. Thus, the chance of higher unit prices is very likely.

With no new ready-to-sell stand-alone houses this stock type remains undersupplied, putting pressure on an already tight market.



3 Units/
Apartments



MARKET CONDITIONS

MEDIAN PRICE
Q4 2023



SALES



AVERAGE DAYS
ON MARKET Q4 2023



MEDIAN PRICE
Q4 2023



RENTALS



AVERAGE DAYS
ON MARKET Q4 2023

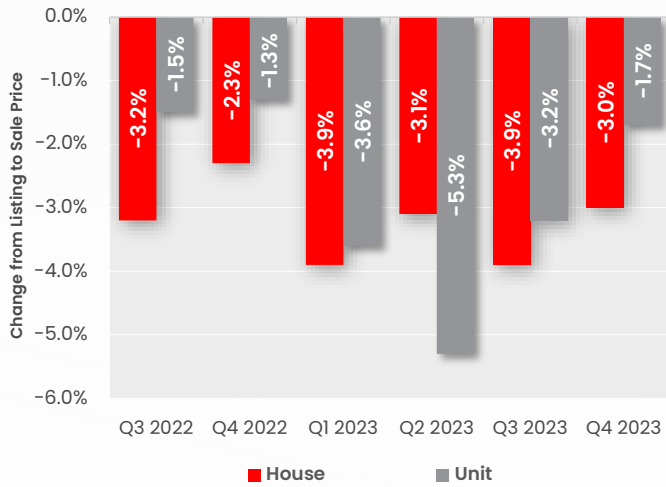




AVERAGE VENDOR DISCOUNT*

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 Q4 2022 and Q4 2023 have remained at a discount, widening slightly to -3.0% for houses, and -1.7% for units. Market conditions in Upper Hunter continue to favour buyers as vendors are willing to accept below the first list price. This creates a unique market, wherein sellers can gain from the current price growth but buyers can also benefit from a discount.

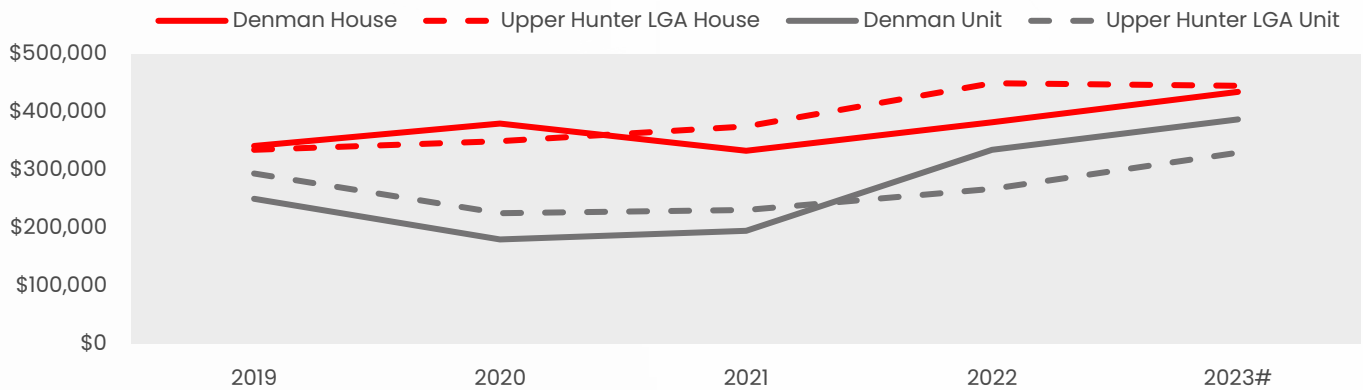


The suburb of Denman has historically tracked closely to the wider Upper Hunter Local Government Area (LGA) in both house and unit median prices. This said, 2023# saw Denman's housing market catch up to the wider Upper Hunter LGA while units continue to present a premium price point compared to the Upper Hunter LGA region.

The dominant proportion of homes sold in Upper Hunter* across 2023# were in the more affordable price bracket between \$350,000 to \$474,999 (32.0%), while most unit sales were split equally between \$250,000 to \$349,999 and \$350,000 to \$449,999 (both recording 31.9%). This reveals that there is affordably priced stock available, in good news for first home buyers.



MARKET COMPARISON

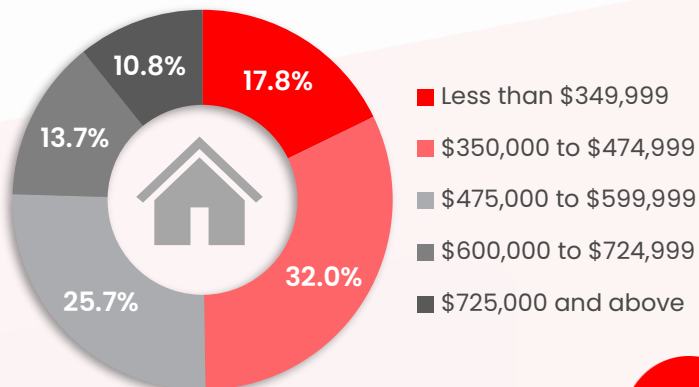


The market comparison graph provides a comparative trend for median price of houses and units over the past 5 years. The main LGA chosen was based on their proximity to the main suburb analysed, which is Denman.

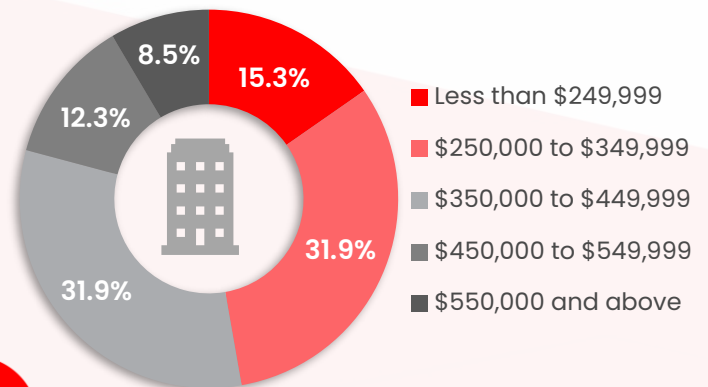


PRICE BREAKDOWN 2023#

HOUSES SOLD



UNITS SOLD





RENTAL GROWTH 2023€


House rental yields in Upper Hunter[‡] was 4.2% in December 2023, higher than Sydney Metro average of 2.8%. This was paired with a median rental house price increase of 12.8% in the past 12 months to Q4 2023, and a 30.9% increase in the number of houses rented (to 144 houses). A similar pattern is evident for units, indicating a highly demanded rental market.

4+ bedroom houses have provided investors with +14.3% rental growth annually, achieving a median rent of \$560 per week.

Upper Hunter[‡] recorded a vacancy rate of 1.5% in December 2023, which is slightly below Sydney Metro's 1.7% average. Vacancy rates in Upper Hunter[‡] have fluctuated in the past 12 months, due to investors entering and exiting the market in accordance with higher cash rate movements. However, vacancy rates of 1.5% is still below the Real Estate Institute of Australia's healthy benchmark of 3.0%, suggesting there is quicker rental occupancy in the Upper Hunter market. With a tight rental market, there is still conducive and sustainable environment for investors, even with higher property sale prices in the past 12 months.

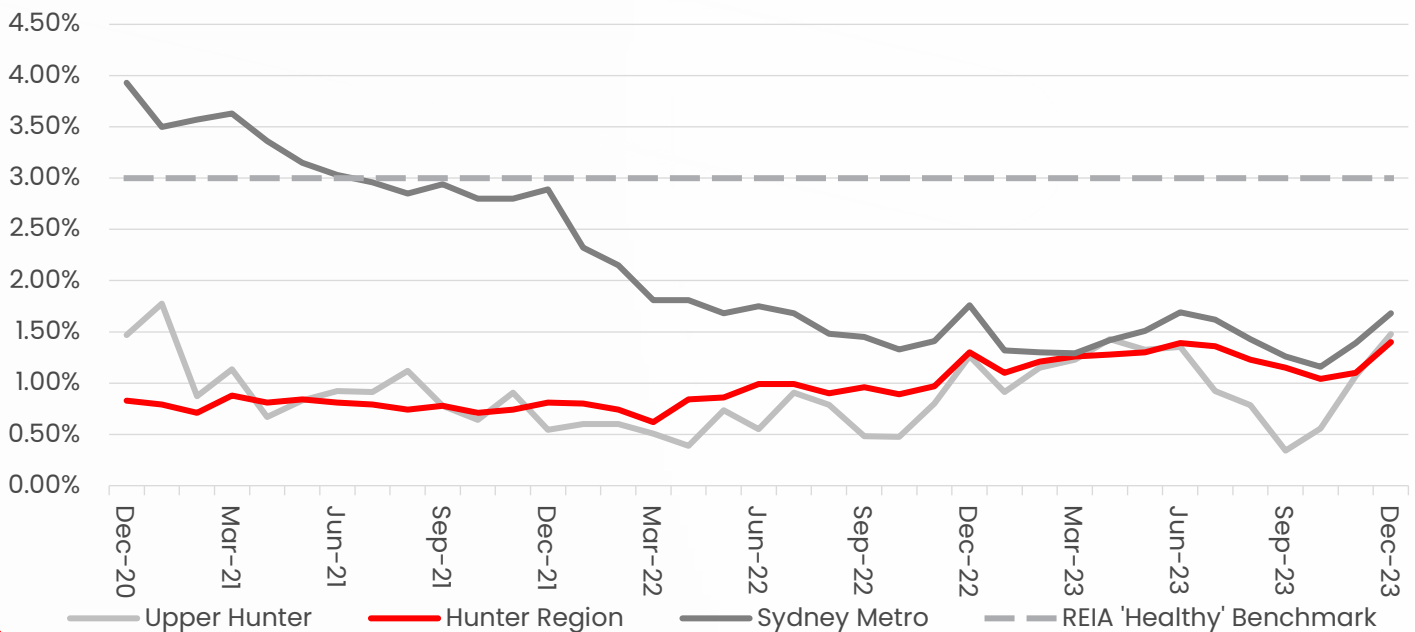
 2 BEDROOMS
+5.3%

 3 BEDROOMS
+9.3%


 4 BEDROOMS
+14.3%





RENTAL VACANCY RATES 2023





RENTAL YIELD 2023§



4.2%
Upper Hunter[‡]


3.7%
Hunter Region

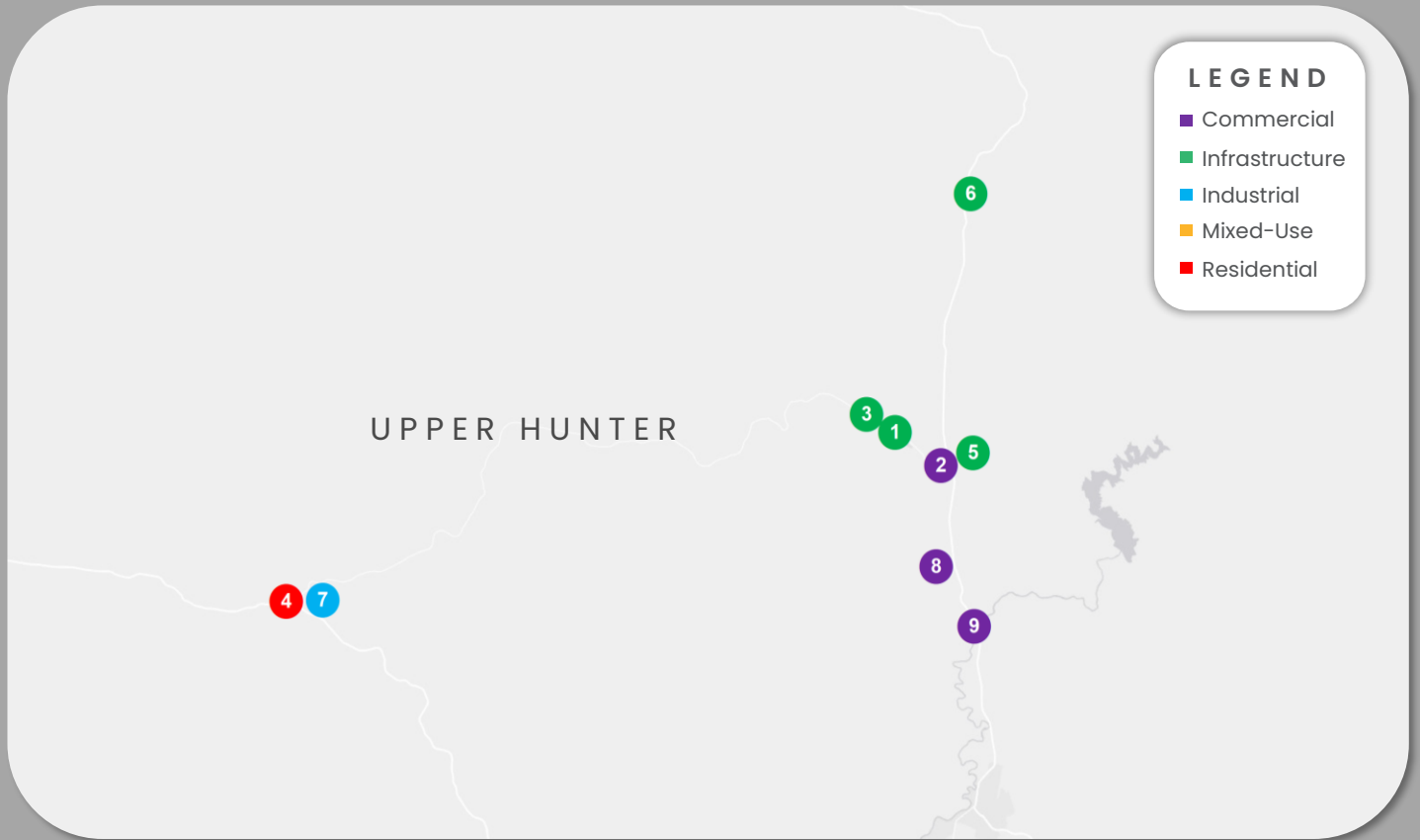

2.8%
Sydney Metro


5.2%
Upper Hunter[‡]


4.3%
Hunter Region


4.5%
Sydney Metro

PROJECT DEVELOPMENT 1st HALF MAP 2024^A



#	Project [£]	Type	Estimated Value ^µ	Commence Date ^ψ
1	Scone Memorial Airport Infrastructure Works	Infrastructure	\$20,000,000	08/04/2024
2	97 Hill Street Joint Venture Property Development	Commercial	\$1,000,000	03/06/2024
3	Scone Airport Hangers Infrastructure	Infrastructure	\$750,000	02/03/2024
4	17 Blaxland Street Units (3 Units)	Residential	\$750,000	03/04/2024
5	Scone Sewer Treatment Plant Polishing Ponds Biosolids Sludge Removal	Infrastructure	\$700,000	27/05/2024
6	Upper Hunter Shire Council Roadworks Flood Recovery	Infrastructure	\$650,000	22/03/2024
7	106 Lawlers Lane Machinery Shed	Industrial	\$200,000	04/02/2024
8	341 Turanville Road Stable Block & Offices	Commercial	\$200,000	14/06/2024
9	1350 New England Highway Storage Shed	Commercial	\$200,000	30/01/2024

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- Geographic information mapping
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REFERENCES

* Upper Hunter sales market data and key indicators encapsulates aggregate property market conditions within the suburbs of Denman, Muswellbrook, Merriwa, Scone, and Singleton.

** 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 all of 2023 (01/01/2023 – 31/12/2023).

€ Annual rental growth is a comparison between Q4 2022 (01/10/2022 – 31/12/2022) and Q4 2023 (01/10/2023 – 31/12/2023) house median rent figures.

¥ Upper Hunter rental market data encapsulates aggregate property conditions within the postcode of 2328, 2329, 2330, 2333, and 2337.

§ Rental yields shown are as reported as of December 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 suburbs of Denman, Muswellbrook, Merriwa, Scone, and Singleton.

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 Pricfinder, Cordell Connect database, SQM Research, Esri ArcGIS.

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