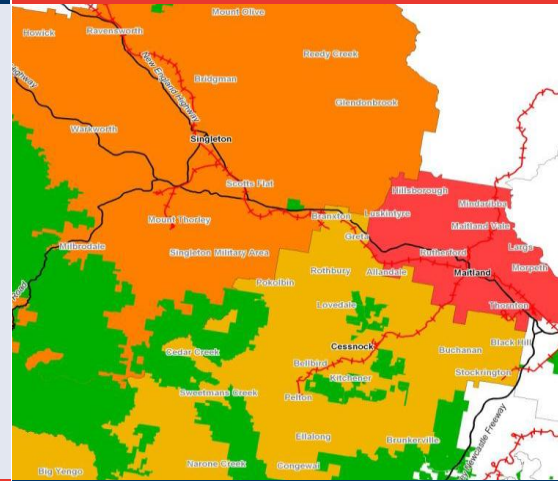


**Hunter Valley Regional Map**

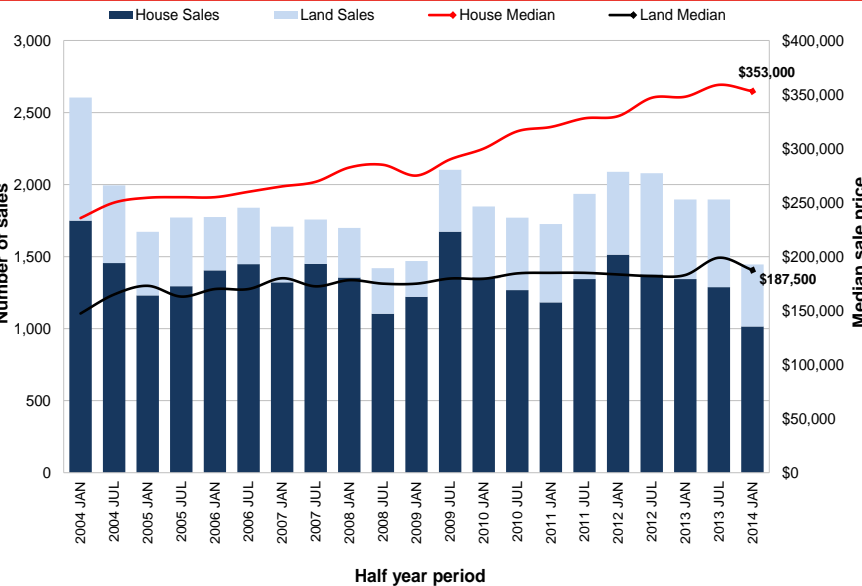


This following Property Watch report analyses the trends and performance of the Hunter Valley residential market, as highlighted in the adjacent *Hunter Valley Local Government Area Map*. The study area focuses on the LGA's of Cessnock, Singleton and Maitland as it will provide the most accurate information for the entire inland Hunter region.

Situated approximately 150 kilometers north of the Sydney CBD, Hunter Valley is a nationally recognised economic and lifestyle hub for Hunter Region. Property types range from townhouses to large rural properties which provides opportunities at all ends of the market. The area is supported by a strong road network which keep the region connected to its surrounds.

This Property Watch report will aim to further highlight the regions characteristics, analyse the market and forecast where the Hunter Valley residential property market is heading.

**Hunter Valley House & Land Sales Cycle**



The Hunter Valley housing market registered a total of 2,303 transactions in the annual period to January 2014 which represents a decrease of 24.5 per cent over the previous 12 months. Over the same period Median prices have increased but only by 1.4 per cent. This signifies that the market has reached a peak after exponential growth over recent years.

Vacant land has reported minimal growth recently due to an influx of available stock. Over the past 10 years median prices have only risen 2.6 per cent. Transactional activity has also remained subdued.

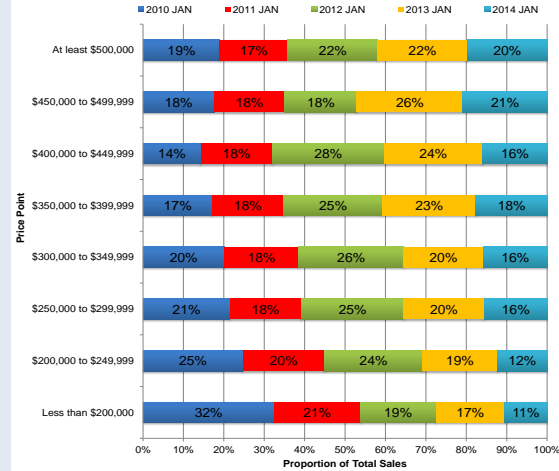
It is expected that market will experience mild corrections in the near future however good long term growth prospects are predicted. Mid priced houses close to larger towns with diverse economies should provide the best returns.

**“HUNTER VALLEY HAS BUCKED NATIONAL TRENDS AND MAINTAINED CONSTANT GROWTH OVER THE PAST 10 YEARS”**

- Harrison Hall, PRD research analyst



**Hunter Valley House Price Points**

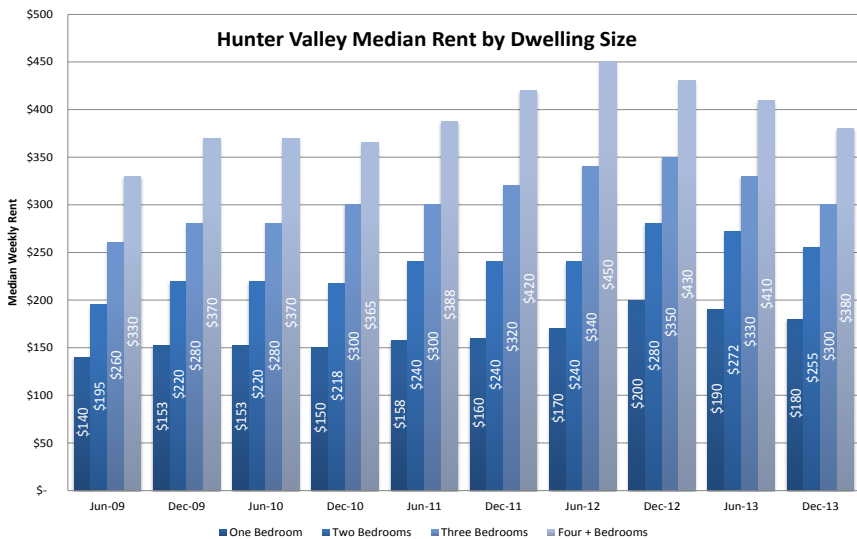


The Hunter Valley price point chart indicates the shifts in house prices across the region. Overall there has been a trend towards the middle of the market as the area continues as location for families looking for a mix of affordability and lifestyle while the bottom of the market has practically disappeared.

The price point that dropped the most in activity is the \$200,000 and below range which dropped from 32 per cent in 2009 to 11 per cent by 2013. Similarly the \$200,000 to \$249,999 range recorded a drop from 25 per cent in 2009 to 12 per cent in 2013. It is believed this is predominately due to investors who have identified the low entry price and potential for high returns as well as an influx of young workers moving to the area due to a strong economic pipeline.

Interestingly the \$350,000 and above range has trended on a similar pattern of stability with minimal increases in market share since 2009. The price point that has increased the most since 2008 is the \$450,000 to \$499,999 which grew by a marginal 3 per cent.

**Hunter Valley Rental Analysis**



The metro Hunter Valley rental market has seen a small peak over the past four years. At the close of the December 2013 rental period median unit and house rents had registered average weekly return of \$280 which represents an increase of 20 per cent since 2009. This is due to an extraordinary rise of 36 per cent which occurred between 2009 and 2012 which was fuelled by mining investments within the region.

The strongest performer over five years was two bedroom market which rose 26.67 per cent since 2009 which was closely followed by one bedrooms which rose 28 per cent. All other markets experienced growth of around 15 per cent.

As at the December 2013 quarter the average yield sat at 4.1 per cent.

BASED ON UNITS & SINGLE FAMILY DWELLINGS (NSW DEPARTMENT OF HOUSING)

Hunter Valley currently has an extraordinary \$11 billion worth of projects in the pipeline. Over \$6 billion of the pipeline is dedicated to public infrastructure with a focus on connectivity and public services. Highlights include a \$2 billion upgrade to the Bayswater Power Station and the recently completed \$1.7 billion hunter expressway.

Private investment is also strong in the area with a mix of industrial, retail and residential projects planned. The \$1.5 billion Huntlee development is the most ambitious project in the region and will see the creation of a whole new township with 5600 residential dwellings on 612 hectares developed over 20-25 years. Overall residential development represents 31 per cent of the pipeline while industrial developments accounts for 12 per cent.

**Development Pipeline**



Planned Huntlee Town Centre