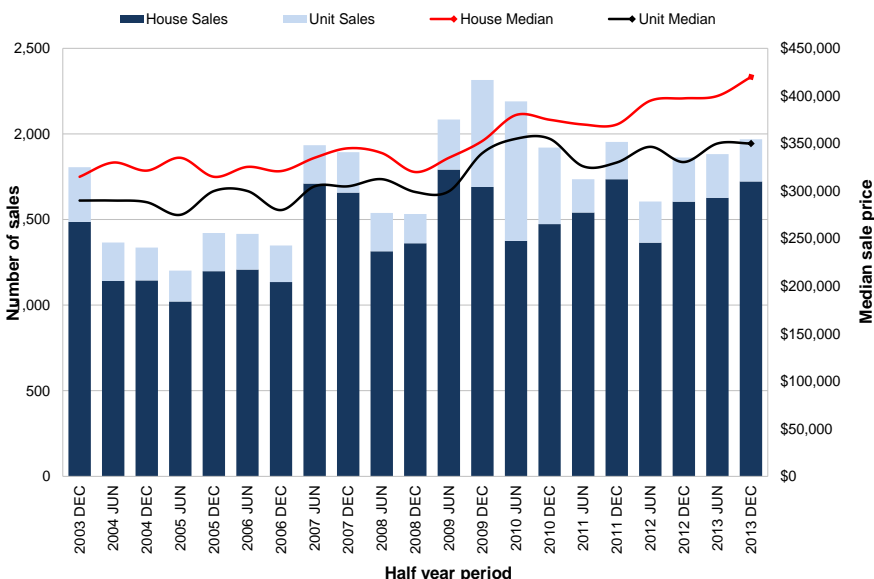


This following Property Watch report analyses the trends and performance of the Lake Macquarie residential market, as highlighted in the adjacent *Lake Macquarie Local Government Area Map*. The study area focuses on the LGA of Lake Macquarie as it will provide the most accurate information for units and single family dwellings in the area and help divide it from surrounding areas.

Situated approximately 150 kilometers north-east of the Sydney CBD, Lake Macquarie is a nationally recognised lifestyle destination popular with retirees and families alike. The Pacific Motorway acts as the main access point to surrounding regions however good public transport also keeps 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 Lake Macquarie residential property market is heading.

Lake Macquarie House & Unit Sales Cycle



The Lake Macquarie housing market registered a total of 1,722 transactions in the annual period to December 2013 which represents a 20.2 per cent increase since 2011. Median prices have also shown an increase of 6.4 per cent over the same period. This signifies that the market sentiment is strong and the area is increasing in popularity.

Units have reported lower growth when compared to houses however it is believed this is due to a peak in 2009. Over the past two years capital growth has risen only 1 per cent. Transactional activity has also remained flat.

Historically the unit market has trended roughly similar to the housing market in the long term. Therefore when considering infrastructure investment and demographic growth both dwelling types should provide positive returns.

“The Lake Macquarie market has been a top performer over recent years and it’s easy to understand why”

- Harrison Hall, PRD research analyst

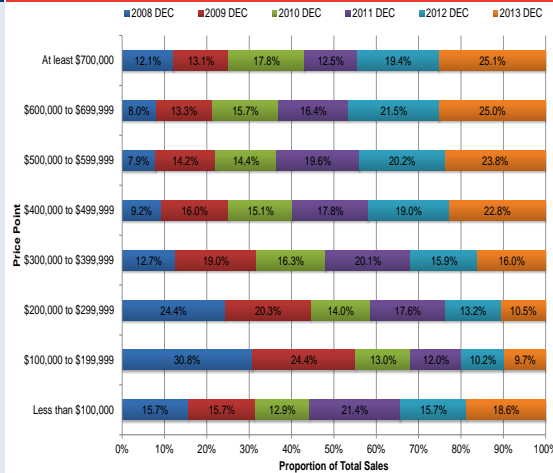


The Lake Macquarie price point chart indicates the shifts in house prices across the area. Overall there has been a trend towards the higher end of the market as the area becomes increasingly popular with sea changers willing to pay a premium for the lifestyle while the bottom of the market has practically disappeared thanks to investors entering the market.

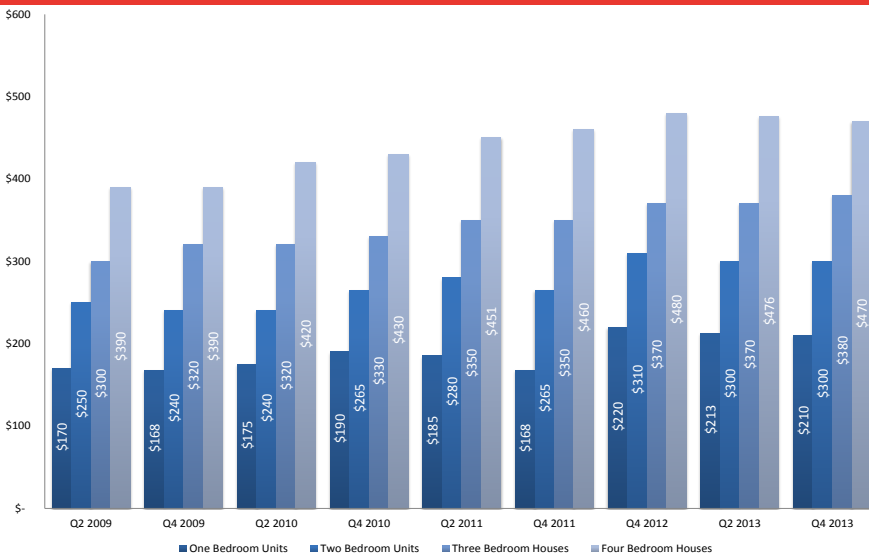
The price point that dropped the most in activity is the \$100,000 to \$199,999 range which dropped from 30.8 percent in 2009 to 9.7 percent in 2013. The \$200,000 to \$299,999 range also recorded a drop of 14.7 per cent. It is believed this is predominately due to investors who have identified the low entry price and potential for high returns.

Interestingly the \$300,000 and above range has trended on a similar pattern of growth with steady increases on all levels. The price point that has increased the most since 2008 is the \$600,000 to \$699,999 which is understandable as it as an attractive price point for families and retirees alike.

Lake Macquarie House Price Points



Lake Macquarie Rental Analysis



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

The metro Lake Macquarie rental market has recorded reasonable growth 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 \$340 which represents an increase of 3.8 per cent over the previous year. And a healthy 20.6 per cent since 2009.

The strongest performer in the market was three bedroom house market which rose 26.67 per cent since 2009 which was closely followed by one bedrooms which rose 23.53 per cent. All other markets experienced similar growth.

As at the December quarter the average yield sat at 4.3 per cent which is reasonable considering the high capital growth prospects for investors. Growth can be sourced back to reasonable demand and low entry prices.

Investment Market

Although Lake Macquarie can already boast fantastic services and lifestyle amenities there is continual investment to keep the area growing. Areas of growth include aged care, healthcare, residential, retail and public projects. New residential developments are the most prevalent part of the pipeline with a mix of land subdivisions and mixed use complexes being the most popular types. To further accommodate for the demographic shift there are several large scale aged care facilities in various stages of construction.

Along with the planned residential properties an array of public, retail and tourism developments planned which provide indication of future growth. Key developments include a Cardiff Railway Station upgrade for commuters, a new marina, two new full size hardware stores as well as multiple other retail sites.



Cameron Park Marketplace