

LAKE MACQUARIE NORTH

Property Watch®



A waterfront property in Paroo Road, Eleebana

MARKET INDICATORS

Change from Last	Year	Half Year
HOUSE SALES	↑	↓
HOUSE MEDIAN	↑	↓
HOUSE RENTS	↓	↔
UNIT SALES	↑	↑
UNIT MEDIAN	↓	↓
UNIT RENTS	↓	N/A

The indicators depicted above are based on the year ending August 2013. Rental indicators are based on 12 months to September 2013.

KEY HIGHLIGHTS

- A rise in medium-density dwellings' activity confirmed the change in demand, with lifestyle and security becoming strong selling features.
- Buyers were mostly young families upsizing to larger premises, some of whom from outside the area.
- Half of all listings were advertised for 30 days or less, with less than one quarter remaining on the market for 120 days plus.

MARKET OVERVIEW

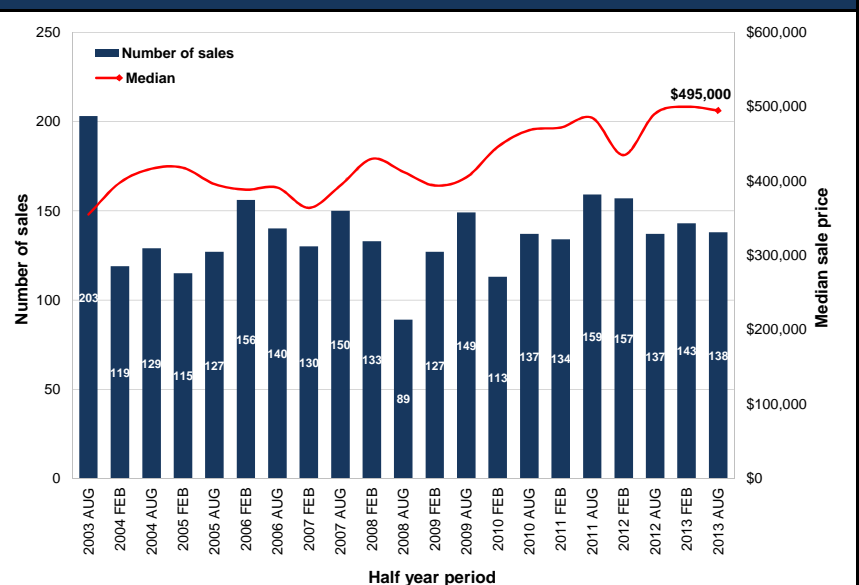
This report investigates the residential real estate market in the northern side of Lake Macquarie. The area comprises the suburbs of Eleebana, Lakelands, Speers Point and Warners Bay.

Stable activity and a limited availability of stock increased enquiries from owner-occupiers and revived investor interest, although the higher level of competition over limited stock has to date had only a limited impact on price.

House activity remained steady since August 2010, with marked spikes in the August 2011 and February 2012 half years. Stability continued through 2013, with 138 house transactions recorded in the six months to August 2013, representing an increase of one transaction over the corresponding period in 2012. The most transacted product consisted of three bedrooms, accounting for 42 per cent of transactions. Buyers were mostly young families upsizing to larger premises, some of whom from outside the area.

In the six months to August 2013 the median house price increased by 0.8 per cent to \$495,000 but eased slightly from a record \$500,000 registered in February. The House Price Point graph (on the next page) pointed to an increased activity in middle price points, while activity at the top and bottom ends of the market eased. The largest share of houses transacted in the \$450,000 to \$499,999 range, accounting for 16 per cent of sales. Warners Bay accounted for 60 transactions in the August half year, followed by Eleebana with 46 and Speers Point with 25.

LAKE MACQUARIE NORTH HOUSE SALES CYCLE



Graph prepared by PRDnationwide Research. Source: PDS

HOUSE PRICE POINTS

SIX MONTHS TO AUG 2012 & AUG 2013

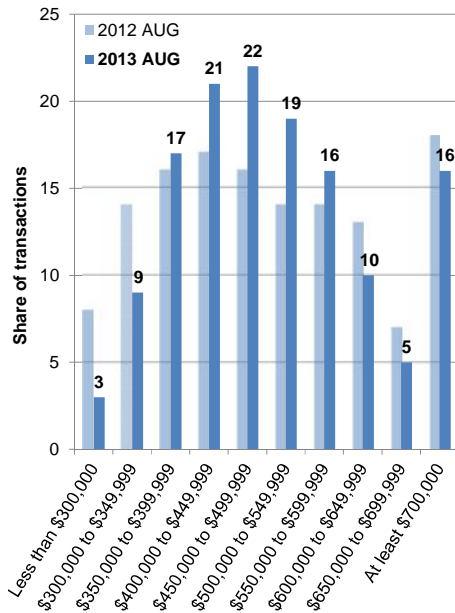


Chart prepared by PRDnationwide Research. Source: PDS

Stable activity and a **limited stock** increased **enquiry** from owner-occupiers and **revived** investor interest

UNIT PRICE POINTS

SIX MONTHS TO AUG 2012 & AUG 2013

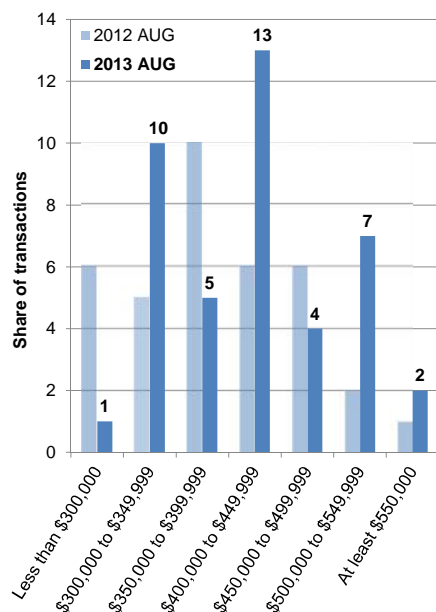
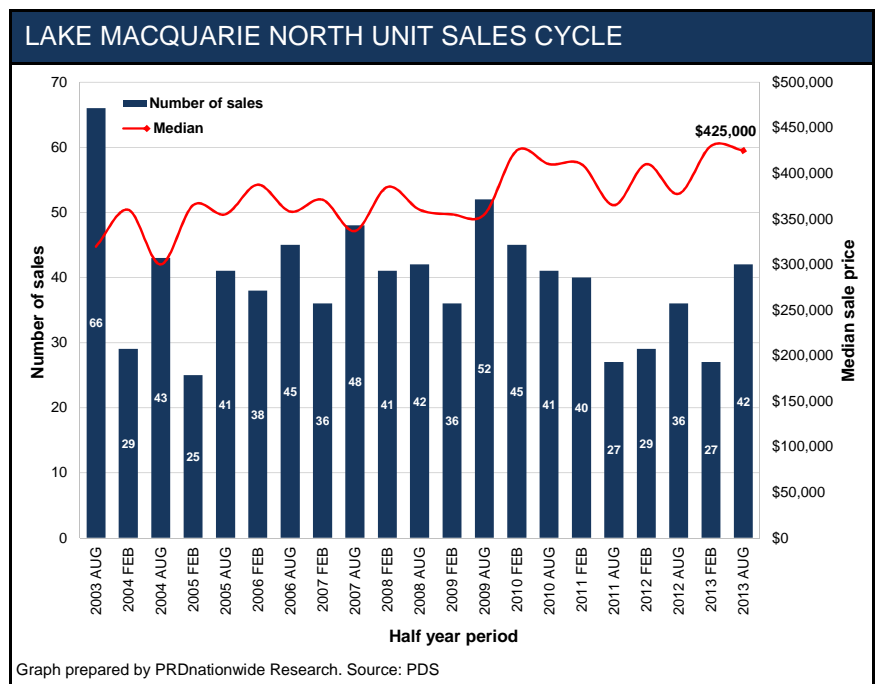


Chart prepared by PRDnationwide Research. Source: PDS

A rise in medium-density dwellings activity confirmed the change in demand, with lifestyle and security becoming strong selling features. Consisting of apartments, townhouses and villas, the unit market maintained its upward trend since August 2011, registering 42 transactions in the six months to August 2013. A new 18-unit development on Warner Street, Warners Bay significantly impacted the August six month period's results, accounting for 10 transactions.

The share of unit transactions between \$400,000 and \$449,999 increased in the six months to August while the adjacent price point (\$350,000 to \$399,999) contracted, resulting in an annual median price growth of 12.6 per cent. The median was also influenced by new apartments in Warners Bay, selling in the range of \$420,000 to \$585,000. While units in middle price points sold well, demand for luxury product remained subdued. This is indicated by low activity in the \$500,000 plus price point and the long period required to bring new developments to the market.

Vendors' expectations have become more closely aligned with demand in the past 12 months, stimulating auction activity and minimising days on market. An analysis reviewing days on market across the four suburbs revealed that half of all listings (50 per cent) were advertised for 30 days or less, while less than one quarter (24 per cent) remained on the market for a period of 120 days plus. The lowest selling period was recorded in Speers Point, where 65 per cent of stock was sold in less than 30 days. Despite the short selling periods and high demand for both houses and units, many would-be vendors remained absent from the market, instead adopting a "wait-and-see" approach in anticipation for rising prices in 2014.



Graph prepared by PRDnationwide Research. Source: PDS

As a further indication of the market's strength, the official rental vacancy rate remained low, closing at 1.6 per cent vacancy in October. With that said, a rise in the number of properties available for rent became apparent as some tenants turned into home owners, while the rise in stock for rent increased competition and lowered rent prices across the four suburbs. The median rent for a three-bedroom house declined by 1.3 per cent to \$370 per week, while the median weekly rent for a two-bedroom unit fell by 3.2 per cent to \$300.

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This report was prepared by PRDnationwide Research. Source: PDS, SQM, Housing NSW.

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