

# PORT STEPHENS EAST

Property Watch®



**The Pacific Blue Complex – Salamander Bay**

## MARKET INDICATORS

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

The activity indicators depicted above are based on the year ending June 2013.

## KEY HIGHLIGHTS

- Early signs of market recovery appeared in the first half of 2013, with firm activity and a tight supply of new listings.
- Unit activity increased by 9.4 per cent in the 12-month period, with a notable growth in the suburb of Salamander Bay.

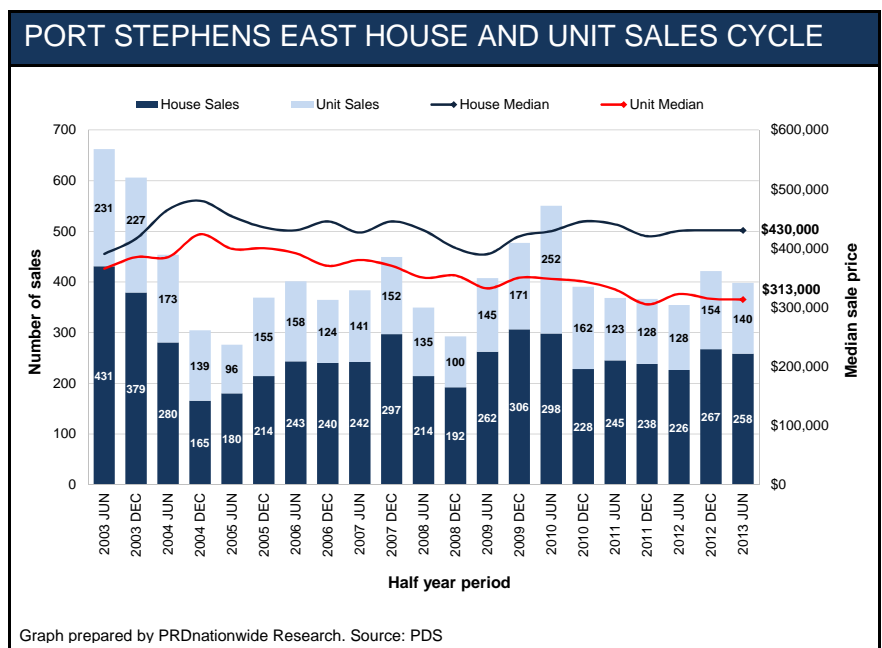
## MARKET OVERVIEW

The following report investigates the eastern suburbs of the Port Stephens local government area (LGA), comprising 11 suburbs between Shoal Bay and Anna Bay. Early signs of market recovery appeared in the first half of 2013, with firm activity and a tight supply of new listings. Investors targeted units toward the bottom end of the market while upgrader and downsizer activity remained firm in middle price points. However, the number of first home buyers' transactions continued to be negligible.

The Sales Cycle graph pointed to a 14.2 per cent rise in house activity between the first half of 2013 and the corresponding period in 2012. Of the 258 house sales, 26 per cent transacted in Nelson Bay and 19 per cent in Corlette. Observing the unit market, activity increased by 9.4 per cent in the 12-month period, with Salamander Bay experiencing a notable growth in sales numbers.

The firm activity has absorbed some surplus stock but left an ample amount of outstanding dwellings on the market. At the end of September there were 532 houses and units available for sale in the region, equating to approximately eight months' worth of stock at current sales levels. That said, much of the stock remained on the market for a period of 90 days or more, with sellers unwilling or unable to reduce their prices. Well-priced houses were selling within four weeks while units often remained on the market for prolonged periods of three to four months.

The median house price remained unchanged over the 12 month period, closing the June period at \$430,000. In the unit market, growing demand failed to stabilise the median price which declined by 2.9 per cent over the period. Greater demand from investors and easing of banks' foreclosure criteria has decreased the number of mortgagee sales, with prices expected to stabilise in the short term.



## HOUSE PRICE POINTS SIX MONTHS TO JUNE 2013

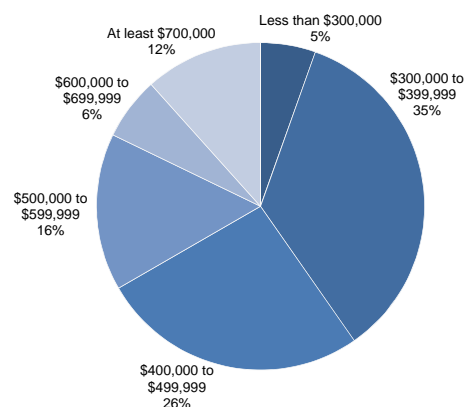


Chart prepared by PRDnationwide Research. Source: PDS

Greater **demand** from **investors** and easing of banks' foreclosure criteria has **decreased** the number of **mortgagee sales**, with prices expected to **stabilise** in the short term

## UNIT PRICE POINTS SIX MONTHS TO JUNE 2013

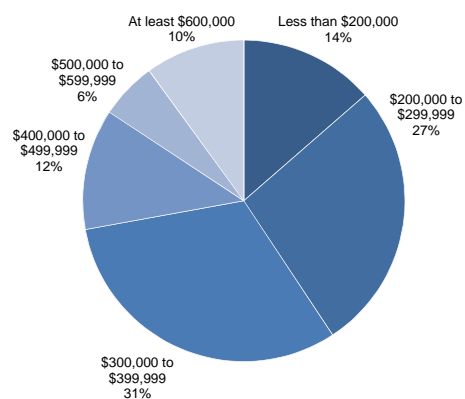


Chart prepared by PRDnationwide Research. Source: PDS

Observing the house price points over the June half year period, houses in the \$300,000 to \$399,999 range represented 35 per cent of the market; the price point distribution remained mostly unchanged over the past three years as price-sensitive buyers maintained their presence at the bottom and middle parts of the market.

Unit activity also concentrated in the \$300,000 to \$399,999 price point, accounting for 31 per cent of transactions. Interestingly, the number of unit transactions over \$500,000 increased markedly from 12 transactions in June 2012 to 22 transactions in the corresponding 2013 period. A greater number of transactions toward the top end of the market signalled renewed confidence in the area's attached dwellings and hinted that the bottom of the cycle may be in sight.

The rental market remained steady as vacancies created by tenants moving out were offset in the short term by new tenants moving in for summer. The region recorded an August vacancy rate of 3.1 per cent but is expected to decline to a two per cent vacancy by the end of the year. Prices in the 12 months to June 2013 remained steady, with the median rent price of a three-bedroom house showing a small decline, while the median rent of a two bedroom unit remained unchanged at \$300 per week.

The table below highlighted the performance of the largest suburbs in the Port Stephens East area. Despite an overall rise in activity Corlette and Salamander Bay recorded a decline in the number of house sales between June 2012 and June 2013, while unit activity in these suburbs increased by four and eight transactions respectively.

### SUBURB PERFORMANCE – SIX MONTHS TO JUNE

Suburbs	Activity			Median		
	Jun-12	Jun-13	12-month change	Jun-12	Jun-13	12-month change
<b>HOUSE</b>						
Nelson Bay	48	67	40%	\$398,750	\$387,000	-2.9%
Corlette	55	48	-13%	\$500,000	\$486,000	-2.8%
Salamander Bay	37	36	-3%	\$440,000	\$413,250	-6.1%
Anna Bay	27	34	26%	\$390,000	\$375,000	-3.8%
Soldiers Point	12	19	58%	\$462,500	\$497,500	7.6%
Fingal Bay	16	16	0%	\$437,500	\$433,500	-0.9%
<b>UNIT</b>						
Nelson Bay	63	66	5%	\$320,000	\$310,000	-3.1%
Salamander Bay	14	22	57%	\$260,000	\$279,000	7.3%
Shoal Bay	19	19	0%	\$245,000	\$340,000	38.8%
Corlette	9	13	44%	\$370,000	\$350,000	-5.4%
Fingal Bay	8	8	0%	\$410,000	\$353,750	-13.7%

Graph prepared by PRDnationwide Research. Source: PDS

Residential developments remained subdued across the 11 suburbs, as a large stock of units was waiting to be fully absorbed (sold). Medium density development was largely confined to small projects of up to ten dwellings. The incomplete absorption or vacant land in existing estates has so far discouraged the creation of new estates. With that said, small-scale developments like Seagrass in One Mile attracted strong enquiry. Site work on the 15-lot subdivision is likely to start before the end of 2013.

The positive outlook for the area is backed by strong enquiry levels and short time on the market, creating shortage in the number of fresh listings. However, there is still time before old stock has been cleared, delaying significant increase in price to mid-to-late 2014.

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This report was prepared by PRDnationwide Research. Source: PDS, Housing NSW, ABS, Cordell, realestate.com.au.

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