

Port Stephens LGA

IN BRIEF

- The median price in the Port Stephens LGA closed the second half of 2010 at \$385,000 for house and \$330,000 for unit product.
- The region experienced strong growth in median rental prices, with a 28.6 per cent increase for a two bedroom unit and 6.9 per cent for a three bedroom house.
- Unit activity declined for the first time since the end of 2008 to 193 transactions for the six month period.

Scope

The following Property Watch is the result of an investigation into the house, unit and vacant land markets within the Port Stephens Local Government Area (LGA).

Area Characteristics

The Port Stephens LGA is located 150 kilometres northeast of Sydney and 38 kilometres northeast of Newcastle, in the Hunter Region of NSW. A popular tourist destination the region is known for whale watching, bushwalking and its wildflowers, as well as pristine beaches offering water activities such as snorkeling and surfing. A short two and a half hour drive from Sydney, the region is accessible via the Pacific Highway and Nelson Bay Road, with daily coach services to and from Sydney. The Newcastle Airport is serviced by most major airlines with regular flights from Melbourne, Canberra, Sydney, Brisbane and the Gold Coast. The airport is 35 minutes from Port Stephens recording traffic of 1.18 million passengers for the 2010 calendar year. Tourism is one of the largest industries in the area injecting an estimated \$410 million into the Port Stephens economy in the 2010 calendar year. Other industries include oyster-cultivation, fishing, prawning, dairying, timber and mixed farming. As at the end of June 2010 the Port Stephens LGA had an estimated population of 67,825 residents, representing a 1.7 per cent growth from the 2009 population of 66,686 residents.

Infrastructure

Projects currently under way in the region include a new Woolworths shopping centre in Medowie Town Centre, and the construction of the Westrac NSW Headquarters in Tomago, with a total investment of \$130 million.

Rental Market

The private rental market represents 17.7 per cent of all occupied private dwellings in the Port Stephens LGA, compared to an average of 21.9 per cent for the Greater Metropolitan Region and 17.3 per cent in non-metropolitan NSW. According to the Real Estate Institute of NSW, vacancy rates for April 2011 were 1.5 per cent for both the Hunter and Mid North Coast regions. Vacancy rates have been very tight (below 3.0 per cent) in both regions over the past three years. The median rent for a two bedroom unit increased \$37 in the year to close the 2011 March quarter at \$270 per week. For the same period the median rent for a three bedroom house increased 6.9 per cent to \$310 per week.



Top Suburbs House Activity – Six months to Dec 2010

| Suburb | Activity | | Median Price | |
|------------------|----------|---------------|--------------|---------------|
| | Dec-10 | Annual Change | Dec-10 | Annual Change |
| Medowie | 101 | -20% | \$370,000 | -1.3% |
| Raymond Terrace | 90 | -17% | \$260,000 | -7.1% |
| Corlette | 53 | -37% | \$470,000 | 7.7% |
| Nelson Bay | 53 | -31% | \$465,000 | 12.0% |
| Salamander Bay | 40 | -25% | \$433,750 | 11.2% |
| Anna Bay | 34 | 0% | \$367,500 | -5.5% |
| Tanilba Bay | 31 | -24% | \$300,000 | 9.1% |
| Lemon Tree Pass. | 23 | -43% | \$342,500 | 25.5% |
| Fern Bay | 13 | 30% | \$485,000 | 29.3% |
| Shoal Bay | 12 | -25% | \$423,750 | -3.7% |

Prepared by PRDnationwide Research. Source: PDS

Top Suburbs Unit Activity – Six months to Dec 2010

| Suburb | Activity | | Median Price | |
|-----------------|----------|---------------|--------------|---------------|
| | Dec-10 | Annual Change | Dec-10 | Annual Change |
| Nelson Bay | 78 | -10% | \$365,000 | 5.0% |
| Raymond Terrace | 25 | -22% | \$251,000 | 19.5% |
| Salamander Bay | 21 | -30% | \$300,000 | -16.1% |
| Shoal Bay | 19 | -10% | \$390,000 | -2.5% |
| Corlette | 17 | 183% | \$282,500 | -21.5% |
| Fingal Bay | 10 | -17% | \$358,000 | 12.9% |
| Soldiers Point | 10 | 25% | \$392,500 | 4.7% |
| Anna Bay | 5 | -17% | \$290,000 | 5.3% |

Prepared by PRDnationwide Research. Source: PDS

Median Weekly Rents – March 2011

| LGA | 3 Bedroom House | 2 Bedroom Unit |
|---------------|-----------------|----------------|
| Port Stephens | \$310 | \$270 |
| Newcastle | \$361 | \$318 |
| Great Lakes | \$290 | \$205 |

Prepared by PRDnationwide Research. Source: NSW Housing

The Economy

- The first quarter of 2011 experienced continued growth in the Australian economy, led by the mining sector.
- The March consumer confidence was on the decline.
- Interest rates remain stable but a rise is still on the cards due to inflationary pressures.

House Market

According to the latest Census data, separate houses account for 84 per cent of dwellings in the Port Stephens LGA. The median house price remained soft after the peak of the property boom in 2004. Prices further softened during the Global Financial Crisis but recovered to record a median price of \$385,000 in June 2010. The median price remained the same for the second half of 2010, but still represented a 5.5 per cent growth from December 2009. Top suburbs to experience growth in median price were Fern Bay with 29.3 per cent and Lemon Tree Passage with 25.5 per cent, while Raymond Terrace and Anna Bay decreased 7.1 and 5.5 per cent respectively. Activity declined for the third consecutive period to 546 transactions for the December 2010 half year, representing a 24 per cent decrease from the second half of 2009. Suburbs to record the highest activity were Medowie with 101 transactions, Raymond Terrace with 90 and Corlette registering 53 transactions. The only suburb to buck the downward trend in activity was Fern Hill, where 13 houses were sold, compared to 10 in the December 2009 half year period.

Unit Market

Unit sales represented 23 per cent of total transactions recorded in the Port Stephens LGA in the second half of 2010. Unit activity declined for the first time since the end of 2008, indicating a softer market to come. Over the past four years, the region saw little movement in median price for units, remaining within an eight per cent range between December 2007 and 2010. The median price recorded a 5.6 per cent growth from 2009 to close the December 2010 half year period at \$330,000. Nelson Bay and Raymond Terrace experienced the highest number of sales for the region, recording 78 and 25 transactions respectively. Raymond Terrace also recorded the largest decrease in activity between December 2009 and 2010, while the suburb of Corlette experienced a 183 per cent increase in activity, as a result of a number of transactions originating from a complex on Bagnall Beach Road.

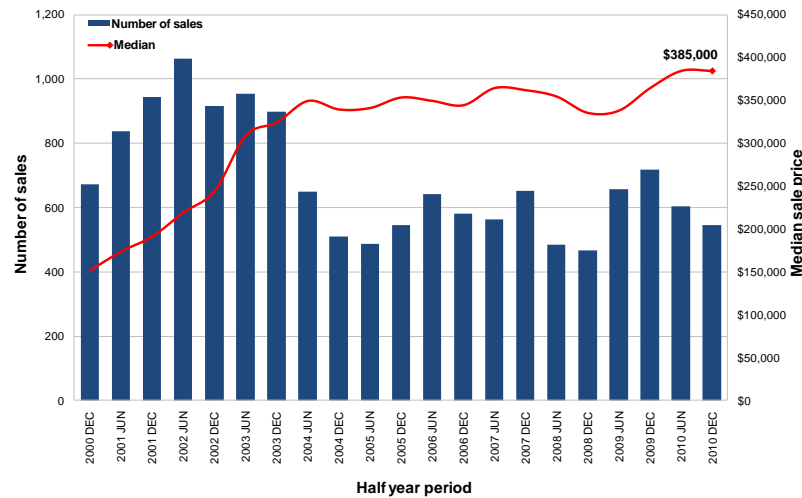
Vacant Land Market

Recent land releases in the Port Stephens Region contributed to an increase in the population of many of the region's localities. The number of lots sold in the LGA for the December 2010 half year was 72 per cent below the peaks of 2001 and 2002 and 50 per cent below the sales activity for the second half of 2006. The median price for land remained flat for most of the past five years, registering \$225,000 at the 31st of December 2010. The suburbs to record the largest number of transactions were Corlette with 26 lots, Tanilba Bay (20 lots) and Medowie (11 lots). A land size analysis revealed that most lots in Corlette ranged between 700 to 799 square metres, accounting for 77 per cent, while smaller lots between 600 and 699 dominated the Tanilba Bay market, making up 70 per cent of transactions. Lifestyle blocks were common in Medowie, where larger lots of 2,000 square metres and above accounted for 54 per cent of transactions.

Prepared by PRDnationwide Research. Source: PDS, Housing NSW and the ABS. For further details contact: Oded Reuveni Etzioni, Research Analyst Ph: (02) 9257 0254 or Email: OdedEtzioni@prd.com.au or visit our website at www.prdnationwide.com.au/research.

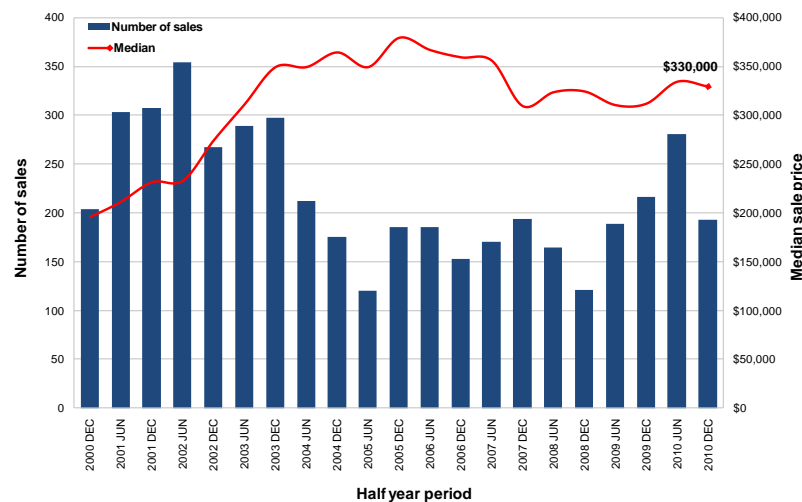
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Port Stephens LGA – House Sales Cycle



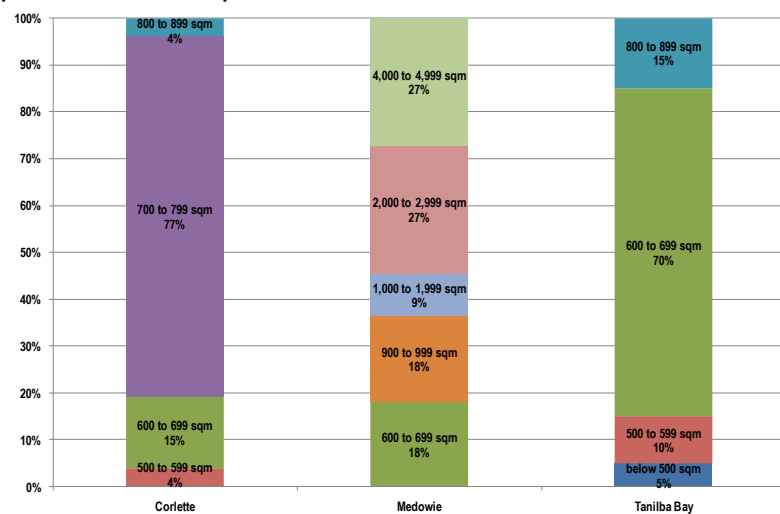
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Port Stephens LGA – Unit Sales Cycle



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Top Suburbs Comparative Lot Size Distribution



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