



**Westpac**

# NSW/ACT

Property Report – July 2016

## National Overview

The lowest home loan interest rates seen in generations, restrictions on investment lending and softer market conditions across some state capitals are creating the ideal opportunity for first home buyers to get that all-important foot on the real estate ladder. There is a range of approaches first home buyers can take to get there.

### Inner-city apartments – affordable and convenient

Opting for a unit rather than a house is often a more affordable option, and inner-city apartment developments offer a combination of convenience and low-maintenance living, with a wealth of amenities.

In Perth, a number of apartment complexes are being developed in and around the city centre as part of the state government's Directions 2031 and Beyond initiative designed to address urban sprawl. One-bedroom apartments in The Springs at Rivervale, for instance, start in price at around \$350,000.

In Melbourne, 2-bedroom apartments in inner-city Docklands and Southbank are selling for around \$600,000, though an increasing supply means buyers should be wary of limited capital growth prospects in the near term.

### The concept of a 'first home' is changing

First home buyers have traditionally opted for houses in new estates in the outer suburbs. This is still a budget-friendly strategy, and there is a wealth of new estates especially targeted at first home buyers on the fringes of most state capitals.

However, in some areas – notably Sydney, the nation's most expensive property market – new estates are offering dwellings that are more compact than traditional homes, often on smaller lots to enhance affordability.

The growth zones around Leppington in the south-west and Marsden Park to the north-west of the Sydney CBD often feature semidetached duplexes or townhouses on parcels of land comprising 300 square metres. Here vacant land can start in price at \$350,000, with completed homes priced from around \$650,000.

Similarly, in Darwin's satellite city of Palmerston, newly developed suburbs such as Zuccoli offer vacant land priced from just under \$200,000.



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### **Growth potential matters**

First home buyers need to be mindful not just of affordability but also of a property's capital growth prospects, and this largely hinges on location. The strategy of buying in a suburb where prices are more affordable than neighbouring areas can give first home buyers value today plus a head start on future price appreciation.

In Adelaide, for example, the outer suburb of Morphett Vale is considerably more affordable than the neighbouring towns of Flagstaff Hill and Hallett Cove. Yet it offers similar access to shops and community facilities, and local values are likely to benefit from the duplication of the Southern Expressway.

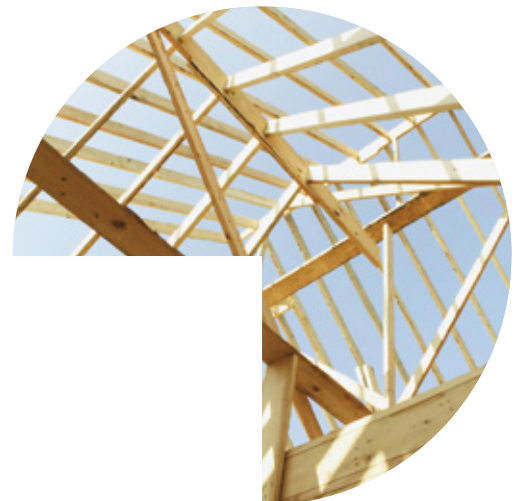
In Brisbane, the southern suburb of Algester offers a price point below \$500,000 while providing the same amenities as neighbouring Sunnybank Hills, where prices are much higher.

First home buyers in Tasmania enjoy a unique position. Not only is the state's property market considerably more affordable than markets in much of mainland Australia, the state government is offering a \$20,000 First Home Builders Boost to first timers who buy or build a new home.

The conundrum facing first home buyers in Tassie is whether to select a new home or purchase an established dwelling – often for a similar price – which could potentially deliver superior long-term gains. Undoubtedly first home buyers in other parts of the country would agree it's not a bad 'problem' to have.

Brendon Hulcombe

**CEO - HERRON TODD WHITE**



## New South Wales

### Sydney

Sydney property values rose 13.1% over the 12 months to the end of April 2016, making this one of the nation's most challenging markets for first home buyers. For them to access the market, it may mean buying a home that doesn't fit traditional expectations. As a guide, the affordable growth zones of the south-west and north-west often feature semi-detached duplexes or townhouses on parcels of land comprising 300 square metres.

The appeal of these properties is the chance to get a foot on the property ladder, hopefully with the benefit of getting in before prices rise following the development of future employment zones, improvements to transport links and the completion of infrastructure.

In particular, first home buyers are attracted to new products known as 'turn-keys' (completed dwellings) which allow buyers to maximise the value of their purchases without the need to pay for landscaping, driveways or other must-have features later on. These types of homes are most heavily promoted in the new estates of Sydney's south-west and north-west regions.

#### **SOUTH-WEST**

Leppington, 55 kilometres south-west of Sydney's CBD, comprises a number of newly completed estates. A typical house and land package offers a 3-bedroom, 2-bathroom home with garage on a lot of 300 square metres, priced from around \$650,000. Vacant land is priced between \$350,000 and \$450,000.

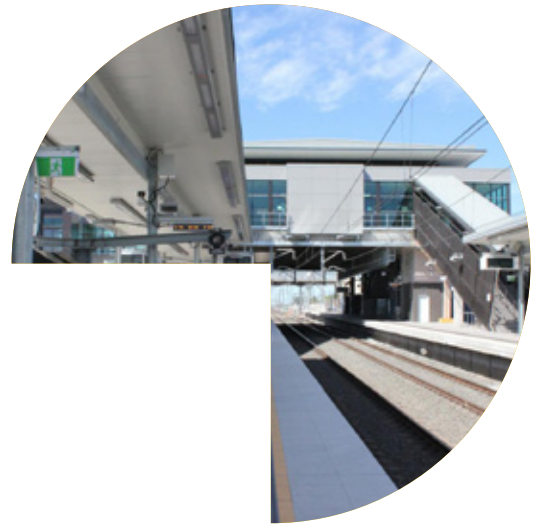
The newly opened rail line in Leppington will help to support long-term values, and the suburb also features a primary school and modern childcare centre.

#### **NORTH-WEST**

Marsden Park, 49 kilometres north-west of Sydney, is a former farmland suburb currently under development. On completion, it will include an employment zone with easy access to the M7 Motorway. Vacant land is priced from \$450,000 for a 450-square-metre block, while house and land packages on 250-square-metre parcels are priced between \$650,000 and \$700,000.

#### **A variety of infill sites in established suburbs**

To cope with buyer demand, the NSW State Government has made a strategic decision to rezone considerable amounts of land surrounding established town centres or along newly completed or proposed transport corridors. The majority of zones within Sydney have been affected within the past two years, giving first home buyers a wide choice from Zetland and Waterloo in the inner south, to Homebush and Meadowbank in the inner west, and further afield in Parramatta, Blacktown and Castle Hill.



The construction of the Norwest railway line has seen significant off-the-plan purchases along the rail corridor, with new 1-bedroom units priced from \$600,000 in Rouse Hill and Kellyville. Meadowbank, on the northern side of Parramatta River, has newly completed 1-bedroom apartments priced from \$650,000 to \$750,000.

#### **HUNTER VALLEY AND LAKE MACQUARIE**

In the West Lake Macquarie area, Glendale has a median house price of \$385,000, making it affordable for first home buyers. Glendale offers an attractive location with proximity to the M1 freeway and Glendale shopping centre, a major retail hub with plans for expansion. Another possible pick for first home buyers is nearby Argenton, where vacant land is priced from \$230,000.

The area surrounding Glendale and Argenton is packed with local amenities, including a major golf club, sporting fields, BMX and soccer clubs, as well as Glendale Sports Centre. A selection of schools and Hunter TAFE are nearby, and the area is well connected by public transport. The proposed Glendale Transport Interchange will offer better access to the M1 and the Port of Newcastle as well as improving local traffic flow.

#### **PORT MACQUARIE**

The past 12 months have seen Port Macquarie enjoy the strongest growth in five years, and while fringe suburbs have shown increases in value, the rate of growth has been below that of established residential areas. This is creating greater choice for first home buyers.

The outer western fringes of Port Macquarie comprise the expanding suburbs of Sovereign Hills, Brierley Hill and Ascot Park, which have all seen major growth over the past 12 months. Median land prices in these estates are around \$195,000 (Sovereign Hills) to \$240,000 (Brierley Hill and Ascot Park).

Smaller towns surrounding Port Macquarie have likewise seen subdivision growth. Wauchope's Glenview Park and Timbertown Estates have enjoyed strong sales over the past 12 months, with land prices ranging from \$155,000 to \$200,000 for larger lots. Located only 20 minutes west of Port Macquarie, these areas offer first home buyers modern estates with moderate pricing yet proximity to all facilities.

#### **COFFS HARBOUR**

The Coffs Harbour suburb of Park Beach, located approximately 4 kilometres north-east of the CBD, has suffered from a history of negative social stigma, and while the core issues have largely been addressed, the suburb still has reduced market appeal. This could make it an ideal location for first home buyers to snare a bargain.

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Units in Park Beach are generally very affordable, with prices ranging from \$200,000 to \$250,000 for older stock, through to \$360,000 to \$450,000 for newer townhouses. Older homes, which are in short supply, are priced from \$400,000 to \$500,000.

### **LISMORE**

In Lismore, most first home buyers opt for units. Ideal first home buyer suburbs include South Lismore, Goonellabah, Lismore Heights and East Lismore, which are all located within 6 kilometres of the Lismore CBD and nearby Lismore Shopping Square, private and public schools, Lismore Base Hospital and Southern Cross University. South Lismore is regarded as the more affordable suburb, with house prices generally ranging from \$230,000 to \$335,000.

### **ILLAWARRA**

The Illawarra residential property market has continued to see reasonably strong growth throughout 2016. Prices in new residential unit complexes in Wollongong are steady, ranging from \$330,000 to \$450,000 for 2-bedroom units. Drivers of growth are proximity to the city, jobs and transport. However, we are cautious about unit prices generally in the CBD and the North Wollongong area as increasing supply could see the resale market suffer.

Vacant land in the new southern estates of Shell Cove, Flinders, Calderwood and Horsley has shown appreciable increases in value over the past six months as first home buyers snap up lots in these subdivisions.

The increasing supply of properties in the Illawarra market will tend to regulate prices. As more properties come onto the market, longer selling periods and declining auction clearance rates are a possibility.

### **SOUTHERN HIGHLANDS**

The Southern Highlands market has seen a marked increase in activity in both volume and prices over the past 18 months, with healthy land sales in the established subdivisions of Renwick Estate (Mittagong), Bingara Gorge (Wilton) and, more recently, smaller affordable lots at Darraby Estate (Moss Vale), where vacant land is priced from \$230,000 to \$400,000.

This uptick in activity has seen the emergence of residential infill developments in the townships of Bowral and Mittagong, with established larger land lots being subdivided into smaller allotments, which are keenly sought after. New construction activity has also been evident, most typically in project-style homes within new residential estates. If interest rates remain at the current historically low levels, we consider these market increases to be sustainable and likely to continue over the next six to 12 months.

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