

The Westpac logo, featuring a stylized 'W' icon followed by the word 'estpac' in a sans-serif font.

NSW/ACT

Property Report – October 2015

The logo for Herron Todd White Residential, consisting of a grid of dots forming a stylized 'H' and 'T' shape, followed by the text 'HERRON TODD WHITE RESIDENTIAL' in a bold, sans-serif font.

National Overview

Media headlines regularly focus on the challenges first home buyers face finding affordable property, and yes, in many state capitals residential property is expensive.

However, what is often overlooked is the growth of competitively priced new estates located in outer-ring growth corridors, where house and land prices are often below \$500,000. The popularity of these developments is frequently underpinned by state government initiatives that actively encourage first home buyers to purchase newly constructed homes or build homes on vacant land.

These initiatives are certainly having a positive impact on the residential construction industry. Figures from the Housing Industry Association confirm apartment building was a strong performer in August 2015, with construction of houses also expanding¹.

NEW ESTATES ARE BACKED BY INFRASTRUCTURE

The availability of new estates in planned suburbs is good news for first home buyers, especially in our least affordable city, Sydney. The typical first timer looking to buy in Sydney's middle-ring suburbs, for instance, is often able to afford only a 1- or 2-bedroom apartment.

By contrast, in Sydney's south-west growth region, suburbs such as Oran Park and Leppington offer house and land packages priced from around \$480,000.

Yes, these are outer suburbs. However, anyone driving through this area for the first time couldn't fail to be impressed by the extent of new infrastructure construction, which is providing improved transport links plus local employment hubs. This level of activity, coupled with the planned second airport at Badgerys Creek, suggest the first home buyer estates of the south-west will prove to be a sound investment for the future.

It's a similar story around many state capitals: first home buyers prepared to look beyond established suburbs can find value. In Brisbane, for instance, Springfield Lakes (25 kilometres from the CBD) offers 3-bedroom homes priced from \$350,000. Melbourne's Point Cook area features new developments such as Featherbrook and Kingsford estate, which offer house and land packages starting at around \$375,000.

To the east of Darwin's satellite city Palmerston, Zuccoli is home to new masterplanned estates. Vacant lots of 300 square metres are selling for as little as \$160,000, making this area an affordable option for many of the Territory's first home buyers.



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PRICES HAVE COOLED IN WA

In Western Australia, Perth values have cooled over the past 12 months, and in northern suburbs such as Butler prices have dipped 0.9%. This is giving first home buyers greater buying power, and semi-detached homes in the area are priced under \$400,000.

TASMANIA AND SOUTH AUSTRALIA OFFER AFFORDABLE PRICES

First home buyers in South Australia and Tasmania are fortunate to have an affordable property market. Tasmanians also benefit from the state government's First Home Builder Boost (FHBB), currently worth \$20,000 for new constructions. However, our experts in Tasmania are urging first home buyers to weigh up the merits of a newly built home versus an established property. Given the affordability of Tasmania's property market, first home buyers can secure excellent value with established homes in quality suburbs, even if it means forgoing the FHBB.

A final word of caution: first home buyers on very tight budgets need to be mindful that many new developments feature extremely small lots, as a way of keeping prices down. Particularly diminutive allotments, while budget friendly, may have limited buyer appeal and prove harder to sell further down the track.

Brendon Hulcombe

CEO

¹ Australian Industry Group/Housing Industry Association media release; Australian PCI@: Construction rebounds in August, 7 September 2015.

New South Wales



Sydney

The NSW state government has introduced a number of initiatives allowing the redevelopment of some infill sites for medium-density development within established suburban centres. This is providing first home buyers with an opportunity to enter the market at a relatively affordable price point while remaining within an easy commute of the CBD.

Locations that are popular among first home buyers considering medium-density living include the St George district, with Wolli Creek and Rockdale considered affordable. Parramatta and surrounding suburbs such as Westmead, Rosehill, Harris Park, Homebush and Burwood are also sought after. In many of these locations first home buyers can typically afford a 1- or 2-bedroom apartment with car space.

South-west corridor

Sydney's south-west growth corridor is far more affordable for first home buyers than the north-west, and suburbs such as Spring Farm, Elderslie, Oran Park and Leppington are specifically targeted towards first home buyers. Lot sizes are small, averaging 300-450 square metres, and this keeps prices affordable. Land prices start at about \$300,000, and completed 3-bedroom house and land packages are priced from around \$480,000.

The south-west may be considered a fringe location at present but it is the beneficiary of several major infrastructure projects, including upgrades to local roads, the construction of a new railway line from Leppington to Liverpool, and the completion of several new light industrial estates that provide employment zones along the M7 Motorway. These employment zones coupled with the planned second airport at Badgerys Creek suggest that the first-home-buyer estates of the south-west will prove to be sound long-term investments.

Regional NSW

Newcastle

Several new subdivisions have popped up in the Newcastle and Lake Macquarie area over the past year that offer entry-level prices suitable for first home buyers. A new subdivision in West Wallsend, for instance, has vacant lots priced from around \$200,000. The suburb offers proximity to the M1 Freeway and easy access to Newcastle via the Newcastle Link Road.

A larger subdivision is under construction at Boolaroo. Again, land prices are around \$200,000. The location is highly central, offering easy access to Glendale and the large industrial estate at Cardiff. However, there are concerns over perceived contamination issues: Boolaroo previously housed a lead and zinc smelter, and although the site was apparently remediated, local media have focused on lead contamination levels in Boolaroo and neighbouring Speers Point. This could impact property values over time.

Central Coast

The coastal suburb of Woongarah offers new estates pitched at first home buyers, including Oakmont Estate, comprising 125 lots ranging in size from 300 to 544 square metres. House and land packages are priced from \$475,000. Buyers should be aware that smaller lots, while more affordable, may be harder to sell further down the track if buyer sentiment changes or supply outweighs demand at the time.

Mid North Coast

With limited infill home sites available in the established areas of Port Macquarie, the majority of first home buyer activity is concentrated in the new subdivisions of Sovereign Hills, Ascot Park and Brierley Hill. Sovereign Hills is a good fit for first home buyers, and though located approximately 12 kilometres west of Port Macquarie, the area is being developed into an integrated community that will feature a town centre, retail and school facilities on completion. The first stage of Sovereign Hills has sold out, and the second stage has seen strong sales activity. Vacant land is priced from \$200,000, and completed dwellings start at \$450,000.

Bathurst

In Bathurst, new developments are coming on board at Windradyne, Kelso and Eglinton. Vacant lots generally range from 650 to 1,000 square metres, with prices starting at around \$140,000. Bathurst is predicted to be a growth area over the next 10 years, reflecting interest from home buyers who have been priced out of the Sydney market.

An infrastructure improvement that has made the area more desirable in recent years is the “Bathurst Bullet” train, which provides a daily link to the Sydney metro area, Lithgow, Mount Victoria, Katoomba, Springwood, Penrith and Parramatta. On weekdays, the train departs Bathurst just

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before 6:00 am and arrives at Central shortly before 9:30 am. The evening train departs Sydney just before 6:00 pm and pulls in to Bathurst station around 9:30 pm. If demand rises over time, train services may be increased.

Wagga Wagga

One of the most affordable areas for new house and land packages in Wagga is Forest Hill, located 10 minutes east of the CBD, where new 4-bedroom homes start in price at about \$350,000. Home values across Wagga are expected to be supported over the long term by the region's diverse local economy.

Tamworth

Tamworth has been expanding at a healthy rate in recent years, and several affordable developments are attracting first home buyers to the market. North Tamworth is entering stage two of a new housing estate, which will ultimately include a shopping precinct plus entertainment and recreational venues. Vacant lots of 600 square metres start in price at \$100,000, and land values are expected to increase as facilities are completed and the development gains momentum.

Wollongong

In the Illawarra, most of the new land releases are south of the Wollongong CBD. In the Shellharbour area, Flinders and Shell Cove stand out; and in the new Calderwood release west of Albion Park, new house and land packages can start in price in the high \$400,000s.

ACT

Two developments in or near the ACT are suitably priced for first home buyers: Googong, located just outside Queanbeyan; and Broadview Park, in Ngunnawal. Both provide affordable price points of around \$180,000 for a relatively small courtyard-style block, or about \$380,000 for a basic 3-bedroom courtyard dwelling. Both developments are expected to achieve capital growth in line with the market – around 3-5% annually – though the 30-minute drive to Canberra from both suburbs may slightly dampen future gains.



Local expertise.
National strength.
Trusted solutions.

Herron Todd White is Australia's leading property valuation and advisory group. For more than 45 years, we've given our customers peace of mind and the confidence to make good-decisions for their vital property investments. Whether you are buying or selling, expert independent advice is the smartest property investment you can make.

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