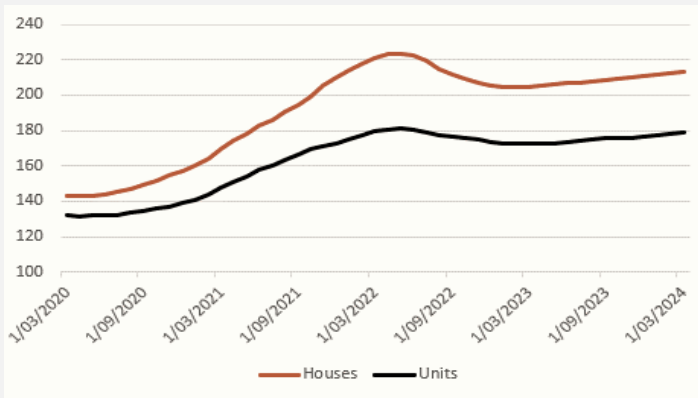


REGIONAL NSW SNAPSHOT

Home Value Index March 2024

The change in house and unit values to end of March 2024 is recorded at:



HOUSES



UNITS

	Houses	Units
Quarter	1.1%	1.3%
Annual	4.1%	3.7%

Annual Dwelling Sales March 2024

56,132

4.2% higher than one year ago. -
10.7% below the five-year average.



3.5%
HOUSE SALES



7.9%
UNIT SALES

Source: CoreLogic

The first quarter of 2024 saw dwelling values in regional NSW continue to track in a positive way rising +1.1% for the quarter. March saw values rise +0.4% representing the twelfth consecutive month of growth as demand-side pressure continues against a backdrop of restricted levels of supply. Regional NSW sits +46.9% higher than at the commencement of COVID-19 however is -4.3% below the prior peak in May 2022.

Regional NSW housing is still trending higher, and now at a faster rate of growth relative to Sydney on a quarterly basis but not yet on an annual basis with dwelling values in regional NSW sitting up +4.0% over the last twelve months vs Sydney up +9.6% (one of five regions along with regional South Australia, regional Western Australia, regional Tasmania and regional Queensland) to record gains for the period.

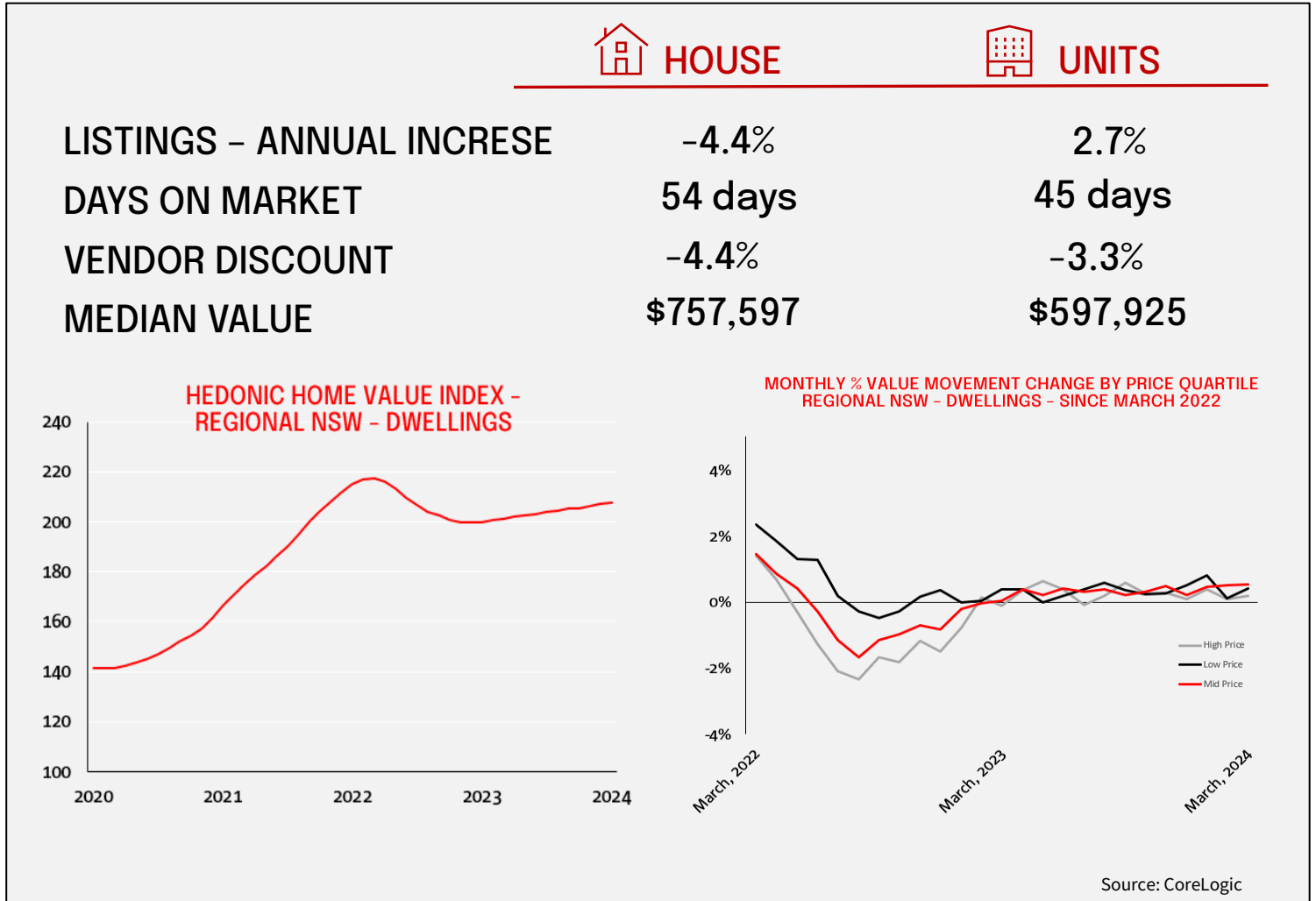
Nationally the housing price index (HVI) posted a broad-based rise with a gain of +0.6% for March and on par with February's increase.

The current upswing in housing values signals the fourteenth consecutive month of growth. Capital city housing market conditions remain diverse however all capital cities and rest-of-state regions recorded gains in dwelling values over the month with the exception of Darwin where the market eased -0.2%, regional Victoria which eased -0.2% and Melbourne which remained unchanged.

Strong demand-side pressure attributed to surging immigration with 117,300 new arrivals (equating to an annual increase of +1.4%) into regional Australia (according to the ABS figures to September), supporting price growth in regional markets. Despite the headwinds of a higher interest rate environment and worsening affordability in the nearer term, the median term outlook for regional NSW is anticipated to see growth as interest rates come down. Positive tailwinds including moderating inflation and improving consumer confidence are also contributing to market expectations of a cut in rates later in 2024.



MARKET CONDITIONS



Market movements remain positive but relatively mild across all quartiles in the regional NSW market, led predominantly by a solid +1.5% rise in dwelling value within the middle-price quartile for the quarter, followed by slightly milder gains within the lower and high-quartiles of +1.3% and +0.7% respectively over the same time period. The pace of gain within all sub-market quartiles is subtly increasing.

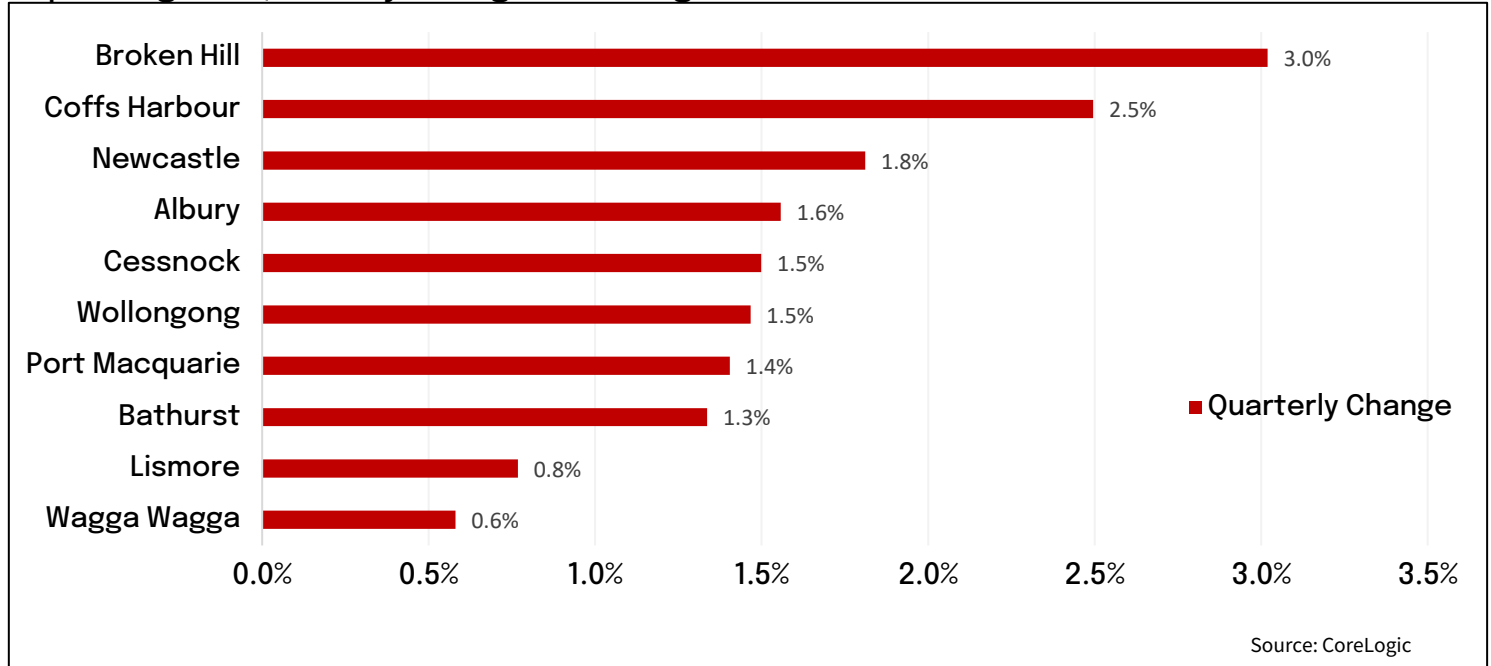
The main drivers for dwelling values in the regional NSW property market remain primarily due to the shortage of available stock, future direction of interest rates, sale of investment and secondary properties and concerns surrounding affordability of

property which is seeing more purchaser activity in the lower price points and lower-priced properties.

Positive tailwinds for the regional NSW market however include continued rising rental yields, increasing rental market strength and strong migration. Australia's population increased by 2.5% for the year ending September 2023, the fastest rate of growth since the ABS commenced the national population series in 1981. Given the fundamentals of housing demand and supply remain out of balance, upward pressure on the cost of housing is set to continue to influence housing markets in regional NSW and nationally.



Top 10 Regions Quarterly Change - Dwellings



Key highlights and trends surrounding each of the Housing, Unit and Rental Markets being seen include:

- The steady improvement seen in March saw regional NSW house values increase by +0.3% across the month and up +1.1% for the quarter. On an annual basis, house values ticked up +4.1% higher, one of six regions together with regional Queensland, regional South Australia and regional Western Australia, regional Tasmania and regional Northern Territory to record gains. The median house value remains above the \$750,000 benchmark at \$757,597.
- In comparison, the unit market has reflected a similar trend but at a brisker rate recording a gain of +0.6% in March and marginally outperforming the housing market. The unit market benefits from greater affordability, incentives for first home buyers, as well the return of local and international migration. Despite making up a smaller portion of sales activity overall, the median unit value in regional NSW continues to push towards the \$600,000 benchmark at \$597,925 and recording a gain of +1.3% for the quarter and sits up +3.7% on an annual basis.
- The rental market continues to see vacancy rates hold firm at near record lows, now a combined regional rate of 1.2%. The low vacancy rates place upward pressure on rental values and as such it is likely rental demand will remain buoyant, suggesting the outlook for rents remains one of further growth in the short to medium term. With regional NSW recording a gross annual rental yield of 4.1% and rents in regional NSW having increased by 3.9% over the last twelve months, the outlook for investors is a positive one.



RECENT SALES ACTIVITY

Newcastle Region

5 Royalty Street, West Wallsend



The sale property comprises a well presented neat and tidy, 2016-built, four-bedroom, two-bathroom low-set brick dwelling of 161 square metres on a standard 674 square metre lot. Ancillary improvements include concrete driveway, alfresco areas, inground pool, deck, landscaped yard and undercover parking for two vehicles. The property was recently offered for private sale through a local agency in mid-February with no price expectation or list price guide provided. After 28 days on the market, the property was sold for \$970,000, on the 13th March.

Wollongong Region

4 McKenzie Avenue, Wollongong



The sale property comprises a fully renovated, good quality, well-presented 1950's-built, four-bedroom, two-bathroom, split-level dwelling of 109 square metres on a large 1,271 square metre lot. Ancillary improvements include alfresco areas, deck, landscaped yard and undercover parking for one vehicle. The property was recently offered for private sale through a local agency in early-January with no vendor's price guide provided. After 60 days on the market, the property was sold for \$1,520,000, on 7th March.

Central West - Orana Region

21 Durham Street, Bathurst



The sale property comprises a well-presented partially renovated, 1965-built, four-bedroom, one-bathroom low-set single level dwelling of 128 square metres on a large 831 square metre lot. Ancillary improvements include concrete driveway, landscaped yard, shed and undercover parking available for one vehicle on site. The property was recently offered for private sale through a local agency in early-September with a listed price guide of between \$545,000 and \$575,000 provided. After 192 days on the market, the property was sold for \$547,000, on the 15th March.

Disclaimer – The information contained in this publication is gathered from multiple sources believed to be reliable as at the end of March 2024 and is intended to be of general nature only.

It has been prepared without taking into account any person's objectives, financial situation or needs. Before acting on this information, NAB recommends that you consider whether it is appropriate for your circumstances. NAB recommends that you seek independent legal, property, financial, and taxation advice before acting on any information in this publication.

