

MARKET OUTLOOK

NEWCASTLE

Newcastle is one of Australia's leading regional cities, undergoing revitalisation with numerous infrastructure projects and an emerging population of young professionals.

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Prepared exclusively for

GWH Build

August 2022



LOCATION & ACCESSIBILITY



Newcastle is located on the east coast of Australia, approximately 120km north of Sydney. Newcastle CBD is the capital of Australia's leading regional economy; the Hunter Region.



THE NEWCASTLE CBD PROVIDES RESIDENTS WITH ACCESS TO AMENITY FROM PUBLIC TRANSPORT, HEALTH FACILITIES, EDUCATION, RETAIL, PARKS, BEACHES AND RECREATION.

TRANSPORTATION

The Newcastle Light Rail connects residents from their doorstep to key activity precincts along Hunter and Scott Street. The Transport Interchange at Wickham allows easy transfers between trains, buses, light rail, and taxi services.

Transformative transport infrastructure projects are taking place in Newcastle. In 2022, Newcastle Airport announced \$55 million in funding for a significant upgrade and expansion of the international passenger terminal. The NSW Government has also committed \$500 million to investigate Fast Rail between Sydney and Newcastle via the Central Coast. These infrastructure investments will enhance connectivity for the Hunter Region.

HEALTH

Residents of the Newcastle CBD have the convenience of the Lingard Private Hospital which provides acute medical facilities, located less than three kilometres away. The Calvary Mater Hospital in Waratah has approximately 200 beds, while John Hunter Hospital has 550 beds and services the Greater Newcastle region.

RETAIL

There is an array of retail amenity in the Newcastle CBD including Marketown Shopping Centre, which hosts over 50 retailers including; a 24-hour Coles Supermarket, Woolworths, Big W and Dan Murphy's. The revitalised Hunter Street Mall also comprises a range of premium retailers.

PARKS, BEACHES, AND RECREATION

There are several major parks within the Newcastle CBD, including Civic Park and King Edward Park. New public domain was opened in Honeysuckle in 2021 after a \$4.2 million upgrade and includes sport & recreational areas, a waterfront promenade, playground, seating and event spaces.

The Newcastle Light Rail delivers CBD residents from their doorstep to Nobby's and Newcastle Beach. Newcastle also has an array of scenic walking paths such as the Anzac Memorial Walk, Bather's Way and the Breakwater on Nobby's.

DEMOGRAPHICS

Strong income growth and population growth among young professionals are key drivers of demand for residential dwellings in the Newcastle CBD.

For the purpose of this profile, the Newcastle CBD Study Area has been defined as the suburbs of Newcastle, The Hill, Cooks Hill and Newcastle West.

POPULATION

The population of the Newcastle CBD has experienced steady growth at an average of 2.7% per annum from 2016 to 2021. The population of the Newcastle CBD is projected to expand from approximately 9,670 residents in 2016 to around 15,236 in 2036. This growth translates to an average of 2.3% per annum over the 15-year period.

DEMOGRAPHICS

The resident profile of the Newcastle CBD is characterised by young people; mainly professionals, students, and couples without children. The Newcastle CBD has a larger proportion of residents aged between 25 and 39 years old at 30% compared to 21% of residents across NSW.

There is a large proportion of Newcastle CBD residents who are employed in white collar positions (84%) compared to the state average of 72%. Around 14% of residents in the Newcastle CBD are undertaking tertiary studies compared to 7% of the resident population across NSW.

The strong income growth of the Newcastle CBD study area is attributed to the growing population of young and educated professionals. The average household income in the Newcastle CBD in 2021 was \$114,002, higher than the state average of \$113,079.

The younger demographic is drawn to the convenient access to employment, public transport, health facilities, educational institutions, entertainment precincts and local beaches that Newcastle has to offer, compared to other areas in the Hunter region.

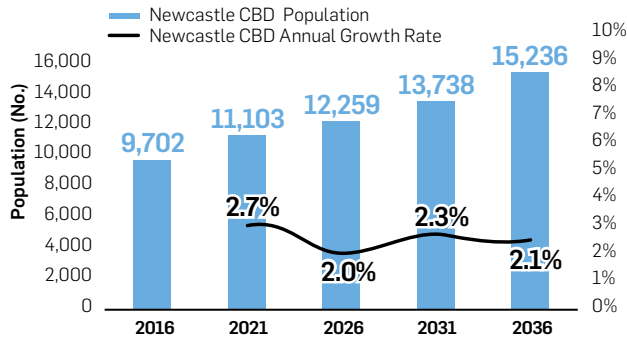
THE POPULATION IN NEWCASTLE CBD IS PROJECTED TO GROW TO AROUND 15,300 IN 2031.

WHO LIVES IN NEWCASTLE CBD?

	Newcastle CBD	NSW
Average Age	41	39
Aged 25-39	30%	21%
White Collar Professionals*	84%	72%
Managers and Professionals*	54%	38%
Couples without Children	29%	26%
Group Households	10%	4%
Lone Person Households	43%	25%
Average Household Income	\$114,002	\$113,079
Household Income Above \$130,000	33%	34%
Average Household Size	2.0	2.6

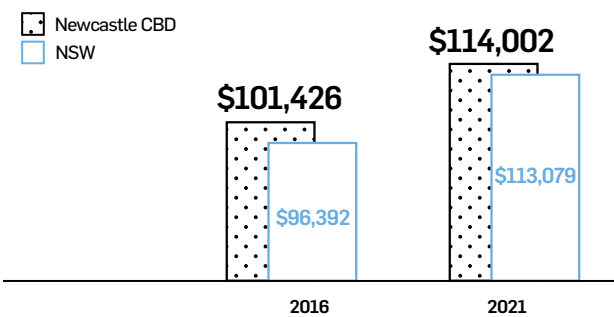
Prepared by Urbis; Source: ABS Census 2021 *ABS Census 2016

POPULATION FORECAST Newcastle CBD



Prepared by Urbis; Source: ABS Census, NSW DPE

AVERAGE HOUSEHOLD INCOME Newcastle CBD



Prepared by Urbis; Source: ABS Census 2016, 2021

INFRASTRUCTURE, EMPLOYMENT & EDUCATION

The Newcastle CBD is undergoing revitalisation with over \$1 billion worth of key infrastructure projects to benefit the area.

INFRASTRUCTURE

JOHN HUNTER HEALTH AND INNOVATION PRECINCT – \$835 MILLION; 2026 COMPLETION

The NSW Government is investing \$835 million to expand health services and drive health research and innovation. Stage 1 is due to be completed by 2026.

UNIVERSITY OF NEWCASTLE HONEYSUCKLE PRECINCT – \$100 MILLION

The University is proposing to invest over \$100 million in a growing campus in the Newcastle CBD. The first stage included the development of the \$25 million Q Building, which was completed in 2021.

PORT OF NEWCASTLE & GREEN HYDROGEN HUB – \$163 MILLION; 2025 COMPLETION

The Federal Government has committed \$41 million for the Port of Newcastle's Hydrogen Hub project in partnership with Macquarie Capital. The proposed project has a total value of \$163 million and will deliver 2,300 direct and ongoing jobs when operational from 2025.

NEWCASTLE ART GALLERY EXPANSION – \$40 MILLION; 2024 COMPLETION

The expansion project includes an additional 1,600 square metres of exhibition space to double the size of the gallery.

NEWCASTLE OCEAN BATHS UPGRADE STAGE ONE – \$14.5 MILLION; 2023 COMPLETION

Stage one of the upgrade will improve accessibility to the pool. The next stage is anticipated to focus on improving the pavilion and surrounding public areas.

EDUCATION

The education industry is a significant economic driver in Newcastle. In the latest Census, approximately 14% of residents were undertaking tertiary studies, well above the state average of 7%.

The University of Newcastle (UoN) opened NeW Space on Hunter Street in July 2017. NeW Space houses the business & law faculties of UoN, with an enrolment level of around 3,000 students.

UoN acquired two hectares of land in the Honeysuckle Precinct, to further expand the University's City Campus. UoN has developed a master plan including seven multi-storey buildings. Stage one was completed in 2020 and consists of an Innovation Hub and facilities for the School of Creative Industries.

Japan's Nihon University purchased the former Newcastle Court House in 2017. The \$49 million transformation into a new university was completed in 2021 and houses around 200 students.

EMPLOYMENT

Newcastle CBD is a corporate hub for the Hunter region with major headquarters for the Hunter Development Corporation, NSW Fair Trading Office, NIB and GHD Engineering.

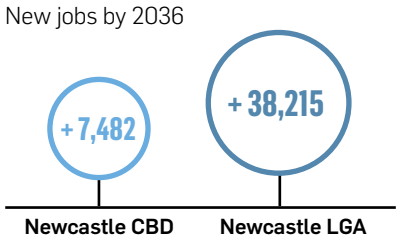
For the purpose of employment forecasting, the Newcastle CBD has been defined as the Newcastle – Cooks Hill SA2. By 2036, employment in the Newcastle CBD is projected to grow by approximately 7,482 new positions, accounting for 20% of the total Newcastle LGA job growth of 38,215. Around 23% of new jobs by 2036 within the Newcastle CBD are across health care and social assistance services.

EMPLOYMENT GROWTH IN THE NEWCASTLE CBD BY INDUSTRY

Top Industries	New Jobs by 2036
Health Care and Social Assistance	+1,719
Professional, Scientific and Technical Services	+1,373
Education and Training	+765
Accommodation and Food Services	+707
Retail Trade	+684
Other industries	+2,233
Newcastle CBD Total	+7,482

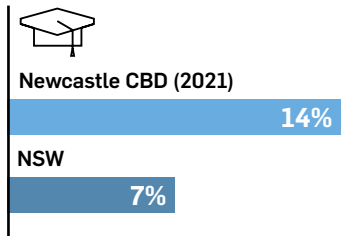
Prepared by Urbis; Source: TfNSW 2022

EMPLOYMENT GROWTH IN THE NEWCASTLE CBD BY INDUSTRY



Prepared by Urbis; Source: TfNSW 2022

RESIDENTS UNDERTAKING TERTIARY STUDIES



Prepared by Urbis; Source: ABS Census 2021

APARTMENT MARKET

The relative affordability of the Newcastle CBD and projected growth in residential development has resulted in growing demand for apartments.

Prices in the Newcastle CBD apartment market have recorded strong price growth over the past 10 years. This strong performance reflects the generational shift towards more connected living and Newcastle's improved amenity and economy.

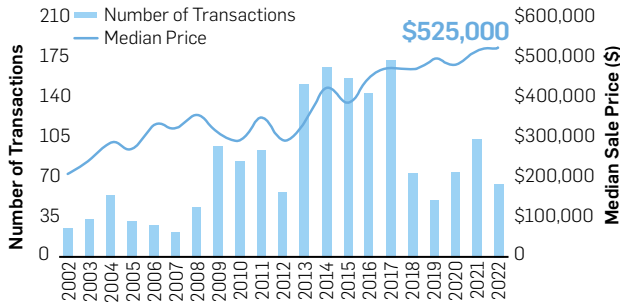
The boom in Sydney housing prices and more flexible working arrangements in the post-covid environment has also pushed demand to regional cities such as Newcastle. According to 2016 ABS data, approximately 10% of residents in the Newcastle CBD have moved from Metropolitan Sydney over the last five years.

For the purpose of this analysis, the Newcastle CBD Study Area has been defined by the suburbs of Newcastle, The Hill, Cooks Hill, and Newcastle West. According to Pricefinder Data, the following trends can be seen:

- The limited availability of land in Newcastle CBD has created substantial growth opportunities for apartments.
- Demand for one bedroom apartments has gained traction over the past 10 years with the growing student population (14% of residents) and couples without children (29% of households) living in the Newcastle CBD.
- In 2022, the median price for a one bedroom apartment in Newcastle CBD rose to \$525,000, reflecting average price growth of 6.2% per annum over the past 10 years.

ONE BEDROOM APARTMENTS

Newcastle CBD

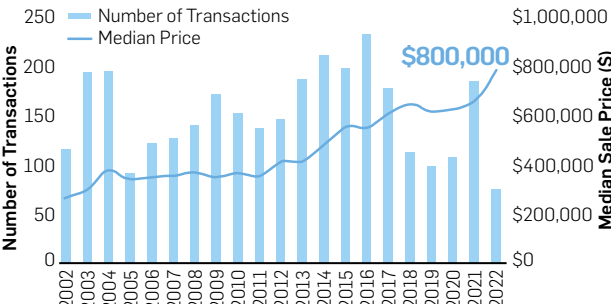


- Two bedroom apartments in the Newcastle CBD have remained a popular product type and have experienced an upward trend in the median price. This reflects the generational trend towards more connected living among first home buyers, investors, and downsizers within the Newcastle CBD. The increase in the proportion of two bedroom units is anticipated to continue considering the growing unaffordability of detached dwellings.

- The median price for a two bedroom apartment in Newcastle CBD increased to \$800,000 in 2022, reflecting average price growth of 6.7% per annum over the past five years and double-digit average price growth of 18.5% over the past year.

TWO BEDROOM APARTMENTS

Newcastle CBD



Prepared by Urbis; Source: Pricefinder

According to sales over the past 12 months compiled by Domain.com, the median price for one, two and three bedroom apartments is listed below:

MEDIAN APARTMENT PRICES

2300 Postcode

Type	Median Apartment Price
One Bedroom	\$590,000
Two Bedroom	\$903,000
Three Bedroom	\$1,475,000

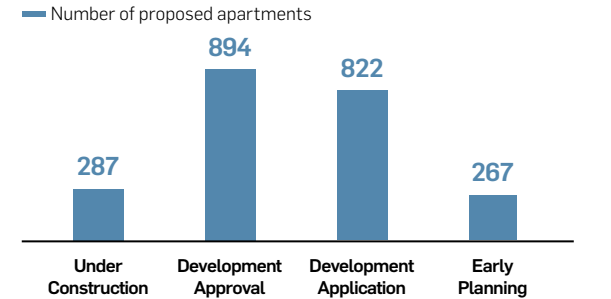
Prepared by Urbis; Source: Domain.com
Note: Bases on sales within the last 12 months

NEW APARTMENT SUPPLY

According to data from Cordell Connect, as of August 2022, there are an estimated 2,270 proposed new apartments in the Newcastle CBD. Approximately 287 dwellings (13%) of proposed apartments are in the construction phase with around 894 dwellings (39%) having development approval.

PROPOSED APARTMENT PIPELINE

Newcastle CBD



Prepared by Urbis; Source: Cordell Connect

RENTAL MARKET

Newcastle CBD has a high proportion of renting households and low vacancy rates, which is driving a strong rental market.

RENTING HOUSEHOLDS

The Newcastle CBD has an established and growing rental market with 56% of households renting as at 2021. The share of renting households in the Newcastle CBD exceeds the NSW average (34%) and the Sydney Metropolitan average (37%) in 2021. The increasing student population located in the Newcastle CBD has further driven rental demand in the market.

RENTAL PREMIUM FOR NEW APARTMENTS

Postcode 2300 has been used as a proxy for the Newcastle CBD rental market analysis. As of March 2022, the median rent for one bedroom apartments in the Newcastle CBD was \$480 per week. For two bedroom apartments, the median rent equalled \$570 per week, 19% higher than one bedroom units. Two bedroom unit rents grew by 3.7% per annum from March 2012 to March 2022, whilst one bedroom units grew by 3.5% per annum.

Rental growth has been particularly strong in the last two years as the market has boomed following the covid-pandemic. The relatively affordability and lifestyle offered by Newcastle has attracted new rental households and has led to record rental rates.

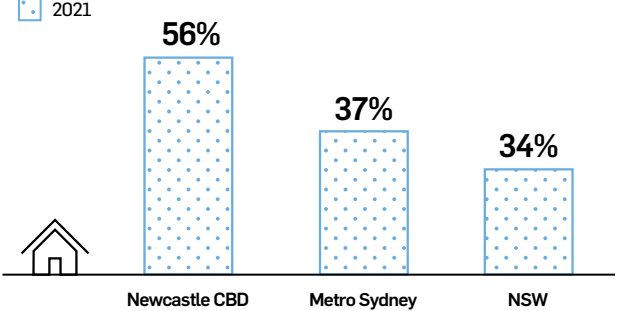
VACANCY RATES

Vacancy data indicates that residential rental properties in the 2300 postcode are experiencing very low vacancy of 1.2% as at July 2022. The high proportion of households renting, combined with a low vacancy rate, is underpinning the continuing demand for rental properties in Newcastle CBD.



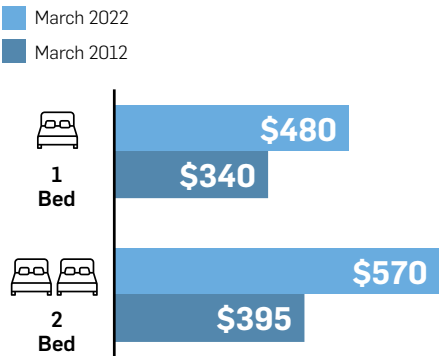
NEWCASTLE CBD HAS A GROWING RENTAL MARKET WITH 57% OF HOUSEHOLDS RENTING THEIR HOMES AS AT 2016.

PROPORTION OF RENTING HOUSEHOLDS



MEDIAN APARTMENT RENTS

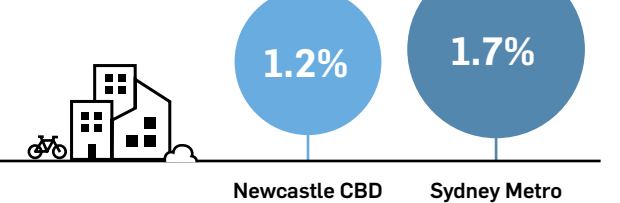
2300 Postcode



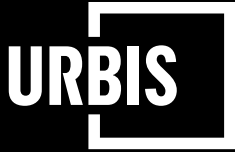
Prepared by Urbis; Source: Department of Housing

VACANCY RATE

July 2022



Prepared by Urbis; Source: SQM Research



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