

# Coast residential market remains subdued

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Already, we are nearing the mid year mark of 2012. As a property valuation practice covering all areas of the Central Coast Region, we see first hand what's happening out there and are pleased to provide our thoughts on the year to date to the Central Coast Business Review's many readers.

First though, a very quick overview of 2011 now that it's over and the statistics are in. In terms of properties sold and median sale prices, the following table provides an insightful snapshot of our two Local Government Areas (LGAs), Gosford and Wyong.

	Properties Sold 2011	% Change over 2010 sales	Median Sale Price	% Change over 2010
Gosford LGA	2,647	+1.6%	\$404,000	-2%
Wyong LGA	2,772	+10.8%	\$325,000	-0.9%

Sales were up by 10.8% in Wyong LGA and 1.6% in Gosford LGA over the previous year, with a lower median sale price in both LGAs over the same reporting period.

What do these figures mean? Well opinions will vary, but from our point of view we draw a direct link from these statistics and reports given to us by our leaders in the retail sector. We can believe these people when they tell us that buyer confidence is down but not missing entirely. There remains willingness to purchase but with a tempered level of confidence.

In property terms, sale volumes are up, but median sale prices are down.

This suggests to us that those with a willingness to purchase property are targeting the lower or the perceived safer end of the market. Call it having a go, but hedging your bets.

Let's not forget though, some of this activity can be attributed to an increase in first buyers getting in before changes to the First Homebuyers Scheme came into effect at the beginning of 2012. Although subject to formal confirmation, we classify the first homebuyer market as that below the \$350,000 mark and by our calculations, this accounted for around 40% of sales in the Wyong LGA and 31% in Gosford LGA.

Although not quite finished, the first part of 2012 has given us the following information:

Vacant land sales	2012 Sales to Date	Median Values
Gosford LGA	33	\$283,000
Wyong LGA	54	\$197,000
Residential Dwelling Sales		
Gosford LGA	810	\$375,000
Wyong LGA	890	\$317,750
Residential Unit Sales		
Gosford LGA	321	\$291,000
Wyong LGA	182	\$262,750
Dwelling Sales \$2m to \$3m		
Gosford LGA	1	\$2.55m
Wyong LGA	1	\$2.0m
Dwelling Sales \$1m to \$2m		
Gosford LGA	24	\$1.21m
Wyong LGA	3	\$1.53

Dwelling Sales \$500K to \$1m	2012 Sales to Date	Median Values
Gosford LGA	188	\$605K
Wyong LGA	77	\$575K
Dwelling Sales \$200K to \$500K		
Gosford LGA	433	\$365,000
Wyong LGA	650	\$330,000

Source: RP Data

We consider these statistics tell us that there is nothing extraordinary happening in the market so far for 2012.

At this time, our opinions have been sought for the remainder of 2012.

We see the next six months being much like the last, an upward trend in sale rates at the lower end of the market range and hesitancy continuing across most other segments.

Beyond 2012 is another story though. There has been considerable debate on several opportunities for major investment in the region. Unlike many other regions, which would welcome the opportunity to have major investment arrive in their region, we have a record of shunning it.

The main two proposals at the moment involve "The Landing" in Gosford and the "Warner Vale Precinct" in Wyong Shire. Each have the potential to shape the economic future of the region and it will be interesting to see whether these join the list of opportunities lost.

Lastly, for those keeping an eye where values are at present, the following is a snapshot of values for the year to date.

Suburb	Type	Low	High	Median
Avoca Beach	House	\$355,000	\$1.3m	\$604,250
Budgewoi	House	\$190,000	\$505,000	\$235,000
Erina	House	\$342,000	\$714,000	\$467,500
Ettalong Beach	Villa/Unit	\$185,500	\$495,000	\$316,250
Gosford	Unit	\$190,000	\$525,000	\$263,500
Green Point	House	\$284,000	\$760,000	\$432,500
Jilliby	Lifestyle	\$665,000	\$805,000	\$717,000
Kanwal	House	\$230,000	\$575,000	\$362,500
Killarney Vale	House	\$225,000	\$495,000	\$315,000
Killcare Heights	House	\$520,000	\$1.07m	\$600,000
Kincumber	House	\$285,000	\$505,000	\$305,000
Lisarow	House	\$290,000	\$534,000	\$441,000
Ourimbah	House	\$260,000	\$568,000	\$343,000
Matcham	Lifestyle	\$750,000	\$950,000	\$950,000
Terrigal	House	\$340,000	\$950,000	\$500,00
Terrigal	Unit	\$340,000	\$1.5m	\$459,250
The Entrance	Unit	\$212,500	\$670,000	\$320,000
Umina Beach	House	\$260,000	\$690,000	\$353,500
Wamberal	House	\$393,000	\$755,00	\$485,500
Woongarra	House	\$345,000	\$515,000	\$413,000

# Quality buyers in the commercial marketplace

By Ty Blanch – Director, LJH Commercial Central Coast

**As we have moved through the past three-year period there has certainly been changes in the levels of enquiry coming into the marketplace for all types and price levels of commercial property on the Coast.**

Notably, over the past six months we have measured further reductions in enquiry from signage, print media and internet advertisements.

Despite the falling enquiry rates, the ‘quality’ of the participants in the market has increased. In March 2012 LJH Commercial organised a large group of properties to go to Auction as the “Fall of the Hammer” Campaign for Autumn. Out of twelve properties, we sold five before auction and two shortly thereafter! Whilst the depth of the market has become shallower with lower levels of confidence in business markets, and considering RBA cash rate cuts (which flow on to affect Net Yields), the sale of commercial properties has maintained some kind of continuity plateau – rather than dropping into a valley.

This ‘quality’ of buyers and prospective buyers could also be defined as the ‘willingness and readiness to commit to selected commercial property offerings within a specific time frame (say 4 weeks)’.

In the current climate, the Central Coast is benefiting from still being the ‘cheapest and best value commercial property marketplace between Wollongong and Hexham’.

Investors and SMSF’s are actively seeking higher yields from quality stock properties with good capital growth prospects and at substantially lower capital values than can easily be found in Sydney & Newcastle.

Combine the recent RBA cash rate cuts and what has been passed on to commercial portfolios by the lenders, and the local 10-11% net yields are staying strong in the minds of investors.

Owner occupiers from both Sydney, Newcastle and suburbs around the region are also making decisive strategic purchases with a notable accent on transport, logistic and new warehouse operations.

Experienced and knowledgeable investors and owner occupiers seem to have an unshakeable ‘faith’ in the inherent characteristics that comprise the Coast Commercial, Industrial and Retail sectors. These factors include the location between Sydney and Newcastle, the local pool of labour, improvements to infrastructure (e.g. the National Broadband Network), and the dominant natural resources (National Parks, Beaches & Waterways) that make the Central Coast what it is.

It is the group of people that ‘know and love’ the Central Coast that continue to populate the Sales Advices as properties read value levels that fit with their expectations.

This is also, I believe, a big part of the reason why Central Coast commercial property owners protect themselves and one another from massive drops in prices.

Properties are not being ‘sacrificed’ or just let go without a strong weighting against other investment options and a thoughtful decision making critique of what might happen in the not-too-distant future.

## Leasing markets

Leasing markets have still been active although at lower levels than in 2010-2011. Here again, where price determines value – they will still consider the Central Coast as a serious alternative for their business address.

The key is to provide the ‘red carpet’ so that from identifying the Central Coast as a possible location for operations through to actual point of transaction, local councils, regional development groups, commercial agents and other businesses need to work closely together to make the prospect feel wanted and ‘loved’.

Surprisingly for many people, the number of businesses on the Central Coast that are doing well despite the international and local gloomy outlook is relatively high. As interest rates and building costs come down (which they are), land prices may stabilise to see a return in time to a developers market.

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