

NSW

The exodus to the regions seems to have already started reversing, allowing Sydney and major regional cities to regain demand from potential homebuyers and investors.

COST-OF-LIVING PRESSURES could have a big influence on how the markets go for the rest of the year, with isolated regional towns likely to struggle, according to Property Curator principal buyer's agent Brendan Clark.

"Those areas without strong local economies could see residents leaving for higher paying jobs to help offset cost-of-living pressures," Mr Clark told *Your Investment Property magazine*.

"This will impact the Sydney property market where I expect entry-level houses and units to perform better, in terms of rental and capital growth, than more expensive properties."

Interestingly, buyers have recently developed a preference for updated properties, driven by high construction costs.

"This will present opportunities for investors who are experienced renovators, and those willing to take on value-add projects," Mr Clark said.

One interesting area to keep an eye on is the unit segment. Several factors are pushing the demand in this segment, which is expected to perform strongly over the next 12 months.

"Increasing yields are tempting investors back into the market, and the NSW government's property tax option has encouraged many first home buyers to consider entering the market," Mr Clark said.

The unit rental market is also going to be a viable space for investors, as vacancies are expected to remain tight, particularly across Sydney and many parts of New South Wales in general.

With rents slated to go even higher as the market reaches the midpoint of 2023, more tenants are expected to look at high-density living arrangements to seek affordable options.

Mr Clark said while the next few months will present excellent prospects for investors, the best strategy is still to find value-add opportunities to capitalise on properties that are currently out of favour with other buyers.

"For Sydney-focused investors, I like older but well-main-



tained, boutique blonde and red brick units, in suburbs that are close to transport, and have good local lifestyle amenities," he said.

"It's possible to find units in these areas that require relatively simple and low-risk cosmetic renovations, which provides both an equity gain and improved rental returns."

Over the short to medium term, however, investors might have to deal with their eroding borrowing power, given the hikes in interest rates. Still, the increasing rents could help improve their serviceability.

"In the longer term, general affordability and lack of supply for both tenants and buyers will continue to be a major theme. Despite the federal government giving some renewed focus to addressing supply shortages, these won't be easily solved," Mr Clark said.

- Sub-\$1m Inner West Sydney, particularly the 60s and 70s units within walking distance of trains and light rail
- Gentrifying and relatively affordable suburbs in the Illawarra such as Fairy Meadow, and in Newcastle such as Kotara
- Single-level villas in tightly-held, older-style boutique complexes, in suburbs along the train line in areas such as the Sutherland Shire

NSW PRICE PERFORMANCE

AREA	TYPE	MEDIAN VALUE	QUARTERLY GROWTH	12 MONTH GROWTH	WEEKLY MEDIAN ADVERTISED RENT	GROSS RENTAL YIELD
Sydney	H	\$1,300,000	-2.10%	5.80%	\$650	2.60%
Sydney	U	\$743,500	-1.80%	-2.50%	\$540	3.70%
NSW Country	H	\$700,000	0.00%	14.30%	\$520	3.90%
NSW Country	U	\$580,000	0.00%	9.40%	\$430	3.90%

Source: CoreLogic. Data reported to the period ending December 2022. Median values account for sales transactions over three months.

NSW'S HIGHEST YIELD SUBURBS

SUBURB	TYPE	MEDIAN PRICE	QUARTERLY GROWTH	12 MONTH GROWTH	WEEKLY MEDIAN ADVERTISED RENT	GROSS RENTAL YIELD
Broken Hill	H	\$175,000	3%	17%	\$310	9%
Warren	H	\$192,500	5%	16%	\$315	9%
Berrigan	H	\$197,500	-8%	-11%	\$320	8%
Sussex Inlet	H	\$760,000	-4%	29%	\$1,195	8%
Woodburn	H	\$352,500	NA	-36%	\$550	8%
Deniliquin	U	\$155,000	-3%	-9%	\$230	8%
Lismore	U	\$250,000	0%	NA	\$370	8%
Narrabri	U	\$184,000	-17%	-41%	\$270	8%
Moree	U	\$150,000	-6%	25%	\$220	8%
Peak Hill	H	\$200,000	1%	29%	\$285	7%

Source: CoreLogic. Data reported to the period ending December 2022. Median values account for sales transactions over 12 months.

"Despite the federal government giving some renewed focus to addressing supply shortages, affordability and supply won't be easily solved."



Brendan Clark
Property Curator
principal buyer's agent

SUBURB SPOTLIGHT

Redhead

Price growth on the fast track

REDHEAD IS A PEACEFUL SUBURB located in New South Wales, known for its stunning beaches and scenic views. The area offers a mix of modern and traditional housing options, ranging from spacious family homes to cosy apartments. Redhead has a small shopping village that caters to everyday needs, with larger shopping centres located nearby. The suburb also boasts excellent transport links, including regular bus services and easy access to major highways.



source: realestate.com.au

REDHEAD HOUSES

MEDIAN PRICE	12 MONTH GROWTH	3 YEAR GROWTH	5 YEAR GROWTH	INDICATIVE GROSS RENTAL YIELD
\$1,595,000	12%	68%	73%	2%

Source: CoreLogic. Data reported to the period ending December 2022. Median values account for sales transactions over 12 months.



Lifestyle

Redhead Beach is a popular spot for surfers and has been the location for several national surfing competitions.



Transport

Redhead is located just a short 25-minute drive from the city of Newcastle.