

Suburb Spotlight: Cessnock over 2014

By Diane Leow

Friday, 29 November 2013

Located in New South Wales' Hunter region, Cessnock is about 52km west of Newcastle and about 150km north of the Sydney CBD. Originally a wine region, it has progressed to a popular mining town.

Australian Property Monitors' senior economist Dr Andrew Wilson told *Property Observer* Cessnock has recorded 4% growth in the last year, even though it has seen a softening in price growth over the last few weeks.

"Given that there's some dollar recovery in the resources sector, Cessnock will continue to be a reasonable performer into 2014," he said.

Dr Wilson added that the "strength of the local community" adds to Cessnock's popularity.

Jurd Real Estate principal Alan Jurd told *Property Observer* Cessnock's property market was "very good until about six weeks ago".

"The mining downturn, the rationalisation in the mining industry has taken the zing off it a little. It is still fine, but it was very very strong up until six weeks ago," he said.

He added that investors were fueling buyer activity in Cessnock at the moment, as opposed to homebuyers.

With the mining region winding down, Jurd notes that tenant demand remains if landlords have "realistic" expectations.

"Vacancies are now higher than they were a few months ago. A few months ago there were houses going for \$600 per week that should be getting \$450 per week. Now they're getting \$450," he said.

Jurd mentioned that Cessnock would be a good place for investors with a long-term view.

"There was a property purchased in 1987 that resold recently that saw 600% capital growth. That's the average over 25 years, with a 4% rental return over that period," he said.

"Anybody looking to buy now and sell in two years and make a profit, I don't recommend that. If you've got a ten-year view, I think Cessnock is as good as anywhere (for investments)," he said.

For investors looking to buy in Cessnock, he recommends purchasing house and land packages.

"You're looking at typically 650 to 1000 square metres. You not only get rental return, but can also redevelop it in the future," he said.

As for Cessnock's future, Jurd noted that areas that have experienced the most amount of growth in the last decade have often seen population growth and major infrastructure projects.

“The Hunter Expressway extension will open in January. That's a major infrastructure project that will reduce driving time from Sydney and Newcastle by 15 to 20 minutes. That may drive population growth too, but not immediately.”

“There are also a couple of large land releases that are coming closer, increasing the amount of product available and building activity – that will increase population. Even though there's a downturn in mining, there's a lot of major projects going on,” he said.