



Allworth

MASTER BUILT HOMES

— I N D E X R E P O R T —

INTRODUCTION

The Australian housing market is highly competitive, in some cases forcing families to relocate to new areas to get a foot in the door. While many Australians still want their slice of the quintessential Australian dream home ownership for stability, financial security and a sense of achievement. This dream is shifting in response to house prices increasing across NSW.

Recent research undertaken by Allworth Homes surveyed more than 500 people across NSW to understand what homeowners value when looking to enter the housing market or upgrade their homes. The results, unsurprisingly, are centred on high quality workmanship and affordability.

In a hotly contested metro real estate market, despite the absence of reliable evidence, many NSW residents voice concern that foreign investors particularly Chinese real estate investors are pushing up housing prices. Other factors such as land and housing supply are believed to be key contributors to housing affordability issues.

As regional centres across New South Wales invest in strategic planning to attract new people into their communities, investors are well positioned to spot growth areas and buy into economic hotspots as industries emerge.

All age groups are looking to new residential areas outside the city centre (including rural and regional areas) for affordable homes—in particular those homebuyers exiting the workforce and downsizing. Young families on single incomes looking for an easier, stress-free lifestyle to raise children without an overbearing mortgage.

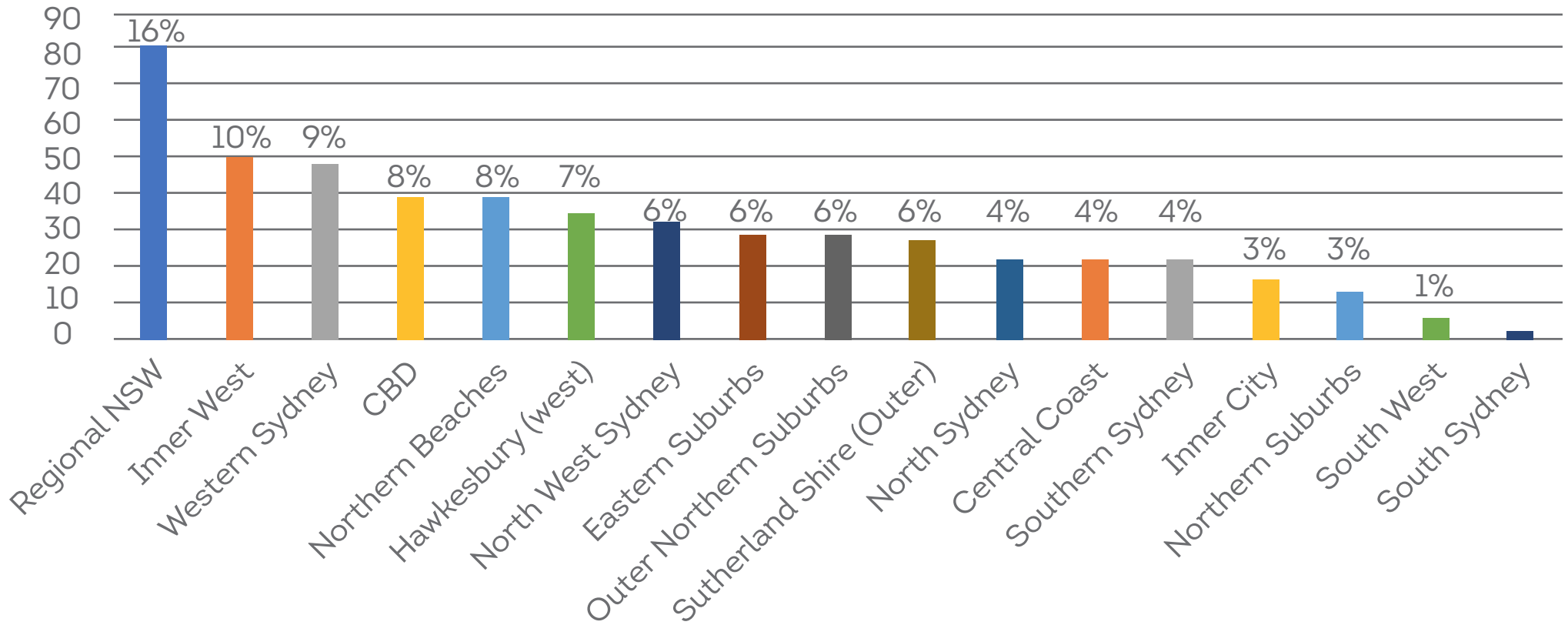
The study found that the primary focus for Australian homeowners is space – homeowners are seeking the space to share a laugh and a meal with indoor and outdoor entertaining a key focus, along with wide-open spaces around the home and quieter road away from traffic congestion.



CONTENTS

Introduction	Pg 2
Most Popular Areas by Region	pg 4-5
A nation of entertainers	Pg 6-9
Statistics	Pg 10-11
Young families and baby boomers heading for regional Australia	Pg 12-13
Purchase to live-owner occupiers bet	Pg 14-15
Australians value workmanship and affordability	Pg 16-17
Statistics	Pg 18-19
Homeowners and renters stressed about housing prices	Pg 20-21
Why high-income earners are moving away from inner city living	Pg 22-23
Statistics	Pg 24-25
Buyers demand green homes, willing to pay	Pg 26

Preferred location to build



Sydney's west looking to boom

It is unlikely that policy makers will find a way of making housing more affordable that isn't going to have devastating effects on house values. With the Australian economy so closely tied to the housing market any shifts in values will have far-reaching impact. Those prospective homebuyers who want property to be cheaper today to enable them to get into the market don't want property to remain cheaper forever—most people would like to see the value of their investments increase.

It's hard to imagine that the Sydney and Melbourne markets could grow any more in value but experts are predicting they will continue to rise – just at a slower rate. It is expected that market conditions will not change a great deal from the current landscape with continued rises at a subdued level.

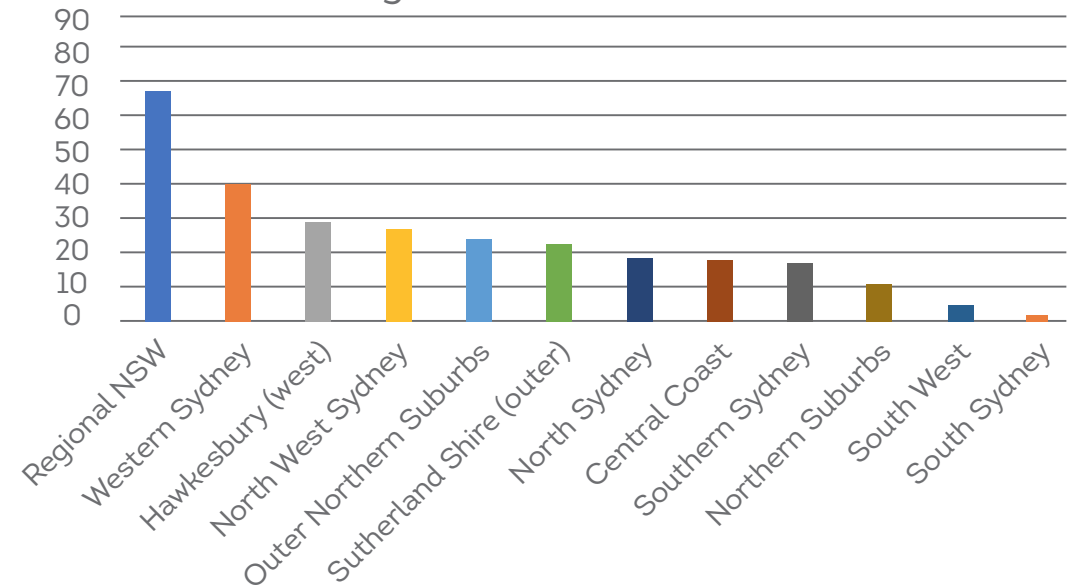
Within these continued rises there are a few standout growth suburbs that real estate experts are putting their money on. Improvements in economic opportunities means some suburbs once viewed as less attractive don't have the same stigma they held 20 years ago.

Sydney's west with its increased development, rising employment levels and improved infrastructure is one such area. It now represents an attractive option for homebuyers and investors alike. Blacktown in particular is projected to boom this year with Croydon and Panania also looking to feature strongly in the sellers' pages. Fairfield, Merrylands, Edmondson Park and Liverpool are also hot spots to watch.

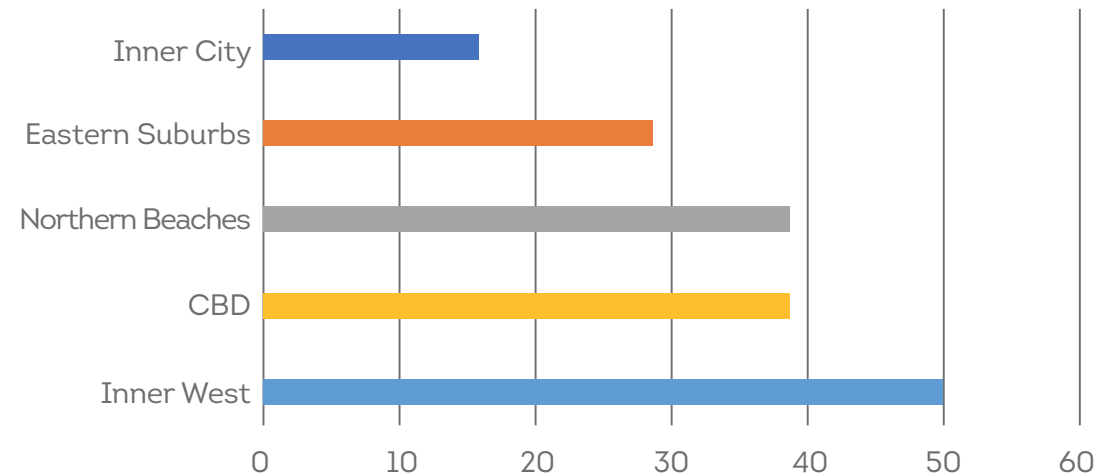
Property hotspots

Blacktown, Croydon, Panania, Fairfield, Merrylands, Edmondson Park, Liverpool

Regional and Outer NSW



Inner and CBD





A NATION OF ENTERTAINERS

When Sydneysiders think luxury in the home they think generous space to cook and entertain for friends. The Allworth Homes survey saw open space flagged as a priority with 64 per cent of respondents valuing a spacious home above all else.

64% *of respondents valuing a spacious home above all else*

While desire for state-of-the-art kitchens, multiple ovens and butler's pantries is on the rise there is also a growing desire for functional outdoor entertaining spaces that act as an extension of the indoor dining and entertainment areas. Open-plan living, a strong feature of Australian residential architecture, has now been taken a step further with homeowners prioritising entertaining areas that flow seamlessly from indoor to outdoor spaces.

In scenic areas where the home has an expansive outlook—across beaches, mountain ranges or in rural settings—real estate agents have identified a shift in traditional home layouts with open-plan living spaces increasingly located

in the upper levels of the home. This leaves the lower levels of the homes to be occupied with bedrooms and bathrooms freeing up the upper levels to enjoy the view while entertaining.

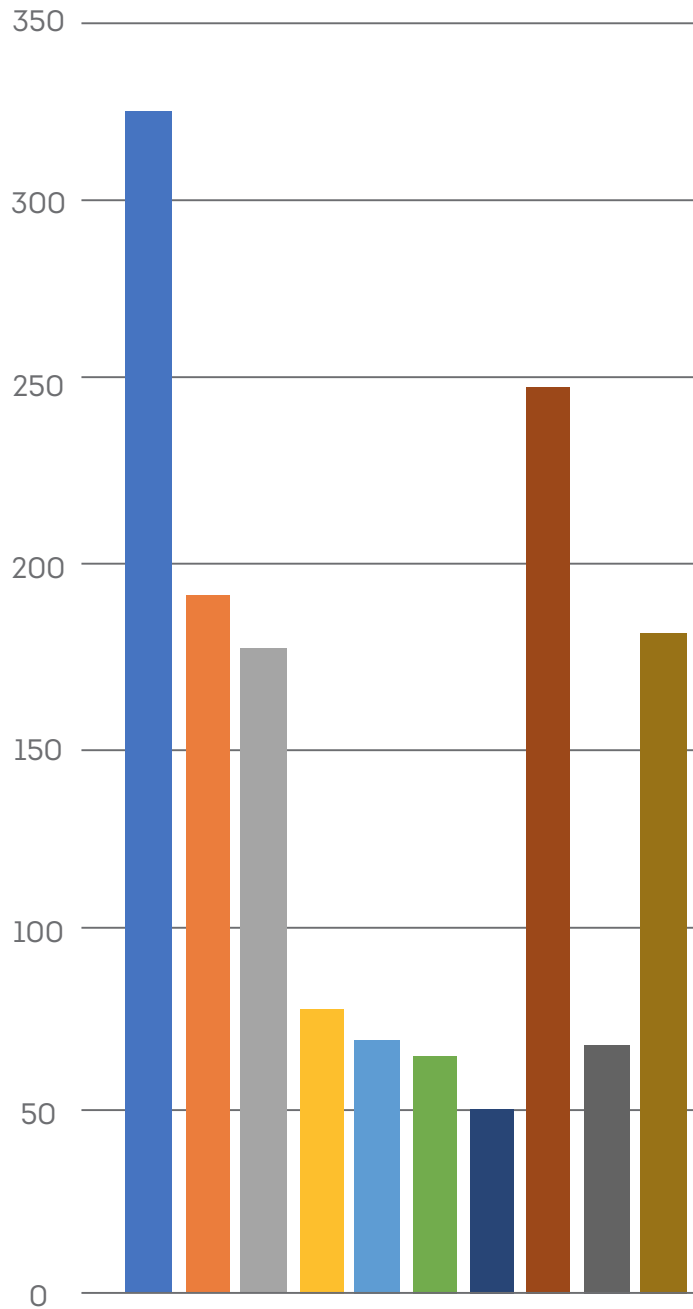
The spare bedroom

Along with space to cook, relax and entertain, respondents flagged the desire for a guest bedroom as a priority in their homes. With many young families dependant on grandparents to care for young children the convenience of a spare bedroom has become increasingly important. For the entertainers, having space to accommodate friends who have overindulged during a summer BBQ is an attractive feature. With the rise of house-sharing platforms such as Airbnb, a guest bedroom also provides earning potential in popular tourism locations.

Having a multipurpose spare room is a great luxury in today's homes whether it is utilised as a home office, a playroom or a space to escape the daily chaos of a busy home.



Desired features in a luxury home



- Count of space to cook and entertain
- Count of having space for a guest bedroom
- Count of environmentally conscious use of energy
- Count of state of the art technology
- Count of designer finishes
- Count of artistic style
- Count of architecturally designed
- Count of space to live and entertain outdoors
- Count of a swimming pool
- Count of a garage or off street parking





A N A T I O N O F E N T E R T A I N E R S

Many Australians wistfully dream for the quieter life in the countryside but have felt bound to the city for employment opportunities. Across the lifespan, survey respondents share concerns about living in outer city areas primarily due to the lack of job opportunities and the burden of a long commute to city-based jobs.

“Tree change dreams are closer to becoming a reality”

However, with many regional areas proving rich in opportunities within the agriculture and mining sectors, or strong manufacturing, energy, tourism and services sectors, coupled with increased location flexibility due to the growth of the remote workforce, these tree change dreams are closer to becoming a reality. Investors looking to capitalise on new growth areas should keep an eye on regions with new infrastructure and economic opportunities.

Regional NSW boasts a population of 2.7 million with the largest and most diverse regional economy in Australia. The regions represent 40 per cent of the NSW population and contribute around a third of the Gross State Product. Many regional NSW areas are heavily investing in economic opportunities and housing options for their communities to aid continued growth.

The Hunter region has several emerging hubs and industries highlighted in Regional Development Australia’s Smart Specialisation Strategy—the region is focused on growing industries such as advanced manufacturing; creative industries; defence; food and agribusiness; mining equipment, technology and services; medical technologies and pharmaceuticals; and oil, gas and energy resources.

The Central Coast is investing in creating a regional hub for the future—focusing on creating more local jobs, along with investing in communities and lifestyles and creating a variety of housing choices to suit the needs and lifestyles of its residents.

The Central Coast strategy will be pleasing for more than 60 per cent of the Allworth Homes survey respondents, who listed limited job opportunities as the primary driver for not living in regional or outer suburban areas. Likewise, for the more than 45 per cent of respondents who are worried about long commutes to and from work reducing their ability to have down-time with families and enjoy leisure activities, the strategy to create communities that are built around local jobs and short commutes is positive news.

According to the Department of Planning and Environment, the North Coast of NSW has the foundations for a thriving economy with established centres, growing farming and tourism sectors, high-quality infrastructure and a unique pristine environment. These natural assets can be leveraged to create regional job opportunities for those looking for an idyllic sea change.

The Illawarra-Shoalhaven region is also picked to be a hot contender for investors looking to regional NSW for their next opportunity, with the region transitioning from a manufacturing epicentre to a knowledge-based economy.

The region’s information computer and technology and knowledge services sectors have significant potential to deliver advances in health, education, telework, e-commerce, business services, financial services, and information and communications technology. The University of Wollongong and its Innovation Campus, along with the National Broadband Network, is key to providing skilled workers remote working opportunities.

“Job security primary driver for not living in regional or outer suburban areas”

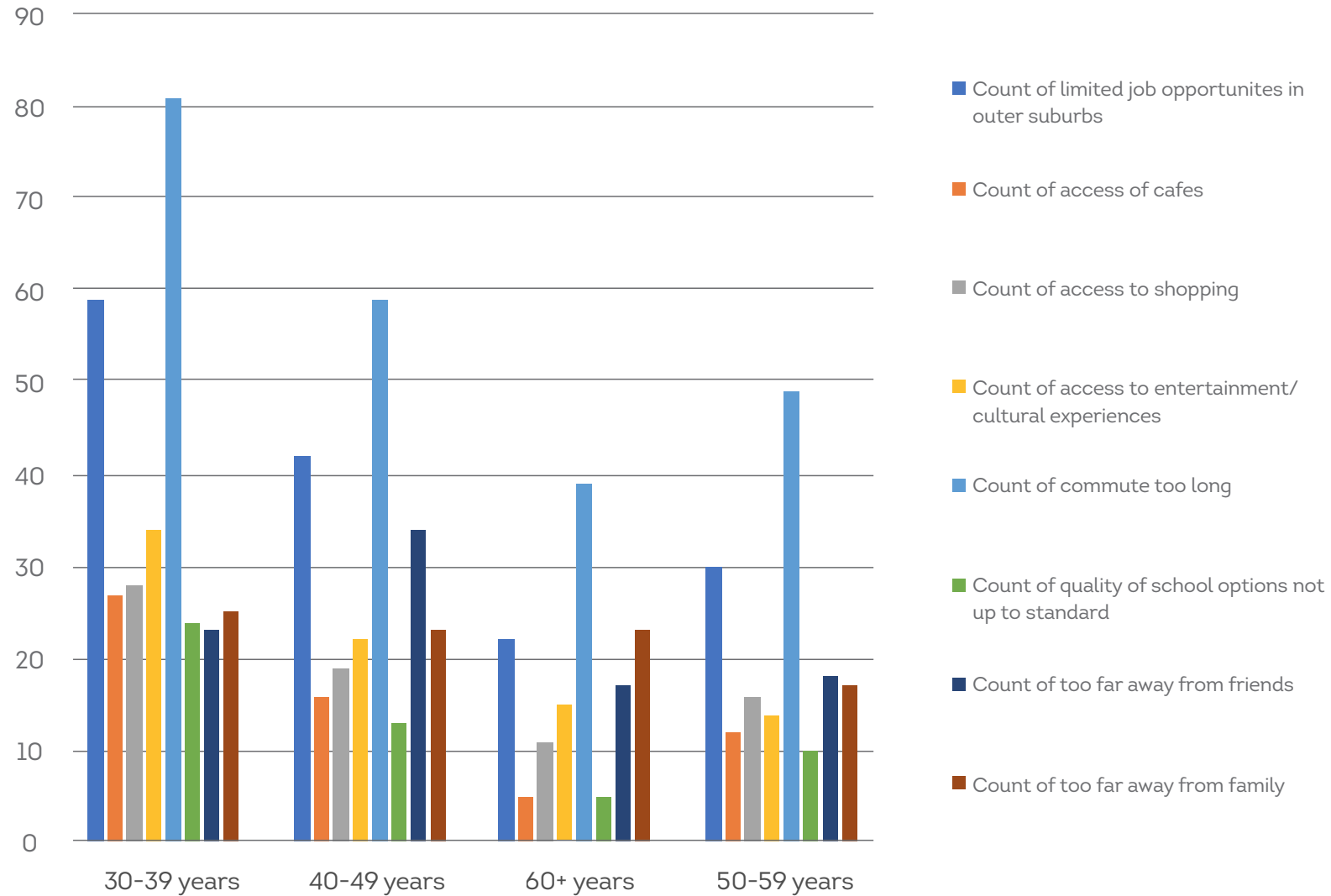


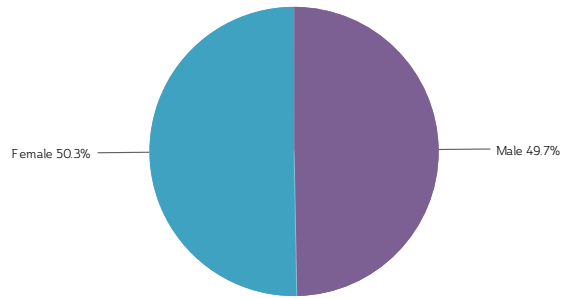
Figure 1 I Why don't you want to live in the city

Figure 2

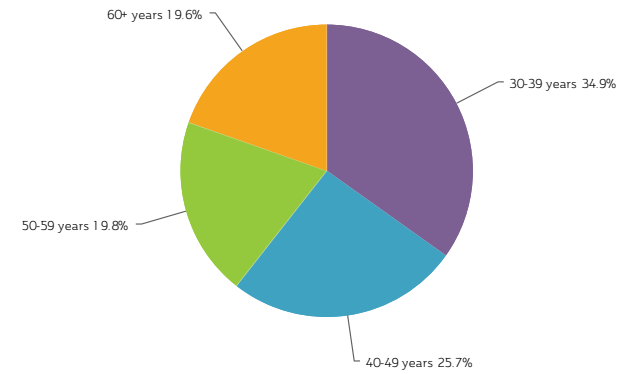


SOME STATISTICS

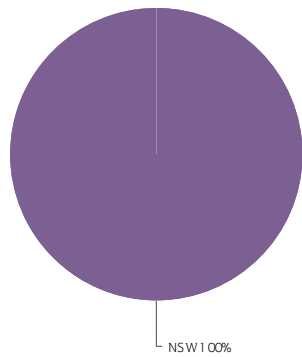
1. What is your gender?



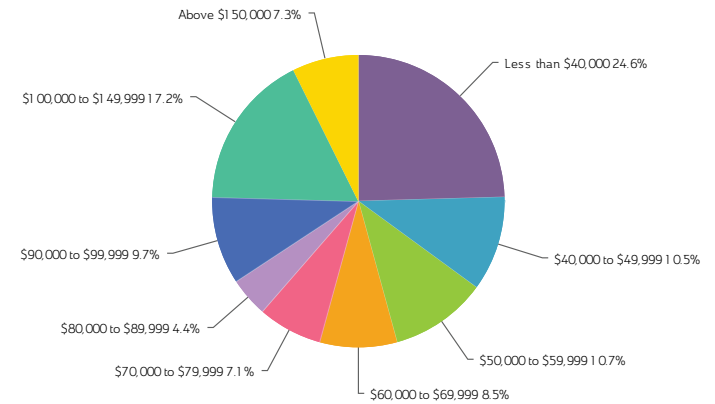
2. What is your current age?



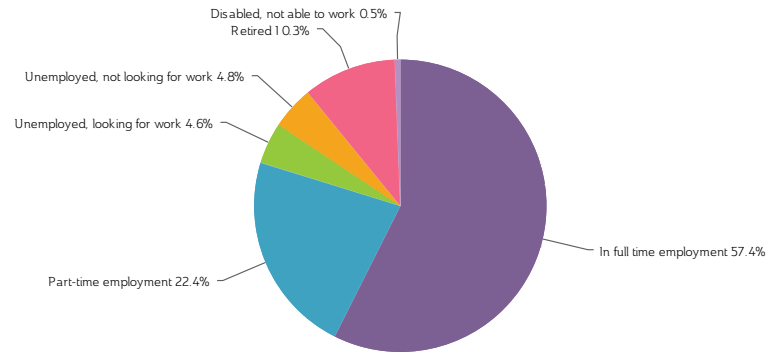
3. Where do you live?



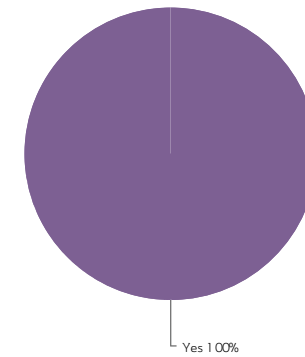
4. What is your personal annual income?



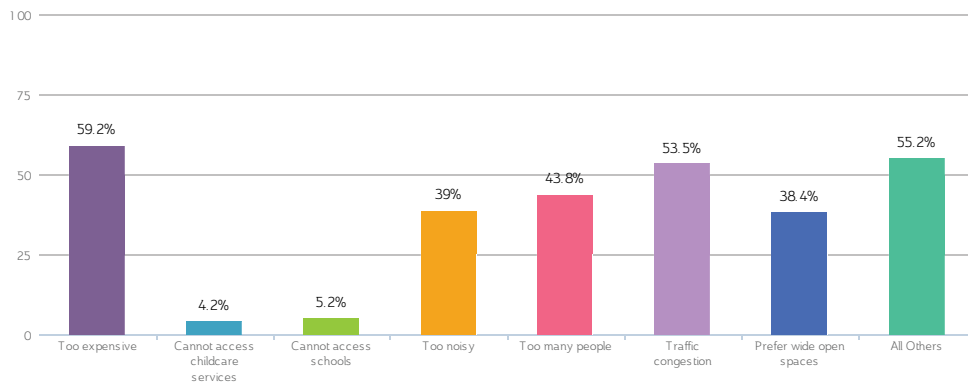
5. Which of the following categories best describes your employment status?



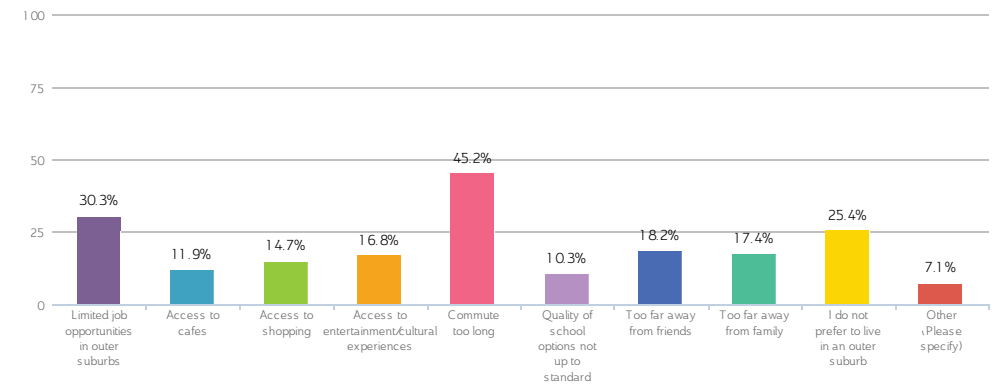
6. Do you consider building/purchasing a new home in near future?



7. If you selected an area outside of inner city select from the following reasons why you don't want to live in the city:



8. If you would prefer not to live in an outer suburb select the following reasons why:





YOUNG FAMILIES AND BABY BOOMERS HEADING FOR REGIONAL AUSTRALIA

More than 50 per cent of survey respondents said they don't want to live in the city. While many Australians are leaving the big cities the flow of international migrants is attributed as the driving factor sustaining population growth in Melbourne and Sydney.

50% *of survey respondents said they don't want to live in the city*

It is clear from internal migration statistics for the 2016 financial year released by the Australian Bureau of Statistics that there is a trend of people leaving Sydney in significant numbers and moving to regional NSW, Brisbane, Melbourne and Regional Victoria. Many younger Australians looking to start families are affected by the cost of housing which leads them to explore different, more affordable locations. Cost is not the only contributor—survey respondents also flagged congestion and the attractive opportunities in larger regional centres with strong economies as reasons for a tree or sea change.

It is not just younger Australians who are getting out of the rat race. Increasing property prices in many of the major cities, coupled with insufficient savings, is forcing many baby boomers to consider retirement in regional Australia.

US Urban planning Professor Dowell Myers has argued that the presence of millennials in the cities should not be read as a preference for cities. For many the cramped hustle and bustle of the inner city is something they endure for access to employment opportunities. Despite familiar tropes about smashed-avocado-eating city hipsters, millennials are showing many of the same characteristics as previous generations: once careers and families come along they head for the sanctuary of the suburbs and regions.

***Millennials choose city life:
not by choice but for access
to employment opportunities***



As the Allworth Homes survey demonstrates, the noise, congestion and unaffordable prices have ageing millennials (those reaching their early thirties) looking for a life away from the daily grind of the inner city. The survey illustrates that more than 49 per cent of people want space to cook and entertain indoors and more than 64 per cent want space to host guests—buyers want the spacious homes that come with the outer suburbs but they desire the walkable and mixed retail/living spaces normally associated with the inner city.

The research suggests that these older millennials, the same people who drove urban rental and ownership demand from 2005–2015, are about to drive demand for suburban housing.

“Noise, congestion and unaffordable prices have ageing millennials escaping daily the inner city”





PURCHASE TO LIVE — OWNER OCCUPIERS BET

The survey found homebuyers across the lifespan are looking to purchase a home to live in for an extended period rather than resell in a short timeframe.

More than two thirds of property buyers are looking to purchase as owner occupiers with the remaining third seeking investment properties for long term investment. Investors are looking to purchase in growth suburbs with high rental yield and low vacancy rates.

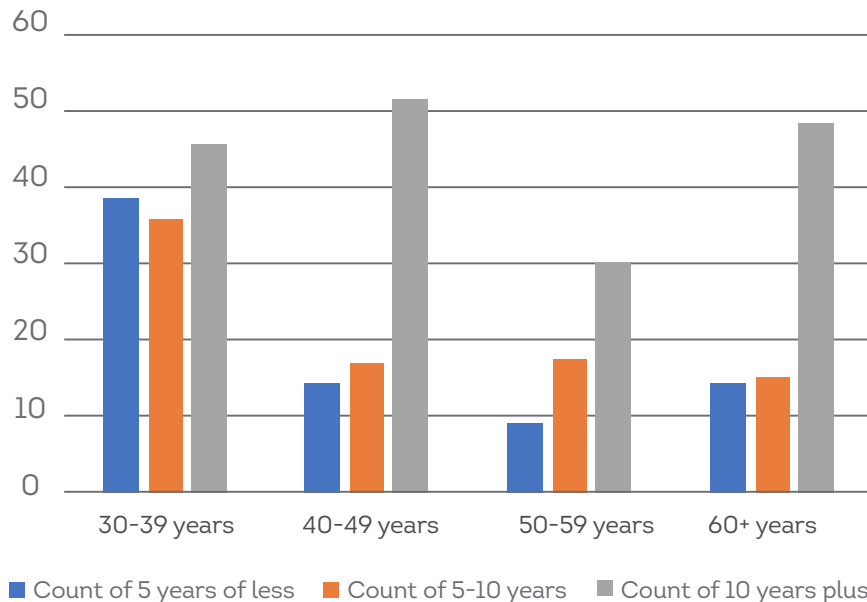


Figure 3 How long do you intend living in your planned upcoming build?

For those looking for a fully customised plan, selecting to work with their own builder was the preference. One of the advantages for those building a home is having more control over the floor plan along with being able to build a more energy-efficient home. There are limitations with building a home from scratch in metro areas with very few vacant lots available.

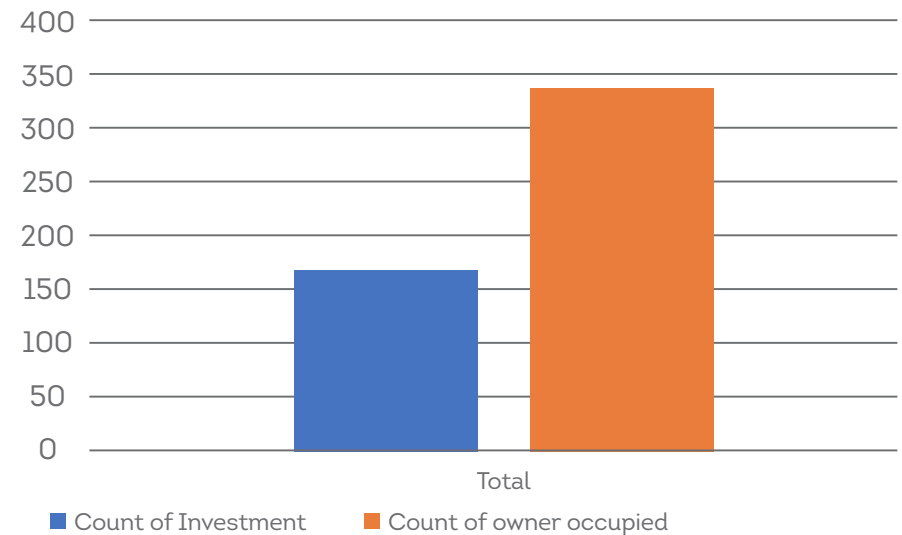


Figure 4 When you get the keys to your new home will this be an investment property or will you be the owner-occupier?

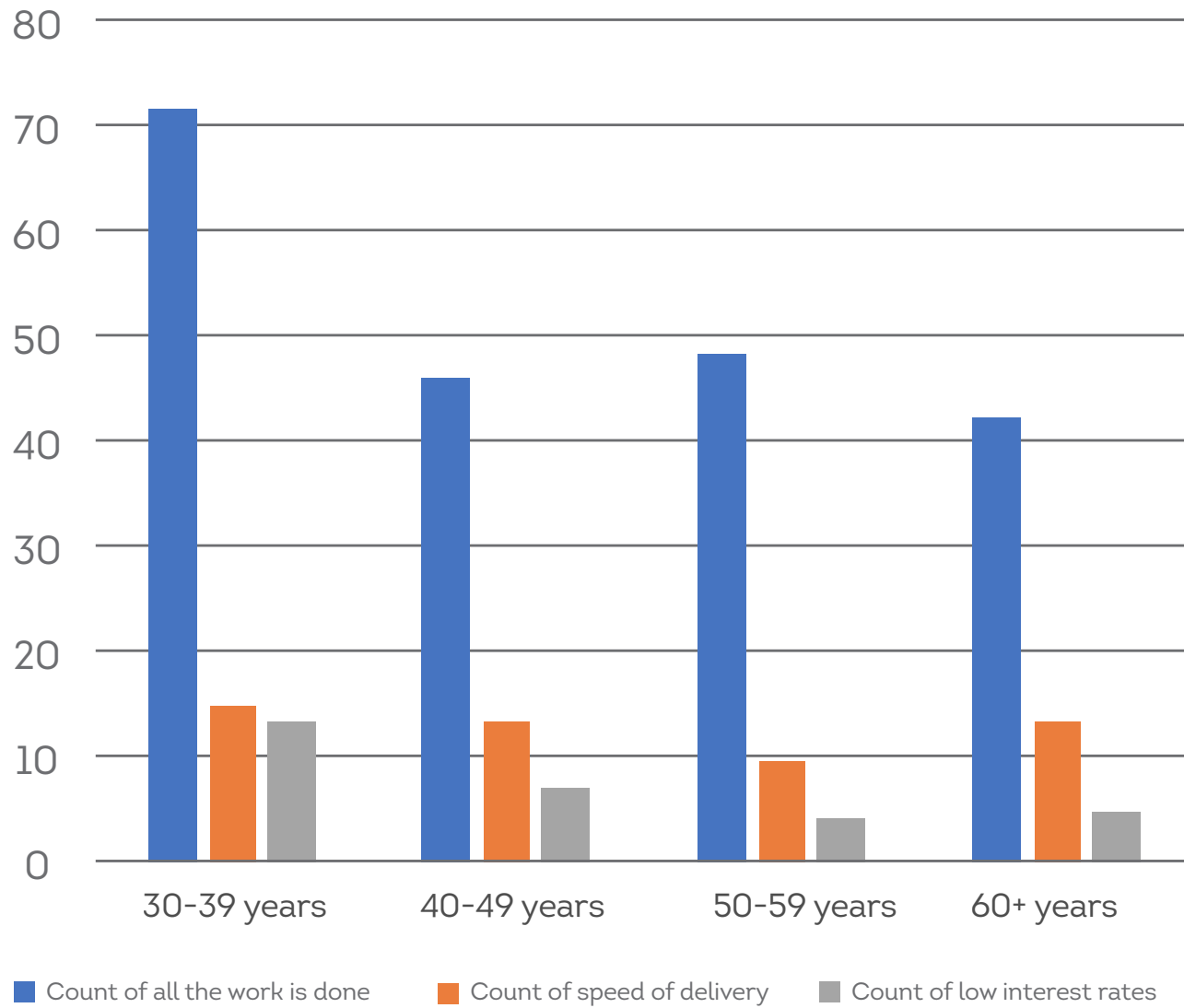


Figure 5 Why might you choose a house and land package?





A U S T R A L I A N S V A L U E W O R K M A N S H I P A N D A F F O R D A B I L I T Y

Generally, consumers choose goods and services based on the assumption that they will be rewarded with value and satisfaction. Quality and price of the goods determine if consumers perceive a brand to have high value.

64% *of Australians surveyed say affordability is the biggest driver*

In a hot housing market it's not surprising that more than 64 per cent of Australians surveyed say affordability is the biggest driver when making purchases closely followed by quality of workmanship. Despite the influx of cheaper house and land packages on the market, homebuyers are seeking high-quality finishes and a build that will provide a return on investment over time.

Despite the hardships faced by homebuyers in the younger demographic (30-39 years), their desire to seek quality workmanship along with affordability remains strong. Just over 41 per cent of younger responders were also slightly more influenced by the reputation of brands. Of those surveyed, women (68 per cent) were more inclined towards affordability than men (59 per cent). Yet they were most influenced by the familiarity of a brand which makes trusted familiar home builders a more popular choice for these buyers.

Industry bodies suggest that for younger homebuyers the best way to gain a footing in the home-ownership ladder is to look for emerging areas. Where there are suburbs that are beginning to be gentrified look to the surrounding suburbs as an entry point that will likely appreciate. Buying into emerging markets allows buyers to save on the land price and spend the surplus on renovations or a knock-down rebuild.



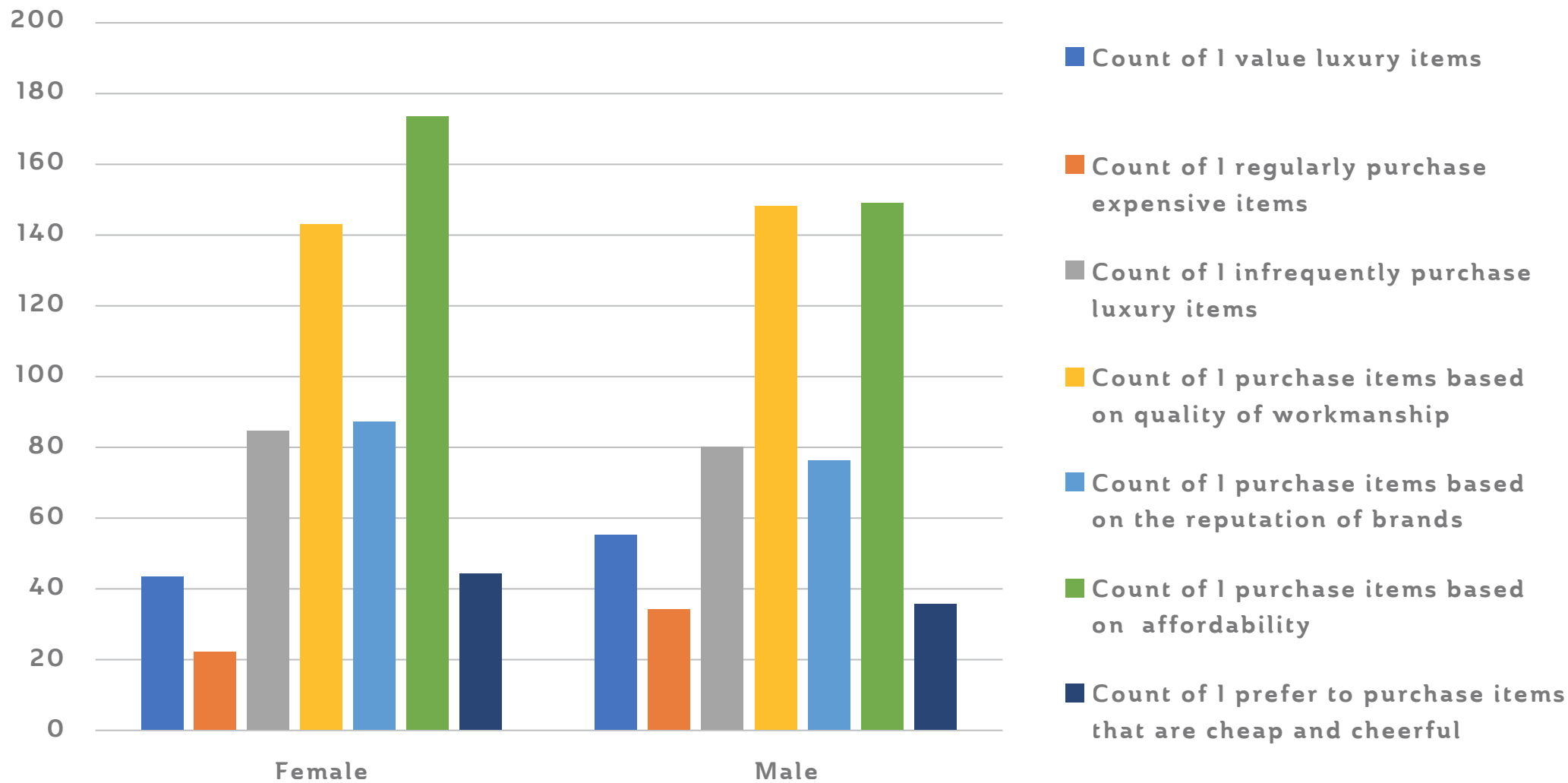
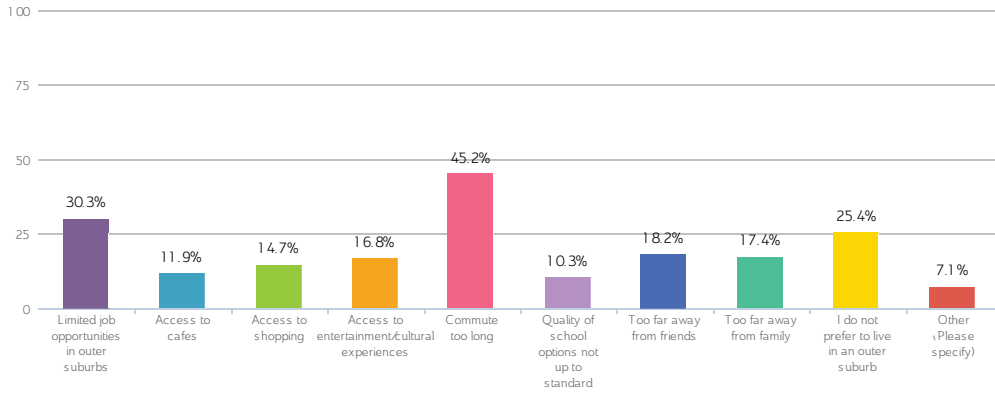


Figure 6 Which of the following statements most closely aligns to your values

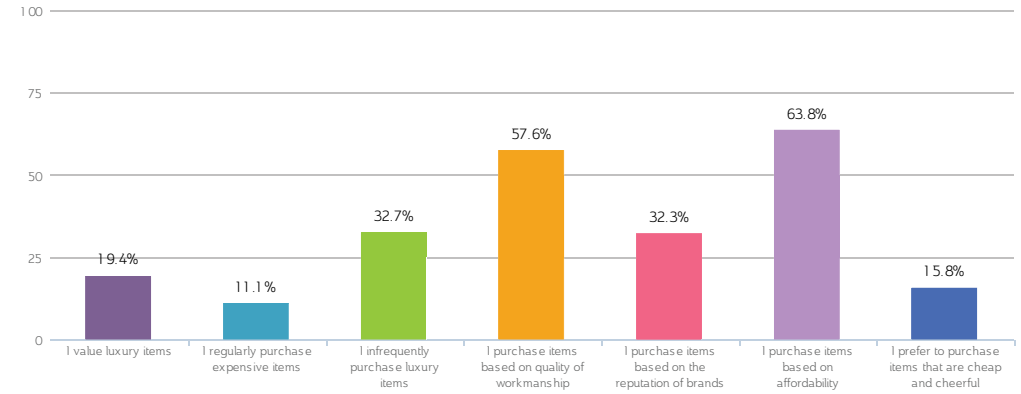


SOME STATISTICS

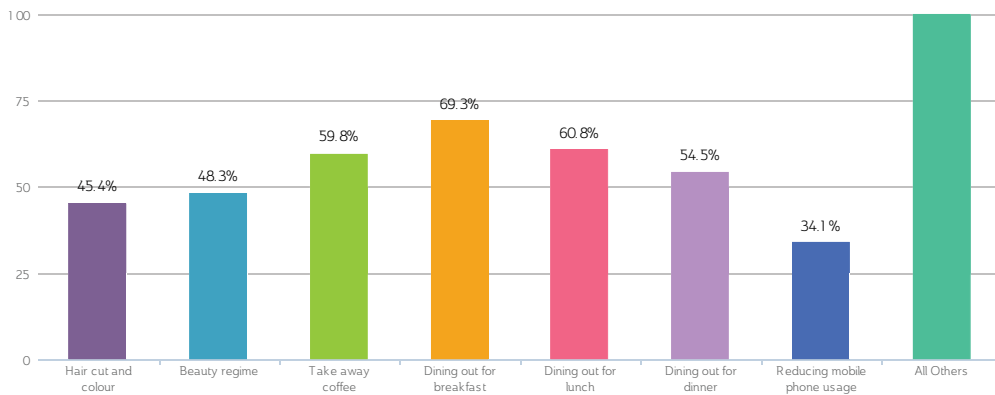
9. If you would prefer not to live in an outer suburb select the following reasons why:



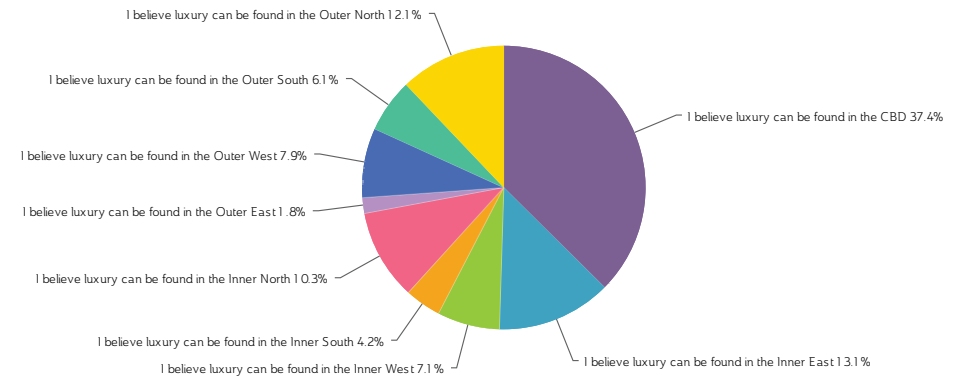
10. Which of the following statements most closely aligns to your values?



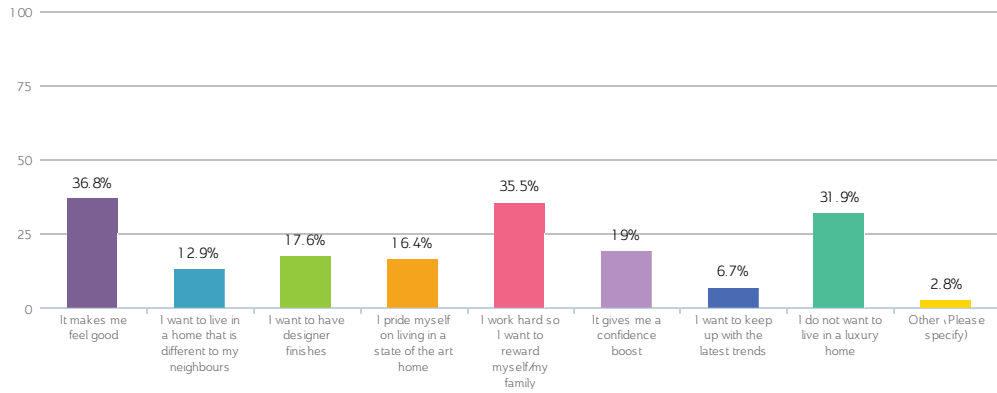
11. What items from the below list would be you willing to sacrifice to save for your home?



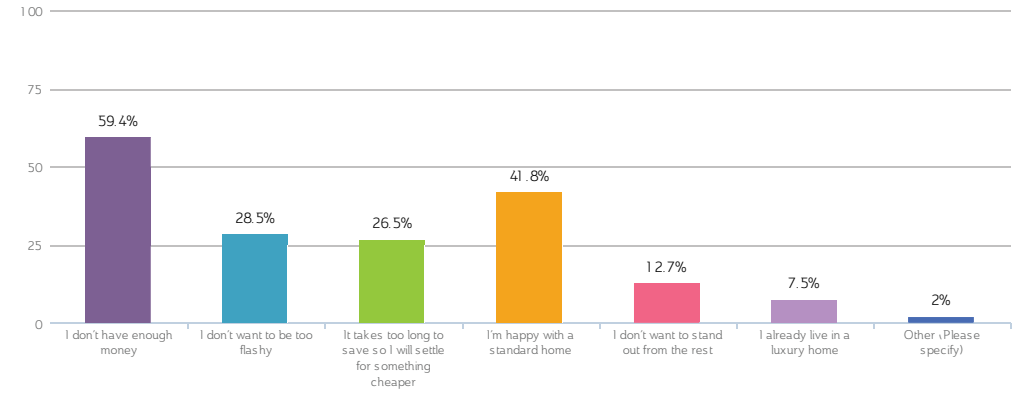
12. Which of the following statements most closely aligns to what you believe?



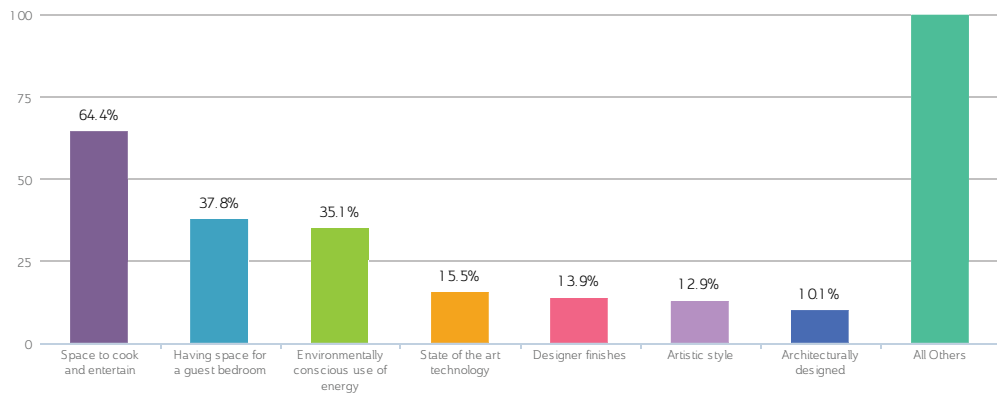
13. Would you want to live in a luxury home?



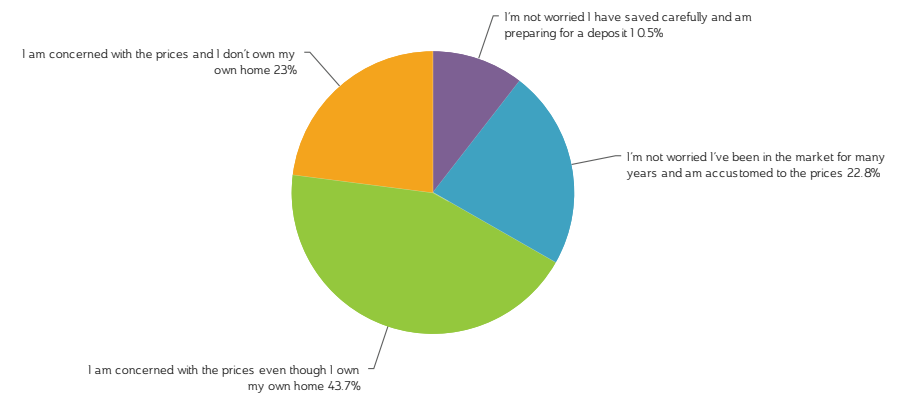
14. If you do not already live in a luxury home what would stop you living in a luxury home?



15. What do you value most in a home?



16. How do you feel about the state of the property market?





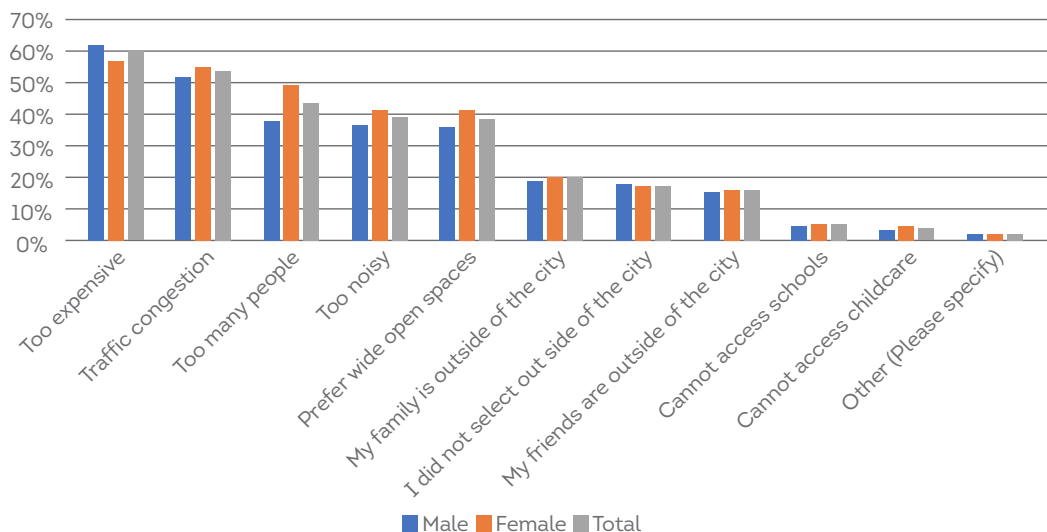
HOMEOWNERS AND RENTERS STRESSED ABOUT HOUSING PRICES

89 per cent of responders said they felt concerned about the state of the real estate market. Likewise, the Reserve Bank of Australia has concerns about the residential property market and the overall housing credit growth that has outpaced the slower growth of household income.

89% of responders stressed about the state of the real estate market.

With high household debt in a low inflation environment Australians are carrying more personal debt than ever before. Price-to-income ratios are very high in relation to other countries in the world. While debt has been increasing, wages and incomes have remained relatively static; Sydney is now much more expensive than global metropolises such as New York and London on a price-to-income ratio.

Why people don't want to live in the city



Savings habits: Younger generations demonstrate more discipline

The Allworth Homes research highlights the Australian penchant for café life and indulging in entertainment and cultural activities. Despite this more than 60 per cent of respondents are willing to sacrifice daily luxuries—including coffees and dining out—to save for a deposit.

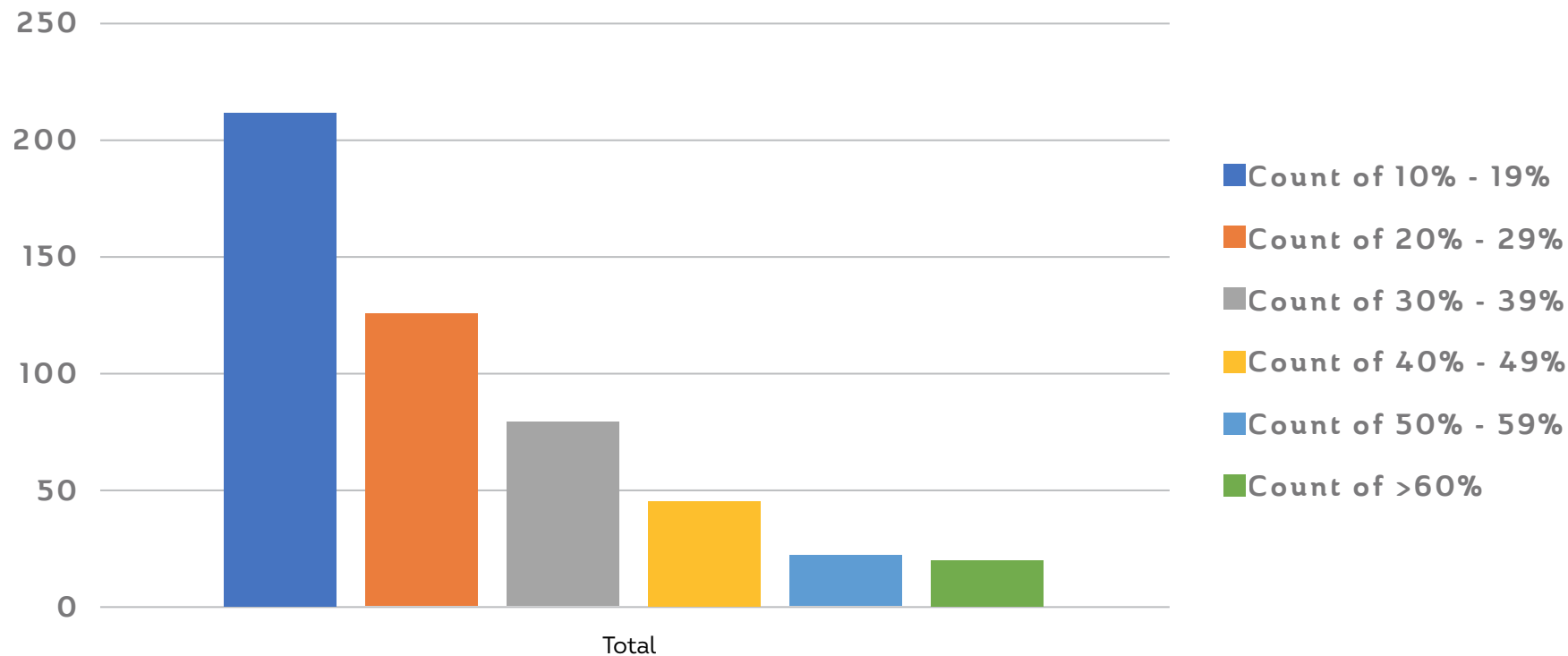
Overall, 49 per cent of survey respondents demonstrated a habitual savings trend with 49 per cent saving between 10–19 per cent and 24 per cent putting away between 20–29 per cent. Some say millennials are facing the bleakest financial future of any generation yet those in the 30–39 year old bracket put away the highest rate of savings at 44 per cent.

60% of respondents are willing to sacrifice daily luxuries

The results echo a recent Westpac survey of 1000 Australians aged between 18 and 35 which found that 95 per cent claimed to be saving for at least one goal. The largest portion was saving for a home (41 per cent) but this was closely followed by 40 per cent who were saving "just because". Other reasons included saving to travel (38 per cent), lifestyle (19 per cent) and buying a car (19 per cent).

One of the main challenges for housing affordability is economic confidence but research has proven that those who have a savings goal are likely to save more. Home ownership tends to be the main savings goal of respondents despite low interest rates on savings accounts and rising property prices making saving enough for a house deposit seem like an almost impossible mountain to climb.

49% *of survey respondents demonstrated a habitual savings trend*





WHY HIGH-INCOME EARNERS ARE MOVING AWAY FROM INNER CITY LIVING

The outskirts of Sydney were once considered undesirable lifestyle choices for the elite. But in 2017 life in the outer suburbs is not as far from the city and its amenities as it once was. Improved infrastructure in outer suburbs coupled with soaring house prices in inner Sydney means many high-flying corporates are looking further afield for their homes.

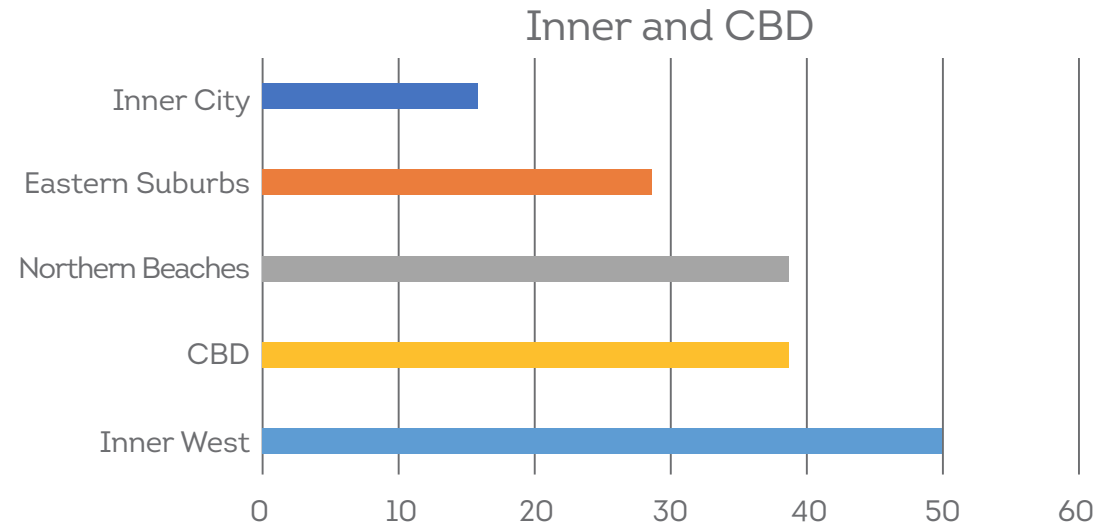
“High-flying corporates are looking further afield”

In total, 34 per cent of Allworth Homes respondents preferred to live in inner suburbs and inner-city locations with just over 50 per cent of respondents preferring to live in Sydney’s outer suburbs. Many in the high-income brackets (above \$100,000) selected to live in outer suburbs seeking the peace and tranquillity that comes with a quieter, suburban life. Avoiding traffic congestion and preferring the wide-open spaces of property in the suburbs were two of the primary drivers for this choice.

While a decade or so ago only prestigious suburbs like Vaucluse and Mosman were in the million-dollar club now even small, unfinished homes in the inner and mid-range suburbs are valued above the million-dollar mark. Housing affordability has declined significantly in inner-city locations which has pushed the upper echelon to outer fringe suburbs in an effort to improve their financial wellbeing. Despite their higher income this cohort are price sensitive seeking value for money in home ownership and less mortgage stress.

While a recent study undertaken by Fairfax media revealed an Australia divided into “haves” and “have-nots” by income, education and age, it is interesting that a cohort that values education and access to good schools has chosen to reside in areas beyond some of Sydney’s top schools. The Allworth Homes survey indicated that access to schools and childcare in outer regions wasn’t one of the top concerns, perhaps indicating a rise in the quality of education options in outer Sydney.

50% of respondents preferring to live in Sydney’s outer suburbs



Sydney urban planning needs a rethink

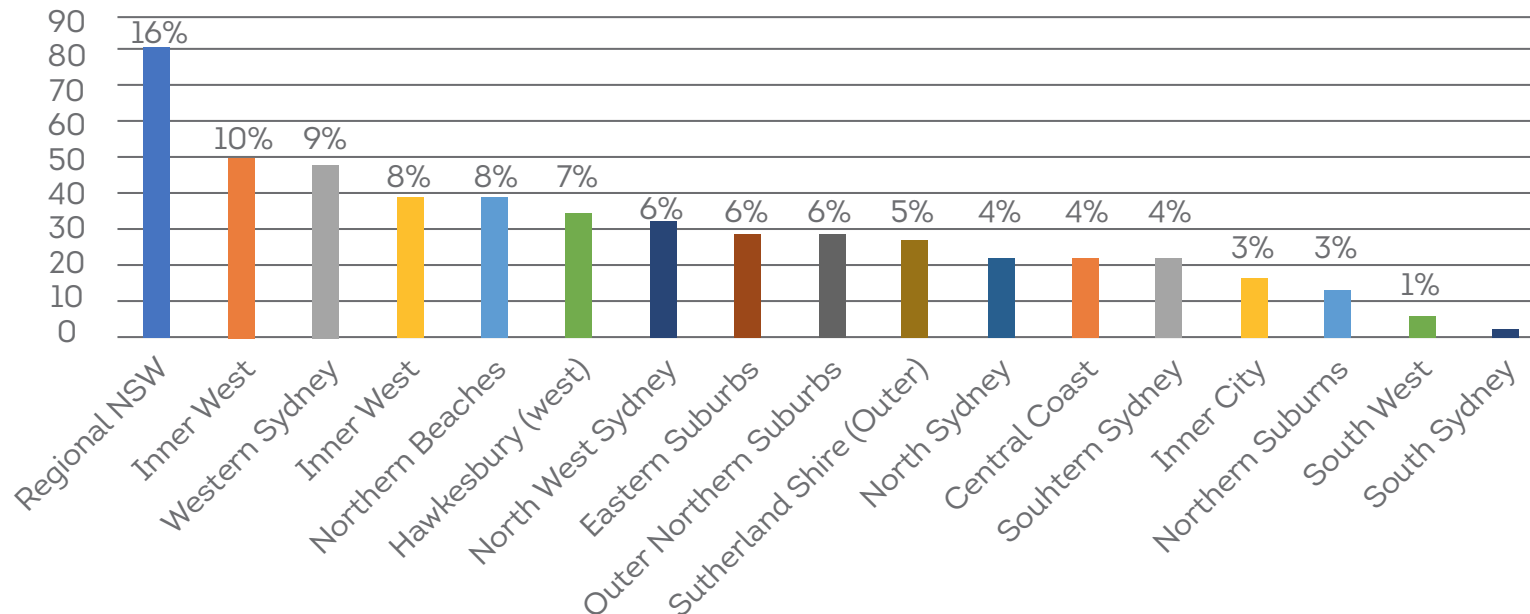
Despite the locals departing in droves Sydney's metropolitan planners expect 1.6 million more people to reside in the city by 2031 creating demand for another 664,000 homes.

The Department of Environment and Planning have a challenge on their hands with a projected 40 per cent of Sydney's job growth speculated to occur in the city centre which will put further pressure on rapid house price growth in inner city areas. The already stretched inner city housing market has made living near work unaffordable for many resulting in some moving to the suburbs and out of town.

For the city to remain liveable and desirable it has been suggested by Government that metropolitan planners consider the ideal "30-minute city". Where jobs and amenities take just half an hour to access. This concept requires substantial thought into transport and housing density and will include working through liveability modelling for mixed-density living including testing if the most effective solution would be to "build up" or "build out".

"30-minute city where jobs and amenities take just half an hour to access"

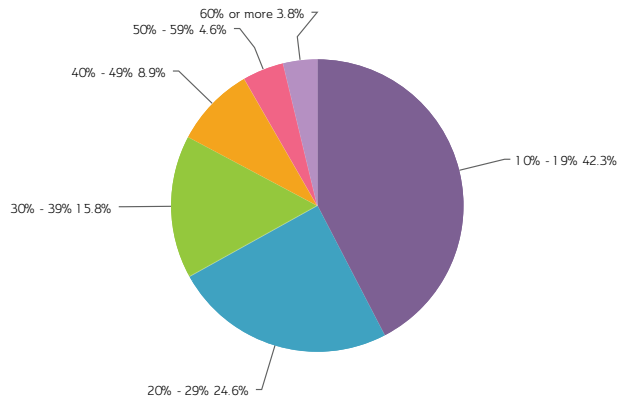
Preferred location for ideal home



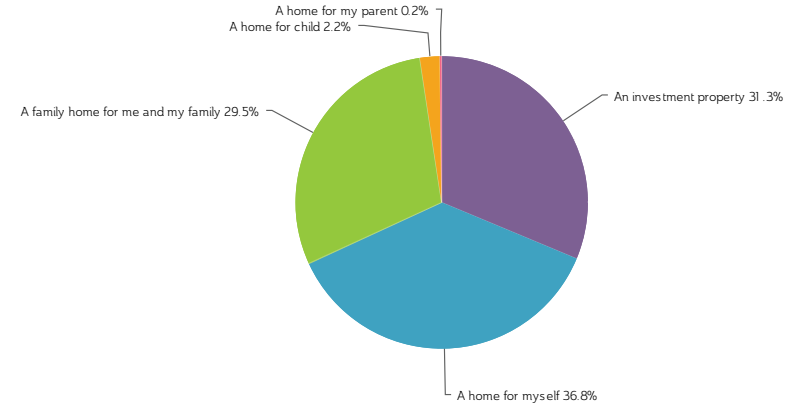


SOME STATISTICS

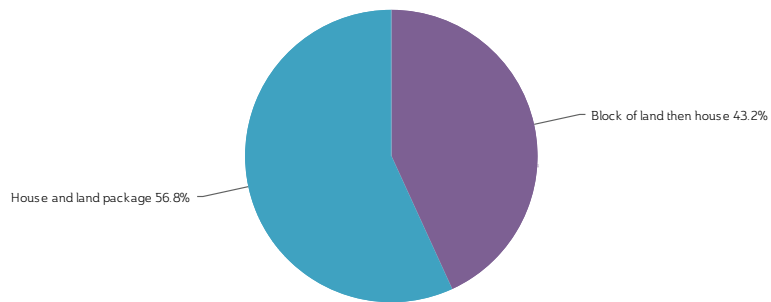
17. When it comes to saving for a home, how much of your weekly income does your household put away weekly for savings?



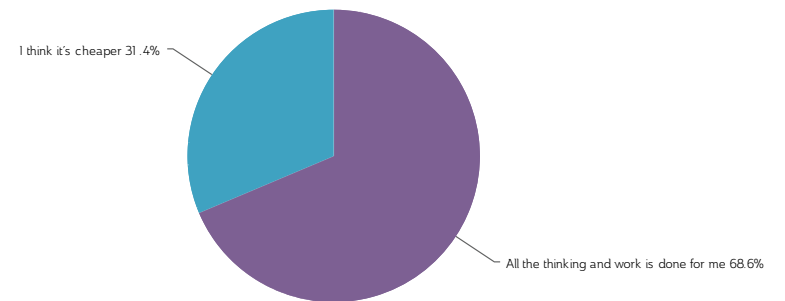
18. I am planning or would plan to buy a home for the purpose of



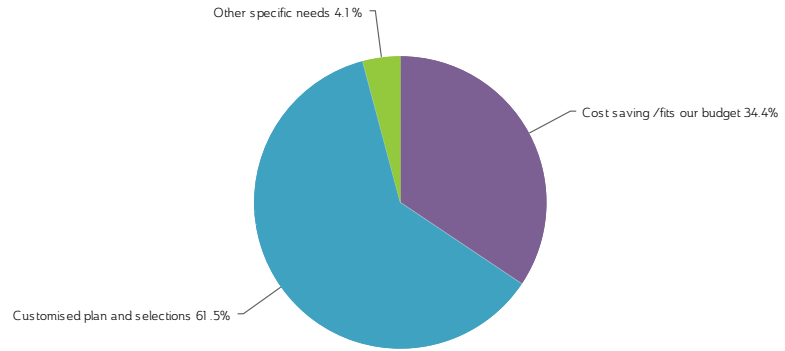
19. Would you buy a block of land and choose which house to build or would you choose a house and land package?



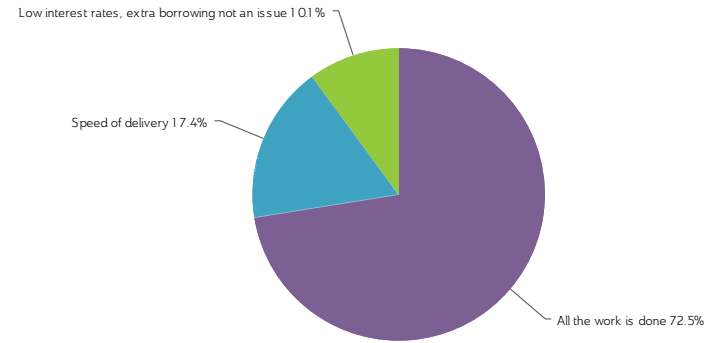
20. Why would you choose a house and land package?



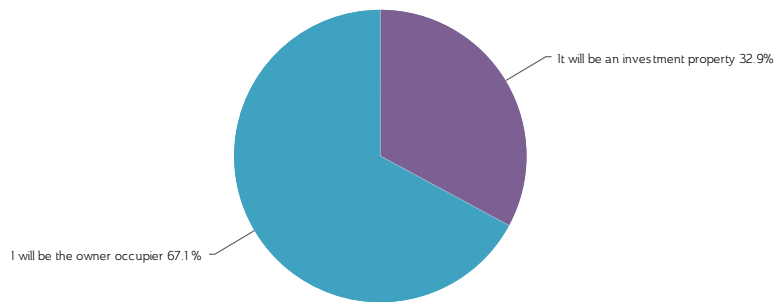
21. Why would you choose to buy land and select a builder?



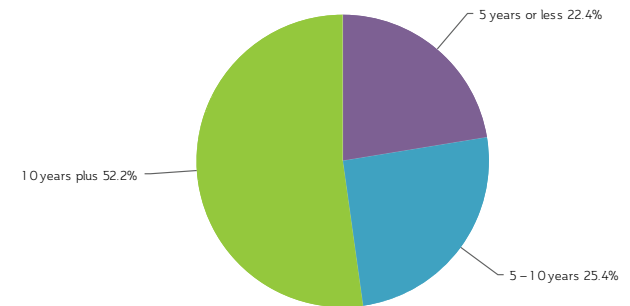
22. Why might you choose a house and land package?



23. When you get the keys to your new home will this be an investment property or will you be the owner-occupier?



24. How long might you intend living in your planned upcoming build?





BUYERS DEMAND GREEN HOMES, WILLING TO PAY

Green homes with optimal thermal mass performance reach higher asking prices and are attractive for all walks of life. High-performance glazing and windows, solar hot water systems, cross-ventilation and energy loading are all popular buzz words but they're fast becoming essential value adds for savvy Australians looking to make money renovating and reselling houses. Better yet—they don't just increase auction day prices; they give back to the planet.

“Essential value adds for savvy investors”

Energy efficient homes are more than just a greenies (or investors) dream. Across the lifespan Allworth's survey responders rated having an environmentally conscious home in their top five most important features. Young families on single incomes are looking to minimise the household budgets while young professionals passionate about environmental issues want the latest energy efficient appliances. Baby boomers looking to minimise their carbon footprint are requesting solar passive designs and grey water garden solutions.

While environmental concerns are a priority, many moving to the suburbs are also dreaming of the quarter-acre block and over the last 60 years Australian homes have doubled in size from around 100 square metres in 1950 to about 240 square metres today.

Larger houses require more heating and cooling and result in higher energy bills; with more than 23 per cent of respondents listing energy efficient homes in their top features it follows that new builds and renovations alike need to put energy efficiency front and centre.

Despite the proliferation of larger houses across Australia there is a parallel green-oriented shift towards the benefits of smaller dwellings—this shift extends beyond the household itself and has positive repercussions on a much larger scale. Small homes—a category made up of a number of varying housing and space arrangements including small houses on small plots and some apartment buildings—can save valuable space that can be used for communal infrastructure. They also present a way to alleviate some of Australia's housing pressure.

The small home approach complements walkability access to amenities and other desirable factors and can lead to much more efficient neighbourhoods from both an infrastructure and transport perspective.

“New builds and renovations alike need to put energy efficiency front and centre”







THORNTON

Rennington Street, Thornton

4934 7467

CENTRAL COAST

Scarlett Close, Hamlyn Terrace

4394 0821

HOMEWORLD

Brodrick Blvde & Burns Rd Kellyville

8814 5363

SYDNEY SOUTH WEST

Webber Loop, Oran Park

9043 5766

JORDAN SPRINGS

Matcham Rd, off Northern Road

9045 1837

WILLOWDALE

Scout Street, Denham Court

9606 2007

SOUTHERN HIGHLANDS

Renwick Drive, Renwick

4871 0048

ILLAWARRA

Apollo Drive, Shell Cove

4296 0064

SHOALHAVEN

Firetail Street, South Nowra

4424 0010

www.allworthhomes.com.au

Allworth Constructions Pty Limited. ABN 78 002 565 353 BL34459