PRESENCE REAL ESTATE

FREE GUIDE

7 ways Newcastle investors are unlocking **hidden equity**

A practical look at how owners across Newcastle, Lake Macquarie, Maitland and the Hunter are finding more income, more value and more equity in the property they already own.

PROPERTY OWNERS · NEWCASTLE & THE HUNTER · 2026 EDITION

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WHAT'S INSIDE

Your property may already be sitting on the answer

Most owners look for their next opportunity somewhere else. Often the best one is the block they already hold. This guide walks through seven pathways, what each one actually requires, and the checks worth completing before you spend a cent.

START HERE

Can your property pay you twice?

Two properties on the same street can carry completely different potential. One has the land width for a second dwelling. One doesn't. Neither owner usually knows which is which.

The difference is rarely obvious from the kerb. It comes down to zoning, block size and shape, frontage, access, easements, services, and a handful of overlays such as bushfire, flood and heritage. Those are all knowable, and most of them can be checked before you commission a single report.

That is what this guide is for. It sets out seven pathways owners in our region use to lift income, value or usable equity, and it is honest about what each one depends on. Some will be irrelevant to your property. One or two may not be.

> A NOTE ON HOW WE'VE WRITTEN THIS
>
> Every pathway here is subject to site conditions, planning approval, professional advice and finance. We have said so throughout, not as a formality, but because the sequence matters. People lose money by paying for design and quotes before they confirm whether the pathway is open to them at all.

TWO TERMS WORTH KNOWING

Secondary dwelling. The planning term for what most people call a granny flat: self-contained accommodation on the same lot as the principal dwelling, within it, attached to it, or separate from it.

Complying Development Certificate (CDC). A fast-track approval pathway issued by council or a private certifier where a proposal meets every fixed standard in the relevant policy. If it doesn't meet them, the alternative is a Development Application (DA) assessed by council.

The planning references in this guide are drawn from State Environmental Planning Policy (Housing) 2021, the NSW Low and Mid-Rise Housing Policy, the Residential Tenancies Act 2010 (NSW), and published Australian Taxation Office guidance, current at the time of writing. Planning controls also vary between the Newcastle, Lake Macquarie, Maitland and Port Stephens local government areas. Always confirm the position for your specific address.

PATHWAY ONE

01

Add a secondary dwelling

A second, separately let dwelling on land you already own. It is the most common Double-Up in our region, and the one with the clearest rulebook.

In NSW, secondary dwellings sit under State Environmental Planning Policy (Housing) 2021, known as the Housing SEPP. The policy sets the fixed standards that decide whether your block can use the fast approval pathway or needs to go to council.

What the rules generally require

— Floor area is generally capped at 60 square metres. Some councils express the cap as 60 square metres or 10 per cent of the principal dwelling's floor area, whichever is greater.

— For the Complying Development Certificate pathway, the lot generally needs a minimum area of 450 square metres and a minimum width of 12 metres, in an R1, R2, R3 or R4 residential zone.

— The site can only end up with one principal dwelling and one secondary dwelling.

— A secondary dwelling cannot be subdivided off the principal dwelling. That is a different pathway (see page 6).

— Where a site doesn't meet the complying standards, a Development Application through council may still be an option.

> WHAT USUALLY STOPS IT
>
> Bushfire-prone land, flood-affected land, heritage items and heritage conservation areas commonly push a proposal out of the complying pathway. So do easements, sewer mains running through the usable part of the block, and frontage that is technically wide enough but practically unbuildable once setbacks and access are applied.

Check these before anything else

Zone and permitted uses, lot area and width, sewer service diagram, stormwater fall, existing setbacks and site coverage, driveway and access, significant trees, and the bushfire and flood mapping for the address. Most of this is available before you engage a designer.

PATHWAY TWO

02

Test a dual occupancy or duplex

Two dwellings on one lot. Where a secondary dwelling is capped and secondary by design, a dual occupancy is two comparable homes, which changes both the income and the valuation conversation.

This is the area where NSW planning has moved most in recent years, and where old advice is most likely to be wrong.

WHAT CHANGED, AND WHEN

1 July 2024. Stage 1 of the NSW Low and Mid-Rise Housing Policy made dual occupancies and semi-detached dwellings permitted with consent in R2 Low Density Residential zones across all of NSW. Councils that previously prohibited them in R2 can no longer do so.

28 February 2025. Stage 2 introduced non-discretionary development standards for dual occupancies and other low and mid-rise housing types within mapped areas, generally residential land within 800 metres walking distance of nominated centres and stations.

Permitted is not the same as approved

Permissibility only means the use is allowed to be considered. Your proposal still has to satisfy minimum lot size, floor space ratio, height, setbacks, private open space, tree canopy, parking and heritage controls. Several of those are set by your council's Local Environmental Plan, so two R2 blocks in different local government areas can face very different numbers.

— Confirm the zone and the minimum lot size that applies to dual occupancy at your address, not the general figure.

— Check whether the address sits inside a mapped low and mid-rise housing area, because the applicable standards differ if it does.

— Confirm exclusions. Bushfire-prone land, certain flood and coastal land, heritage and some other categories are carved out.

— Ask early whether subdivision of the two dwellings is possible, because it materially changes the end value.

> THE COMMERCIAL QUESTION
>
> Two dwellings usually means two rents. Whether the finished value exceeds the land plus build cost is a separate question, answered by comparable sales evidence for completed dual occupancies near you, not by a general rule.

PATHWAY THREE

03

Investigate subdivision

Sometimes the value isn't in building anything. It's in the title.

Subdivision creates separate saleable lots, which is why it can produce a step change in value rather than an incremental one. It is also the pathway with the most site-specific conditions attached, and the one most likely to be ruled out early.

What determines whether it's possible

— The minimum lot size for subdivision in your zone, set by your council's Local Environmental Plan.

— Frontage and width, and whether each proposed lot can achieve lawful road access.

— Services. Each lot generally needs its own water, sewer, power and stormwater connection, and the cost of getting them there can decide the feasibility.

— Easements, existing structures, levels and fall across the site, and trees.

— Overlays. Bushfire, flood, coastal and heritage considerations all apply here too.

> ONE THING TO BE CLEAR ABOUT
>
> A secondary dwelling cannot be subdivided from the principal dwelling. If separate titles are the goal, subdivision or a subdividable dual occupancy is the pathway to investigate, not a granny flat.

WHO YOU'LL EVENTUALLY NEED

A town planner to confirm the pathway and controls, a surveyor for the plan and levels, and a civil or hydraulic consultant where services and stormwater are the constraint. The point of an early strategic review is to work out whether it's worth engaging any of them.

PATHWAY FOUR

04

Renovate for rent and valuation

Not every improvement pays. The ones that do tend to show up twice: in what a tenant will pay each week, and in the comparable sales a valuer will use.

Improvements that usually register in both

- Kitchens and bathrooms, where the existing ones are dated enough to be a reason applicants walk.
- An additional bedroom or a second living area created from space that is already under the roof.
- Floorplan changes that fix an obvious flaw, such as a bedroom you walk through or a kitchen with no connection to living space.
- Off-street parking, a functional laundry, secure fencing, heating and cooling, and storage.
- Presentation work that lifts the property out of the bottom third of its own market segment.

Two disciplines that protect the return

Price the work before you commit. A written quote from a licensed builder, not a per-square-metre rule of thumb. Rules of thumb are where renovation budgets go wrong.

Test the ceiling. The street sets an upper limit on both rent and value. Comparable sales and comparable leased properties tell you where that limit sits, which tells you how much improvement the property can absorb before you stop getting paid for it.

> **A USEFUL SIDE EFFECT**
>
> New assets you install yourself, and structural work you complete, can create fresh depreciation entitlements. That is covered on page 9, and it is worth raising with your accountant before the work starts rather than after.

PATHWAY FIVE

05

Bring the rent back to market

It costs nothing to fix, it compounds every week it isn't fixed, and it is the pathway owners overlook most often.

A property sitting $30 a week under market gives up around $1,560 a year. Left alone for three years, that is roughly $4,680, before you consider that rent also informs how the property is valued as an investment.

THE NSW RULES THAT GOVERN THE TIMING

Once in any 12 months. Since 31 October 2024, rent cannot be increased within the first 12 months of an agreement, and cannot be increased more than once in any 12-month period. The limit applies to both fixed-term and periodic agreements.

Renewals count. Where the landlord is unchanged, at least one tenant is the same, and the tenant hasn't moved out between agreements, a renewal is treated as the same agreement for the purposes of the 12-month rule.

At least 60 days' written notice is required before an increase takes effect.

From 19 May 2025, a landlord must give a valid, prescribed reason to end a tenancy. 'No grounds' terminations are no longer available.

WHAT THIS ACTUALLY MEANS FOR YOU

You get one properly evidenced opportunity a year, and missing the window costs a full year. That makes two things important: knowing when your next review date falls, and having current comparable leasing evidence ready before it arrives rather than after.

A rent review is not automatically an increase. The point is to know where the property genuinely sits against current comparable rentals, and to weigh any change against the risk of vacancy and the value of a good sitting tenant. Some agreements entered into before 13 December 2024 are subject to different rules.

PATHWAY SIX

06

Claim the depreciation you're entitled to

Depreciation is the deduction most often left unclaimed, usually because owners assume an older property doesn't qualify. There are two separate streams, and they follow different rules.

Capital works, Division 43

This covers the structure itself and fixed items: walls, roof, floors, and permanently attached elements. Where construction started after 15 September 1987, the deduction is generally 2.5 per cent of the original construction cost per year, for 40 years from completion.

Importantly, this stream is not affected by the second-hand asset restrictions. If the building qualifies by construction date, the remaining years can generally be claimed regardless of when you bought it.

Plant and equipment, Division 40

This covers removable and mechanical items, such as carpet, blinds, air conditioning, hot water systems, ovens and dishwashers, each with its own effective life set by the Australian Taxation Office.

If you acquired an established residential property at or after 7:30pm on 9 May 2017, you generally cannot claim decline in value on the second-hand assets that came with it. You can generally claim on new assets you purchase and install yourself.

> **HOW TO ACT ON IT**
>
> A qualified quantity surveyor prepares the depreciation schedule, including estimating original construction cost where records no longer exist. Your accountant applies it to your return. If you renovate, update the schedule afterwards so the new assets are captured.

This is general information, not taxation advice. Depreciation outcomes depend on your circumstances, ownership structure and the property itself. Speak with a registered tax agent and a qualified quantity surveyor before relying on any of it.

PATHWAY SEVEN

07

Revalue, release and go again

This is the step that turns a single improvement into a strategy, and the one that has to be tested rather than assumed.

When an improvement lifts both income and value, a lender revaluation may recognise a stronger equity position. Where it does, and where servicing supports it, released equity can fund the next move. That is the loop the whole Double-Up idea rests on.

What has to be true for it to work

- The improvement has to be one a valuer will recognise, supported by comparable evidence.
- The valuation has to land. Lender valuations are independent and can come in below expectations.
- Borrowing capacity has to support the higher position, which depends on income, existing commitments, rates and lender policy.
- The cost of the improvement, including approvals, service connections and holding costs, has to be justified by what it adds.

> **THE FAILURE MODE TO AVOID**
>
> Committing to build on the assumption that the end valuation and the finance will follow. Sequence it the other way. Confirm the planning pathway, get a written build cost, get an indicative end-value view based on comparable evidence, and talk to a finance professional before you sign anything.

Nothing here is a forecast. Valuations, borrowing capacity, construction costs, approvals and rental income all vary, and any strategy is subject to due diligence, professional advice and credit approval.

THE SEQUENCE

The Double-Up plan in six steps

Every pathway in this guide follows the same order. The order is what protects you, because each step tells you whether the next one is worth paying for.

1 **Assess your block**

Review the land, access and initial planning indicators.

2 **Identify the opportunity**

Explore a secondary dwelling, duplex, unit block or another suitable pathway.

3 **Add value**

Plan the improvement that best suits the property.

4 **Raise rent and equity**

Understand how the improvement may increase income and property value.

5 **Take the upside**

Subject to valuation and finance approval, access the improved equity position.

6 **Go again**

Use the stronger position toward your next property move.

Nine checks to complete before you spend money

Work down this list in order. Each one is cheaper than the one after it, and any of them can end the conversation before you commit real money.

- [ ] **1. Zone and permitted uses**
  Confirm the zone for your address and what is permitted with consent under your council's Local Environmental Plan.
- [ ] **2. Lot size, width and frontage**
  Against the specific standard for the pathway you're considering, not the general figure.
- [ ] **3. Overlays and constraints**
  Bushfire, flood, coastal, acid sulfate soils, contamination and heritage. Any one of these can change the approval pathway.
- [ ] **4. Easements and sewer**
  Order the sewer service diagram. A main running through the buildable area is a common and expensive surprise.
- [ ] **5. Trees and canopy**
  Significant trees and tree canopy requirements affect what can be built and where.
- [ ] **6. Setbacks, site coverage and open space**
  Model these against the actual dimensions of your block before you like a floorplan.
- [ ] **7. Services capacity and connection costs**
  Power, water, sewer and stormwater. Connection costs are routinely underestimated.
- [ ] **8. A written build cost**
  From a licensed builder, for your site, not a per-square-metre estimate from a website.
- [ ] **9. Finance and end valuation**
  Borrowing capacity, structure, and an evidence-based view of what the finished property is likely to be worth.

> WHERE MOST MONEY IS WASTED
>
> Paying for design and detailed quotes before checks one to five are done. Those five are largely desktop work, and they resolve most of the uncertainty.

SELF-AUDIT

Ten questions to ask about your property

Answer these with the property in front of you. Any question you can't answer is a gap worth closing, and the ones you answer 'no' to are usually where the upside is.

- [ ] **Do I know my land size, width and frontage?**
  Not approximately. The actual figures from the title or a survey.
- [ ] **Do I know the zone, and what it permits with consent?**
  Including anything that changed under the 2024 and 2025 statewide reforms.
- [ ] **Do I know whether the block is affected by bushfire, flood or heritage?**
- [ ] **Do I know where the sewer main and any easements run?**
- [ ] **Is there usable space that currently earns nothing?**
  Rear yard, oversized side setback, a garage, an underused lower level.
- [ ] **When was the rent last reviewed against comparable evidence?**
  And when does the next 12-month window open?
- [ ] **Do I have a current depreciation schedule?**
  And has it been updated since the last improvement?
- [ ] **Do I know what the property would be worth today, on evidence?**
- [ ] **Do I know my current usable equity position?**
- [ ] **Do I know what one improvement would do to rent and value?**
  This is the question that decides whether any of the pathways are worth pursuing.

ABOUT PRESENCE

Local evidence, not general theory

Presence is a Newcastle-based property group operating across Newcastle, Lake Macquarie, Maitland and the Hunter. The reason the guidance above is specific is that the data behind it is local.

21+ years of local experience	5,000+ property transactions across Newcastle, Lake Macquarie and the Hunter
210,000+ properties in our research database across Greater Newcastle, including Newcastle, Lake Macquarie, Maitland and the Hunter	50,000+ property owners in our direct contact database, many with known intentions
4.5★ from 479 Google reviews	5.0★ from 514 realestate.com.au reviews

Presence is a member of the Real Estate Institute of New South Wales (REINSW). Review counts and ratings are as published at the time of writing and will change over time.

A local example

Hayden Andrews purchased a property in Warners Bay, Lake Macquarie, with Double-Up potential and added a granny flat, creating combined rental income of more than $1,200 per week. Individual results vary depending on the property, location, approvals and market conditions.

HOW WE ASSESS OPPORTUNITY

We use third-party property and planning tools also used by builders and town planners, and referenced during planning and application processes. That gives an early, evidence-based read on whether a pathway is worth investigating. It is not a substitute for formal advice, which must come from the relevant qualified professionals and authorities.

YOUR NEXT STEP

If one of these pathways applies to your property, the fastest way to find out is a 20-minute review of the block you already own.

THE DOUBLE-UP OPPORTUNITY CALL

In a free 20-minute Double-Up Opportunity Call we review the property you already own to identify whether a secondary dwelling, granny flat or subdivision pathway may be worth investigating, then give you clear written next steps before you spend money.

01 **Initial site and zoning review**

Block size, access and key constraints.

02 **Rent and sale estimate snapshot**

Indicative current value and possible rental income from an additional dwelling.

03 **Written Double-Up Opportunity Assessment**

The opportunity, the constraints, and the next professional checks to consider.

04 **Equity and finance pathway review**

An optional discussion about available equity and finance questions.

No cost. No obligation. Written assessment included.

Check your property: presence.realestate/current-property-double-up-check

Buying your next one instead? presence.realestate/buyer-advocacy-double-up

Sales enquiries: +61 2 4926 0614 · **Property management:** +61 2 4926 0628

IMPORTANT INFORMATION

What this guide is, and what it isn't

GENERAL INFORMATION ONLY

This guide provides general information about property strategies available to owners in New South Wales. It does not take account of your objectives, financial situation or needs, and it is not planning, development, financial, taxation, legal or investment advice. You should obtain advice from the appropriate qualified professionals before making any decision.

PLANNING REFERENCES

Planning references are drawn from State Environmental Planning Policy (Housing) 2021 and the NSW Low and Mid-Rise Housing Policy as published at the time of writing. Planning law changes, and controls also vary between local government areas and between individual sites. Nothing in this guide is a planning assessment of any property, and no statement here should be taken as confirmation that a particular development is permissible or achievable at your address. Formal advice and approval must come from the relevant qualified professionals and authorities.

TENANCY REFERENCES

Tenancy references are drawn from the Residential Tenancies Act 2010 (NSW) and associated regulations, including changes that commenced on 31 October 2024 and 19 May 2025. Exceptions apply to some agreements. Refer to NSW Fair Trading or obtain legal advice for your circumstances.

TAXATION REFERENCES

Taxation references are drawn from published Australian Taxation Office guidance and are general in nature. Depreciation entitlements depend on the property, the acquisition date, the ownership structure and your individual circumstances. Speak with a registered tax agent and a qualified quantity surveyor.

ESTIMATES AND OUTCOMES

Any values, costs, rental estimates and potential outcomes referred to in this guide are indicative only. Final outcomes depend on detailed site investigations, professional advice, planning requirements, formal quotations, valuation and finance approval. No rent increase, finance approval, development approval, profit or investment outcome is guaranteed. Past results are not an indication of future performance, and individual results vary.

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