



# Sydney

Affordable & Liveable Property Guide

1st Half 2018



# SYDNEY AFFORDABLE & LIVEABLE PROPERTY GUIDE

1<sup>st</sup> HALF 2018

## METHODOLOGY

This guide analyses all suburbs within the greater Sydney area. The suburbs chosen as the most affordable and liveable hotspots are within a 20km radius of the CBD. In selecting hotspots, the below factors and methodology were considered:

- Property trends** - suburbs will have a minimum of 20 transactions for statistical reliability purposes, with positive price growth over the past 15 months (2016 to Q1 2018\*).
- Investment** – suburbs will have on-par or higher rental yield than Sydney Metro, as well as on-par or lower vacancy rates (as of December 2017).
- Affordability and liveability** - suburbs will have a median price below the maximum affordable property sale price, based on the average state loan. In this report 135% for houses and 80% for units were added to the average New South Wales home loan, which was \$476,449\*\* as at December 2017. Key liveability factors included ensuring the suburbs have a low crime rate, availability of amenities were within a 5km radius (i.e. schools, parks, shopping centres, and health care facilities), and an unemployment rate that is on par or lower in comparison to the state average (as determined by the ABS Census 2016).
- Project development** – the suburbs have a high total estimated value of future project development for the 1<sup>st</sup> half of 2018. This ensures sustainable economic growth, having a positive effect on to the property market.

## RECENT TOP PERFORMERS

Area	Suburb	Type	Median Price 2016	Median Price 2017/2018*	Price Growth	Projects 2017***
Inner	Gladesville	House	\$1,780,000	\$2,650,000	16.00%	\$168.3M
	Gladesville	Unit	\$652,000	\$726,000	11.35%	\$168.3M
North	North Sydney	House	\$2,032,500	\$2,427,500	19.43%	\$66.9M
	Balgowlah	Unit	\$960,000	\$1,225,000	27.60%	\$8.1M
South	Kogarah	House	\$1,292,500	\$1,480,000	14.60%	\$46.1M
	Kogarah	Unit	\$595,950	\$680,000	14.10%	\$157.4M
East	Marrickville	House	\$1,345,000	\$1,490,000	10.80%	\$133.9M
	Randwick	Unit	\$855,000	\$955,000	11.70%	\$182.3M
West	Parramatta	House	\$1,080,500	\$1,305,000	20.80%	\$297.2M
	North Rocks	Unit	\$700,000	\$826,000	18.00%	\$16.1M

## OVERVIEW

Between 2016 to Q1 2018\*, Sydney Metro's median house prices experienced a gentle growth of 0.8%, whilst units softened by -2.4%. This is reflective of a pivot in the metro unit market and a response to the increased unit supply, confirming a return towards a more sustainable market. Now is the time for buyers to enter the market and capitalise on opportunities of affordability. Prospective house buyers looking for affordable options should look toward Sydney's south-western suburbs. A particularly attractive market for investors is Parramatta, which has experienced a 20.8% in annual growth and is expecting a further \$297.2M investment in the 1<sup>st</sup> half of 2018.

\*Median price quoted captures sale transactions from 1<sup>st</sup> January 2017 to 31<sup>st</sup> March 2018, or Q1 2018. \*\*Average home loan figure is derived from December quarter 2017 Housing Affordability Report by Real Estate Institute of Australia and Adelaide Bank. \*\*\*Project development is based on aggregate of estimated construction value for residential, commercial, industrial, mixed use and infrastructure projects scheduled to commence in the 1<sup>st</sup> half 2018. \*Key market indicators for sales are reflective of median price change over the past 15 months between 2016 and 2017/2018, with 2018 data being up to end of Q1 2018. Median rent is reflective of median price change between Q1 2017 and Q1 2018. © PRDnationwide 2018.



## KEY MARKET INDICATORS CITY OF SYDNEY COUNCIL

Indicator	Market Variation <sup>^</sup>
House Sales	↑
House Median Price	↑
House Median Rent	↑
Unit Sales	↑
Unit Median Price	↓
Unit Median Rent	↑

## KEY COMMENTS

The number of first home buyers in New South Wales increased by 74.9% over the past 12 months to the December 2017 quarter, which further signals a return towards a sustainable market.

Highly affordable suburbs (those with a maximum property sale price of the average state loan plus a 90%) deposit exist. There are 8 suburbs that meet our affordable criteria and include: Fairfield East, Villawood, Guildford, Granville.

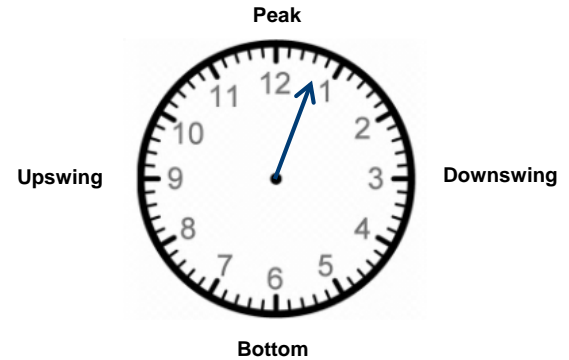
Although affordable, these suburbs fail to meet our liveability criteria set. 135% for houses and 80% for units needed to be added to the average state loan. Thus, the average cost of liveability, based on the average percentage difference of premiums added to the average state loan, in Sydney is 18%. This is the highest among all major capital cities, however surprisingly only slightly compared to Hobart (16%).



## SYDNEY HOUSE HOTSPOTS

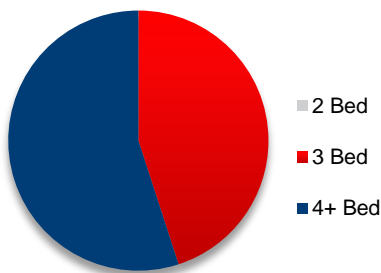


## PROPERTY CLOCK – HOUSES



## AFFORDABLE & LIVEABLE HOUSE HOTSPOTS

### MILPERRA 2214



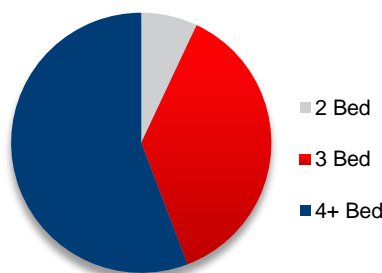
Located in an approximate radius of **20km\*** from the CBD.

Median house price **\$899,000**

- 2 bed median price **N/A**
- 3 bed median price **\$880,000**
- 4+ bed median price **\$927,500**

Milperra is located south-west of Sydney's CBD and nearby the Bankstown CBD. Residents benefit from the nearby shopping centres, schools, golf courses, the Western Sydney University and access to the Sydney CBD by public transport. Milperra offers affordability and liveability factors including a solid median price growth of 4.9%, incredibly low vacancy rates of 0.7%, high returns of 3.5% and low unemployment at 4.3%. In the 1<sup>st</sup> half of 2018 Milperra is anticipating approximately \$3.9M<sup>^</sup> of new projects. There is a strong focus on residential development to support healthy property demand.

### PANANIA 2213



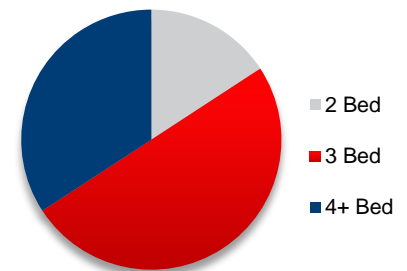
Located in an approximate radius of **20km\*** from the CBD.

Median house price **\$1,050,000**

- 2 bed median price **\$1,006,500**
- 3 bed median price **\$1,005,000**
- 4+ bed median price **\$1,070,000**

Panania is located just south of Milperra with similar locational benefits including nearby shops, schools, parks, and its own train station. Panania offers a more premium market with conducive investment conditions such as an outstanding median price growth of 10.5%, a very low vacancy rate of 1.0%, rental yields of 3.0% and low unemployment at 5.6%. In the 1<sup>st</sup> half of 2018, \$1.1M<sup>^</sup> of new infrastructure projects are due to commence. This will further improve liveability for residents. Panania will also benefit from spill-over economic growth due to projects in neighbouring suburbs.

### JANNALI 2226



Located in an approximate radius of **20km\*** from the CBD.

Median house price **\$1,106,000**

- 2 bed median price **\$958,000**
- 3 bed median price **\$1,055,500**
- 4+ bed median price **\$1,221,250**

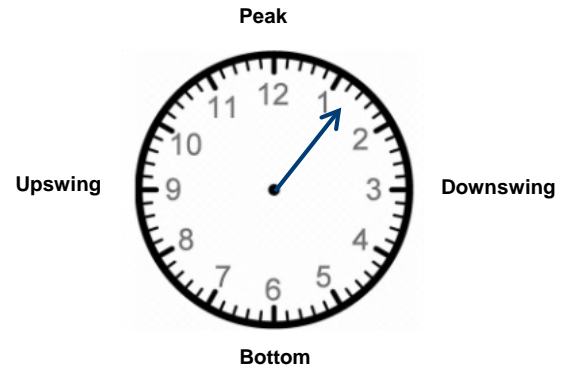
Jannali is located south-west of Sydney's CBD, nearby the southern banks of the Georges River. Residents benefit from the nearby Westfield shopping centre and train station. Jannali has experienced an incredible median price growth of 16.1%. Buyers and investors are urged to capitalise on this market. Further desirability is presented by very low vacancy rates of 0.9% and conducive rental yields of 3.3%. Jannali has approximately \$6.5M<sup>^</sup> of new developments to commence in the 1<sup>st</sup> half of 2018, focusing on mixed-use projects. This answers demand and adds commercial opportunities.

\*Quoted estimated values of projects are based on reported land construction values as stated by the relevant data authority and do not signify their commercial/resale value. \*Median price is either N/A due to no recorded sales data or quoted as an indication only due to having less than 20 sales transactions. © PRDnationwide 2018.

## SYDNEY UNIT HOTSPOTS

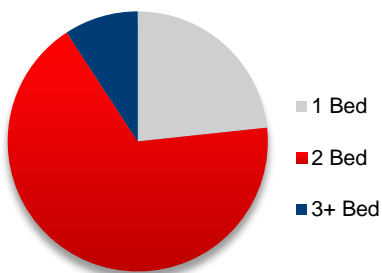


## PROPERTY CLOCK – UNIT



## AFFORDABLE & LIVEABLE UNIT HOTSPOTS

### DEE WHY 2099



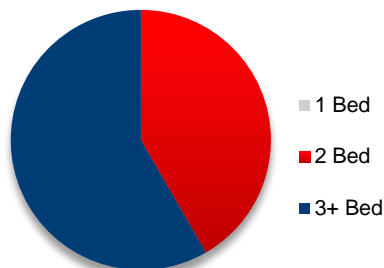
Located in an approximate radius of **14km\*** from the CBD.

Median unit price **\$800,000**

- 1 bed median price **\$650,000**
- 2 bed median price **\$840,000**
- 3+ bed median price **\$1,190,000**

Dee Why is a coastal suburb located north-east of Sydney's CBD. Residents enjoy the various nearby beaches, schools, parks and a Westfield shopping centre. This is a highly active suburb recording 630 sales over the last 15 months and a solid price growth of 10.3% (2016 to 2017/18\*). Buyers and investors are encouraged to take advantage of low vacancies (1.3%), strong yields (4.0%) and healthy unemployment levels (3.7%). The 1<sup>st</sup> half of 2018 is set to see \$74.3M<sup>^</sup> of mixed-use projects commencing, which will address property demand and add more commercial opportunities.

### NORTH ROCKS 2151



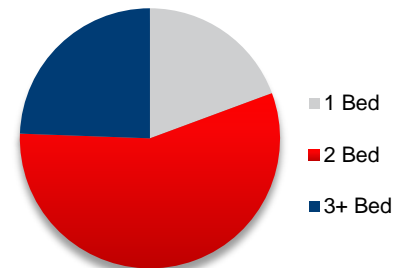
Located in an approximate radius of **20km\*** from the CBD.

Median unit price **\$826,000**

- 1 bed median price **N/A**
- 2 bed median price **\$610,000\***
- 3+ bed median price **\$902,500\***

North Rocks is located in the north-west of Sydney's CBD. It is a highly desirable location due to its convenient access to the M2, various schools such as King's and the Western Sydney University. Over the last 15 months, North Rocks has shown a strong price growth of 18.0% (2016 to 2017/18). Astute investors are benefiting from quite low vacancies (2.6%), strong returns (4.0%) and a low unemployment rate (4.2%). Desirability of North Rocks is further supported by approximately \$16.0M<sup>^</sup> of developments commencing in the 1<sup>st</sup> half of 2018. Buyers are urged to take advantage of this opportunity.

### LANE COVE 2066



Located in an approximate radius of **6km\*** from the CBD.

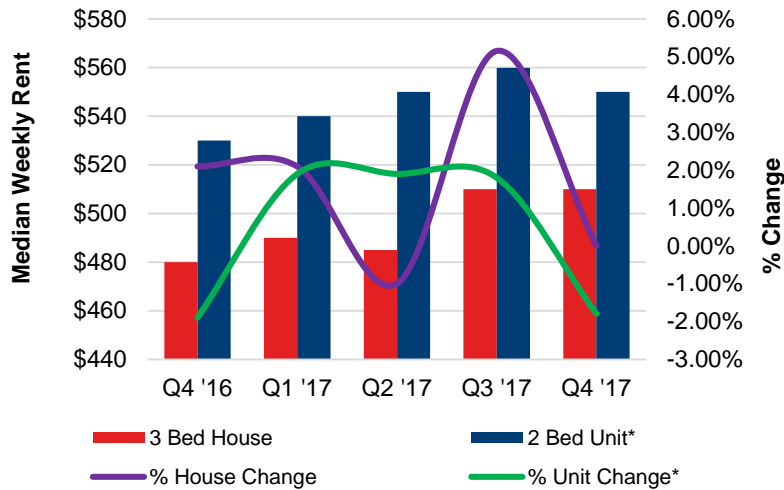
Median unit price **\$845,000**

- 1 bed median price **\$715,750**
- 2 bed median price **\$815,000**
- 3+ bed median price **\$1,360,000**

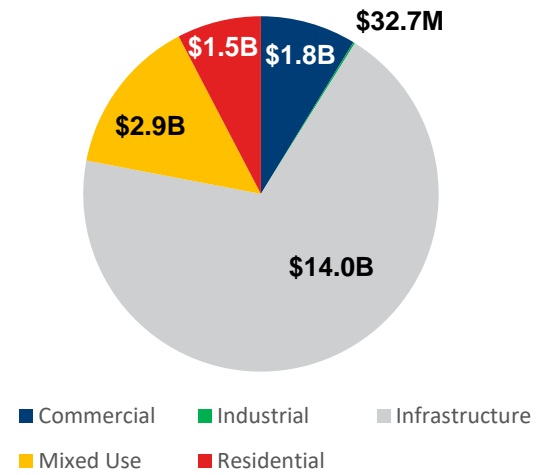
Lane Cove is located near Sydney's CBD. The area offers great access to the M2, bus stops, train stations, a Westfield shopping centre, and the Royal North Shore Hospital. Astute investors benefit from solid rental yields of 3.8%. Approximately \$87.3M<sup>^</sup> of projects are set for the 1<sup>st</sup> half of 2018, primarily focused on infrastructure. This will involve the \$62.3M<sup>^</sup> Rosenthal Avenue Car Park Redevelopment funded by the Lane Cove Council. This will improve local economic conditions and boost local job opportunities. Buyers are urged to act fast as availability in the area is quickly diminishing.

\*Quoted estimated values of projects are based on reported land construction values as stated by the relevant data authority and do not signify their commercial/resale value. \*Median price is either N/A due to no recorded sales data or quoted as an indication only due to having less than 20 sales transactions. © PRDnationwide 2018.

## RENTAL MARKET ANALYSIS



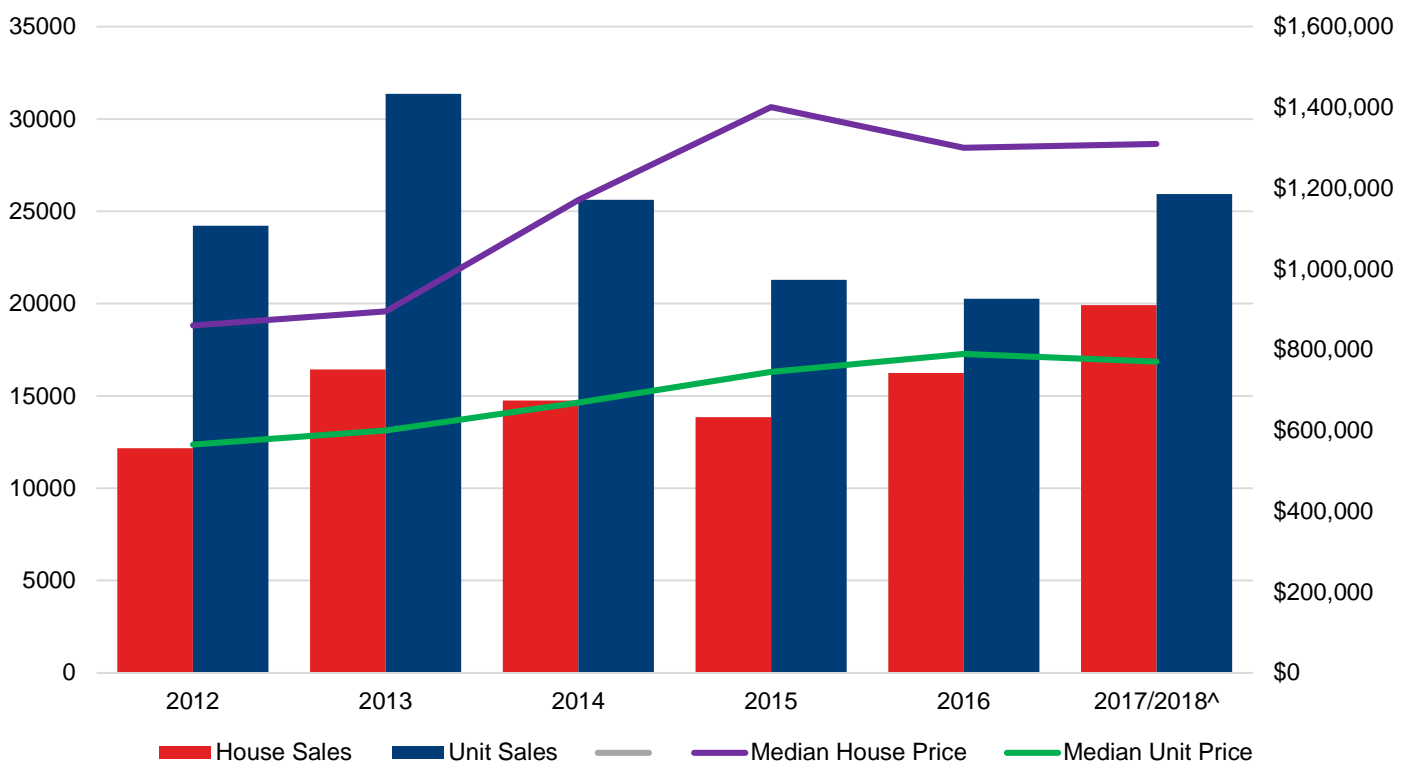
## 1st HALF 2018 PROJECTS\*\*



Sydney's rental market has presented strength in annual price growth, increasing by 6.3% to \$510 for 3 bedroom houses and by 3.8% to \$550 for 2 bedroom units. That said, more recently (Q3-Q4 2017), rent for units has partially softened by -1.8%, whilst rent for houses has shown resilience with no change. This is reflective of the increase in unit stock and rising vacancy rate trend, recorded at 2.6% in December 2017. Despite this, investors are urged to hold onto their assets, lock in prices and secure longer tenancies. Prospective investors are urged to buy into affordable and liveable suburbs such as the highlighted Sydney hotspots.

Over the 1st half of 2018, Sydney Metro will see approximately \$20.2B\* in new developments commence. The majority of development will be focused on infrastructure projects, valued at a substantial \$14.0B. This will include the Central to Eveleigh Urban Renewal & Transport Program, which is a 20-30 year state funded program aiming to deliver 9,000 dwellings and more than 300,000sqm of commercial space. Further mixed-use, commercial and residential development will play a major role in achieving greater liveability and future economic growth.

## SYDNEY METRO SALES AND MEDIAN PRICE GROWTH

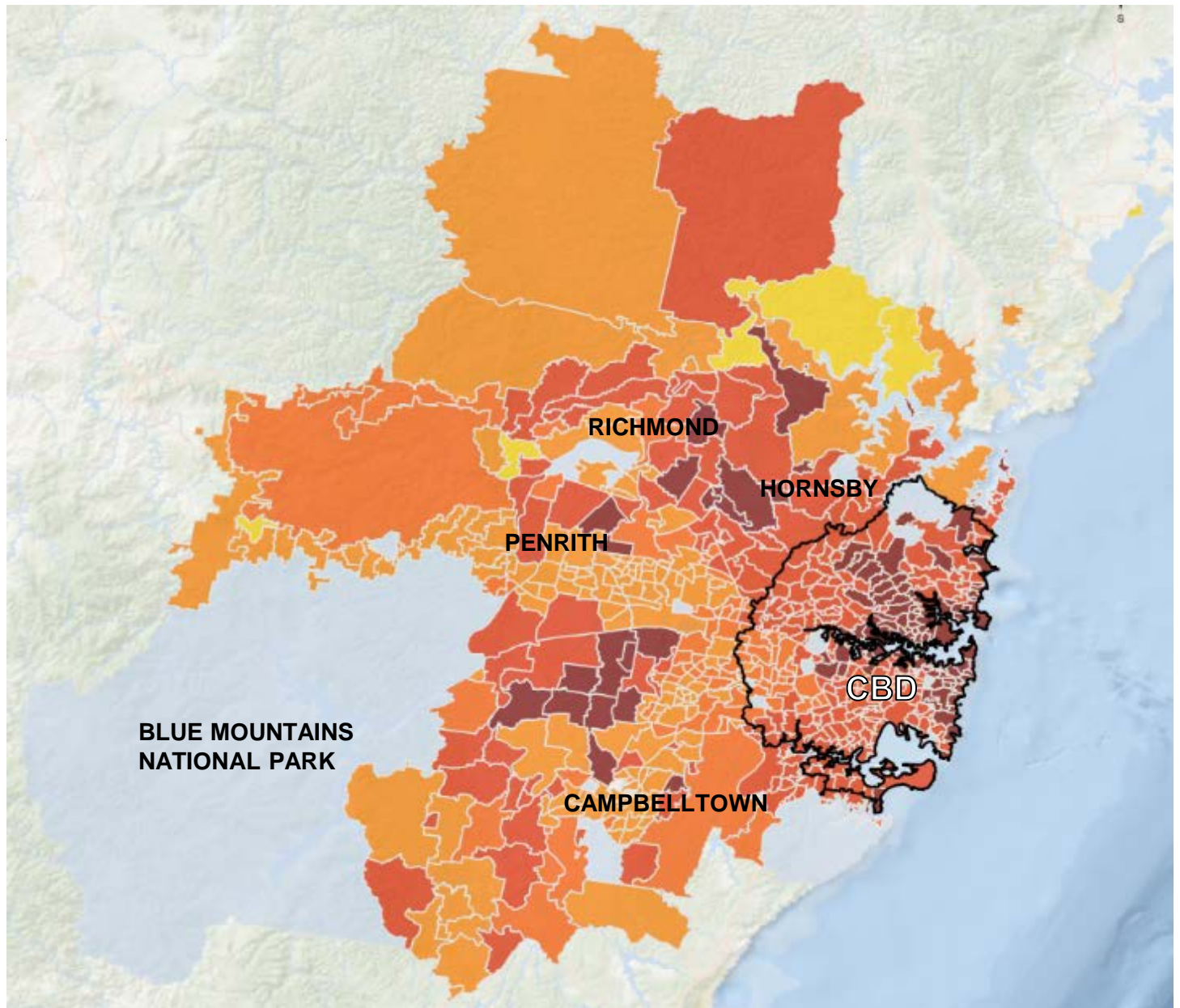


\*Data is based on '2 Bedroom Other Dwellings' figures as per REIA's Real Estate Market Facts December quarter 2017 report and are assumed to be predominantly units.

\*\*Quoted project development spending reflects aggregate of estimated values for projects commencing in 1st half 2018. Quoted estimated value of projects is based on reported land construction value as stated by the relevant data authority and does not signify its commercial/resale value. \*\*\*Median price for 2017/2018 captures sale transactions from 1st January 2017 to 31st March 2018. © PRDnationwide 2018.



## GREATER SYDNEY MEDIAN HOUSE PRICES 2017/2018\*



### LEGEND

	Data not available
	\$0 - \$500,000
	\$500,000 - \$800,000
	\$800,000 - \$1,000,000
	\$1,000,000 - \$2,000,000
	\$2,000,000+
	20km from CBD

Top 3 Lowest Priced Suburbs**	Median Price 2017/18**	Project Development***	Median Rent 2017**	Rental Yield
Fairfield East	\$775,000	\$879,000	\$470	3.1%
Guildford West	\$819,000	\$20,102,000	\$500	3.2%
Villawood	\$820,000	\$48,778,000	\$550	3.5%
Top 3 Highest Priced Suburbs**	Median Price 2017/18**	Project Development***	Median Rent 2017**	Rental Yield
St Leonards	\$6,550,000	\$3,959,000	\$950	0.8%
Bellevue Hill	\$5,450,000	\$14,854,000	\$2,595	2.4%
Longueville	\$4,915,000	-	\$1,400	1.7%

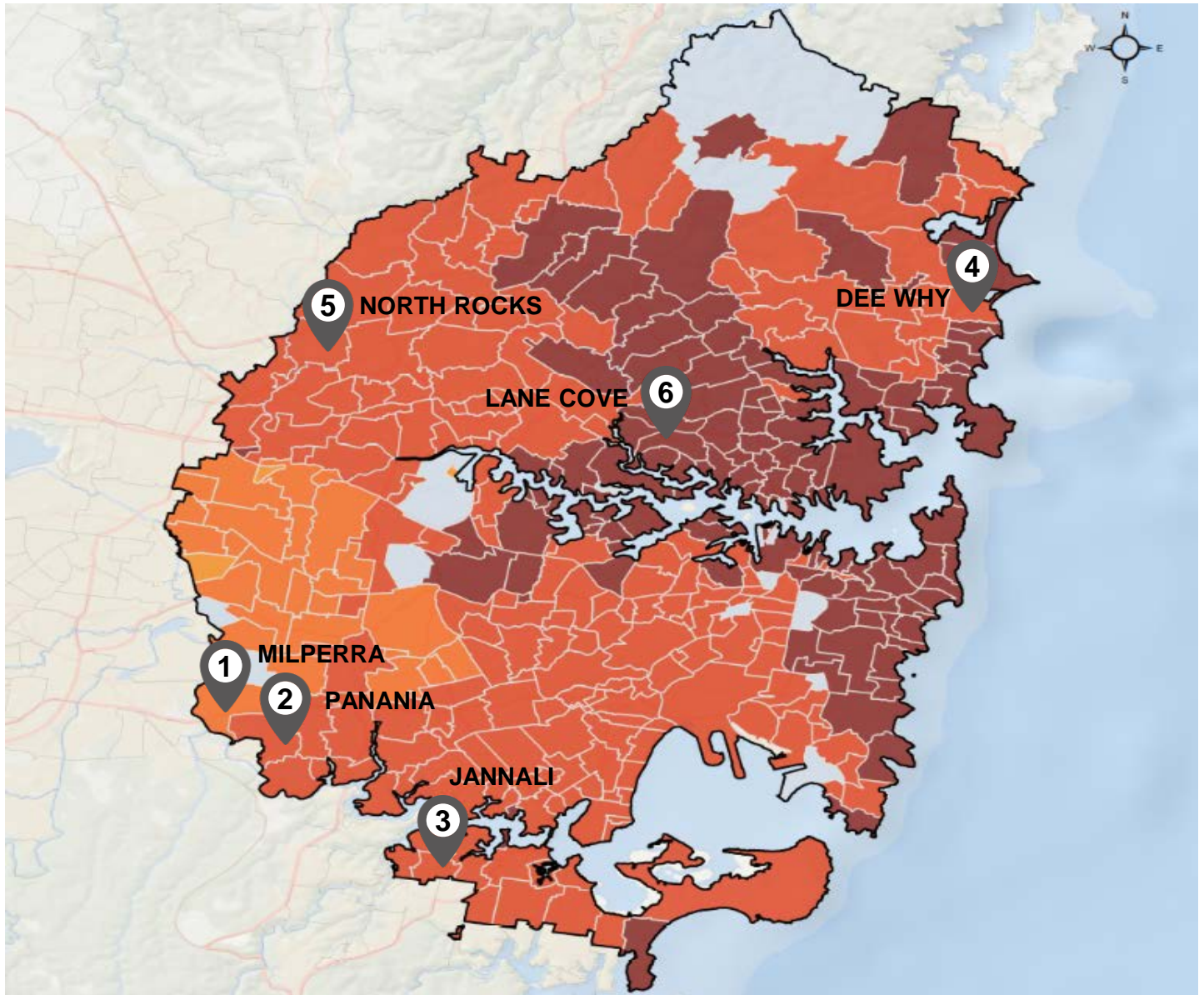
\*Median house price reflected in the heat-map captures sale transactions from 1st January 2017 to 31st March 2018.

\*\*Top 3 suburbs identified are located within 20 km from Sydney CBD; suburb median price and median rent figures capture data from 1st January 2017 to 31st March 2018.

\*\*\*Project development value is an aggregate of estimated construction value for residential, commercial, industrial, mixed use, and infrastructure projects commencing in 1st half 2018; and does not reflect commercial/re-sale value. © PRDNationwide 2018.

## SYDNEY MEDIAN HOUSE PRICES 2017/2018\*

### 20KM FROM CBD



#### LEGEND

	Data not available
	\$0 - \$500,000
	\$500,000 - \$800,000
	\$800,000 - \$1,000,000
	\$1,000,000 - \$2,000,000
	\$2,000,000+
	20km from CBD

#### SYDNEY AFFORDABLE & LIVEABLE HOTSPOTS RENTAL YIELD

Suburb	House	Suburb	Unit
1 Milperra	3.5%	4 Dee Why	4.0%
2 Panania	3.0%	5 North Rocks	4.0%
3 Jannali	3.3%	6 Lane Cove	3.8%

\*House median price reflected in the heat-map captures sale transactions from 1<sup>st</sup> January 2017 to 31<sup>st</sup> March 2018. Source: APM PriceFinder, ESRI ArcGIS, SQM Research, REIA and Adelaide Bank, Cordell Database.  
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