



**Sydney**

Affordable & Liveable

Property Guide

2<sup>nd</sup> Half 2019



## METHODOLOGY

This report analyses all suburbs in the Greater Sydney area, within a 20km radius of the Sydney CBD. The following criteria were considered:

- **Property trends criteria** – all suburbs have a minimum of 20 transactions for statistical reliability purposes. Based on market conditions, suburbs have either positive, or as close as possible to neutral price growth, between 2018 to 2019\*.
- **Investment criteria** – as of June 2019, all suburbs considered will have an on-par or higher rental yield than Sydney Metro, and an on-par or lower vacancy rate.
- **Affordability criteria** – identified suburbs have a median price below a set threshold. This was determined by adding percentage premiums to the New South Wales (NSW) average home loan, which was \$481,169\*\* as of Q2 2019. Premiums of 150% for houses and 32% for units were added, which were below those required to reach Sydney Metro's median prices (154% for houses and 55% for units). This places the suburbs below Sydney's median prices, meaning that the suburbs identified within this report are more affordable for buyers.
- **Development criteria** – all suburbs identified within this report have a high total estimated value of future project developments for the 2<sup>nd</sup> half of 2019, as well as a higher proportion of commercial and infrastructure projects. This ensures suburbs chosen show signs of sustainable economic growth, which in turn has a positive effect on the property market.
- **Liveability criteria** – this included ensuring all suburbs assessed have low crime rates, availability of amenities within a 5km radius (i.e. schools, green spaces, public transport, shopping centres and health care facilities), and an unemployment rate on-par or lower in comparison to the state average (as determined by the Department of Jobs and Small Business, March Quarter 2019 release).

## RECENT TOP PERFORMERS

Area	Suburb	Type	Median Price 2018	Median Price 2019*	Price Growth	Projects 2019***
Inner	Alexandria	House	\$1,433,000	\$1,592,500	11.1%	\$51.9M
	Glebe	Unit	\$790,000	\$1,066,000	34.9%	\$15.7M
North	Cammeray	House	\$2,202,500	\$2,265,000	2.8%	\$13.5M
	Pymble	Unit	\$885,000	\$937,500	5.9%	\$63.4M
South	St Peters	House	\$1,360,000	\$1,400,000	2.9%	\$25.9M
	Newtown	Unit	\$657,500	\$830,000	26.2%	\$10.4M
East	Bondi Junction	House	\$1,962,500	\$2,030,000	3.4%	\$73.7M
	Coogee	Unit	\$1,030,000	\$1,055,000	2.4%	\$40.6M
West	Parramatta	House	\$800,000	\$950,000	18.8%	\$645.9M
	Auburn	Unit	\$539,356	\$560,000	3.8%	\$90.5M

## OVERVIEW

Median property prices in Sydney softened by -8.6% for houses to \$1,223,000 and by -6.4% for units to \$474,750 from 2018 to 2019\*. Sale transactions have declined over the same period, by -26.0% for houses and -24.7% for units, which is reflective of the slower market conditions. By comparison, from 2017 to 2018 the median house price in Sydney softened by -4.5%, and the median unit price softened by -2.6%; while sale transactions fell -16.6% for houses and -26.6% for units. Thus, there has been more price cooling and reduction in market activity. This is great news for buyers, as the current market presents not only a more affordable opportunity but also with reduced competition. An estimated \$16.8B worth of developments are set to commence in the 2<sup>nd</sup> half of 2019, across varying project types. This will generate more commercial activity and address population growth. Together these factors will result in positive spill-over effects on the property market for the rest of 2019 and in early 2020.

## KEY MARKET INDICATORS SYDNEY METRO

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

## KEY COMMENTS

Over the 12 months to Q2 2019, the proportion of income to meet home loan repayments decreased by 2.6% in NSW. Despite this, the number of first home buyers entering into the market softened by -5.9%, indicating first home buyer confidence is still recovering.

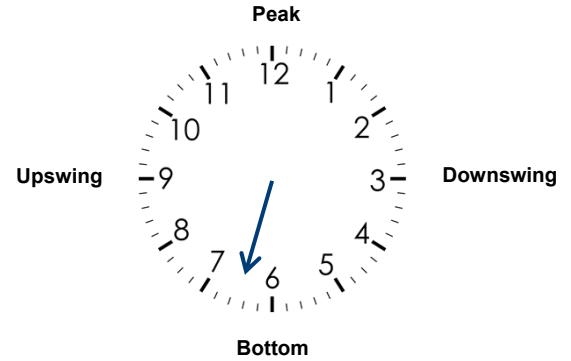
Highly affordable suburbs (those with a maximum property sale price of the average state loan, plus a 165% deposit as per the 1<sup>st</sup> Half 2019 report) exist. In the 2<sup>nd</sup> half of 2019, 119 suburbs were within this price range, which is an improvement compared with the 75 suburbs previously identified in the 1<sup>st</sup> Half 2019 report.

There is a unique phenomenon happening in the current Sydney market. A cooling in property prices has resulted in more suburbs being identified as affordable in the 1<sup>st</sup> Half 2019 report. However, this also meant there were a large number of suburbs with negative price growth (some at double digit negative price growth) and many suburbs failed to meet either the investment and/or liveability criteria.

In line with the methodology, suburbs with price growth as close as possible to neutral (i.e. zero) were chosen, and to meet other criteria, a premium of 150% for houses and 32% for units was added to the NSW average home loan. This is below the 1<sup>st</sup> Half 2019<sup>u</sup> report premium and below the level required to reach Sydney's median house and unit price, indicating recent market cooling had improved access to liveable suburbs.

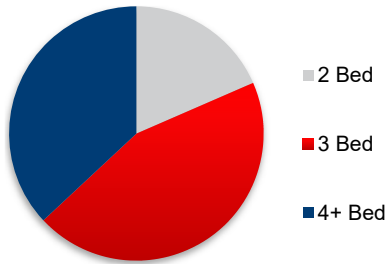


**PROPERTY CLOCK – HOUSES**



**AFFORDABLE & LIVEABLE HOUSE SUBURBS**

**AUBURN 2144**



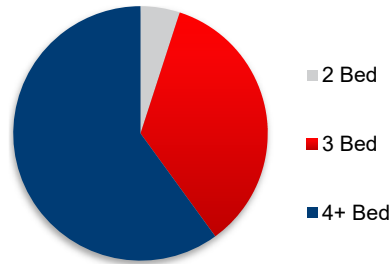
Located in an approximate radius of **15.5km** from the CBD.

Median House Price **\$820,000**

- 2 Bed Median Price **\$720,000\***
- 3 Bed Median Price **\$822,500**
- 4+ Bed Median Price **\$950,000**

Auburn, to the west of the Sydney CBD, had the lowest median entry price of all affordable and liveable suburbs in this report. The suburb has a \$90.5M pipeline of development for the 2<sup>nd</sup> half of 2019, and very low crime levels. Auburn offers a variety of amenities for residents including the Auburn Botanic Gardens, St Josephs Hospital, a commercial hub, and railway station. A very low unemployment rate of 2.0% ensures that Auburn will continue to be economically productive, which is an important factor when predicting positive spill-over impacts on the Auburn housing market.

**HORNSBY 2077**



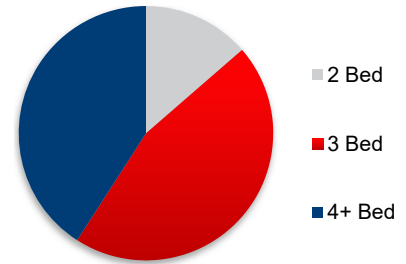
Located in an approximate radius of **20.5km** from the CBD.

Median House Price **\$1,071,000**

- 2 Bed Median Price **\$1,050,000\***
- 3 Bed Median Price **\$995,000**
- 4+ Bed Median Price **\$1,160,250**

North-west of Sydney's CBD, Hornsby is an affordable and liveable suburb which is also ideal for investors. The area has a 3.3% average house rental yield (above Sydney Metro's 2.9%) and a vacancy rate of 3.2% (below Sydney Metro's 3.5%). Unemployment sits on-par with NSW at 4.5%, which is a positive indicator of local business activity. An estimated \$46.0M of development is also planned for the 2<sup>nd</sup> half of 2019, with most of this being focused on mixed-use development. This will increase local economic activity and is likely to have positive effects on the local property market, by creating employment and new housing stock.

**CROYDON PARK 2133**



Located in an approximate radius of **9.0km** from the CBD.

Median House Price **\$1,199,000**

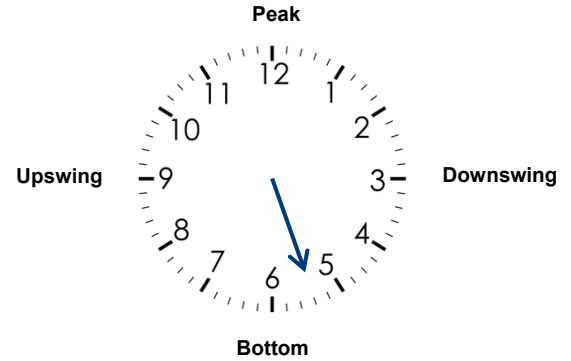
- 2 Bed Median Price **\$941,500\***
- 3 Bed Median Price **\$1,280,000**
- 4+ Bed Median Price **\$1,480,000\***

As the affordable and liveable suburb located closest to the Sydney CBD, the north-western suburb of Croydon Park is another promising area for the 2<sup>nd</sup> half of 2019. With a development pipeline of \$18.1M and a variety of mixed-use projects scheduled, there will be an increase in local economic activity which will create jobs to bolster an already low 2.5% unemployment rate. With low crime, a notable commercial presence, and easy access to public transport, parks and schools, Croydon Park is ideal for those seeking amenities and connectivity. An average house rental yield of 3.1% and vacancies of 2.5% also make it ideal for investors.

\*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 quoted as an indication only due to having less than 20 sales transactions. \*\*Median price growth quoted captures sale transactions from 1<sup>st</sup> January 2019 to 30<sup>th</sup> September 2019, or Q1 2019 – Q3 2019. Source: APM Pricerfinder, SQM Research, Cordell Connect, Department of Small Jobs and Business, Google Maps. © PRDnationwide 2019.

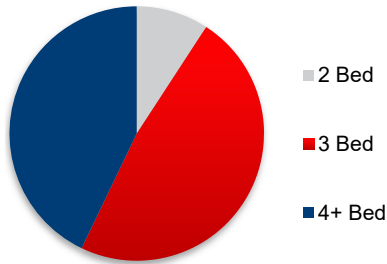


## PROPERTY CLOCK – UNITS



## AFFORDABLE & LIVEABLE UNIT SUBURBS

### AUBURN 2144



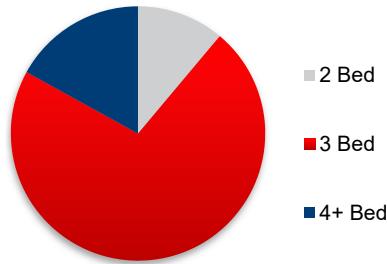
Located in an approximate radius of **15.5km** from the CBD.

Median Unit Price **\$560,000**

- 1 Bed Median Price **\$192,250\***
- 2 Bed Median Price **\$460,000**
- 3 Bed+ Median Price **\$615,000**

Auburn is one of two affordable and liveable suburbs to feature for both houses and units in the 2<sup>nd</sup> half of 2019. This truly highlights Auburn's value for those looking to buy in the area. Investors also benefit from an average unit rental yield of 4.2% (above Sydney Metro's 3.8%), and a low vacancy rate of just 2.5% (below Sydney Metro's 3.5%). The area experienced 3.8% median unit price growth from 2018 to 2019\*\*, which is remarkable given the overall price cooling across Sydney since 2017. A choice of nearby schools also provides great opportunities for families, making the area a very affordable and liveable suburb.

### HORNSBY 2077



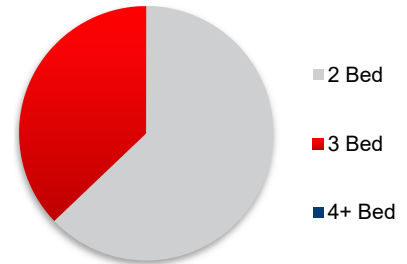
Located in an approximate radius of **20.5km** from the CBD.

Median Unit Price **\$635,000**

- 1 Bed Median Price **\$528,000\***
- 2 Bed Median Price **\$615,000**
- 3 Bed+ Median Price **\$827,000**

Hornsby is another suburb considered affordable and liveable for both houses and units in the 2<sup>nd</sup> half of 2019. This shows the area's value for investors in both house and unit markets with average unit rental returns of 3.8% being on-par with Sydney Metro. Its low unemployment rate of 4.5% is also complemented by a very low crime rate. Residents also enjoy the benefits of a variety of public transport options, including a junction railway station with frequent services across Sydney, and bus routers. Other amenities include parks, a Westfield shopping centre and educational facilities including schools and a TAFE.

### NORTH PARRAMATTA 2151



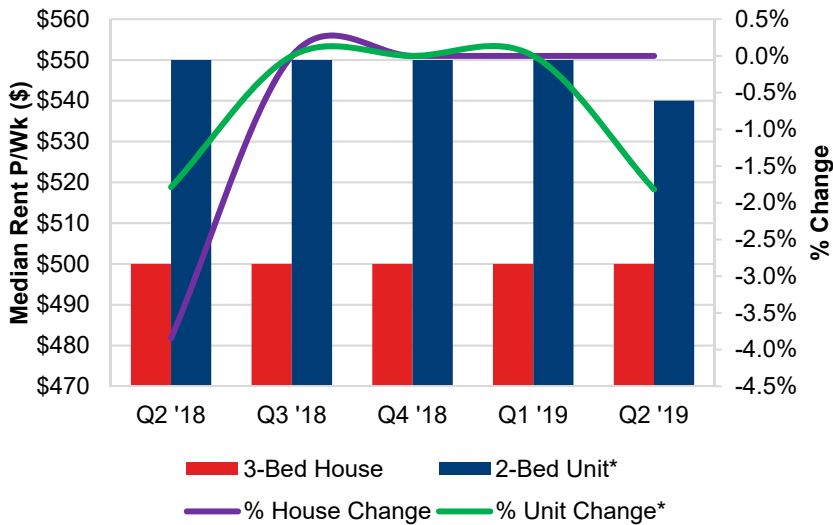
Located in an approximate radius of **18.7km** from the CBD.

Median Unit Price **\$528,000**

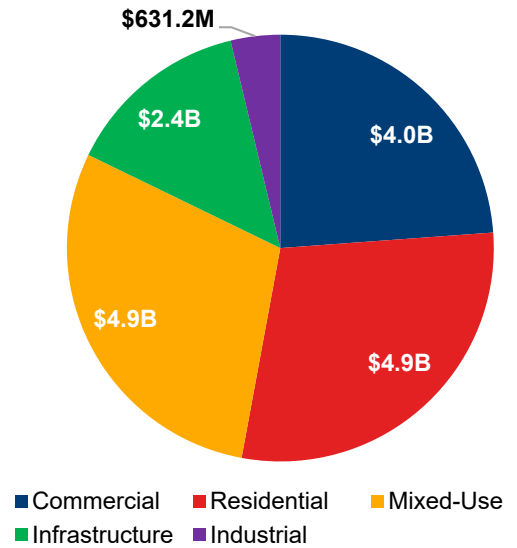
- 1 Bed Median Price **\$480,000**
- 2 Bed Median Price **\$660,088**

To the north-west of the Sydney CBD, North Parramatta is an affordable and liveable suburb which has the lowest median unit price of the suburbs identified. The area offers investors strong property fundamentals, with a 3.9% average unit rental yield (above Sydney metro's 3.8%), and a vacancy rate of 3.1% (below Sydney Metro's 3.5%). The area also has a very low unemployment rate of just 2.5%. In addition, there is access to a range of amenities including parklands, schools, and shops. This, combined with a low crime rate make the area a family-friendly, convenient, and safe suburb to live in.

## RENTAL MARKET ANALYSIS



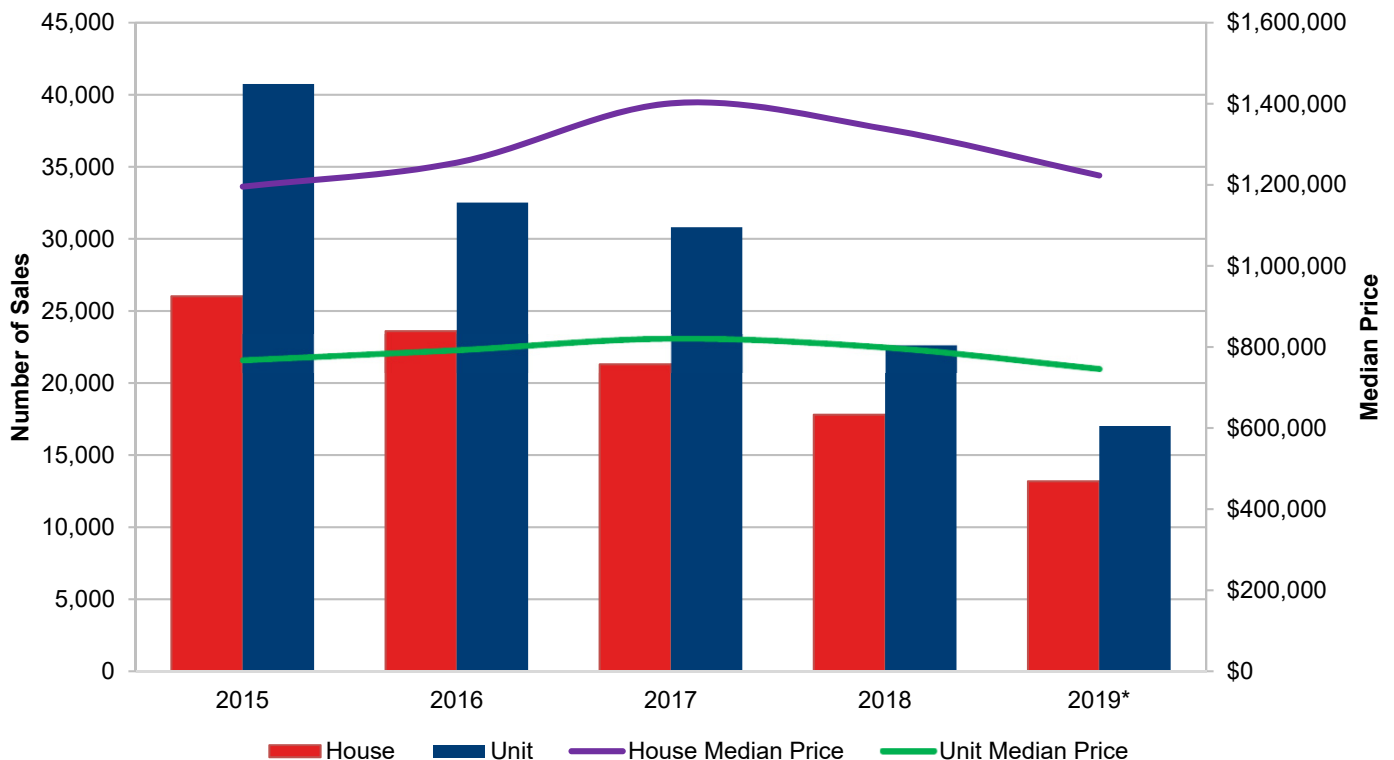
## 2<sup>nd</sup> HALF 2019 PROJECTS\*\*



Over Q2 2019, the Sydney rental market recorded a median rental price of \$500 per week for houses and \$540 per week for units, representing stability in rental market growth and a minor softening in the unit median rental price (-1.8%). These fairly stable rental levels were achieved despite a 3.5% vacancy rate, representing an increase over the 12 months to June 2019. Average yields of 2.9% for houses and 3.8% for units represented a slight upward trend in the 12 months to Q2 2019, which is reflective of the cooling movements in Sydney Metro area median property prices. Overall, there are some positive indicators within the Sydney Metro rental market, which should provide investors with sufficient certainty to consider entry into the market.

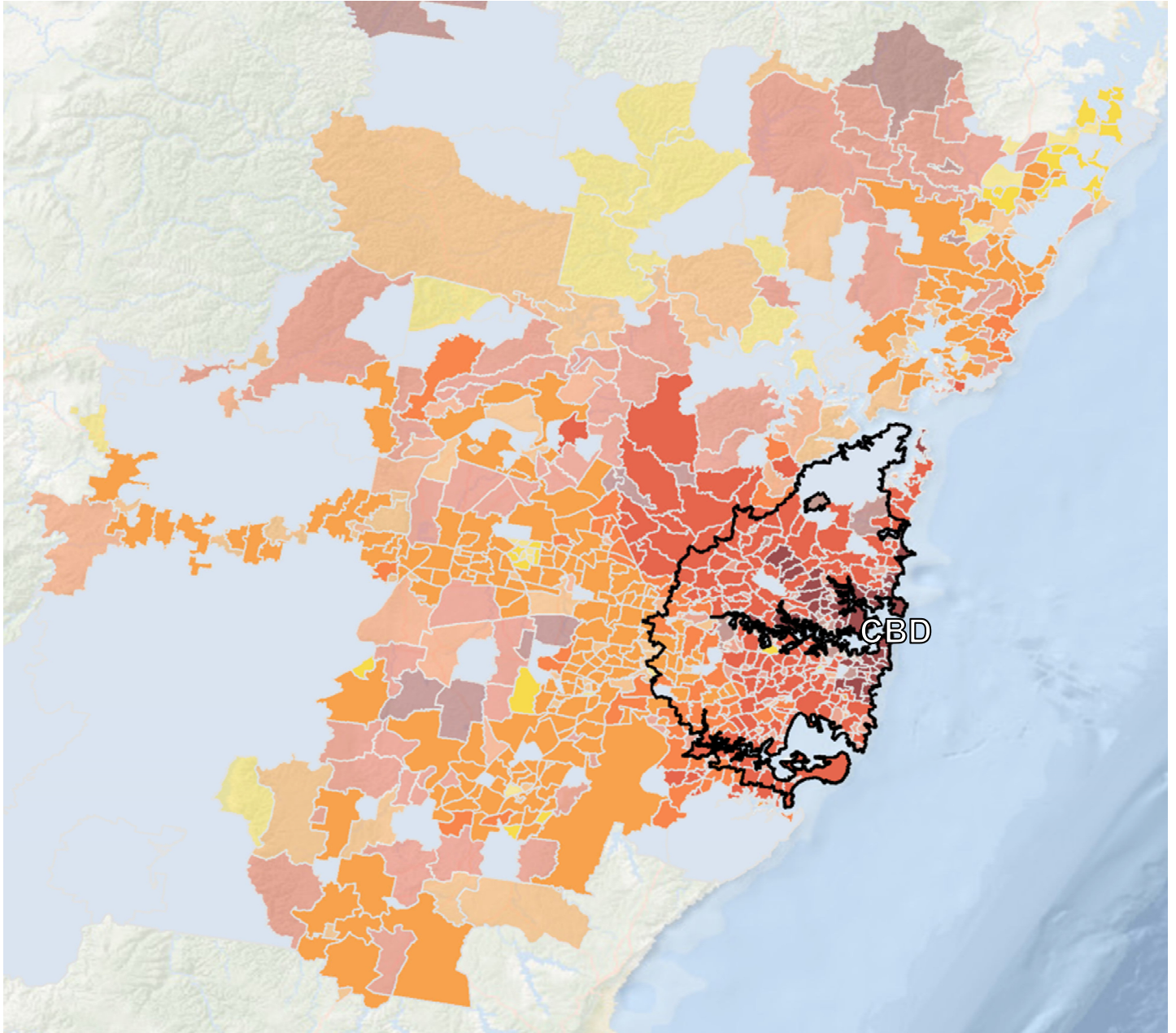
The 2<sup>nd</sup> half of 2019 is set to see approximately \$16.8B\*\* of development, with a well-balanced focus on mixed-use, residential, and commercial projects, as well as significant spending on infrastructure and some industrial activity. Key projects for the period include the \$208.1M George Street Commercial Building and the \$362.0M Richmond Road & Grange Ave Mixed Development, which will add 1,050 apartments to the Sydney market. Further, the \$102.8M Marsden Park Residential Precinct will add a further 775 units also. Together, these projects highlight the strength of Sydney's pipeline for the 2<sup>nd</sup> half of 2019.

## SYDNEY METRO SALES AND MEDIAN PRICE GROWTH



\*Data is based on '2 Bedroom Other Dwellings' figures as per REIA's Real Estate Market Facts June quarter 2019 report and are assumed to be predominantly units. \*\*Quoted project development spending reflects aggregate of estimated values for projects commencing in the 2<sup>nd</sup> half of 2019. Quoted estimated value of projects are based on reported land/construction value as stated by the relevant data authority and do not signify commercial/resale value. \*\*\*Median price for 2019 captures sale transactions from 1<sup>st</sup> January 2019 to 30<sup>th</sup> September 2019. Source: APM Pricerfinder, Real Estate Institute of Australia, SQM Research, Cordell Connect. © PRDnationwide 2019.

## GREATER SYDNEY MEDIAN HOUSE PRICE 2019\*



### LEGEND

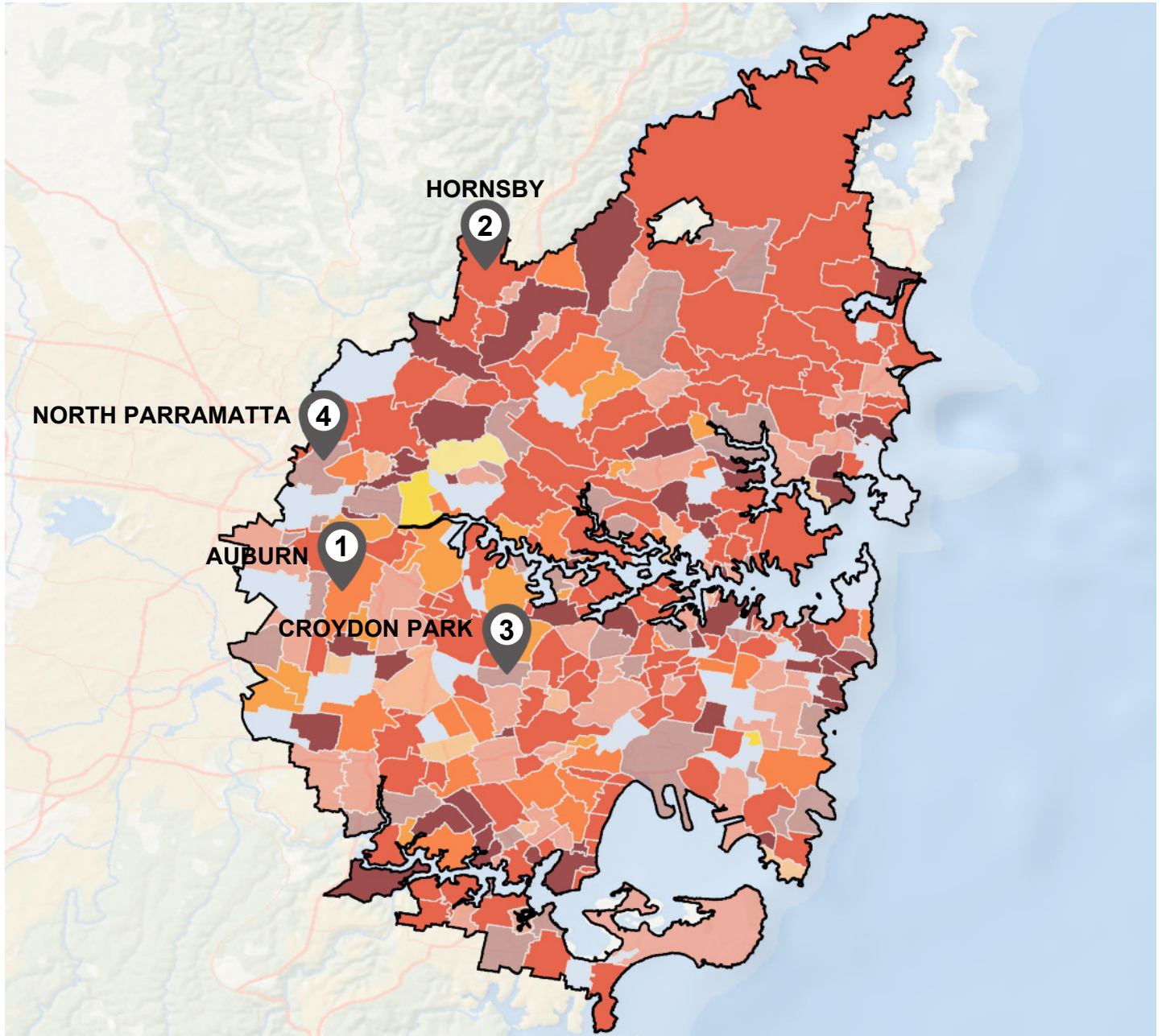
- Data not available
- \$0 - \$500,000
- \$500,000 - \$800,000
- \$800,000 - \$1,000,000
- \$1,000,000 - \$2,000,000
- \$2,000,000+
- 20km from CBD

Translucent colours for <20 sales

Top 3 Lowest Priced Suburbs**	Median Price 2019**	Project Development***	Median Rent 2019**	Rental Yield
Villawood	\$649,000	-	\$500	3.1%
Granville	\$705,500	\$56.2M	\$450	3.1%
Guildford	\$730,000	\$77.7M	\$460	3.2%
Top 3 Highest Priced Suburbs**	Median Price 2019**	Project Development***	Median Rent 2019**	Rental Yield
Bellevue Hill	\$5,040,000	\$24.1M	\$1,750	3.1%
Vaucluse	\$4,600,000	\$22.1M	\$1,995	3.4%
Dover Heights	\$3,405,000	-	\$1,380	3.4%

\*Median house price reflected in the heat-map captures sale transactions from 1st January 2019 to 30th September 2019. Grey areas represent areas where no recorded sales data could be accessed or due to having less than 20 sales transactions. \*\*Top 3 suburbs identified are located within 20 km from CBD; suburb median price and median rent figures capture data from 1st January 2019 to 30th September 2019. \*\*\*Project development value is an aggregate of estimated construction value for residential, commercial, industrial, mixed use, and infrastructure projects commencing in the 2nd half of 2019; it does not reflect commercial/re-sale value. Source: APM Pricerfinder, Cordell Connect, ESRI ArcGIS, SQM Research. © PRDnationwide 2019.

## SYDNEY MEDIAN HOUSE PRICES 2019\* – 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
	Translucent colours for <20 sales

### SYDNEY AFFORDABLE & LIVEABLE SUBURBS

#### RENTAL YIELD

	Suburb	House	Suburb	Unit	
1	Auburn	2.9%	1	Auburn	4.2%
2	Hornsby	3.3%	2	Hornsby	3.8%
3	Croydon Park	3.1%	4	North Parramatta	3.9%

\*House median price reflected in the heat-map captures sale transactions from 1<sup>st</sup> January 2019 to 30<sup>th</sup> September 2019. Source: APM Pricerfinder, ESRI ArcGIS, SQM Research. © PRDnationwide 2019.

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