



> Affordable & Liveable Property Guide

Sydney 1st Half 2020

METHODOLOGY

This affordable and liveable property guide for Sydney Metro 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 sales transactions for statistical reliability purposes. Based on market conditions suburbs have either positive, or as close as possible to neutral price growth from 2018 to 2019/20*.
- **Investment criteria** – as of April 2020, all suburbs considered will have an on-par or higher rental yield than Sydney Metro, and a similar 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 \$595,315** as of Q1 2020. Premiums of 95% for houses and 11% for units were added, which were below those required to reach Sydney Metro's median prices (128% for houses and 34% for units). This places the suburbs below Sydney Metro's median prices, meaning that the suburbs identified within this report are more affordable for buyers.
- **Development criteria** – suburbs identified within this report have a high total estimated value of future project development for the 1st half of 2020, as well as a higher proportion of commercial and infrastructure projects. This ensures the suburbs show signs of sustainable economic growth, in turn having 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, December Quarter 2019 release).

RECENT TOP PERFORMERS

Area	Suburb	Type	Median Price 2018	Median Price 2019/20*	Price Growth	Projects 2020***
Inner	Surry Hills	House	\$1,666,000	\$1,687,500	1.3%	\$97.5M
	Millers Point	Unit	\$1,980,000	\$2,150,000	8.6%	\$750.0M
North	Lindfield	House	\$1,670,000	\$2,705,000	62.0%	\$99.5M
	St Leonards	Unit	\$972,500	\$1,100,000	13.1%	\$282.8M
South	Rockdale	House	\$1,070,000	\$1,100,000	2.8%	\$46.0M
	Randwick	Unit	\$910,000	\$911,000	0.1%	\$48.9M
East	Bondi Junction	House	\$1,962,500	\$2,080,000	6.0%	\$150.6M
	Bondi Beach	Unit	\$1,200,000	\$1,200,000	0.0%	\$44.1M
West	Parramatta	House	\$800,000	\$1,097,500	37.2%	\$920.7M
	Petersham	Unit	\$731,000	\$749,500	2.5%	\$135.0M

OVERVIEW

Median property prices in Sydney Metro increased by 1.3% for houses to \$1,355,000 from 2018 to 2019/20* and remained steady for units at \$796,500. By comparison, from 2017 to 2018 the median house price in Sydney Metro softened by -4.5%, and the median unit price softened by -2.6%. The market has recovered from the significant price drop seen in mid-2019. There is a unique opportunity in Sydney Metro, as the current market is more affordable than in 2017 (median house price of \$1,401,000 and median unit price of \$819,500), yet at the same time owners can be confident in their asset's ongoing value. An estimated \$17.5B of developments is planned in the 1st half of 2020 for Greater Sydney, in many sectors. This will generate more commercial activity, and infrastructure projects will create additional employment; resulting in positive spill-over effects on the property market.

*Median price quoted captures sale transactions from 1st January 2019 to 31st March 2020, or Q1 2019 – Q1 2020. **Average home loan figure is derived from March Quarter 2020 Housing Affordability Report by the Real Estate Institute of Australia (REIA) 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 1st half of 2020 as stated by the relevant data authority. *Market movement is reflective of median price change from 2018 to 2019/20. Median rent is reflective of median price change from Q1 2019 to Q1 2020. *PRD Affordable and Liveable Property Guide Sydney 2nd Half 2019* report. Source: APM Pricer, Real Estate Institute of Australia, SQM Research, Cordell Connect, Department of Jobs and Small Business. © PRD Real Estate 2020.

MARKET MOVEMENT

Market Indicator	Market Variation
House Sales	↑
House Median Price	↑
House Median Rent	↓
Unit Sales	↑
Unit Median Price	↔
Unit Median Rent	↓

KEY COMMENTS

In the 12 months to Q1 2020, the proportion of income to meet home repayments increased by 11.8% in NSW. Despite this, the number of first home buyers entering into the market grew by 33.3%, suggesting those prepared to buy are still able to enter the market.

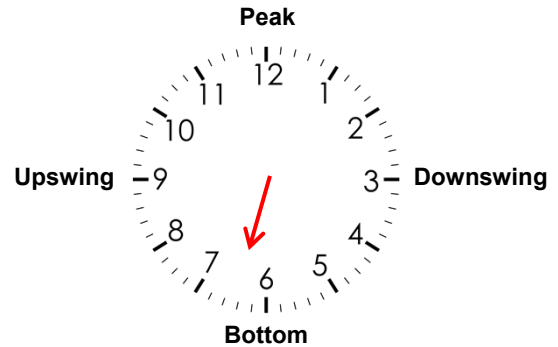
Affordable and liveable suburbs (those with a maximum property sale price of the average state home loan, plus a 150% deposit) as per the *2nd Half 2019*^u report, exist. In the 1st half of 2020, 139 suburbs were within this price range, greater than the 119 suburbs identified in the *2nd Half 2019*^u report.

A cooling in median property prices in early to mid-2019 has led to more suburbs identified as affordable in the 1st half of 2020. However, this also meant there were a large number of suburbs with negative median price growth.

In line with the methodology set, suburbs with median price growth close to neutral (i.e. zero) were chosen. A premium of 95% for houses and 11% for units was added to the NSW average home loan, to ensure suburbs chosen met all other set criteria. This is well below the *2nd Half 2019*^u report premium and below the percentage premium needed to reach Sydney Metro's median property price. Thus there is improved access to liveable suburbs for buyers.

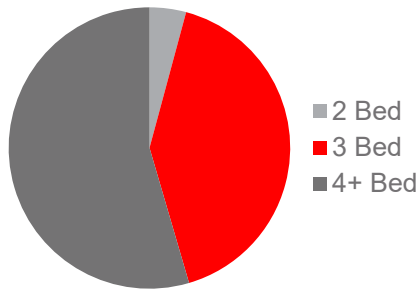


PROPERTY CLOCK - HOUSES



AFFORDABLE & LIVEABLE HOUSE SUBURBS

MIRANDA 2228



Located in an approximate radius of **20.0km** from the Sydney CBD.

Median House Price **\$1,160,000**

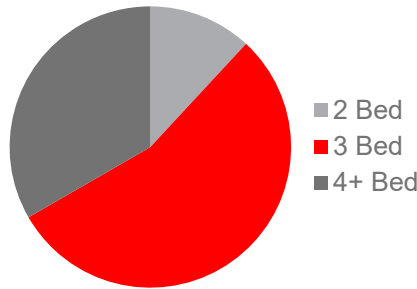
• 2 Bed Median Price **\$1,055,000***

• 3 Bed Median Price **\$1,092,500**

• 4+ Bed Median Price **\$1,210,000**

South of the CBD, Miranda is an affordable and liveable suburb with access to many nearby amenities, including a Westfield shopping centre, waterways and parks, schools, and hospitals. A below average crime rate proves the area's liveability. A total of \$18.1M[^] will be spent on commercial, residential, and infrastructure across the 1st half of 2020. This will support an already low unemployment rate of 3.8%. Investors in Miranda benefit from an average house rental yield of 3.2%, which is above Sydney Metro's average of 2.5%; and a vacancy rate of 1.9%, well below the Sydney Metro average of 3.9%. A median price softening from 2018 to 2019/20^{**} has improved the suburb's affordability, which opens up opportunities for first home buyers.

ROCKDALE 2216



Located in an approximate radius of **10.9km** from the Sydney CBD.

Median House Price **\$1,100,000**

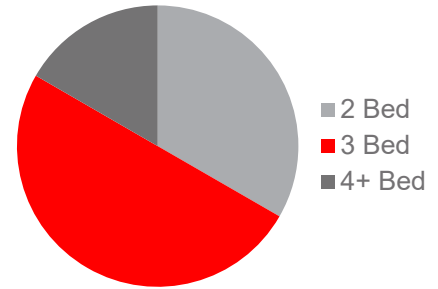
• 2 Bed Median Price **\$1,075,000***

• 3 Bed Median Price **\$1,160,000**

• 4+ Bed Median Price **\$1,237,500***

Rockdale is the only affordable and liveable house suburb to have been featured in a previous guide (in the *1st Half 2019*[€] report). It is featured again due to continued wide-ranging access to amenities, with parks, schools, public transport, and shops; as well as low crime in the suburb. Very low unemployment rate of just 2.7% is another standout feature for Rockdale. A development pipeline of \$46.0M[^] in the 1st half of 2020 will see a diverse range of projects. This will stimulate the local economy and have a positive spill-over impact on the property market. The Rockdale house rental market is conducive to positive steady returns for investors, with a 4.0% vacancy rate (near to Sydney Metro's average), and an on-par house rental yield of 2.5%.

TEMPE 2044



Located in an approximate radius of **7.7km** from the Sydney CBD.

Median House Price **\$1,093,000**

• 2 Bed Median Price **\$1,042,500***

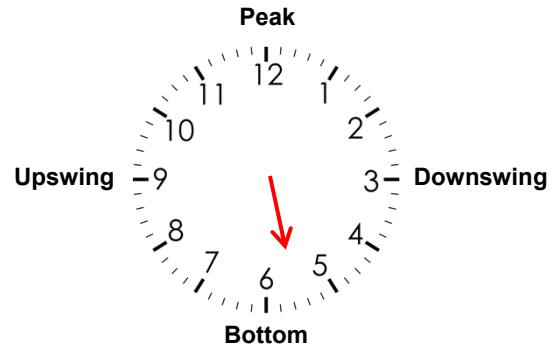
• 3 Bed Median Price **\$1,243,850***

• 4+ Bed Median Price **\$1,435,000***

As the closest of the affordable and liveable suburbs to the Sydney CBD, Tempe also offers the lowest median house price. This makes Tempe a prime example of how a suburb can truly be both affordable and liveable. With the lowest crime level of the featured house suburbs, it stands out further for liveability. There is easy access to amenities including public transport, shops, parks, and schools. Tempe's unemployment rate is already low, at 3.4%, and with commercial projects being the key focus of the \$44.8M[^] project pipeline in the 1st half of 2020 there will be further economic growth. Investment conditions in Tempe are positive, with a vacancy rate of 3.0%, below Sydney Metro's average of 3.9% and higher rental demand.

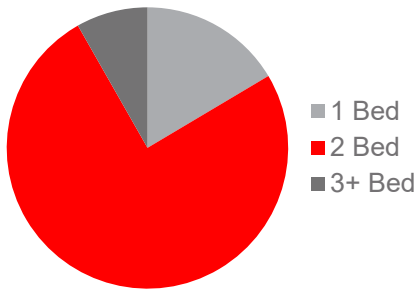


PROPERTY CLOCK - UNITS



AFFORDABLE & LIVEABLE UNIT SUBURBS

ROCKDALE 2216



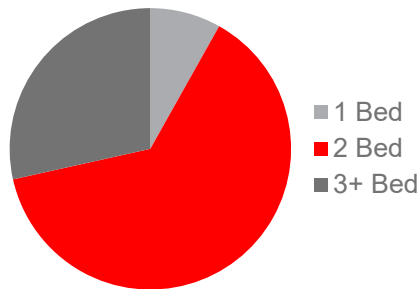
Located in an approximate radius of **10.9km** from the Sydney CBD.

Median Unit Price **\$610,500**

- 1 Bed Median Price **\$482,500**
- 2 Bed Median Price **\$615,000**
- 3+ Bed Median Price **\$718,880***

Rockdale is the only affordable and liveable suburb to be featured for both houses and units in this report, which shows its value to many property owners and buyers alike. Key projects such as the \$13.4M Princes Highway and Ashton Street Mixed Use Development[^] will help create new dwelling stock (61 units) and new commercial opportunities (through 2 retail tenancies), which is good news for local employment. Rockdale already has a low unemployment rate of just 2.7%, indicating a stable local economy with potential for future growth. Investors in Rockdale also benefit from above average unit rental yields of 3.8%, and an on par vacancy rate of 4.0% (to Sydney Metro). Below average crime also contributes to ongoing liveability for residents.

BEXLEY 2207



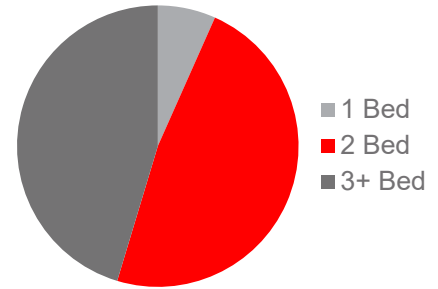
Located in an approximate radius of **11.1km** from the Sydney CBD.

Median Unit Price **\$610,000**

- 1 Bed Median Price **\$442,500***
- 2 Bed Median Price **\$600,000**
- 3+ Bed Median Price **\$768,000**

Previously featured as an affordable and liveable suburb in the *1st Half 2019*[€] report, Bexley continues to offer value with the lowest median unit price of all featured suburbs. In addition, its liveability is also evident through a very low crime rate, easy access to schools, public transport, parks, shops, medical services, and more. In good news for investors, Bexley offers an average unit rental yield of 3.6%, which is above Sydney Metro's average, and a vacancy rate of 3.5% (below Sydney Metro's 3.9% average). Thus, there is a healthier rental demand in Bexley. A project development pipeline of \$28.7M[^] in the 1st half of 2020 focuses mainly on mixed-use and commercial projects, which is good news for the area's already stable local economy.

PEAKHURST 2210



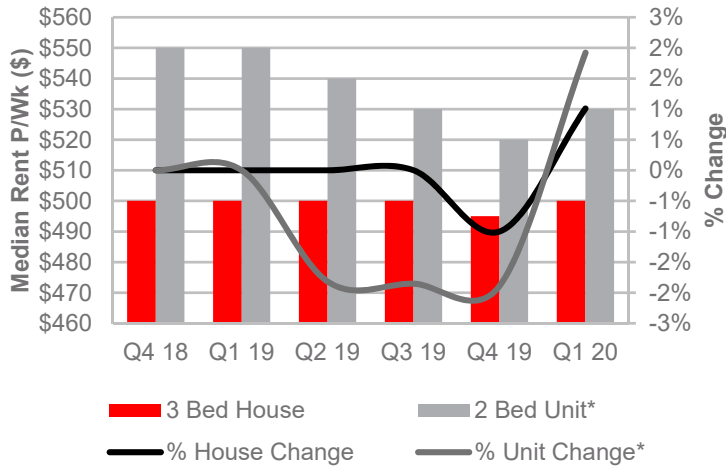
Located in an approximate radius of **16.0km** from the Sydney CBD.

Median Unit Price **\$659,000**

- 1 Bed Median Price **\$495,000***
- 2 Bed Median Price **\$635,000**
- 3+ Bed Median Price **\$842,500**

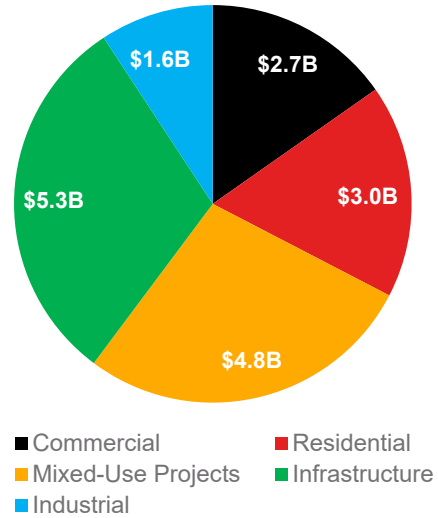
As the only liveable and affordable suburb to have been featured in two previous guides (the *2nd Half 2018*[^] and *1st Half 2019*[€]), Peakhurst is a suburb which continues to offer value to its residents. For investors, Peakhurst returned an above-average unit yield of 4.0%, and a rather low vacancy rate of just 2.2%. A project development pipeline of \$22.3M[^] for the 1st half of 2020 is primarily residential, which should help ease the high levels of housing demand evident by Peakhurst's low vacancy rate. It will also create short-term employment, further supporting the suburb's low unemployment rate of just 3.0%. Residents can enjoy a range of nearby amenities such as parks, shops, schools, medical services, and public transport.

RENTAL MARKET ANALYSIS



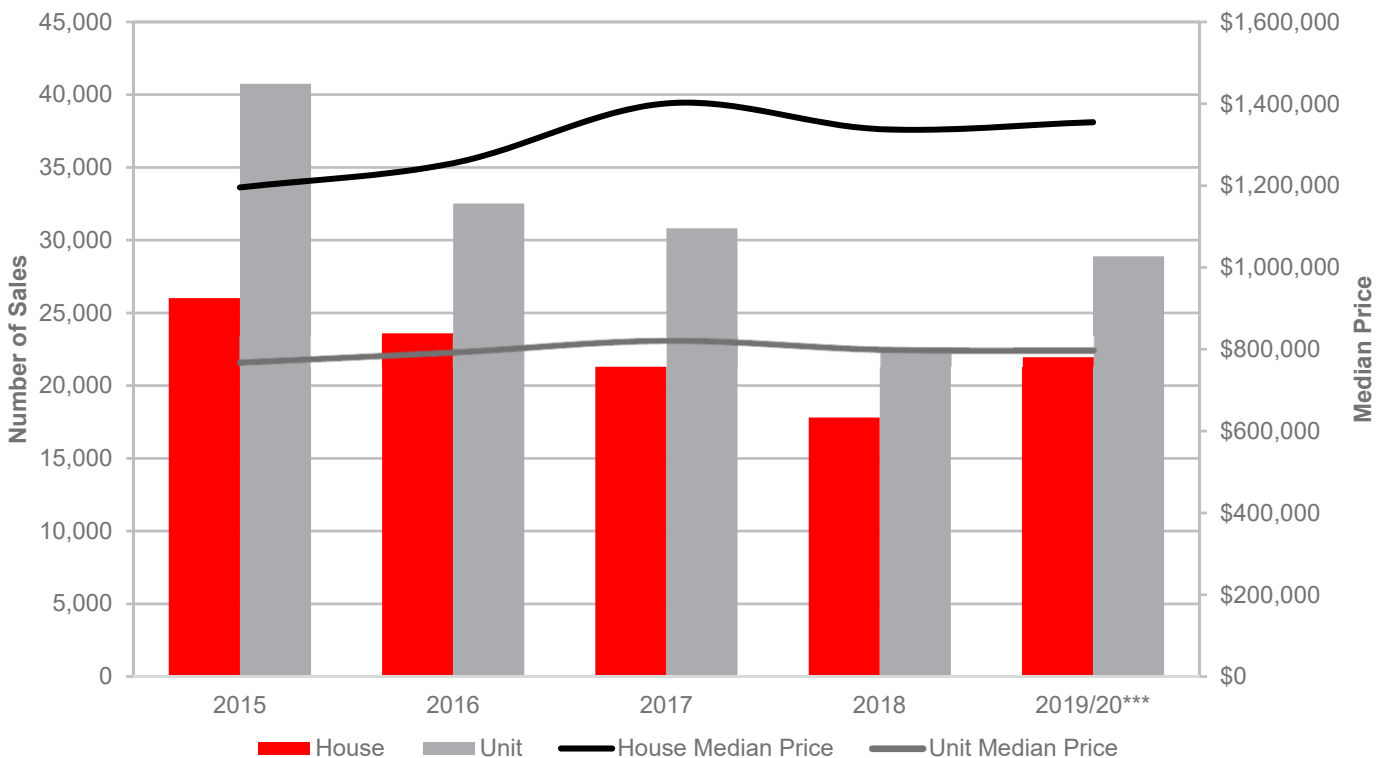
Over Q1 2020, the Sydney Metro rental market recorded a median rental price of \$500 per week for houses and \$530 per week for units, representing quarterly median price growth of 1.0% for houses and 1.9% for units. This occurred despite an annual increase in vacancy rate, which was at 3.9% in April 2020. Sydney Metro recorded average yields of 2.5% for houses and 3.5% for units, which saw a slight softening in the 12 months to April 2020. Despite this however, Sydney Metro still offers investors long-term historical strength and stability in its rental market.

1ST HALF 2020 PROJECTS



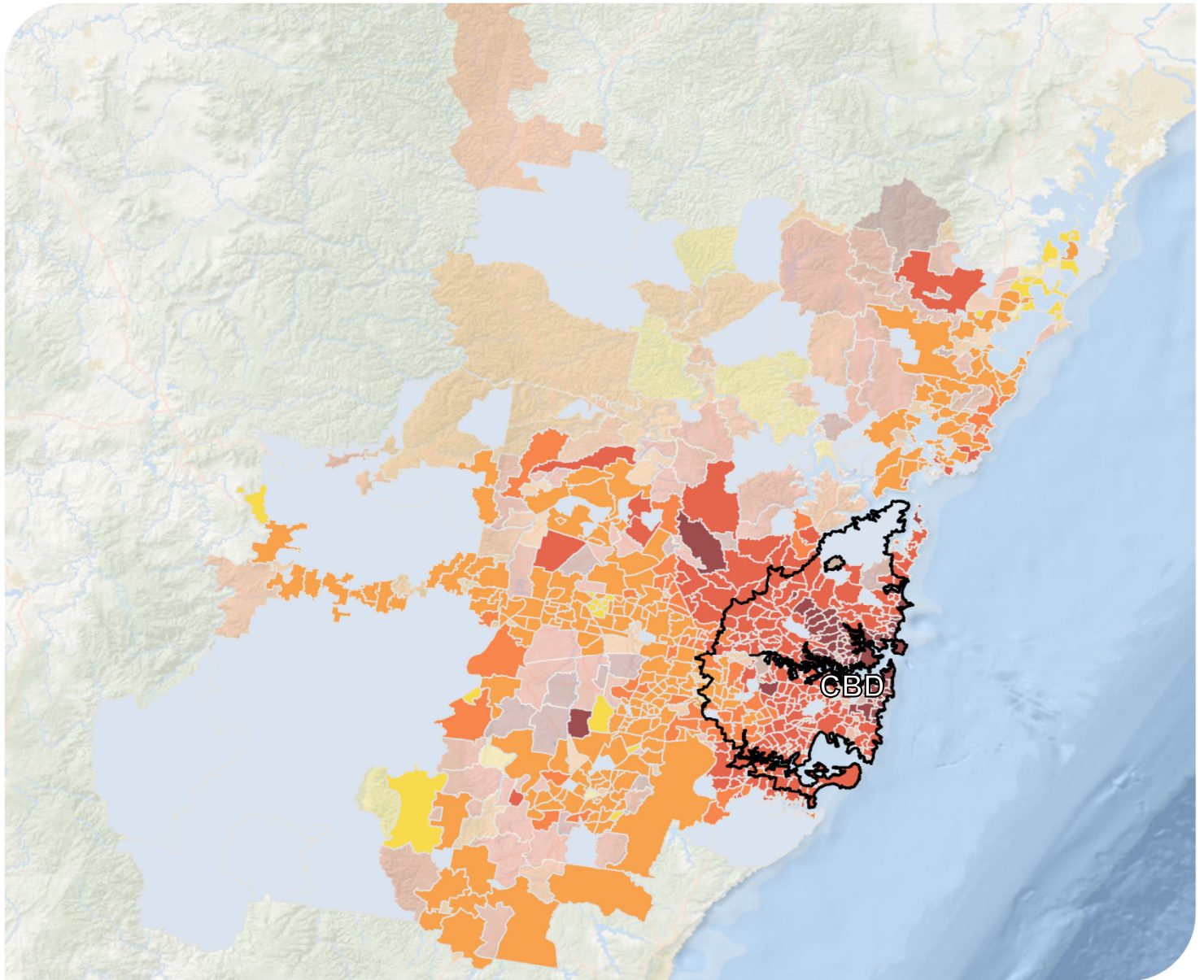
The 1st half of 2020 is set to see an estimated \$17.4B** of development in Greater Sydney, with a balanced focus on mixed-use, infrastructure, and residential projects, and some spending on commercial and industrial projects. Major projects include the \$1.0B Stage One M6 Extension infrastructure project, the \$636.7M Park Sydney Mixed Use Development (1,400 units), and the \$200.0M Westfield Parramatta Stage One extension. These projects highlight the strength of the development pipeline for the 1st half of 2020.

SYDNEY METRO SALES & MEDIAN PRICE GROWTH



*Data is based on '2 Bedroom Other Dwellings' figures as per REIA's Real Estate Market Facts March Quarter 2020 report and are assumed to be predominantly units. **Quoted project development spending reflects aggregate of estimated values for projects commencing in the 1st half of 2020. 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 2019/20 captures sale transactions from 1st January 2019 to 31st March 2020. Source: APM Pricer, Real Estate Institute of Australia, SQM Research, Cordell Connect. © PRD Real Estate 2020.

GREATER SYDNEY MEDIAN HOUSE PRICE 2019/20**



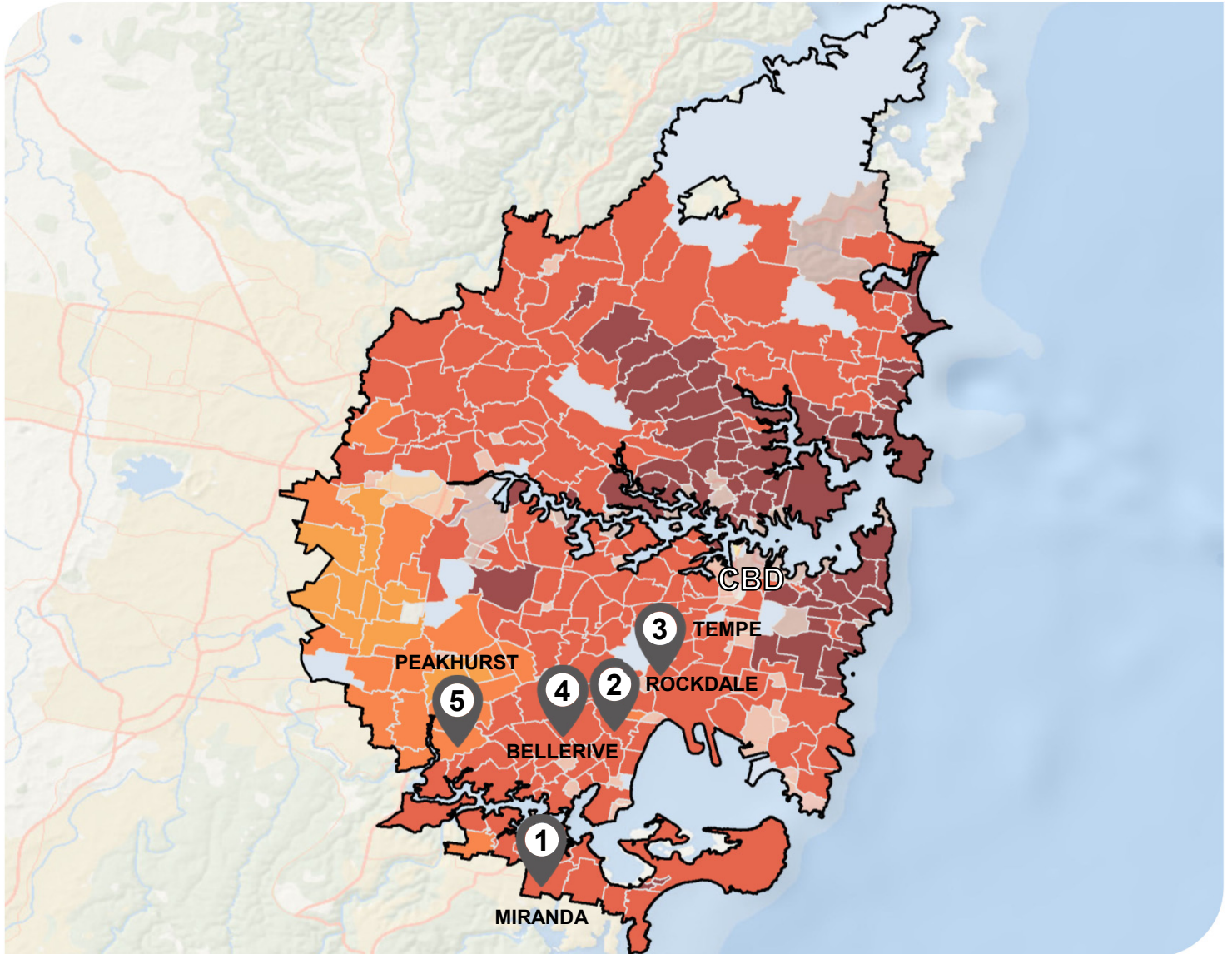
LEGEND

	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 2019/20**	Project Development ***	Median Rent 2019/20**	Rental Yield
Villawood	\$697,500	-	\$500	2.9%
Granville	\$730,000	\$22.6M	\$460	3.3%
Guildford	\$740,000	\$9.8M	\$450	2.8%
Top 3 Highest Priced Suburbs**	Median Price 2019/20**	Project Development ***	Median Rent 2019/20**	Rental Yield
St Leonards	\$12,050,000	\$282.3M	\$830	2.5%
Point Piper	\$8,825,000	\$1.4M	\$4,500	1.6%
Lavender Bay	\$7,000,000	-	\$2,000	3.3%

*Median house price reflected in the heat-map captures sale transactions from 1st January 2019 to 31st March 2020. 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 20km from CBD; suburb median price and median rent figures capture data from 1st January 2019 to 31st March 2020. ***Project development value is an aggregate of estimated construction value for residential, commercial, industrial, mixed use, and infrastructure projects commencing in the 1st half of 2020; it does not reflect commercial/re-sale value. Source: APM Pricefinder, Cordell Connect. ESRI ArcGIS, SQM Research. © PRD Real Estate 2020.

SYDNEY METRO MEDIAN HOUSE PRICE 2019/20* 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 METRO AFFORDABLE & LIVEABLE SUBURBS RENTAL YIELD

	Suburb	House		Suburb	Unit
1	Miranda	3.2%	2	Rockdale	3.8%
2	Rockdale	2.5%	4	Bexley	3.6%
3	Tempe	3.0%	5	Peakhurst	4.0%

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PRD Research Division provides reliable, unbiased, and authoritative property research and consultancy to clients in metro and regional locations across Australia

Our extensive research capability and specialised approach ensures our clients can make the most informed and financially sound decisions about residential and commercial properties.

OUR KNOWLEDGE

Access to accurate and objective research is the foundation of all good property decisions.

As the first and only truly knowledge based property services company,

PRD shares experience and knowledge to deliver innovative and effective solutions to our clients.

We have a unique approach that integrates people, experience, systems and technology to create meaningful business connections. We focus on understanding new issues impacting the property industry; such as the environment and sustainability, the economy, demographic and psychographic shifts, commercial and residential design; and forecast future implications around such issues based on historical data and fact.

OUR PEOPLE

Our research team is made up of highly qualified researchers who focus solely on property analysis.

Skilled in deriving macro and micro quantitative information from multiple credible sources, we partner with clients to provide strategic advice and direction regarding property and market performance. We have the added advantage of sourcing valuable and factual qualitative market research in order to ensure our solutions are the most well considered and financially viable.

Our experts are highly sought after consultants for both corporate and government bodies and their advice has helped steer the direction of a number of property developments and secured successful outcomes for our clients.

OUR SERVICES

Our research services span over every suburb, LGA, and state within Australia; captured in a variety of standard and customized products.

We have the ability and systems to monitor market movements, demographic changes and property trends. We use our knowledge of market sizes, price structure and buyer profiles to identify opportunities for clients and provide market knowledge that is unbiased, thorough and reliable.

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- Geographic information mapping
- Project Analysis including product and pricing recommendations
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