

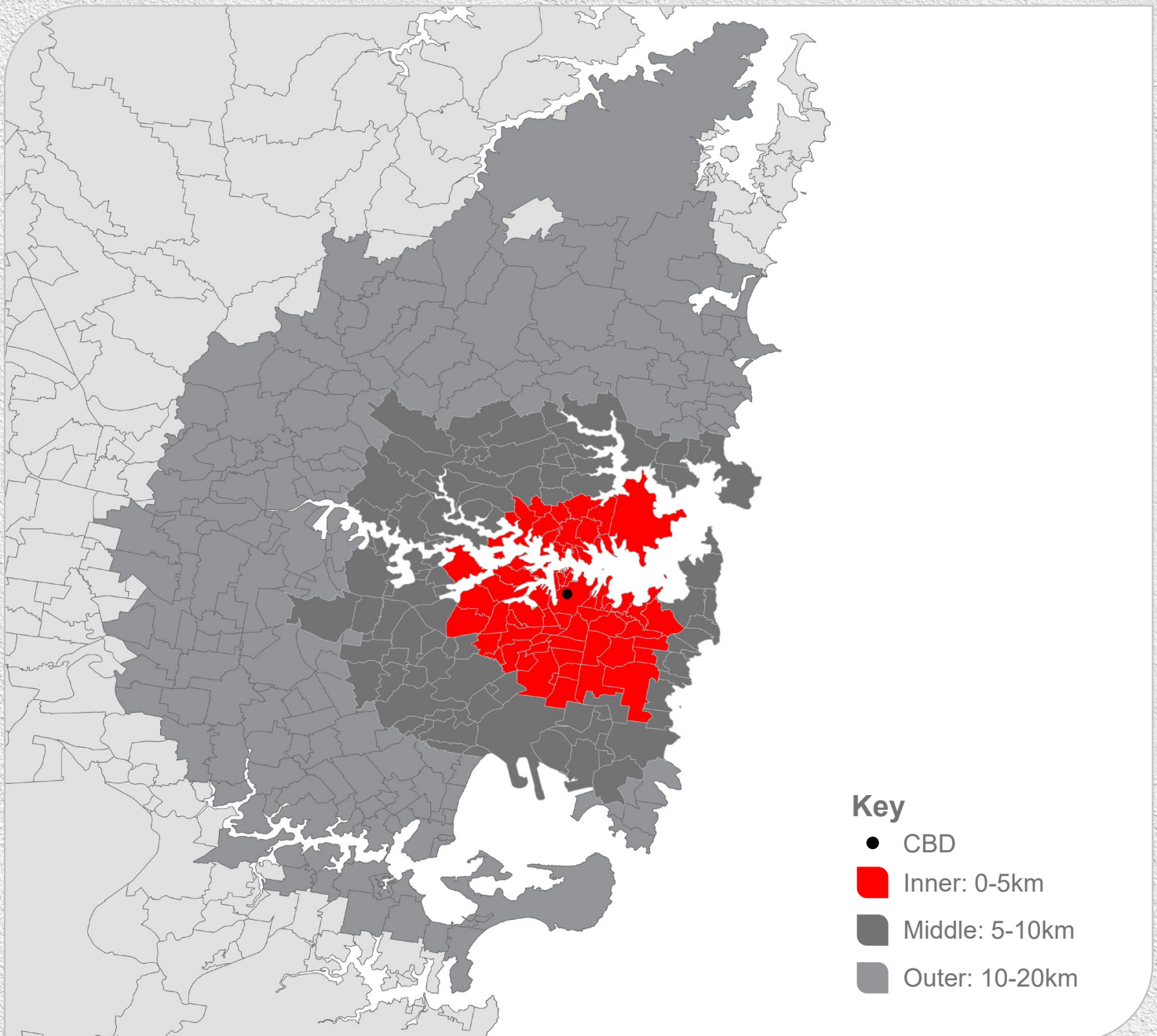
## > Sydney Market Update

2nd Half 2021

## INTRODUCTION

The *PRD Sydney Market Update 2nd Half 2021* is part of a report series that divides major cities into the inner, middle, and outer rings. This report provides an in-depth analysis of each specified market in an uncomplicated and simple manner, alongside a holistic picture of property conditions in each area.

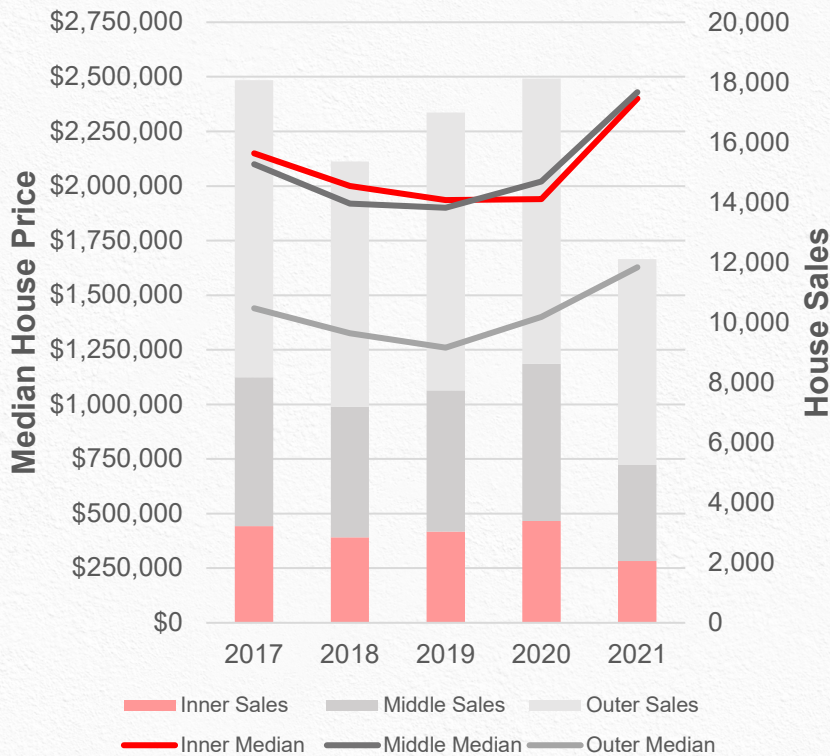
Sydney has seen strong price growth across all three rings, with the median house prices for both inner and middle rings sitting at and above \$2.4M. Median 5-year house price growth was strongest in the middle ring, which as of 2021 is the most expensive region in the Sydney market. 2021 has seen the average number of days to sell across both houses and units in all rings drop significantly. Sydney vacancy rates across the board have declined to a much healthier level than seen during the peak of COVID-19 in April 2020, closer to the Real Estate Institute of Australia's healthy benchmark of 3.0%.



#2021 encapsulates sales transactions for 1H 2021 (01/01/2021 – 30/06/2021).



## SYDNEY HOUSE SALES 2017-21



### 2021 Median Sale Price

- Inner: \$2,400,000
- Middle: \$2,430,000
- Outer: \$1,627,000

### 2017-21 Price Growth

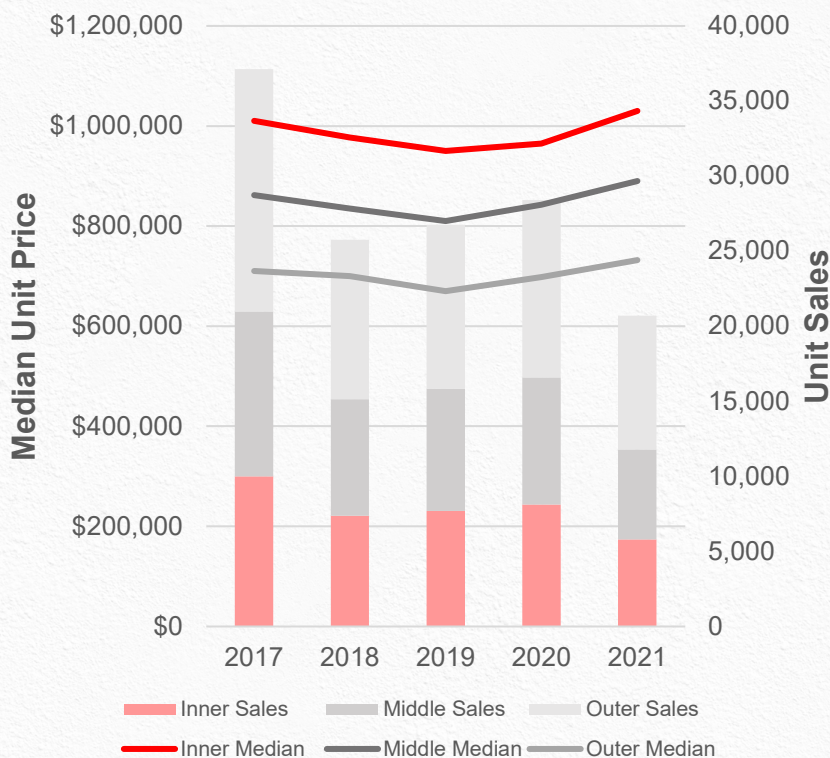
- Inner: +11.6% (+\$250,000)
- Middle: +15.7% (+\$330,000)
- Outer: +13.0% (+\$187,000)

### Key Comments

- The median house price in Sydney's middle ring sat above the inner ring for the 2nd year running, since 2019.
- Five-year price growth was a strong double digit across all rings – Sydney's middle and most premium ring recorded the strongest return of 15.7%.

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## SYDNEY UNIT SALES 2017-21



### 2021 Median Sale Price

- Inner: \$1,030,000
- Middle: \$890,000
- Outer: \$732,000

### 2017-21 Price Growth

- Inner: +2.0% (+\$20,000)
- Middle: +3.2% (+\$28,000)
- Outer: +3.1% (+\$22,000)

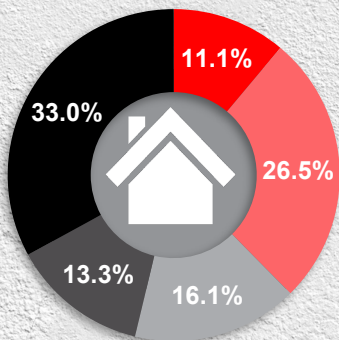
### Key Comments

- Sydney's middle unit ring recorded the strongest five-year growth rate, closely followed by the outer ring.
- 2021 sales volumes, as of 30<sup>th</sup> June, are sitting at 75% of 2020's sales volume. Demand for Sydney units remains strong.

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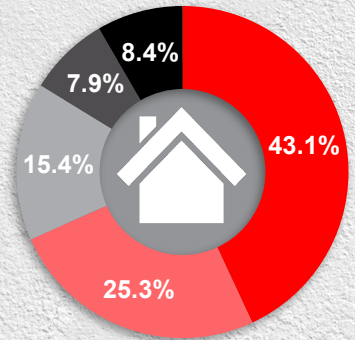


# SYDNEY HOUSE PRICE BREAKDOWN 2021#

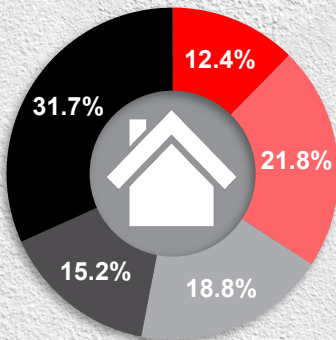


Inner

- Less than \$1,500,000
- \$1,500,001 to \$2,000,000
- \$2,000,001 to \$2,500,000
- \$2,500,001 to \$3,000,000
- \$3,000,001 and above

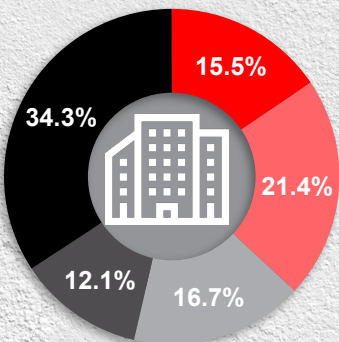


Outer



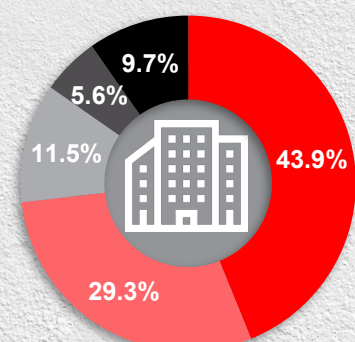
Middle

# SYDNEY UNIT PRICE BREAKDOWN 2021#

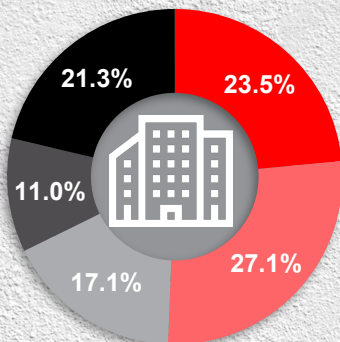


Inner

- Less than \$699,999
- \$700,000 to \$899,999
- \$900,000 to \$1,099,999
- \$1,100,000 to \$1,299,999
- \$1,300,000 and above



Outer

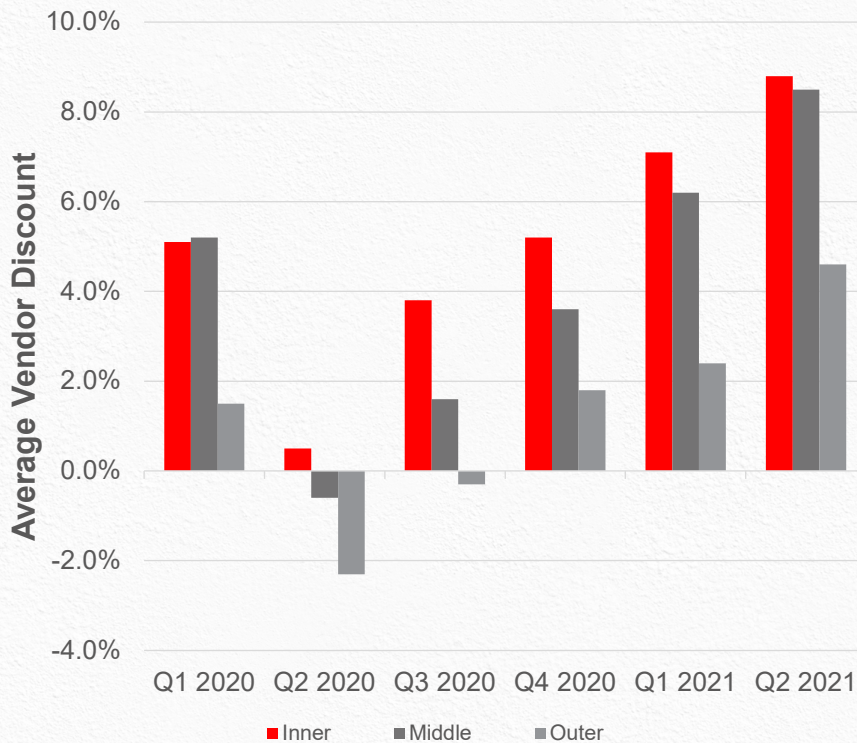


Middle

© Prepared by PRD Research. Source: APM Pricefinder.  
 #2021 encapsulates sales transactions for 1H 2021 (01/01/2021 – 30/06/2021)



## SYDNEY HOUSE AVERAGE VENDOR DISCOUNT



### Q2 2021 Overview

- Inner: +8.8%
- Middle: +8.5%
- Outer: +4.6%

### What is Average Vendor Discount?

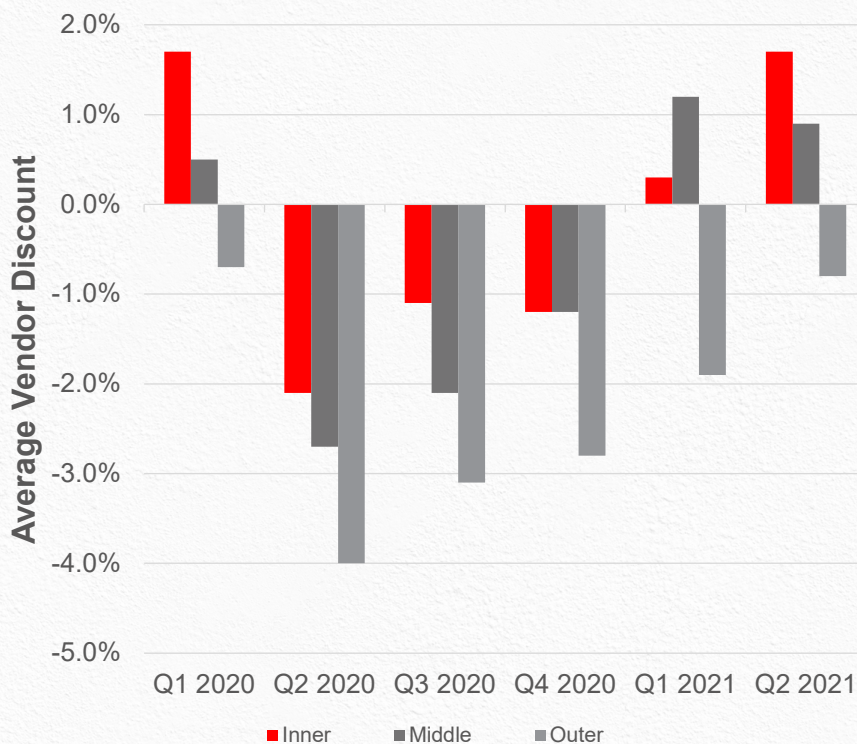
- The average percentage difference between the first list price and final sold price.

### Key Comments

- Average vendor premiums are evident across all rings, indicating sales occur above first list prices. Vendor premium is highest in Sydney's inner ring.
- Sydney's outer ring saw a heavy swing towards vendor premium in the 12 months since Q2 2020.

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## SYDNEY UNIT AVERAGE VENDOR DISCOUNT



### Q2 2021 Overview

- Inner: +1.7%
- Middle: +0.9%
- Outer: -0.8%

### What is Average Vendor Discount?

- A lower percentage difference (closer to 0.0%) suggests that buyers are willing to purchase closer to a property's initial asking price.

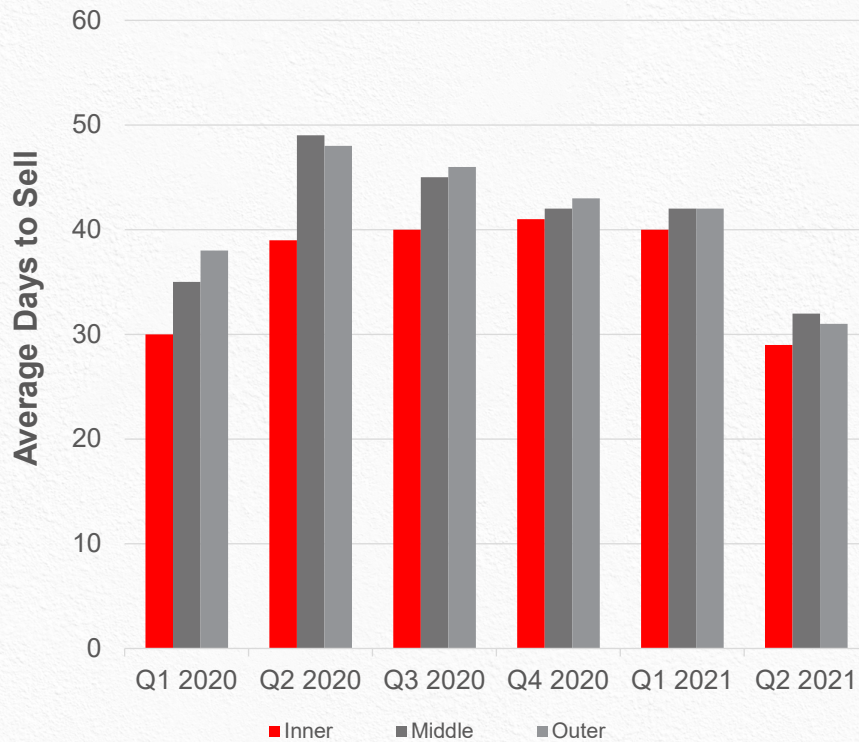
### Key Comments

- Sydney's inner and middle rings recorded average vendor premiums. Despite recording a discount, the outer ring has seen a tightening since Q2 2020.
- Sydney unit's average vendor discounts have now returned to pre-COVID-19 levels (Q1 2020).

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## SYDNEY HOUSE AVERAGE DAYS TO SELL



### Q2 2021 Overview

- Inner: 29 days
- Middle: 32 days
- Outer: 31 days

### Why Average Days to Sell?

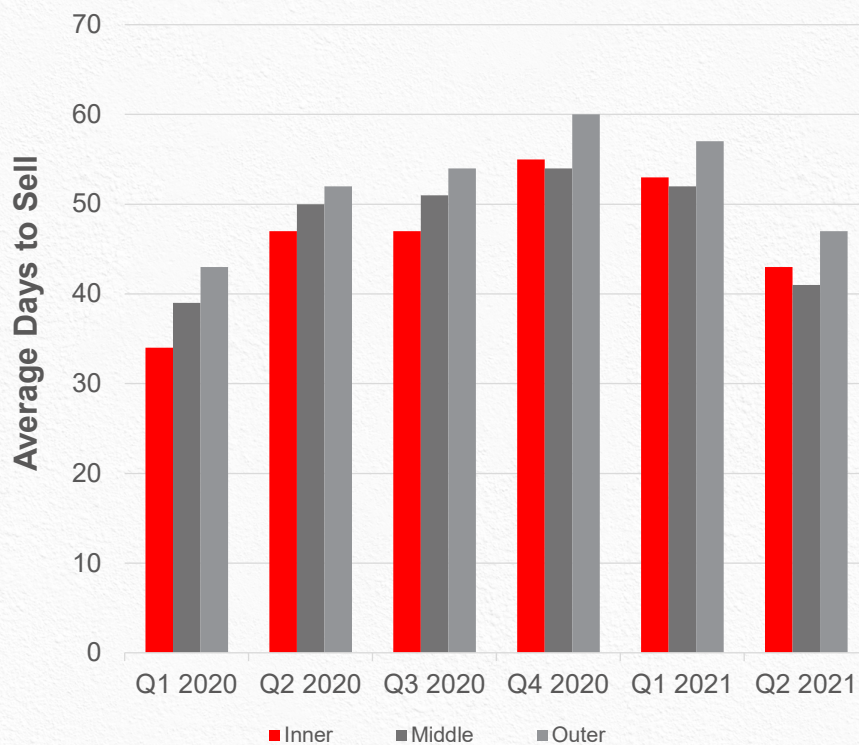
- The change in average days to sell a property is indicative of buyer demand.

### Key Comments

- There was a very small difference (3 days) in average days to sell between Sydney rings in Q2 2021.
- Between Q1 2021 and Q2 2021 the average days to sell has dropped by at least 10 days.
- Sydney's house average to sell days in Q2 2021 is now comparable to pre-COVID-19 times

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## SYDNEY UNIT AVERAGE DAYS TO SELL



### Q2 2021 Overview

- Inner: 43 days
- Middle: 41 days
- Outer: 47 days

### Why Average Days to Sell?

- A lower average number of days to sell a property reveals an increase in demand, as buyers are willing to purchase property more quickly.

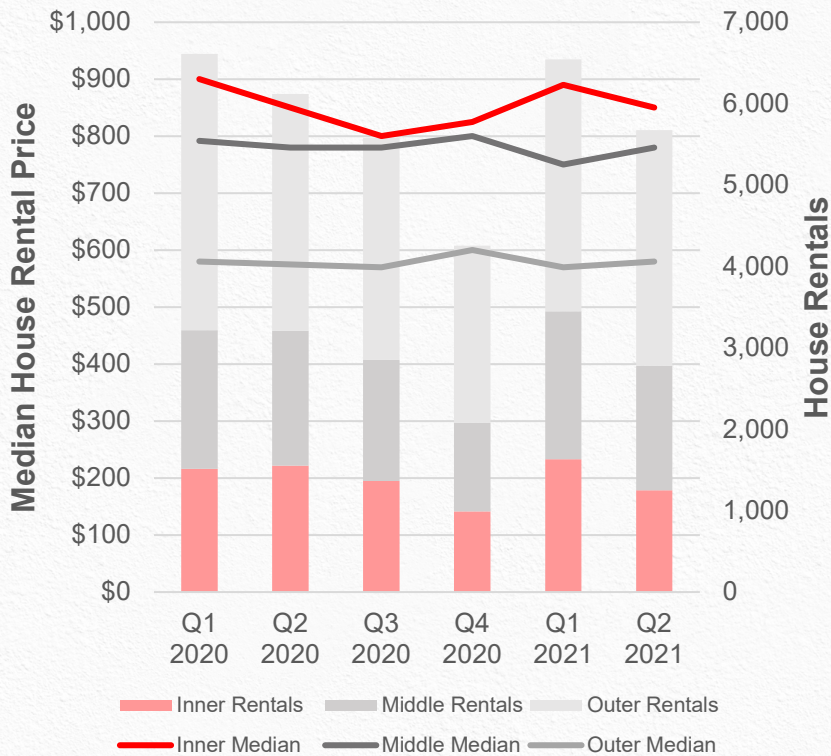
### Key Comments

- Even with intermittent lockdowns, inner Sydney units are taking less time to sell in Q2 2021 (43 days) compared to peak COVID-19 Q2 2020 (47 days).
- Sydney's middle ring units have been selling more quickly, on average, than inner ring units since Q4 2020.

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## SYDNEY HOUSE RENTALS



### Q2 2021 Median Rental Price

- Inner: \$850 per week
- Middle: \$780 per week
- Outer: \$580 per week

### Annual Price Growth\*

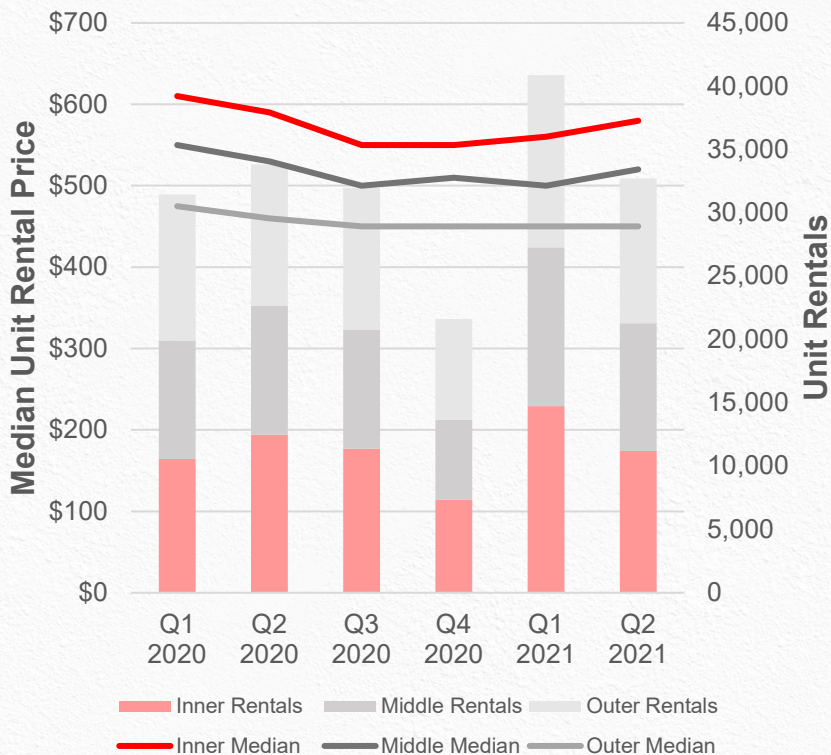
- Inner: 0.0% (\$0 per week)
- Middle: 0.0% (\$0 per week)
- Outer: 0.9% (\$5 per week)

### Key Comments

- One year on from the beginning of COVID-19 (Q2 2020) has seen median house rental prices in Sydney's inner and middle rings return to pre-COVID levels.
- Only Sydney's outer ring recorded positive median rental price growth.

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## SYDNEY UNIT RENTALS



### Q2 2021 Median Rental Price

- Inner: \$580 per week
- Middle: \$520 per week
- Outer: \$450 per week

### Annual Price Growth\*

- Inner: -1.7% (-\$10 per week)
- Middle: -1.9% (-\$10 per week)
- Outer: -2.2% (-\$10 per week)

### Key Comments

- Median unit rental pricing is more evenly distributed between than houses, with all rings recording similar rental prices.
- The first half of 2021 (Q1 and Q2 2021) has seen a significant increase in the number of units rented out, especially in the inner and middle rings.

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\* Annual price growth is based on comparison between Q2 2020 and Q2 2021 figures.



## SYDNEY HOUSE RENTAL PERFORMANCE 2020-21



### 2021 Median Rental Prices

#### 2 Bedroom

- Inner: \$710 per week
- Middle: \$595 per week
- Outer: \$420 per week

#### 3 Bedroom

- Inner: \$930 per week
- Middle: \$750 per week
- Outer: \$560 per week

#### 4+ Bedroom

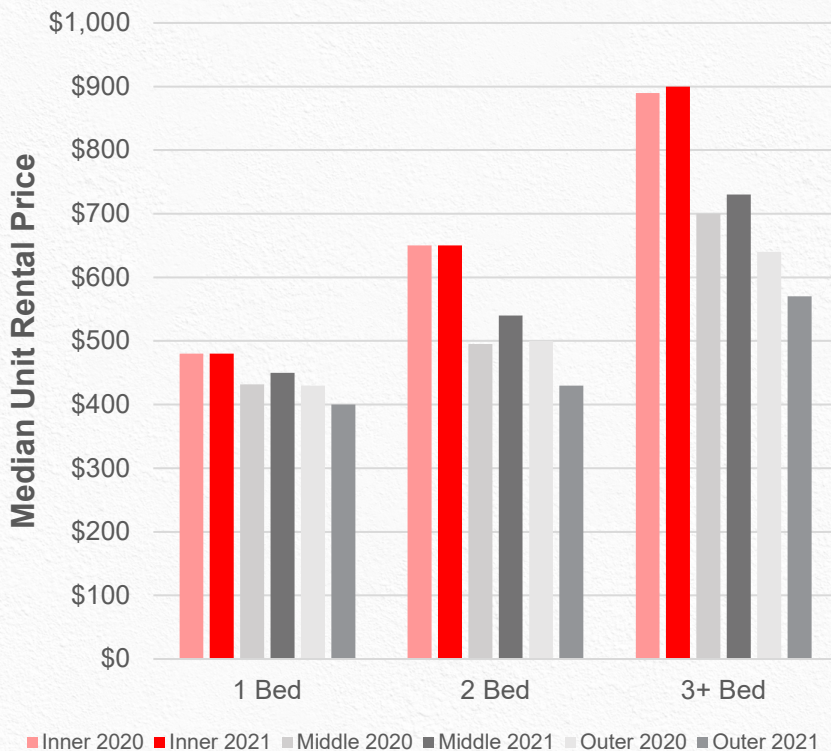
- Inner: \$1,200 per week
- Middle: \$1,100 per week
- Outer: \$760 per week

### Key Comments

- Sydney's outer ring saw a median rental price decrease across all bedrooms types.
- In contrast, the inner ring saw a median rental price increase for 2 and 3 bedrooms units.

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## SYDNEY UNIT RENTAL PERFORMANCE 2020-21



### 2021 Median Rental Prices

#### 1 Bedroom

- Inner: \$480 per week
- Middle: \$450 per week
- Outer: \$400 per week

#### 2 Bedroom

- Inner: \$650 per week
- Middle: \$540 per week
- Outer: \$430 per week

#### 3+ Bedroom

- Inner: \$900 per week
- Middle: \$730 per week
- Outer: \$570 per week

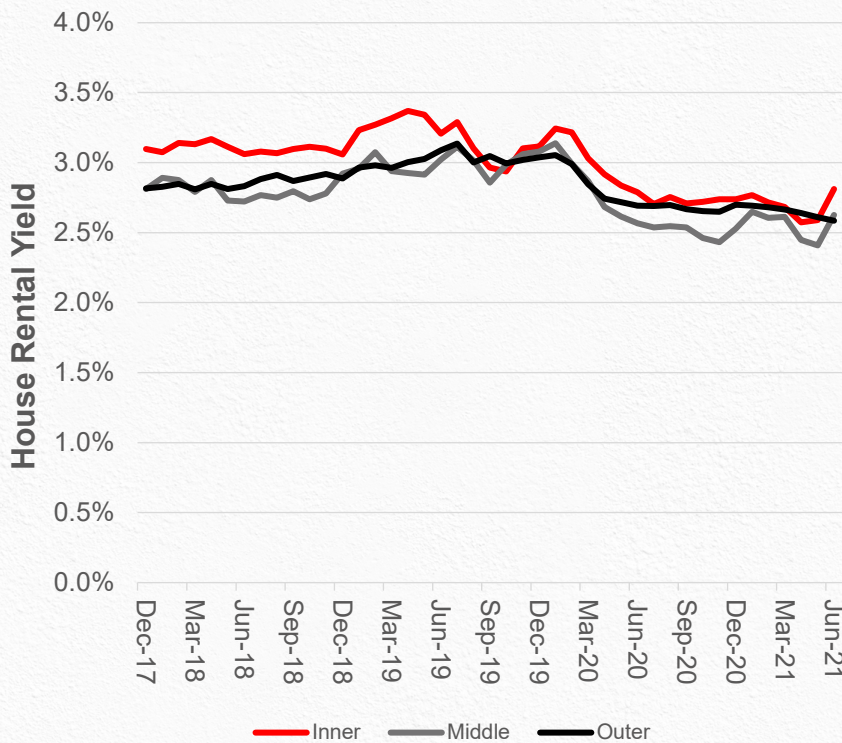
### Key Comments

- Middle ring units saw a median rental price increase across all bedroom types, whilst outer ring units saw a decrease.
- That said the outer ring continues to earn the highest median rent across all bedroom types.

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## SYDNEY HOUSE AVERAGE RENTAL YIELD



### Jun-21 Overview

- Inner: 2.8%
- Middle: 2.6%
- Outer: 2.6%

### Annual Change

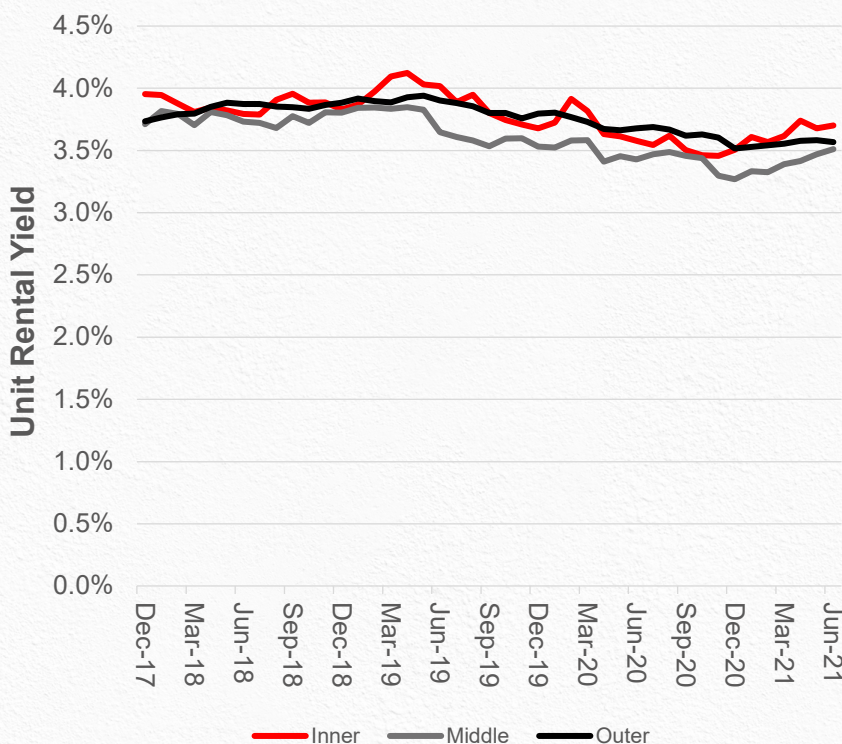
- Inner: 0.0%
- Middle: +0.1%
- Outer: -0.1%

### Key Comments

- Sydney's inner ring recorded a slightly higher average rental yield for houses than the middle and outer rings.
- House rental yields have softened since COVID-19's due to median house price growth, but there is a recovery in the inner and outer rings.

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## SYDNEY UNIT AVERAGE RENTAL YIELD



### Jun-21 Overview

- Inner: 3.7%
- Middle: 3.5%
- Outer: 3.6%

### Annual Change

- Inner: +0.1%
- Middle: +0.1%
- Outer: -0.1%

### Key Comments

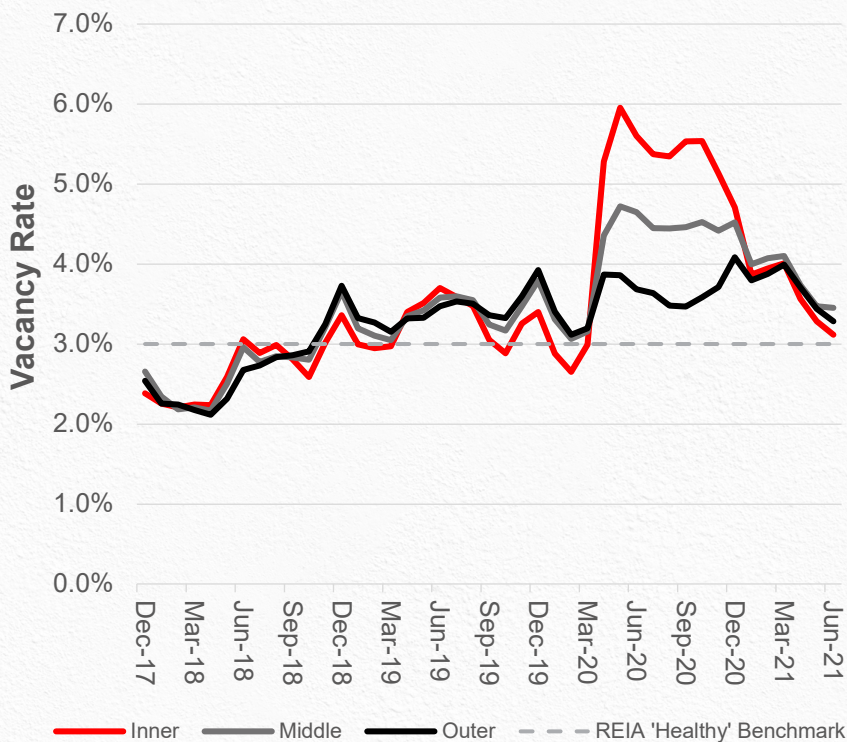
- Sydney's inner ring recorded a slightly higher unit rental yield than the inner and outer rings.
- Outer ring unit rental yields have seen an increasing pattern in the past 6 months, while the middle ring remained stable.

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## SYDNEY VACANCY RATES



### Jun-21 Overview

- Inner: 3.1%
- Middle: 3.5%
- Outer: 3.3%

### Annual Change

- Inner: -2.5%
- Middle: -1.2%
- Outer: -0.4%

### Key Comments

- Across all three Sydney rings vacancy rates peaked in May 2020 and have since recovered to pre-COVID levels.
- Inner ring vacancy rates are almost at the healthy REIA benchmark level of 3.0%, indicating a strong recovery in the Sydney rental market.

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# REFERENCES

Inner ring market data encapsulates aggregate property conditions within following suburbs:

Alexandria, Annandale, Balmain, Balmain East, Barangaroo, Beaconsfield, Bellevue Hill, Birchgrove, Bondi Junction, Cammeray, Camperdown, Centennial Park, Chippendale, Cremorne, Cremorne Point, Crows Nest, Darling Point, Darlinghurst, Darlington, Dawes Point, Double Bay, Drummoyne, Edgecliff, Elizabeth Bay, Enmore, Erskineville, Eveleigh, Forest Lodge, Glebe, Greenwich, Haymarket, Kensington, Kirribilli, Kurraba Point, Lavender Bay, Leichhardt, Lilyfield, McMahon's Point, Millers Point, Milsons Point, Moore Park, Mosman, Neutral Bay, Newtown, North Sydney, Northwood, Paddington, Point Piper, Potts Point, Pyrmont, Queens Park, Randwick, Redfern, Rosebery, Rozelle, Rushcutters Bay, St Leonards, Stanmore, Surry Hills, Sydney, The Rocks, Ultimo, Waterloo, Waverton, Wollstonecraft, Woollahra, Woolloomooloo, Woolwich, Zetland.

Middle ring market data encapsulates aggregate property conditions within following suburbs:

Abbotsford, Arncliffe, Artarmon, Ashbury, Ashfield, Balgowlah, Balgowlah Heights, Banksia, Banksmeadow, Bardwell Park, Bardwell Valley, Bondi, Bondi Beach, Botany, Breakfast Point, Bronte, Burwood, Burwood Heights, Cabarita, Campsie, Canada Bay, Canterbury, Castle Cove, Castlecrag, Chatswood, Chatswood West, Chiswick, Clontarf, Clovelly, Concord, Coogee, Croydon, Croydon Park, Daceyville, Dover Heights, Dulwich Hill, Earlwood, East Ryde, Eastgardens, Eastlakes, Fairlight, Five Dock, Gladesville, Haberfield, Henley, Hillsdale, Hunters Hill, Huntleys Cove, Huntleys Point, Hurlstone Park, Killarney Heights, Kingsford, Kyeemagh, Lane Cove, Lane Cove North, Lane Cove West, Lewisham, Lindfield, Linley Point, Longueville, Macquarie Park, Manly, Maroubra, Marrickville, Mascot, Matraville, Middle Cove, Mortlake, Naremburn, North Balgowlah, North Bondi, North Ryde, North Willoughby, Northbridge, Pagewood, Petersham, Putney, Riverview, Rodd Point, Rose Bay, Roseville, Roseville Chase, Russell Lea, Ryde, Seaforth, South Coogee, St Peters, Strathfield, Summer Hill, Sydenham, Tamarama, Tempe, Tennyson Point, Turrella, Vacluse, Wareemba, Watsons Bay, Waverley, Willoughby, Willoughby East, Wolli Creek.

Outer ring market data encapsulates aggregate property conditions within following suburbs:

Allambie Heights, Allawah, Auburn, Bankstown, Bankstown Aerodrome, Bass Hill, Beacon Hill, Beecroft, Belfield, Belmore, Belrose, Berala, Beverley Park, Beverly Hills, Bexley, Bexley North, Birrong, Blakehurst, Brighton-le-Sands, Brookvale, Camellia, Caringbah, Carlingford, Carlton, Carss Park, Cheltenham, Chester Hill, Chifley, Chullora, Clemton Park, Clyde, Collaroy, Collaroy Plateau, Como, Concord West, Condell Park, Connells Point, Cromer, Cronulla, Curl Curl, Davidson, Dee Why, Denistone, Denistone East, Denistone West, Dolls Point, Dundas, Dundas Valley, East Killara, East Lindfield, Eastwood, Elanora Heights, Enfield, Epping, Ermington, Forestville, Frenchs Forest, Freshwater, Georges Hall, Gordon, Granville, Greenacre, Greenhills Beach, Guildford, Harris Park, Holroyd, Homebush, Homebush West, Hornsby, Hurstville, Hurstville Grove, Illawong, Ingleside, Jannali, Kangaroo Point, Kareela, Killara, Kingsgrove, Kogarah, Kogarah Bay, Ku-Ring-Gai Chase, Kurnell, Kyle Bay, La Perouse, Lakemba, Liberty Grove, Lidcombe, Little Bay, Lugarno, Malabar, Manly Vale, Marsfield, Meadowbank, Melrose Park, Merrylands, Miranda, Monterey, Mortdale, Mount Lewis, Mullion, Narrabeen, Narrabeena, Narwee, Newington, Normanhurst, North Curl Curl, North Epping, North Manly, North Narrabeen, North Parramatta, North Rocks, North Strathfield, North Turramurra, North Wahroonga, Oatlands, Oatley, Oxford Falls, Oyster Bay, Padstow, Padstow Heights, Parramatta, Peakhurst, Peakhurst Heights, Pennant Hills, Penshurst, Phillip Bay, Port Botany, Potts Hill, Punchbowl, Pymble, Queenscliff, Ramsgate, Ramsgate Beach, Regents Park, Revesby, Rhodes, Riverwood, Rockdale, Rookwood, Rosehill, Roselands, Rydalmere, Sandringham, Sans Souci, Sefton, Silverwater, South Granville, South Hurstville, South Turramurra, St Ives, St Ives Chase, Strathfield South, Sydney Olympic Park, Sylvania, Sylvania Waters, Taren Point, Telopea, Terrey Hills, Thornleigh, Turramurra, Villawood, Wahroonga, Waitara, Warrawee, Wentworth Point, West Pennant Hills, West Pymble, West Ryde, Wheeler Heights, Wiley Park, Woolooware, Yagoona.

Source: APM Pricefinder, SQM Research, ESRI ArcGIS.

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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 customised 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.



## OUR SERVICES INCLUDE

- Advisory and consultancy
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- Demographic and target market Analysis
- Geographic information mapping
- Project Analysis including product and pricing recommendations
- Rental and investment return analysis

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