

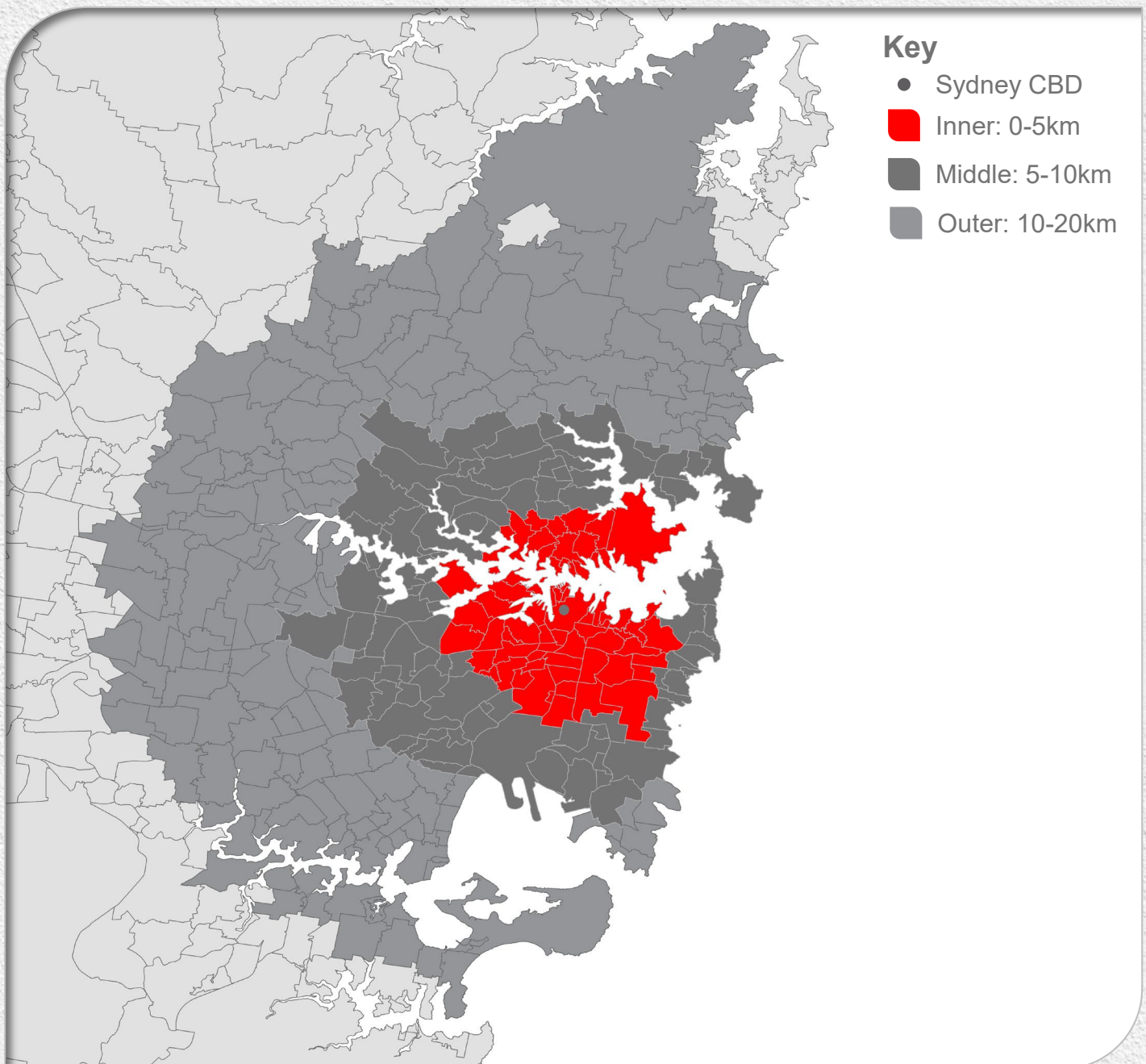
> Sydney Market Update

1st Half 2022

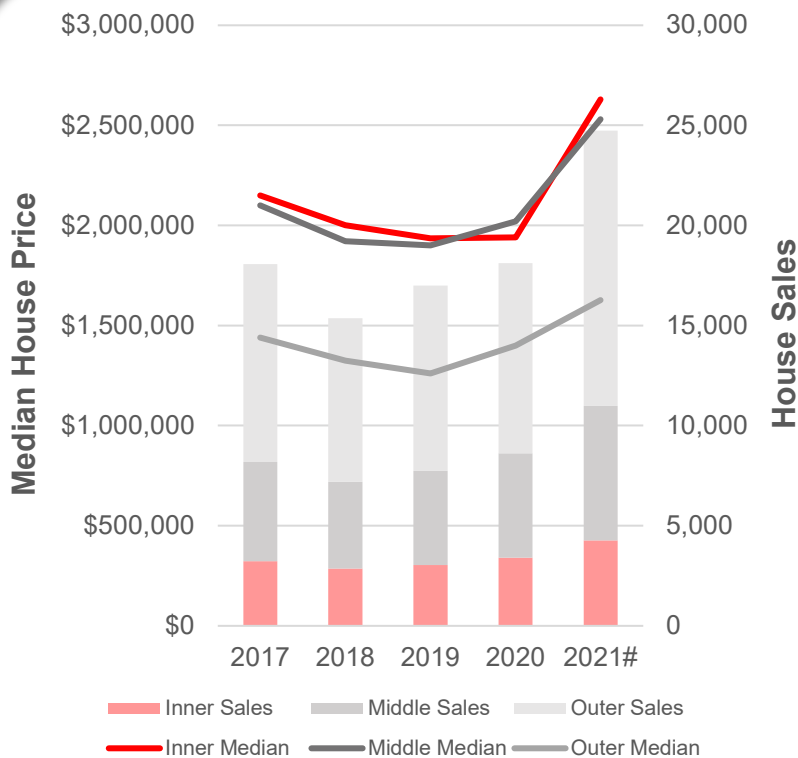
INTRODUCTION

This Sydney market update report divides the city into the inner-ring (0-5km from the city), middle-ring (5-10km from the city) and outer-ring (10-20km from the city). It provides a comprehensive and in-depth analysis of each specified market and 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 above \$2.5M. Median house price growth in 2021 made up for the negative trend seen since 2017, with prices pushed to their highest levels ever. The average number of days to sell both houses and units in all rings dropped significantly in 2021 and the average vendor discounts turned to premiums. The current Sydney house and unit markets favour sellers heavily. Sydney vacancy rates across the board have fallen to a much healthier level than that during the initial outbreak of COVID-19 in early 2020, and they are now closer to the Real Estate Institute of Australia's healthy benchmark of 3.0%.



SYDNEY HOUSE SALES 2017-2021#



2021 Median Sale Price

- Inner: \$2,630,000
- Middle: \$2,530,000
- Outer: \$1,750,000

2017-2021 Price Growth

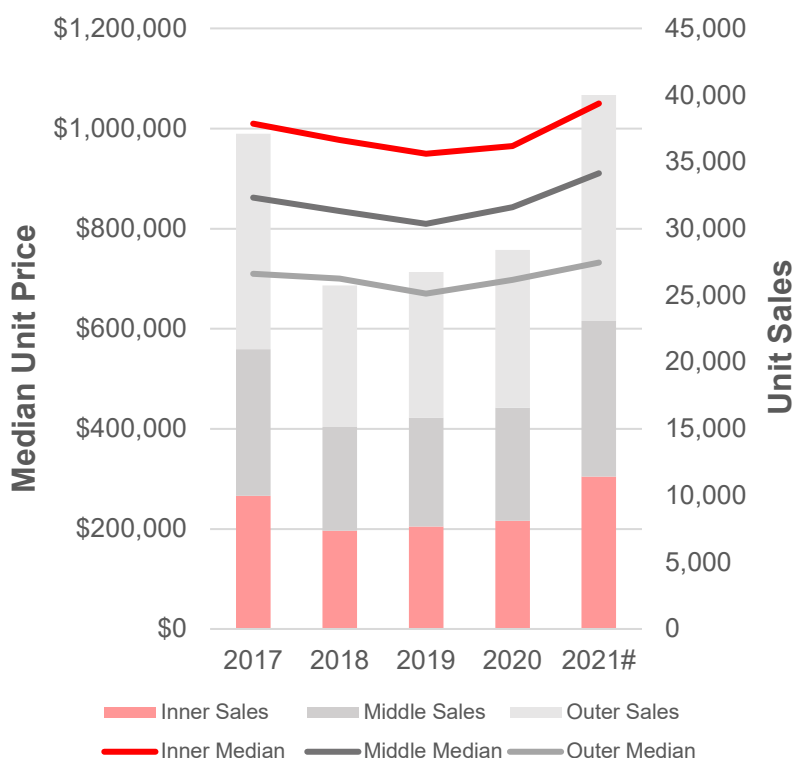
- Inner: +22.3% (+\$480,000)
- Middle: +20.5% (+\$430,000)
- Outer: +21.5% (+\$310,000)

Key Comments

- Median house prices in Sydney's inner-ring were the most expensive again and outperformed the middle-ring.
- Five-year price growth was strong across all rings, with 2020-2021 growth making up the majority of this growth.

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SYDNEY UNIT SALES 2017-2021#



2021 Median Sale Price

- Inner: \$1,050,000
- Middle: \$910,750
- Outer: \$750,000

2017-2021 Price Growth

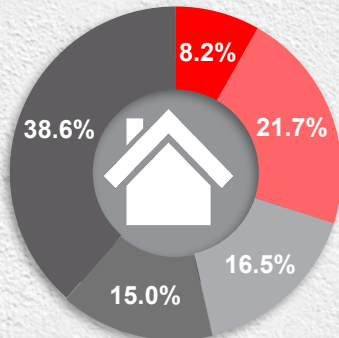
- Inner: +4.0% (+\$40,000)
- Middle: +5.7% (+\$48,750)
- Outer: +5.6% (+\$40,000)

Key Comments

- Sydney unit prices have recovered after the downward trend seen in 2019.
- Sales volumes for both houses and units in 2021 were well above the levels seen over the past three years. Absorption of new and old listings has been very strong.

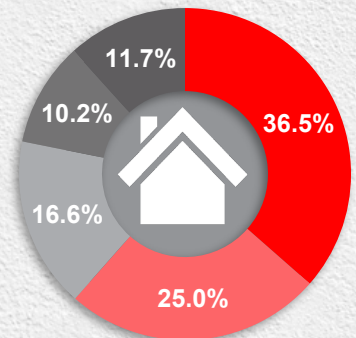
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SYDNEY HOUSE PRICE BREAKDOWN 2021[#]

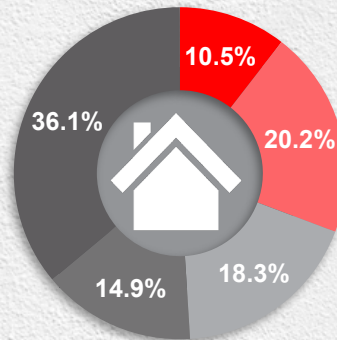


Inner-Ring

- 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

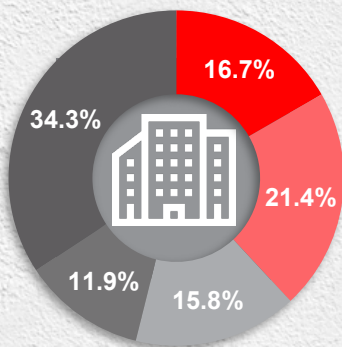


Outer-Ring



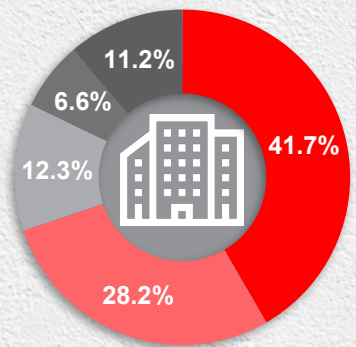
Middle-Ring

SYDNEY UNIT PRICE BREAKDOWN 2021[#]

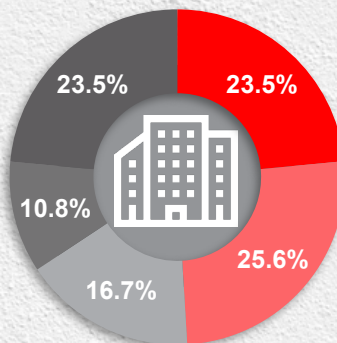


Inner-Ring

- Less than \$700,000
- \$700,001 to \$900,000
- \$900,001 to \$1,100,000
- \$1,100,001 to \$1,300,000
- \$1,300,001 and above

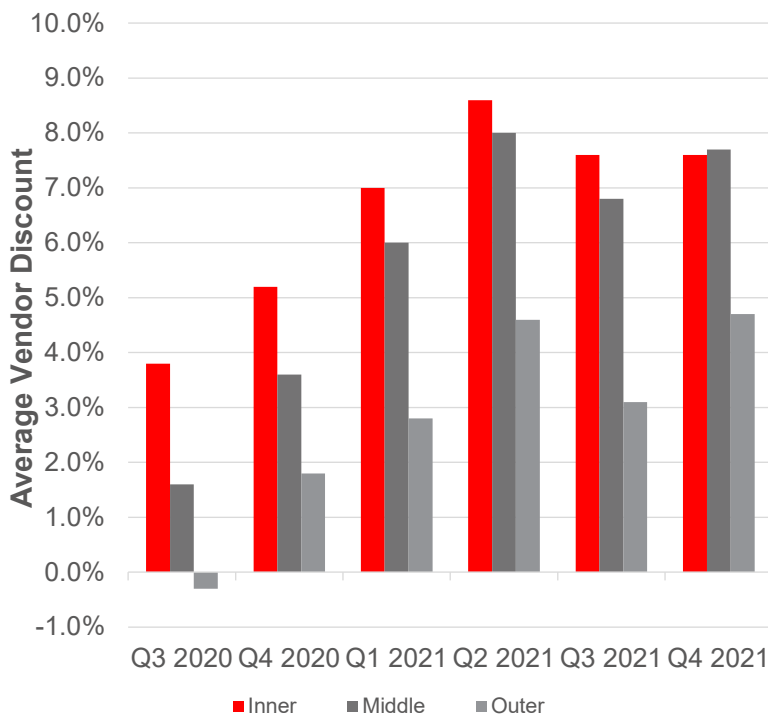


Outer-Ring



Middle-Ring

SYDNEY HOUSE AVERAGE VENDOR DISCOUNT



Q4 2021 Overview

- Inner: +7.6%
- Middle: +7.7%
- Outer: +4.7%

What is Average Vendor Discount?

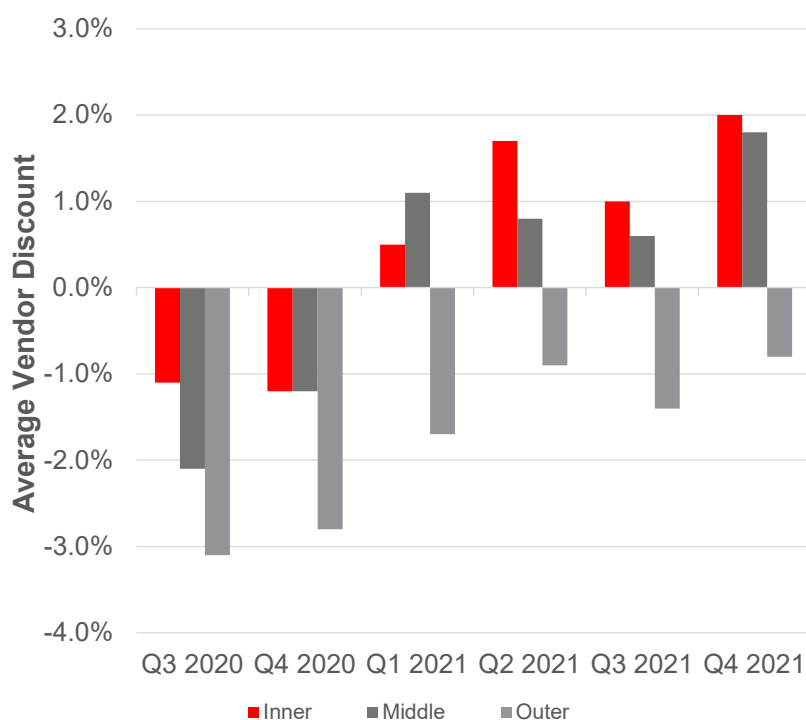
- The average percentage difference between the first list price and final sold price.

Key Comments

- Average vendor premiums peaked in Q2 2021 and remained at extraordinarily high levels throughout the rest of the year.
- Sydney's outer-ring saw a heavy swing towards vendor premiums in the 18 months since Q3 2020.

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SYDNEY UNIT AVERAGE VENDOR DISCOUNT



Q4 2021 Overview

- Inner: +2.0%
- Middle: +1.8%
- Outer: -0.8%

What is Average Vendor Discount?

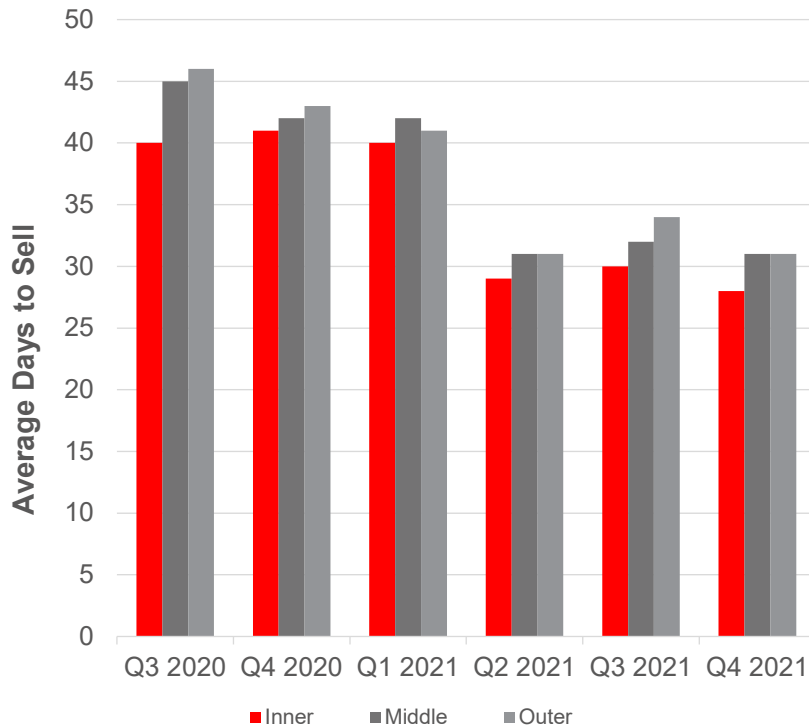
- A lower percentage difference (closer to 0.0%) suggests that buyers are willing to purchase closer to a property's initial asking price.

Key Comments

- Sydney's inner and middle rings recorded their highest average vendor premiums over the COVID-19 period in Q4 2021.
- Sydney's unit outer-ring market has tightened heavily since Q3 2020, yet still records a discount for buyers.

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SYDNEY HOUSE AVERAGE DAYS TO SELL



Q4 2021 Overview

- Inner: 28 days
- Middle: 31 days
- Outer: 31 days

Why Average Days to Sell?

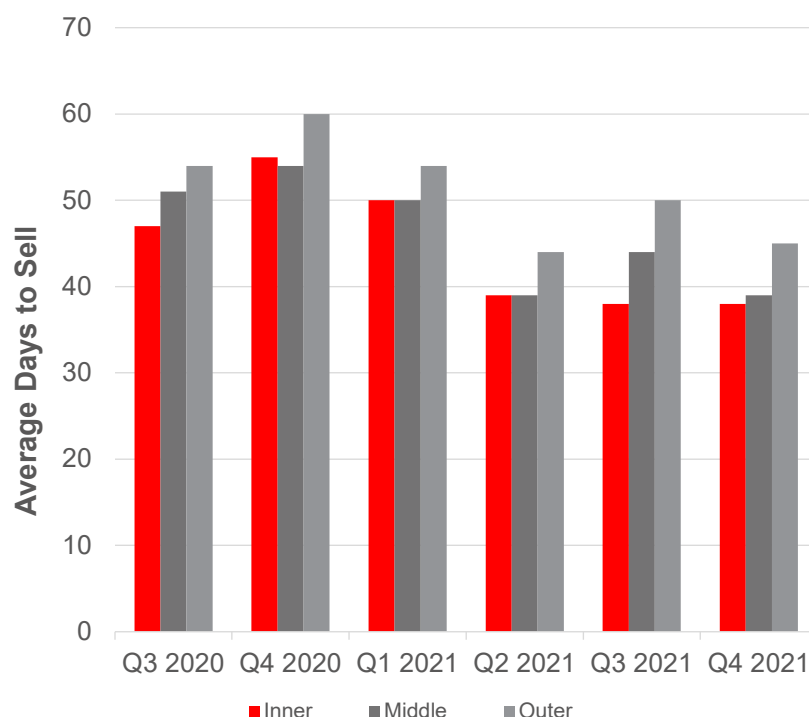
- The change in average days to sell a property is indicative of buyer demand.

Key Comments

- There continues to be little difference (three days in Q4 2021) in average days to sell across all Sydney house rings.
- Over the 18 months between Q3 2020 and Q4 2021 the average days to sell dropped by 12-15 days, with the highest drop in the outer-ring.

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SYDNEY UNIT AVERAGE DAYS TO SELL



Q4 2021 Overview

- Inner: 38 days
- Middle: 39 days
- Outer: 45 days

Why Average Days to Sell?

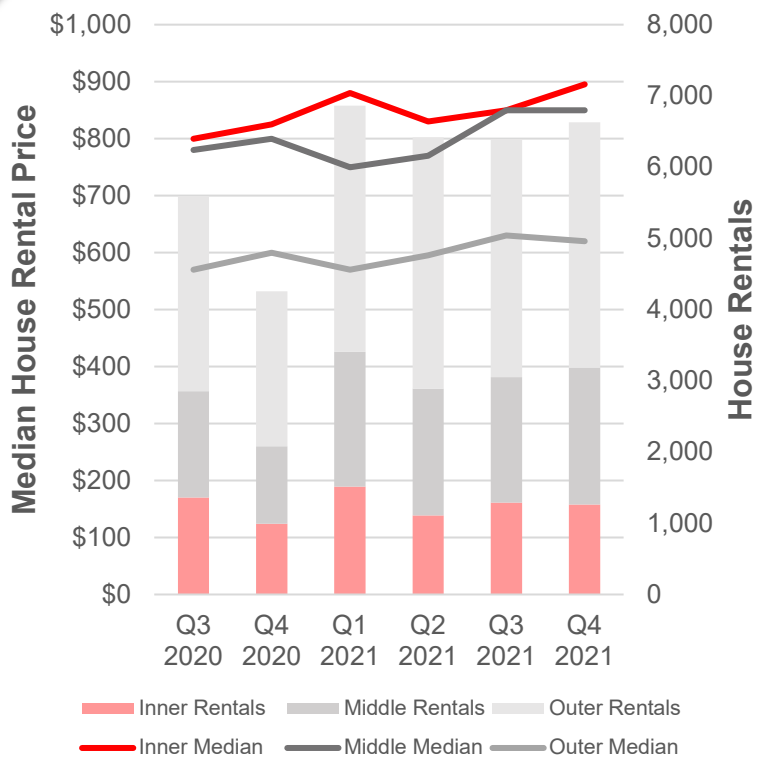
- A lower average number of days to sell a property reveals an increase in demand as buyers are willing to purchase property sooner.

Key Comments

- Despite a prolonged lockdown period in 2021, Sydney units are taking less time to sell in Q4 2021 compared to the initial COVID-19 lockdown in Q2 and Q3 2020.
- Sydney's inner-ring units have returned to selling faster than middle-ring units.

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SYDNEY HOUSE RENTALS



Q4 2021 Median Rental Price

- Inner: \$895 per week
- Middle: \$850 per week
- Outer: \$620 per week

Annual Price Growth*

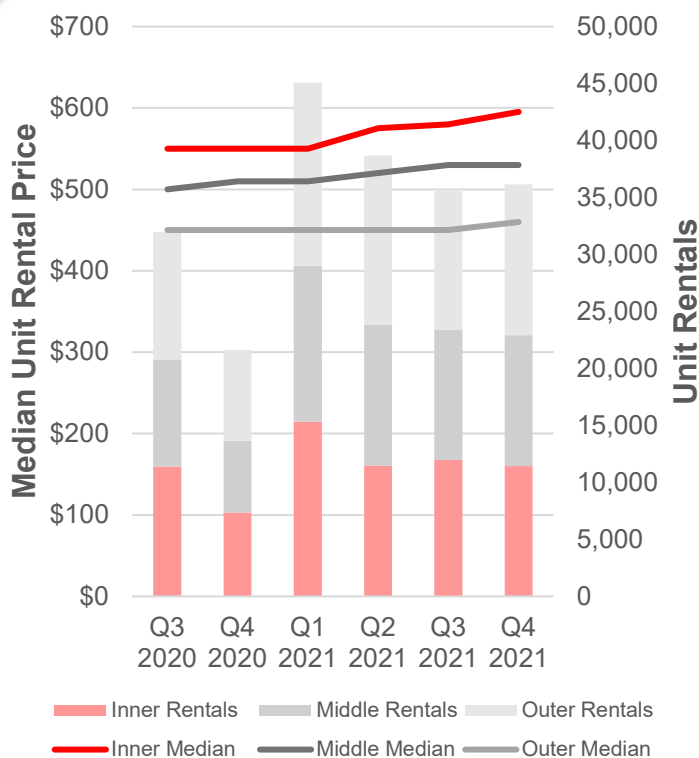
- Inner: 8.5% (\$70 per week)
- Middle: 6.3% (\$50 per week)
- Outer: 3.3% (\$20 per week)

Key Comments

- All Sydney rings recorded positive median rental price growth across 2021, with the inner-ring recording the highest growth.
- Despite this, house price growth is still surpassing rental price growth, resulting in lower rental yields.

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SYDNEY UNIT RENTALS



Q4 2021 Median Rental Price

- Inner: \$595 per week
- Middle: \$530 per week
- Outer: \$460 per week

Annual Price Growth*

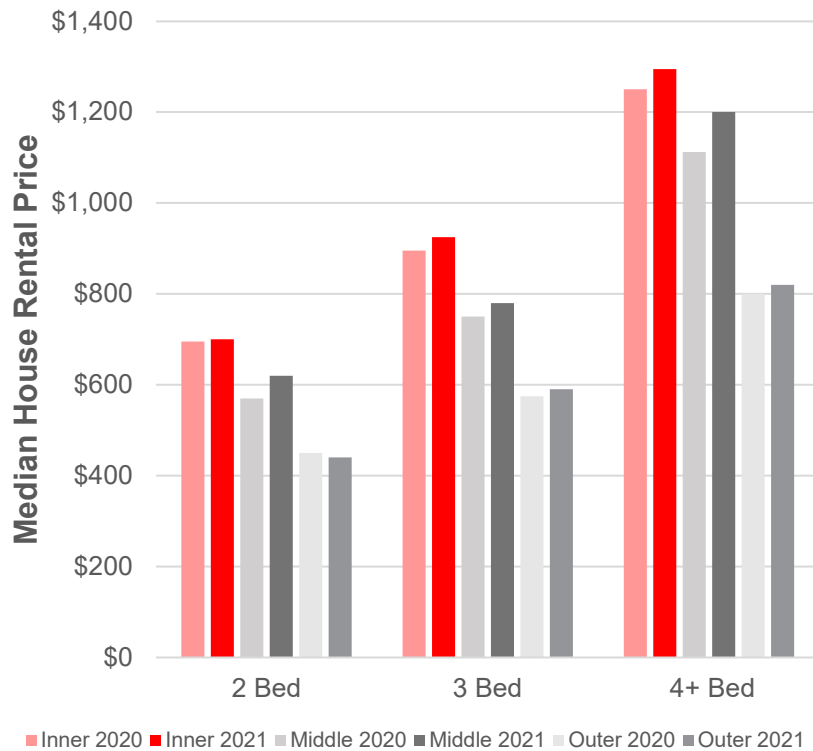
- Inner: 8.2% (\$45 per week)
- Middle: 3.9% (\$20 per week)
- Outer: 2.2% (\$10 per week)

Key Comments

- Median unit rental pricing is more evenly distributed than houses, with all rings following a similar rental price growth pattern over the last five years.
- Rental volume has decreased since the beginning of 2021 for both houses and units, indicating an undersupply.

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SYDNEY HOUSE RENTAL PERFORMANCE 2020-2021



2021 Median Rental Prices

2 Bedroom

- Inner: \$700 per week
- Middle: \$620 per week
- Outer: \$440 per week

3 Bedroom

- Inner: \$925 per week
- Middle: \$780 per week
- Outer: \$590 per week

4+ Bedroom

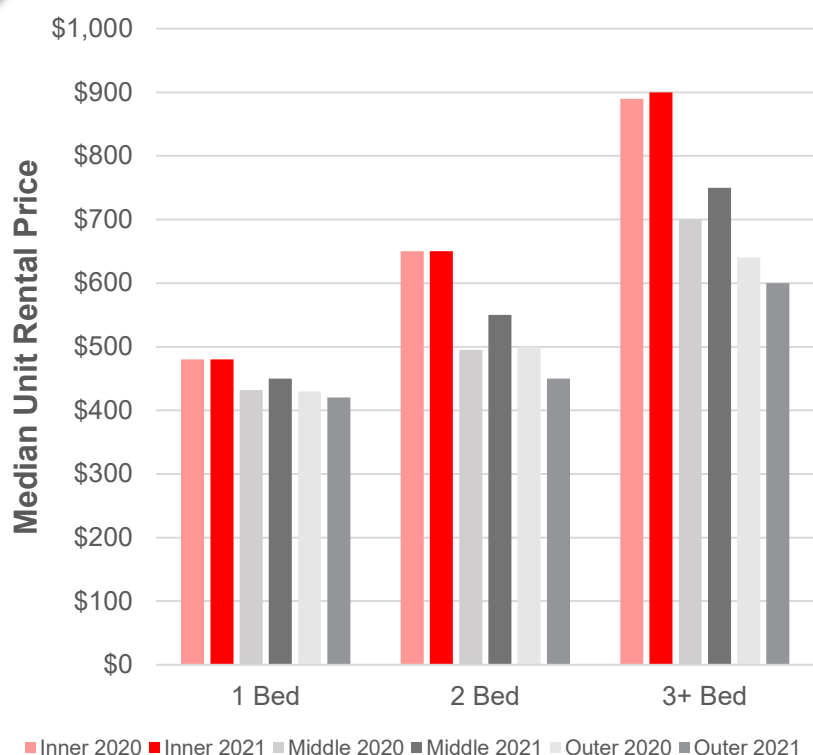
- Inner: \$1,295 per week
- Middle: \$1,200 per week
- Outer: \$820 per week

Key Comments

- 4+ bedroom houses in Sydney's inner-ring are the most expensive rental stock while 2 bedroom houses in Sydney's outer-ring are the most affordable stock.

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SYDNEY UNIT RENTAL PERFORMANCE 2020-2021



2021 Median Rental Prices

1 Bedroom

- Inner: \$480 per week
- Middle: \$450 per week
- Outer: \$420 per week

2 Bedroom

- Inner: \$650 per week
- Middle: \$550 per week
- Outer: \$450 per week

3+ Bedroom

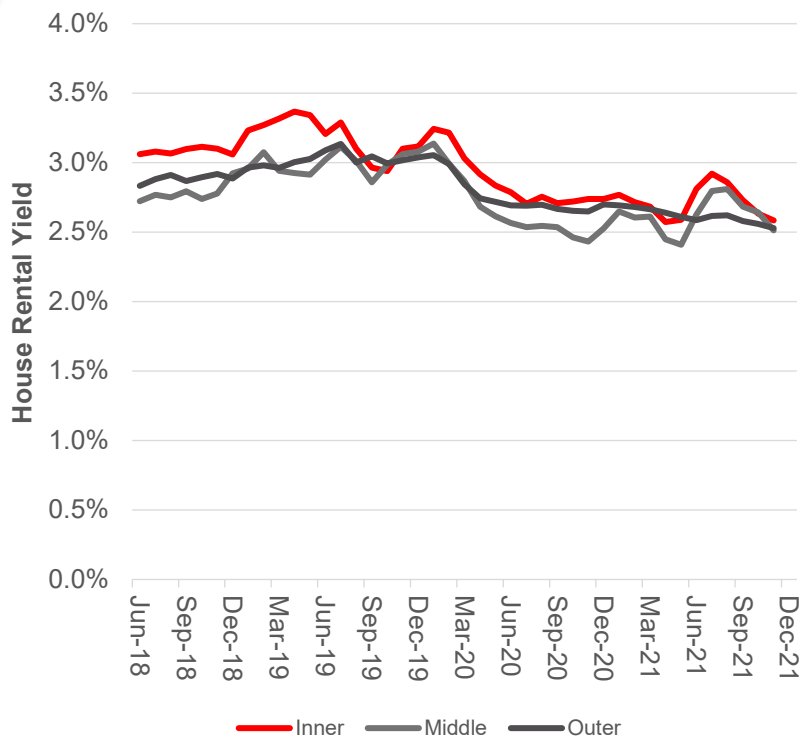
- Inner: \$900 per week
- Middle: \$750 per week
- Outer: \$600 per week

Key Comments

- Inner and middle-ring units saw median rental price increases or remained unchanged across all bedroom types.
- 3+ bedroom units in the inner-ring are the most expensive and 2 bedroom units in the outer-ring are the most affordable.

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SYDNEY HOUSE AVERAGE RENTAL YIELD



Dec-21 Overview

- Inner: 2.6%
- Middle: 2.4%
- Outer: 2.5%

Annual Change

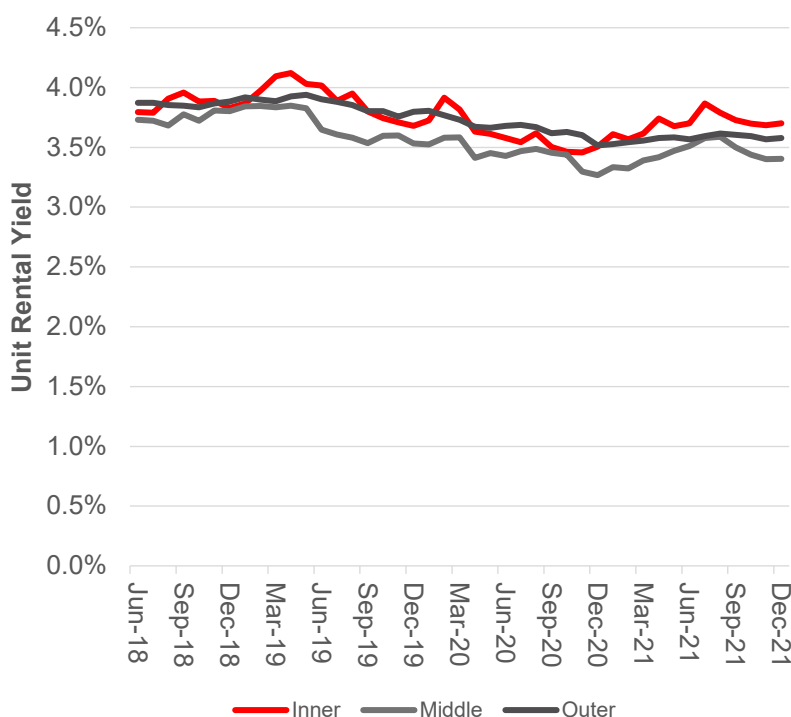
- Inner: -0.2%
- Middle: -0.1%
- Outer: -0.2%

Key Comments

- House yields across all Sydney rings remain more tightly spread than unit yields and have similar rates of return.
- House rental yields decreased over the past year due to house price growth surpassing rental price growth.

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Source: SQM Research Pty Ltd/Haver Analytics.

SYDNEY UNIT AVERAGE RENTAL YIELD



Dec-21 Overview

- Inner: 3.7%
- Middle: 3.4%
- Outer: 3.6%

Annual Change

- Inner: +0.2%
- Middle: +0.1%
- Outer: +0.1%

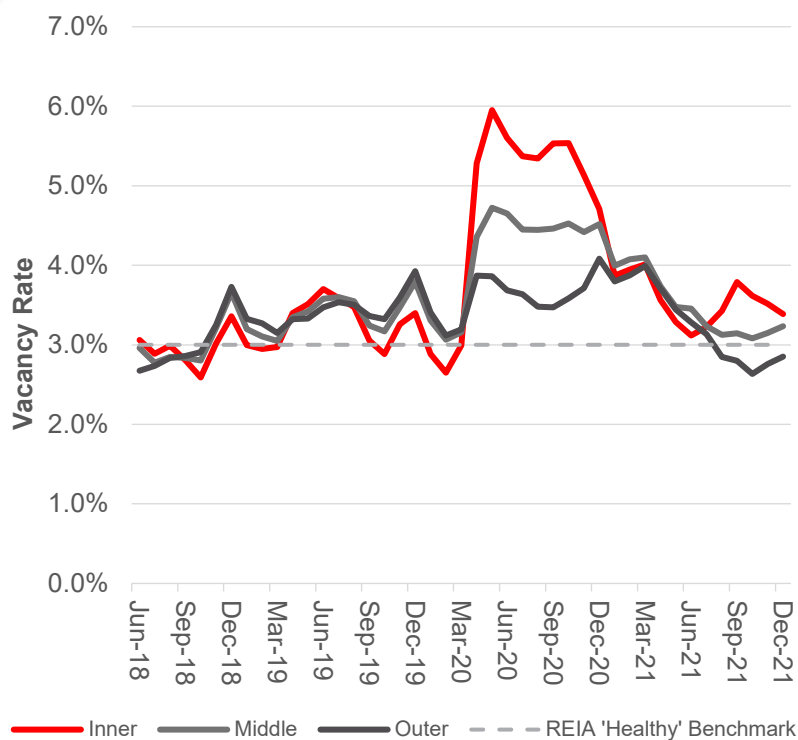
Key Comments

- Due to median unit prices not seeing the same price growth in 2021 as houses, unit rental yields have increased in all Sydney rings.
- Sydney's inner-ring recorded the highest rental yield and the highest growth.

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Source: SQM Research Pty Ltd/Haver Analytics.



SYDNEY VACANCY RATES



Dec-21 Overview

- Inner: 3.4%
- Middle: 3.2%
- Outer: 2.9%

Annual Change

- Inner: -1.3%
- Middle: -1.3%
- Outer: -1.2%

Key Comments

- Sydney vacancy rates were not as impacted by the second prolonged lockdown in 2021 compared to the significant dip witnessed in the first round of 2020 lockdowns.
- Over the past year, all Sydney rings have seen vacancy rates decrease by over 1%.

REFERENCES

Inner-ring market data encapsulates aggregate property conditions within the 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 the 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, Vaucluse, Wareemba, Watsons Bay, Waverley, Willoughby, Willoughby East, Wolli Creek.

Outer-ring market data encapsulates aggregate property conditions within the 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, Woolloomooloo, Yagoona.

Source: APM Pricefinder, SQM Research, ESRI ArcGIS.

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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 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
- Market Analysis including profiling and trends
- Primary qualitative and quantitative research
- Demographic and target market Analysis
- Geographic information mapping
- Project Analysis including product and pricing recommendations
- Rental and investment return analysis

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