

# SYDNEY RESIDENTIAL MARKET UPDATE

## SYDNEY CONTINUES TO RECORD STRONG GROWTH

Enjoying the strongest economic growth in Australia, with a healthy surge in population, growth in Sydney residential property prices is showing little sign of slowing this month. Historic low interest rates, significant construction projects now underway, together with elevated local and foreign investor demand have stimulated employment with a solid pipeline of projects.

### Key facts May 2015

**Capital growth** for houses in the last month was up 1.3% (16.8% year on year); while apartments witnessed growth of 1.1% (12.8% year on year)

**Sales volume** was up 4.3% for houses and up 1.1% for apartments year on year to March

Annual **rental growth** was recorded at 8.3% for houses and 5.8% for apartments over the year to March

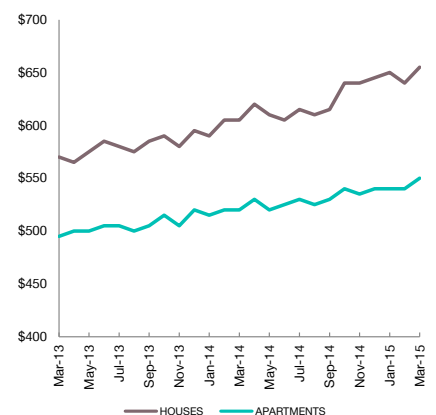
Gross **rental yields** currently average 3.69% for houses and 4.62% for apartments

- The cash rate fell 25 basis points in May to 2.00% - a new historic low. The standard variable rate currently stands at circa 5.40% and the 3-year fixed mortgage rate at circa 4.50%.
- Population growth is set to continue for the Sydney metropolitan area, with an annual 1.7% growth projected out to 2021. This will continue to be led by net overseas migration.
- The unemployment rate as at April 2015 stands at 4.5% for the metropolitan region (SA4), trending higher than the 4.1% rate of April 2014.
- Building approvals in the three months to March, totalled 5,847 houses and 8,486 apartments approved in the Sydney metropolitan area. This is trending 8.9% higher for houses and 21.2% higher for apartment approvals compared to the same period in 2014.
- Sales transacted in the twelve months to March tallied 48,623 houses (up 4.3% on previous year) and 45,366 apartments (up 1.1% on prior year).
- House values continue to gain pace, rising 1.3% in the month of March (total 16.8% over the last year) to a median \$929,000. Apartments followed suit increasing 1.1% over the month (total 12.8% over the year) to record a median of \$620,000.
- Rental growth was recorded at 8.3% for houses and 5.8% for apartments over the year to March. Weekly median rents are currently achieving \$655 for houses and \$550 for apartments.
- Total vacancy was last recorded at 1.9% in March 2015; with 1.9% for the inner ring (0-10km), 2.3% for the middle ring (10-25km) and 1.7% for the outer ring (25km+).
- Gross rental yields across the metropolitan area have compressed off the back of increased capital values to stand at 3.69% for houses and 4.62% for apartments.

FIGURE 1  
Sydney Capital Value Growth  
12-month rolling



FIGURE 2  
Sydney Rents  
Median, weekly



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## Knight Frank House Price Index, Sydney Mainstream

	KF House Price Index January 2000=100	12-month % change	6-month % change	3-month % change	Monthly % change
Mar-14	237	14.7%	7.4%	3.2%	1.1%
Apr-14	244	20.1%	9.6%	8.2%	3.3%
May-14	245	17.4%	8.9%	4.7%	0.2%
Jun-14	246	15.4%	7.1%	3.8%	0.2%
Jul-14	250	18.1%	10.5%	2.2%	1.7%
Aug-14	254	16.9%	8.4%	3.5%	1.5%
Sep-14	256	15.9%	8.0%	4.1%	0.8%
Oct-14	261	16.8%	6.6%	4.3%	1.9%
Nov-14	264	17.1%	7.5%	3.9%	1.1%
Dec-14	268	16.8%	9.1%	4.8%	1.7%
Jan-15	271	20.0%	8.6%	4.1%	1.2%
Feb-15	273	16.6%	7.6%	3.6%	0.6%
Mar-15	<b>276</b>	<b>16.8%</b>	<b>8.1%</b>	<b>3.2%</b>	<b>1.3%</b>

Source: Knight Frank Residential Research, Residex

## Knight Frank Apartment Price Index, Sydney Mainstream

	KF Apartment Price Index January 2000=100	12-month % change	6-month % change	3-month % change	Monthly % change
Mar-14	224	12.1%	6.8%	2.3%	0.5%
Apr-14	229	13.7%	7.5%	2.1%	2.0%
May-14	229	13.7%	7.1%	2.8%	0.3%
Jun-14	232	13.4%	5.9%	3.5%	1.2%
Jul-14	237	14.0%	5.9%	3.7%	2.3%
Aug-14	238	14.3%	6.6%	3.6%	0.2%
Sep-14	239	13.8%	6.6%	3.0%	0.5%
Oct-14	243	14.0%	6.1%	2.2%	1.5%
Nov-14	244	13.8%	6.2%	2.5%	0.4%
Dec-14	248	12.9%	6.7%	3.6%	1.6%
Jan-15	250	11.6%	5.3%	3.0%	1.0%
Feb-15	250	12.3%	5.3%	2.8%	0.2%
Mar-15	<b>253</b>	<b>12.8%</b>	<b>5.9%</b>	<b>2.2%</b>	<b>1.1%</b>

Source: Knight Frank Residential Research, Residex

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