

## RENTAL GROWTH HIGHEST ACROSS THE COUNTRY

With stronger capital value growth compared to the previous month, growth in Sydney residential property prices is showing little sign of slowing. 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 June 2015

**Capital growth** for houses in the last month was up 1.8% (up 15.1% year-on-year); while apartments witnessed growth of 1.4% (up 12.1% year-on-year)

**Sales volume** was up 3.1% for houses and down 1.4% for apartments year-on-year to April

Annual **rental growth** was recorded at 8.1% for houses and 4.7% for apartments over the year to April

Gross **rental yields** currently average 3.70% for houses and 4.61% for apartments

- The cash rate remained stable at 2.00% in June after falling 25 basis points in May - a new historic low. The standard variable rate currently stands at circa 5.45% and the 3-year fixed mortgage rate at circa 4.80%.
- 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 April totalled 3,877 houses and 7,109 apartments approved in the Sydney metropolitan area. This is trending 25.5% higher for houses and 26.3% higher for apartment approvals compared to the same period in 2014.
- Sales transacted in the twelve months to April tallied 48,414 houses (up 3.1% on previous year) and 44,784 apartments (down 1.4% on prior year).
- House values continued to gain pace, rising 1.8% in the month of April (total 15.1% over the last year) to a median \$945,000. Apartments followed suit increasing 1.4% over the month (total 12.1% over the year) to record a median of \$628,500.
- Over the year to April rental growth was recorded at 8.1% for houses and 4.7% for apartments. Weekly median rents are currently achieving \$670 for houses and \$555 for apartments.
- Total vacancy was last recorded at 1.9% in April 2015; with 1.7% for the inner ring (0-10km), 2.1% for the middle ring (10-25km) and 2.0% for the outer ring (25km+).
- Gross rental yields across the metropolitan area have remained stable off the back of similar capital value and rental growth to stand at 3.70% for houses and 4.61% for apartments.

FIGURE 1  
Sydney Capital Value Growth  
12-month rolling

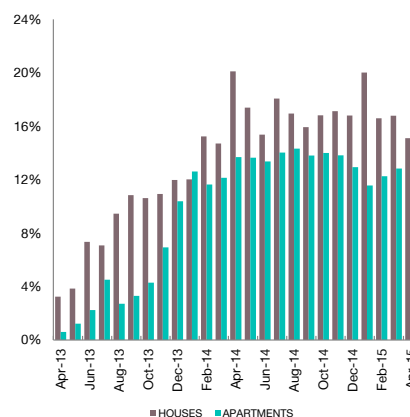
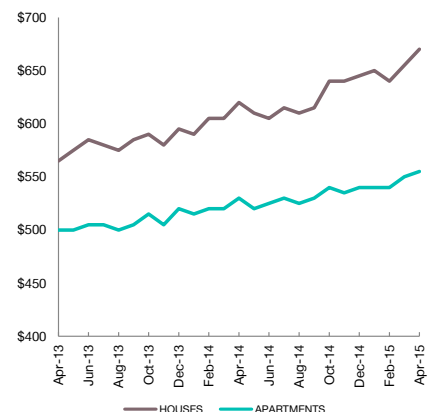


FIGURE 2  
Sydney Rents  
Median, weekly



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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
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	276	16.8%	8.1%	3.2%	1.3%
Apr-15	<b>281</b>	<b>15.1%</b>	<b>8.0%</b>	<b>3.7%</b>	<b>1.8%</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
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	253	12.8%	5.9%	2.2%	1.1%
Apr-15	<b>257</b>	<b>12.1%</b>	<b>5.7%</b>	<b>2.6%</b>	<b>1.4%</b>

Source: Knight Frank Residential Research, Residex

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