

## HIGHEST ANNUAL HOUSE PRICE CAPITAL GROWTH RECORDED IN MORE THAN 10 YEARS

House price capital value growth grew considerably once again in August as investors continue to drive the market, while the Greater Sydney housing market reached the highest median value on record, as well as the highest annual capital value growth rate since 2002.

October 2015

### Key facts

**Capital growth** for houses in the last month was up 1.9% (up 21.6% YoY); while apartments witnessed monthly growth of -0.6% (up 14.3% YoY)

**Sales volumes** were down 2.0% for houses and down 3.2% for apartments YoY to August

Annual **rental growth** was recorded at 9.8% for houses and 4.8% for apartments over the year to August

Gross **rental yields** currently average 3.38% for houses and 4.32% for apartments

- The cash rate remained stable at 2.00% in October after falling 25 basis points in May, to an all-time historic low.
- Greater Sydney experienced 1.8% population growth in the year to June 2014; led by the Cobbitty-Leppington SA2 (18.5%) with the largest increase in the number of people being in Parklea-Kellyville Ridge (2,472 persons).
- Population growth is set to continue for Greater Sydney, with an annual 1.7% growth projected out to 2021.
- Unemployment as at August 2015 stood at 5.2% for Greater Sydney (SA4), trending higher than the 4.8% recorded in August 2014.
- Building approvals in the three months to August totalled 4,469 houses and 8,916 apartments approved in Greater Sydney. This is trending 29.0% higher for houses and 67.8% higher for apartment approvals compared to the same period in 2014.
- Sales transacted in the year to August tallied 46,748 houses (down 2.0% on previous year) and 45,242 apartments (down 3.2% on prior year).
- House values continued to gain pace, rising 1.9% in the month of August (total 21.6% over the last year) to a median of \$1,037,000. Apartments fell 0.6% over the month (up 14.3% over the year) to record a median of \$666,000.
- Over the year to August, rental growth was recorded at 9.8% for houses and 4.8% for apartments. Weekly median rents are currently achieving \$670 for houses and \$550 for apartments.
- Greater Sydney total vacancy was last recorded at 1.9% in July 2015; with 2.1% for the inner ring (0-10km), 1.7% for the middle ring (10-25km) and 1.6% for the outer ring (25km+).
- In August 2015, gross rental yields across Greater Sydney compressed 36bps (to 3.38%) for houses and 39bps (to 4.32%) for apartments compared to the previous year.

FIGURE 1  
Greater Sydney Capital Growth  
12-month rolling

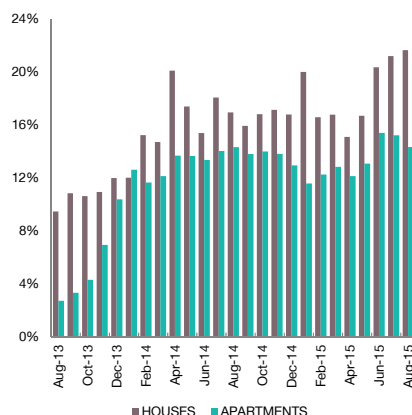
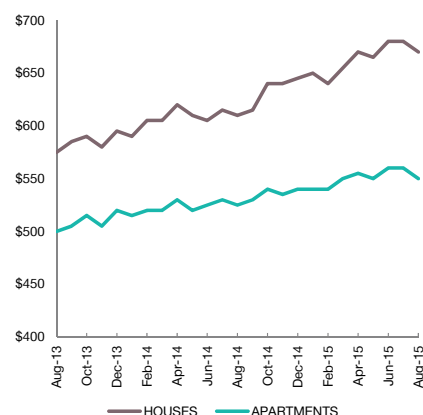


FIGURE 2  
Greater Sydney Rents  
Median, weekly



Source: Knight Frank Research, Residex, NSW Planning and Environment, RBA, ABS, REINSW



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## Knight Frank House Price Index, Greater Sydney Mainstream

	KF House Price Index January 2000=100	12-month % change	6-month % change	3-month % change	Monthly % change
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	281	15.1%	8.0%	3.7%	1.8%
May-15	286	16.7%	8.5%	4.8%	1.6%
Jun-15	296	20.4%	10.3%	6.9%	3.4%
Jul-15	303	21.2%	11.6%	7.6%	2.4%
Aug-15	<b>309</b>	<b>21.6%</b>	<b>13.1%</b>	<b>7.9%</b>	<b>1.9%</b>

Source: Knight Frank Research, Residex

## Knight Frank Apartment Price Index, Greater Sydney Mainstream

	KF Apartment Price Index January 2000=100	12-month % change	6-month % change	3-month % change	Monthly % change
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	257	12.1%	5.7%	2.6%	1.4%
May-15	259	13.1%	6.4%	3.6%	1.1%
Jun-15	268	15.4%	8.2%	5.8%	3.2%
Jul-15	273	15.2%	9.4%	6.6%	2.1%
Aug-15	<b>272</b>	<b>14.3%</b>	<b>8.6%</b>	<b>4.8%</b>	<b>-0.6%</b>

Source: Knight Frank Research, Residex

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