

Sydney Residential Insight

Q4 2023

Knight Frank's quarterly analysis of mainstream residential sales and rental markets across Greater Sydney

knightfrank.com.au/research

Residential values and rents remain on the rise

▲ Increased residential sales activity and buyer demand has led to better price performance for Greater Sydney and while vacancy remains low, the city has recorded the strongest rental change for apartments for Australian cities.

SALES PERFORMANCE

Across Greater Sydney, mainstream sales volume trended down 3.1% in the September 2023 quarter with 83,919 residential homes (houses and apartments) sold, after annual sales volume recorded -12.8%.

On average, the days on market for a home was 57 days in September 2023. This was 68 days three months earlier, and 57 days one year ago.

The auction clearance rate at the end of the September 2023 quarter was 70.0% from 1,017 scheduled actions. This was the same as the prior quarter at 70.0% (from 724 auctions held). By comparison, the same quarter last year was 61.3% (out of 807 auctions) sold (CoreLogic).

PRICE PERFORMANCE

Residential property prices increased 6.4% in the year to September 2023, while rising 1.9% in the last quarter to stand at a median value of \$1,229,000.

Looking forward, average prices are forecast to rise 7% at the end of 2023, with 6% in 2024 and 6% in 2025, according to Knight Frank Research.

RENTAL PERFORMANCE

The total residential rental vacancy was recorded at 1.6% in September 2023, rising 10 bps over the past year across Greater Sydney (REIA). Generally, 3% vacancy is considered a balanced rental market between supply and demand.

Gross rental yields rose 46 bps in the year ending September 2023, as residential property averaged 3.64%.

Residential rents increased 2.2% in the September 2023 quarter, while increasing by 15.7% annually, to stand at \$700 per week.

Knight Frank Research forecast rents to rise 16% at the end of 2023, with 11% likely in 2024, and 8% in 2025.

NEW BUILDS

Annual building approvals in September 2023 fell by 12.2% to total 32,214 additional dwellings in Greater Sydney, compared to a fall of 19.3% a year ago. In this time, 13,207 houses and 19,007 apartments were approved. This was trending 16.4% lower for house approvals, and 9.1% lower for apartment approvals, compared to the year earlier.

2.2%

New South Wales (NSW) annual economic growth in 2022 with forecast of 2.4% in 2025

3.3%

Greater Sydney unemployment rate in September 2023

4.35%

Official cash rate target in December 2023 with forecast of 3.9% in 2025

-22.6%

The annual change in NSW new household loan commitments in September 2023

-12.9%

Yearly change in number of lending commitments to owner occupier first home buyers in Q3 2023

0.8%

Greater Sydney annual population change in 2022 to an estimated 5.3 million persons, with 1.4% forecast in 2025

\$1,229,000

Greater Sydney residential median value at the end of September 2023

6.4%

The change in Greater Sydney's median residential values recorded between September 2022 and September 2023

1.6%

Total residential rental vacancy in September 2023 across Greater Sydney

Greater Sydney Established Houses

- ▲ The past quarter has seen the tightening of the average selling time for an established house in Greater Sydney which has increased the price performance alongside rental performance.

\$1,578,000

Greater Sydney median house value at end of September 2023

8.1%

The change in Greater Sydney's median house values in the year to September 2023

10.8%

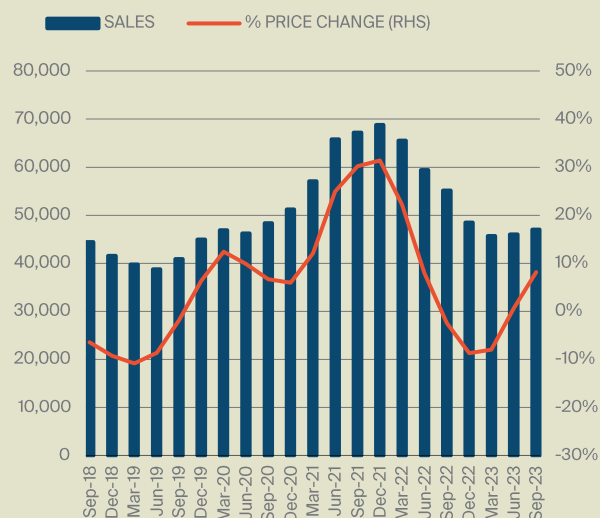
Annual median weekly rental growth in September 2023 across Greater Sydney houses

SALES & PRICE PERFORMANCE

- ▲ Greater Sydney sales volume fell by 1.4% in the September 2023 quarter to total 47,022 houses, whilst annual sales volume was 14.8% lower than a year ago.
- ▲ The average days on market for a house was 47 days in September 2023. This was 57 days three months earlier, and 47 days one year ago.
- ▲ Median house values rose 8.1% in the year to September 2023, while rising by 2.1% over the last quarter to \$1,578,000 (APM).

Sydney Houses Sales Market

No. annual sales & % annual price growth



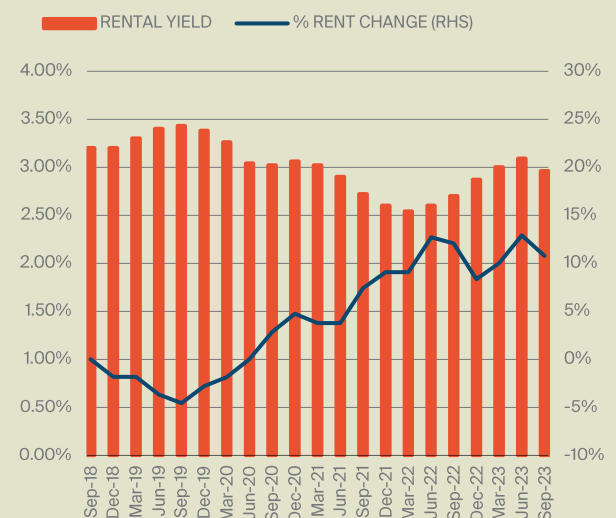
Source: Knight Frank Research, APM

RENTAL MARKET

- ▲ Gross rental yields increased 26 bps in the past year, with Greater Sydney houses averaging 2.96% in September 2023.
- ▲ House rents rose 2.9% in the September 2023 quarter, while being up 10.8% annually, to stand at \$720 per week (APM).

Sydney Houses Rental Market

Gross rental yield & % annual rental change



Source: Knight Frank Research, APM

Greater Sydney Established Apartments

- ▲ The performance of Greater Sydney apartments has been reflected in the improvement of annual sales volume, average selling time, prices and rents leading to stronger gross rental yields.

\$781,000

Greater Sydney median apartment value at the end of September 2023

2.1%

The change in Greater Sydney median apartment values in the year to September 2023

23.6%

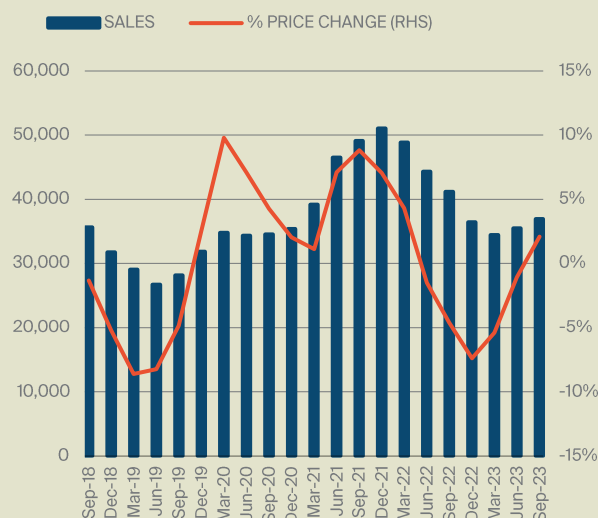
Annual median weekly rental growth in September 2023 across Greater Sydney apartments

SALES & PRICE PERFORMANCE

- ▲ Greater Sydney apartment sales volume decreased by 5.1% in the September 2023 quarter to count 36,897 apartments in the past year, as annual sales volume was 10.3% lower than a year ago.
- ▲ The average time on market for an apartment was 70 days in September 2023. This was 82 days one quarter earlier, and 69 days one year ago.
- ▲ Median apartment values grew by 2.1% in the year to September 2023, while rising 1.2% in the last quarter to stand at \$781,000 (APM).

Sydney Apartments Sales Market

No. annual sales & % annual price change



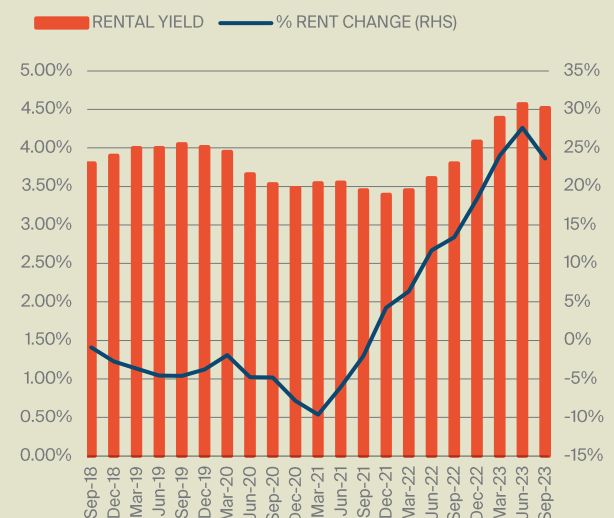
Source: Knight Frank Research, APM

RENTAL MARKET

- ▲ In the year to September 2023, Greater Sydney apartment gross rental yields increased 72 bps to 4.52%.
- ▲ Apartment rents rose 1.5% in the September 2023 quarter, while rising 23.6% annually to \$680 per week (APM).

Sydney Apartments Rental Market

Gross rental yield & % annual rental change



Source: Knight Frank Research, APM

Greater Sydney Residential Forecast

Key Drivers Forecast

	2021	2022	2023f	2024f	2025f	Average 2023f-2025f
NSW Economic Growth	4.4%	2.2%	1.4%	0.3%	2.4%	1.4%
Unemployment Rate	5.1%	3.7%	3.7%	4.3%	4.3%	4.1%
Cash Rate Target	0.1%	1.2%	3.9%	4.6%	3.9%	4.1%

Source: Oxford Economics

Sydney Residential Forecast

	2021	2022	2023f	2024f	2025f	Average 2023f-2025f
Price Performance	23%	-8%	7%	6%	6%	6%
Rental Market	7%	13%	16%	11%	8%	12%

Source: Knight Frank Research

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.

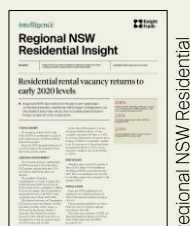
Recent Research



Australian Residential Review



Global House Price Index



Regional NSW Residential Insight



The Wealth Report



Residential Research

Michelle Ciesielski

+61 2 9036 6659

michelle.ciesielski@au.knightfrank.com



Residential Site Sales

Grant Bulpett

+61 415 558 226

grant.bulpett@au.knightfrank.com



Residential

Erin van Tuil

+61 409 325 700

erin.vantuil@au.knightfrank.com



Franchise Partnerships

Sally Edvardsen

+61 2 9036 6845

sally.edvardsen@au.knightfrank.com



Valuations

Chris Hill

+61 438 807 249

chris.hill@au.knightfrank.com