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# Sydney Housing Report

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# Sydney Housing Report for January 2022

As we begin the new year, experts say that Sydney's property price boom might finally slow down. Although we have seen rising prices in January, it's more in line with affordability. In fact, the last month does suggest the mean price is down by \$15,659.

**40% ↓**

Auction Clearance Rates

▼ Last month: 49.4%

**355 ↓**

Sydney Listings

▼ Last month: 1,679

**\$15,044** /sqm

Sold Prices

▼ Last month: \$15,044

**412 ↓**

Total Property Listings

▼ Last month: 429

**\$1,966,915 ↓**

Asking Property Price

▼ Last month: \$1,982,574



## January 2022 Summary

Below you can find the January update for Sydney's property market, including median price changes, policy updates, and lending indicators from the big four.

### Median Price Changes

We're finally beginning to see median prices drop. Since December, we've seen unit prices [fall by 0.17%](#). Indeed, house prices are only up by 0.43%, a far slower pace than we're used to seeing.

The average asking price has dropped by 0.8%, down to \$1,966,915 for all houses. The most significant price drop is in three-bedroom dwellings. In October 2021, the average asking price was \$2,800,000. As of January 2022, it's \$1,636,783. Although, this price drop of 41% in three months has started to steady in January.

### Rent Prices

As borders reopen and international students return, 2022 could see a rising demand for rental properties. That said, in January, the [vacancy rate was up to 2.6%](#).

Rent prices are up to an average of [\\$743 for all houses](#)—1.3% increase. The mean weekly rental cost for units is \$484, up by 1.7%. The rising price of rentals will inevitably cause affordability issues for tenants.

### Home Loan Lending Indicators

As asking prices are beginning to stabilise, if not drop slightly in some suburbs, we should expect to see more Aussies getting on the property ladder. According to the RBA, there are 2.59% of new loans. In January 2021, there were 2.79% new loans.

Moreover, in the last year, we've seen a decrease of 6% of first-time buyers getting loans. All owner-occupier loans are up 7.6%. Home loans for investors have gone up 3.8% month on month. This might suggest that the rising prices and dominance of established owner-occupiers and investors are locking new buyers out of the property market.

With deposits averaging \$393,383, it's no wonder the first-time home buyers in Sydney are dropping.

### Policy Updates

In the last few months, we've seen a rise in the number of building approvals for new houses in NSW. With approvals up 3.6%, we might see supply finally beginning to meet demand. However, we should also note that approvals are down 7.7% year on year. Yet, construction should pick up as we continue to recover from the pandemic.





## Expert Views

**Gareth Aird, Commonwealth Bank** – “The exceptional price hikes seen across the country last year would not be repeated, with prices likely to peak in the second half of this year.”

**Shane Oliver, AMP Capital** – “Interest rates are still low, but fixed mortgage rates, which account for 50 per cent of new loans, are starting to rise. Those are a lot more important, and when they start to increase, they have a dampening impact on demand.

If the RBA hikes rates in 2022, then prices could start to decline even earlier than expected. For so long, the housing market has relied on low rates. Each boom has been underpinned by easing monetary policy, which seems to be coming to an end.”

## Big Four Forecasts

All but one predicts continued price growth throughout 2022.

**Westpac** maintains its prediction of 8% in the coming year, up from its previous forecast of 5%. However, it expects the majority of growth will happen in the first half of 2022.

**Commonwealth Bank (CBA)** forecasts a 6% rise in 2022, with an 11% drop in 2023. It estimates unit values will rise by 9% and fall by 7% in 2023.

**NAB** forecasts steadier property values. They predict prices will lift by 4.9% in the next year and fall by 4% in 2023.

**ANZ** forecasts that we might actually see a 3% drop in 2022 as higher mortgage rates, tighter lending restrictions, and supply growth take effect.

## Key Takeaways from January 2022 Report

With asking prices down in some areas of Sydney in January 2022, we might expect that the housing market will shift in the buyer’s favour. However, listings are down dramatically, from 1,679 a week in December to only 355 in the week ending 30th January. Of course, this is primarily due to the slower summer months. However, it indicates we won’t see a buyer’s market any time soon.

We will likely see house prices continue to rise throughout 2022. However, hopefully, the steadier rates should enable first time buyers to take advantage of lending assistance.

► Sources — [Auction Results](#), [Upcoming Auctions](#), [Sold Records](#), [Total Property Listings](#), [Asking Property Prices](#)