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# Sydney Housing Report

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# Sydney Housing Report for February 2022

Listings in Sydney have risen throughout February, yet the asking property price has dropped significantly to \$1,878,870. Are we beginning to see a way out of the property bubble?

**59.9% ↑**

Auction Clearance Rates

▼ Last month: 40%

**1317 ↑**

Sydney Listings

▼ Last month: 355

**\$15,044** /sqm

Sold Prices

— Last month: \$15,044

**385 ↓**

Total Property Listings

▼ Last month: 412

**\$1,878,870 ↓**

Asking Property Price

▼ Last month: \$1,966,915



## February 2022 Summary

Below you can find the February update for Sydney, including median price changes, policy updates, and lending indicators from the big four.

### Median Price Changes

The median asking price in Sydney is now \$1,878,870, a fall from \$1,966,915 last month. Meanwhile, [unit prices](#) are only up 0.14% month on month as the summer months come to a close, property supply increases once more. The Southern Highlands and Shoalhaven region have seen the most significant growth in price over the last year.

However, on the 19th of February, Sydney property prices entered [negative territory](#) for the first time since October 2020. Yet, it's important to note that the market is not crashing, but we're witnessing a levelling out of prices.

### Rent Prices

Rent prices continue to go up as we grapple with the expensive property market. [The weekly asking rent for houses](#) is \$758. On average, tenants are paying \$5 more for house rent. For units, it's \$492, up from \$484. This marginal increase isn't an indicator of rising rent prices.

Furthermore, the [vacancy rate](#) continues to drop steeply—from 2.6% in January to 2.3% in February.

### Home Loan Lending Indicators

As property prices begin to level out, we're seeing an increase in the number of home loans offered to both owner-occupiers and investors. [Total new home commitments](#) are \$32.812 billion, with the majority of growth with owner-occupiers. However, since this time last year, 12.7% fewer first-time buyers have new home loans.

The steep property prices still leave the younger generation out of the property market. The median deposit for a house in Sydney at the current asking price is around \$375,774.

### Policy Updates

With first-time buyers locked out of the market, the Grattan Institute has proposed [a new scheme](#). This would allow new buyers to co-buy a property with the government. The latter would take a proportional share, up to 30%, of the profits when the property sells. Research suggests that paying for only 70% of home loans will result in significant savings for young Australians.

With the upcoming federal election in May, we'll hopefully see more policies introduced to tackle the lack of affordability in the current housing market.





## Expert Views

**Tim Lawless, CoreLogic** - “I think the bounce back in January was more a reflection of volatility due to thin trade and seasonality, more than anything. But with more stock being added to the market, the market seems to be losing steam more sharply.”

**Nicola Powell, Domain** - “Sellers are being strategic with their market timing; listing homes for sale while selling conditions remain strong, and prices are at, or close to, a peak. Some may also be timing a sale before interest rates rise or further macro-prudential measures are put in place. Overall, buying conditions improve as listings rise.”

**Bill Evans, Westpac** - “In January, we moved to the view the RBA would begin its tightening cycle earlier and hike rates further, the cash rate forecast to begin rising in August 2022 to a peak of 1.75 per cent in March 2024. The shift brings forward the timing of an anticipated correction phase for housing markets and means it will extend into 2024.”

## Big Four Forecasts

Australia’s big four banks predict levelling house prices but warn that the RBA’s rising cash rate might impact current mortgage holders.

**Westpac** suggests that we’ll see prices begin to level out as early as Easter and might see a drop in prices by December 2022.

**Commonwealth Bank (CBA)** predicts the RBA will raise interest rates by June, triggering a rise in mortgage expenses for Australians, reaching 1% by the end of the year.

**NAB** suggests that house prices could creep up by another 3% throughout 2022 and fall in 2023.

**ANZ** suggests that 2022 will actually see a 9% hike in house prices in Sydney, and rising mortgages will begin to bite.

## Key Takeaways from February 2022 Report

To conclude, we’re beginning to see property prices in Sydney levelling out, as they are across Australia. The big banks and experts suggest that prices might even start falling by the end of the year—with some suggestion that this month could see negative figures.

However, first-time buyers are still locked out of the property market. Despite proposed plans, the expectation of the RBA raising the cash rate later in the year will worsen the situation for young Australians.

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