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Sydney Housing Report

MARCH 2022

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Sydney Housing Report for March 2022

Sydney's property prices are up again by 2%, while listings are down month on month. Are the promised stabilising house values not coming to fruition? Let's look at this month's Sydney housing market news.

51.2% ↓

Auction Clearance Rates

▼ Last month: 59.9%

1,285 ↓

Sydney Listings

▼ Last month: 1,317

\$15,044 /sqm

Sold Prices

— Last month: \$15,044

417 ↑

Total Property Listings

▼ Last month: 385

\$1,918,949 ↑

Asking Property Price

▼ Last month: \$1,878,870



March 2022 Summary

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

Median Price Changes

The [median house price](#) in March is up by 2% month on month, to \$1,918,949. The driver behind the price range is the three-bedroom house, with median prices reaching \$3,275,663 — a 39% increase from the end of February. However, the jump is not as dramatic as it might first seem. In January, three-bedroom houses cost a median of \$4,124,644.

Median unit prices are down in March. Buyers can expect to pay \$1,031,079, about \$130,000 less than in February.

Rent Prices

Rental prices have been rising steadily since October 2020. In March 2022, tenants might expect to pay [\\$776 a week](#). On average, you might pay \$18 more a week on house rent. Unit rent is also up by \$7 a week to \$499.

[Vacancy rates](#) are still dropping fast, down from 2.3% to 2% in March, with only 15,145 vacant rental properties. As Sydney opens up, we see a demand to return to the city increase, resulting in steadily increasing prices and fewer vacancies.

Home Loan Lending Indicators

Lending indicators suggest that the current housing market in Sydney is doing well post-pandemic. While property prices have risen again this month, [total new home commitments](#) are up to \$33.66 billion, a 2.6% increase from the previous figure.

Two-thirds of home loan borrowers are owner-occupiers, with [investment loans](#) taking up about 30% of new commitments. Year on year, there are 23.8% fewer [first-time buyers](#) taking out new loans.

Interestingly, lending indicators suggest that 45% fewer owner-occupiers are taking out loans to build new dwellings since 2021 despite the drive to construct a new property. There has been a 20% increase in the number of purchased existing dwellings.

Policy Updates

Australia's economy is set to grow strongly. With the reopening of global borders, Australia's export and tourist income should rise significantly in the next few months.

While we might have expected the record high house prices to worsen [mortgage stress](#), [ANZ suggests](#) that 70% of their borrowers are





ahead on their mortgage repayments. This is a promising sign that, despite extremely high prices, Sydney's property market is not about to crash.

Expert Views

Michael Yardley, Property Updates -

"Property values will keep rising in 2022, but not everywhere and not to the same extent as they have over the last two years. We're heading into a period of strong economic growth, jobs are being created, and business and consumer confidence is high."

Eliza Owen, Corelogic - On steadying house prices, "I think it's definitely a sign that the market is shifting slightly from a sellers' to a buyers' market."

Tim Lawless, CoreLogic - "With rising global uncertainty and the potential for weaker consumer sentiment amidst tighter monetary policy settings, the downside risk for housing markets has become more pronounced in recent months."

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 indicates that house prices will drop 14% throughout 2023 and 2024, with inflation forcing the RBA to increase interest rates by August this year.

Commonwealth Bank (CBA) forecasts a 3% drop in Sydney property prices in 2022—a change from their previous forecast of a 6% increase. They further predict that we'll see another 9% decrease in 2023.

NAB is the only one of the big four banks maintaining that we'll see house prices rise. NAB predicts we'll see a steady increase of 3% this year before dropping by 10% in 2023.

ANZ has changed its Sydney housing market predictions to a sharp 11% fall in property prices in Sydney in 2022 and 2023.

Key Takeaways from March 2022 Report

In summary, property prices are levelling out on the whole. Unit prices are steadily dropping, and weekly rental costs are gently going up. The dramatic fluctuation of three bedroom houses in Sydney continues to swing back and forth, with a 39% increase in March.

However, most experts and the big four banks predict strong economic growth, levelling house prices, and the potential shift to a buyer's market. Home loan indicators still suggest that first time buyers are the primary victims in Sydney's housing market. Yet, if we do see a drop in house prices and increasing economic success opening up new jobs, things could take a turn.