



lendstreet

Sydney Housing Report

MAY 2022

www.lendstreet.com.au



Sydney Housing Report for May 2022

Property prices are continuing to fluctuate, rising 11% since last month. With significantly fewer Sydney listings, demand for houses might push property prices further. What else can we expect from Sydney housing market news this May?

41.1% ↓

Auction Clearance Rates

▼ Last month: 45.7%

645 ↓

Sydney Listings

▼ Last month: 1,052

\$15,044 /sqm

Sold Prices

— Last month: \$15,044

479 ↑

Total Property Listings

▼ Last month: 438

\$1,973,585 ↑

Asking Property Price

▼ Last month: \$1,777,369



May 2022 Summary

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

Median Price Changes

The Sydney Australia housing market asking prices change dramatically from month to month. The rise and fall of [three-bedroom houses](#) in Sydney is causing heavy fluctuations. The average asking price for a three-bedroom home in May 2022 is \$3,951,183, increasing more than 20% since April.

In other housing market news, Sydney unit asking prices average \$1,014,149, a 2.8% increase month on month. The median asking price for a two-bed unit is \$1,369,540.

Rent Prices

In the current housing market, [Sydney rental prices](#) continue to grow steadily. As of May 2022, you can expect to pay \$797 a week to rent a house, a \$10 increase since April. Tenants could expect to pay \$41,444 a year. On average, May unit rentals cost \$512 a week, a 3.9% increase since April.

Another housing market Sydney news suggests [vacancy rates](#) are unchanged

since April, staying at 1.6%, down from 2% in March. There are 12,758 (up from 12,748) vacant rental properties in Sydney. While rental prices increase, vacancy rates remain healthily low.

Home Loan Lending Indicators

As of May 2022, the average interest rate for owner-occupiers is 3.02%, a decrease of 0.01% since April. However, the [RBA cash rate](#) has finally gone up to 0.35% in May, the highest it has been since March 2020. While experts warned us the RBA cash rates could increase, Sydney housing market predictions didn't imagine it would be so soon.

The [average lending amount](#) for owner-occupier home loans is \$539,637, rising from \$535,868 the previous month.

Policy Updates

The changing RBA cash rate came sooner than anticipated by experts and indicates that we may see [home loan interest rates](#) rise within the next few months. Over the last two years, the record-low interest rates pushed Sydney's already hot housing market into even more of a [seller's market](#). The rising interest rates may lower demand and force property prices to stabilise further.





Expert Views

Felicity Emmett and Adelaide Timbrell,

ANZ - “The steep increases in the cash rate will flow through to variable mortgage rates, lifting minimum repayments significantly and reducing borrowing power. Macroprudential tightening, solid supply, and constrained affordability will also be headwinds for house prices.”

Paul Ryan, PropTrack - “A sharper inflation increase than expected which means interest rate hikes. Six months ago, we were still debating if interest rates would go up in 2023 and 2024, and now expectations are that interest rates will increase by between one and two percentage points by the end of the year.”

Big Four Forecasts

Australia’s big four banks predict that Sydney’s housing market will significantly

decline in the next few years with continued rising interest rates.

Westpac expects dwelling prices to drop 2% over 2022, 8% over 2023, and a further 1% in 2024. Meanwhile, they have revised their forecasts to see the cash rate to a 2.25% peak by May 2023.

Commonwealth Bank (CBA) has also revised its property predictions, with an estimated 10% drop in housing prices in 2023 and a further decline over the next few years—the biggest decline on record.

NAB also predicts a 10% decline over the next few years in the Sydney housing market.

ANZ believes that Sydney’s housing market will shrink 9% this year while dropping a further 8% in 2023.

Key Takeaways from May 2022 Report

As property prices continue to fluctuate, the RBA has finally increased the cash rate, and banks predict the most significant decline in housing prices in Sydney on record. As interest rates go up and property prices go down, Sydney might see a [buyer’s market](#) appearing in the next few months or years.

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