

EDITION 22.3

SYDNEY

SYDNEY CAPITAL CITY REVIEW

 **PERFORMANCE**
PROPERTY RESEARCH

DISCLAIMER

The data presented in this report are sourced from 3rd party resources that we have selected due to their reliability and availability over the historical periods that we require for our research to be relevant. Due to the fact that the current year is not yet complete, data presented for the current year are estimated to represent a full year.

SYDNEY AT A GLANCE

Price Parameters - Adjusted for Current Interest Rate

	HOUSE AI	PRICE	UNIT AI	PRICE
AI FLOOR	33%	\$526,557	32%	\$498,199
AI CURRENT	79%	\$1,305,000	46%	\$755,000
AI CEILING	60%	\$989,735	52%	\$857,770
3 YR PRICE TARGET	\$1,000,000 - \$1,250,000 Low Conviction		\$800,000 - \$900,000 Low Conviction	

In the current stage of cycle

The Sydney house market has a **Downturn Rating** while the unit market has a **Hold or Buy Momentum Rating**.

If buying houses, it would be best suited to a **Long Term Hold Strategy**. If buying units, it would be best suited to a **Long Term Hold Strategy**.

We classify the Sydney house market currently as a **High Risk Investment**, and the Sydney unit market as **High Risk Investment** based on the stage of the cycle.

Legend

Medium Term Strategy = **4 to 7 years**

Long Term Strategy = **15+ years**

HOUSE
YIELD **2.8%**

UNIT
YIELD **4.6%**

UNEMPLOYMENT RATE **3.4%**

POPULATION



Current: **4,892,217**

Current Growth Rate: **0.73%**

Avg 10 Yr Growth Rate: **1.31%**

CURRENT MEDIAN HOUSE

\$1,305,000

CURRENT MEDIAN UNIT

\$755,000

LONG TERM COMPOUNDED
GROWTH PA (1980) IS **7.42%** FOR
HOUSES & **6.07%** FOR UNITS.

Houses the last 3 years have seen 10.38%
PA growth, units 1.83%.



RESEARCH REPORT SYDNEY CAPITAL CITY

EDITION 22.3



Average Days
on Market






Houses : **33**
Units : **39**



EXECUTIVE SUMMARY








KEY MARKET INDICATORS

Neutral

	Affordability Index HOUSE V. Price Movement.....	08
	NSW Monthly Housing Finance.....	09
	Stock on Market V. Avg Days on Market.....	10
	Vacancy Rate V. Median Rent.....	11
	Job Creation Index.....	12






SUPPLY & DEMAND - Neutral

Does Demand Exceed Supply?

	Change in Population	13
	State Population Movement	14
	Foreign Investment.....	15
	Airport Arrivals.....	16
	Dwelling Sales.....	17
	Dwelling Approvals V. Population % Change.....	18
	Bedrooms V. Population Change.....	19




AFFORDABILITY - Slightly Negative

Is Property Affordable?

	Affordability Index HOUSE V. Price Movement.....	08
	Affordability Index UNITS V. Price Movement.....	20
	Price to Income Ratio.....	21
	Rent to Income V Affordability.....	22
	FHBs as % of Population.....	23

CONFIDENCE - Positive

Is There Confidence In The Market?

	Retail Turnover Growth.....	24
	Mortgage Arrears.....	25
	Unemployment Rate	26
	Underemployment Rate	27
	State Job Vacancies	28
	Business Investment	29






MONEY SUPPLY - Neutral

Will There Be More or Less Money Into The Economy?

	State Budget	30
	Gross State Product V. Median Price Movement.....	31

INVESTMENT VALUE - Negative

Is This Market Showing Value?

	Current Investment Value - Per Capital City.....	32
	Yield V. Interest Rates	33
	Long Term Trends	34
	House V. Unit Price Comparison	06
	Melbourne V. Sydney HOUSE Price Movement.....	35

RISK - Negative

Is There Potentially Downside Volatility?

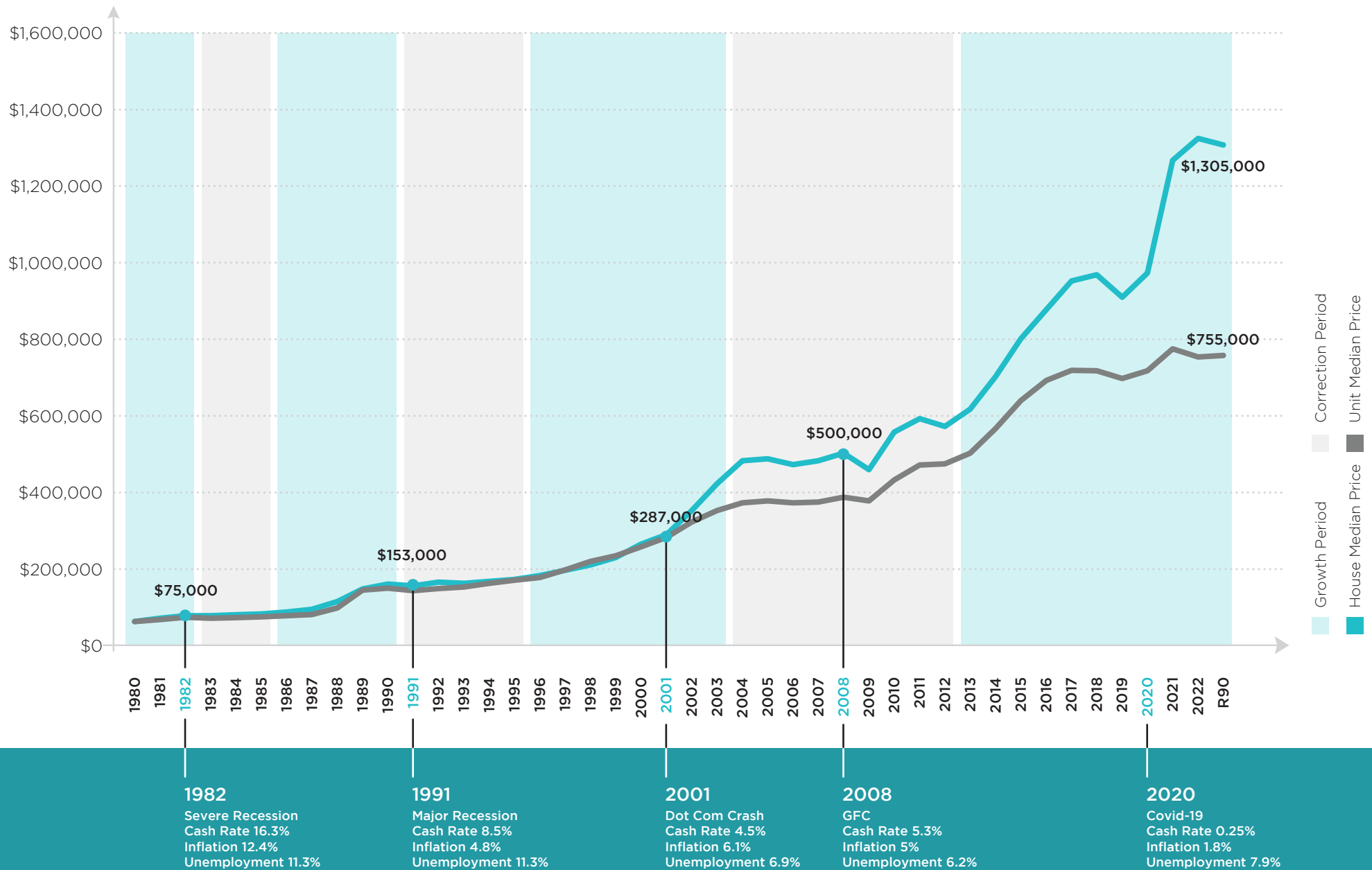
	Affordability Index HOUSE V. Price Movement.....	08
	Price to Income Ratio	21
	Industry Value Added	36
	Population Pyramid.....	37

Positive
Slightly Positive
Neutral
Slightly Negative
Negative

SYDNEY HOUSE & UNIT PRICE MOVEMENT

RESEARCH REPORT
SYDNEY CAPITAL CITY

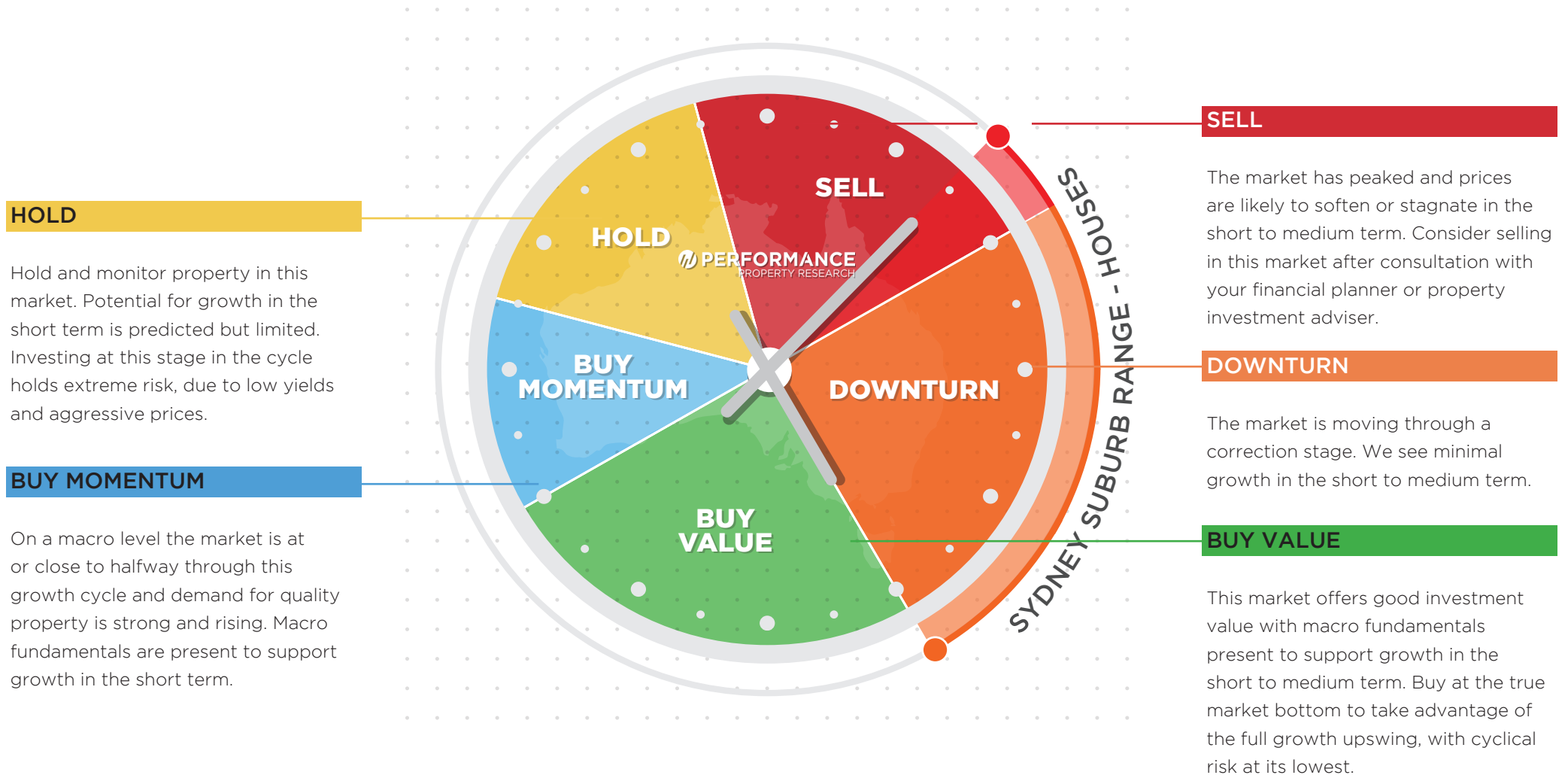
EDITION 22.3



OUR VIEW OF THE SYDNEY HOUSE MARKET

RESEARCH REPORT
SYDNEY CAPITAL CITY

EDITION 22.3



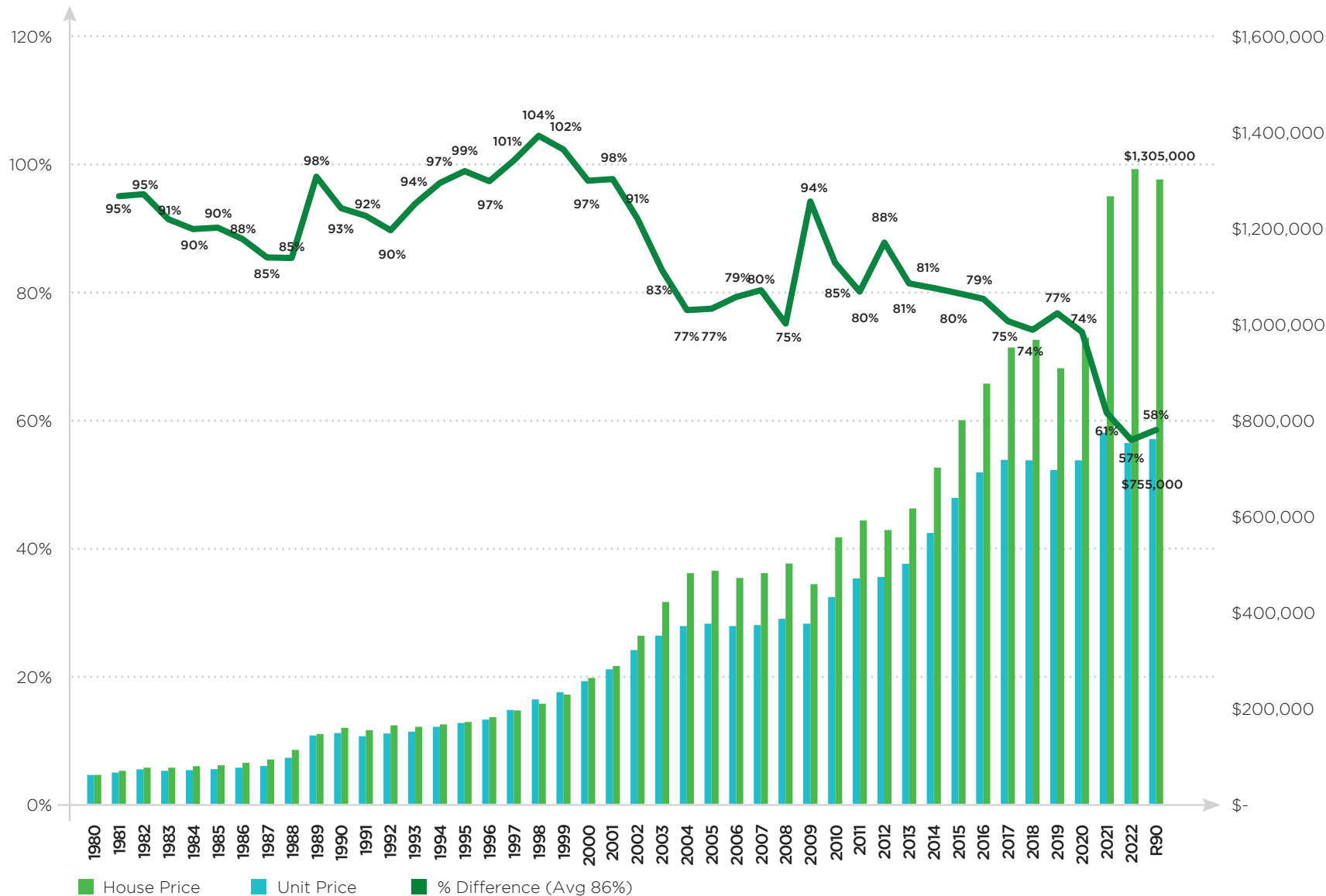
For more information on the Sydney market, including individual property and suburb information, call to speak to one of our professional property advisors on (03) 8539 0300.

SYDNEY HOUSE V. UNIT PRICE COMPARISON

RESEARCH REPORT
SYDNEY CAPITAL CITY

EDITION 22.3

This graph shows the comparison between house and unit price movements and the percentage difference for each year.

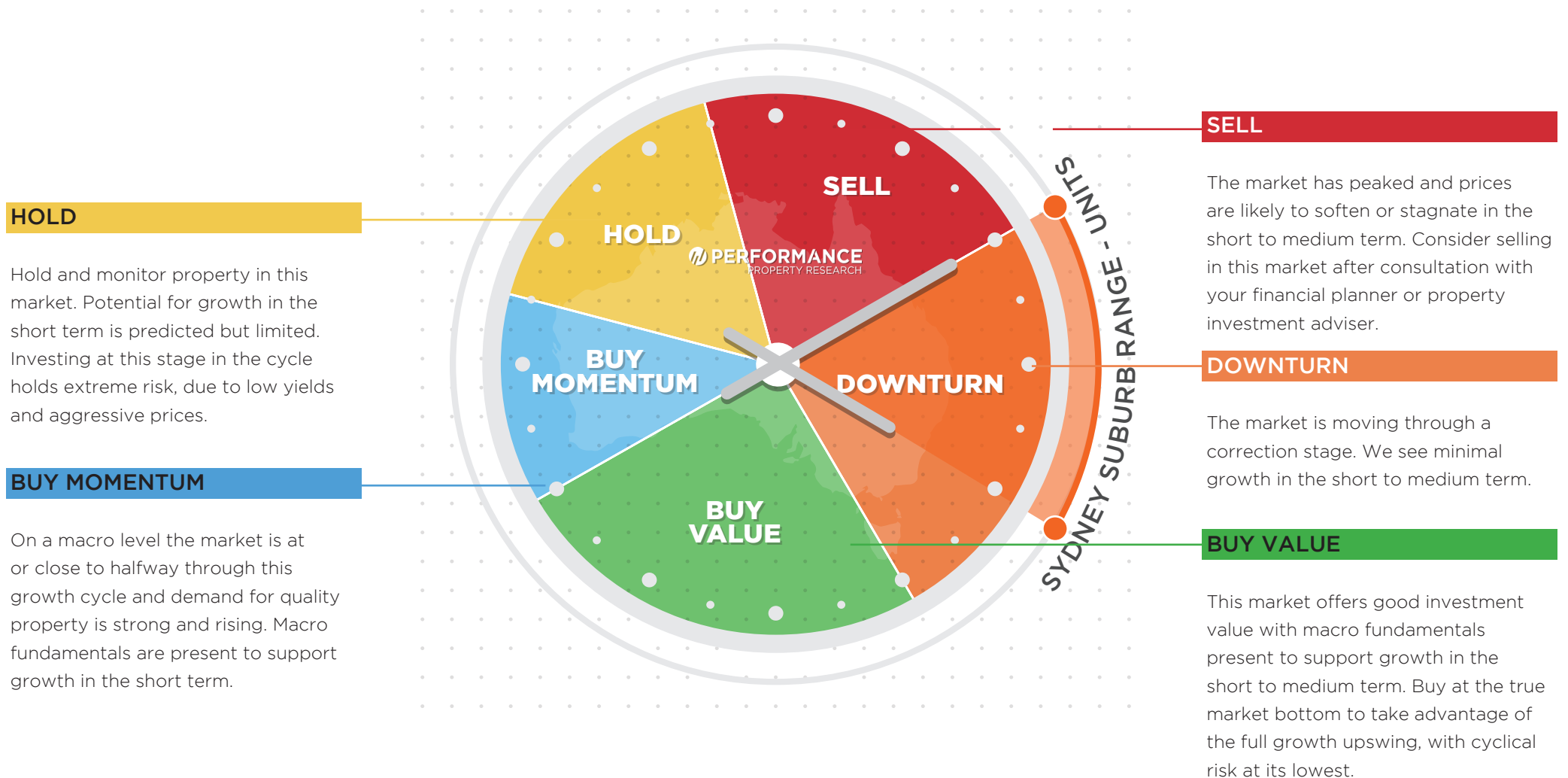


POSITIVE

OUR VIEW OF THE SYDNEY UNIT MARKET

RESEARCH REPORT
SYDNEY CAPITAL CITY

EDITION 22.3



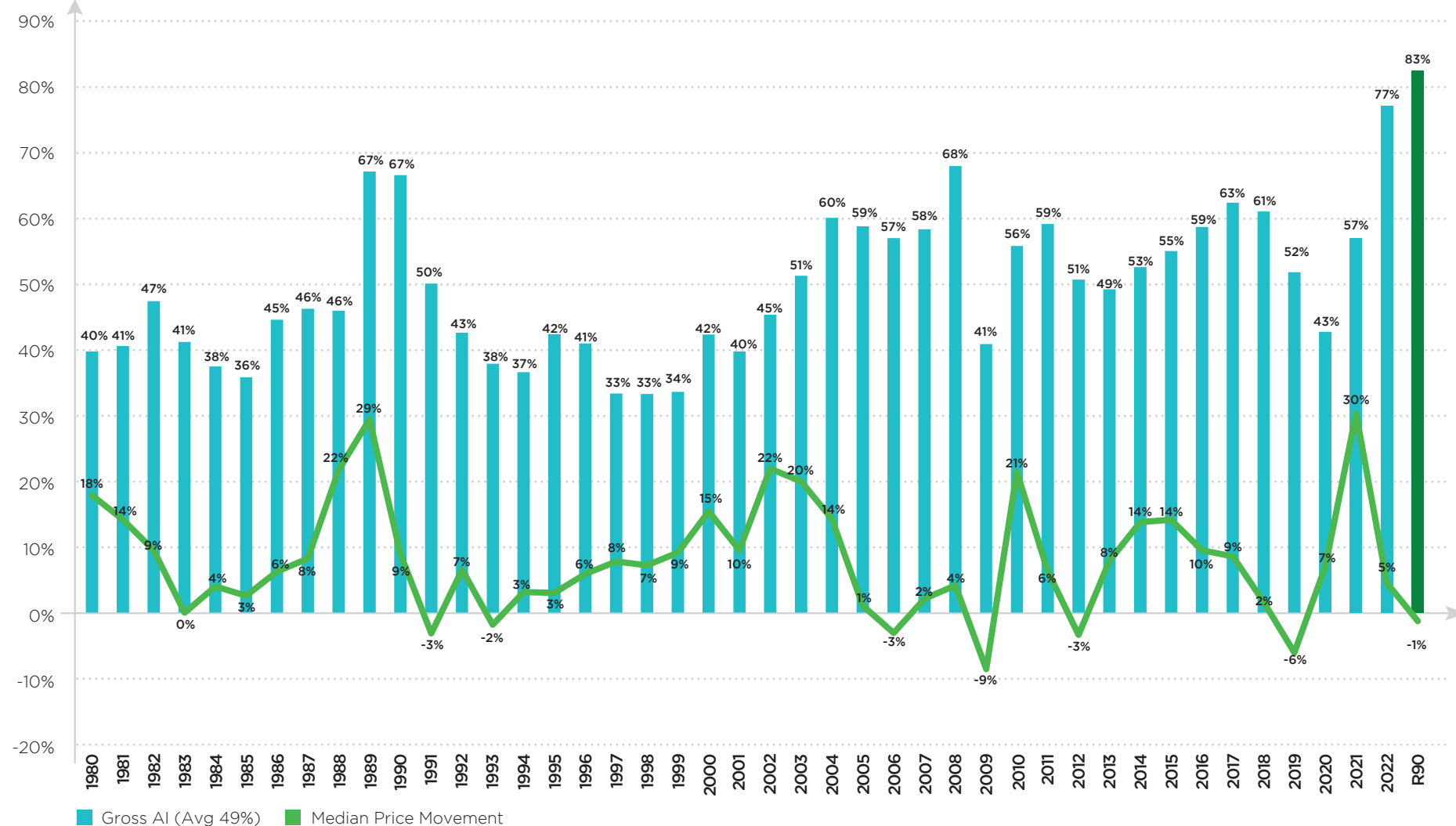
For more information on the Sydney market, including individual property and suburb information, call to speak to one of our professional property advisors on (03) 8539 0300.

AFFORDABILITY INDEX V. PRICE MOVEMENT - HOUSE

RESEARCH REPORT
SYDNEY CAPITAL CITY

EDITION 22.3

This graph displays the impact interest rates have on house price movements. Performance Property's Gross Affordability Index (AI) is a measure of the average mortgage repayments versus the average income. The AI is calculated using the median price, average wage (before tax), assumes a 20% deposit, the current variable interest rate and Principle & Interest repayments over a 30 year loan term. For the current year, the rolling 90 days (R90) is shown to convey latest market status.

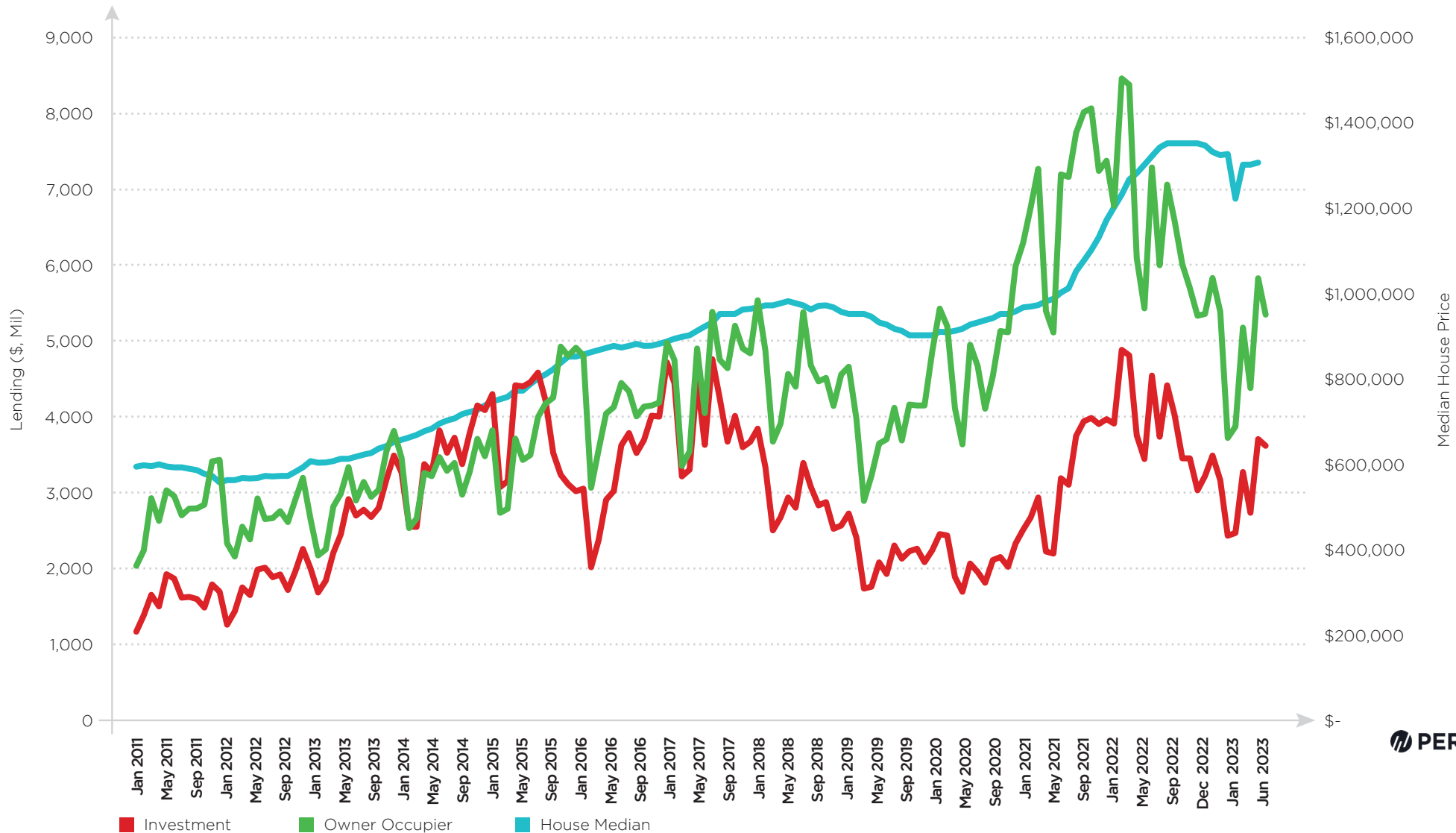


NSW MONTHLY HH LENDING TO OC V. MEDIAN HOUSE PRICE

RESEARCH REPORT
SYDNEY CAPITAL CITY

EDITION 22.3

This graph displays the value of housing finance for the state each month for owner occupiers and investors versus the median house price.

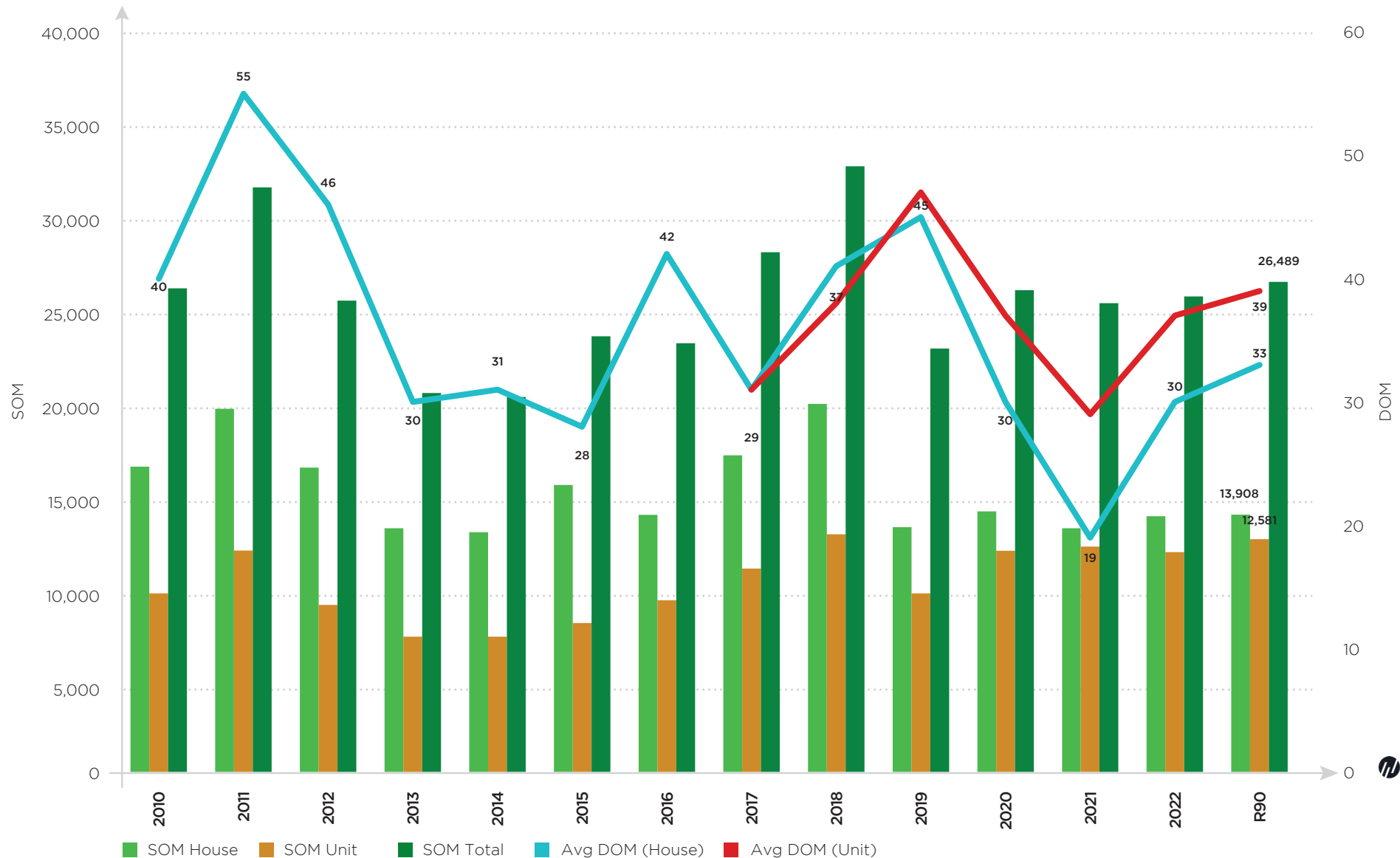


STOCK ON MARKET V. AVG DAYS ON MARKET

RESEARCH REPORT
SYDNEY CAPITAL CITY

EDITION 22.3

This graph displays the average days on market and stock on market in one month of each year.

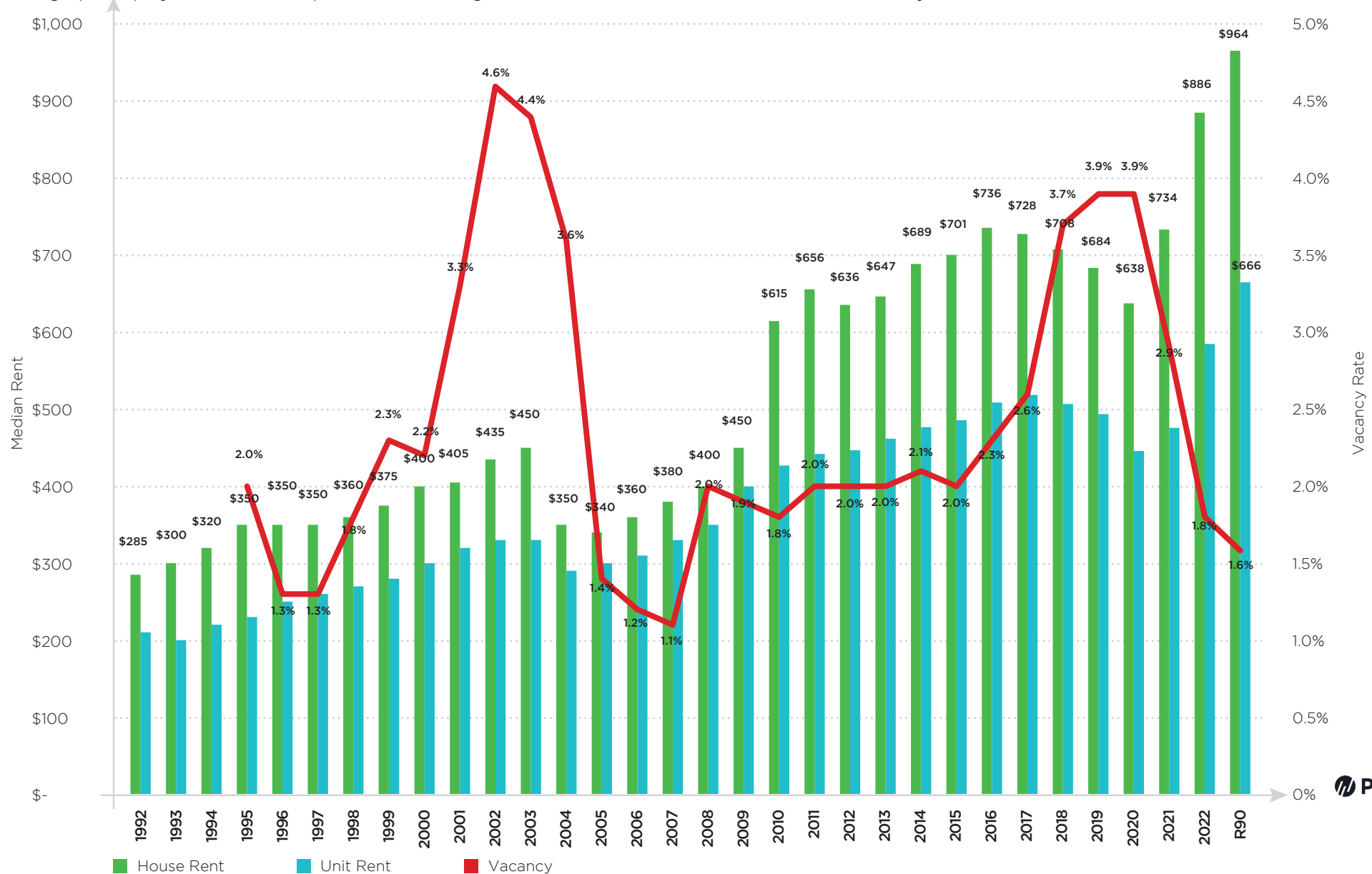


VACANCY RATE V. RENT

RESEARCH REPORT
 SYDNEY CAPITAL CITY

EDITION 22.3

This graph displays the relationship between rental growth for both houses and units and the vacancy rate.

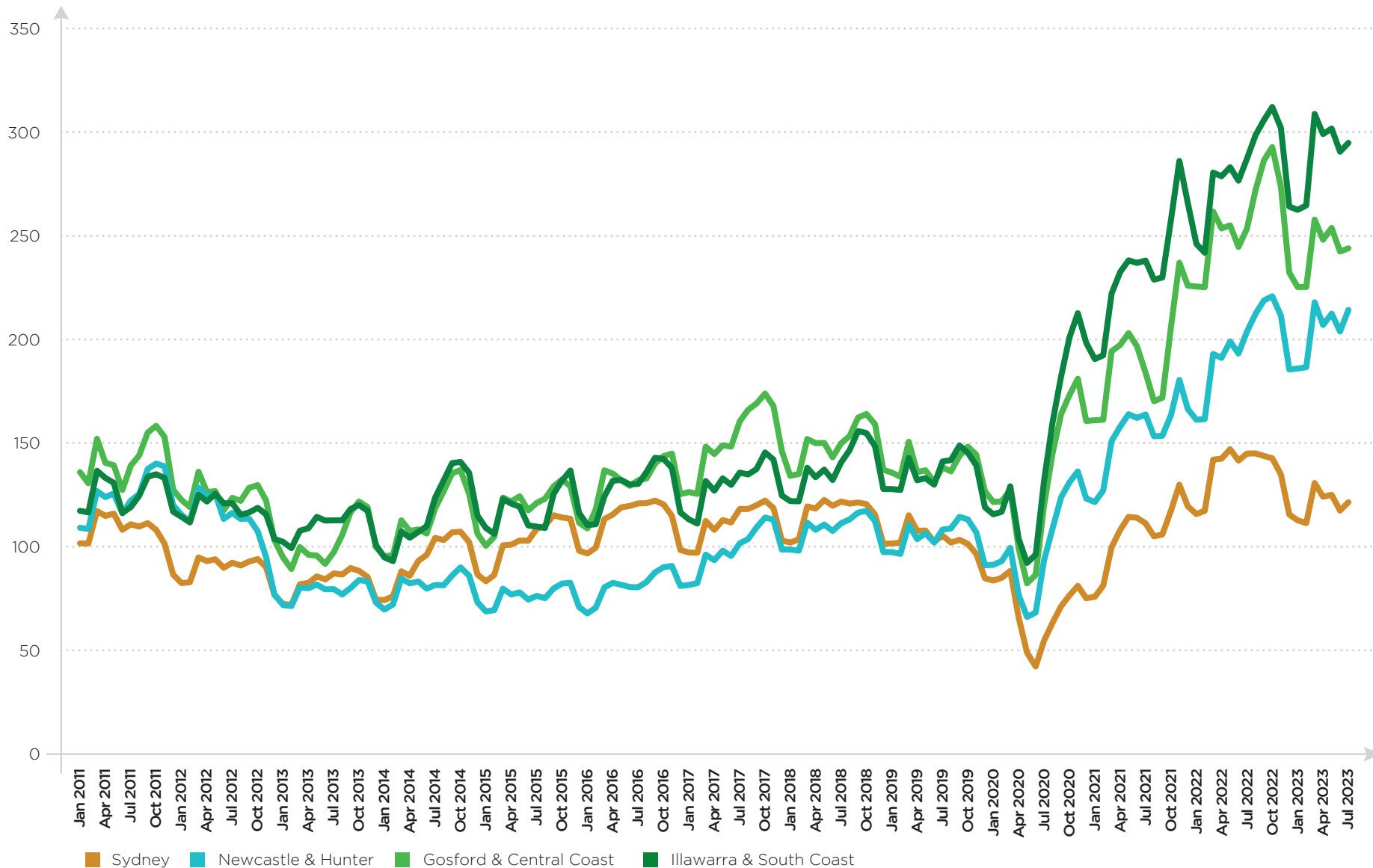


JOB CREATION INDEX - SYDNEY

RESEARCH REPORT
SYDNEY CAPITAL CITY

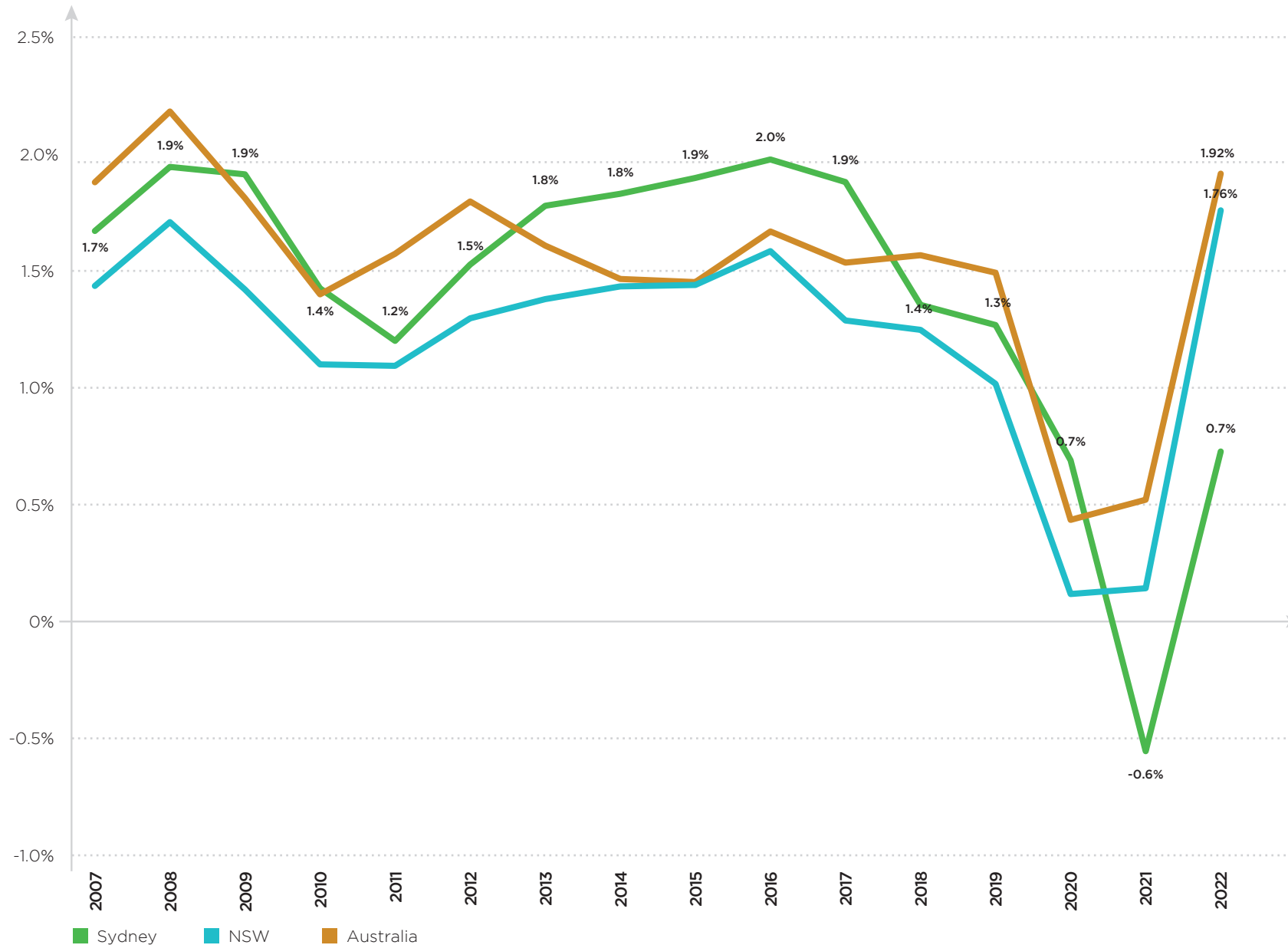
EDITION 22.3

This graph shows the internet vacancy index for online job advertisements on the three major job boards.



CHANGE IN POPULATION

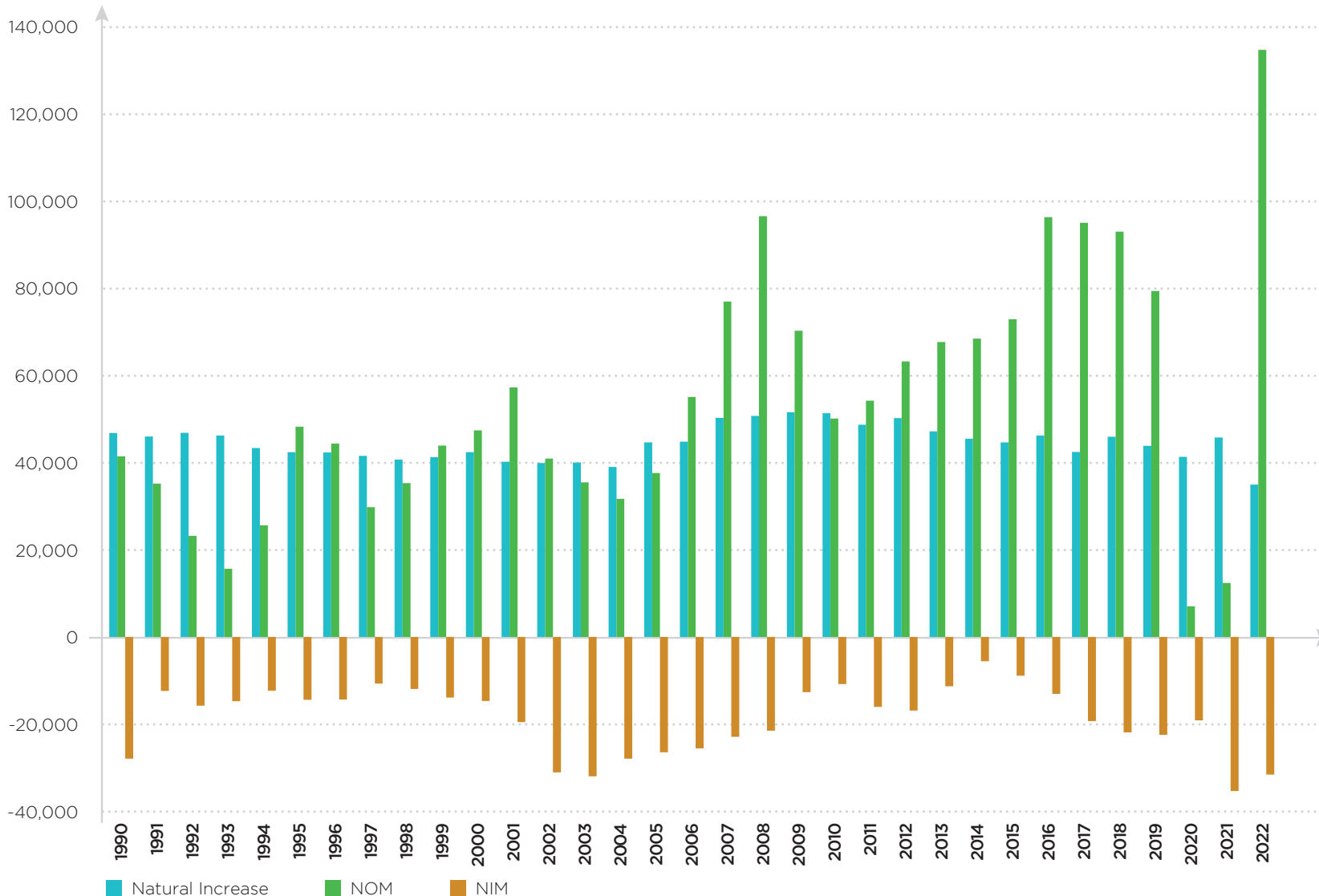
This graph shows the percentage change in the population growth rate for the city, state and Australia.



SLIGHTLY
NEGATIVE

NSW POPULATION MOVEMENT TYPE

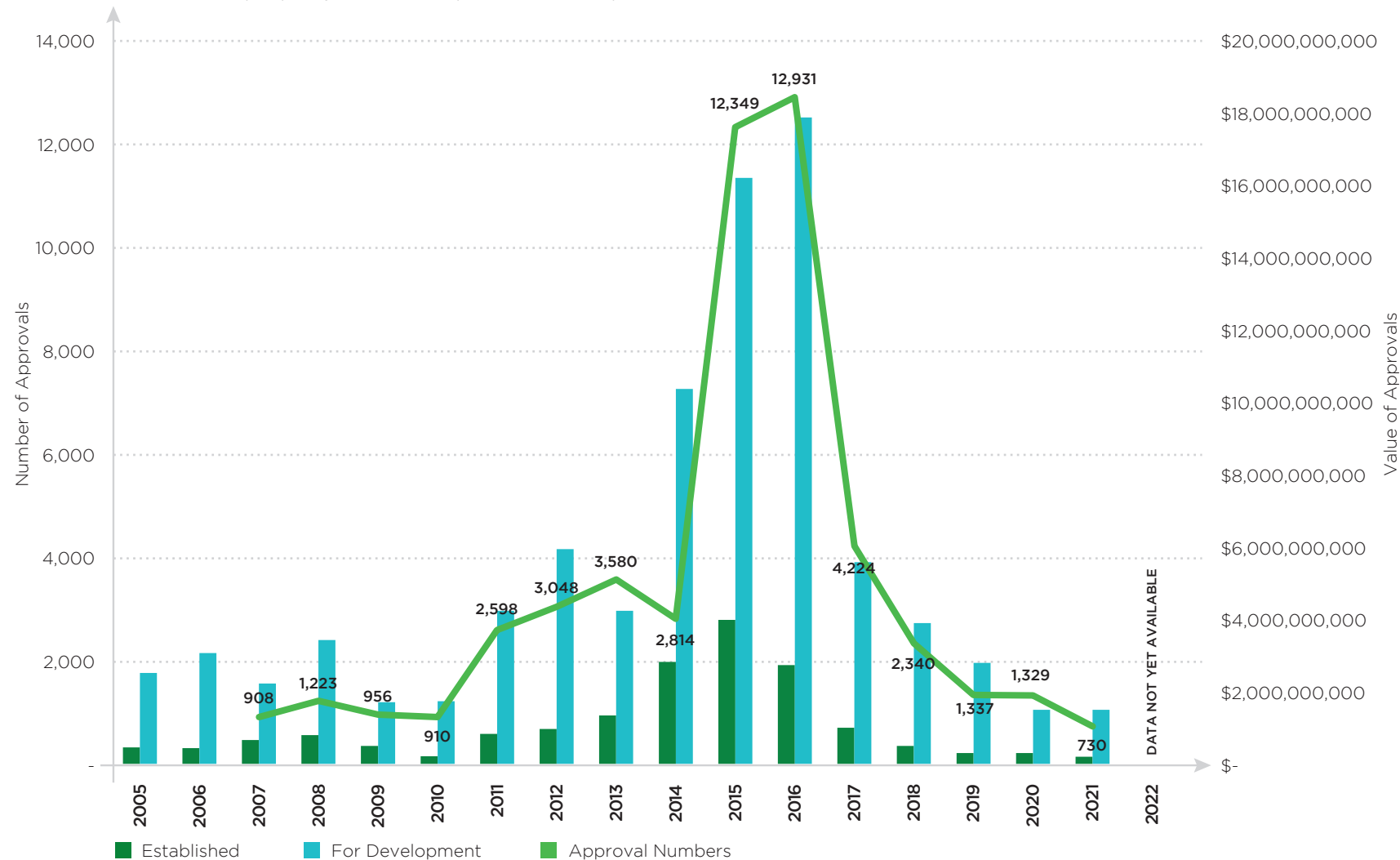
This graph demonstrates the breakdown of Natural Increase, Net Overseas Migration (NOM) and Net Interstate Migration (NIM) for the state.



SLIGHTLY
POSITIVE

FOREIGN INVESTMENT APPROVALS - NEW V. ESTABLISHED PROPERTY

This graph shows the amount of foreign investment approvals for the state's residential market since 2005. Approvals are broken down into established property and developed/for development.



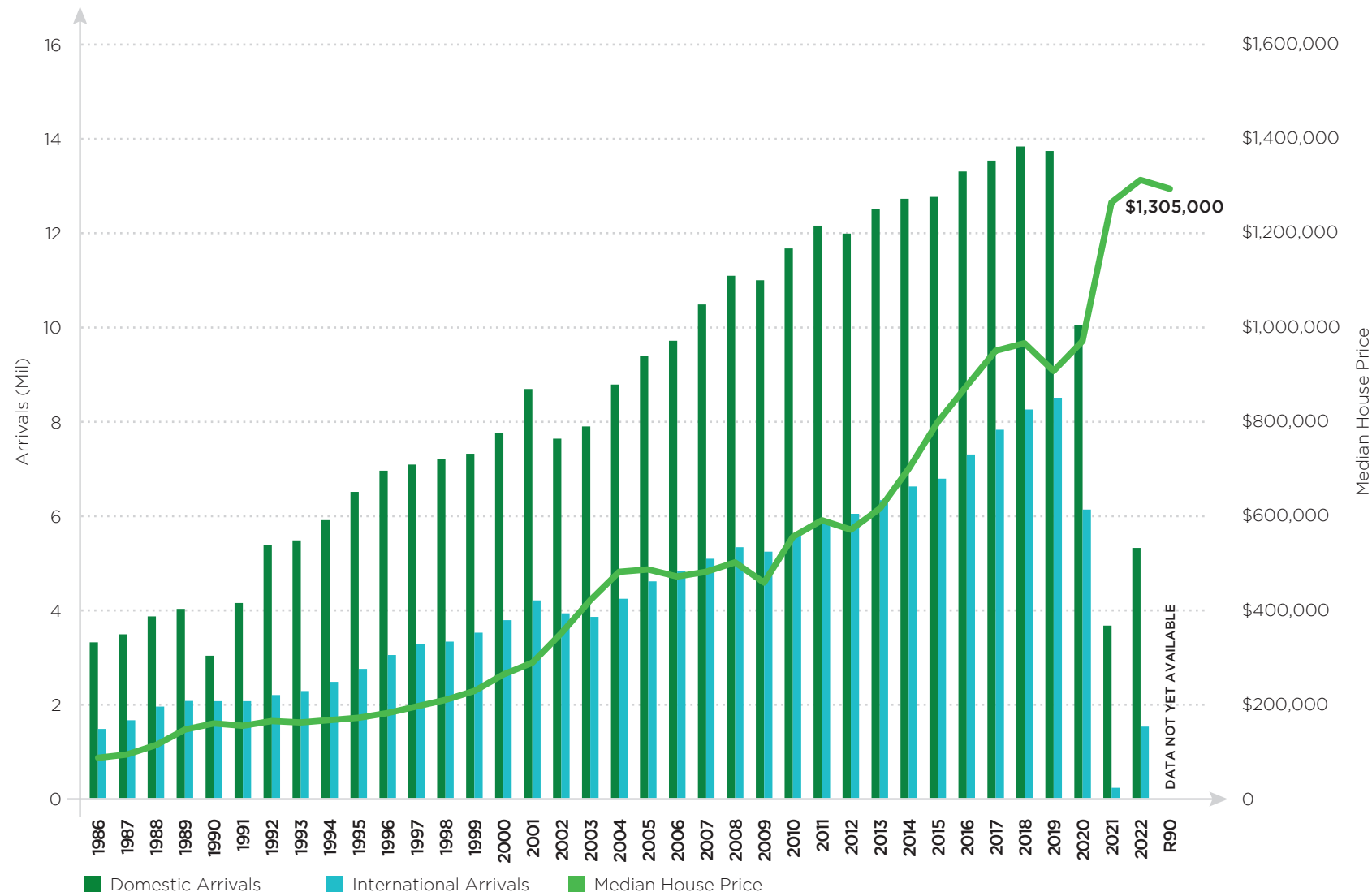
POSITIVE

AIRPORT ARRIVALS V. MEDIAN HOUSE PRICE

RESEARCH REPORT
SYDNEY CAPITAL CITY

EDITION 22.3

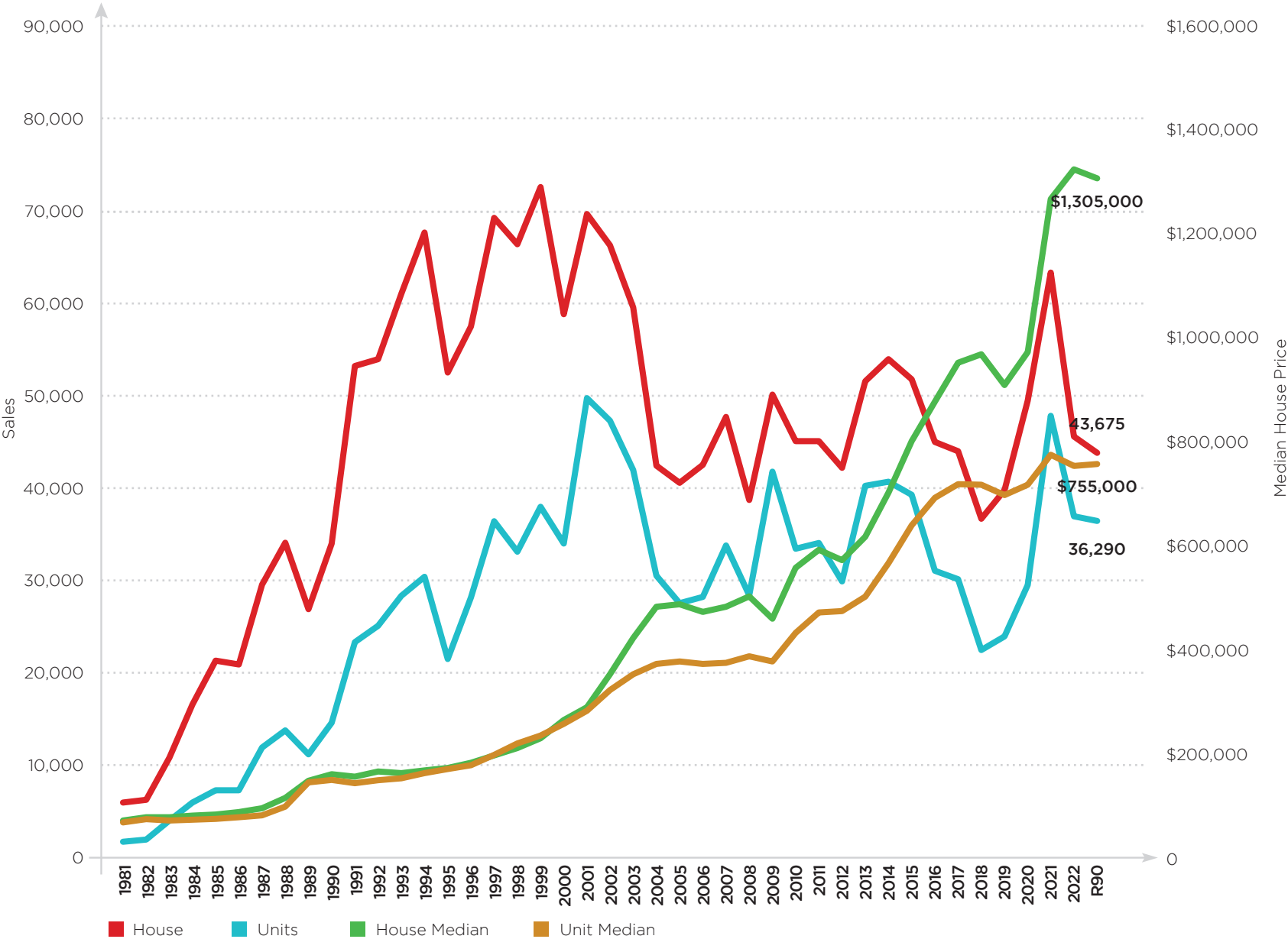
This graph shows the numbers for International and Domestic arrivals into the city's airport from 1986 plotted against the median house price.



NEGATIVE

DWELLING SALES

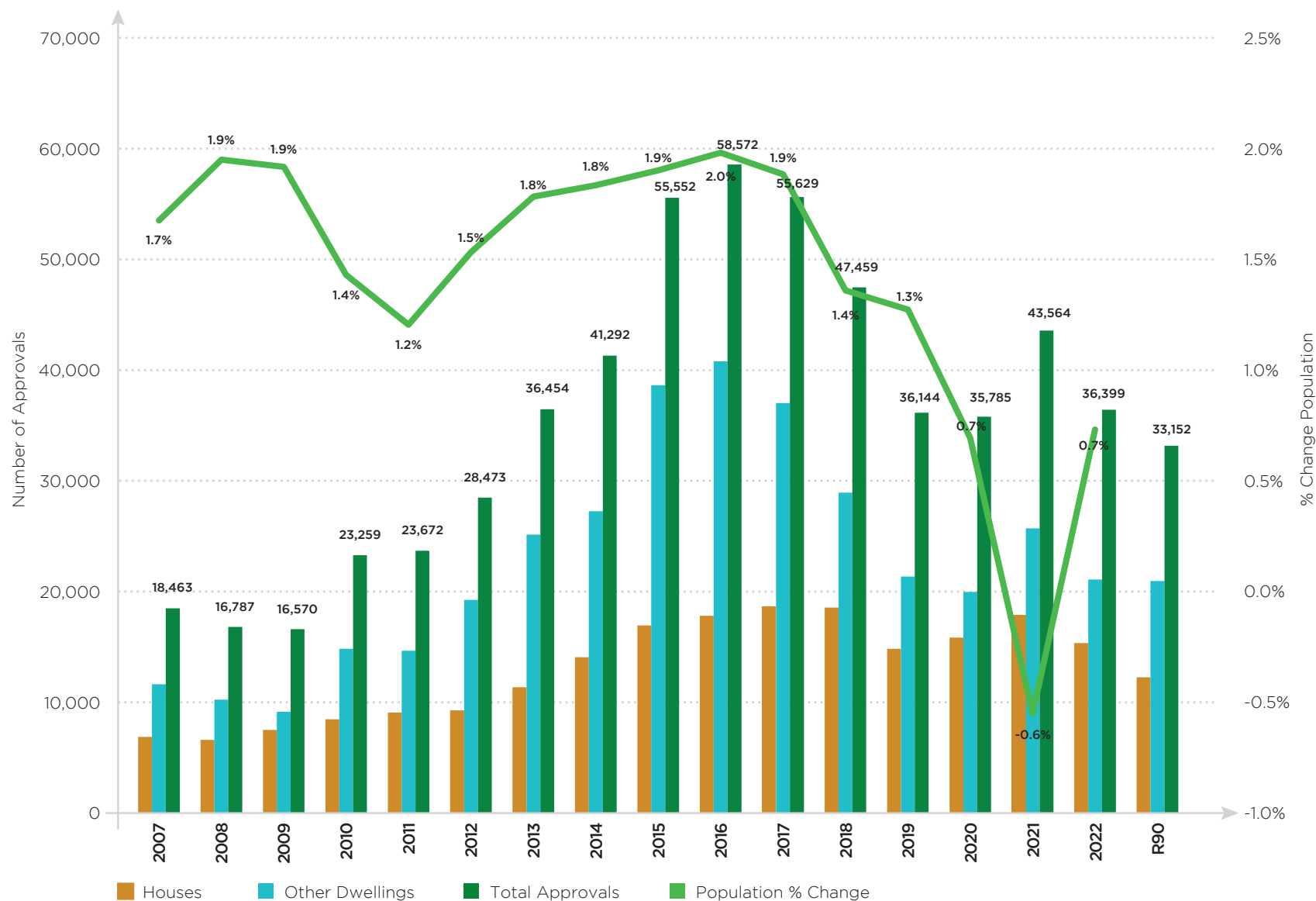
This graph displays the number of unit and house sales.



SLIGHTLY
NEGATIVE

DWELLING APPROVALS V. POPULATION

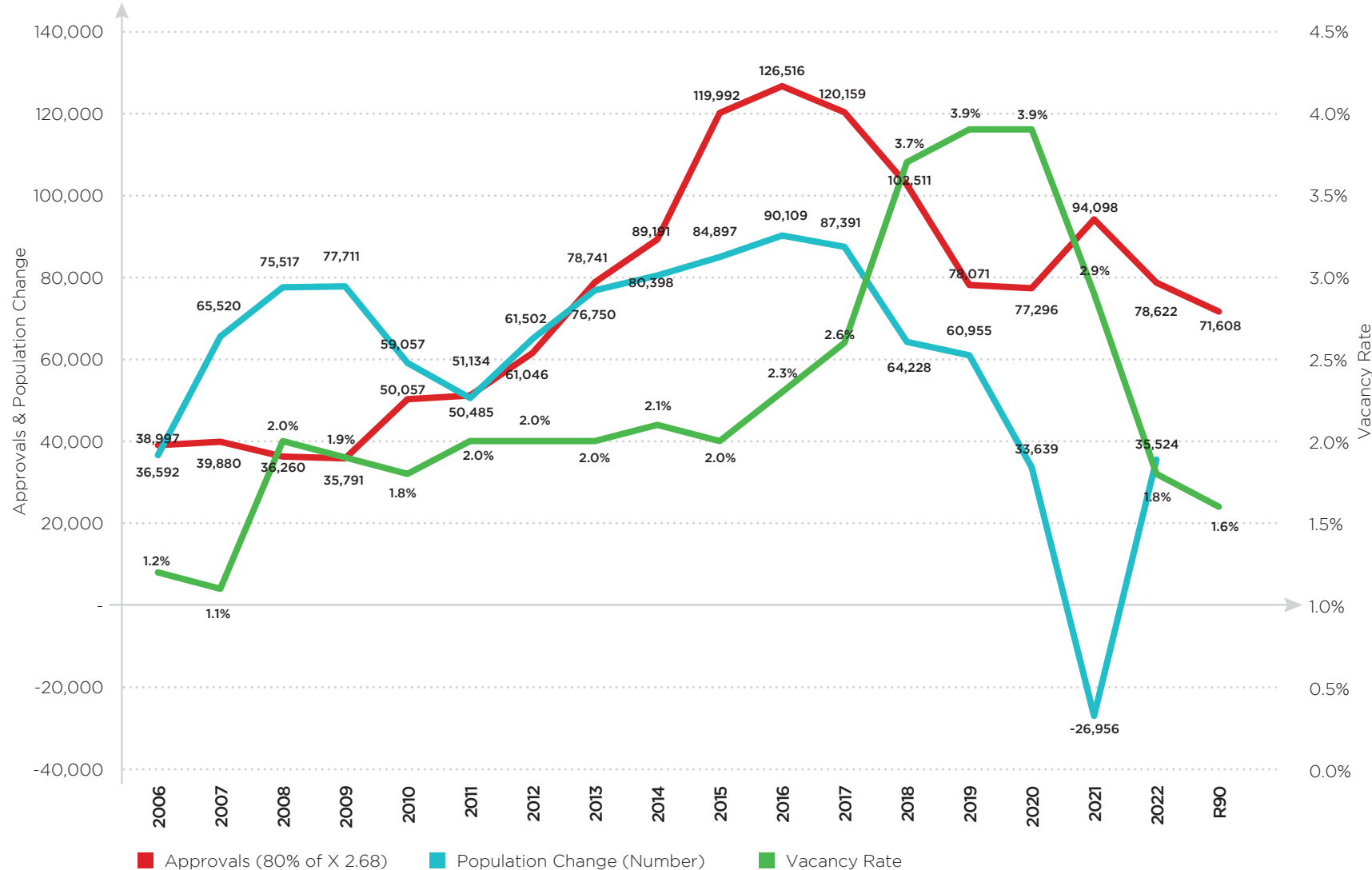
This graph shows the relationship between population growth and dwelling approvals in the Greater City region.



NEUTRAL

BEDROOM APPROVALS V. POPULATION CHANGE

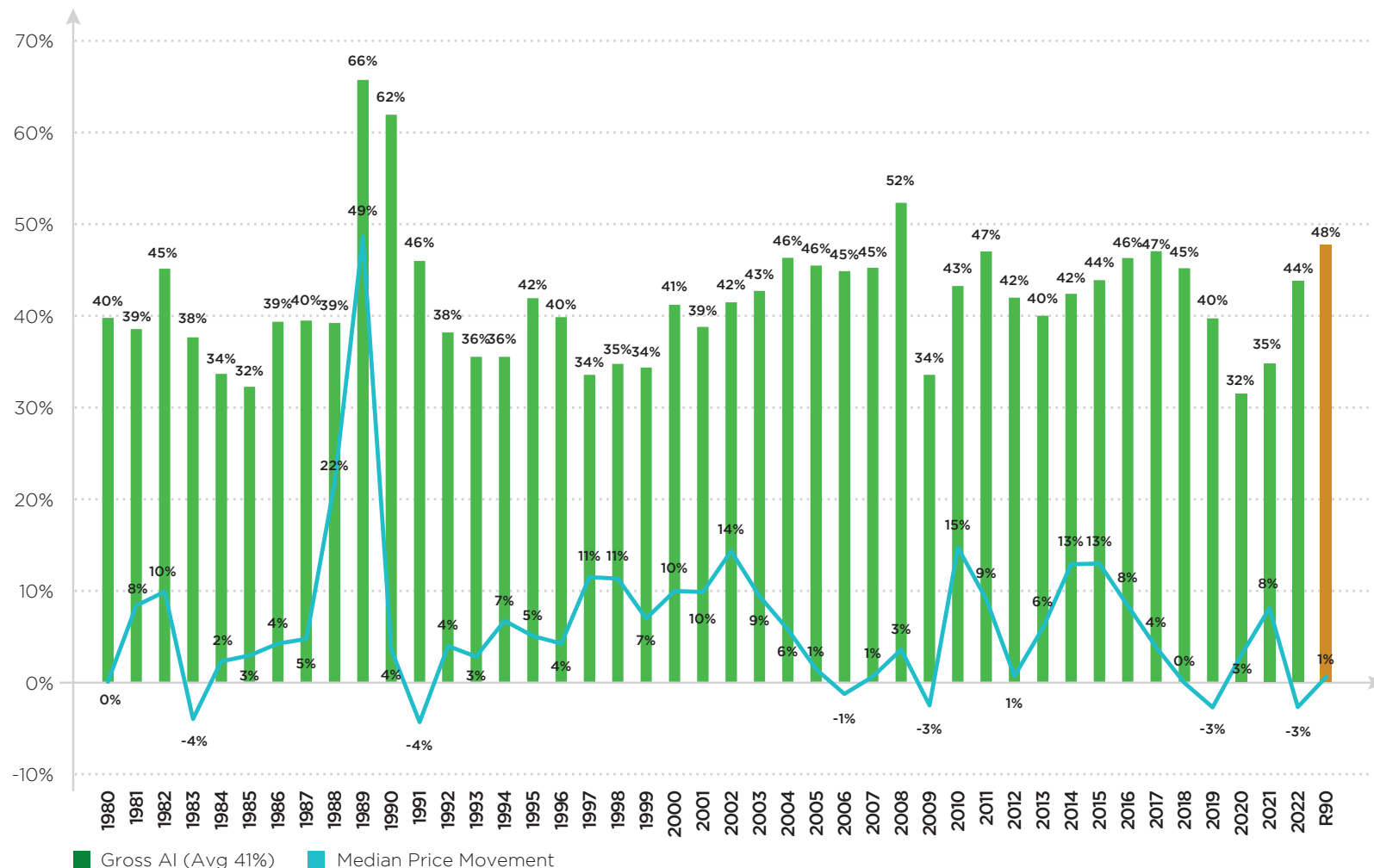
This graph shows the relationship between the assumed number of bedrooms being commenced, the change in population numbers and the vacancy rate. Performance Property calculates this assuming 80% of approvals commence, and multiplying by the average household size of the city.



NEGATIVE

AFFORDABILITY INDEX V. PRICE MOVEMENT (UNIT)

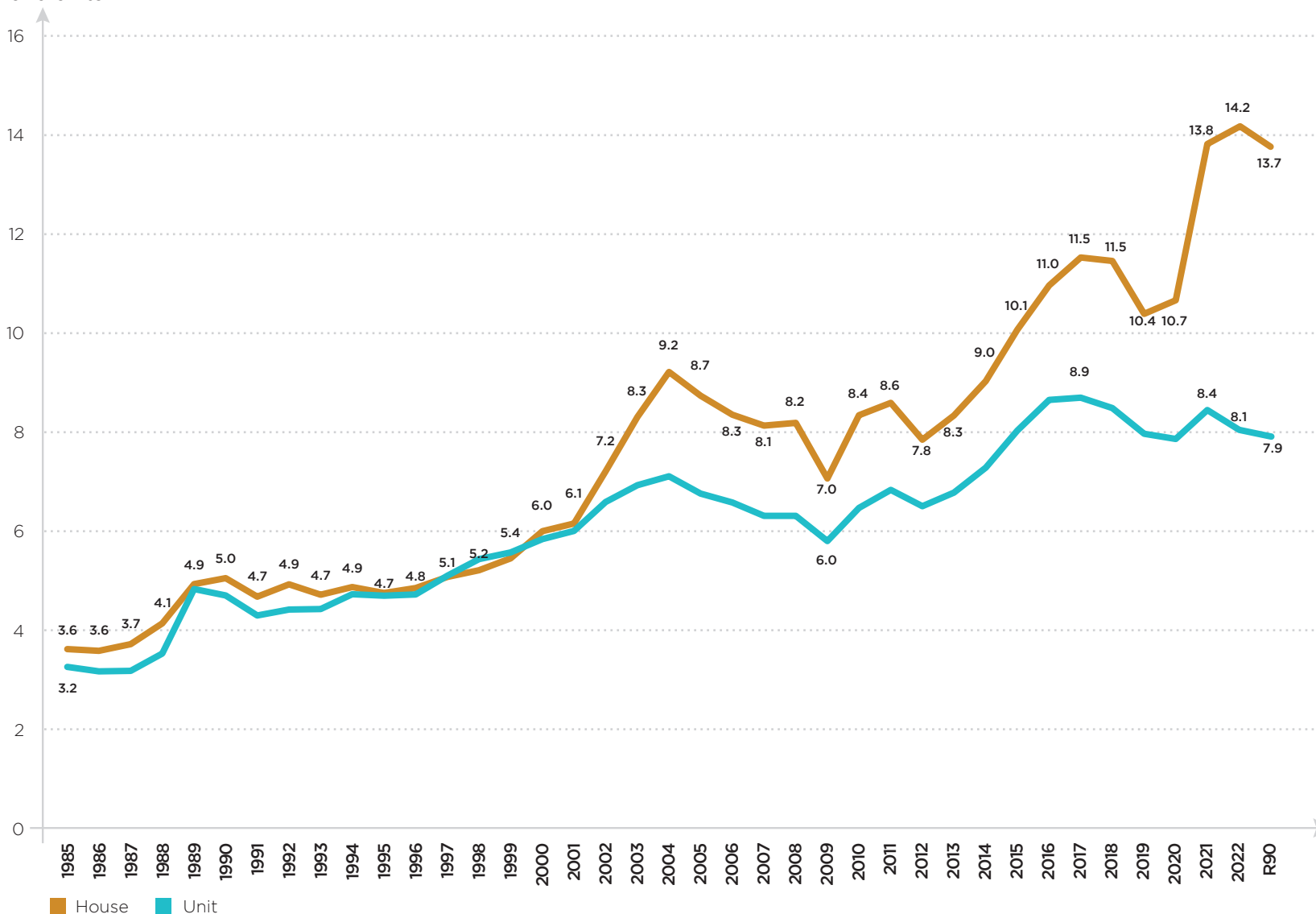
This graph displays the impact interest rates have on unit price movements. Performance Property's Gross Affordability Index (AI) is a measure of the average mortgage repayments versus the average income. The AI is calculated using the median price, average wage (before tax), assumes a 20% deposit, the current variable interest rate and Principle & Interest repayments over a 30 year loan term. For the current year, the rolling 90 days (R90) is depicted as a stacked shown to convey latest market status.



NEUTRAL

PRICE TO INCOME RATIO

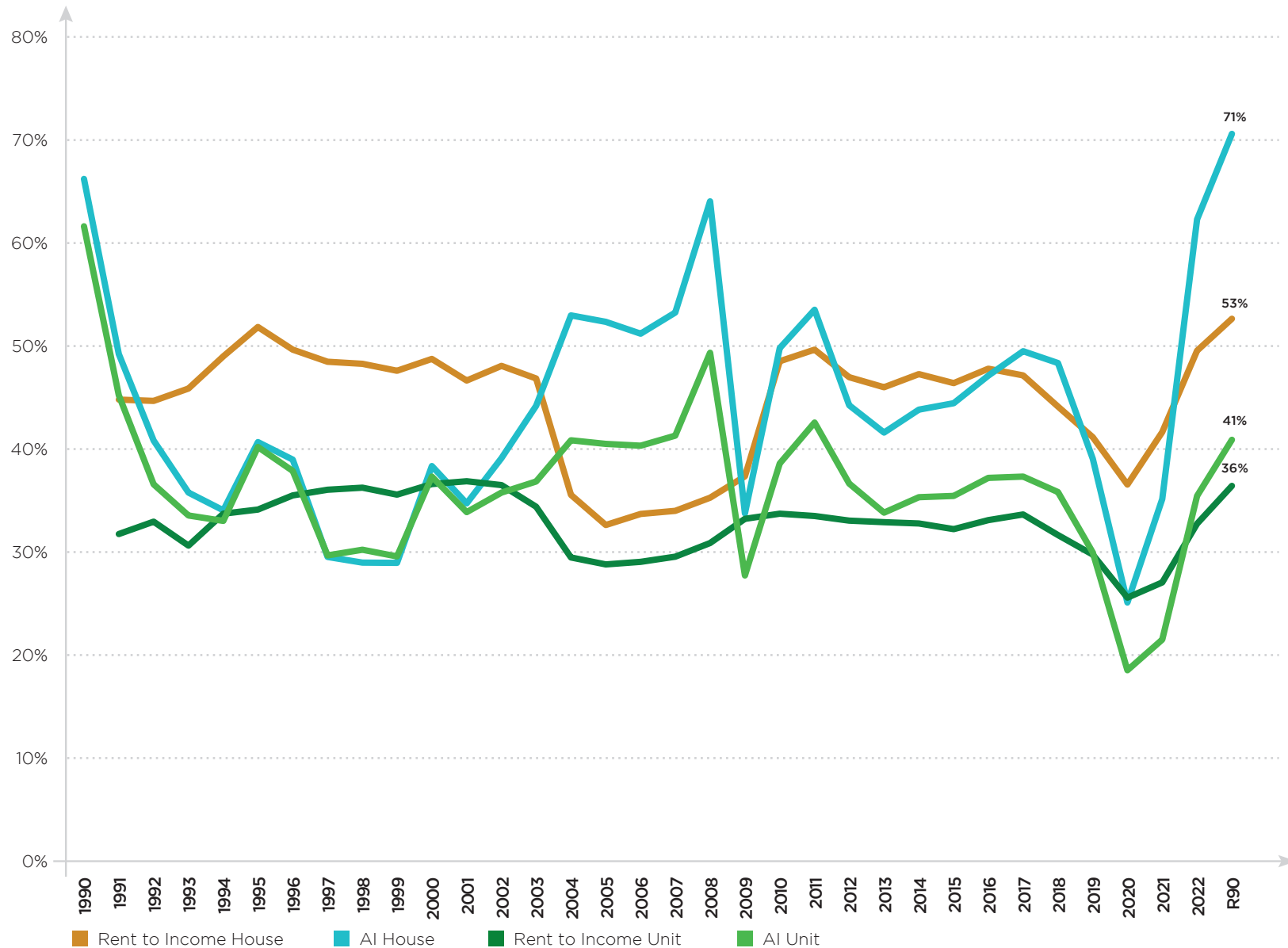
This graph displays the price to income ratio which is the relationship between the median house price and the average annual income. This also represents the average time taken to save a 20% deposit when assuming 20% of the average wage is saved. For the current year, the rolling 90 days (R90) is specifically shown to give emphasis on latest price to income ratio of houses and units.



NEGATIVE

INCOME TO RENT

This graph displays the percentage of the average wage that pays the median house rent versus the Performance Property Affordability Index for houses, calculated using an Interest only loan.



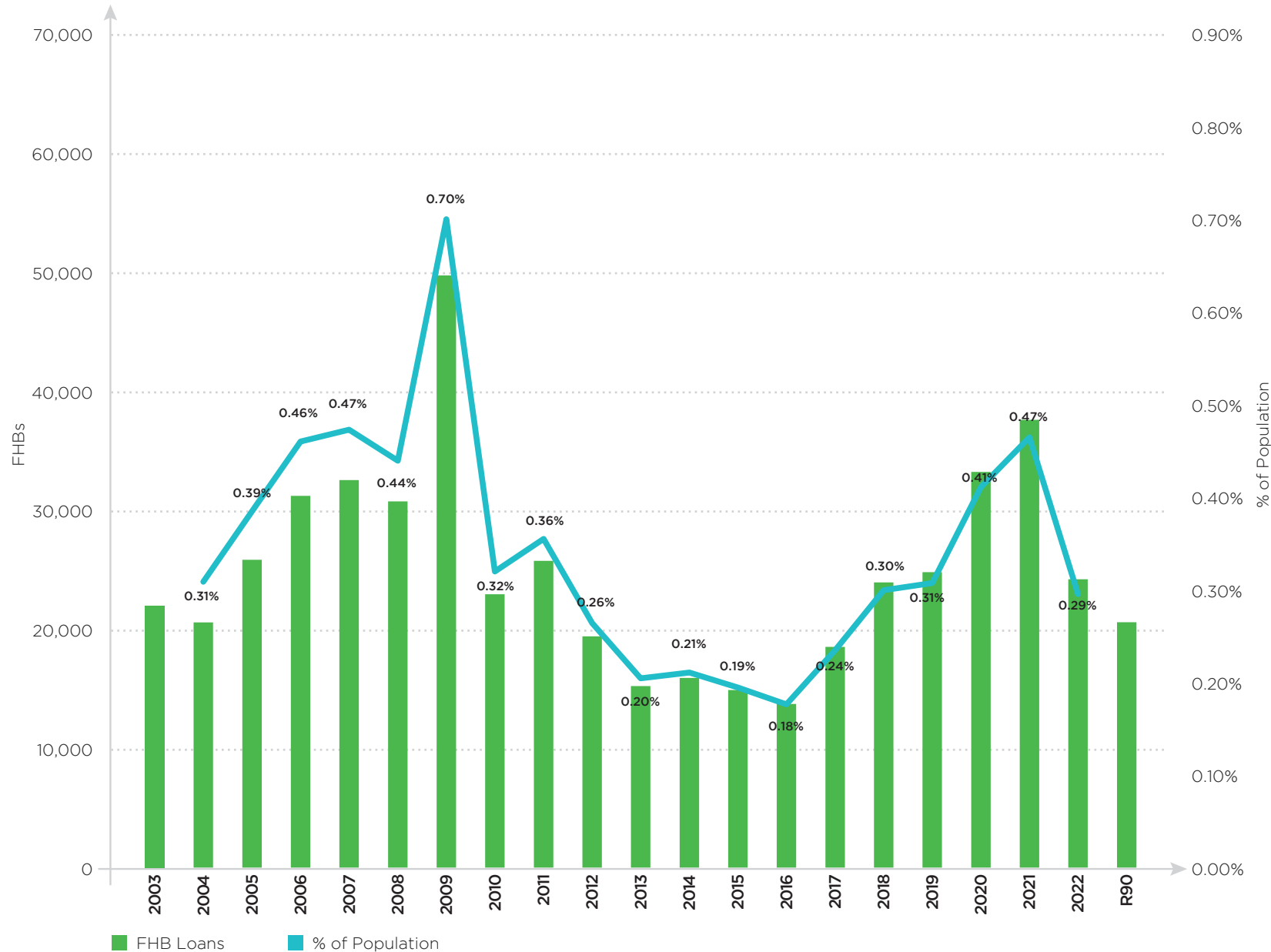
NEGATIVE

FHBS AS A % OF POPULATION

RESEARCH REPORT
SYDNEY CAPITAL CITY

EDITION 22.3

This graph shows the percentage of first home buyers (FHB) relative to the state population.



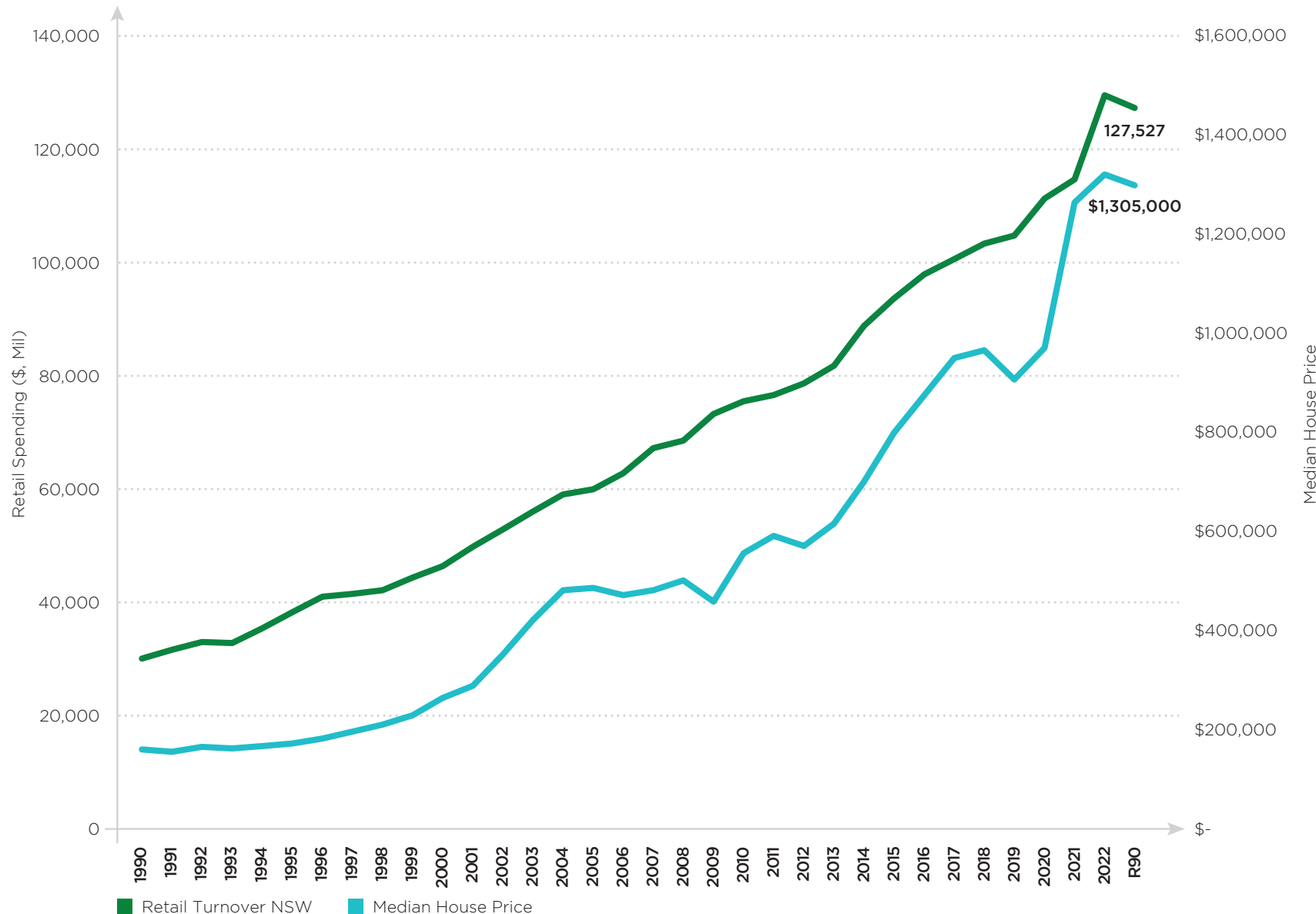
SLIGHTLY
NEGATIVE

RETAIL TURNOVER GROWTH

RESEARCH REPORT
SYDNEY CAPITAL CITY

EDITION 22.3

This graph displays levels of retail turnover for the state charted against the median house price. For the current year, the rolling 90 days (R90) is specifically shown to give emphasis on current median house price movement.



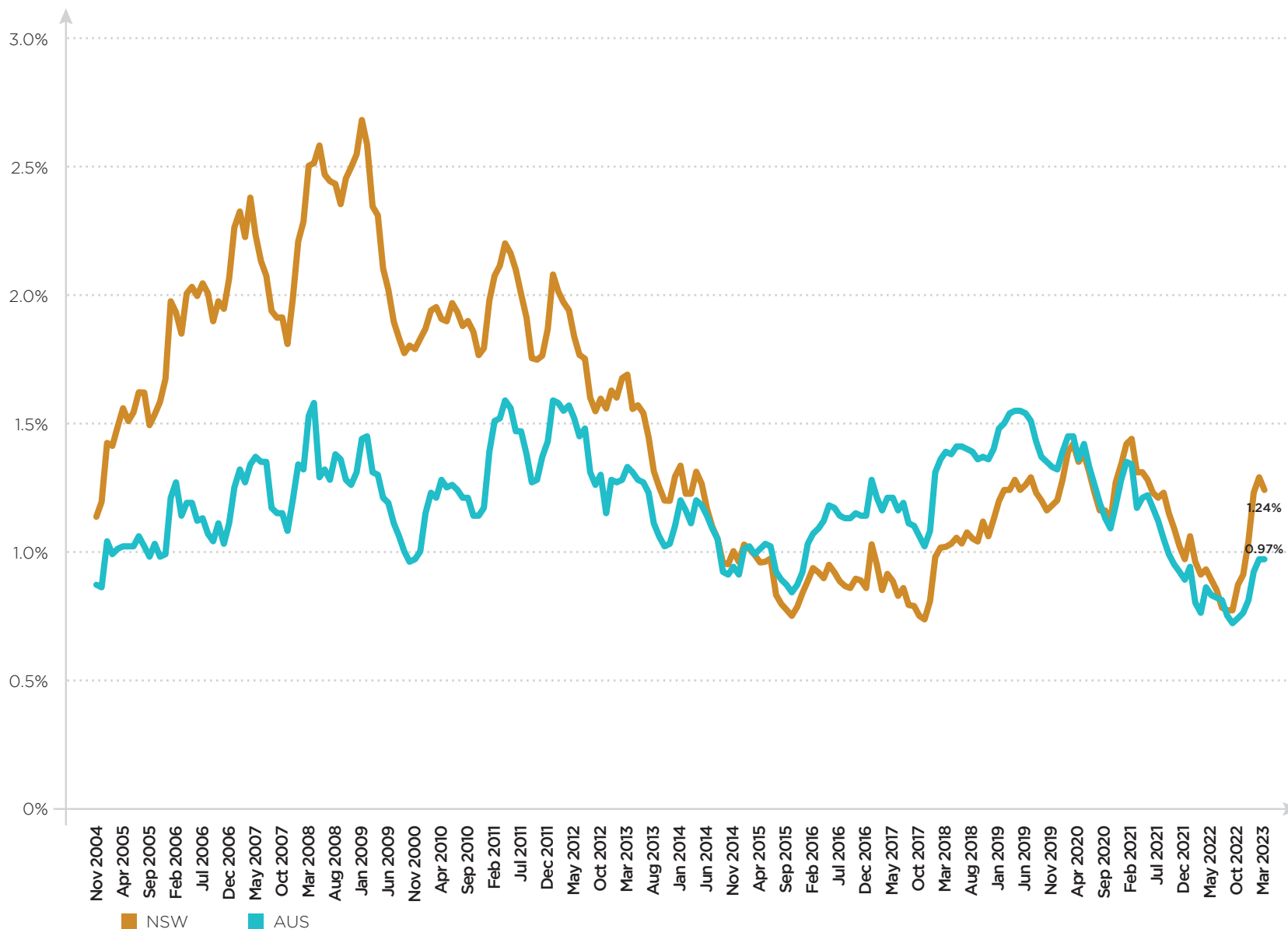
NEGATIVE

MORTGAGE ARREARS

RESEARCH REPORT
SYDNEY CAPITAL CITY

EDITION 22.3

This graph displays the percentage of mortgages that are 30+ days in arrears in the state and Nationally. Supplied by Standard and Poor's Global Ratings.

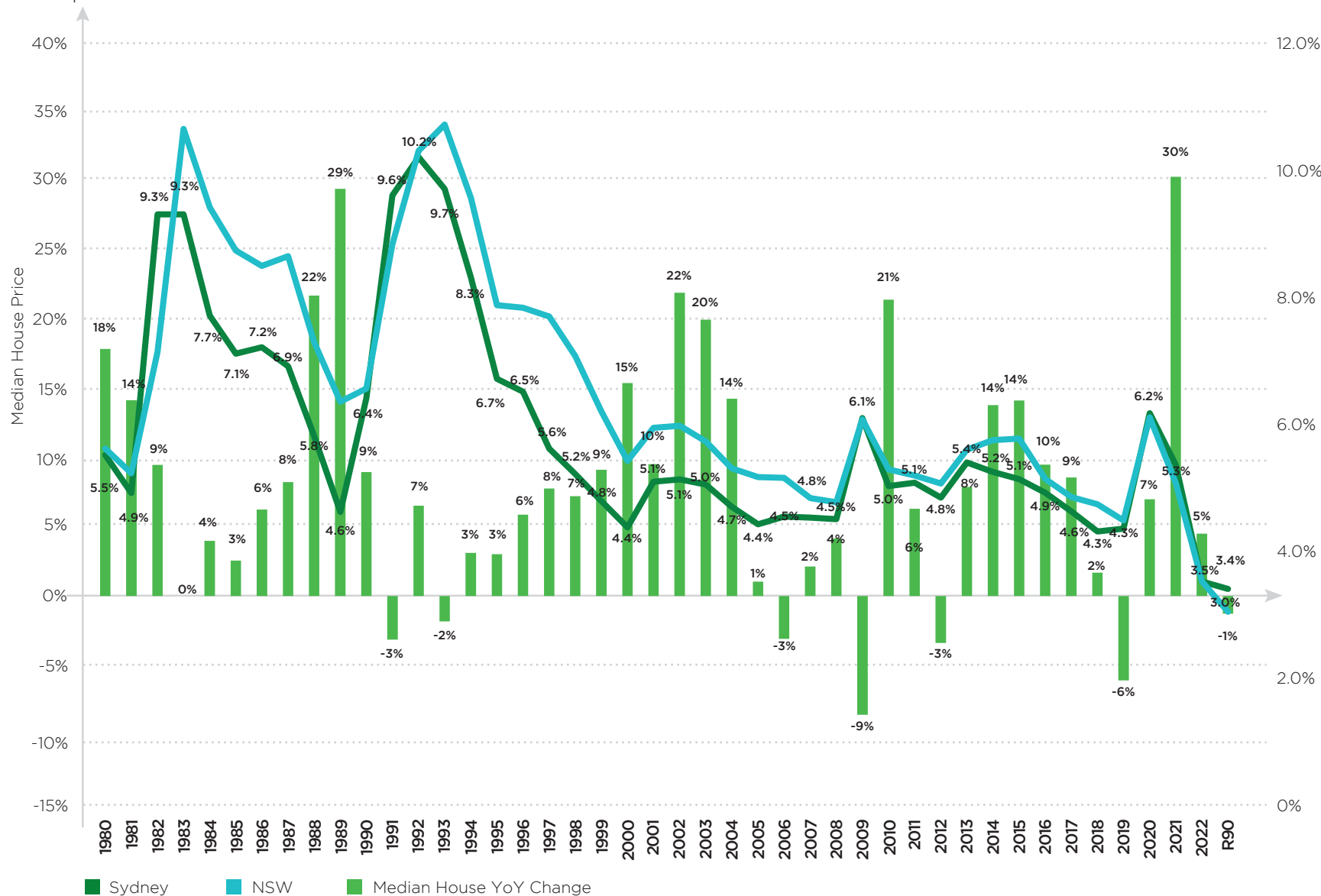


SLIGHTLY
NEGATIVE

PERFORMANCE
PROPERTY RESEARCH

UNEMPLOYMENT

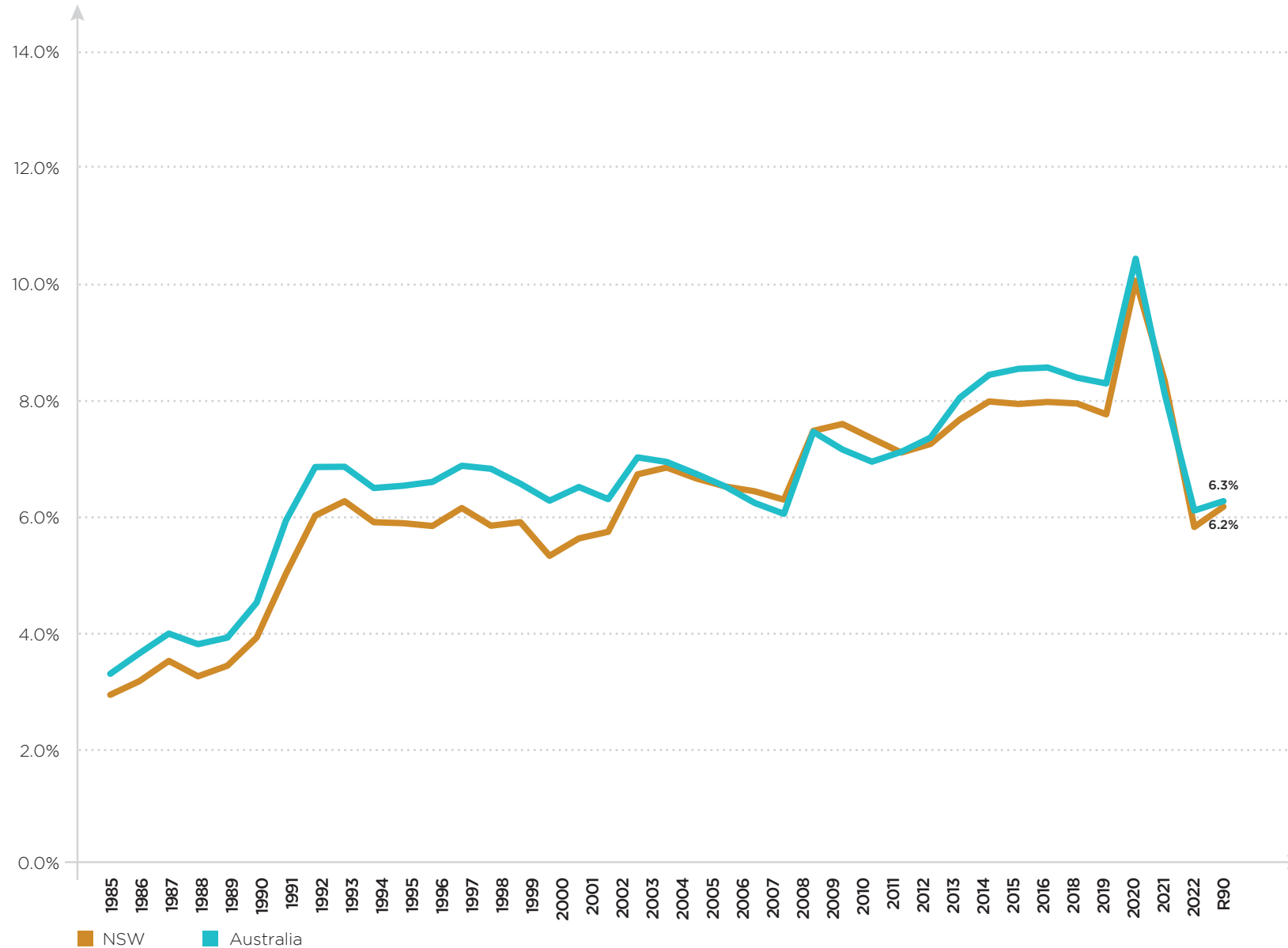
This graph shows the relationship between the state and national underemployment rate as a yearly average from 1985 and the current, most recent rate. For the current year, the rolling 90 days (R90) is specifically shown to give emphasis on current median house price movement.



POSITIVE

UNDEREMPLOYMENT

This graph shows the relationship between the state and national underemployment rate as a yearly average from 1985 and the current, most recent rate.



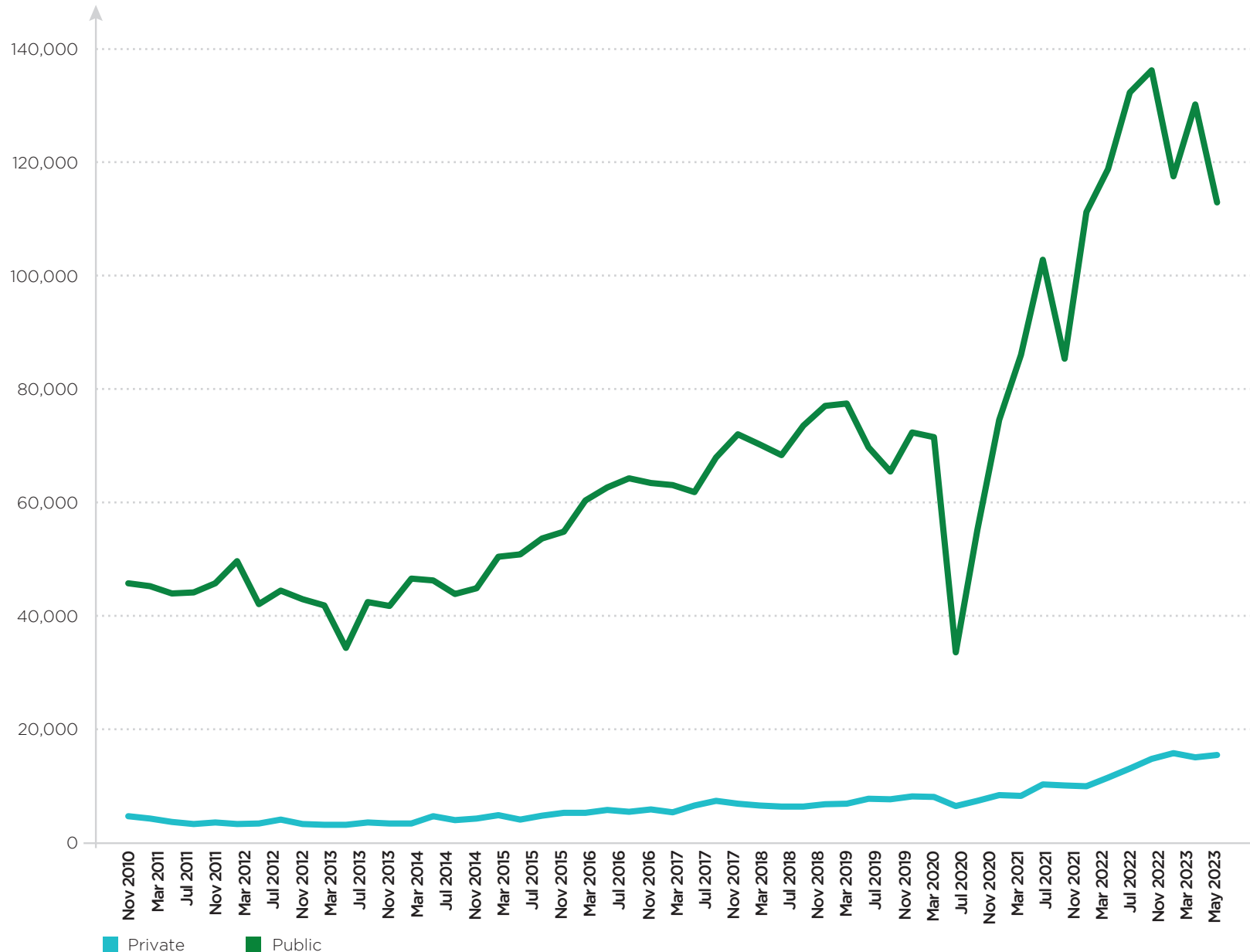
SLIGHTLY
POSITIVE

STATE JOB VACANCIES

RESEARCH REPORT
SYDNEY CAPITAL CITY

EDITION 22.3

This graph displays the ABS figure for the number of jobs created in the private and public sectors state wide.

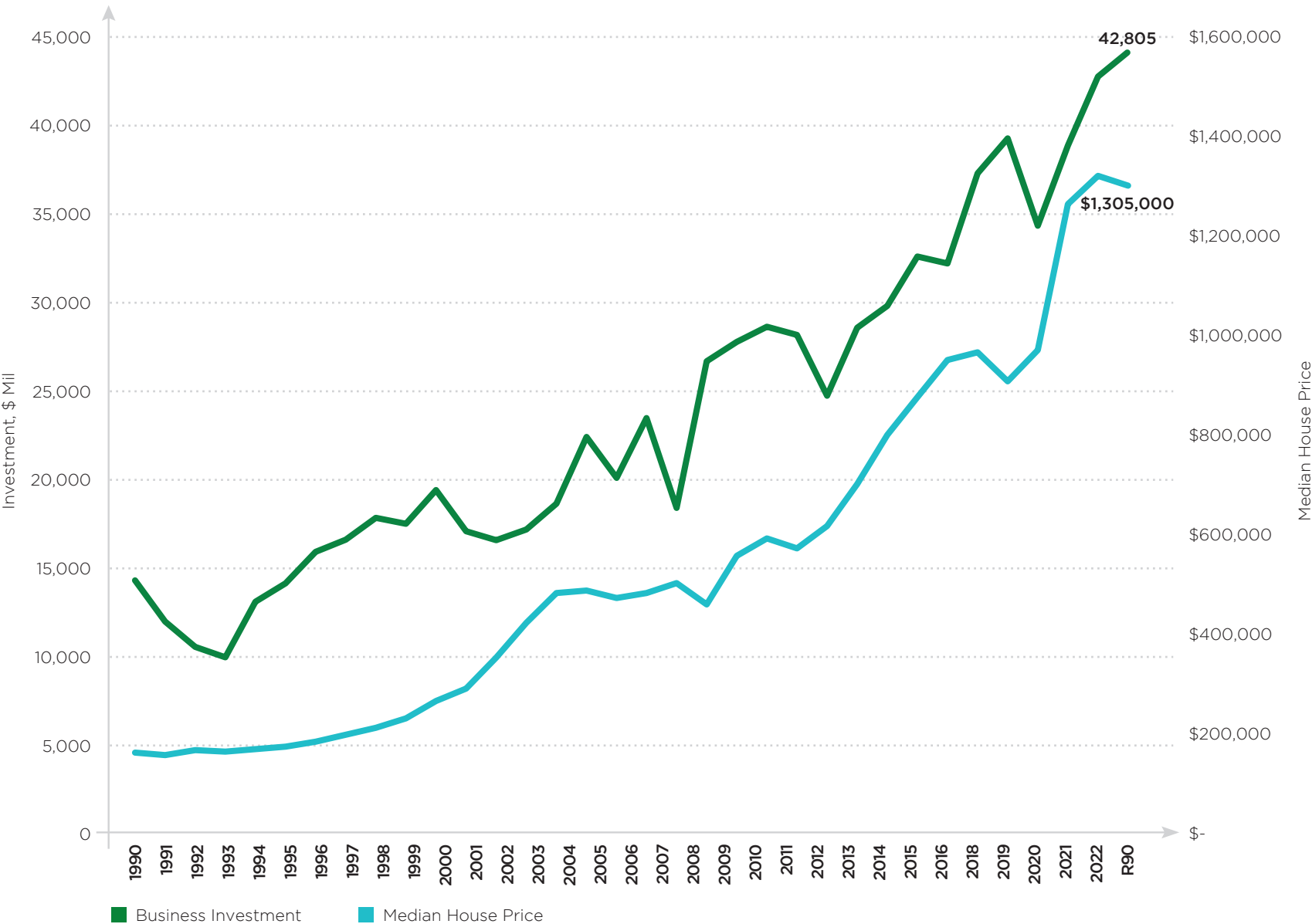


POSITIVE

PERFORMANCE
PROPERTY RESEARCH

BUSINESS INVESTMENT

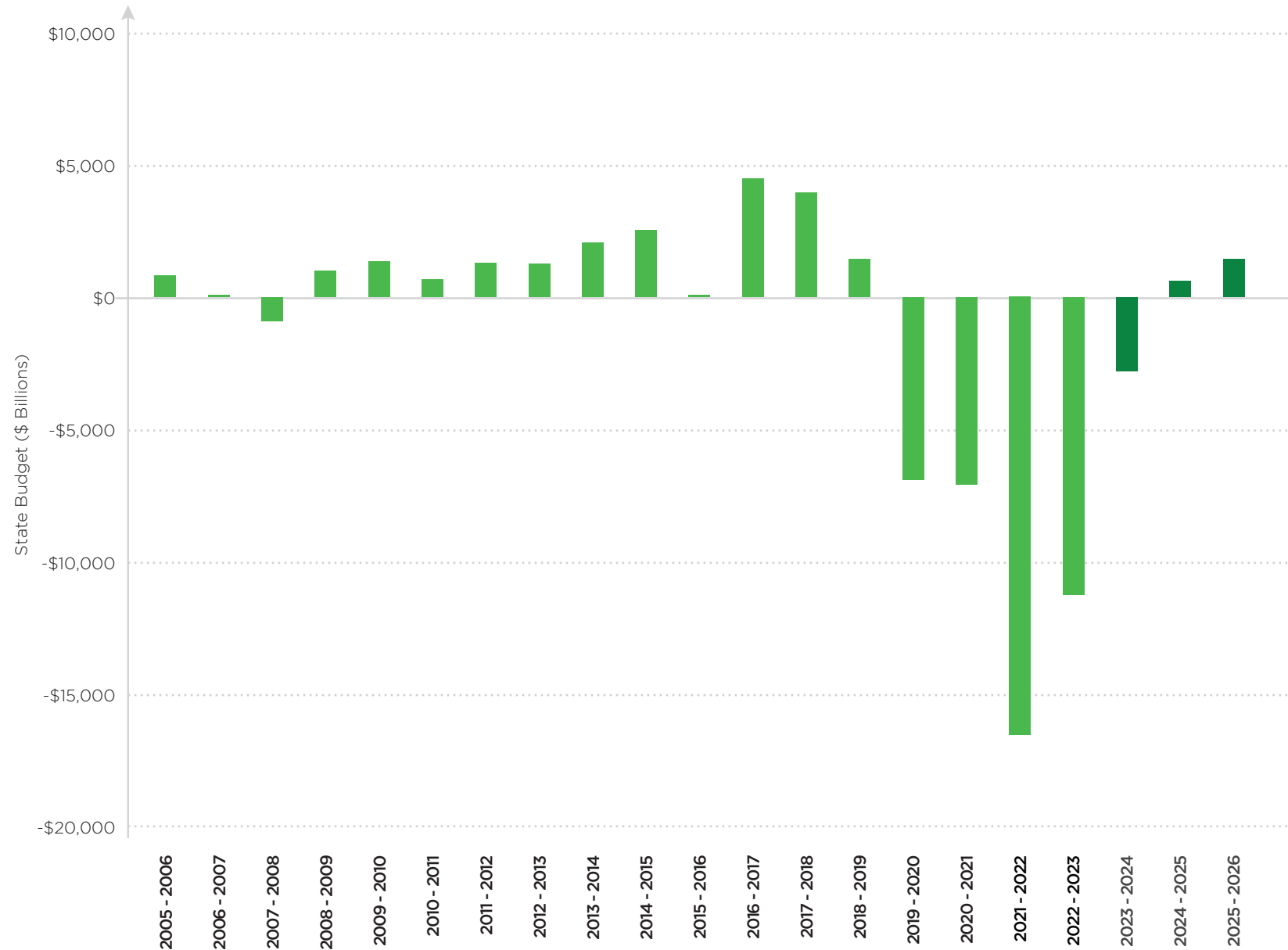
This graph displays private business investment into the state charted against the median house price. For the current year the rolling 90 days (R90) is specifically shown to give emphasis on current median house price movement.



POSITIVE

STATE BUDGET

This graph displays the State Government position of either a surplus or deficit.



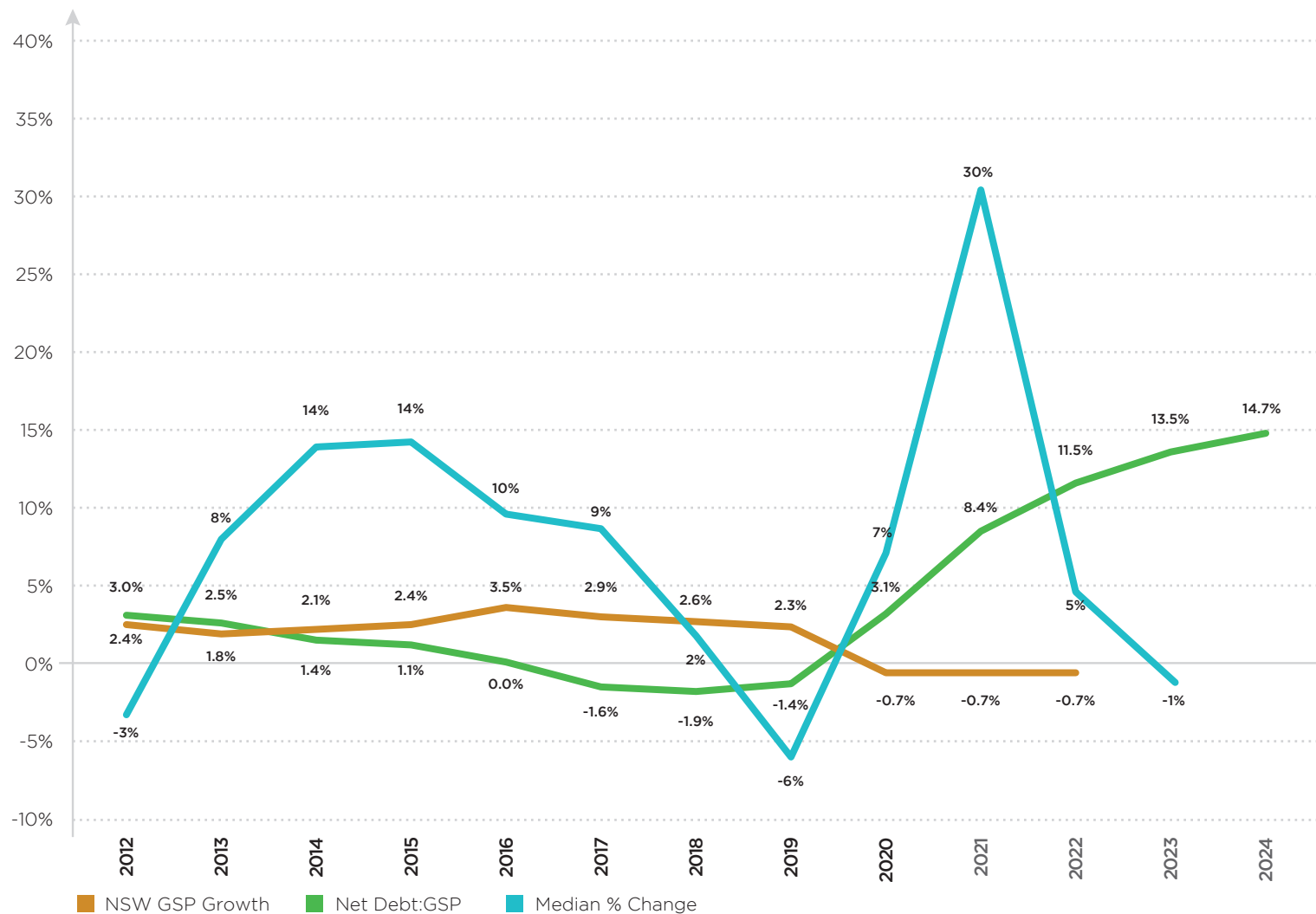
NEUTRAL

GSP GROWTH/NET GOVT DEBT V. MEDIAN HOUSE PRICE CHANGE

RESEARCH REPORT
SYDNEY CAPITAL CITY

EDITION 22.3

This graph displays the actual and forecasted Gross State Product (GSP) growth and Net Debt as a percentage of GSP, from the latest State Budget and the change in the median house price.



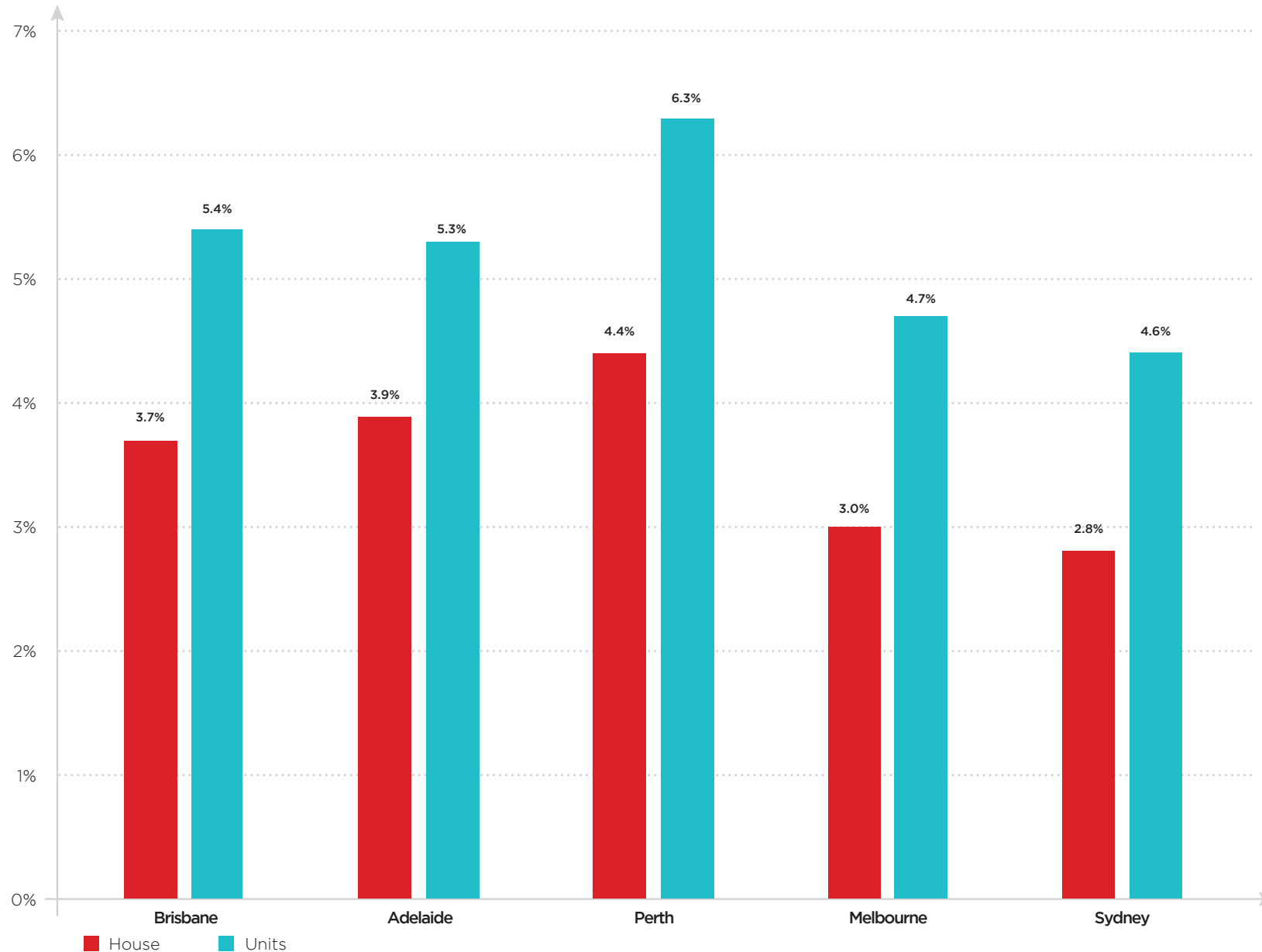
SLIGHTLY
POSITIVE

CURRENT INVESTMENT VALUE

RESEARCH REPORT
SYDNEY CAPITAL CITY

EDITION 22.3

This graph compares the gross yield for houses and units in each of the five major capital cities from SQM Research.



NEGATIVE

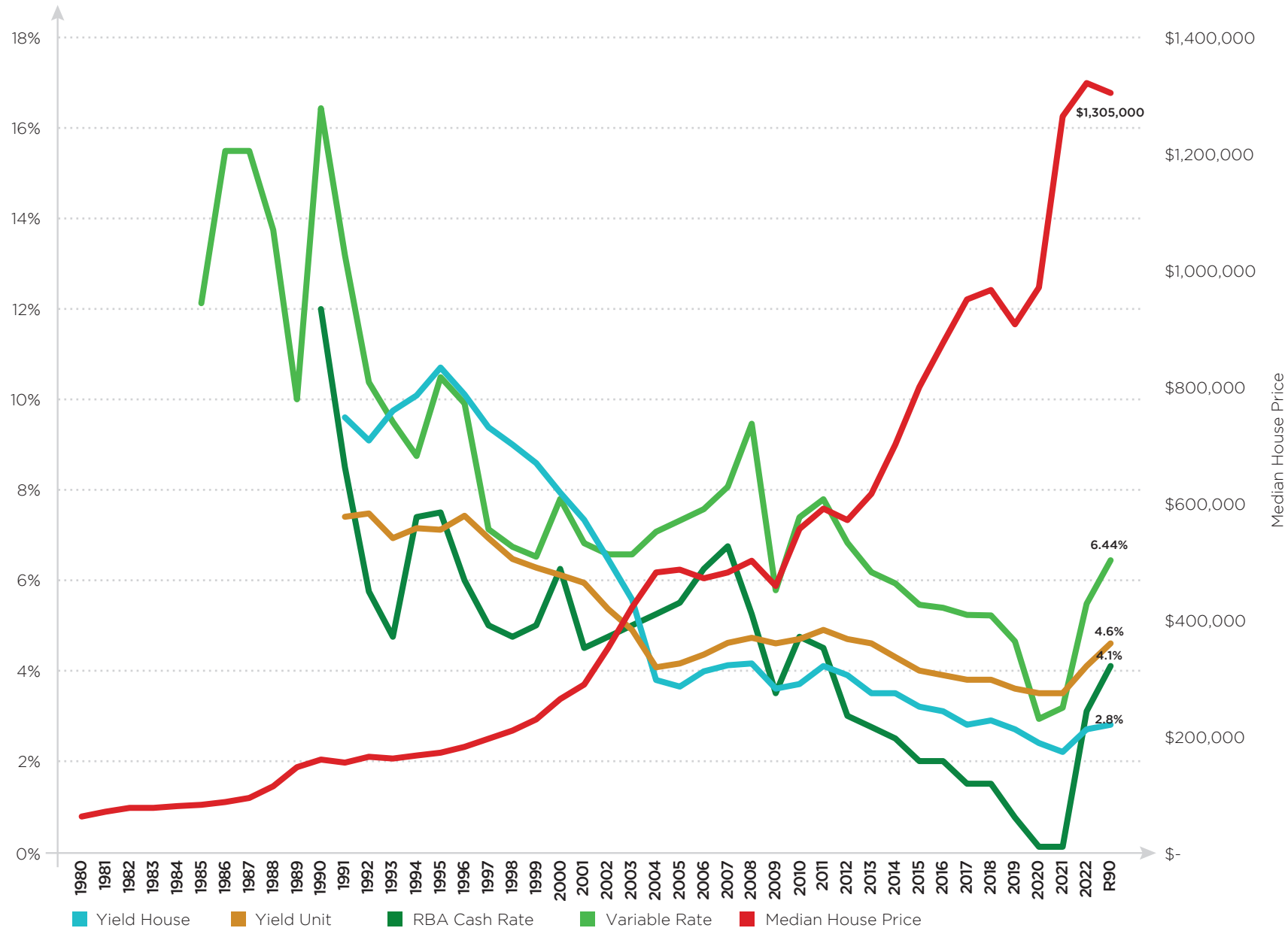
PERFORMANCE
PROPERTY RESEARCH

YIELD V. INTEREST RATES

RESEARCH REPORT
SYDNEY CAPITAL CITY

EDITION 22.3

This graph displays house and unit yields against the variable and cash rates.

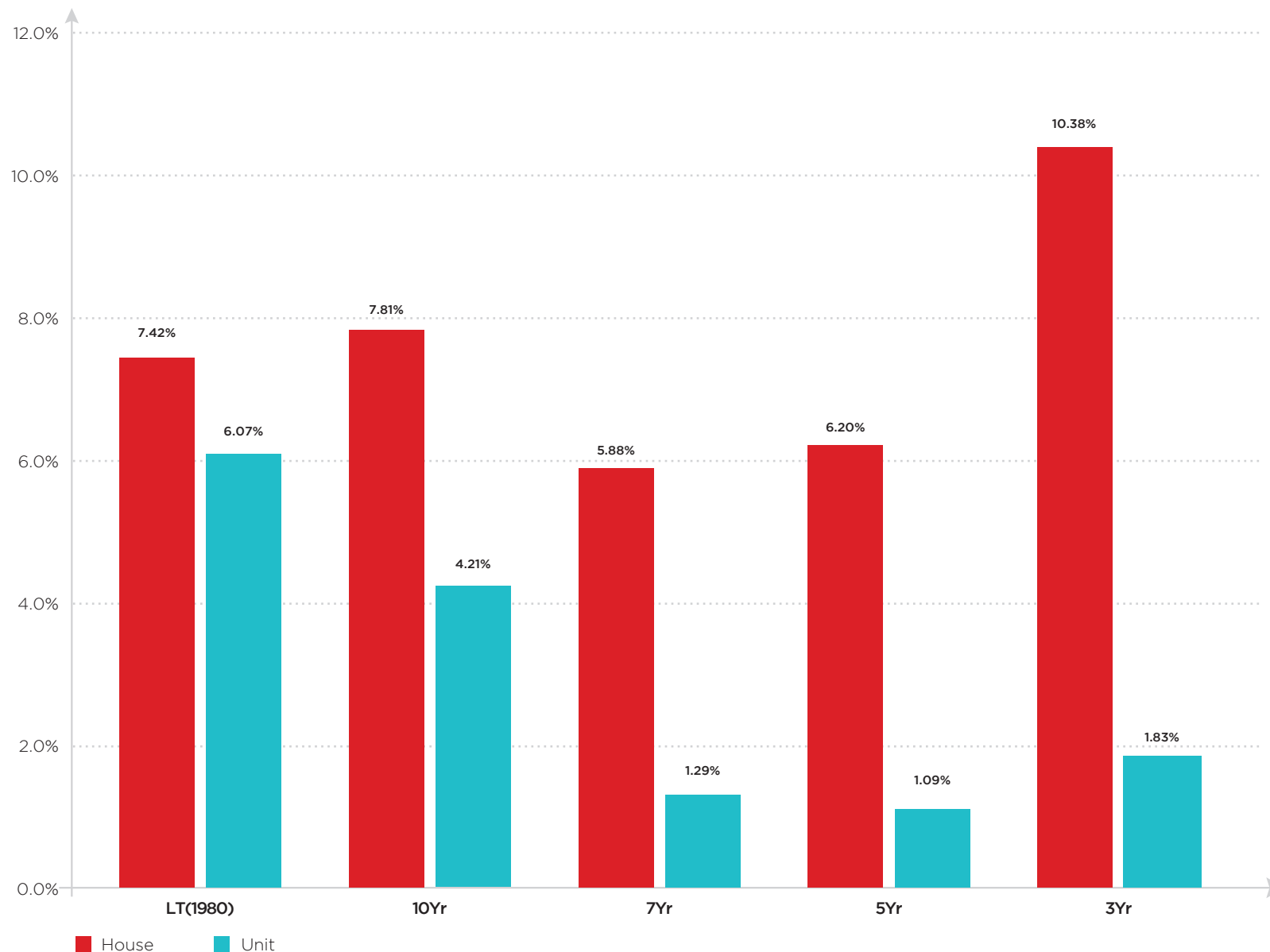


NEGATIVE

PERFORMANCE
PROPERTY RESEARCH

LONG TERM TRENDS

This graph displays the annual compounded growth rates for houses and units over the long term, and the last 10 years, 7 years, 5 years and 3 years.



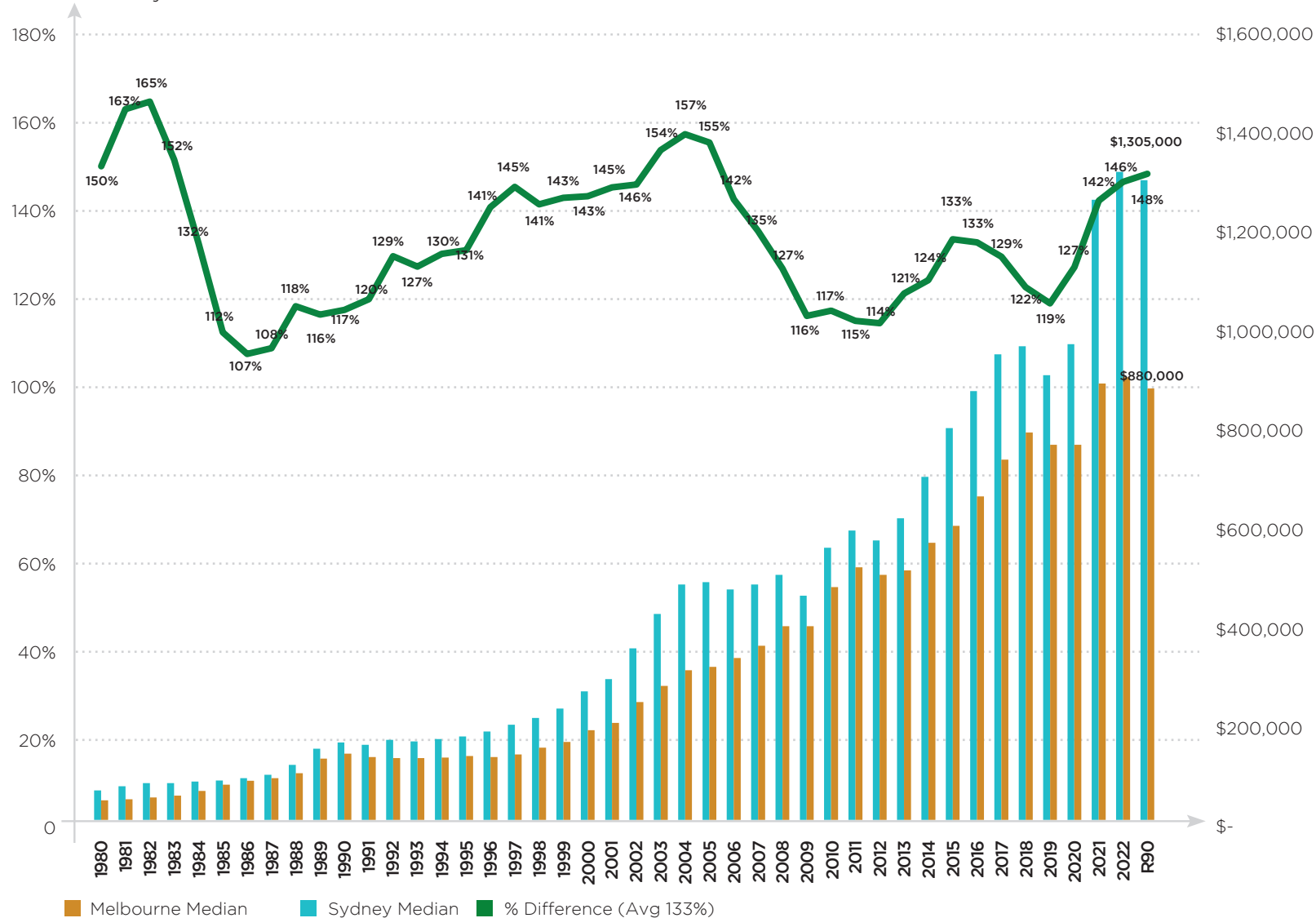
NEGATIVE

MELBOURNE VS. SYDNEY PRICE COMPARISON (HOUSE)

RESEARCH REPORT
SYDNEY CAPITAL CITY

EDITION 22.3

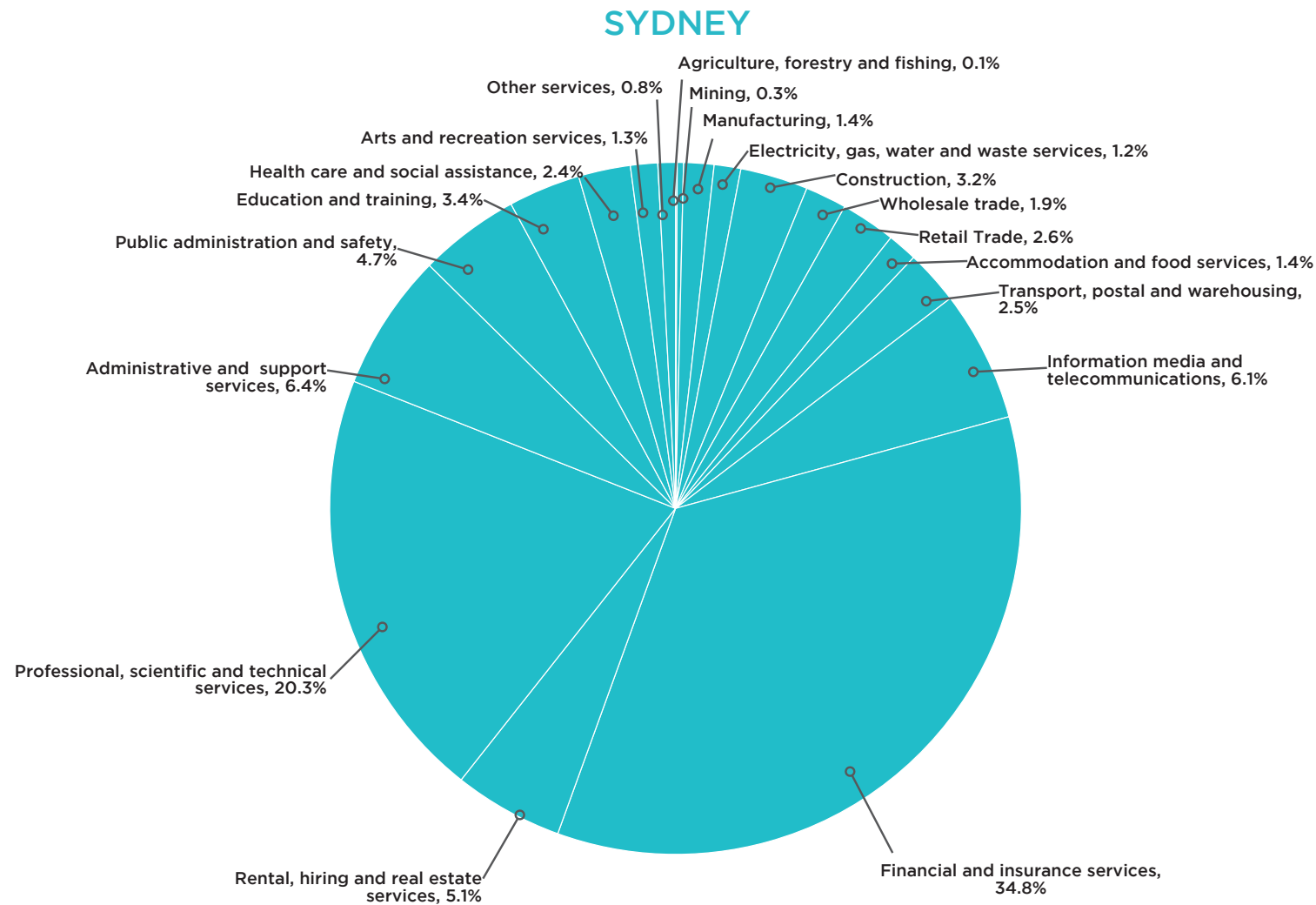
This graph shows a relationship between the Brisbane median and the Sydney median and the percentage difference between them for each year.



SLIGHTLY
NEGATIVE

INDUSTRY VALUE ADDED

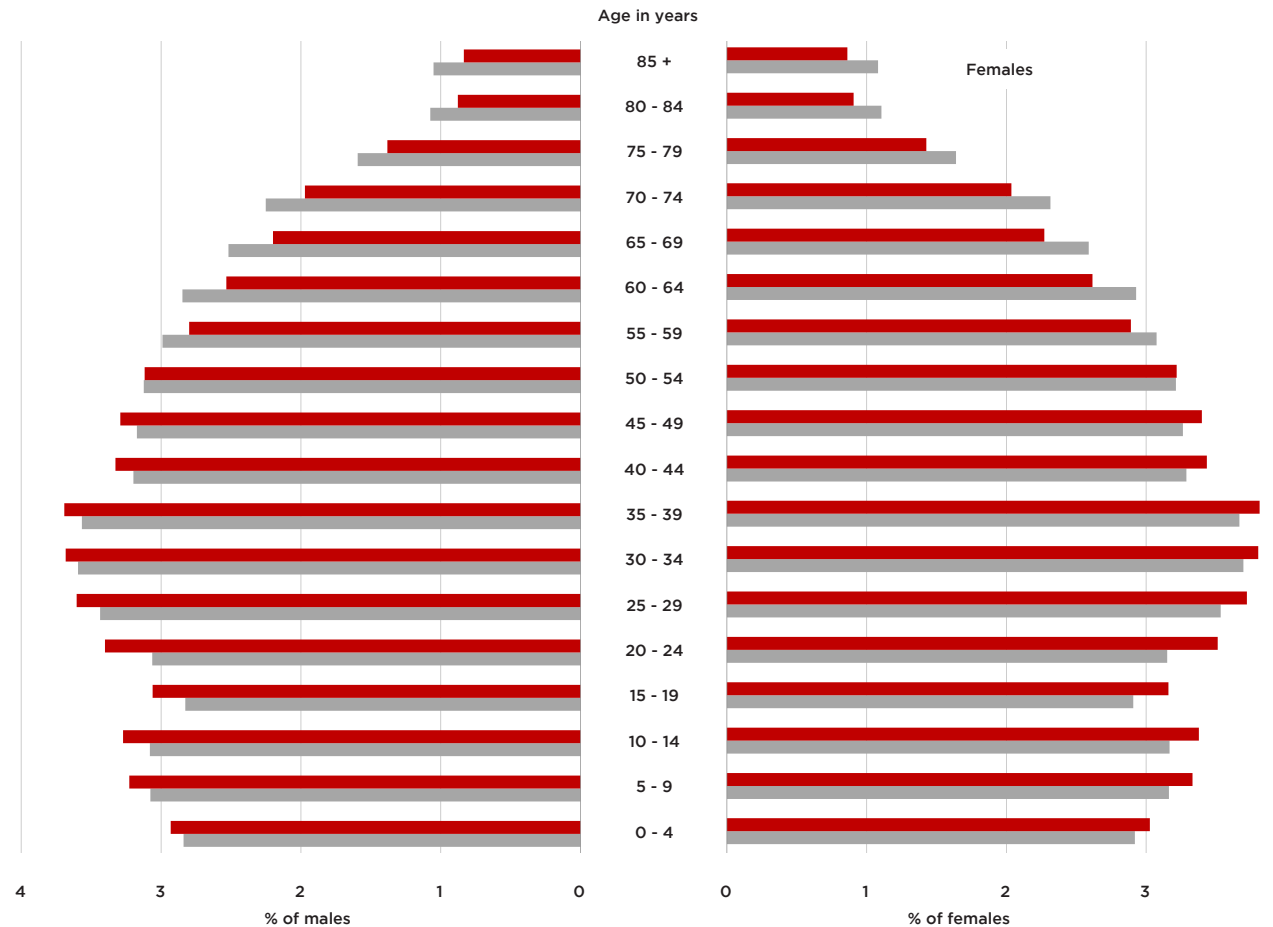
Industry Value Added is the total value of goods and services produced by an industry after deducting production costs.



NEGATIVE

POPULATION PYRAMID

The population pyramid demonstrates the breakdown of the different ages and sex percentages of the population. The dominant consumer base of a population is the 35 to 49 age brackets and ideally we like to see the preceding age brackets larger as they age to replace the existing group.



Source: Australian Bureau of Statistics, Census of Population and Housing, 2021 (Usual residence data).

■ Greater Sydney ■ Australia

POSITIVE

WHY USE US?

INVESTMENT PHILOSOPHY

PERFORMANCE
PROPERTY ADVISORY
IS A DYNAMIC PROPERTY
FIRM PROVIDING
PROPERTY ACQUISITION
SERVICES ACROSS
AUSTRALIA. OUR
FIRM IS COMPLETELY
RESEARCH DRIVEN AND
WE APPLY A SOUND
COUNTERCYCLICAL
INVESTMENT APPROACH.

www.performanceproperty.com.au

Each property must pass our stringent investment criteria and is subject to a thorough due diligence and price analysis process. This low risk approach excludes 99% of all properties currently on the market or for sale off market. We provide quality ethical and personalised advice, exceptional customer service, and pride ourselves on delivering successful outcomes.

Our objective is not to buy you a property. Purchasing a property is the last step in our considered and thorough process.

Our mission is to understand and satisfy your needs – financial or emotional, in a low risk and efficient manner. Our objective is to build your wealth through sophisticated property investment. We believe in everything we do because we treat your investment portfolio like it was our own.

OUR PROCESS

RESEARCH

Macro Micro Property

ACQUIRE

Find Assess Negotiate

MANAGE

Property Management

REVIEW

Annual Portfolio Review

ADVISE

Hold Improve Dispose

PERFORMANCE PROPERTY ADVISORY SERVICES

- Property Acquisition
- Property Management
- Portfolio Review
- Sales Advisory / Vendor Advocacy

DATA SOURCES:

- Australian Bureau of Statistics
- BIS Shrapnel
- Residex
- SQM Research
- CoreLogic RP Data
- Foreign Investment Review Board
- Australian Trade & Investment Commission

IMPORTANT INFORMATION



This Report contains information that has been supplied by third parties. While such information is published with the necessary permission, to the extent permitted by law we do not accept any responsibility or provide any warranty in relation to the accuracy, reliability, completeness or suitability of the information contained in this Report. You acknowledge that the information, figures and projections have been provided by various sources and have not been verified by us and as such and may not be relied on in any way. We have no belief one way or the other in relation to the accuracy of such information, figures and projections. You should therefore conduct your own enquiries about these matters.

This information is therefore provided as general information only, current as at the time of publication and does not constitute financial advice, whether in relation to valuation or otherwise, and may not be relied on in any way.

To the full extent allowed by law we exclude, and you release us from, liability in contract, tort or otherwise, for any loss, costs or damage sustained by you, or by any other person, howsoever caused, arising from or in connection with the supply or use of the whole or any part of the information in this report.

INTELLECTUAL PROPERTY RIGHTS

- This Report is comprised of matter (including copyright works and other subject matter) in which various intellectual property rights exist, including without limitation copyright, patents, designs, trade marks, goodwill, rights in computer programs and databases and any other similar rights of a proprietary nature ("Intellectual Property").
- All Intellectual Property in this Report or any Content (including if it is licensed to us) is the exclusive property of PPA IT Pty Ltd or our licensors (as the case may be).
- Subject to our right to terminate permission for you to use any Intellectual Property in the Report or any Content, you may use the Intellectual Property only to the extent necessary to enable you to browse this Report (in the form it is available to the public) for your own personal use and to provide registrations of interest and Feedback. We reserve all other rights with respect to the Intellectual Property. For the avoidance of doubt, you may not use this Report or any Content for any commercial purpose and you may not reproduce, publish, communicate, transmit or incorporate into any other document or thing the whole or any part of this Report or the Content without the prior written permission of the Intellectual Property owner.
- We reserve the right to revoke at any time, with or without cause, your permission to use any copyright, trade mark or any other Intellectual Property in this Report or any Content.
- Access to this Report does not, unless and only to the extent expressly stated otherwise, confer on you any license or other rights in respect of the Intellectual Property in this Report or any Content.

HEAD OFFICE

Level 10, 30 Collins St
Melbourne VIC 3000
Phone: (03) 8539 0300

Email: info@performanceproperty.com.au

Capital Cities and Regions Median House Price

