

NSW

More and more buyers are being priced out of a Sydney property market that's booming once again.

AFTER DECLINING MORE THAN 13% FROM THE PREVIOUS PEAK IN JANUARY '22, property prices in Sydney regathered momentum throughout 2023, returning to those heights. There was a brief window where bargains were up for grabs in the Sydney market, traditionally Australia's most expensive, but normal service has mostly resumed.

Brendan Clark, Principal Buyers Agent at the Property Curator, said as well as the prestige suburbs like those on the Northern Beaches, 2023 saw entry-level properties in Sydney become much more expensive.

"The cost of renting, difficulty in finding a rental, and improved government incentives have seen many first home buyers enter the market in 2023," he told *Your Investment Property Magazine*.

"This has helped support higher prices for entry-level homes, particularly in the sub \$800,000 market."

This is a pattern he expects will continue into 2024.

"I expect to see the more affordable properties within each suburb to outperform the upper quartile - a trend that has become more apparent in the latter part of 2023 as affordability continues to be a major driver of price," he said.

He is predicting the overall market will keep growing.

"There will continue to be a supply/demand imbalance in the Sydney property market in 2024. High immigration is contributing to increasing demand, and supply simply isn't keeping pace. This will exacerbate the existing housing shortfall; putting upward pressure on both property prices and rents," he explained.

Pace of growth to keep tapering?

Mr Clark said growth during the second half of the year was slower than the first, with a regathering of momentum unlikely.

"I expect single-digit growth in the overall Sydney market. However, I don't expect this growth to be as strong as that recorded in 2023."

One of the biggest drivers of growth in 2023 was the low number of listings, well below five-year average levels throughout the year. Tim Lawless, Research Director at CoreLogic, theorised this was a result of buyers realising the extent prices



dropped off during 2022, and holding off on selling until the market regathered pace. Now property is getting back towards peak levels though, vendor activity is likely to increase, something that is already evident in Sydney. Listings rose 9.3% in the September quarter, compared to 0.5% in Brisbane or 1.6% in Adelaide.

Mr Lawless says this is likely to mean selling conditions rebalance towards buyers.

"In markets where demand and advertised supply are more evenly balanced, it's logical to expect price growth to slow down," he said.

The type of property matters

Even if median property prices in a region are rising, it's important not to fall into the trap of assuming uniform growth across all the housing stock.

Mr Clark points out there are other factors outside of the fundamentals of demand that have seen the price of some types of property go against the grain, losing momentum in 2023.

"In 2023, one noticeable trend has been the increase in investors who have exited the market due to increases in holding costs," he told *Your Investment Property Magazine*.

"Whilst these sales have seen an increase in supply, these properties aren't generally the same types of properties sought by first home buyers. As a result, 'investor stock' such as high-rise apartments have struggled to sell; putting downward pressure on these types of properties."

Conversely, he said older units, built between the 1960s and 1980s, performed strongly, particularly those in the inner ring suburbs.

"These properties often suit owner occupiers, have lower strata fees, and are perceived to have fewer building issues," he said.

NSW PRICE PERFORMANCE

AREA	TYPE	MEDIAN VALUE	QUARTERLY GROWTH	12 MONTH GROWTH	WEEKLY MEDIAN ADVERTISED RENT	GROSS RENTAL YIELD
Sydney	H	\$1,350,000	0.80%	-3.00%	\$690	2.70%
Sydney	U	\$763,200	0.40%	-2.20%	\$620	4.30%
NSW Country	H	\$710,000	0.00%	1.40%	\$540	4.00%
NSW Country	U	\$600,000	0.90%	1.40%	\$450	4.00%

Source: CoreLogic. Data reported to the period ending August 2023. Median values account for sales transactions over three months.

NSW'S HIGHEST YIELD SUBURBS

SUBURB	TYPE	MEDIAN PRICE	QUARTERLY GROWTH	12 MONTH GROWTH	WEEKLY MEDIAN ADVERTISED RENT	GROSS RENTAL YIELD
Broken Hill	H	\$185,000	0%	9%	\$320	9%
North Lismore	H	\$272,500	1%	-40%	\$468	9%
Hillston	H	\$207,500	0%	-22%	\$350	9%
Lochinvar	H	\$429,500	-4%	-22%	\$675	8%
Sussex Inlet	U	\$580,000	-1%	27%	\$910	8%
Woodburn	H	\$370,000	-1%	5%	\$530	7%
Cobar	H	\$203,000	0%	4%	\$290	7%
Gilgandra	H	\$210,000	6%	-3%	\$300	7%
Moree	U	\$175,000	17%	17%	\$150	7%
Berrigan	H	\$234,000	0%	0%	\$325	7%

Source: CoreLogic. Data reported to the period ending August 2023. Median values account for sales transactions over 12 months.

"High immigration is contributing to increasing demand, and supply simply isn't keeping pace."



Brendan Clark
Property Curator
principal buyer's agent

SUBURB SPOTLIGHT

Hawks Nest

Idyllic beachside suburb, stable house price growth

WITH ITS SANDY BEACHES, CLEAR WATERS, AND LUSH COASTAL VEGETATION, Hawks Nest is a haven for beachgoers, water sports enthusiasts, and nature lovers. The relaxed atmosphere and welcoming community make it an idyllic destination for those seeking a laid-back coastal lifestyle.



source: realestate.com.au

HAWKS NEST HOUSES

MEDIAN PRICE	12 MONTH GROWTH	3 YEAR GROWTH	5 YEAR GROWTH	INDICATIVE GROSS RENTAL YIELD
\$887,500	8%	51%	60%	3%

Source: CoreLogic. Data reported to the period ending August 2023. Median values account for sales transactions over 12 months.

HAWKS NEST UNITS

MEDIAN PRICE	12 MONTH GROWTH	3 YEAR GROWTH	5 YEAR GROWTH	INDICATIVE GROSS RENTAL YIELD
\$627,500	-15%	71%	71%	4%

Source: CoreLogic. Data reported to the period ending August 2023. Median values account for sales transactions over 12 months.



Population
95% of the suburb is uninhabited with the population concentrated around the Hawks Nest township.



Tourism
Hawks Nest is dominated by holiday rentals and caravan parks.