

## Central District – What’s happening in the housing market?

This snapshot of the housing market in the Central District takes a brief look at rental trends; the vacancy rate; affordable rental; rental stress<sup>1</sup>; loss of affordable housing stock; sales price trends and purchase affordability across the local government areas (LGAs) which comprise the Central District. Further analysis is included in the snapshot information on housing demand and housing supply for the Central District.

### Housing market - rental

#### Rents

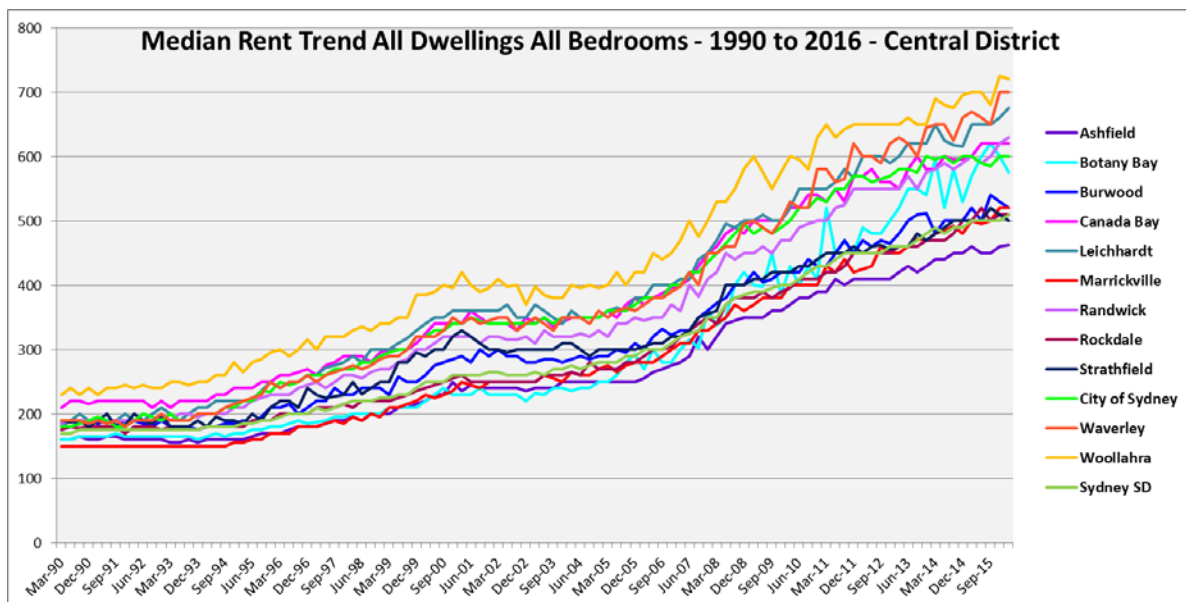
- There have been strong increases in median rents for all dwellings (houses and flats combined) in all bedroom categories (except for three bedrooms in some LGAs) over the last five years (March 2011 to March 2016) in the Central District. The strongest rental increase over that time frame was for one and three bedroom dwellings in Rockdale (43.8% and 41.7% respectively) and for two and four bedrooms in Marrickville (26.4% and 46.7% respectively). At March 2016 median rents for one bedroom dwellings are highest in Waverley; for two bedroom dwellings are highest in City of Sydney and for three and four bedroom dwellings are highest in Woollahra. Median rents for one and two bedroom dwellings are lowest in Ashfield; for three bedrooms in Strathfield and four bedrooms in Rockdale.
- The table below gives median rents for one, two, three and four or more bedroom dwellings at March 2011 and March 2016 for each of the Central District LGAs and for Sydney Statistical Division (SD). Note that median rents in the Central District LGAs are generally well above those for Sydney SD.

Median Rents 2011 to 2016	March 2011				March 2016			
	1 bed \$	2 bed \$	3 bed \$	4 bed \$	1 bed \$	2 bed \$	3 bed \$	4 bed \$
Ashfield	340	395	680	680	385	473	700	975
Botany Bay	430	520	800	800	500	580	750	1,050
Burwood	300	435	678	678	400	530	680	900
Canada Bay	400	520	825	825	520	630	775	900
Leichhardt	380	568	975	975	458	680	925	1,200
Marrickville	320	435	750	750	418	550	800	1,100
Randwick	420	520	1,010	1,010	500	630	950	1,200
Rockdale	320	410	600	600	460	500	850	765
Strathfield	320	430	640	640	430	500	585	800
City of Sydney	470	630	850	850	530	750	960	1,190
Waverley	450	600	1,175	1,175	560	725	1,100	1,500
Woollahra	450	600	1,650	1,650	495	740	1,118	1,950
Sydney SD	<b>390</b>	<b>430</b>	<b>570</b>	<b>570</b>	<b>470</b>	<b>515</b>	<b>520</b>	<b>630</b>

- The table below shows the percentage change in median rents for one, two, three and four (or more) bedroom dwellings between March 2011 and March 2016 in the LGAs of the Central District compared with Sydney SD. While several LGAs experienced a decrease in median rents for three bedroom dwellings, the long term trend for median rents for three bedroom dwellings in all the Central District LGAs is upward, so this is regarded as an anomaly. Note that across the Central District, median rents are generally higher than the average for Sydney SD.

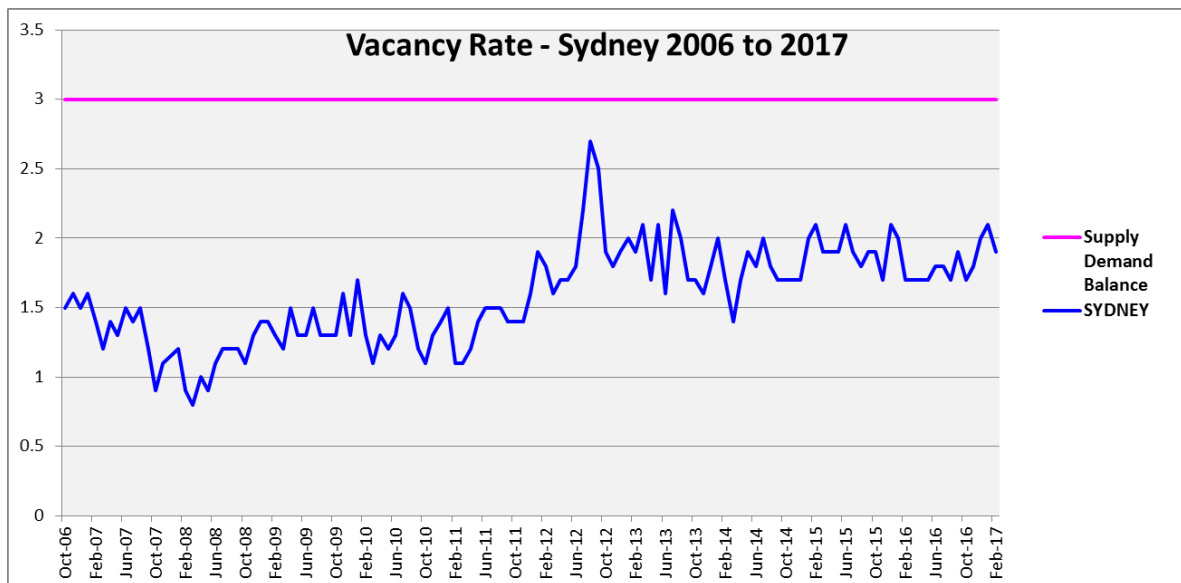
% Change median rents 2011 to 2016	1 bed	2 bed	3 bed	4 bed
Ashfield	13.2	19.6	2.9	43.4
Botany Bay	16.3	11.5	-6.3	31.3
Burwood	33.3	21.8	0.4	32.8
Canada Bay	30.0	21.2	-6.1	9.1
Leichhardt	20.4	19.8	-5.1	23.1
Marrickville	30.5	26.4	6.7	46.7
Randwick	19.0	21.2	-5.9	18.8
Rockdale	43.8	22.0	41.7	27.5
Strathfield	34.4	16.3	-8.6	25.0
Sydney	12.8	19.0	12.9	40.0
Waverley	24.4	20.8	-6.4	27.7
Woollahra	10.0	23.3	-32.3	18.2
Sydney SD	20.5	19.8	-8.8	10.5

- The graph below shows change in the median rental level for all houses and strata properties (for one, two, three and four or more bedrooms combined) in the Central District from 1990 – 2016. Between 1990 and 2016, increases in median rents ranged from 275% of the 1990 median rent in Leichhardt (or 3.8 times the original 1990 median rent) to 163% in Strathfield (or 2.6 times the 1990 median). These are significant increases in rents.



## Vacancy rate

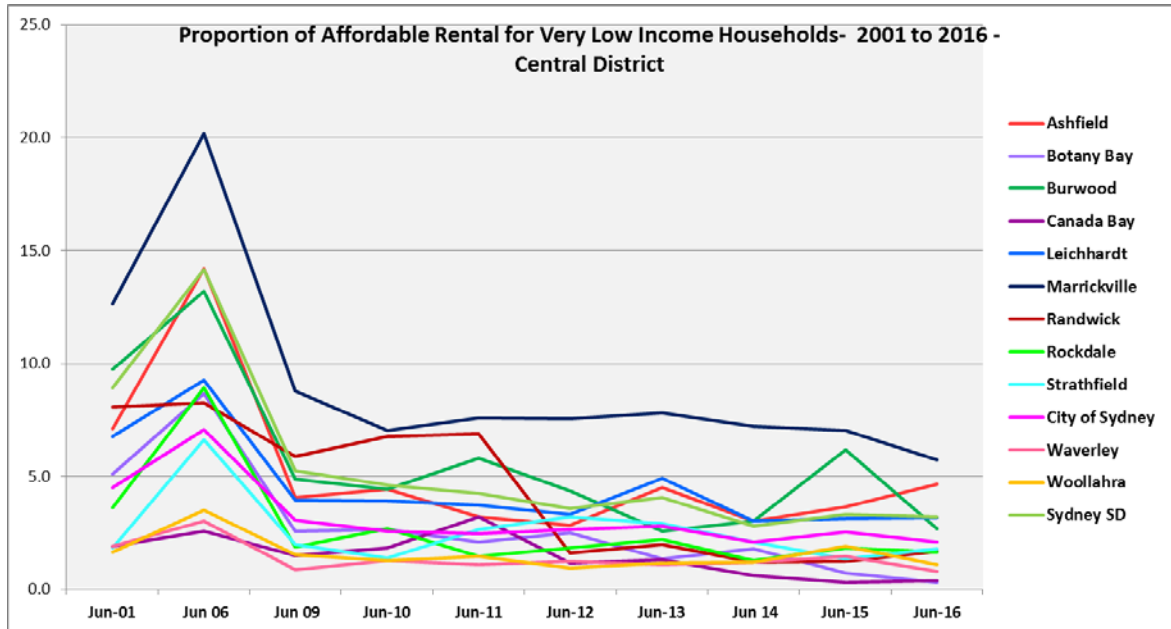
- A vacancy rate of 3% is regarded as representing a balance between supply and demand. For most of the period since 2006, the vacancy rate in Sydney SD has been below 2% - indicating a long term severe shortage of private rental accommodation. At February 2017, the average vacancy rate for Sydney SD was 1.9%. The graph below shows the vacancy rate in Sydney SD between October 2006 and February 2017, using data from the Real Estate Institute of NSW.



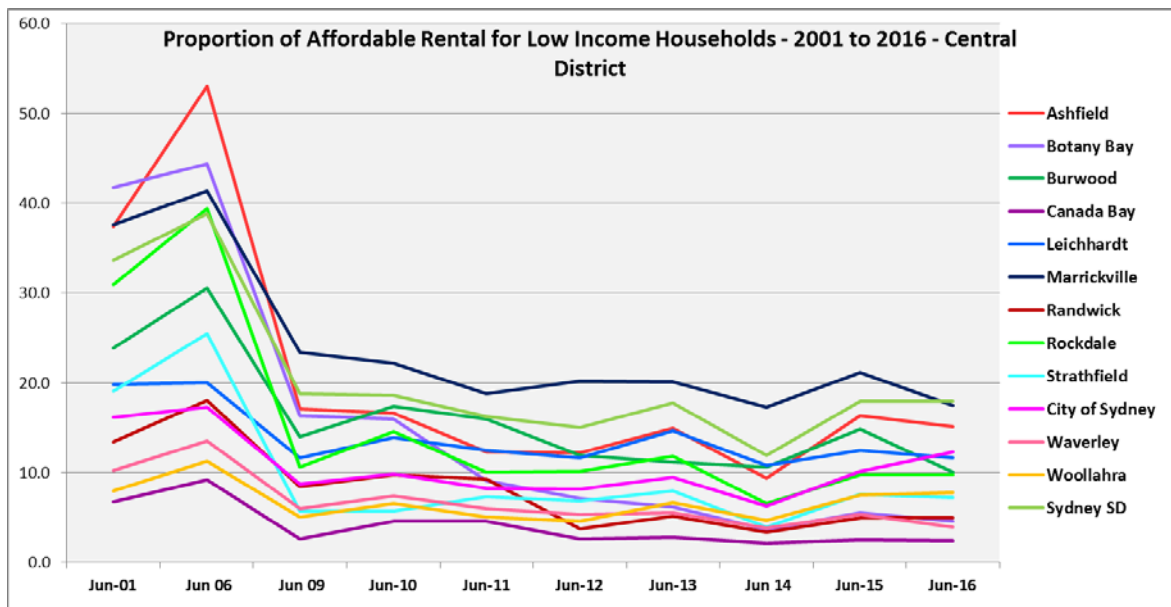
## Affordable rental

- The general trend across Sydney and NSW, has been for a decline in the proportion of rental stock which is affordable for very low, low and moderate income earners. The reduction in the proportion of rental housing that is affordable has been significant, with a very low proportion of stock now being affordable for very low income earners. At June 2016 the proportion of private rental stock that is affordable for very low income earners in the Central District ranged from 0.3% in Botany Bay to 5.7% in Marrickville – all but Ashfield and Marrickville are at or below the average of 3.2% across Sydney SD.
- The proportion affordable for low income earners ranges from 2.4% in Canada Bay to 17.5% in Marrickville – with all the Central District LGAs being below the Sydney SD average of 18.0%.

- The graph below shows the proportion of private rental affordable for very low income households in the LGAs of the Central District between 2001 and 2016.



- The graph below shows the proportion of private rental housing affordable for low income households in the Central District, by LGA, between 2001 and 2016.



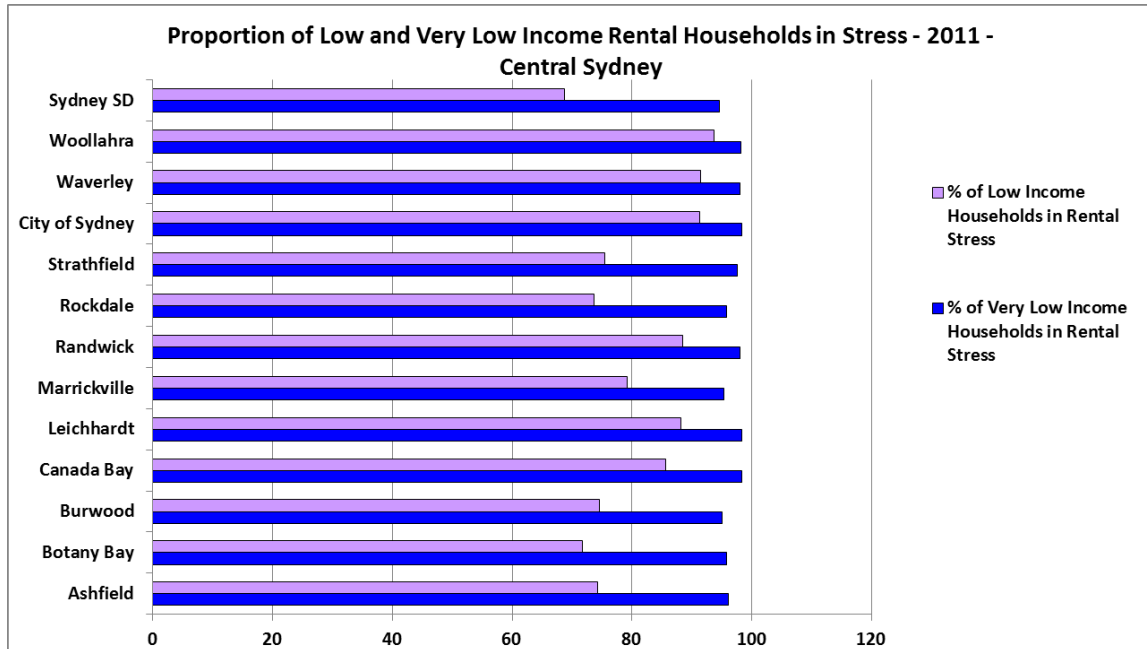
- The table below gives the proportion of affordable private rental housing for very low, low and moderate income households at June 2016 in each of the Central District LGAs. Note that only Ashfield, Rockdale and Strathfield have a higher proportion of stock affordable for moderate income households than the average for Sydney SD of 60.2%.

Area	% of stock affordable for very low income households June 2016	% of stock affordable for low income households June 2016	% of stock affordable for moderate income households June 2016
Ashfield	4.6	15.1	69.5
Botany Bay	0.3	4.6	41.9
Burwood	2.7	10.0	51.2
Canada Bay	0.4	2.4	38.7
Leichhardt	3.2	11.7	32.7
Marrickville	5.7	17.5	53.0
Randwick	1.7	4.9	35.0
Rockdale	1.6	9.7	66.3
Strathfield	1.8	7.2	68.5
Sydney	2.1	12.3	43.7
Waverley	0.8	3.9	27.0
Woollahra	1.1	7.7	27.3
Sydney SD	3.2	18.0	60.2

## Rental stress

- In the Central District at the 2011 Census, all the LGAs have 98% of very low income households in rental stress, with the exception of Botany Bay with 96% and Burwood and Marrickville with 95% (which is the average for Sydney SD). All of the Central District LGAs have higher than Sydney SD average proportions of low income households in rental stress, ranging between 94% in Woollahra to 72% in Botany Bay, with the Sydney SD average being 69%.
- In 2014, the Central District had 25,533 residents in receipt of Commonwealth Rent Assistance (CRA) and in housing stress – with Inner West having 6,038; Sydney City 5,786; Bayside 4,030; Randwick 3,52; Waverley 1,634; Canada Bay 1,323; Strathfield 1,069; Burwood 1,066 and Woollahra 1,060. Woollahra had the highest proportion of CRA recipients in stress with 75.1%. All the Central District LGAs had a much higher percentage of CRA recipients in housing stress than the Sydney SD average of 49.1%.

- The graph below shows the proportions of low and very low income rental households in rental/housing stress at the 2011 Census, across the Central District LGAs and in comparison with Sydney SD.



- The table below shows the number and proportion of tenants in the Central District who are in the private rental market, are in receipt of CRA, and even with this additional income support, are in housing stress. All the Central District LGAs have a higher proportion of CRA recipients in housing stress than the average for Sydney SD. Note that there are also very high numbers of CRA recipients in housing stress – particularly in City of Sydney, Inner West, Bayside and Randwick LGAs. The Central District is home to more than 22% of the CRA recipients in housing stress across the whole of Sydney SD.

Area	Total CRA recipients 2014	CRA recipients in Housing Stress 2014	% in Stress
Inner West	10,334	6,038	58.4
Bayside	7,245	4,030	55.6
Burwood	1,854	1,066	57.5
Canada Bay	2,197	1,323	60.2
Strathfield	1,843	1,069	58.0
Randwick	5,398	3,527	65.3
Waverley	2,376	1,634	68.8
Woollahra	1,412	1,060	75.1
Sydney City	8,763	5,786	66.0
Total Central District	41,422	25,533	61.6
Sydney SD	233,199	114,548	49.1

## Loss of affordable housing stock

- FACS has calculated the number of new rental bonds lodged that were affordable to low income earners in all the Central District LGAs in 2006, 2010 and 2013. All Central District LGAs have experienced a significant loss of affordable housing between 2006 and 2013 – ranging between 80% fewer affordable rental bonds lodged in Bayside over that period to 50.4% in Woollahra. As a whole, Central District lost 9,848 affordable private rental properties between 2006 and 2013, with falls of 2,829 in Inner West; 2,271 in City of Sydney; 1,895 in Bayside; 1,122 in Randwick; 647 in Waverley; 380 in Strathfield 380; 273 in Burwood; 221 in Canada Bay 221 and Woollahra 210.
- The vast majority of these LGAs already had very low levels of affordable housing by 2006. This underlines just how little affordable accommodation remains in the Central District – in 2013 in Canada Bay, there were just 100 properties that were affordable to low income households and in Strathfield just 101. Even those LGAs within the Central District that have traditionally provided more affordable private rental accommodation, such as Inner West, have had significant losses.
- The table below shows the number of new bonds lodged that were affordable to low income households in 2006, 2010 and 2013 and the proportion lost.

	No. of new bonds lodged affordable for low income households			
	2006	2010	2013	% loss
Inner West	4,410	1,821	1,581	64.1
Bayside	2,356	629	461	80.4
Burwood	427	244	154	63.9
Canada Bay	321	161	100	68.8
Randwick	1447	685	325	77.5
Strathfield	481	106	101	79.0
Sydney	4018	1985	1747	56.5
Waverley	861	355	214	75.1
Woollahra	417	253	207	50.4

## Housing market - purchase

### Sales price

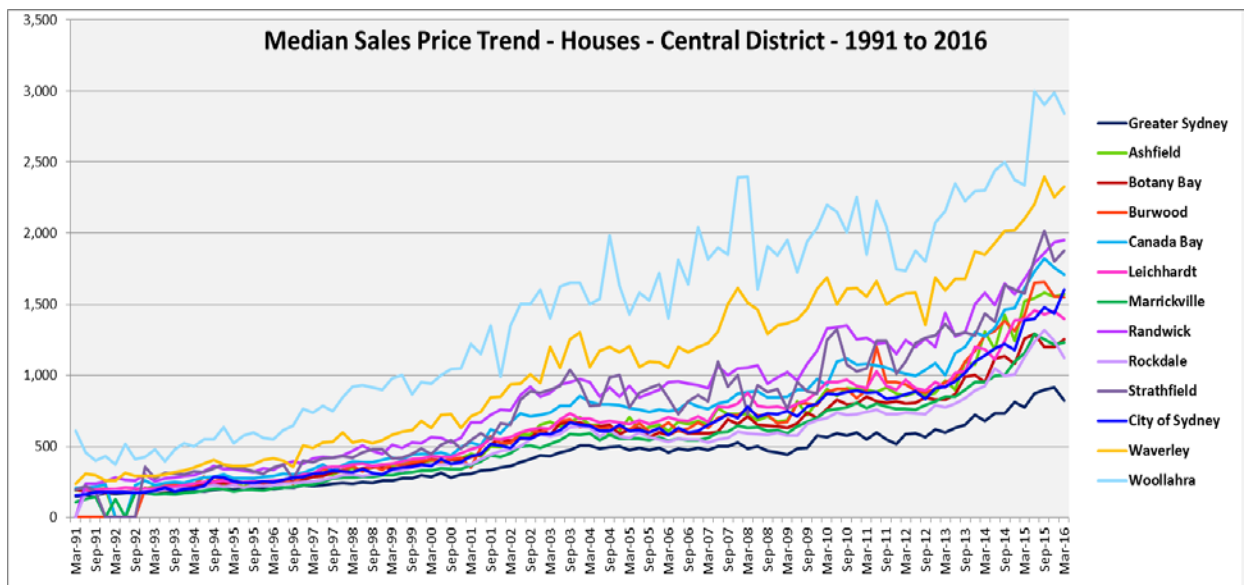
- Changes in median sales price have been strong over the five years to March 2016, with the largest increase being for houses in City of Sydney (82.9%) and units in Woollahra (90.4%). Generally rises in median sales price are higher than those for rents over the same period.



- The table below shows the change in median sales price for houses and for units in the LGAs of the Central District between March 2011 and March 2016.

	Houses				Flats			
	Mar-11 \$	Mar-16 \$	Change \$	%	Mar-11 \$	Mar-16 \$	Change \$	%
Ashfield	898	1,570	672	74.8	470	681	211	44.9
Botany Bay	850	1,255	405	47.6	488	732	245	50.2
Burwood	900	1,550	650	72.2	535	680	145	27.1
Canada Bay	1,080	1,708	628	58.1	600	836	236	39.3
Leichhardt	910	1,400	490	53.8	639	900	261	40.8
Marrickville	768	1,230	462	60.2	480	670	190	39.6
Randwick	1,263	1,950	688	54.5	597	813	216	36.1
Rockdale	741	1,125	384	51.8	439	650	212	48.2
Strathfield	1,050	1,875	825	78.6	432	602	170	39.2
Sydney	875	1,600	725	82.9	587	818	231	39.4
Waverley	1,555	2,325	770	49.5	641	1,020	379	59.1
Woollahra	1,850	2,843	992	53.6	680	1,295	615	90.4

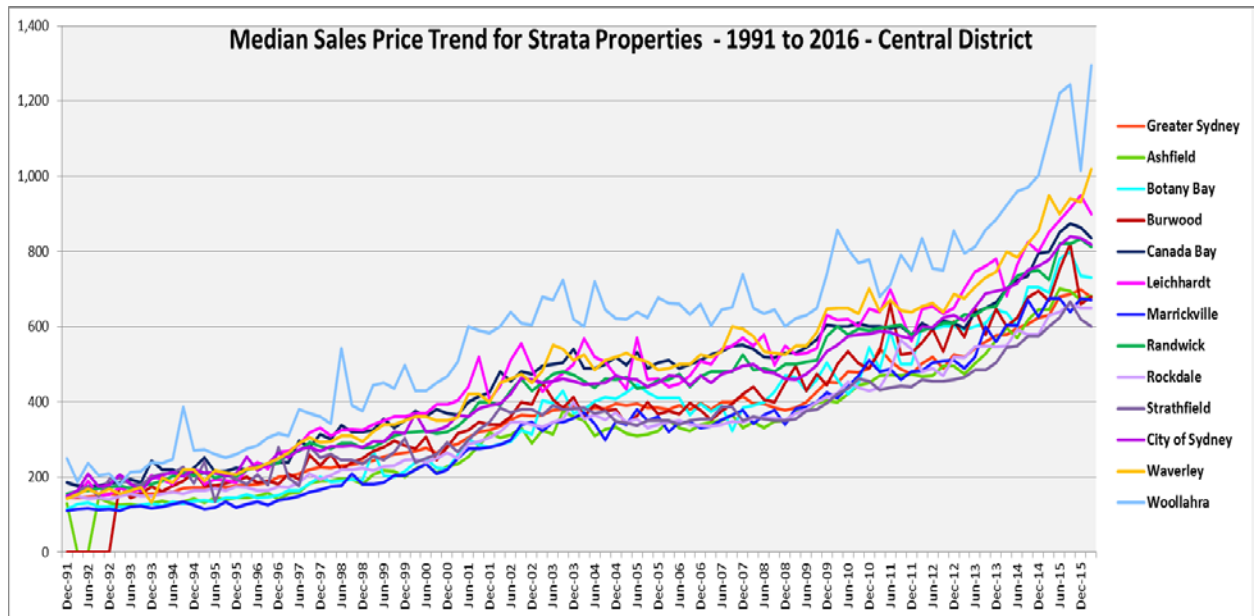
- The graph below shows the long term trend in median sales price for houses in the Central District between 1991 and 2016.



- Median house and unit prices have increased strongly over the period from 1993 to 2016, with median house prices at 2016 being 8.5 times the 1993 median house price in City of Sydney LGA; 7.9 times in Waverley; 7.6 times in Burwood; Marrickville and Randwick; 7.4 times in Canada Bay; 7.1 in Ashfield; 6.8 in Botany Bay, Leichhardt and Strathfield; 6.1 in Rockdale and 5.9 in Woollahra. These are clearly significant increases in house and unit prices, particularly when compared with Sydney SD over the same period.



- The graph below shows the long term trend in median sales price for strata properties in the Central District between 1991 and 2016. Changes in median sales price for strata properties ranged between an increase of 202% (or 3 times the 1993 median strata price) in Strathfield and 623% in Woollahra (or 7.2 times the 1993 median strata price).



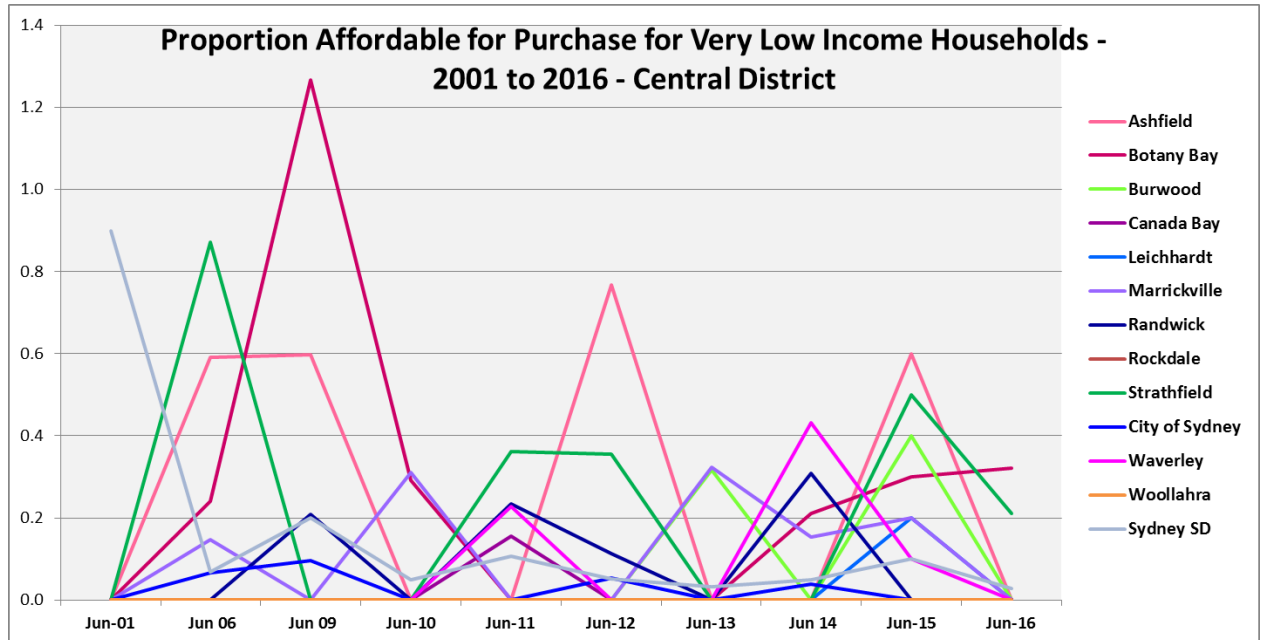
## Purchase affordability

- House prices<sup>1</sup> have been rising faster than incomes<sup>2</sup> for some time – according to ABS data, property prices in Sydney grew by 10.3% over the 12 months to December 2016, while 'Full time adult average weekly ordinary time earnings' increased by 2.2% in the 12 months to November 2016.
- Purchase affordability for very low income earners in the Central District has been at close to 0% in most LGAs for at least the last 12 years. It is impossible for very low income earners to purchase median priced dwellings in any of the LGAs in the Central District.
- The situation for low income purchasers in the Central District is really no better. At June 2016, low income earners best chance to purchase in the Central District was in Strathfield, with theoretically 0.4% of dwellings being affordable for purchase. All the Central District LGAs have considerably less affordable purchase for low income earners than the average for Sydney SD of 0.8% at June 2016.
- The opportunities for moderate income households to purchase in the Central District are limited – at June 2016, Strathfield provides the most scope with 22.9% theoretically affordable for purchase to moderate income households – the only LGA in the Central District with a higher proportion than the Sydney SD average of 14.4%. After Strathfield, the next highest proportion affordable for purchase for moderate income households was in Burwood 6.9%; City of Sydney 6.8%; Rockdale 6.6%; Ashfield 4.4% and Marrickville 3.3%. Canada Bay had the least with 0.1%, followed by Woollahra with 0.8% and Waverley and Randwick with 1.2%.

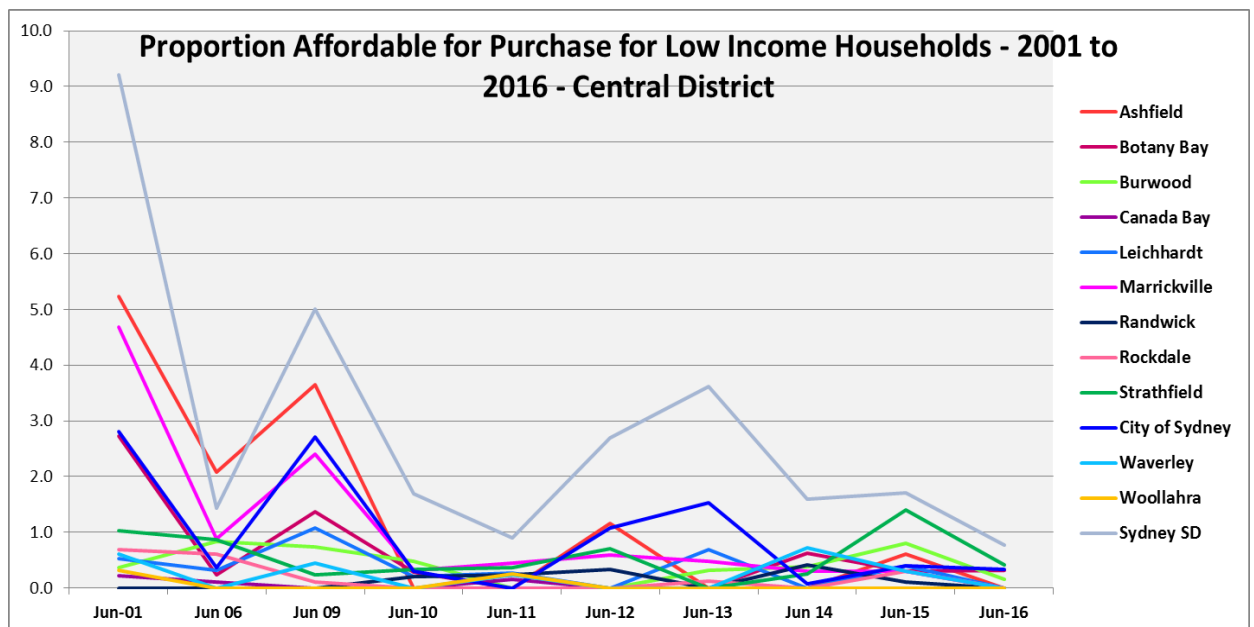
<sup>1</sup> 6416.0 - Residential Property Price Indexes: Eight Capital Cities, Dec 2016

<sup>2</sup> 6302.0 - Average Weekly Earnings, Australia, Nov 2016

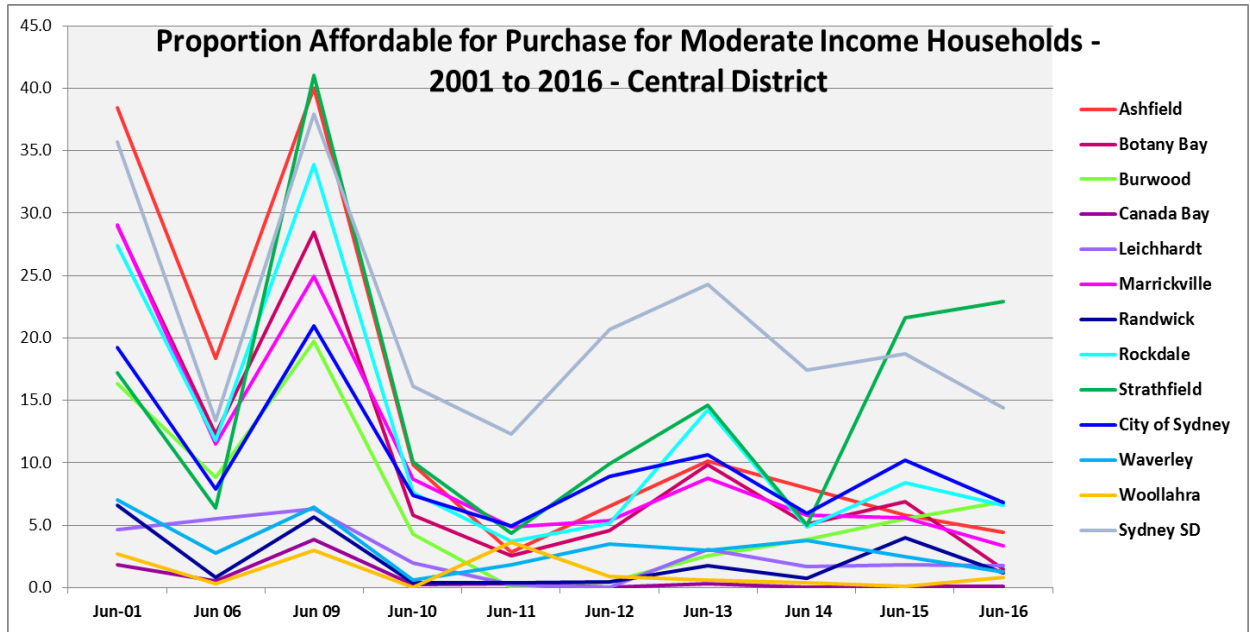
- The graph below shows the proportion of properties affordable for purchase by very low income households over the period from 2001 to 2016 in the Central District LGAs.



- The graph below shows the proportion of properties affordable for purchase by low income households over the period from 2001 to 2016 in the Central District LGAs.



- The graph below shows the proportion of properties affordable for purchase by moderate income households in the LGAs of the Central District between 2001 and 2016.



- Clearly purchase affordability is very tight in the Central District for very low, low and moderate income households.

## Additional data

Additional data on rents and sale prices, including both current and historical data, is available from the Rent and Sales Report on the FACS website at:

<http://www.housing.nsw.gov.au/about-us/reports-plans-and-papers/rent-and-sales-reports>

More detailed housing data and tables used in this Snapshot are available from the Local Government Housing Kit Database on the FACS website at:

<http://www.housing.nsw.gov.au/Centre+For+Affordable+Housing/NSW+Local+Government+Housing+Kit/Local+Government+Housing+Kit+Database/>

<sup>i</sup> Very low, low and moderate income households paying more than 30% of their income in housing costs are regarded as being in housing stress. Very low, low and moderate income households paying more than 30% of their income in rent are regarded as being in rental stress.