

A woman wearing a floral apron and a young boy wearing a grey shirt and a yellow apron are baking together in a kitchen. They are both smiling and focused on their task. The woman is on the left, and the boy is on the right. They are working on a table covered with flour, shaping dough into small round pieces. A black baking tray is visible in the foreground, filled with the shaped dough. In the background, there is a stainless steel pot and a white bowl on the table. The scene is brightly lit, suggesting a sunny day.

UDIA | URBIS HOME PURCHASER SENTIMENT SURVEY

An Update of Property Sentiment Among Sydney Residents

16 June 2020



SURVEY DETAILS

Online survey with Sydney residents aged over 21 years.

A total of 531 Sydney residents were surveyed in the period 7-12 May 2020. In July 2019 a total of 540 Sydney residents were surveyed giving a total sample of 1071 residents.

Confidence level:95%

Confidence interval:4.2



TOP 5 TAKE OUTS

1. Moderate shift in sentiment since July 2019, suggesting confidence in the long-term fundamentals of the Sydney property market.
2. There was a more downward shift when considering whether it was a good time to buy through an investor lens. 32% were negative compared with 19% negative when making an assessment through an owner occupier lens.
3. Residents appear to view the impacts on property prices as short term. Half believe prices will be lower in 6 months time with the majority (63%) expecting prices will be higher in 18 months time.
4. The impact on searching for property has seen 22% of residents putting their search on hold since Covid-19 lockdowns, most of whom are casual searchers.
5. There is strong support for stamp duty reform as a tool to improve confidence among home owners and some renters. 54% of renters said First Home Owner targeted policies would impact positively on their confidence.

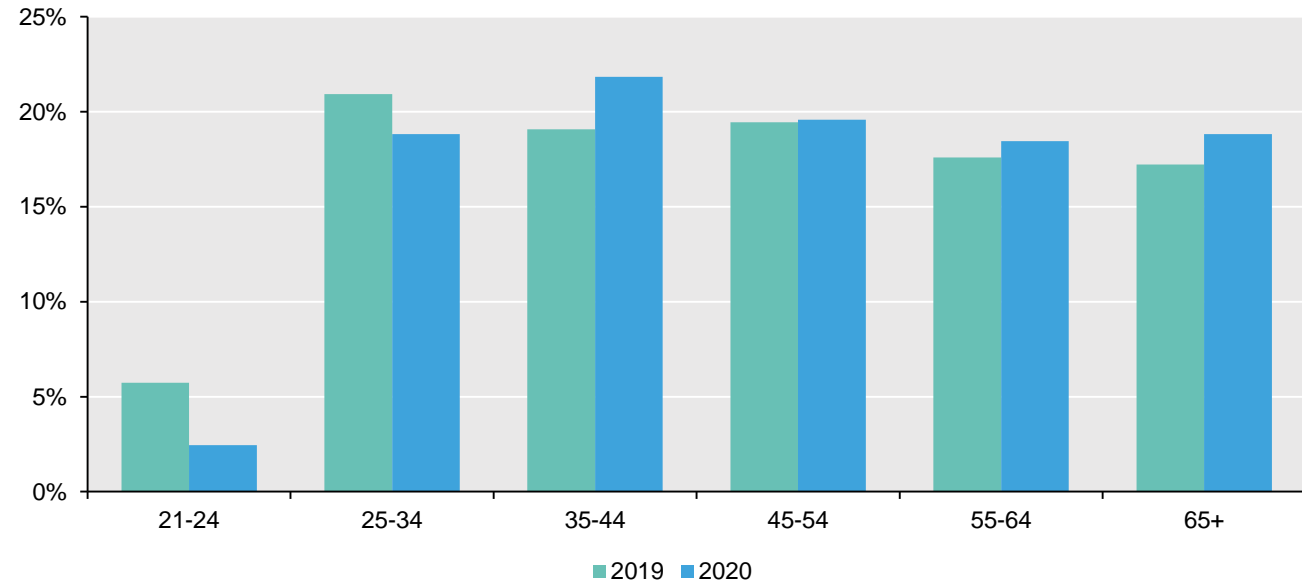
SAMPLE PROFILE

Age representative sample –min quotas applied to age

Slightly less families in 2020, and similarly higher number of couples with no children at home mostly likely reflecting the additional time those without children had during the Covid-19 lockdown period.

Family households with children and couple/family without children is in line with the Greater Sydney Statistical Area profile.

AGE DISTRIBUTION



Source: Urbis

HOUSEHOLD COMPOSITION

	2019	2020
Family households with children living at home	49%	45%
Family/couple household with no children at home	29%	33%
Single or lone person households, no children at home	16%	19%
Group share households, no children at home	5%	3%
Parent/(s) and Adult children	1%	1%

Source: Urbis

GEOGRAPHIC PROFILE

Spread of inner to outer locations and similar geographic profile for both surveys.

REGION	2019	2020
Sydney - City and Inner South	16%	12%
Sydney - Inner South West	12%	12%
Sydney - Inner West	9%	11%
Sydney - North Sydney and Hornsby	9%	10%
Sydney - Parramatta	10%	9%
Sydney - Outer West and Blue Mountains	7%	8%
Sydney - Blacktown	7%	7%
Sydney - Baulkham Hills and Hawkesbury	5%	6%
Sydney - South West	6%	6%
Sydney - Outer South West	4%	6%
Sydney - Eastern Suburbs	5%	5%
Sydney - Ryde	4%	4%
Sydney - Sutherland	4%	4%
Sydney - Northern Beaches	2%	1%

Source: Urbis

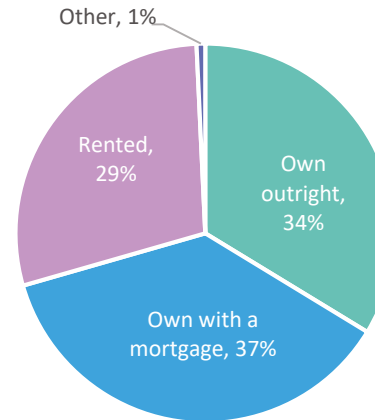
TENURE AND DWELLING TYPE

The tenure profile for the two survey periods is consistent.

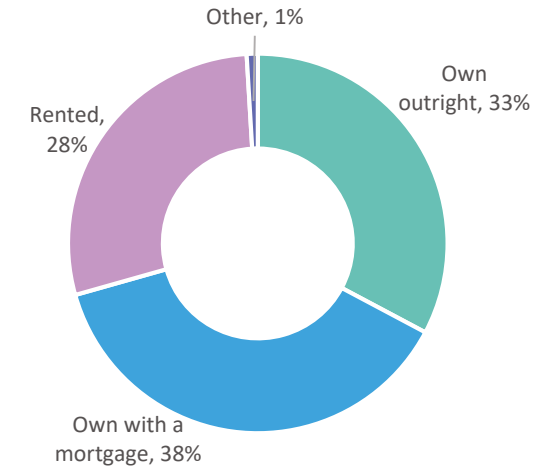
The survey tenure profile is largely in line with the Greater Sydney Statistical Area Profile, with slightly higher proportion of home owner participants, and slightly lower proportion of renters.

In the May 2020 survey there were slightly less participants living in houses and more residing in semi detached/terrace homes compared to the July 2019 survey. This is likely to be a reflection of the increase in households without children living in terraces and townhouses.

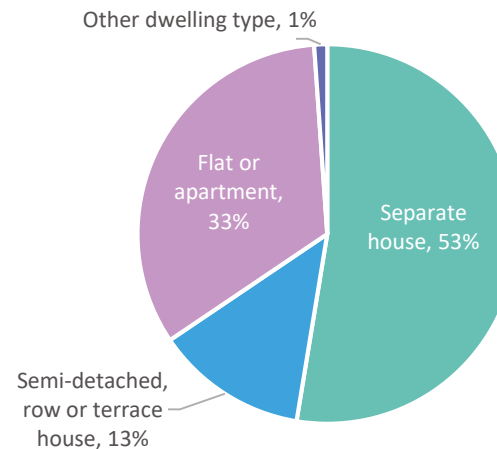
TENURE TYPE- 2019



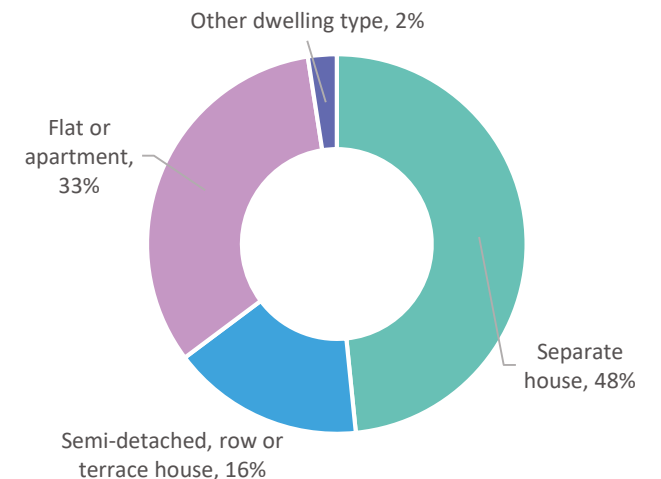
TENURE TYPE- 2020



DWELLING TYPE- 2019



DWELLING TYPE- 2020



Source: Urbis

MARKET CONTEXT TO SET THE SCENE



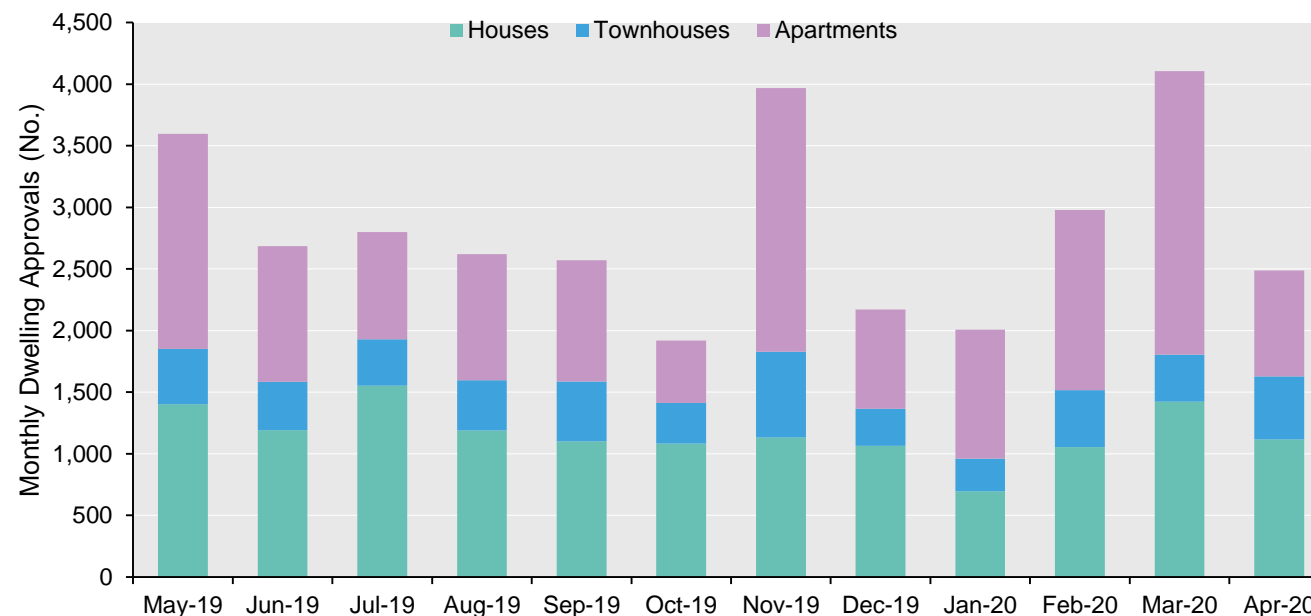
SHARP FALL IN DWELLING APPROVALS IN APRIL 2020

Dwelling approvals fell in April 2020 from March. Activity was still stronger than October 2019 and January 2020.

Most notably there were 1,443 fewer apartments approved compared to March.

These figures are not showing Covid-19 specific impacts due to the lag between demand and approvals being recorded. They show that approvals are always fluctuating month to month.

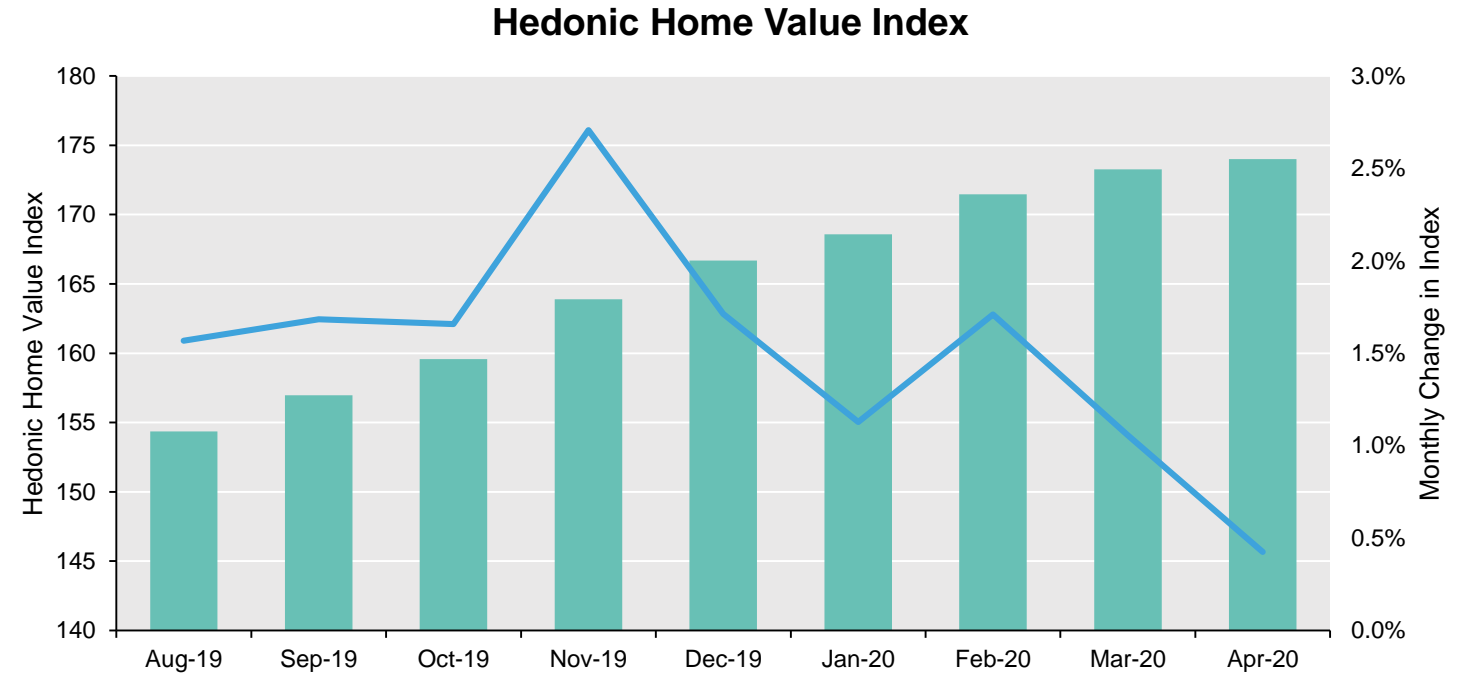
Monthly Dwelling Approvals – Greater Sydney



Source: ABS, Urbis

DWELLING VALUES OVER THE PERIOD – HEDONIC HOME VALUE INDEX

Sine the last survey in July 2019, home values have increased overall since that time. The monthly change index shows a very modest increase in April 2020 of 0.4% indicating that prices did not decline in the first lockdown month, yet evident that growth was impacted.



Source: Core Logic Hedonic Home Value Index

PURCHASE AND PRICE SENTIMENT



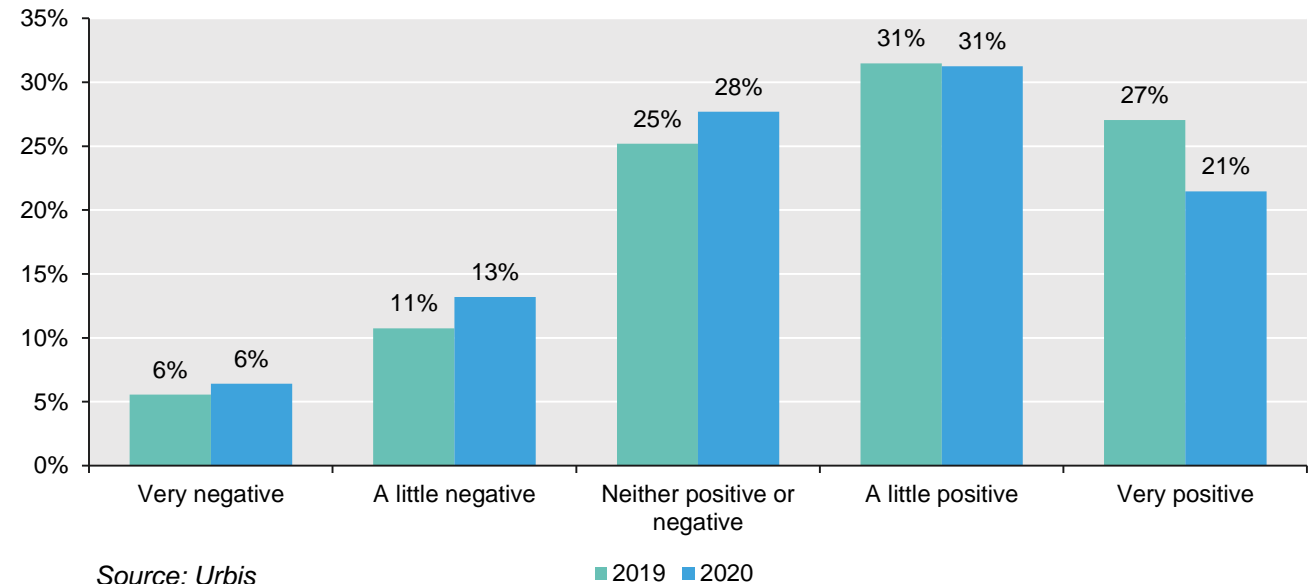
SENTIMENT ABOUT BUYING PROPERTY

The downward shift in sentiment since the last survey period is not substantial. The decline is mostly in the proportion of residents who are 'very positive' compared to August 2019, a drop of 6%. There is a slight increase in the those feeling a 'little negative' and those who are 'neither positive or negative', which reflects the uncertainty factor.

The decline in positive sentiment is most evident among home owners than renters, a decline of 7% of owners are feeling positive. In May 2020, 54% of the owners surveyed were positive, 18% negative and 28% neutral. Among the renters 22% were feeling negative.

52% are positive about purchasing in the current market, down from 58% in 2019.

MARKET SENTIMENT



Own Outright/ Mortgage



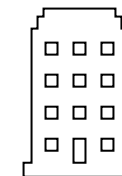
2019
61% of
owners
positive



2020
54% of
owners
positive

Source: Urbis

Rented



2019
52% of
renters
positive



2020
50% of
renters
positive

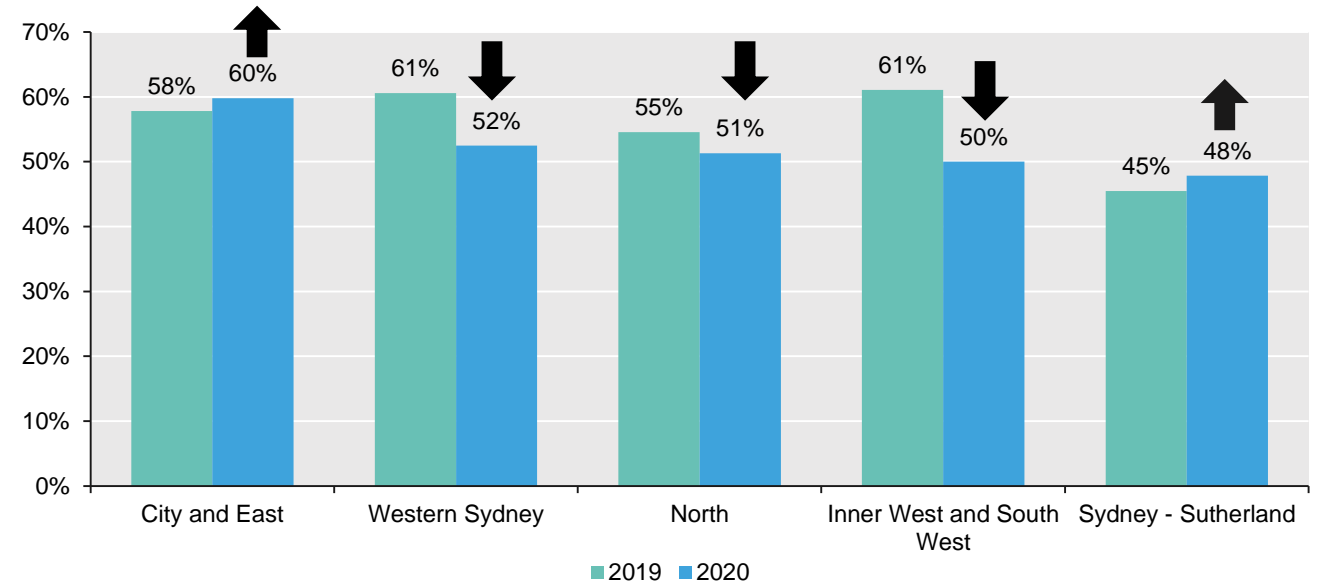
SENTIMENT BY SYDNEY REGION

Considering sentiment at a regional level, the decline in the proportion of residents feeling positive is most notable in Western Sydney, the Inner West and Inner South West.

There was a very slight increase in sentiment in the City and East, and not notable enough to make any conclusions about a geographic difference.

Almost one in ten Western Sydney residents feeling less positive – a drop of 9%

TOTAL POSITIVE SENTIMENT BY REGION

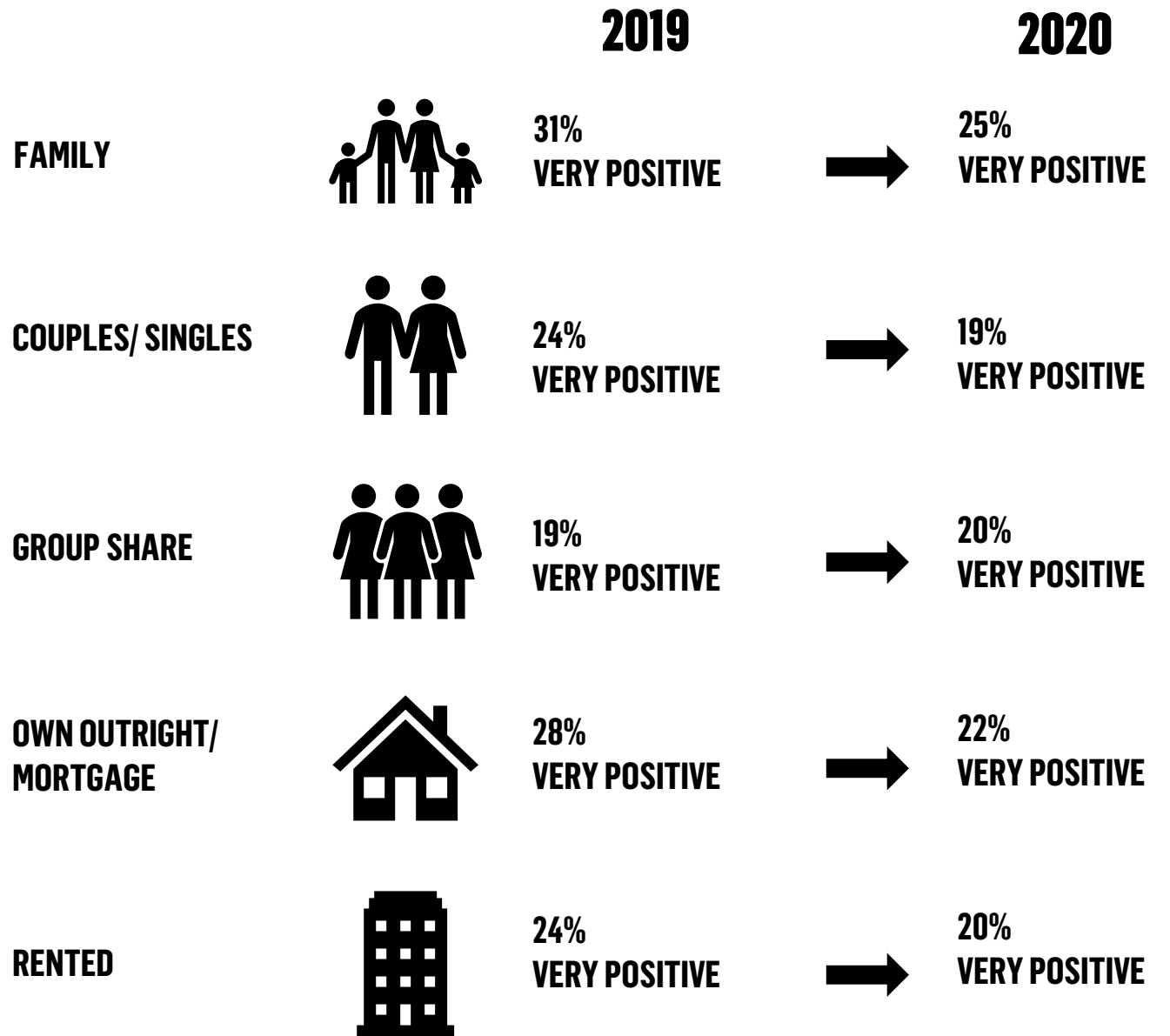


Source: Urbis

SENTIMENT IMPACT BY HOUSEHOLD TYPES

These results show the proportion of residents who indicated they were 'very positive' about it being a good time to buy. This is regardless of whether they were intending to buy.

Families and home owners were the most positive in July 2019 and still the case in May 2020. However, their confidence has taken the biggest hit, 6% fewer family households and home owners are feeling 'very positive'.



BROADER SENTIMENT MEASUREMENT

It is important to consider these results against a broader background.

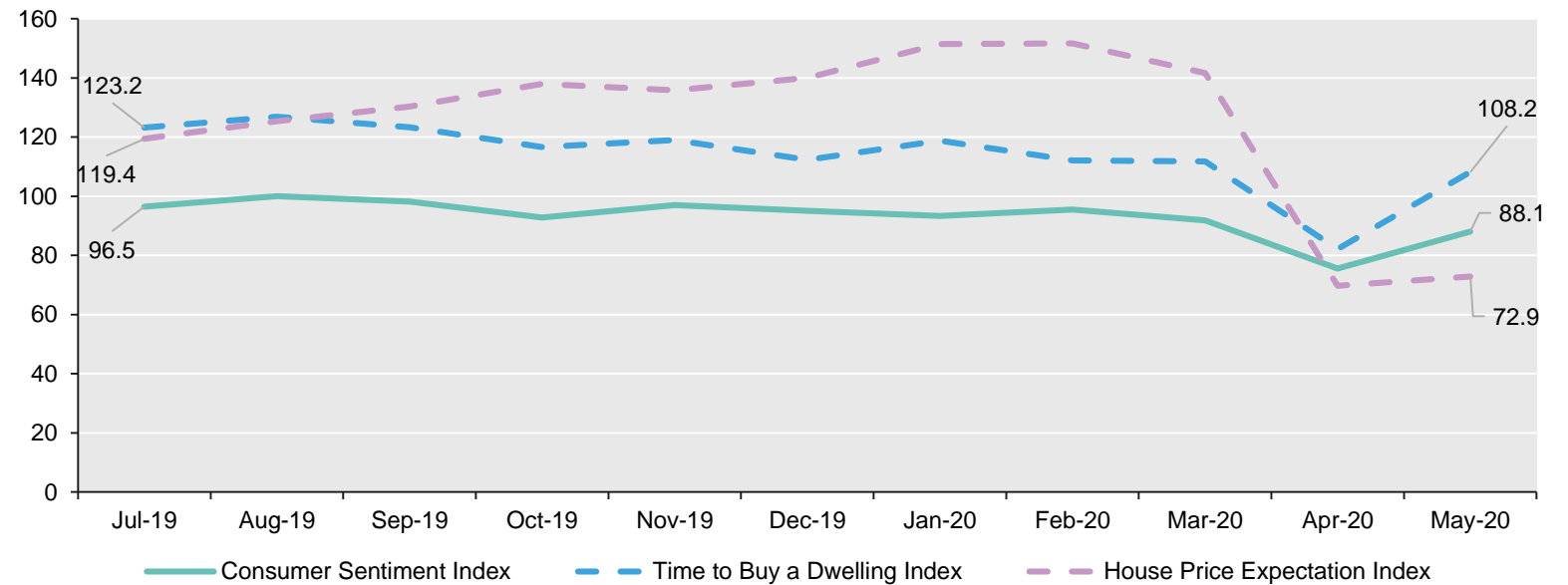
The survey was conducted in the period 7-12 May 2020. This was a significant time in moving Australia towards re-opening business and relaxing restrictions.

8 May – Prime Minister Morrison announced the *3 Step Framework for a Covid Safe Australia*.

10 May – NSW Premier Berejiklian announced easing of restrictions for cafes, restaurants and gatherings.

By this point Sydney residents were starting to feel more confident and this is reflected in the UDIA | Urbis Home Purchaser Sentiment Survey.

WESTPAC CONSUMER SENTIMENT INDEX



Source: Westpac Consumer Sentiment Index

The Westpac Consumer Sentiment Index shows the 'Time to Buy a Dwelling Index' at 123.2 points in July 2019 and 108.2 points in May 2020 after a dramatic decline to 82.1 points in April 2020. Both the UDIA | Urbis Home Purchaser Sentiment Survey and the Westpac Index show how critical that period in early May was for restoring confidence in property.

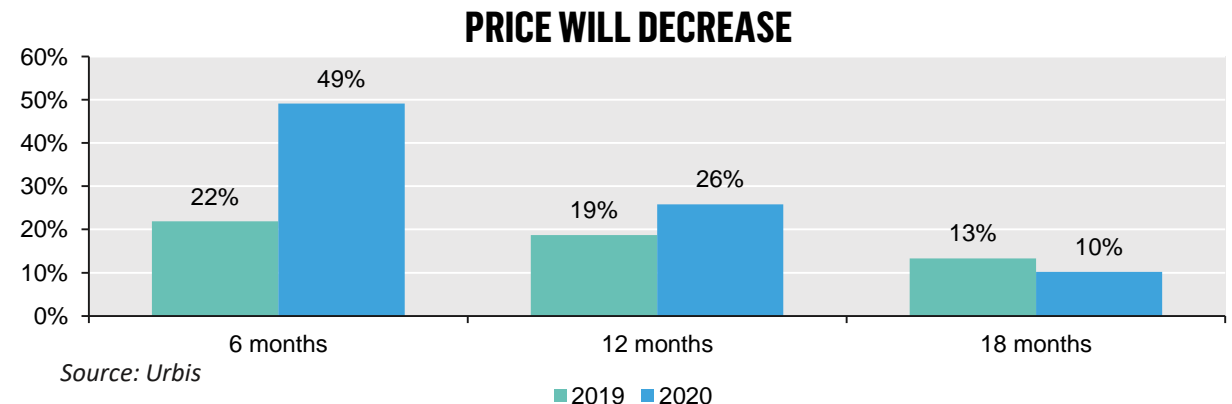
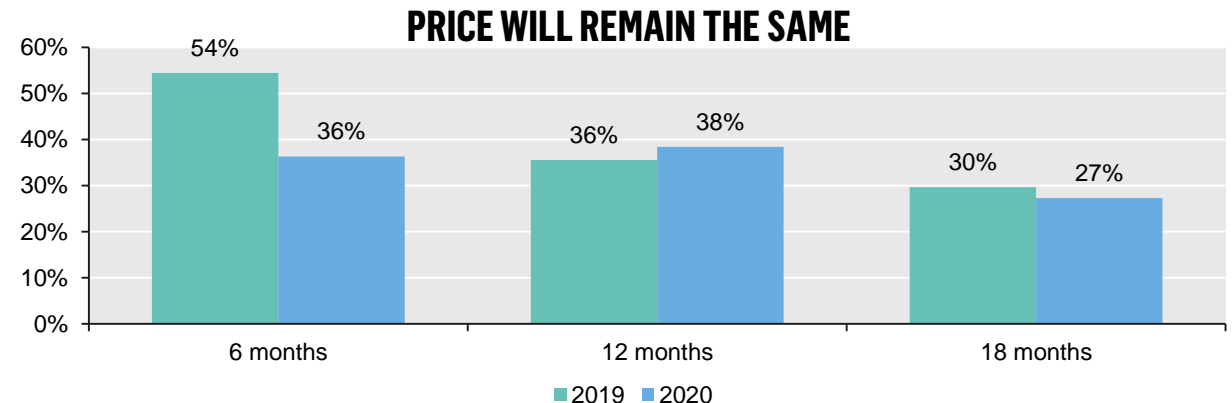
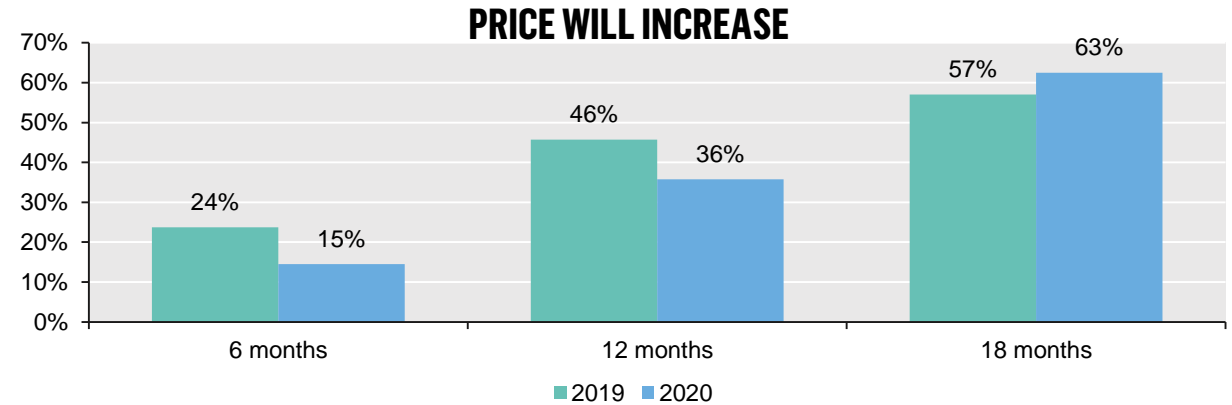
PRICE MOVEMENT EXPECTATIONS

Surveyed residents were asked where they thought property prices would be relative to today in 6 months, 12 months and 18 months.

In 6 months time about one in two believe a price decrease is likely. In July 2019, 22% of Sydney residents anticipated property prices would be lower in the forward 6 months (December 2019). In May 2020, this shot up to 49% of residents. A further 36% anticipate no change to prices, and 15% expect an increase.

Resident's 12 month outlook is more positive, 36% believe they will have increased from today's prices and 38% said they would be the same.

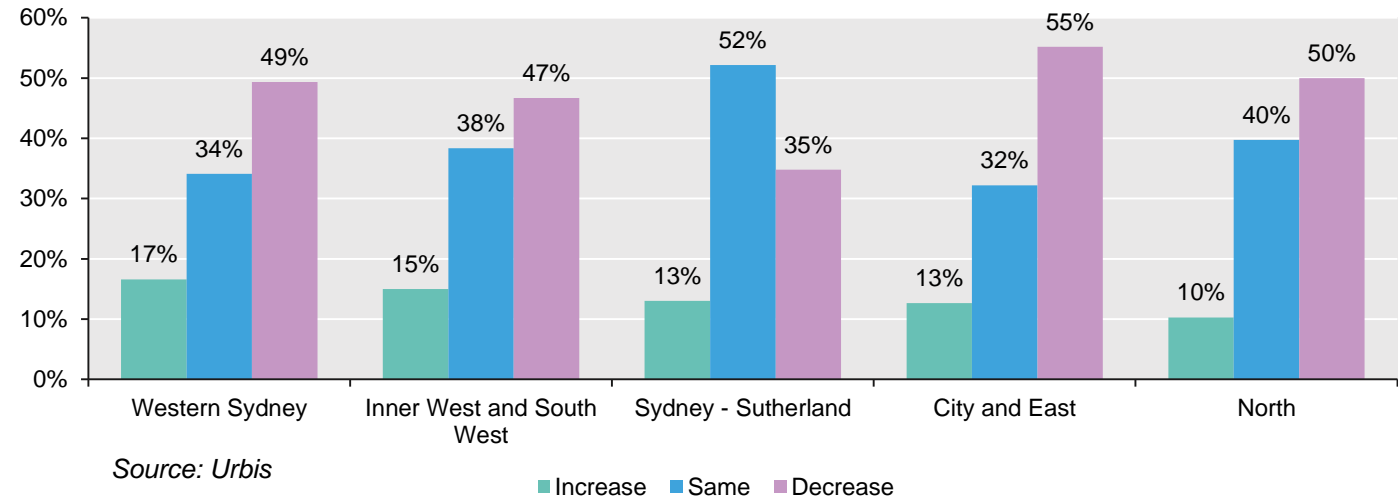
In 18 months time the majority of residents have assumed a recovery in prices with 63% anticipating an increase on today's prices.



6 MONTH PRICE MOVEMENT EXPECTATIONS BY SYDNEY REGION

Residents in Western Sydney and the City and East have shifted the most in price sentiment between the survey periods. This represents an increase of 33% more residents in Western Sydney anticipating falling prices in 6 months, and additional 30% more residents in City and East.

6 MONTH PRICE SENTIMENT BY REGION - 2020



6 MONTH PRICE SENTIMENT CHANGE BY REGION: 2019-2020



12 MONTH PRICE MOVEMENT EXPECTATIONS BY SYDNEY REGION

When considering where prices will be in 12 months time, the increase in negative sentiment, i.e. decreasing prices, across all regions is fairly even.

12 MONTH PRICE SENTIMENT BY REGION - 2020



12 MONTH PRICE SENTIMENT CHANGE BY REGION: 2019-2020

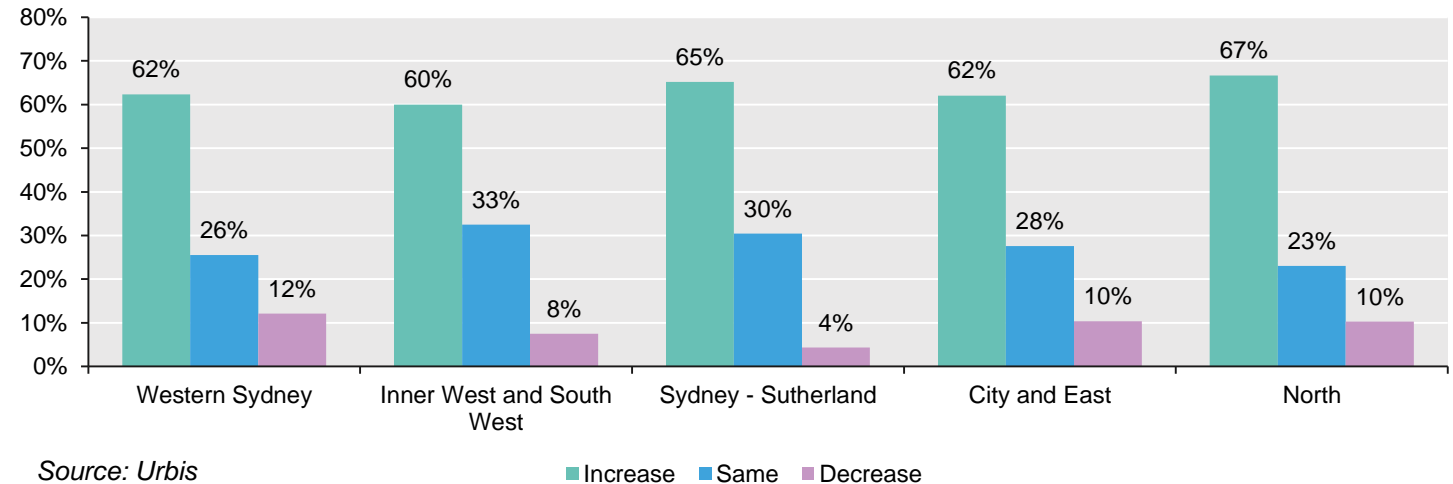


18 MONTH PRICE MOVEMENT EXPECTATIONS BY SYDNEY REGION

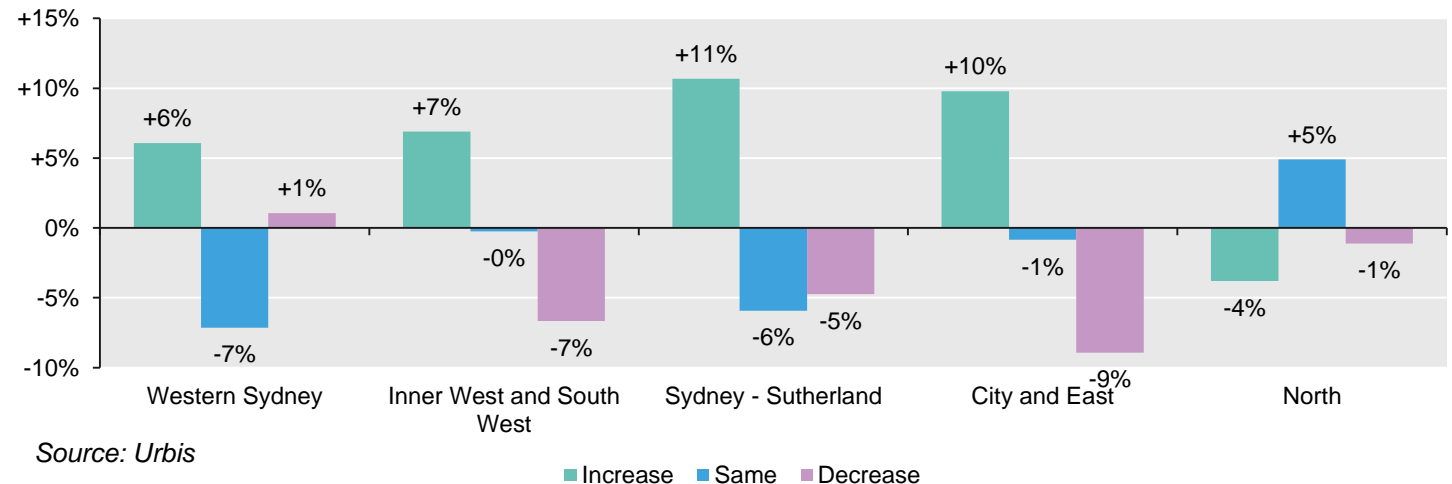
When considering where prices will be in 18 months time, there was an increase in the proportion of residents anticipating higher prices across most Sydney regions, compared with that resident outlook in July 2019.

In the City and East an additional 10% of surveyed residents anticipate prices will be higher in 18 months, than residents who had that same view in July 2019.

18 MONTH PRICE SENTIMENT BY REGION - 2020



CHANGE IN 18 MONTH PRICE SENTIMENT BY REGION: 2019-2020



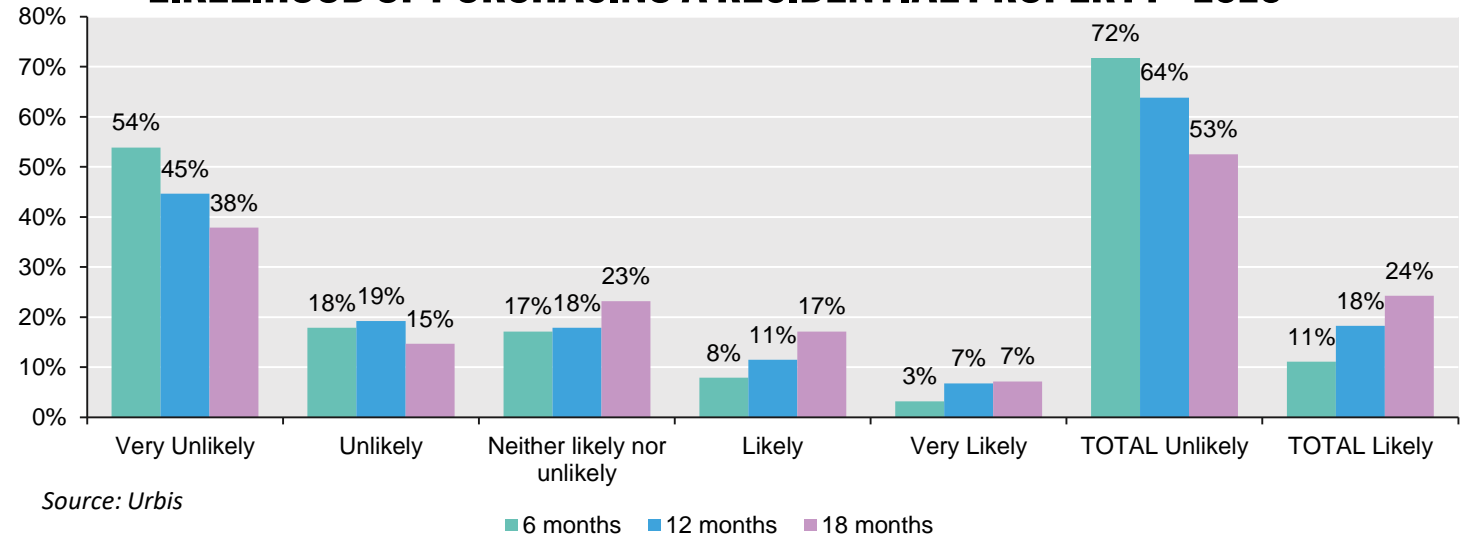
INTENTION TO PURCHASE PROPERTY

Overall 64% of surveyed residents said they are unlikely to purchase property in the next 12 months. This is an increase of 7% of residents on the July 2019 survey who said they would be unlikely to purchase.

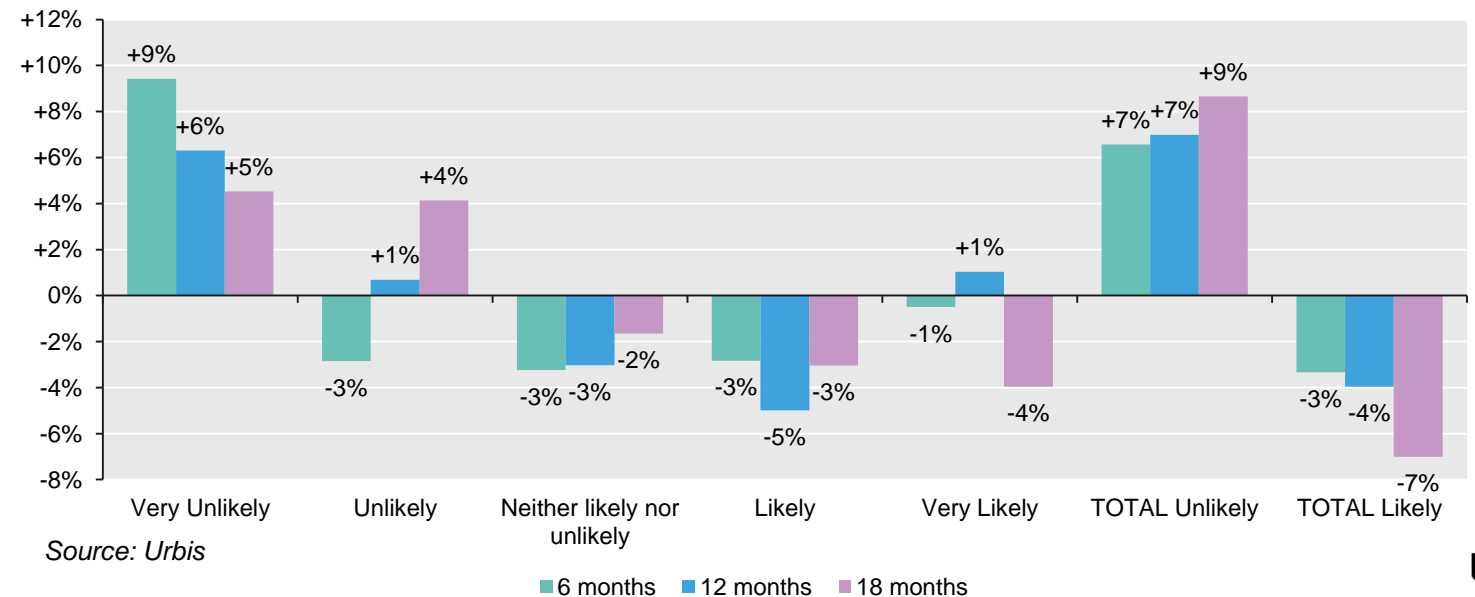
When examining potential purchasers there were 3% fewer who said they would be likely to purchase property in the next 6 months compared with the same buyer cohort in July 2019.
(Note: small base caution).

It is important to note there could be factors other than Covid-19 impacts pulling that intention down.

LIKELIHOOD OF PURCHASING A RESIDENTIAL PROPERTY - 2020



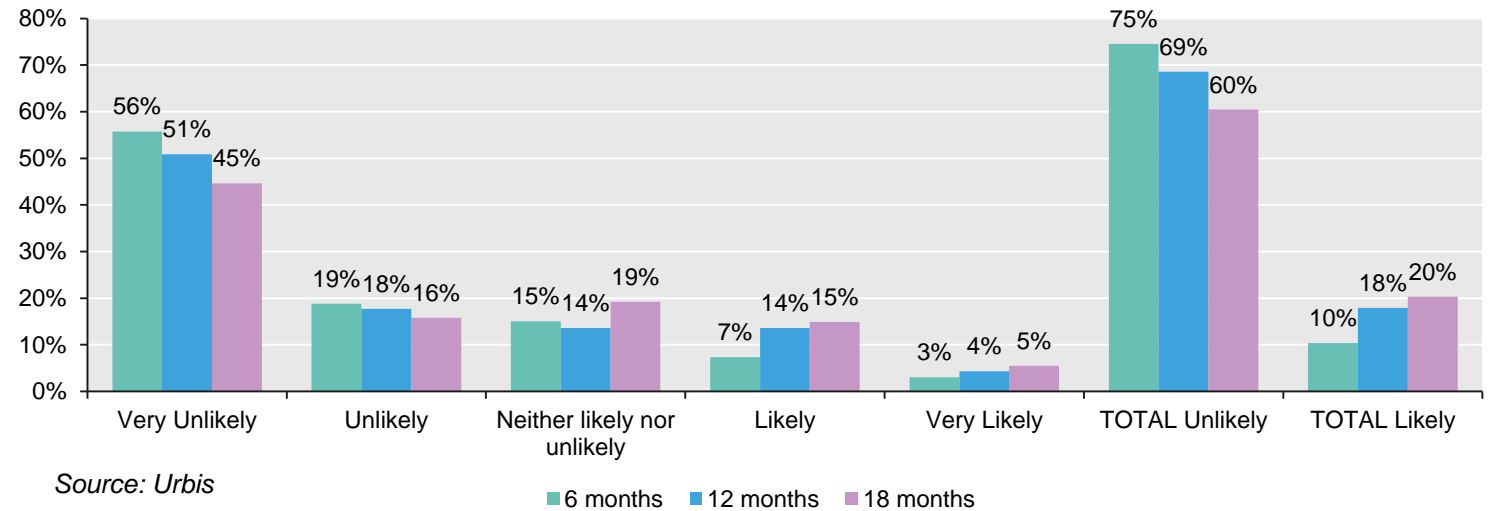
CHANGE IN LIKELIHOOD OF PURCHASING A RESIDENTIAL PROPERTY: 2019-2020



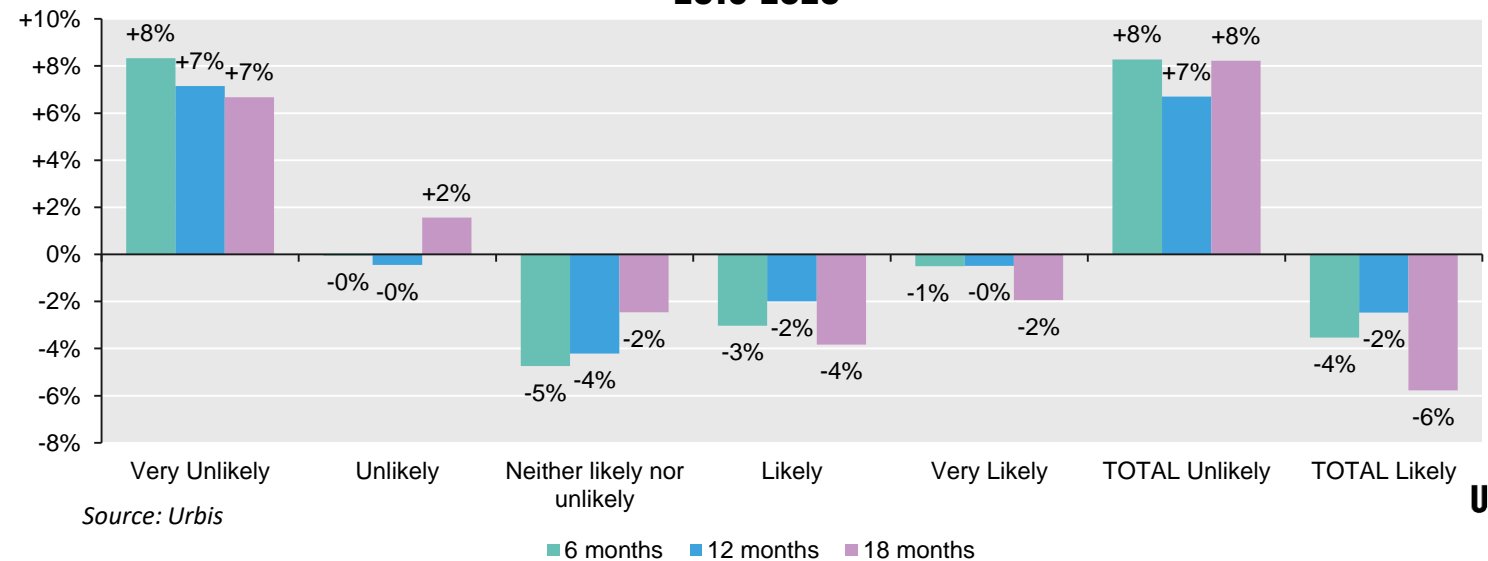
INTENTION TO PURCHASE PROPERTY

The change in the purchase intention of investors and owner occupiers in similar.

LIKELIHOOD OF PURCHASING AN INVESTMENT PROPERTY- 2020



CHANGE IN LIKELIHOOD OF PURCHASING AN INVESTMENT PROPERTY: 2019-2020



DWELLING AND LOCATION PREFERENCES OF SYDNEY RESIDENTS



DWELLING PREFERENCE

Surveyed residents were asked about their dwelling preference, i.e. what type of home they want to live in, within the parameters of their current financial situation.

Free-standing houses are still the overwhelming preference, 61% of residents choose this.

Similar proportion of residents preferring apartments are choosing low rise as they are mid-high rise apartments.

28% of residents would prefer to live in a new dwelling, up slightly since the last survey.

We will continue to track this to see if the increase in supply of townhouses/terraces has an impact on preferences.

	2019		2020	
	New	Established	New	Established
Free Standing Home	14%	45%	17%	44%
Townhouse	4%	11%	3%	10%
Low Rise Apartment (<4 Floors)	2%	8%	2%	9%
Mid-High Rise Apartment (>5 Floors)	3%	6%	5%	4%
Villa/Unit in Retirement Community	2%	2%	1%	3%

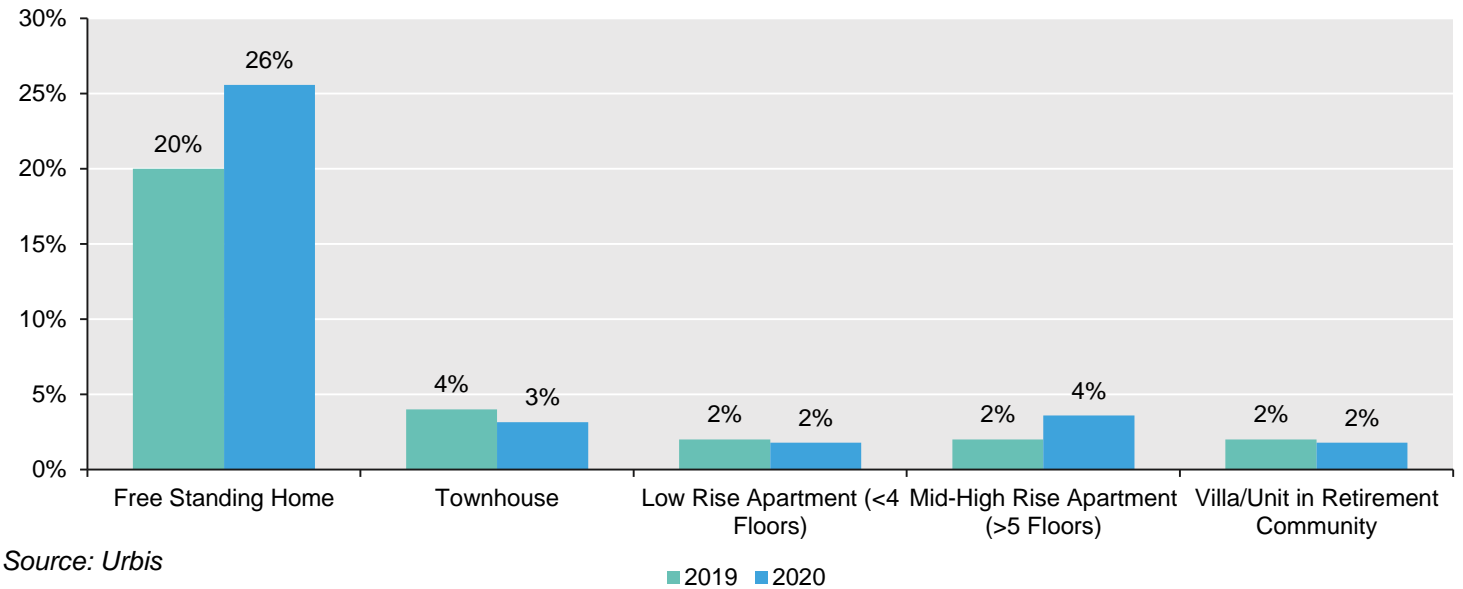
Source: Urbis

DWELLING PREFERENCE BY SYDNEY REGION

There is an increase in Western Sydney residents showing a preference for new free-standing houses, up from 20% of residents in July 2019 to 26% of residents in May 2020.

It is not possible to conclude a relationship between Covid-19 and preferences. Though anecdotally we have heard of buyers coming out in greenfield communities more motivated to change their housing situation after experiencing frustration with the way their homes worked for them during this period. Or more aptly did not work for their families.

PREFERENCE FOR NEW HOUSING TYPE



	Western Sydney	City and East	Inner West and South West	North	Sydney - Sutherland
Free Standing Home	26%	14%	8%	6%	30%
Townhouse	3%	3%	4%	3%	0%
Low Rise Apartment (<4 Floors)	2%	0%	3%	5%	0%
Mid-High Rise Apartment (>5 Floors)	4%	7%	8%	0%	9%
Villa/Unit in Retirement Community	2%	1%	1%	0%	4%

Source: Urbis

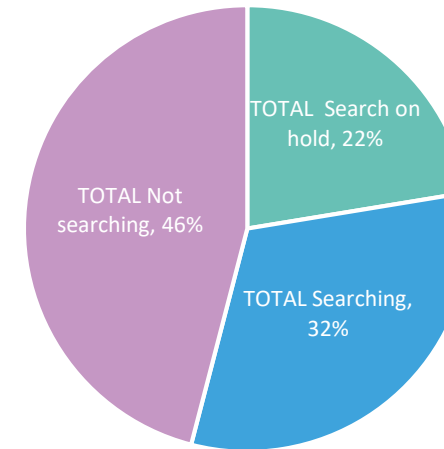
ENGAGEMENT WITH THE PROPERTY MARKET

Surveyed residents were asked about their involvement with searching for property prior to the Covid-19 lockdowns.

22% of residents were either casually and actively searching, and had put the search on hold. The majority of those are casual searchers, versus active. 10% of residents who said they were 'actively' searching continue to do so. A further 8% of residents were not searching prior to the lockdowns, and are now. This indicates potentially an opportunistic buyer who sees the market being more favourable to their situation than prior.

The main change in residents 'casually' searching for property and delaying that has been among investors.

ENGAGEMENT WITH PURCHASING RESIDENTIAL PROPERTY



	Total	Likelihood to purchase home	Likelihood to purchase investment property
I was actively searching for residential property, and have put the search on hold	7%	16%	18%
I was actively searching for residential property, and continue to search	10%	28%	28%
I was casually searching for residential property, and have put the search on hold	15%	22%	27%
I was casually searching for residential property, and continue to search	13%	18%	15%
I was not searching for residential property, and still am not searching	46%	9%	4%
I was not searching for residential property, and now am searching	8%	7%	7%

Source: Urbis










PREFERRED LGA'S FOR LIVING IN

Residents were given 5 options for choosing which suburb they would most like to live in.

These results show the areas at an LGA level which have the most suburb mentions.

The North West has the most mentioned suburbs stretching across the Hills Shire and Blacktown City Council areas.

Compared with August 2019, there was a slight increase in interest in suburbs in the Campbelltown City Council area.

TOP LGAS		2019	2020	CHANGE 2019-2020
The Hills Shire (Area)		28%	26%	-1%
Blacktown (City)		27%	26%	-1%
Penrith (City)		20%	22%	+2%
Parramatta (City)		27%	23%	-4%
Campbelltown (City)		8%	13%	+5%
Cumberland (Area)		16%	15%	-2%
Blue Mountains (City)		12%	9%	-3%
Fairfield (City)		8%	8%	-0%
Northern Beaches (Area)		13%	15%	+2%

Source: Urbis

TOP 5 SUBURBS OVERALL 2019 AND 2020 SURVEYS

Residents were given 5 options for choosing which suburb they would most like to live in.

These results show the top 10 suburbs for most mentions in the 2019 and 2020 surveys, thus consolidated mentions.

The key location themes are resident diversity and amenity – town centres and rail, with the exception of Balmain and Manly.

Top 10 Suburbs 2019 & 2020

- | | |
|----|-------------|
| 1 | Parramatta |
| 2 | Castle Hill |
| 3 | Chatswood |
| 4 | Blacktown |
| 5 | Balmain |
| 6 | Penrith |
| 7 | Kellyville |
| 8 | Manly |
| 9 | Burwood |
| 10 | Strathfield |

Source: Urbis

HOUSING DEMAND DRIVEN GOVERNMENT POLICY

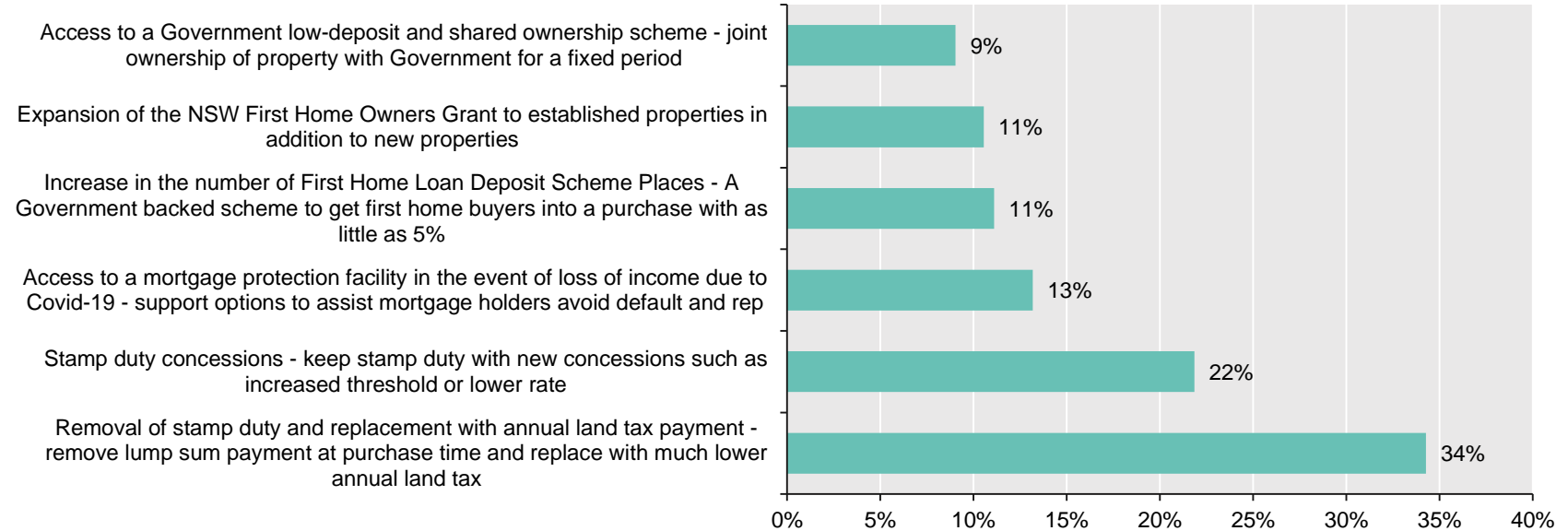


IMPACT OF GOVERNMENT POLICY ON CONFIDENCE

Residents were given a list of Government policy interventions and asked which would increase their confidence in the property market, if implemented.

More than half of all residents (56%) want to see changes to stamp duty, 34% of whom favour the removal of stamp duty all together and replacement with an annual land tax, a concept floated recently in NSW.

INTERVENTIONS BY GOVERNMENT TO INCREASE CONFIDENCE



Source: Urbis

IMPACT OF GOVERNMENT POLICY ON CONFIDENCE BY TENURE

The First Home Owner targeted policies resonated more with those residents who have not owned property previously. A total of 44% identified these policies would increase their confidence.

Among this cohort however the highest proportion of them would like to see the removal of stamp duty. In total 40% of First Home Owners identified stamp duty reform would increase their confidence.

	Total (%)	Own Outright/ Mortgage	Rented	Owned Previously	Not Owned Previously
Removal of stamp duty and replacement with annual land tax payment - remove lump sum payment at purchase time and replace with much lower annual land tax	34%	40%	20%	41%	25%
Stamp duty concessions - keep stamp duty with new concessions such as increased threshold or lower rate	22%	26%	11%	27%	15%
Access to a mortgage protection facility in the event of loss of income due to Covid-19 - support options to assist mortgage holders avoid default and rep	13%	12%	16%	12%	15%
Increase in the number of First Home Loan Deposit Scheme Places - A Government backed scheme to get first home buyers into a purchase with as little as 5%	11%	7%	21%	8%	16%
Expansion of the NSW First Home Owners Grant to established properties in addition to new properties	11%	8%	16%	6%	17%
Access to a Government low-deposit and shared ownership scheme - joint ownership of property with Government for a fixed period	9%	6%	17%	7%	11%

Source: Urbis

URBIS

600+
Staff

● Cistri
Singapore

● Perth

● Melbourne

● Brisbane
● Gold Coast
● Sydney
Parramatta

