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Sydney house prices expected to grow over the next two years

Anyone holding onto a piece of Sydney real estate will be pleased with the latest report out of business analyst BIS Shrapnel.

Sydney house prices are expected to grow by 14 per cent over the next two years. While this certainly means a tighter affordability for house buyers, it will be good news to property investors who own real estate in the growing city. With demand for housing in the rapidly expanding city continuing to stay strong, investors stand to make a good return on their property if they sell in the next few years.

The estimated Sydney median house price for June was \$795,000, marking a 15 per cent increase on 2013/14. Thus even ordinary home owners living in the Harbour City will likely have seen the value of their houses rise markedly.

The price rises are a result of a positive outlook toward the housing market, along with investor demand for property.

“Demand from investors is likely to continue to remain strong until new supply begins to come on stream in sufficient numbers to impact on the market”, commented Angie Zigomanis, senior manager for BIS Shrapnel in a 23 June release.

Investors should be aware that this windfall will not last forever, however. BIS Shrapnel expects prices to fall by up to 4 per cent over 2016/17, meaning that price growth will likely be concentrated over the next two years.

The residential market in Sydney has been underpinned by a number of elements. The undersupply of dwellings has combined with an improved affordability thanks to low interest rates. With the cash rate held at a historical low of 2.5 per cent for the 10th straight month, home buyers have found it easier to finance their purchases.

