

Regional Towns Outperforming Sydney Property Market

Amidst a decline in Sydney's property market, a handful of regional towns in the Riverina, Murray, New England, and North West regions of NSW have seen double-digit growth in house prices. According to data from PropTrack, these towns have experienced a surge of up to 20% over the past 12 months. Meanwhile, values in greater Sydney have dropped 7.5% from their peak in February last year, with some areas such as the Northern Beaches experiencing a 15% decline.

The data reveals that Adelong, in the Riverina region, was the top-performing town in terms of house price growth, with the median value rising 22% to \$395,000 in just one year. Merriwa in the Upper Hunter came second, with a 21% increase in house prices to a median value of \$393,000, followed by Gilgandra, just north of Dubbo, which saw house prices rise by 20% to a median of \$241,000. The top-performing unit markets were Moama, Scone, and South Tamworth, which saw growth of 27-30%.

Suburbs with the strongest growth – Units

Suburb	Current median value	Growth since February 2022
Moama	\$483,000	30%
Scone	\$335,000	28%
South Tamworth	\$307,000	27%
Bayview	\$1,526,000	24%
Muswellbrook	\$319,000	23%
Deniliquin	\$242,000	22%
North Tamworth	\$385,000	20%
Armidale	\$361,000	19%
The Rocks	\$2,057,000	19%
Young	\$333,000	18%

According to PropTrack economist Eleanor Creagh, affordability and space are key drivers for the surge in regional housing prices. She added that regional areas are still performing better than capital cities, as people continue to take advantage of the relative affordability that exists. Additionally, the pandemic-induced preference shift towards larger homes and more space is still in play, though not to the same extent as it was during the height of the tree changer movement.

The data also reveals that more expensive regions that experienced strong price growth during the pandemic, such as the Illawarra, the Byron Shire, and the Southern Highlands, have seen a faster pace of price falls over the year. Ms Creagh attributed this to the fact that since the first interest rate rise in May last year, the maximum borrowing capacity for potential borrowers has been constrained by close to 30%. This has resulted in demand and price growth holding up better in areas that are comparatively more affordable, such as the New England and North West, the Riverina Region, and the Murray region.

Suburbs with the strongest growth – Houses

Suburb	Current median value	Growth since February 2022
Adelong	\$395,000	22%
Merriwa	\$393,000	21%
Gilgandra	\$241,000	20%
Bingara	\$275,000	19%
Tocumwal	\$499,000	18%
Jindera	\$688,000	16%
Coonamble	\$174,000	16%
Barraba	\$236,000	16%
Finley	\$336,000	16%
Lightning Ridge	\$209,000	15%

The only two Sydney suburbs that made the list, Bayview and The Rocks, proved to be outliers, both being prestige markets with limited supply. Bayview unit values increased by 24% to \$1.5 million, while apartments in The Rocks went up 19% to \$2.05 million. Ms Creagh said that affordability would continue to drive housing performance over the next couple of months, with prices declining at a slower rate as interest rates move closer to the peak.

However, she added that there are very likely at least another two interest rate rises to come, which will reduce borrowing capacities and increase mortgage servicing costs, serving as a headwind to home prices.