

# Sydney Metro suburbs: high premiums but growth remains on the slow track

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**While homes along Sydney's Metro line carry a substantial premium, a year after the opening, growth in housing values along Sydney's Phase 2 metro has generally lagged the broader Sydney region, according to a recent Cotality analysis.**

Cotality researchers undertook a spatial analysis of housing values along the Sydney Metro line, defining primary catchment areas as within 1km of a station and secondary areas as 1–5km away. The analysis was also segmented by phase, with Phase 1 including the Metro North-West Line, from Tallawong to Chatswood, which opened in May 2019, and Phase 2 covering the City & Southwest Line, from Chatswood to Sydenham, which opened in August 2024.

Despite the upgraded transport infrastructure, the catchment areas of both phases have generally seen a softer growth outcome for housing values relative to the Greater Sydney benchmark.

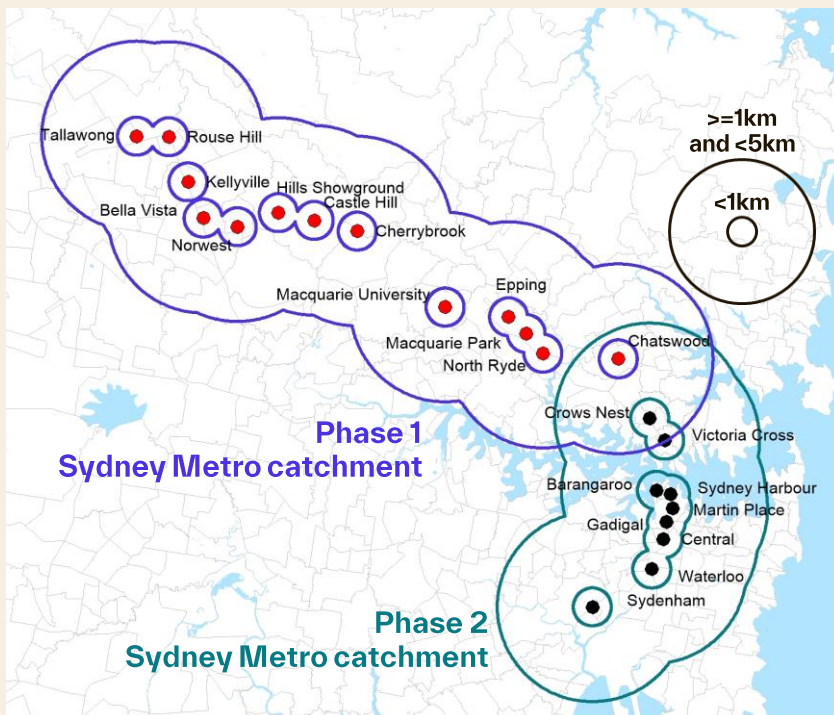
These weaker growth results were evident over both the past 12 and 24 months, with the exception of houses in the primary (<1km) catchment area for Phase 2 metro stations, which showed a subtle outperformance, rising 10.9% over the past two years compared with a 9.6% rise across Greater Sydney.

Part of the lower growth rate in home values is likely due to the catchments value premium over the Greater Sydney benchmark. House values are highest across the secondary (1-5km) catchment of Phase 2, with a median house value of \$3.62m, almost \$2.1m above the Greater Sydney median of \$1.52m.

The primary and secondary catchments (<1km) for Phase 2 metro stations also showed a significant premium for units, with median unit values around \$1.42m, about \$550k higher than the Greater Sydney median.

At a time of stretched affordability and reduced borrowing capacity, the higher price points within the Sydney Metro catchments are likely a key factor limiting growth.

## Sydney Metro line - Phase 1 & Phase 2 – Primary and Secondary catchment areas



**Methodology:** Property values and rental trends have been analysed within the catchments, utilising a hedonic regression approach which helps to overcome compositional bias and provide a quality adjusted assessment of housing values and rents over time.

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# House values

Housing cycles across the Sydney Metro catchments have followed a similar pattern as the Greater Sydney trend, with turning points occurring around the same time, albeit with different growth rates through the cycles.

Phase 1 Sydney Metro catchments recorded substantially stronger growth conditions following the commencement of project works in October 2013 but also showed a larger correction in 2015 and 2017/18 as credit tightening impacted the market (aligning with APRA macroprudential rules targeting investment and interest only loan originations, followed by the Royal Commission), suggesting investor demand may have been a key factor driving growth in the upswing.

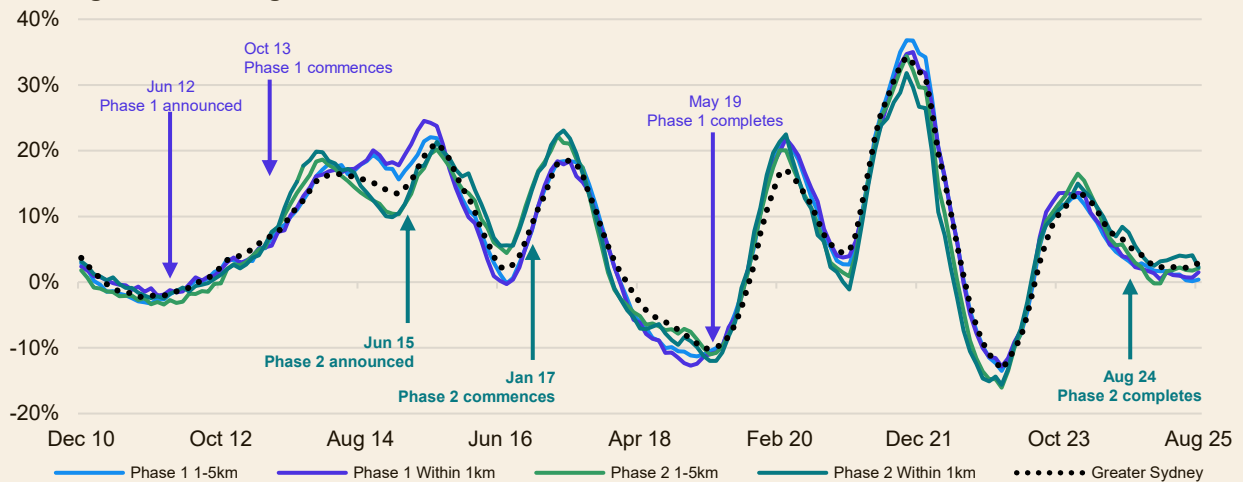
Phase 2 Metro catchments have recorded a higher 12-month and 24-month growth rate relative to their Phase 1 counterparts, with the primary Phase 2 catchment recording the strongest growth outcome, up 2.3% over the past 12 months and 10.9% over the past two years. However, the gains were slightly lower than the Greater Sydney average over the past 12 months (2.9%) and only marginally higher than the past 24 months (9.6%).

Some suburbs within the Sydney Metro's Phase 1 and Phase 2 catchments have actually seen declines in house values over the past 12 months, including Chatswood and Cherrybrook, down -2.3%, and -1.2% respectively.

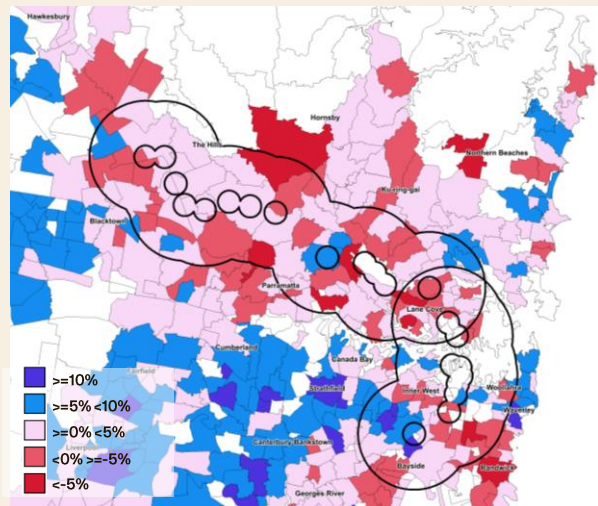
Growth in house values has been substantially higher outside of the metro catchments, favouring more affordable markets located in Sydney's West and South-West regions. Many of these more affordable areas also have access to rail transport, as well as housing options at substantially lower price points.

This skew towards more affordable markets has been evident across most of the capital cities. These higher growth outcomes across lower priced markets are likely associated with affordability and debt serviceability factors, seen during the recent period of high interest rates and high cost of living pressures.

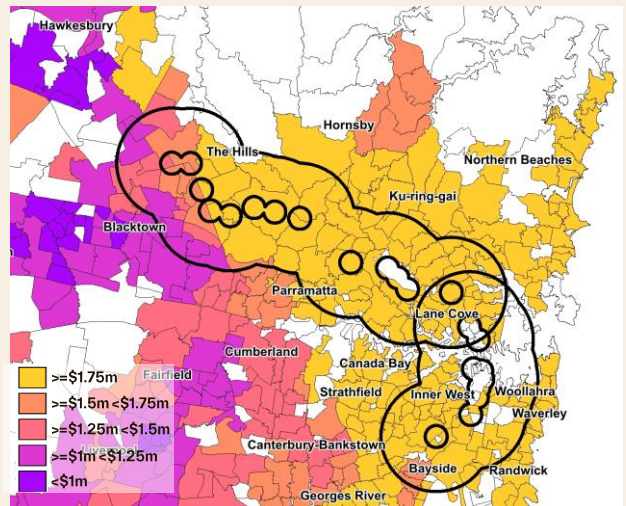
## Rolling annual change in HVI - Houses



## 12m change in Sydney house values (by suburb)



## Median house value (by suburb)



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# Unit values

Despite severe affordability challenges, the Sydney unit market has seen a relatively weak trajectory of growth over recent years, and units in the Sydney Metro catchment areas have not been immune. Unit values have recorded a softer outcome than house values across both primary and secondary Phase 1 and Phase 2 catchments over the short-term and longer-term periods.

Across the Greater Sydney benchmark, the unit sector recorded flat (0.0%) growth conditions over the 12 months to August. Over the same period, the Metro's Phase 1 catchments have shown falling trends, with unit values across the primary and secondary catchments down -1.4% and -0.4% respectively. Phase 2 metro catchments were also soft. Unit values across the secondary catchment were down -1.7% over the past 12 months, while primary catchment unit values fell -2.0%.

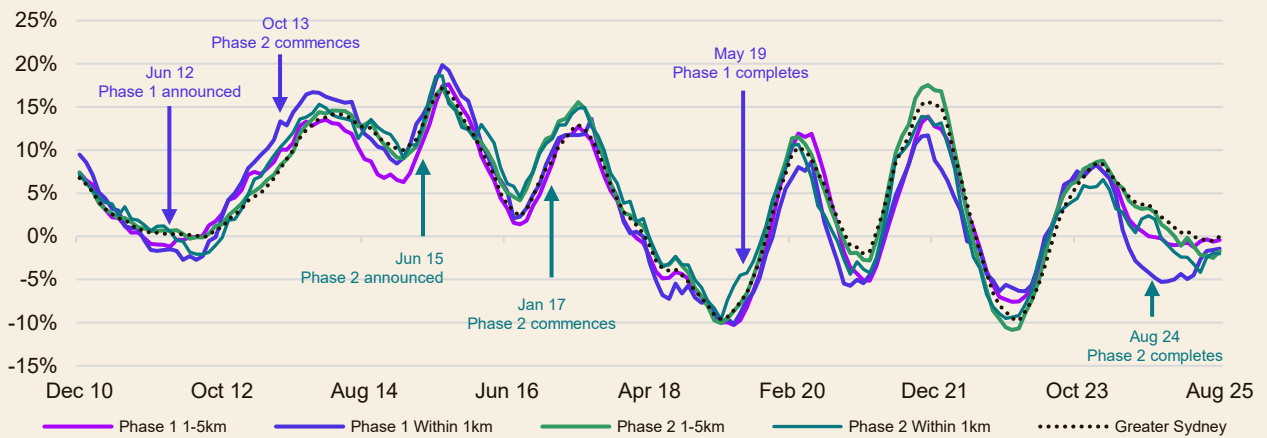
Over the past two years, unit values across the Sydney Metro catchments reported a similar softer performance, relative to the Greater Sydney benchmark (3.7%), with Phase 1 and 2 unit values across the primary catchments falling or flat (-4.9% and 0.0%), while secondary catchment values rose 0.2% and 1.4% respectively.

One possible reason for the differing unit growth performance across these catchments is their compositional make up. Units make up a significant share of housing in these areas, comprising 65% of stock across the primary catchment of Phase 1 markets and 89% of dwelling stock across the primary catchment of Phase 2 markets. The share of units drops to 32% and 66% across the respective secondary catchments.

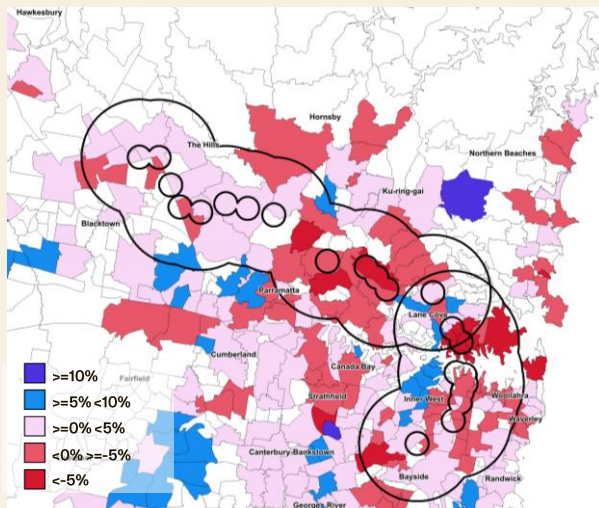
Across the Phase 1 catchments, most of the unit supply is concentrated to the east, close to stations like Chatswood, Macquarie University and North Ryde where units make up around 70% or more of these suburbs dwelling stock. Units comprise a substantially larger portion of housing stock across the Phase 2 catchments, which is unsurprising given the proximity to major working nodes such as North Sydney and the CBD.

Similar to house values, these catchments show a substantially higher median unit value relative to the Greater Sydney average, which may help to explain the lower rate of growth.

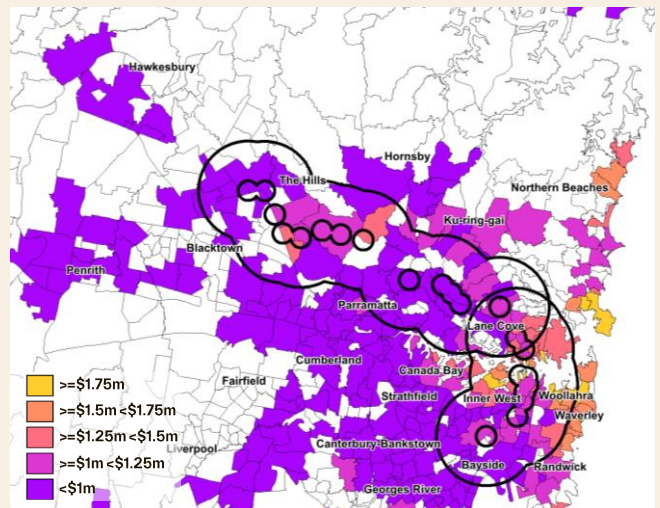
## Rolling annual change in HVI - Units



## 12m change in Sydney unit values (by suburb)



## Median unit value (by suburb)



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# Rental markets

The cost of renting is substantially higher across Sydney's Metro catchments relative to the Greater Sydney median. Given the efficient commuting times and access to amenities, it seems renters are willing to pay a premium for accommodation close to metro stations.

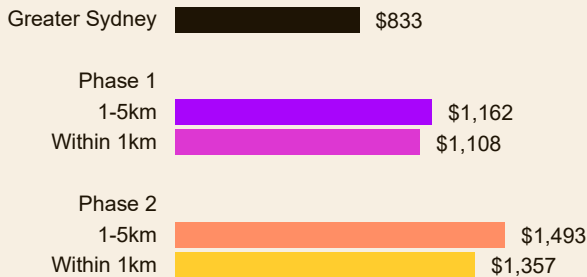
Across all dwellings, median rents ranged from a 21.4% (\$172/wk) premium for the primary catchment of Phase 1 to a 46.9% (\$375/wk) premium for rental costs across the secondary catchment of Phase 2 relative to the Greater Sydney median.

This premium is even larger for house rents, ranging from 33% (\$275/wk) across the primary Phase 1 catchment to almost 80% (\$660/wk) for rentals in the secondary catchment of Phase 2.

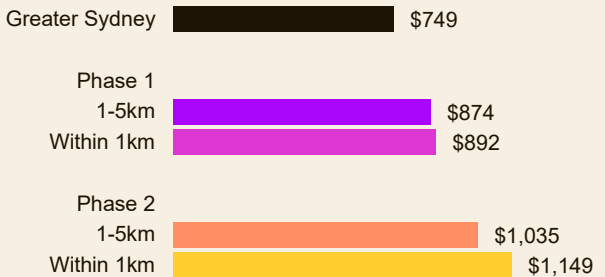
Unit rents are showing a faster growth rate, especially across the primary catchment of Phase 2 where unit rents have jumped 5.0% higher over the past 12 months and 9.7% higher over two years.

## Summary of rental changes

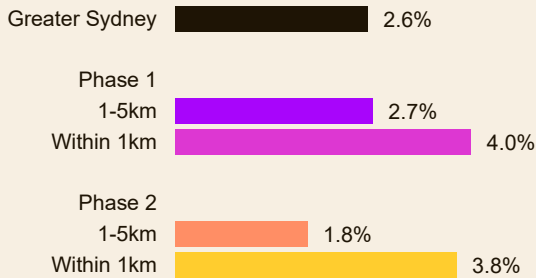
### Median house rents



### Median unit rents



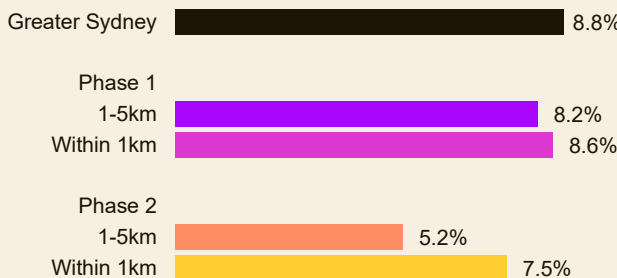
### 12m change in house rents



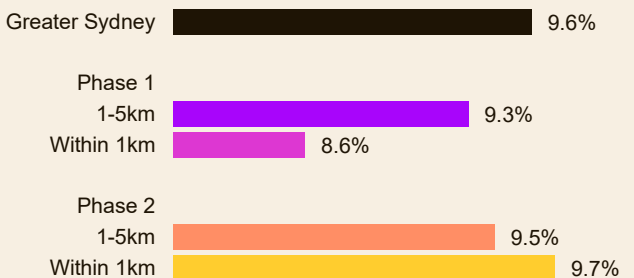
### 12m change in unit rents



### 24m change in house rents



### 24m change in unit rents



# How housing markets have responded to the opening of the Sydney Metro?

## Value changes

Region	Median value	12 month change	24 month change	Change since Jan 2017 (commencement of Phase 2)	Change since June 2015 (announcement of Phase 2)
<b>All Dwellings</b>					
Greater Sydney	\$1,224,341	2.1%	8.0%	39.4%	59.0%
<b>Phase 1</b>					
1-5km	\$2,502,708	0.3%	3.6%	38.0%	56.9%
Within 1km	\$1,857,711	0.2%	0.9%	20.2%	35.1%
<b>Phase 2</b>					
1-5km	\$2,358,127	0.5%	5.2%	27.6%	50.5%
Within 1km	\$1,587,267	-0.9%	2.5%	13.9%	32.3%
<b>Houses</b>					
Greater Sydney	\$1,521,611	2.9%	9.6%	51.8%	74.8%
<b>Phase 1</b>					
1-5km	\$2,851,961	0.4%	4.3%	46.7%	67.9%
Within 1km	\$2,685,560	1.5%	5.5%	47.0%	65.9%
<b>Phase 2</b>					
1-5km	\$3,617,281	2.1%	7.9%	40.7%	70.3%
Within 1km	\$2,876,170	2.3%	10.9%	37.9%	67.4%
<b>Units</b>					
Greater Sydney	\$873,838	0.0%	3.7%	13.8%	26.5%
<b>Phase 1</b>					
1-5km	\$1,249,063	-0.4%	0.2%	6.2%	17.1%
Within 1km	\$1,182,827	-1.4%	-4.9%	-4.2%	7.0%
<b>Phase 2</b>					
1-5km	\$1,422,690	-1.7%	1.4%	13.3%	29.4%
Within 1km	\$1,421,628	-2.0%	0.0%	8.3%	24.1%

## Rental changes

Region	Median value	12 month change	24 month change	Change since Jan 2017 (commencement of Phase 2)	Change since June 2015 (announcement of Phase 2)
<b>All Dwellings</b>					
Greater Sydney	\$801	3.1%	9.1%	36.7%	41.5%
<b>Phase 1</b>					
1-5km	\$1,089	3.1%	8.4%	32.3%	35.1%
Within 1km	\$973	4.6%	8.5%	34.2%	37.7%
<b>Phase 2</b>					
1-5km	\$1,176	3.2%	7.5%	33.6%	39.7%
Within 1km	\$1,168	4.8%	9.4%	37.5%	44.7%
<b>Houses</b>					
Greater Sydney	\$833	2.6%	8.8%	36.1%	39.3%
<b>Phase 1</b>					
1-5km	\$1,162	2.7%	8.2%	31.7%	33.6%
Within 1km	\$1,108	4.0%	8.6%	32.6%	32.6%
<b>Phase 2</b>					
1-5km	\$1,493	1.8%	5.2%	28.6%	32.4%
Within 1km	\$1,357	3.8%	7.5%	33.4%	37.1%
<b>Units</b>					
Greater Sydney	\$749	3.9%	9.6%	38.2%	45.9%
<b>Phase 1</b>					
1-5km	\$874	4.5%	9.3%	35.0%	40.9%
Within 1km	\$892	5.0%	8.6%	35.8%	43.1%
<b>Phase 2</b>					
1-5km	\$1,035	4.3%	9.5%	38.0%	46.3%
Within 1km	\$1,149	5.0%	9.7%	38.6%	46.6%