The Real Estate Wrap
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Optimism lives

The NSW Government's stamp duty announcement went down like a lead balloon.

The Real Estate Institute of NSW, using colourful words like "hype" and "bluster", called the move to adjust stamp duty brackets in line with CPI "an insult to those people trying to purchase a home".

It's difficult to purchase a home and stamp duty is a major barrier. There are plenty of others. Consumers, fed by a real estate hungry media, are presented with a seemingly endless list of reasons why buyers are not buying.

But they are. Sometimes as an industry we should pay more attention to what those who are building it say. Last week, one international developer with a large Australian residential business unveiled its annual results, which included a plan to actually increase the number of apartments released for sale in NSW and Victoria in 2019 compared to this year.

The CEO was noticeably upbeat about the outlook, saying a slowdown in supply combined with pent-up demand and the fact that lending has already been rationed represent the building blocks of the next recovery.

Yes, other factors like employment will need to hold up, but when those in charge of vast amounts of capital can afford to view the glass as half full, maybe we all can.

Clearance rates: credit blamed

In Sydney, the preliminary clearance rate for the past week's auctions climbed slightly to 48.4% from 47.7% a week earlier. But reporting rates are low - 64.2% - suggesting the subdued results are not being phoned in and the final rate may soften further.

It's nothing new for what we've seen in the market in recent weeks. According to high profile auctioneer Damien Cooley, tighter lending is to blame.

Cooley was quoted in *The Sydney Morning Herald* as saying: "The royal commission into banking has played a significant role in the slowdown of the Sydney property market, and in Melbourne, for that matter....If you want to attribute the slowdown to one factor, it is access to money, it's credit."

Stricter lending criteria will obviously have a softening impact on demand but identifying genuine buyers with the actual means to make a purchase should be the focus of your sale campaign, and your agent should be able to give you a proper status update of the interest in your home before opening bids are called.

Final thought

The royal commission into the banking sector has generally been viewed as a necessary exercise. Some of the rogue conduct uncovered has been alarming and unconscionable, and for this to be exposed to the masses is a positive.

Yes, tightened lending criteria and the impact on buyer demand may be interpreted as a negative outcome, but as the GFC showed us, some borrowers need protection from themselves. If nothing else, going forward, people will know where they stand financially with greater confidence as they buy and sell property. And last week, the Reserve Bank kept interest rates unchanged. Affordable finance is available now, for those who can satisfy the necessary criteria. In most cases, vendors are also buyers. The current environment offers those people a degree of certainty. Rates will stay low for some time yet. If you can access finance, it's because you're deemed a good fit with the financier. Take this as a vote of confidence.

The most profitable plays in any asset class, be it property or otherwise, don't occur in boom times. They occur when others sit back and watch.