

The Real Estate Wrap

With Leanne Pilkington

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Are we at, near or past the bottom?

With the festive season behind us and January already a memory, 2019 is well and truly upon us. So from everyone in the Laing+Simmons family: welcome back.

We've not been greeted by the most positive headlines. Last week, *The Sydney Morning Herald* proclaimed that the "national property market is in free fall".

The catalyst was the release of new CoreLogic figures which show prices dropped 1.4 per cent in Sydney in January alone.

According to the figures, released late last week, Sydney house values dropped by 10.9 per cent through 2018. For apartments, the decline was less steep but still significant, with values down 6.9 per cent.

The declines vary by suburb and price bracket. CoreLogic senior analyst Tim Lawless says "the more affordable valuation brackets across Sydney and Melbourne have seen some resilience to falls early in the decline phase". In comparison, price falls in some top end markets have been sharper.

Either way, a little perspective is warranted. Experienced agents will not be shocked, nor even surprised, by these stats. Property is a market and the cycle will always play out.

So are we at, near or past the bottom of the current price decline cycle? Time will tell, there may be further falls to come, or we may find with the onset of a fresh selling season that the market will manage to rebound.

Property, be it to own and occupy or invest and rent, is typically a long-term proposition. Whether the bottom of the market has arrived is, in this context, largely irrelevant.

Clearance rates: picking up where we left off

Let's face it, not much gets done in January. Work wise and also from a property market perspective. Now, the selling season kicks back into gear and the auction year gets underway. There's been a few auctions already in Sydney but not enough for any meaningful trends to be observed.

On the plus side, Laing+Simmons agents have reported that some properties have sold prior to auction already in 2019 which, despite the sensationalist headlines, is a good sign.

Generally, when it comes to auctions, we expect the following weeks to shape up like the last few weekends of 2018 did. That is, clearance rates should hover around 50% and the fact that an auction campaign is typically part of a broader sales strategy, and not just a one-off "hit and hope", is worth remembering.

Every property is unique and each sale campaign should therefore be different. As ever, talk to your agent about whether an auction campaign is the best way to proceed. And be buoyed by the fact that the festive season is now a memory and serious buyers are again making serious inroads.

Final thought

In discussing the recent January price fall figures, CoreLogic's Tim Lawless says "tight credit conditions, weakening consumer sentiment, less domestic and foreign investment and higher levels of housing supply are the primary drivers of the worsening conditions."

Hard to argue with this summation. These are all ingredients in the current market soup.

Continued on next page



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But it's important to remember the age-old rule of buying and selling in the same market. That is, when we sell property, we're also in the market to buy. There are two transactions at play and each will typically be subject to the same market conditions. When you decide what price to ask for your existing property, and what price you're willing to pay for the new one, you'll consider the same factors.

Those numbers are about 10 per cent off where they were last year. It's over-simplifying to an extent, but you might expect to receive 10 per cent less from your sale and pay 10 per cent less for your new home.

It won't strictly be a dollar-for-dollar offset, but having this perspective matters. Vendors shouldn't be afraid to sell if buyers aren't afraid to buy.

And they're not. Quite the opposite, in fact. Buyers believe it's their market. Here's to a happy and prosperous 2019.

