

The Real Estate Wrap

With Leanne Pilkington

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Published 18 February 2019

Market compass

There's renewed optimism as we move around the compass points of the Sydney market, which is telling given the potential for prices to decline further.

We think prices may drop a few extra per cent before they bottom out and then move back into growth mode. In the current market, getting the asking price right is critical.

In the east, an increase in buyer enquiry is being stifled by a lack of stock. Many vendors plan to wait until after the election to take their property to market. But right now, in the tightly held eastern suburbs, there's a lack of competition from other properties and those that are well-priced are selling. Vendors playing the wait-and-see game may find themselves in a more competitive market where buyers have more to choose from.

One of the top agents in the Shire agrees that, to take advantage of an increase in the level of interest among buyers, properties must be "priced to the new market fundamentals". The reality is, 2017 asking prices are no longer applicable. But priced for today, the numbers you can attract to an open home are comparable to the market's peak. Interest – even from investors – is there, but only if the price is fair.

In Western Sydney, the need to get the asking price right is very apparent. Investors are quiet but first home buyers are picking up some of the slack, at least in terms of buyer enquiry. Pricing is the key to attract interest through the door. Then, to convert to a transaction, it comes down to the property itself, so presentation is paramount and an experienced local agent is vital.

Looking north, the start of 2019 has seen a marked increase in optimism compared to the way last year ended. Higher numbers through open homes, an increase in transactional activity, and the full cross section of buyers showing genuine interest. Even investors are coming back in numbers, buoyed by the prospect of better returns now that the price heat has left the market.

It appears many buyers and vendors were simply waiting for 2018 to end. Onwards, upwards.

Clearance rates: FHBs make their voice heard

As the number of investors in some markets dwindles, on the back of stricter lending conditions, the weekend saw first home buyers increasingly willing to raise their paddle. The volume of properties for sale at auction was up and it's full steam ahead from here on in.

According to CoreLogic, there were 521 auctions held in Sydney last week with an impressive preliminary clearance rate of 61.0 per cent, slightly up on the 59.2 per cent recorded the week prior, which finally settled at 54%. Still, a marked increase from late last year, influenced significantly by the number of first time buyers playing their hand.

From an investor's perspective, the tapering of activity is understandable and yet, viewed from a long-term perspective, it doesn't make a whole lot of sense. Not if an investor has the means to buy.

Despite the latest poll suggesting a loss of support for Labor, the fact remains the next Federal election could well see a change in Government. With it, if policies proceed as promised – never a given – the abolition of negative gearing for investors purchasing established properties.

Until votes are cast, investors have the opportunity to lock in a purchase and be free to implement a negative gearing strategy, which will be grandfathered irrespective of whether the Coalition is pushed out. Investors in a secure position to transact, with finance available, should pay attention to the looming deadline.

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Final thought

There were some interesting stats to emerge last week. Seems the million dollar suburb club just got more exclusive.

CoreLogic data to the end of January 2019 shows there were 649 suburbs in the country with a median house or unit value of \$1 million or above. A year earlier, there were actually more - 741 suburbs in fact. Even the January 2017 number was higher than this year's.

Ask a local agent where your suburb now sits. You may find you now live in an area which could legitimately be considered a bargain. Or, you may find you live in an area that has proven more resilient to the recent price declines.

Either way, coupled with the buyer's market we're in, there's real opportunities for vendors at present to secure fair value for their property and buy back in at a time when a return to price growth may arrive sooner than first thought.

And depending on your location, and how savvy your local agent is, you'll have a compelling case to make for your property's long-term prospects.

