

# The Real Estate Wrap

## With Leanne Pilkington

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### Mixed signals amid optimism

Last week we spoke about an anecdotal improvement in the market. Pleasingly, and although a rebound in prices remain elusive, the positive signs are continuing.

Agents have again, over the past seven days, demonstrated rising confidence in their listings. Increased interest from buyers is leading to greater optimism heading into auction and private treaty campaigns.

To temper this optimism, it should be noted that it is around securing a transaction, not breaking any records. Properties are selling for fair prices but vendors, on the whole, are not collecting a windfall.

It shouldn't mean people have to settle for less though. Property is a stable asset class ideally held for the long term. Property 'flippers' are the ones that may experience the sting of falling prices most.

*The Australian Financial Review* recently reported that some investors are attempting to beat the property clock by dropping their asking prices to better align with buyer expectations, before prices fall further and nullify any gains they have made on their investment.

The report gave us another new acronym: FONGO - fear of not getting out - before prices fall further. How widespread this fear really is - whether it gives rise to a mass fire sale by investors - remains to be seen. It may be largely limited to those who over-extended themselves to grow their portfolio in the first place.

To date in 2019, investors have been quiet. Difficulty in obtaining finance has been a real hurdle. But the investment appetite has also been rather subdued, as owner-occupiers - including first home buyers - have dominated property purchases.

This time next week we'll know whether the Liberal or Labor proposition has prevailed at the state level. It will provide an interesting sentiment check ahead of the Federal vote mid year.

If NSW Labor wins, and momentum builds in its Federal campaign, the negative gearing changes it has slated will come even more under the spotlight. It could sharpen the focus among some investors of the advantages available by purchasing now, ensuring they will be able to use negative gearing under the proposed grandfather clause. Perhaps for the final time ever.

So there are some questions to be answered. Will existing investors become vendors en masse? Will new investors emerge to take advantage of a potentially closing negative gearing window? And will first home buyers be the ones to absorb any spill-over?

All in all, against an environment of increased optimism, there are some mixed signals in the market.

### Clearance rates: Sydney on top

CoreLogic data shows Sydney recorded the highest preliminary clearance rate among the capital city markets last week at 63.1 per cent. There were 634 auctions held across the city.

The result is in line with the 2018 clearance rate for the corresponding week (64.8 per cent) though there were over 1,000 properties offered under the hammer this time last year.

Still, a positive result which will again settle above 50 per cent and reinforce some of the broader optimism in the market.

### Final thought

You'll vote this Saturday. You'll be out and about in the community. As you make your way to the booths, perhaps with family in tow, it might be timely to check out what's on the market.

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There's a surprising number of properties to be offered at auction this weekend. Some may sell prior, but for an election day, some agents are quite bullish. You may come across an auction crowd or a few open homes, so stop and take a look.

The scenario will differ from suburb to suburb. Take notice of the number of signboards out the front of homes in the pocket you live in. You'll be able to form a perspective of what's happening at the local level.

Then talk to an experienced local agent to qualify that view. You might be surprised that, despite the property doom and gloom in the news, there's an undercurrent of optimism in the market.

