

The Real Estate Wrap

With Leanne Pilkington

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One vote down, one to go

So Gladys and co. have won and get another four years at the helm.

It was over faster than most expected, with a clear result for the Government emerging relatively early on Saturday night.

In truth, the state election was never going to be more than a temperature check for the market. While the states are responsible for setting stamp duty rules, housing is largely a country-wide issue and the upcoming Federal election in May will have a much more significant bearing on housing than the NSW result.

Still, the strong showing from NSW Liberal should give the Morrison Government some much-needed confidence over the next few weeks. With NSW Labor pinning their hopes on the "stadium splurge" – without success - what are the lessons for Bill Shorten and his team at the Federal level?

Housing as an issue has slipped under the radar but perhaps it could be elevated again. The removal of negative gearing for investors of existing properties has the potential to split votes. Maybe that's what Labor needs: to force people to take a position.

Morrison and Frydenberg have, to date, focused on housing commentary as opposed to policy. They've offered opinions on price declines, their impact on the broader economy, through to spending habits and the fall out for small businesses. And, of course, the threat for broader economic unrest should Labor seize power.

Regional population re-distribution and the usual election-time mention of "very fast trains" aside, there's not been much in terms of housing policy from the Government – yet. But there's every chance that housing is the sleeping giant of this Federal election.

While on the ground in local markets around Sydney and NSW, properties are ticking over for reasonable prices, the headline price declines and potential for mortgage stress remain a major concern for voters. Time will tell how this concern will play out as campaigns progress.

Clearance rates steady

Price declines and mortgage stress may be real concerns, fueled by negative headlines, but buyers and vendors across suburban markets keep on keeping on. If not spectacular, the market is undeniably steady.

Sydney again led the other capital city markets with the highest preliminary auction clearance rate across the country of 62.2 per cent, according to CoreLogic. However, a low reporting rate may see this revised downward to a level on par with recent weeks.

The number of auctions was down – only 506 were held across the city – due to the election clash, though the clearance rate was similar to the corresponding week in 2018.

Final thought

The media is often blamed for breeding negativity. Endless panicky headlines give rise to a kind of self-fulfilling prophecy which sees market sentiment dampened further, creating more headlines.

But perhaps it's worth considering an alternate view. There's obviously a new market reality from two years ago and maybe

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the media has done nothing more than re-educate buyers, vendors and agents in its own commercial way.

For instance, most vendors know not to expect the same price for their property that their neighbours may have secured in 2017. They certainly know not to pay a premium for their next home.

Buyers know that choice is available to them, but they also know that asking prices are set with less wiggle room. Vendors can say "take it or leave it" and buyers will know whether they stand.

Some may question whether the media's reporting on the market is always trustworthy. Certainly there's a skew towards sensationalism. But one could argue that the result is an environment where more honest discussions can take place between buyers and vendors.

