

The Real Estate Wrap

With Leanne Pilkington

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The scene will soon be set

With Easter behind us and the Federal election looming, the market enters a strange period of intermission. There's every chance that the next three weeks will be fairly subdued in terms of new listings and we think current campaigns will play out in a steady, predictable way.

Owner-occupiers have dominated transactions recently with investors playing second fiddle. Not a surprise with the future of negative gearing hanging in the balance.

Negative gearing is a battleground issue which both parties have been proud to differ on. While there can only be guesstimations made as to the effect of the ALP's policy on areas like transactional activity and valuations, it will clearly have an impact on how investors structure their finances.

But new data from Domain suggests that those finance structures have already had to adjust.

The Sydney Morning Herald reported on the weekend that rents in more than two dozen suburbs are now at the same level or actually cheaper than they were five years ago. North Ryde – an area still undergoing a substantial supply increase – is an extreme case. Domain data sourced shows North Ryde tenants today have up to \$120 a week extra in their pockets compared to 2014.

The point is, according to Domain, as median weekly asking rents decline across Sydney, some properties cost less to rent now than they did pre-boom. Investors are being squeezed on returns.

Most investors plan for a strong mix of rental income combined with capital growth. Current market conditions are constraining both. On the other hand, most investors try to buy at the bottom of the cycle. On this basis, given the prevailing demand, population increase and today's lower prices, the landscape for investors is actually quite positive. Irrespective of the election outcome.

A sign of stabilisation?

The Easter long weekend is one of the quietest of the year for auctions. People's priorities are understandably elsewhere.

So we've focused on another set of interesting numbers this week. In a possible sign pointing to the end of the price decline cycle, home prices across the mainland capital city markets stopped falling last week. According to CoreLogic, median prices across Sydney, Melbourne, Brisbane, Adelaide and Perth were unchanged last week in average weighted terms.

Over the past month, median prices across these markets fell 0.4% in weighted terms, significantly under the predominant 1% monthly declines recorded regularly since late last year and early this year. We're not saying the market has completely stabilised yet, but the signs are encouraging.

Final thought

After the surge in activity leading up to Easter, last week was a quiet one in real estate and many of you will still be away from work. Good luck to you if so.

For many Australians, property has become a genuine pastime. Instead of being a market you engage with only when you're looking to buy or sell, more and more people relax by flicking through their local listings, comparing suburbs and following the campaigns for specific homes they've had their eye on.

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Property has become a bona fide hobby and this is especially true for people when they're on holiday. It's worth bearing in mind if you're weighing up listing your home in the near future.

Yes, buyers may be waiting on the certainty of an election outcome. They may be willing to bide their time until the perfect property becomes available at the right price. They may not be feeling any pressure to act.

But they're still looking. During the ad breaks of their favourite shows. At half time in the footy. On buses and trains, in waiting rooms, even in work meetings that run too long.

There's a captive and growing audience out there searching real estate 24/7 and it raises an interesting question for vendors. Is there really any strategic advantage in delaying listing your property? Will withholding your property generate increased interest when you do go live with a campaign?

There's a case to be made for listing your property as soon as physically possible once you've made the decision to sell. Waiting means potentially missing out. And while campaigns cost money, agents experienced at the local level will be able to help you devise a strategy that makes the best use of your budget, no matter the timing.

