

The Real Estate Wrap

With Leanne Pilkington

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Rebound doesn't equal boom

We're calling for a bit of perspective this week.

Yes, the Coalition has been returned and people across different industries, including property, have welcomed the clear-cut result.

And yes, interest rates are low and could go lower tomorrow, APRA has recommended relaxed lending conditions making it easier for some people to secure finance, and the Real Estate Institute of NSW's declaration of a buyers' market is a justified one.

But these positives, at this stage of the market cycle, are really about arresting the slide. We must remain mindful that the price decline cycle continues and the optimism permeating the market in the weeks since the election is centred around reaching a higher bottom, more rapidly.

That is, we are hopeful prices bottom out sooner rather than later and that a rebound can emerge towards the end of the year.

This is a distinct possibility and we should look on the bright side. But perspective also dictates that we consider the broader factors at play. Declining interest rates is a reaction to an economy not in the greatest health.

Consumers, businesses and even Governments can be expected to be careful with their dollars as we all navigate a delicate time.

For vendors, this means sentiment is less important than the fundamentals. In boom times it's often said that property sells itself. But we are not there yet. Purple Bricks has come and gone.

The value of an agent, experienced at the local level, is never more apparent than in times like these. If you're weighing up listing a property for sale, strategically, this should be the first call you place.

Clearance rates: all numbers up

The Australian Financial Review reported over the weekend that "buyers are also emerging in greater numbers, stirred into action by a run in promising news for the property market."

The preliminary clearance rate numbers back up the view. Sydney recorded a 66.1 per cent preliminary clearance rate, according to CoreLogic, making it the top performer of the capital city markets. Last week's 62.1 per cent final clearance rate was the highest Sydney has seen in over a year.

But volumes were down. There were 674 auctions held last week compared 707 auctions the week before.

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Final thought

Winter is upon us to add another layer of complexity to the real estate picture. Traditionally a slower time for property, this year there are various factors at play with the potential to influence the state of the market over the next few months.

Recognising the variables is one thing, predicting an outcome is another entirely. Those who were playing the wait-and-see game until the election was decided now have the certainty they were seeking. But will these same people keep the game going over winter and head to market in spring?

It's possible. There's every chance the start of spring could see an influx of new properties competing for buyers' attention at the same time. Makes it hard for your property to stand out, especially when serious buyers will have been looking during the interim months.

And they are looking now. Open home attendance over the weekend just past, despite the chill in the air, was very strong. Auction attendance was up and bidding was competitive.

However, it's telling that the number of listings is low. Auction volumes dropped. There is clear demand for property from buyers but in many markets, there's insufficient supply to match it. It may be a buyers' market but vendors need to recognise that they hold a few cards as well. Now might be the time to play them.

