The Real Estate Wrap
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The volume cycle

There is hope that the fall in Sydney property prices has come to an end or, at least, is about to. But there's another cyclical measure that is currently at its low point that is equally influential to the market's inevitable recovery.

Volume. The availability of housing stock to meet strong demand. There's simply not enough.

We are at the low point in the volume cycle and over the past week, with kids on school holidays and winter living up to its name, the scarcity of listings was especially apparent.

As such, there were limited sales across most suburban pockets. We can see from the impressive clearance rate that buyer demand is extremely healthy. Agents report strong numbers through open homes. Vendors are welcoming the interest in their properties and those adopting a realistic price strategy are finding their properties are the subject of significant competition.

But not all properties are priced for today. There is still a degree of reticence among vendors to accept what they deem as less than what their home is truly worth. The average number of days properties are spending on the market, a key indicator of the transactional environment, is increasing. Other vendors are still looking for the confidence to list their property.

Today's market is unhindered by price heat. Agents are having to earn their keep to get the best deal for their customers. Buyers are motivated but not reckless. They're happy to pay today's prices but not more. It's somewhat of a stalemate.

Like prices, which will stabilise and then recover, volume will also at some stage rise. Demand will invariably become impossible to ignore. Vendors must ask themselves how much competition from buyers they'd ideally like for their properties. As the volume cycle rises, buyers have more choice.

Clearance rates: above 70 per cent again

According to CoreLogic, the Sydney market recorded a preliminary clearance rate of 77.2 per cent, a result which again outperformed the other major markets, albeit from a relatively meagre 318 auctions.

This is how *The Australian* put it: "The low number of homes going to auction is causing heightened competition from buyers who have been encouraged by two 0.25 percentage point interest rate cuts by the Reserve Bank, a tax-cut package valued at $15 billion and, until recently, falling property prices."

With results like these, it may be that those "falling property prices" will soon be confined to the past.

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Final thought

The end to the price decline cycle – if indeed we can declare it over – will mobilise different segments of the market.

First home buyers serious about getting into the market may feel increased pressure to act sooner rather than later. Both upgraders and downsizers may be more inclined to initiate a change in lifestyle now from a lower cost base. Investors should recognise that in order to capitalise on future upside, an acquisition at a lower stage in the cycle is necessary.

For anyone not set in their current residence for the medium term, it's crunch time. It's not a case of having to sell your property and purchase a long term home in the next few months. But if you're planning a move in the next one, two or even five years, it's certainly time to develop a plan.

The market recovery will take time, and stabilisation in the short term is all we should anticipate. Forget about the timing of the next boom for now. Instead, with rates so low and finance accessible, people have the opportunity now to cement their property future at a stage in the cycle when there are no premiums attached.

As we always emphasise, no property strategy is complete without engaging with a local market expert. The best local agents will be happy to offer their insights without any immediate obligation to list your home. With spring around the corner, your local agency is most likely about to experience a real increase in calls. Best to get in early.