

# The Real Estate Wrap

## With Leanne Pilkington

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### Property: The colour on the economic canvas

With spring upon us, housing could just be the bright spot on an otherwise bleak economic landscape.

Over the past week we've had an entourage of media commentators and ex-politicians - including an ex-prime minister no less - deliver musings about the likelihood of a coming recession.

The concern is genuine. Globally, there's a perfect storm of uncertainty playing out. Trade wars, Brexit deal-or-no-deals and Middle East tension. Oh, and even an official decline to sell Greenland.

It's all having a dampening impact domestically.

The Reserve Bank meets tomorrow and if it decides to leave official interest rates on hold, it will be a case of delaying the inevitable. There's only so much that can be achieved with the blunt interest rate instrument.

Retail sales are uninspiring, the unemployment outlook is clouded, the economic picture has the air of an unfinished artwork.

But residential housing is providing a burst of colour to the canvas. Perhaps those rate cuts have worked in this respect. Clearance rates - again - were in the vicinity of 80%. The prices achieved were even more impressive. Auctioneers are feeling empowered to kick things off at a higher mark. More and more homes are selling prior.

Over the weekend, our Rosebery office sold a "standard two-bedder" - albeit with rooftop terrace - for \$65,000 above reserve. An apartment with the same layout three levels down sold for \$135,000 less just three months ago.

Now, a CoreLogic report on the national property market released today shows house values in Sydney rose 1.5 per cent last month. Over the past three months, values have jumped 1.6 per cent.

Property is not only performing; it's outperforming. Not too long ago, the housing market was dragging the collective economic vibe down. Now it's one of few sectors pulling its weight.

Maybe it's because there's real value on offer for buyers and vendors alike. Bricks and mortar are again proving their worth.

### Clearance rates: Percentage eases as volumes lift

There was a slight easing in clearance rates last week on account of more properties being offered under the hammer.

CoreLogic data tells us that last week in Sydney, 584 homes were taken to auction with a preliminary auction clearance rate of 78.9 per cent recorded.

In the week prior, a final clearance rate of 78.1 per cent was achieved on the 503 auctions held. We think the final rate will still rest above 70 per cent this time around.

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We've been waiting on listings to pick up so perhaps this increase in volume, albeit mild, is a sign of things to come.

### Final thought

For what it's worth, we think the Reserve Bank will sit tight for another month. The effects of the most recent cuts are still yet to be felt. We're nevertheless factoring in another cut before the end of the year.

What the major banks will do is anyone's guess. But realistically, whether it's a full or partial cut, it's reasonable to assume even cheaper finance will be accessible soon.

For mortgagees, it provides another timely reminder to review your loan terms. This includes potentially investigating fixed options.

Financiers never stop crunching the numbers so their customers shouldn't either. Now's the time to fire off an email asking your lender to lay their cards on the table, done with the real intention of taking your business elsewhere if you're not satisfied with their offer.

With prices only now just starting to show signs of growth, and listings tipped to increase over the coming months, this is an ideal to put property plans into action. To do this, you want to start off on the best financial footing. It all begins with the terms of your loan.

