

The Real Estate Wrap

With Leanne Pilkington

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Demand is the difference-maker

There's a lingering feeling among some in the real estate industry that the pick-up in recent months is a little too good to be true.

Certainly, spring has delivered an increase in listings and therefore transactions, and the prices being recorded are impressive.

But can the housing market rebound we've experienced in recent months sustain a drop off in listings, should this happen, when the warmer weather subsides?

It's a fair question to ponder. Some fundamentals are concerning, particularly related to the broader economic picture. Unemployment, under-employment, the potential for recession, et cetera.

There's much for buyers and vendors to consider. The Reserve Bank likewise. There's a good chance interest rates will go down again tomorrow.

Good news for borrowers, but good news with an asterisk. Job opportunities and wage growth are unlikely to be on many employer's agenda for a while.

And yet, despite these mood-dampeners, real estate is outperforming. The weekend just past saw a spike in the number of properties going to auction, and clearance rates held firm.

The trend that's been building in recent times warrants closer investigation. Friend of the Laing+Simmons family, Jesse Davidson of Auctionworks, provides some interesting facts.

Auctionworks data shows clearance rates for the first six months of 2019 levelled in the 61 to 65 per cent range, depending on the locality. However, when you incorporate the next 14 days after the auction, the clearance rate jumps 83 to 85 per cent.

"This shows an incredibly buoyant market," says Jesse.

He notes the number of registered bidders has also drastically increased. As at the end of June 2019, there were 2.5 registered bidder per auction, according to Auctionworks. By mid-September, the average number was up to 7.8. That's more than triple.

So is the real estate rebound over the last few months the real thing, or a blip on the radar of what will be a more drawn out recovery that may ebb again before it flows?

It's difficult to say. But one factor is indisputable and will serve vendors well regardless of where our economy goes next.

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Demand. It is very strong. And whether rates go lower tomorrow or in the months ahead, the low cost of borrowing will continue to fuel demand from buyers, providing real peace of mind for vendors in these topsy-turvy times.

Clearance rates steady as volumes up significantly

Ahead of the long weekend coming, CoreLogic data shows the Sydney auction market had its busiest week for auctions last week since November 2018, with 939 homes offered up over the course of the seven days.

The good news is the increase in supply had no impact on demand. A preliminary clearance rate of 77.7 per cent clearance rate was recorded last week, in line with recent trends.

Last year, 608 Sydney homes were offered under the hammer with a much lower 43.8 per cent clearance rate achieved, CoreLogic said.

Final thought

Spring in 2019 has proven to be the real deal as far as real estate is concerned.

As new listings have increased, demand has proven to be robust and some outstanding results are being achieved. With the scene for summer now set, the market can be expected to continue to perform well into the new year. Whether listings, and demand, drop off again after that is a guessing game.

If you're weighing up selling, it's wise to leave as little as possible to chance. A guessing game should have no appeal.

There's almost a sense of urgency in the air. Vendors, right now, have the opportunity to take advantage of favourable conditions with the short-term outlook apparently clearer than the long term one.

If you're thinking of selling, take the opportunity this long weekend to think about the timing. It may be that recent results are telling you all you need to know.

