The Real Estate Wrap

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A week to remember

It was a subdued long weekend on the transaction front but in terms of the real estate market, last week was seismic.

It's a week that will be remembered. For the first time in Australia's history, the Reserve Bank lowered the official cash rate to less than 1 per cent.

The Treasurer "expected" the banks to pass the cut on to customers in full. Most didn't, surprise, surprise, though most mortgage holders will receive some kind of reprieve with a partial cut.

The Reserve Bank says the risks posed to banks from their exposure to the housing market have diminished as prices, particularly in Sydney and Melbourne, recover. Nevertheless, the RBA has warned that "rapid" property price growth could re-emerge in coming years due to potential supply shortages.

Those of us in the industry know that the shortage of available housing stock is not "potential", it's very real, though the current strong performance of property is to some extent masking this prevailing issue.

The price growth that RBA warns of seems to already be happening. CoreLogic unveiled stats last week showing dwelling values rose in September, adding substance to the feeling among buyers and vendors that prices may be at the bottom of the cycle, but are on the way up.

The national dwelling price increase of 0.9 per cent for the month was largely driven by a strong rebound in the key Sydney and Melbourne markets, where values were up 1.7 per cent, according to the CoreLogic September home value index.

The uplift is resulting in a revision in forecasts from some of the majors. Over the weekend *The Sydney Morning Herald* reported that ANZ was revising its recovery predictions of a 3 to 4 per cent improvement in house prices over the next 12 months, given the strong price turnaround in recent months.

Housing continues to be the bright spot in the otherwise drab economic landscape. How quickly prices return to their peak levels will be dependent on a variety of influences, with unemployment and stymied wage growth having the potential to prevent price rises from getting out of control.

Either way, with the likes of ANZ acknowledging it may have underestimated the pace of the recovery, and the supply shortage underpinning it all, the buyers' market that was declared a few months ago may already be a thing of the past.

Clearance rates: auctions take a back seat

It was always going to be a quiet weekend on the Sydney auction front with school holidays, the NRL

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grand final and the long weekend playing their part.

Indeed, Sydney was the anomaly as volumes increased nationally. There were 1324 homes taken to auction across the combined capital cities, slightly up on the prior week when 1278 auctions were held, according to CoreLogic.

There were just 316 homes offered under the hammer last week in Sydney however the success rate kept pace with recent weeks, with CoreLogic recording a preliminary clearance rate of 79.8 per cent.

For the week earlier, the final result came in at 74.5 per cent of the 950 auctions being a success, which is a highly encouraging figure for vendors.

Final thought

Whether you're a mad sports fan, part-time armchair critic or indifferent to it all, there's no denying that, on the whole, we're a sport loving nation. It influences our moods, our social schedules and even our real estate plans.

The last two weekends, being the AFL and NRL grand finals, are a case in point. The market effectively took time off in Melbourne and Sydney respectively.

Melbourne Cup Day is next. Though we all still have plenty to do, this is the unofficial start of the holiday season. Which means that for vendors, time is of the essence. Much has been written about the results being achieved for homes listed now. As for what next year will hold remains to be seen.

This is not the time for a rushed decision but nor is it the time for vendors to sit on their hands. For 2019, we are on the home stretch. For vendors wanting to list this year, it's a case of talking to your local agent today or forever holding your peace. Until 2020, that is.