

The Real Estate Wrap

With Leanne Pilkington

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False supply dawn

For some, for many, the Melbourne Cup signals the start of the end of year wind up. Even if they don't admit it.

It's not the case in real estate, this year especially. Right now, in the week just past, market momentum is gathering pace.

From a Laing+Simmons perspective, the number of auctions held represented a new high in the current cycle. Next week will be even busier, though we already know of some properties which will sell prior.

Vendors have clearly read the writing on the wall and who can blame them. But there's a risk of misinterpretation here.

Yes, last week and the week coming may deliver what appears to be an increase in listings. But these people had become vendors some time ago. Now is simply the time that their strategies are moving to a phase visible to the buying public.

Consider this from AMP Capital chief economist Shane Oliver, as reported by *The Sydney Morning Herald* over the weekend.

"When the recovery started, it was on low volumes [of homes for sale]. Volumes are still well below boom-time levels, but it looks like it's back to a more normal market," Dr Oliver said.

That's right. Even though clearance rates are higher than they were 12 months ago, even as there are more properties offered under the hammer, Dr Oliver has termed it "a more normal market".

What this tells us is that the recent spike in listings in no way solves the underlying supply problem in New South Wales. On that score we have a long way to go, with the increasing pace of population growth set to continue into 2020.

There are simply not enough roofs for everyone's head. The waiting list for social housing provides a grim, sobering reminder of how grateful those with property should feel.

And they should feel doubly grateful if they are thinking of selling, either before the end of 2019 or next year. The supply-demand power balance remains overwhelmingly in the favour of vendors.

Clearance rates: busy times

CoreLogic data shows the Sydney residential market had its second busiest week of auctions so far this year last week, with 931 homes going under the hammer and an extremely healthy preliminary clearance rate of 81 per cent achieved.

Continued on next page...



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...Continued from previous page

This is expected to settle in the mid 70 per cent range once all results are counted. It reinforces the strength of demand compared to constrained supply.

Final thought

We touched on the number of people on the waiting list for social housing earlier. In New South Wales alone, that number is in the vicinity of 60,000. Of course, the major story from last week was the devastating bushfires cutting through towns, properties and people's lives.

To reiterate the point earlier: people with property have reason to be grateful. The hardships faced by others really brings it home.

This week's final thought urges people with property to be mindful that it's more than an asset with a dollar figure attached. It's one of the key foundations of the lifestyles we enjoy. Our homes are where memories are made, potential is realised, resilience is learned, sadness is comforted and triumphs are celebrated.

So, in weighing up your property future, don't miss the forest for the trees. Yes, getting the best price is important, but so is ensuring your next move is to a property – a home – where the lifestyle you desire is not only possible, but waiting for you.

And it's important to do it at a time that's right for you and your loved ones. Waiting for a market miracle may jeopardise the happiness you could be experiencing now. Staying put in the hope of price growth makes no sense if a move now would unlock new adventures that are priceless.

There is a supply shortage, no doubt, but owning a property should generate optimism. There is an ideal property out there for you. Your experienced local agent is the best place to find it.

