The Real Estate Wrap
With Leanne Pilkington

President of the REINSW
Managing Director, Laing+Simmons Corporation

Published 18 November 2019

A resilient bright spot

It was a week where property market musings and economic think-pieces took a back seat as many people across the state faced fear and endured devastating loss on account of the bushfire crisis.

Nevertheless transactional activity remained very strong and prices at both the lower and upper ends of the market were impressive. In other words, it was another week for vendors, by and large, to rejoice.

A busy weekend of auction activity delivered high volumes, clearance rates held strong and reserve prices across the board were consistently surpassed.

Laing+Simmons' own Ray Fayad was behind one of the weekend's most interesting auctions, as reported in *The Sydney Morning Herald.* A property DA-approved for two detached homes saw six builders register – to discover they were not only all acquaintances, but friends.

And yet, despite not necessarily wanting to bid against each other, the reserve price was still beaten.

"I'm glad the owner sold now and not three months ago. He would have struggled to get that price," Mr Fayad told *The Herald*, pointing to greater confidence in the market with banks having relaxed lending criteria.

The banking inquiry continues and last week some more interesting – and disappointing – themes emerged. And while getting a new loan may be easier, existing mortgage holders may have reason to be somewhat bitter.

NAB's interim chief executive told the inquiry that passing on rate cuts in full had become "impossible" and that offering new customers cheaper rates than existing ones was necessary to compete for "new business".

If you're a mortgage holder that has yet to request a review from your bank, it was another timely reminder to do so. Especially as the Reserve Bank's cuts alone appear less and less influential, with business and consumer sentiment remaining subdued.

But housing, specifically, remains the resilient economic bright spot.

Clearance rates: reserves surpassed

CoreLogic reports there were 932 auctions held across Sydney last week, with another strong preliminary clearance rate of 77.2 per cent achieved and reserve prices in many cases comprehensively surpassed.

Reinforcing the strength of the turnaround and renewed confidence, last year in the corresponding week

Continued on next page...

President of the REINSW
Managing Director, Laing+Simmons Corporation

Published 18 November 2019

...Continued from previous page

there were 875 auctions held retuning a final clearance rate of just 42 per cent.

Final thought

It's not yet boom time again but most of the key real estate indicators are pointing up. If 2020 kicks off strongly, which at this stage is a better-than-reasonable possibility, it's worth vendors re-considering what it means for them in terms of the old adage of buying and selling in the same market.

Right now, at the start of the up-cycle, it's easy to paint a positive picture for everyone active in the market. Vendors are getting strong prices for their properties and buyers are getting value for their money. To oversimplify, it's win-win, and this generally applies to most buyer categories: upgraders, downsizers, first home buyers, investors and the rest.

As the cycle ticks further along, premiums start entering the equation. Vendors want to raise their expectations because better results precipitate a new market norm. But different properties are in different demand, and different price points mean premiums received by vendors over and above what they would have achieved months ago may not match up with the premiums they pay for their next move.

The changing market begins to influence the various categories differently. Some may see market conditions swing further into their favour. Others may rue not making a play sooner. It all depends on individual circumstances and of course, individual properties.

The best place to begin the conversation is with a call to an experienced local agent. Tell them where your thinking lies, what you require, what you desire. Present them your position and entrust them to do the heavy lifting, at least at the start.